

Company Registration No. 08062065 (England and Wales)

ST BEDE'S CATHOLIC ACADEMY (LANCHESTER)
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2018



ST BEDE'S CATHOLIC ACADEMY (LANCHESTER)

CONTENTS

	Page
Reference and administrative details	1 - 2
Trustees' report	3 - 13
Governance statement	14 - 20
Statement on regularity, propriety and compliance	21
Statement of trustees' responsibilities	22
Independent auditor's report on the accounts	23 - 25
Independent reporting accountant's report on regularity	26 - 27
Statement of financial activities including income and expenditure account	28 - 29
Balance sheet	30
Statement of cash flows	31
Notes to the accounts including accounting policies	32 - 53

ST BEDE'S CATHOLIC ACADEMY (LANCHESTER)

REFERENCE AND ADMINISTRATIVE DETAILS

Members

Rev Fr S Cunningham
Mr J Hughes
Mrs J Leech

Trustees

Mrs J P Leech (Chair)
Fr J Park
Mrs G Roberts
Mrs M M Gray
Mr D Dixon (Vice Chair)
Mr N Harrison (Accounting Officer)
Mrs J H McBride (Resigned 16 March 2018)
Canon R A Spence (Resigned 23 November 2017)
Mr A S Isles
Mrs E A Brady (Resigned 8 May 2018)
Mrs G Pace
Miss L R Mather (Staff Trustee) (Resigned 13 January 2018)
Mrs A Parker (Staff Trustee)
Mr S Chapman-Ward (Staff Trustee)
Ms L A Pinkerton
Mr C Carson (Resigned 8 March 2018)
Mrs K M Nugent (Appointed 9 November 2017)
Mr M Walker (Appointed 9 November 2017)
Mrs K M Noon (Staff Trustee) (Appointed 8 March 2018)

Senior management team

- Headteacher	Mr N Harrison
- Deputy Headteacher	Mrs A Lawrance
- Senior Assistant Headteacher	Mr R Purdy
- Senior Assistant Headteacher	Mrs G Kilburn
- Senior Assistant Headteacher	Mrs H Windle
- Director of Academy Services	Mr I Merrington
- Assistant Headteacher	Miss L Mather
- Assistant Headteacher	Mr P Diston
- Assistant Headteacher	Mrs E Graham

Company registration number

08062065 (England and Wales)

Registered office

Consett Road
Lanchester
County Durham
DH7 0RD

Independent auditor

Baldwins Audit Services
Wynyard Park House
Wynyard Avenue
Wynyard
TS22 5TB

ST BEDE'S CATHOLIC ACADEMY (LANCHESTER)

REFERENCE AND ADMINISTRATIVE DETAILS

Bankers

Lloyds Bank plc
5th Floor
102 Grey Street
Newcastle upon Tyne
NE1 6AG

Solicitors

Womble Bond Dickinson
St Ann's Wharf
112 Quayside
Newcastle upon Tyne
Tyne & Wear
NE1 3DX

ST BEDE'S CATHOLIC ACADEMY (LANCHESTER)

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2018

The trustees present their annual report together with the financial statements and independent auditor's reports of the charitable company for the period 1 September 2017 to 31 August 2018. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

St Bede's Catholic School was opened in 1964 as a Grammar Technical School. Following amalgamations with two local Catholic Secondary Modern Schools. St Bede's became a comprehensive school serving the Catholic population of North West Durham. The school is a voluntary aided school of the Roman Catholic Diocese of Hexham and Newcastle and opened as an academy on 1 June 2012.

The St Bede's catchment area is mainly from the two major centres of population which are Consett and Stanley. The school has an excellent reputation in the local community, working in close partnership with its feeder Primary Schools; it also attracts a number of pupils from outside its catchment area. All main school year groups are oversubscribed and our Post 16 pupil numbers are large when compared with similar size schools. The number of pupils on roll is 1363, 206 of these students are in our Sixth Form, as registered in the school census in May 2018.

Structure, governance and management

Constitution

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust.

The charitable company is known as St Bede's Catholic Academy (Lanchester).

The Academy was incorporated on 9 May 2012, and commenced trading on 1 June 2012.

The trustees are also the directors of the charitable company for the purposes of company law. Details of the trustees who served during the period are included in the Reference and Administrative Details on page 1.

Members' liability

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

Trustees' indemnities

The academy is part of the Risk Protection Arrangement (RPA), provided by the government which protects Governors from claims arising against negligent acts, errors or omissions occurring whilst on academy business.

ST BEDE'S CATHOLIC ACADEMY (LANCHESTER)

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Method of recruitment and appointment or election of trustees

The term of office for any Governor shall be 4 years, save that this time limit shall not apply to the Headteacher. Subject to remaining eligible to be a particular type of Governor, any Governor may be re-appointed or re-elected. Trustees are appointed or elected, as the case may be, under the Article of Association. The Diocesan Bishop may appoint 10 Foundation Governors, one of whom shall be a Parish Priest and one third of whom shall be eligible for election or appointment as Parent Governors. At the end of the accounting period the foundation governor establishment had two vacancies (on expiry of the term of office of Canon R Spence and Mrs J McBride).

The Governing Body may appoint three Staff Governors from teaching and support staff by way of a nomination and election process. The Chair of Governors is the Returning Officer for such purposes.

Parent Governors are elected by parents of registered pupils by way of a nomination and election process. Failing appointment by election, the Governing Body may appoint a person who is the parent of a registered pupil at the Academy; or where it is not practical to do so, a person who is the parent of a child of compulsory age.

The Governing Body structure allows for one Co-opted Governor; a person who is appointed to be a Governor by being Co-opted by Governors who have not themselves been so appointed.

The composition of the board shall be reviewed on an annual basis to ensure that the Academy is adequately represented.

Policies and procedures adopted for the induction and training of trustees

The training and induction provided for new Governors depends on their existing experience. Where necessary, induction and training is provided on charity, educational, legal and financial matters. The academy has a SLA with Durham LA to provide bespoke Governor development and training packages. All new Governors are given a tour of the academy and a comprehensive induction file and Governor Toolkit. 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 one or two new Governors a year, induction tends to be undertaken as and when necessary and tailored specifically to the individual. All Governors have online access to the National Governors Association, where they can access a variety of information. The Governing Body participated in an in house training morning on 21.04.2018. Furthermore, an external review of governance was undertaken by Durham County Council – School and Governor Support Service. An action plan was completed to respond to recommendations therein.

Organisational structure

The Governing Body provides strategic leadership and accountability to the academy. They oversee the financial performance of the academy, making sure that the funds are used only in accordance with the law, its articles of association, the funding agreement and the Education and Skills Funding Agency's (ESFA) guidance. Governors have a wide discretion over their use of the academy's funds, which they must discharge reasonably and in a way that commands broad public support. It is responsible for the proper stewardship of those funds, including regularity and propriety, and for ensuring economy, efficiency and effectiveness in their use – the three key elements of value for money.

The Governing Body has appointed the Headteacher, as the Accounting Officer which includes specific responsibilities for financial matters. The delivery of the Academy's detailed accounting processes has been delegated to the chief financial officer, the School Business Manager.

The Governing Body has delegated some of its financial responsibilities to the Finance and Buildings Committee, which is a committee of the Governing Body. Which includes oversight and approval of the financial policies and procedures to be implemented in the Academy, recommendations regarding the annual budget, short, medium and long term financial plans and on-going management accounts. A representative, generally the Chair of the Finance Committee, will report on finance matters at each Governing Body meeting.

ST BEDE'S CATHOLIC ACADEMY (LANCHESTER)

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

The Headteacher supported by the leadership team is responsible for the day to day operation of the Academy.

During the accounting period, the Academy operated with a Headteacher, Deputy Headteacher and a leadership team; comprising of three Senior Assistant Headteachers, a Director of Academy Services and three Assistant Headteachers. A succession model of leadership also provided an extended leadership team comprising a further three Associate Assistant Headteachers and the School Business Manager. In June 2018, the Deputy Headteacher commenced her maternity leave. The Senior Assistant Headteachers were appointed to Acting Deputy Headteachers and enhanced roles undertaken by the Director of Academy Services and the School manager.

The structure consists of 3 levels: The Governors, the Senior Leadership Team and the Extended Leadership Team, including the School Business Manager. The Director of Academy Services and School Business Manager inform and advise the leadership team on all matters academy related.

The aim of the structure is to devolve responsibility (distribute leadership) and encourage involvement in decision making at all levels, whilst also providing a means for succession planning.

The Governors are responsible for setting general policy, adopting an annual development plan and budget, monitoring the use of the budget, monitoring and managing risks to the academy and making major decisions about the direction of the academy, capital expenditure and senior staff appointments.

Arrangements for setting pay and remuneration of key management personnel

In this school, teachers are employed in accordance with the provisions of the School Teachers' Pay and Conditions Document. In reviewing pay scales in the future the Governing Body will have regard to any changes to national pay bands contained within the School Teachers' Pay and Conditions Document. The following pay arrangements have been agreed by the Governing Body using the flexibilities contained within the School Teachers' Pay and Conditions Document.

All appointments, at TLR 1b and above, are to be made by the full Governing Body; all appointments TLR 2b-1a formally delegated to the School Staffing and Standards Committee; all other appointments to be delegated to the Headteacher. In addition, appointments are made in accordance with the Diocese Recruitment Policy.

Headteacher

The Governing Body will assign a seven-point Individual School Range based on the school group size, as determined by the School Teachers' Pay and Conditions Document. This will be reassessed at the start of each academic year. The Governing Body will ensure that there is no overlap of salary bands between the Headteacher and other leadership posts. On appointment the Headteacher will be appointed on one of the first 4 points on the ISR.

Progression on the ISR for the Headteacher will be subject to a review of the Headteacher's performance set against the annual appraisal review. The Governing Body may decide to award one increment for sustained high quality performance or two increments where performance has been exceptional. Where performance has not been of a sustained high quality the Governing Body may decide that there should be no pay progression. The pay review for the Headteacher will be completed by 31 December.

Other Leadership posts

The Governing Body will determine a 5 point pay range for all other leadership posts from within the leadership scale contained in the School Teachers' Pay and Conditions Document. The range for individual posts will be determined according to the duties and responsibilities of the post and may vary between posts. A post with a designated deputy role in the absence of the Headteacher will be remunerated accordingly above the range for other leadership posts.

ST BEDE'S CATHOLIC ACADEMY (LANCHESTER)

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

The Governing Body will ensure that there is no overlap of pay points between the Headteacher and any other leadership post. On appointment a teacher paid on the leadership scale will be appointed on one of the first 3 points on the pay range, unless an assimilation exercise determines otherwise.

The pay range for teachers paid on the leadership spine will be reviewed annually by the First Committee (Pay Review Body) with payments backdated to 1st September or at any time during the year where there is a significant permanent change in the duties and responsibilities of the post, or where it is necessary to consider a retention payment for a member of staff on the leadership spine.

Progression on the pay range for a member of staff paid on the leadership scale will be subject to a review of their performance set against the annual appraisal review. The Governing Body may decide to award one increment for sustained high quality performance or two increments where performance has been exceptional. Where performance has not been of a sustained high quality the Governing Body made decide that there should be no pay progression. The pay review will be completed by 31 October.

Trade union facility time

Relevant union officials

Number of employees who were relevant union officials during the relevant period	3
Full-time equivalent employee number	2.40

Percentage of time spent on facility time

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

Percentage of pay bill spent on facility time

Total cost of facility time	-
Total pay bill	-
Percentage of the total pay bill spent on facility time	-

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	-
---	---

Related parties and other connected charities and organisations

The Academy does not work in federation with any other organisations but develops relationships with other schools and businesses where they assist in the achievement of the Academy's objectives. In particular, the Academy has strong primary cluster links and works closely with the Diocese of Hexham and Newcastle.

Trustees have declared their business interests to date and where any trustees should declare an interest, procedures are in place to address this. The school have adopted a policy that if there are any interests declared, the trustee would remove themselves from the decision making process.

Objectives and activities

Objects and aims

The principal object and activity of the Charitable Company is the operation of St Bede's Catholic Academy (Lanchester) to provide education for students of different abilities between the ages of 11 and 19 with an emphasis on an all-inclusive basis.

ST BEDE'S CATHOLIC ACADEMY (LANCHESTER)

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

The main objectives of the Academy during the period 1 September 2017 to 31 August 2018 are summarised below:

- to manage and develop a Catholic school, which shall offer a broad and balanced curriculum and shall be conducted in accordance with the principles, practises and tenets of the Catholic Church;
- to raise the standard of educational achievement of all students and provide education for pupils of different abilities;
- to improve the effectiveness of the Academy by keeping the curriculum and organisational structure under continual review;
- to provide value for money for the funds spent;
- to comply with all appropriate statutory and curriculum requirements; and
- to conduct the Academy's business in accordance with the highest standards of integrity, probity and openness.

Objectives, strategies and activities

The Academy's main strategies are encompassed in its Mission Statement:

The mission of St. Bede's school is to create an atmosphere of Catholic values, attitudes, practice and knowledge such that all children will have the opportunity for their faith to be nurtured. Thus they will be able to widen and deepen themselves as people in preparation for this life and for the life to come.

St Bede's Aims and Values

St Bede's aims to be a community inspired by CHRIST to serve others.

Common Good

To promote a spirit of charity, social justice, global stewardship and concern for others leading to a contribution to the common good.

Hope

To be an educational community built on foundations of faith, hope and love, which reflects Christ's message of compassion, solidarity and forgiveness.

Respect

To build a community of mutual respect working towards a common understanding of high standards of behaviour, good manners and individual accountability, as well as encouraging students to make responsible and positive choices.

Inspiration

To be a caring, supportive and inclusive community inspired by Christ, recognised by our love of God and of our neighbour whilst nurturing qualities of resilience, determination, ambition, courage and commitment, in order to live fulfilling and purposeful lives.

Service

To follow Christ's example of serving others, in a climate of kindness, humility, friendship and cooperation.

Talents

To encourage all members of the community to foster a love of life-long learning so that they can use their talents to the full, pursuing excellence in all things and in doing so, bring Christ to each other.

At St Bede's Catholic Academy (Lanchester) our school community is based on the values and principles of the Gospel. The academy offers a variety of opportunities and times for religious and spiritual development and staff are encouraged to help students in their spiritual development. A theme for weekly collective worship is linked to the liturgical calendar, important events or special occasions in the life of the school and our aims and values.

ST BEDE'S CATHOLIC ACADEMY (LANCHESTER)

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Public benefit

The charity's aims and achievements are set out within this report. The activities have been undertaken to further the charity's charitable purposes for the public benefit. The trustees have complied with their duty and paid due regard to the guidance published by the Charities Commission with regard to Public Benefit Entity (Charities SORP 2015) in exercising their powers and duties in deciding what activities the charity should undertake.

Strategic report

Achievements and performance

Achievements in the period

St Bede's Catholic Academy is an outstanding school which offers a strong caring Catholic ethos, a high quality broad and balanced curriculum and the opportunity for personal success.

The breadth of academic study at GCSE is demonstrated by 60.7% of students being entered for the English Baccalaureate. This year 86 '9' grades were achieved by students.

In English and Mathematics students make more progress than expected when compared to national figures.

At KS5, students make very good progress with 40% of entries are 2 or more A* - B and 100% with 2 or more A*-E; scores above national average. Students at St Bede's make outstanding progress from KS2 – KS5. Students enrolling into Sixth Form make positive value in the majority of subjects.

Key performance indicators

Over the last 7 years there has been excellent pupil attainment and achievement. The academy has high expectations for all of our students and sets challenging inspirational targets.

Grades	2014		2015		2016		2017		2018
	Sch	Nat	Sch	Nat	Sch	Nat	Sch	Nat	Sch
5A*-C E/M %	67	55	56.4	52.5	75	62	52.1 (level 5 or above)	40	48 (level 5 or above)
Att 8	5.3	4.7	5.1	4.8	5.3	4.9	5.0 (new points)	4.5	5.1
EBACC %	40	24	34	24	41	24	37	20	23

Key Stage 5

Students achieved very strong results at A level.

Year	2013 School	2014 School	2015 School	2016 School	2017 School	2018 School
KS5						
Appr overall pass rate.	100	100	100	100	100	100
Appr % of entries A*-B	52	58	57.4	59.7	51	40
Appr % of entries A*-E	99.6	99	100	100	99.4	98

ST BEDE'S CATHOLIC ACADEMY (LANCHESTER)

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Progress (Achievement)

- **Key stage 3 is strong**, Maths and English are on progress to meet FFT20 targets.
- **Key stage 4 progress** is as expected in 2016 and 2017.
- Progress Based on new progress 8 measure:

	2014	2015	2016	2017	2018
All pupils	+0.26(Outstanding)	-0.03	0.00	-0.04	TBC
Non PP	+0.29	+0.06	+0.08	+0.04	TBC
PP	+0.08	-0.09	-0.3	-0.28	TBC

Key Stage 5:

- **Outstanding.** Students make more than expected progress.

The school attendance is better than national data, overall absence 4.6%, with no permanent exclusions 17/18.

Exceptionally high expectations and standards are consistently applied. Pupils show a positive attitude to learning.

S48 March 2015

Behaviour is at all times exemplary. Pupils listen attentively, show appreciation, know how to forgive and accept forgiveness and celebrate the achievements of others.

Going concern

After making appropriate enquiries, the board of trustees has a reasonable expectation that the academy trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

ST BEDE'S CATHOLIC ACADEMY (LANCHESTER)

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Financial review

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 during the period ended 31 August 2018 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The academy also receives grants for fixed assets from the ESFA. In accordance with the Charities Statement of Recommended Practice, (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 as detailed in our Finance Handbook.

The Academy was designated as a Teaching School in the Summer of 2014. We currently run a number of NPQH, NPQML and NPQSL courses, as well as Teacher Subject Specialism Training courses in Mathematics, MFL and Physics. Teaching Schools play a fundamental role in developing a self-sustaining system where professional development is school-based and classroom focused.

During the accounting period ended 31 August 2018, total expenditure of £8,233,080 was covered by recurrent grant funding from the ESFA together with other additional incoming resources of £8,334,658. The excess of income over expenditure for the period (before pension scheme deficits) was £101,578.

All of the expenditure shown in the Statement of Financial Activities is in furtherance of the academy's objectives.

At 31 August 2018 the net book value of fixed assets was £74,798 and movements in tangible fixed assets are shown in note 11 to the Financial Statements. The assets were used exclusively for providing education and the associated support services to the students of the Academy.

The provisions of Financial Reporting FRS102 have been applied in full, resulting in a deficit of £2,163,000 recognised on the balance sheet.

The Academy held fund balances at 31 August 2018 of £667,944 comprising £87,911 of restricted funds and £580,033 of unrestricted funds.

Financial and risk management objectives and policies

The Academy is subject to a number of risks and uncertainties in common with other academies. The Academy has in place procedures to identify and mitigate financial risks. These are discussed further in the Risk Management section of this report, and in the Governance Statement.

Whilst the main school is oversubscribed, risks to revenue funding from a falling roll in Sixth Form, could cause potential risks to the Academy. The Trustees examine the financial health formally at least every term, reviewing performance against budgets and overall expenditure by means of regular update reports. The Trustees also regularly review cash flow forecasts and ensure sufficient funds are held to cover all known and anticipated commitments. The Trustees review the risk register throughout the year to ensure that all risk are being realised and managed accordingly.

The Governors review and monitor all financial management policies throughout the year, which include:

- Finance Handbook
- Risk Register and management
- Business Continuity
- Reserves and Investment Policy
- Fixed Asset and Disposal Policy
- Fraud Policy
- Whistleblowing Policy
- Expenses Policy

ST BEDE'S CATHOLIC ACADEMY (LANCHESTER)

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Reserves policy

The Governors review the reserve levels of the academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Governors have determined that the appropriate level of free reserves should be equivalent to 4 weeks' expenditure, approximately £500,000. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. The Academy's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) are in surplus by £580,033.

The Academy/Full Governors have set aside a portion of the reserve funds for capital projects which include, refurbishment of student toilets, flooring, possible remodelling of Science Laboratories in the near future.

The amount of restricted funds not available for general purposes of the academy at 31 August 2018 are £87,911.

Investment policy

The Academy does intend to invest surplus funds through money market accounts. Interest rates will be reviewed prior to each investment. The Academy aims to manage its cash balances to provide for the day-to-day working capital requirements of its operations, whilst protecting the real long-term value of any surplus cash balances against inflation. In addition, the academy aims to invest surplus cash funds to optimise returns, but ensuring the investments are such that there is no risk to the loss of these cash funds.

Principal risks and uncertainties

St Bede's continues to undertake work to further develop and embed the system of internal control, including financial, operational and risk management which is designed to protect the academy's assets and reputation. Outlined below is a description of the principal risk factors that may affect the school. Not all the factors are within the school's control. Other factors besides those listed below may also adversely affect the school, as outlined in the Risk Register which is monitored termly throughout the academic year.

1. Government funding

St Bede's has considerable reliance on continued government funding from the ESFA. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

This risk is mitigated in a number of ways:

- By developing new and varied income streams to supplement fluctuations in public funding.
- By ensuring that the school is rigorous in delivering high quality education and training, whilst demonstrating value for money and driving the costs down on services procured.
- By maintaining and managing key relationships with the ESFA.
- By continuing to monitor and manage student numbers in both main school and Sixth Form. Promoting the school to the wider community and publicising our Outstanding Ofsted status.

2. Governance / Management Failure

The risk in this area arises from potential failure to effectively manage the Academy's finances, internal controls, compliance with regulations and legislation, statutory returns, etc. Governors have access to the National Governance Association, which provides guidance and information to enhance their knowledge of Governance, as well as access to other training providers who assist in developing the key skills and knowledge necessary for the effective Governance of the Academy.

Trustees regularly review our controls measures, alongside three Internal Audits per year from our Accountants, who examine our internal financial systems and processes. Any internal assurance findings and recommendations are reviewed and shared with Governors. The control measures are revised to strengthen the processes in place.

ST BEDE'S CATHOLIC ACADEMY (LANCHESTER)

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

3. Safeguarding and child protection

The Academy continues to ensure that the highest standards are maintained in the selection and monitoring of staff, the operation of child protection policies and procedures, health and safety and discipline. The Governing Body made a commitment to undertake LSCB Level 1 Child Protection training. All staff are appropriately trained and accredited to Level 1. DSLs have undertaken refresher courses to Level 2 standard. GDPR has also been a focus during the year for staff awareness and training.

4. Student Numbers

St Bede's is a very popular and oversubscribed academy, with an intake of 265 students in September 2018. We also have a vibrant Sixth Form with 206 students recorded on our October 2016 census. The Governors are determined that the academy should continue to meet the needs of as many students as we can sensibly host. Prospective parents are always welcome to contact the academy for a visit and there are organised visits for primary students throughout the year for both Year 5 and 6 students.

5. Pension liabilities

In addition, the academy is a member of the Local Government Pension Scheme (LGPS), which results in the recognition of a significant deficit on the academy balance sheet, which has risen dramatically in 2017/18.

Risk management

The Governors regularly review, monitor and amend the Risk Management Policy and Risk Rationale. This encourages frequent discussions about the strategic and business direction of the Academy and the risk's that it may face, allowing us to plan for future events. Assigning funds whether needed and mitigating against any potential risks posed. The Finance Committee have been delegated this responsibility and information is then brought to the attention of the Full Governors as and when necessary.

The Extended Leadership and Management Team (ELMT) consists of a Headteacher, Deputy Headteacher, three Senior Assistant Headteachers, the Director of Academy Services, a further three appointed Assistant Headteachers and the School Business Manager. The group is charged with making executive decisions, having applied the policies laid down by the Governors and reporting back to them. All have bespoke roles and are linked to departments across the academy.

As a group, the ELMT are responsible for monitoring their link departments and for the authorisation of spending within agreed budgets, as directed by the Finance Handbook, and the appointment of staff for posts within their link and specialist areas; again as directed by pre-determined terms of reference.

The ELMT is supported by a middle leaders group, which includes Progress & Development Leaders and Subject Leaders. This group are responsible for day to day management of the academy and for practically progressing the policies of the Governing Body.

Fundraising

The Academy raises funds for the benefit of nominated registered charities through fundraising activities with the students and wider community. Each year group has a nominated charity in which they donate any raised funds, from Lenten charity activities, dedicated non-uniform day and other school based activities e.g. cake sale, raffle etc. All fundraising is monitored by our School Chaplain and is completed by our students and staff. The Trustees have overall responsibility and accountability for the Academy and this includes its fundraising. They play a key role in setting the approach to raising funds, making sure that it is followed in practice and reflects the values of the Academy. A dedicated Charity Committee will be formed in September 2018.

ST BEDE'S CATHOLIC ACADEMY (LANCHESTER)

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Plans for future periods

The Academy will look to set forecasted budgets for a minimum of 3 years ahead of the current financial year with the best information available, which is extremely difficult with turbulence expected as a result of changes to localised and proposed national formulas, for both main school and Sixth Form funding. This exercise is undertaken following submission of the Autumn Census.

The Headteacher, as Accounting Officer, School Business Manager and the Director of Academy Services will continually monitor staffing levels and reflect on the impact of actual and anticipated pupil numbers and curriculum offer, whilst re-assessing the whole academy staffing structure for 2018 and 2019 as a result.

St Bede's Catholic Academy aims to remain an outstanding academy and a leader of education in North West Durham. Evaluated as Outstanding by Ofsted inspectors in 2009, there is a clear strategy in place to improve and further the quality of provision for all our students. Teaching and learning is a priority area, with consistent outstanding lessons for the benefit of students. The concentrated focus is and will continue to be given to providing students with care, love and attention in an education establishment that provides equal focus in allowing students to explore their faith and develop holistically.

The Academy was awarded Teaching School Status by the National College for School Leadership in 2014. Teaching Schools are part of the government's drive to develop the way in which teachers are trained by giving schools the ability to shape training programmes and lead the way. We have successfully managed Teacher Subject Specialism training courses in MFL, Maths and Physics in 2017/18 and will run further courses in Maths, Core Maths, Physics and MFL in 2018/19. We also hold the license for the NPQH, NPQSL & NPQML qualifications.

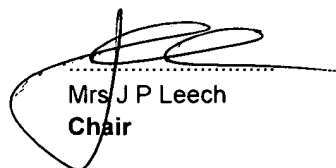
Auditor

Insofar as the Governors are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware,
- the Governors have 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 auditor in connection with preparing their report and to establish that the charitable company's auditors are aware of that information.

A resolution proposing that Baldwins Audit Services be re-appointed as auditor of the charitable company will be put to the members.

Approved by order of the board of trustees, as the company directors, on 13/12/18 and signed on its behalf by:



Mrs J P Leech
Chair

ST BEDE'S CATHOLIC ACADEMY (LANCHESTER)

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2018

Scope of responsibility

As trustees, we acknowledge we have overall responsibility for ensuring that St Bede's Catholic Academy (Lanchester) has effective and appropriate systems 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 Governing Body/The Board of Trustees has delegated the day to day responsibility to the Headteacher as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between St Bede's Catholic Academy (Lanchester) and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in the internal control.

Governance

The information on governance included here supplements that described in the Trustee' Report and in the Statement of Trustee' Responsibilities. The Governing Body (Board of Trustees) has formally met four times during the accounting period. Attendance during the period at meetings of the board of trustees was as follows:

Trustees	Meetings attended	Out of possible
Mrs J P Leech (Chair)	4	4
Fr J Park	4	4
Mrs G Roberts	1	4
Mrs M M Gray	3	4
Mr D Dixon (Vice Chair)	4	4
Mr N Harrison (Accounting Officer)	4	4
Mrs J H McBride (Resigned 16 March 2018)	0	2
Canon R A Spence (Resigned 23 November 2017)	0	1
Mr A S Isles	4	4
Mrs E A Brady (Resigned 8 May 2018)	2	3
Mrs G Pace	4	4
Miss L R Mather (Staff Trustee) (Resigned 13 January 2018)	1	1
Mrs A Parker (Staff Trustee)	4	4
Mr S Chapman-Ward (Staff Trustee)	4	4
Ms L A Pinkerton	2	4
Mr C Carson (Resigned 8 March 2018)	0	1
Mrs K M Nugent (Appointed 9 November 2017)	2	4
Mr M Walker (Appointed 9 November 2017)	2	4
Mrs K M Noon (Staff Trustee) (Appointed 8 March 2018)	1	2

ST BEDE'S CATHOLIC ACADEMY (LANCHESTER)

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Finance and Buildings Committee

The Finance and Buildings Committee is a committee of the main Governing Body (board of trustees). Its purpose is to assist the decision making of the Full Governing Body, by enabling more detailed consideration to be given to the best means of fulfilling the responsibility of the Governing Body to ensure sound management of the academy's finances and the secure management of the academy assets, its buildings and resources; including proper planning and probity.

During the accounting period the committee has faced uncertainty surrounding the turbulence of school finances, legislative changes, changing education landscape changes, formula changes especially at Post 16 and an ageing school infrastructure with associated issues. Strategic capital investment has been secured to reduce business risk. The composition and membership of the committee has remained resolute.

The Finance Committee meetings commence with business undertaken as an Audit Committee. Detailed consideration is given to Internal Audit reports and action planning thereto, risk management and revisions to the Financial Handbook.

The Governing Body during the accounting period conducted deep self-evaluation including a revisit of ways of working, self-evaluation including skills and competency audits and participated in a strategic training morning. There is a balance of expertise across the committees and the Finance and Buildings Committee has representation from colleagues with particular financial acumen and background.

Attendance at meetings of the Finance and Buildings Committee in the period was as follows:

Trustees	Meetings attended	Out of possible
Mrs J P Leech (Chair)	4	5
Fr J Park	4	5
Mrs M M Gray	5	5
Mr D Dixon (Vice Chair)	5	5
Mr N Harrison (Accounting Officer)	5	5
Miss L R Mather (Staff Trustee) (Resigned 13 January 2018)	1	2
Mr S Chapman-Ward (Staff Trustee)	5	5
Ms L A Pinkerton	3	5
Mr C Carson (Resigned 8 March 2018)	0	2
Mr M Walker (Appointed 9 November 2017)	1	3

Audit Committee

The Audit Committee is a committee of the main Governing Body (board of trustees). Its purpose is to advise the Full Governing Body on the adequacy and effectiveness of the Academy's systems of internal control and its arrangements for risk management, control and governance processes, and securing economy, efficiency and effectiveness (Value for money).

The Academy also engages its Auditors to carry out 3 external assurance reviews per year to ensure that:

- the financial responsibilities of the Governing Body are being properly discharged;
- resources are managed in an efficient, economical and effective manner;
- systems of internal financial control are being maintained; and financial considerations are fully taken into account in reaching decisions.

ST BEDE'S CATHOLIC ACADEMY (LANCHESTER)

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Attendance at meetings of the Audit Committee in the period was as follows:

Trustees	Meetings attended	Out of possible
Mrs J P Leech (Chair)	4	5
Fr J Park	4	5
Mrs M M Gray	5	5
Mr D Dixon (Vice Chair)	5	5
Mr N Harrison (Accounting Officer)	5	5
Miss L R Mather (Staff Trustee) (Resigned 13 January 2018)	1	2
Mr S Chapman-Ward (Staff Trustee)	5	5
Ms L A Pinkerton	3	5
Mr C Carson (Resigned 8 March 2018)	0	2
Mr M Walker (Appointed 9 November 2017)	1	3

Review of value for money

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

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

Improving educational outcomes

Ensuring that resources are directed where they are most needed and most effective in meeting educational requirements:

- Our curriculum ensures all students have the opportunity to raise their individual levels of attainment and targeted intervention is in place for students who are at risk of underachieving.
- We regularly review the staffing structure to ensure staff are efficiently deployed and are appropriately qualified and experienced.
- We have a dedicated team of LSAs to effectively support the complex needs of our students.
- We have implemented initiatives to ensure students' learning is challenging enough to meet individual needs and encourage lifelong learning. We focus on the differing needs of every individual student, this is reflected in our FSM policy.
- Initiatives to accelerate the progress of all groups of students (with a focus on numeracy and literacy) and to ensure the academy is prepared for the implementation of the new curriculum, including new ways of assessing student progress.
- Developing the assessment, tracking and monitoring processes to ensure data is used to inform planning, target interventions and support differentiation, including regular internal and Leadership Team meetings to review progress and impact of interventions for different groups of students.
- Refining teaching and support staff Performance Management and Appraisal processes for effective monitoring of performance aligned to academy priorities and professional development areas.
- Introduction of a dedicated Student Support Centre, to support our more vulnerable students. This includes Progress and Development Leaders, Welfare and Development Managers, a school nurse, a dedicated First Aid Officer and a school counsellor.

ST BEDE'S CATHOLIC ACADEMY (LANCHESTER)

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

- The current Year 9 students make their option choices and began a 3-year Key Stage 4 - this has proven to be a good decision and feedback from staff has been positive. Our thorough 'Pathways' programme in Year 8 ensures all students select appropriate and challenging subjects; we keep up-to-date with the many changes which impact on subject offer and course content and assessment. The pathways approach which is adopted, takes into account a wide range of factors to recommend an appropriate combination of subjects and qualifications for individual students so that their outcomes and future life chances are maximised. In light of changes to the curriculum from Key Stages 1 to 5, work is being done to ensure that students are supported in their progression and so that challenge is appropriate from Key Stage 3 to key Stage 5; work is being done on academic transition from primary school to secondary school. A broad and balanced curriculum leads to outstanding outcomes for students of all abilities, because it is planned to take account of their aptitudes and aspirations at each key stage
- CEIAG is personalised and links to the school ethos where everyone is viewed to have unique talents which can be developed. CEIAG is integrated into the PSHE programme from Year 7 to Year 13 where age and stage appropriate content is explored. PSHE lessons are supplemented with one-to-one interviews with students at key transition points; the impact of these is outstanding progression and destination data. There are a range of personalised opportunities for students across the ability and interest range and the Progression Manager targets appropriate students to benefit from these opportunities.

Focus on individual pupils

- The main focus and use of the Pupil Premium funding is to close the gap between our most disadvantaged students and their peers.
- We continue to support students with AEN, through a dedicated Inclusion team, managed by our Head of Student Support, which includes committed Learning Support staff providing one to one support and small group intervention strategies.
- The development of literacy is supported by the Accelerator Reader Programme and Read, Write, Ink - Reading ages at Year 9 and Year 7 show improvement.

Financial Governance and Oversight

Our Finance and Buildings Committee and Audit Committee meet on a regular basis, to ensure that the Academy is adhering to the Finance Handbook and financial procedures as set by the ESFA. They receive regular financial reports and ask relevant questions as evidenced in the minutes.

The system of internal financial controls is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. This includes:

- Comprehensive budgeting and monitoring systems with an annual budget and financial reports which are reviewed and agreed by the Committee in the first instance, and then confirmed at the Full Governors meetings.
- Termly reviews of reports which indicate financial performance against the forecasts and major purchase/procurement plans, capital works programmes, summer works programme and expenditure.
- Financial and management reports covering all departmental expenditure and spends against budgets.
- Targets to measure financial performance.
- Delegation of authority and segregation of duties.
- Identification and management of risks associated with the academy.

The work of these committees is further supported by three internal audit visits and reports, completed by Baldwins Audit Services. These visits/reports look at the financial procedures we have in place and test our financial controls to ensure that they are robust and being followed correctly on a day to day basis. All issues identified are discussed with the Finance Committee/Governors and resolved by introducing further controls.

ST BEDE'S CATHOLIC ACADEMY (LANCHESTER)

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Better Purchasing

Ensuring value for money is an important part of our financial procedures at St. Bede's Catholic School & Sixth Form College. We constantly strive to drive costs down, whilst ensuring that we receive value for money and best value, to enable us to provide more resources and materials for our students and their education.

Examples of steps taken to ensure value for money when purchasing include:

- The use of financial frameworks to ensure value for money.
- Evaluating and reviewing all services and service level agreements to drive down costs, whilst ensuring that we receive the best quality service.
- Joining the RPA as a less expensive alternative to traditional commercial insurance.
- Exploring alternative purchasing options both on-line and direct through suppliers to find the best value.
- Working with other local schools in partnership to identify products and services that can be procured across a number of schools in order to drive down cost and/or negotiate favourable rates.
- Implementing a tender process for significant purchases and/or contracts, for example a catering contract, MFD etc.
- Benchmarking performance and spending against similar sized schools to see any differentiation.

All contracts are reviewed and analysed on an annual basis to ensure they are fit for purpose and demonstrate best value.

Better Income Generation

Additional income includes:

- Hosting trainee teachers, School Direct, ITT students and PGCE placements.
- A number of our staff are trained SLE's and have therefore provided consultancy work for other schools, training providers and the Local Authority.
- Letting of the school and grounds after hours.
- Teaching School – staff training and collaboration.
- Application for CIF to fund building and maintenance projects.

Reviewing Controls and Managing Risks

- The Finance and Building Committee, the Audit Committee, School Business Manager, budget holders and the Leadership Team have regular updated budget reports pertinent to their area/subject/link; these reports highlight areas for concern and recommendations from the Finance Team. This has ensured that spending is within budget and forward plans are agreed and implemented when there has been any variance.
- Actions taken to manage risk include the purchase of an appropriate level of insurance cover for the Buildings and Contents above the level provided by the RPA. Professional advice (for example from the HR and legal service providers) has also been sought when needed.
- The Risk Register and Finance Handbook are reviewed and discussed on a regular basis by the Finance and Buildings Committee and Audit Committee to evaluate incidents or events that might affect the school and to see how we would or could deal with such occurrences.
- The outcomes and recommendations of our external RO visits are discussed at the Finance and Buildings Committee meetings. All risks are evaluated and recommendations are implemented into our internal controls and Finance Handbook.

Good practice identified

- We have been identified as CEIAG Champion school in recognition of the work that we do for our students, helping them gain access to a wealth of resources and information for their next steps in life.
- We run a Summer school during the Summer holidays aimed to support the transition of our Year 6 students into Year 7.
- We have completed a tender process for the procurement of a new reprographics service across the school. One of the main focuses of our decision was the quality, consistency and price of the service and the positive impact it will have on teaching and learning.

Future Objectives

- We recognise the need to continue developing relationships with other academies and/or local schools, in order to benefit from economies of scale in procuring products and services, developing staff and sharing knowledge, skill and expertise.
- We hope to increase and maximise income generation, through lettings, staff deployment and will also explore ways in which to maximise our return on invested funds.

ST BEDE'S CATHOLIC ACADEMY (LANCHESTER)

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in St Bede's Catholic Academy for the accounting period 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 Governors (board of trustees) has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governors are of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 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 trustees.

The risk and control framework

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

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

The Governing Body (board of trustees) has considered the need for a specific internal audit function and has decided:

- not to appoint an internal auditor. However, the trustees have appointed Baldwins Audit Services, the external auditor, to perform checks report on our financial systems and processes and Governance;
- and formation of an Audit Committee to receive the Internal Audit reports and perform within their agreed terms of reference.

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

- testing of payroll services
- testing of purchase systems
- testing of control account/bank reconciliations
- testing of creditor and debtor aged listings
- monitoring of the Academy's Finance Handbook, ensuring it reflects current systems and practice
- monitoring of funds generated through teaching school activities
- monitoring of corporate governance

ST BEDE'S CATHOLIC ACADEMY (LANCHESTER)

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

On a termly basis, the auditor reports are shared with the Governing Body (board of trustees) detailing the operation of the systems of control and on the discharge of the board of trustee's financial responsibilities. The detail of which is considered by the Audit Committee and practical recommendations are further considered by the Finance and Buildings Committee, including ensuring that recommendations are carried out as per an agreed action plan.


Review of effectiveness

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

- the work of the external financial audits (3 per year);
- the work of the external auditor;
- the financial management and governance self-assessment process; and
- the work of the Senior Leaders within the academy trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the board of trustees on 13/12/18 and signed on its behalf by:



Mrs J P Leech
Chair



Mr N Harrison
Accounting Officer

ST BEDE'S CATHOLIC ACADEMY (LANCHESTER)

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

FOR THE YEAR ENDED 31 AUGUST 2018

As accounting officer of St Bede's Catholic Academy (Lancaster) I have considered my responsibility to notify the academy trust board of trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

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

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

Mr N Harrison
Accounting Officer



B1218

ST BEDE'S CATHOLIC ACADEMY (LANCHESTER)

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2018

The trustees (who are also the directors of St Bede's Catholic Academy (Lancaster) for the purposes of company law) are responsible for preparing the trustees' report and the accounts in accordance with the Annual Accounts Direction issued by the Education & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the trustees to prepare accounts for each financial year. Under company law the trustees must not approve the accounts 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 accounts, the trustees are required to:


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

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the accounts comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

Approved by order of the members of the board of trustees on 13/12/18 and signed on its behalf by:


Mrs J P Leech
Chair

ST BEDE'S CATHOLIC ACADEMY (LANCHESTER)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ST BEDE'S CATHOLIC ACADEMY (LANCHESTER)

FOR THE YEAR ENDED 31 AUGUST 2018

Opinion

We have audited the accounts of St Bede's Catholic Academy (Lancaster) for the year ended 31 August 2018 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the accounts, 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, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

In our opinion the accounts:

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

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 accounts' 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 accounts in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- the trustees' use of the going concern basis of accounting in the preparation of the accounts is not appropriate; or
- the trustees have not disclosed in the accounts 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 accounts are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the accounts and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the accounts 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 accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts 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 accounts 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.

ST BEDE'S CATHOLIC ACADEMY (LANCHESTER)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ST BEDE'S CATHOLIC ACADEMY (LANCHESTER) (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report including the incorporated strategic report for the financial year for which the accounts are prepared is consistent with the accounts; and
- the trustees' report including the incorporated strategic report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the 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 trustees' report, including the incorporated strategic 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 accounts are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities, the trustees are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of accounts that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the accounts

Our objectives are to obtain reasonable assurance about whether the accounts 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 accounts.

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

ST BEDE'S CATHOLIC ACADEMY (LANCHESTER)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ST BEDE'S CATHOLIC ACADEMY (LANCHESTER) (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Use of our report

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

Baldwins Audit Services

Joanne Regan FCA (Senior Statutory Auditor)
for and on behalf of Baldwins Audit Services

17 December 2018

Statutory Auditor

Wynyard Park House
Wynyard Avenue
Wynyard
TS22 5TB

ST BEDE'S CATHOLIC ACADEMY (LANCHESTER)

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO ST BEDE'S CATHOLIC ACADEMY (LANCHESTER) AND THE EDUCATION & SKILLS FUNDING AGENCY

FOR THE YEAR ENDED 31 AUGUST 2018

In accordance with the terms of our engagement letter dated 31 August 2018 and further to the requirements of the Education & 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 St Bede's Catholic Academy (Lanchester) 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 St Bede's Catholic Academy (Lanchester) and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the St Bede's Catholic Academy (Lanchester) and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than St Bede's Catholic Academy (Lanchester) and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of St Bede's Catholic Academy (Lanchester)'s accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of St Bede's Catholic Academy (Lanchester)'s funding agreement with the Secretary of State for Education dated 1 May 2013 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 or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2017 to 2018 issued by 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.

ST BEDE'S CATHOLIC ACADEMY (LANCHESTER)

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO ST BEDE'S CATHOLIC ACADEMY (LANCHESTER) AND THE EDUCATION & SKILLS FUNDING AGENCY (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

The work undertaken to draw to our conclusion includes:

- completion of self assessment questionnaire by Accounting Officer
- discussions with the Accounting Officer and finance team
- review of Internal Assurance report
- review of trustee and committee meeting minutes
- review of finance and other relevant policies
- review of purchases, expenses and expense claims on a sample basis including the application of controls and tendering processes where applicable
- review of gifts and hospitality transactions including the application of controls
- review of credit card transactions including the application of controls
- review of payroll transactions on a sample bases including the application of controls
- review of potential special payments to staff
- review of leases and consideration of areas where borrowing may have been incurred
- consideration of transactions with related and connected parties
- review of register of business interests for completeness and compliance with regulations
- enquiries into transactions that may require disclosure under ESFA delegated authority rules
- consideration of value for money and appropriateness of transactions

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.

Baldwins Audit Services

Reporting Accountant
Baldwins Audit Services

Dated: *17 December 2018*

ST BEDE'S CATHOLIC ACADEMY (LANCHESTER)

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2018

	Notes	Unrestricted Funds £	Restricted funds: General £ Fixed asset £	Total 2018 £	Total 2017 £
Income and endowments from:					
Donations and capital grants	3	27,029	-	420,438	447,467
Charitable activities:					
- Funding for educational operations	4	499,339	6,866,953	-	7,366,292
- Funding for teaching schools	26	-	139,500	-	139,500
Other trading activities	5	378,306	-	-	378,306
Investments	6	3,093	-	-	3,093
Total		907,767	7,006,453	420,438	8,334,658
Expenditure on:					
Raising funds	7	375,027	-	-	375,027
Charitable activities:					
- Educational operations	8	495,904	7,366,324	4,325	7,866,553
- Teaching schools		-	139,500	-	139,500
Total	7	870,931	7,505,824	4,325	8,381,080
Net income/(expenditure)		36,836	(499,371)	416,113	(46,422)
Transfers between funds	17	-	228,033	(228,033)	-
Other recognised gains/(losses)					
Actuarial gains on defined benefit pension schemes	19	-	390,000	-	390,000
Net movement in funds		36,836	118,662	188,080	343,578
Reconciliation of funds					
Total funds brought forward		543,197	(2,193,751)	64,173	(1,586,381)
Total funds carried forward		580,033	(2,075,089)	252,253	(1,242,803)

ST BEDE'S CATHOLIC ACADEMY (LANCHESTER)

STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2018

Comparative year information Year ended 31 August 2017		Unrestricted Funds	Restricted funds:		Total 2017
	Notes	£	General	Fixed asset	£
Income and endowments from:					
Donations and capital grants	3	16,359	-	731,875	748,234
Charitable activities:					
- Funding for educational operations	4	595,808	7,253,091	-	7,848,899
- Funding for teaching schools	26	-	138,350	-	138,350
Other trading activities	5	371,811	-	-	371,811
Investments	6	863	-	-	863
Total		984,841	7,391,441	731,875	9,108,157
Expenditure on:					
Raising funds	7	361,700	-	-	361,700
Charitable activities:					
- Educational operations	8	560,787	8,230,493	28,908	8,820,188
- Teaching schools		-	138,350	-	138,350
Total	7	922,487	8,368,843	28,908	9,320,238
Net income/(expenditure)		62,354	(977,402)	702,967	(212,081)
Transfers between funds	17	(252,581)	993,651	(741,070)	-
Other recognised gains/(losses)					
Actuarial gains on defined benefit pension schemes	19	-	889,000	-	889,000
Net movement in funds¹		(190,227)	905,249	(38,103)	676,919
Reconciliation of funds					
Total funds brought forward		733,424	(3,099,000)	102,276	(2,263,300)
Total funds carried forward		543,197	(2,193,751)	64,173	(1,586,381)

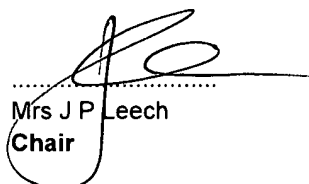
ST BEDE'S CATHOLIC ACADEMY (LANCHESTER)

BALANCE SHEET

AS AT 31 AUGUST 2018

	Notes	2018 £	£	2017 £	£
Fixed assets					
Tangible assets	12		74,798		64,173
Current assets					
Debtors	13	459,896		324,078	
Cash at bank and in hand		1,150,727		1,367,254	
		<u>1,610,623</u>		<u>1,691,332</u>	
Current liabilities					
Creditors: amounts falling due within one year	14	(708,906)		(872,933)	
Net current assets			901,717		818,399
Total assets less current liabilities			<u>976,515</u>		<u>882,572</u>
Creditors: amounts falling due after more than one year	16		(56,318)		(63,953)
Net assets excluding pension liability			<u>920,197</u>		<u>818,619</u>
Defined benefit pension scheme liability	19		(2,163,000)		(2,405,000)
Net assets			<u>(1,242,803)</u>		<u>(1,586,381)</u>
Funds of the academy trust:					
Restricted funds	17				
- Fixed asset funds			252,253		64,173
- Restricted income funds			87,911		211,249
- Pension reserve			(2,163,000)		(2,405,000)
Total restricted funds			<u>(1,822,836)</u>		<u>(2,129,578)</u>
Unrestricted income funds	17		580,033		543,197
Total funds			<u>(1,242,803)</u>		<u>(1,586,381)</u>

The accounts set out on pages 28 to 53 were approved by the board of trustees and authorised for issue on 13/12/18 and are signed on its behalf by:


 Mrs J P Leech
 Chair

Company Number 08062065

ST BEDE'S CATHOLIC ACADEMY (LANCHESTER)

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2018

	Notes	2018 £	£	2017 £	£
Cash flows from operating activities					
Net cash used in operating activities	20		(617,478)		(338,472)
Cash flows from investing activities					
Dividends, interest and rents from investments		3,093		863	
Capital grants from DfE Group		420,438		731,875	
Purchase of tangible fixed assets		(14,950)		-	
Net cash provided by investing activities			408,581		732,738
Cash flows from financing activities					
Repayment of other loan		(7,630)		12,636	
Net cash (used in)/provided by financing activities			(7,630)		12,636
Net (decrease)/increase in cash and cash equivalents in the reporting period			(216,527)		406,902
Cash and cash equivalents at beginning of the year			1,367,254		960,352
Cash and cash equivalents at end of the year			1,150,727		1,367,254

ST BEDE'S CATHOLIC ACADEMY (LANCHESTER)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

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

1.1 Basis of preparation

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

St Bede's Catholic Academy (Lanchester) meets the definition of a public benefit entity under FRS 102.

1.2 Going concern

The trustees assess whether the use of going concern is appropriate, ie whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charitable company to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the accounts 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 accounts.

The reported share of the LGPS deficit at the balance sheet date has a significant impact on our restricted fund, however we draw your attention to the cash reserves held by the academy as well as the balances held in unrestricted and general reserves. Also, being a faith school, the land and buildings occupied are not reflected on the balance sheet as described further under accounting policy 1.5. This has a direct impact on the academy's reported net asset position.

1.3 Income

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

Grants

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

General Annual Grant is recognised in full in the statement of financial activities in the period for which it is receivable, and any abatement in respect of the period is deducted from income and recognised as a liability.

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

ST BEDE'S CATHOLIC ACADEMY (LANCHESTER)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

(Continued)

Sponsorship income

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the statement of financial activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

Donations

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

Other income

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

Donated goods, facilities and services

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

Donated fixed assets

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's accounting policies.

1.4 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 are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

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

Charitable activities

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

ST BEDE'S CATHOLIC ACADEMY (LANCHESTER)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

(Continued)

1.5 Tangible fixed assets and depreciation

Assets costing £3,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the statement of financial activities and carried forward in the balance sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the statement of financial activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the academy trust's depreciation policy.

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

Building improvements	50 years
Computer equipment	2 years
Fixtures, fittings and equipment	4 - 5 years

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

The remaining land is owned by Durham County Council and leased to the academy for 125 years. Building improvements funded by the academy have been capitalised at cost.

Because the use of the land is made available to the academy trust under a Supplemental Agreement, the academy has been donated the right to use the buildings and under accounting standards a donation and expense representing the use of the facilities should be reflected in the financial statements. The trustees are of the opinion that obtaining a reliable estimate of this value would be onerous and the expense of obtaining such a valuation would outweigh any benefits derived. Therefore no such adjustment has been reflected in these financial statements.

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.

1.6 Liabilities

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

ST BEDE'S CATHOLIC ACADEMY (LANCHESTER)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

(Continued)

1.7 Leased assets

Rentals payable under operating leases are charged against income on a straight line basis over the period of the lease.

1.8 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. Prepayments are not financial instruments.

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

Financial liabilities

Trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost. 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.

1.9 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.

1.10 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 and the assets are held separately from those of the academy trust.

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 note36, 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 are recognised in the period to which they relate.

ST BEDE'S CATHOLIC ACADEMY (LANCHESTER)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

(Continued)

The LGPS is a funded scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the statement of financial activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses. Actuarial gains and losses are recognised immediately in other recognised gains and losses.

1.11 Fund accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the academy trust at the discretion of the trustees.

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Education and Skills Funding Agency/Department for Education/sponsor/other funders where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the Education and Skills Funding Agency, Department for Education and Local Authority.

1.12 Agency arrangements

The academy trust acts as an agent in distributing 16-19 bursary and other funds from the ESFA and private sponsors. Payments received and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid and any balances held are disclosed in the notes to the accounts.

ST BEDE'S CATHOLIC ACADEMY (LANCHESTER)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

2 Critical accounting estimates and areas of judgement

Accounting 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 or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 19, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

The academy trust occupies the footprint of the school building which is owned by its trustees, the Diocese of Hexham and Newcastle. The academy trust occupies the land and buildings under a mere licence. This continuing permission of the trustees is pursuant to, and subject to, the trustees' charitable objects, and is part of the Catholic Church's contribution since 1847 to provide State funded education in partnership with the State. The licence delegates aspects of the management of the land and buildings to the academy trust for the time being, but does not vest any rights over the land in the academy trust. The trustees have given an undertaking to the Secretary of State that they will not give the academy trust less than two years notice to terminate the occupation of the land and buildings. Having considered the factual matrix under which the academy trust is occupying the land and buildings the trustees have concluded that the value of the land and buildings occupied by the academy trust will not be recognised on the balance sheet of the academy.

3 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
Private sponsorship	21,813	-	21,813	12,665
Capital grants	-	420,438	420,438	731,875
Other donations	5,216	-	5,216	3,694
	<u>27,029</u>	<u>420,438</u>	<u>447,467</u>	<u>748,234</u>

ST BEDE'S CATHOLIC ACADEMY (LANCHESTER)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

4 Funding for the academy trust's educational operations

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
DfE / ESFA grants				
General annual grant (GAG)	-	6,572,543	6,572,543	6,978,057
Other DfE group grants	-	236,303	236,303	245,911
	-	6,808,846	6,808,846	7,223,968
Other government grants				
Local authority grants	-	58,107	58,107	29,123
Other funding				
Teaching schools income	-	139,500	139,500	138,350
Catering income	497,395	-	497,395	573,314
Other incoming resources	1,944	-	1,944	22,494
	499,339	139,500	638,839	734,158
Total funding	499,339	7,006,453	7,505,792	7,987,249

5 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
Hire of facilities	1,733	-	1,733	804
Catering income	54,588	-	54,588	52,435
School trips	114,311	-	114,311	128,839
Teaching schools income	25,953	-	25,953	33,225
Other income	181,721	-	181,721	156,508
	378,306	-	378,306	371,811

6 Investment income

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
Short term deposits	3,093	-	3,093	863

ST BEDE'S CATHOLIC ACADEMY (LANCHESTER)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

7 Expenditure

	Staff costs £	Non Pay Expenditure Premises £	Other £	Total 2018 £	Total 2017 £
Expenditure on raising funds					
- Direct costs	52,798	-	322,229	375,027	361,700
Academy's educational operations					
- Direct costs	4,870,729	-	307,654	5,178,383	5,518,098
- Allocated support costs	1,078,576	666,969	942,625	2,688,170	3,302,090
Teaching schools					
- Direct costs	119,396	-	20,104	139,500	138,350
	<u>6,121,499</u>	<u>666,969</u>	<u>1,592,612</u>	<u>8,381,080</u>	<u>9,320,238</u>

Net income/(expenditure) for the year includes:

	2018 £	2017 £
Fees payable to auditor for:		
- Audit	8,000	8,000
- Other services	5,500	5,500
Operating lease rentals	80,172	74,083
Depreciation of tangible fixed assets	4,325	28,908
Net interest on defined benefit pension liability	58,000	61,000

8 Charitable activities

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
Direct costs				
Educational operations	-	5,178,383	5,178,383	5,518,098
Teaching schools	-	139,500	139,500	138,350
Support costs				
Educational operations	495,904	2,192,266	2,688,170	3,302,090
	<u>495,904</u>	<u>7,510,149</u>	<u>8,006,053</u>	<u>8,958,538</u>

	Educational operations £	Total 2018 £	Total 2017 £
Analysis of support costs			
Support staff costs	1,078,576	1,078,576	1,090,338
Depreciation	4,325	4,325	28,908
Premises costs	662,644	662,644	1,267,181
Other support costs	885,445	885,445	905,432
Governance costs	57,180	57,180	43,456
	<u>2,688,170</u>	<u>2,688,170</u>	<u>3,335,315</u>

ST BEDE'S CATHOLIC ACADEMY (LANCHESTER)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

9 Staff

Staff costs

Staff costs during the year were:

	2018 £	2017 £
Wages and salaries	4,660,182	4,833,342
Social security costs	504,289	479,266
Pension costs	861,415	910,498
Staff costs	6,025,886	6,223,106
Agency staff costs	82,891	158,575
Staff restructuring costs	31,861	13,796
Staff development and other staff costs	21,069	44,486
Total staff expenditure	6,161,707	6,439,963

Staff restructuring costs comprise:

Redundancy payments	31,861	13,796
---------------------	--------	--------

Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £30,420 (2017: £13,796). Individually, the payments were: £11,836, £11,836 and £6,748.

Staff numbers

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

	2018 Number	2017 Number
Teachers	93	98
Administration and support	61	59
Management	9	15
	163	172

Higher paid staff

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

	2018 Number	2017 Number
£60,001 - £70,000	3	2
£70,001 - £80,000	1	1
£90,001 - £100,000	1	1

ST BEDE'S CATHOLIC ACADEMY (LANCHESTER)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

9 Staff

(Continued)

Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer national insurance and pension contributions) received by key management personnel for their services to the academy trust was £747,983 (2017: £727,006).

10 Trustees' remuneration and expenses

The headteacher and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of headteacher and staff, and not in respect of their services as trustees. Other trustees did not receive any payments from the academy trust in respect of their role as trustees.

The value of trustees' remuneration was as follows:

Mr S Chapman Ward (Finance Manager)

Remuneration	£25,001 - £30,000 (2017: £25,001 - £30,000)
Employer's pension contributions	£nil (2017: nil)

Mr N Harrison (Headteacher)

Remuneration	£95,001 - £100,000 (2017: £90,001 - £95,000)
Employer's pension contributions	£15,001 - £20,000 (2017: £15,001 - £20,000)

Miss L Mather (Assistant Headteacher) - resigned 13 January 2018

Remuneration	£15,001 - £20,000 (2017: £50,001 - £55,000)
Employer's pension contributions	£1 - £5,000 (2017: £5,001 - £10,000)

Mrs A Parker (Teacher)

Remuneration	£40,001 - £45,000 (2017: £40,001 - £45,000)
Employer's pension contributions	£5,001 - £10,000 (2017: £5,001 - £10,000)

Mrs K Noon (Progress & Development Leader) - appointed 8 March 2018

Remuneration	£20,001 - £25,000 (2017: not a trustee)
Employer's pension contributions	£1 - £5,000 (2017: not a trustee)

Other related party transactions involving the trustees are set out within the related parties note.

11 Trustees 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 trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy trust 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.

ST BEDE'S CATHOLIC ACADEMY (LANCHESTER)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

12 Tangible fixed assets

	Building improvements	Computer equipment	Fixtures, fittings and equipment	Total
	£	£	£	£
Cost				
At 1 September 2017	66,849	98,100	192,372	357,321
Additions	-	14,950	-	14,950
At 31 August 2018	66,849	113,050	192,372	372,271
Depreciation				
At 1 September 2017	5,348	98,100	189,700	293,148
Charge for the year	1,337	1,246	1,742	4,325
At 31 August 2018	6,685	99,346	191,442	297,473
Net book value				
At 31 August 2018	60,164	13,704	930	74,798
At 31 August 2017	61,501	-	2,672	64,173

13 Debtors

	2018 £	2017 £
Trade debtors	40,409	22,294
VAT recoverable	198,178	92,193
Other debtors	1,739	7,998
Prepayments and accrued income	219,570	201,593
	459,896	324,078

14 Creditors: amounts falling due within one year

	2018 £	2017 £
Other loans	9,686	9,681
Trade creditors	241,188	102,787
Other taxation and social security	111,737	119,004
Other creditors	137,620	114,355
Accruals and deferred income	208,675	527,106
	708,906	872,933

ST BEDE'S CATHOLIC ACADEMY (LANCHESTER)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

15	Deferred income	2018 £	2017 £
	Deferred income is included within:		
	Creditors due within one year	88,681	61,310
	Deferred income at 1 September 2017	61,310	102,081
	Released from previous years	(61,310)	(102,081)
	Resources deferred in the year	88,681	61,310
	Deferred income at 31 August 2018	88,681	61,310

At 31 August 2018, the Academy was holding Invictus award funds, trip income, rates income and ICT income for the 2018/19 academic year.

16	Creditors: amounts falling due after more than one year	2018 £	2017 £
	Other loans	56,318	63,953
	Analysis of loans		
	Wholly repayable within five years	66,004	73,634
	Less: included in current liabilities	(9,686)	(9,681)
	Amounts included above	56,318	63,953
	Loan maturity		
	Debt due in one year or less	9,686	9,681
	Due in more than one year but not more than two years	9,686	9,686
	Due in more than two years but not more than five years	29,060	29,040
	Due in more than five years	17,572	25,227
		66,004	73,634

Loans comprise two Salix loans received being repaid over an 8 year term.

ST BEDE'S CATHOLIC ACADEMY (LANCHESTER)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

17 Funds

	Balance at 1 September 2017 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2018 £
Restricted general funds					
General Annual Grant (GAG)	211,249	6,572,543	(6,923,914)	228,033	87,911
Other DfE / ESFA grants	-	236,303	(236,303)	-	-
Other government grants	-	58,107	(58,107)	-	-
Teaching schools	-	139,500	(139,500)	-	-
	<u>211,249</u>	<u>7,006,453</u>	<u>(7,357,824)</u>	<u>228,033</u>	<u>87,911</u>
Funds excluding pensions	211,249	7,006,453	(7,357,824)	228,033	87,911
Pension reserve	(2,405,000)	-	(148,000)	390,000	(2,163,000)
	<u>(2,193,751)</u>	<u>7,006,453</u>	<u>(7,505,824)</u>	<u>618,033</u>	<u>(2,075,089)</u>
Restricted fixed asset funds					
Transfer on conversion	18,083	-	-	(18,083)	-
DfE group capital grants	43,413	420,438	(2,578)	(209,950)	251,323
Capital expenditure from GAG	2,677	-	(1,747)	-	930
	<u>64,173</u>	<u>420,438</u>	<u>(4,325)</u>	<u>(228,033)</u>	<u>252,253</u>
Total restricted funds	<u>(2,129,578)</u>	<u>7,426,891</u>	<u>(7,510,149)</u>	<u>390,000</u>	<u>(1,822,836)</u>
Unrestricted funds					
General funds	543,197	881,814	(844,978)	-	580,033
Teaching schools	-	25,953	(25,953)	-	-
	<u>543,197</u>	<u>907,767</u>	<u>(870,931)</u>	<u>-</u>	<u>580,033</u>
Total funds	<u>(1,586,381)</u>	<u>8,334,658</u>	<u>(8,381,080)</u>	<u>390,000</u>	<u>(1,242,803)</u>

ST BEDE'S CATHOLIC ACADEMY (LANCHESTER)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

17 Funds

(Continued)

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

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 could carry forward at 31 August 2018.

Other DfE/ESFA grants include pupil premium.

Other grants include income funding for pupils with special educational needs from the local authority.

Other restricted funds comprise Teaching Schools income.

The pension reserve reflects the LGPS transactions. The costs and income associated with the defined benefit pension scheme have been recorded in the restricted fund. Staff costs are paid from this fund, including contributions to the LGPS, and the pension liability has therefore been aligned with these funds.

The gross transfer between the restricted general fund and the restricted fixed asset fund of £228,033 represents expenditure from capital grants on items which have not been capitalised for accounting purposes.

DfE/ESFA capital grants consist of a devolved capital grant of £28,469 which has been received for expenditure on acquisition and maintenance of fixed assets and has been spent on non-capitalised items with £nil carried forward.

An additional £391,969 of Condition Improvement Funds was received during the year to fund a refurbishment and construction project. This has also been spent on non-capitalised items with £177,455 carried forward. The costs have not been capitalised therefore the funds have been transferred accordingly.

Inherited fixed asset fund reflects the fixed assets acquired from Durham County Council on conversion. Depreciation on these assets is charged against this fund.

Unrestricted funds are available to be spent on any purpose, at the discretion of the trustees, within the objectives of the academy trust.

The academy's restricted general and unrestricted funds were £667,944 as at 31 August 2018.

ST BEDE'S CATHOLIC ACADEMY (LANCHESTER)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

17 Funds

(Continued)

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

	Balance at 1 September 2016 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2017 £
Restricted general funds					
General Annual Grant (GAG)	-	6,978,057	(7,760,459)	993,651	211,249
Other DfE / ESFA grants	-	245,911	(245,911)	-	-
Other government grants	-	29,123	(29,123)	-	-
Teaching schools	-	138,350	(138,350)	-	-
Funds excluding pensions	-	7,391,441	(8,173,843)	993,651	211,249
Pension reserve	(3,099,000)	-	(195,000)	889,000	(2,405,000)
	(3,099,000)	7,391,441	(8,368,843)	1,882,651	(2,193,751)
Restricted fixed asset funds					
Transfer on conversion	37,433	-	(19,350)	-	18,083
DfE group capital grants	57,557	731,875	(4,949)	(741,070)	43,413
Capital expenditure from GAG	7,286	-	(4,609)	-	2,677
	102,276	731,875	(28,908)	(741,070)	64,173
Total restricted funds	(2,996,724)	8,123,316	(8,397,751)	1,141,581	(2,129,578)
Unrestricted funds					
General funds	733,424	951,616	(889,262)	(252,581)	543,197
Teaching schools	-	33,225	(33,225)	-	-
	733,424	984,841	(922,487)	(252,581)	543,197
Total funds	(2,263,300)	9,108,157	(9,320,238)	889,000	(1,586,381)

ST BEDE'S CATHOLIC ACADEMY (LANCHESTER)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

18 Analysis of net assets between funds

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total Funds £
Fund balances at 31 August 2018 are represented by:				
Tangible fixed assets	-	-	74,798	74,798
Current assets	745,694	637,234	227,695	1,610,623
Creditors falling due within one year	(109,343)	(549,323)	(50,240)	(708,906)
Creditors falling due after one year	(56,318)	-	-	(56,318)
Defined benefit pension liability	-	(2,163,000)	-	(2,163,000)
Total net assets	580,033	(2,075,089)	252,253	(1,242,803)

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total Funds £
Fund balances at 31 August 2017 are represented by:				
Tangible fixed assets	-	-	64,173	64,173
Current assets	637,528	1,053,804	-	1,691,332
Creditors falling due within one year	(30,378)	(842,555)	-	(872,933)
Creditors falling due after one year	(63,953)	-	-	(63,953)
Defined benefit pension liability	-	(2,405,000)	-	(2,405,000)
Total net assets	543,197	(2,193,751)	64,173	(1,586,381)

19 Pension and similar obligations

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

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

Contributions amounting to £93,093 (2017: £97,131) were payable to the schemes at 31 August 2018 and are included within creditors.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (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.

ST BEDE'S CATHOLIC ACADEMY (LANCHESTER)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

19 Pension and similar obligations

(Continued)

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%

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

The employer's pension costs paid to the TPS in the period amounted to £593,047 (2017: £623,139).

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

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

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 12.5% for employers and 5.5% - 12.5% for employees. The estimated value of employer contributions for the forthcoming year is £198,000 (2017: £175,000).

As the LGPS is in deficit, the academy has agreed to make additional contribution over a 16 year period. The additional amount payable in the year ended 31 April 2019 is £43,992 which was paid in full in the current academic year and £25,662 is included in prepayments.

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

ST BEDE'S CATHOLIC ACADEMY (LANCHESTER)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

19 Pension and similar obligations

(Continued)

Total contributions made	2018 £	2017 £
Employer's contributions	190,000	152,000
Employees' contributions	56,000	50,000
Total contributions	246,000	202,000
Principal actuarial assumptions	2018 %	2017 %
Rate of increase in salaries	3.5	3.5
Rate of increase for pensions in payment/inflation	2.0	2.0
Discount rate for scheme liabilities	2.8	2.5
Inflation assumption (CPI)	2.0	2.0

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

	2018 Years	2017 Years
Retiring today		
- Males	23.3	23.2
- Females	25.0	24.9
Retiring in 20 years		
- Males	25.5	25.4
- Females	27.3	27.2

Scheme liabilities would have been affected by changes in assumptions as follows:

	2018 £	2017 £
Discount rate + 0.1%	4,805,000	4,720,000
Discount rate - 0.1%	5,054,000	4,963,000
Mortality assumption + 1 year	4,787,000	4,695,000
Mortality assumption - 1 year	5,070,000	4,986,000
CPI rate + 0.1%	5,000,000	4,911,000
CPI rate - 0.1%	4,857,000	4,770,000

ST BEDE'S CATHOLIC ACADEMY (LANCHESTER)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

19 Pension and similar obligations

(Continued)

The academy trust's share of the assets in the scheme	2018 Fair value £	2017 Fair value £
Equities	1,341,025	1,180,975
Government bonds	691,250	749,980
Corporate bonds	362,215	206,975
Cash	182,490	124,185
Property	188,020	172,885
Total market value of assets	<u>2,765,000</u>	<u>2,435,000</u>

The actual return on scheme assets was £104,000 (2017: £186,000).

Amount recognised in the Statement of Financial Activities	2018 £	2017 £
Current service cost	280,000	286,000
Interest income	(63,000)	(43,000)
Interest cost	121,000	104,000
Total operating charge	<u>338,000</u>	<u>347,000</u>

Changes in the present value of defined benefit obligations	2018 £
At 1 September 2017	4,840,000
Current service cost	280,000
Interest cost	121,000
Employee contributions	56,000
Actuarial gain	(349,000)
Benefits paid	(20,000)
At 31 August 2018	<u>4,928,000</u>

ST BEDE'S CATHOLIC ACADEMY (LANCHESTER)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

19 Pension and similar obligations (Continued)

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

	2018 £
At 1 September 2017	2,435,000
Interest income	63,000
Actuarial gain	41,000
Employer contributions	190,000
Employee contributions	56,000
Benefits paid	(20,000)
At 31 August 2018	2,765,000

20 Reconciliation of net expenditure to net cash flow from operating activities

	2018 £	2017 £
Net expenditure for the reporting period (as per the Statement of Financial Activities)	(46,422)	(212,081)
Adjusted for:		
Capital grants from DfE/ESFA and other capital income	(420,438)	(731,875)
Investment income receivable	(3,093)	(863)
Defined benefit pension costs less contributions payable	90,000	134,000
Defined benefit pension net finance cost	58,000	61,000
Depreciation of tangible fixed assets	4,325	28,908
(Increase)/decrease in debtors	(135,818)	56,627
(Decrease)/increase in creditors	(164,032)	325,812
Net cash used in operating activities	(617,478)	(338,472)

21 Commitments under 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 £
Amounts due within one year	41,902	78,128
Amounts due in two and five years	90,327	29,192
	132,229	107,320

ST BEDE'S CATHOLIC ACADEMY (LANCHESTER)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

22 Capital commitments

	2018 £	2017 £
Expenditure contracted for but not provided in the accounts	233,454	-

23 Related party transactions

Owing to the nature of the academy trust's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the academy trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy trust's financial regulations and normal procurement procedures.

Hexham and Newcastle Catholic Partnership - a charitable organisation in which Mr N Harrison (trustee and Head Teacher) is a Board member and St Bede's Catholic Academy is a member:

- The trust contributed £nil (2017: £15,881) towards the running costs of the Catholic Partnership as part of its membership.
- The trust received income of £nil (2017 - £nil) from the Partnership to support events.
- In entering into the transactions, the trust has complied with the requirements of the ESFA's Academies Financial Handbook.

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

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 or she is a member, or within one year after he or she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he or she ceases to be a member.

25 Agency arrangements

The academy trust distributes 16-19 and vulnerable bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2018 the trust brought forward £10,020 from previous years, received £24,372 and disbursed £29,218 from the funds. An amount of £5,174 is included in other creditors relating to undistributed funds that is repayable to ESFA.

The academy trust also distributes private sponsorship to students as an agent for certain individuals. In the accounting period ending 31 August 2018 the trust brought forward £nil from previous years, received £50,000 and disbursed £25,000 from funds. An amount of £25,000 is included in other creditors relating to undistributed funds.

ST BEDE'S CATHOLIC ACADEMY (LANCHESTER)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

26	Teaching schools trading account	2018		2017	
		£	£	£	£
	Direct income				
	External funding		139,500		138,350
	Other income				
	Fundraising and other trading activities		25,953		33,225
			<u>165,453</u>		<u>171,575</u>
	Direct costs				
	Direct staff costs	110,129		134,547	
	Educational supplies and services	20,104		37,028	
		<u>130,233</u>		<u>171,575</u>	
	Other costs				
	Support staff costs	35,220		-	
		<u>35,220</u>		<u>-</u>	
	Total expenditure		(165,453)		(171,575)
	Surplus/(deficit) from all sources		-		-
	Teaching schools balances at 1 September 2017		-		-
	Teaching schools balances at 31 August 2018		<u>-</u>		<u>-</u>