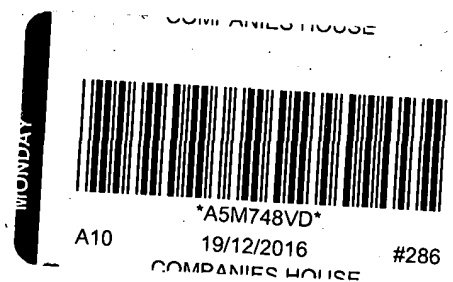


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Registered number: 8160195

SACRED HEART CATHOLIC SCHOOL
(A Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016



SACRED HEART CATHOLIC SCHOOL
(A Company Limited by Guarantee)

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SACRED HEART CATHOLIC SCHOOL
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REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS MEMBERS, TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2016

Members

Rev P Smith
Rev M Dickens
P McCallum

Trustees

Rev M Gould, Chair (until 19 October 2015)
C Donovan, Chair (from 19 October 2015)
J Siraut, Vice-Chair *
V Darlington, Parish Priest
H Agbukor
M Barton
H Burke, Staff Governor
S Cefai, Head Teacher & Accounting Office
R Cofie, *
A D'Oliveira, *
S Eddings
J Green, Parent Governor
G Lydon, *
C McCallum
W Pepple
W Samengo-Turner, LEA Governor
T Spreyer, Staff Governor (appointed 11 May 2015, resigned 1 April 2016)
A O'Sullivan (appointed 17 October 2016)

* members of the Finance & Audit Committee

Company registered number

8160195

Company name

Sacred Heart Catholic School

Principal and Registered office

Camberwell New Road, London, SE5 ORP

SACRED HEART CATHOLIC SCHOOL
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2016**

Advisers (continued)

Company secretary

K Bright

Executive Business Manager

S Pindoria

Senior leadership team

S Cefai, Headteacher
G Vincent, Deputy Head
R Lansiquot, Deputy Head
S Thompson, Deputy Head
N Williams, Deputy Head
S Bonar, Assistant Headteacher
V Roszkowski, Assistant Headteacher
A Sparkes, Assistant Headteacher
K Whyte, Assistant Headteacher

Independent auditors

haysmacintyre, 26 Red Lion Square, London, WC1R 4AG

Bankers

Lloyds TSB

Solicitors

Winckworth Sherwood, Minerva House, 5 Montague Close, London, SE1 9BB

SACRED HEART CATHOLIC SCHOOL
(A Company Limited by Guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2016

The Governors present their annual report together with the financial statements and auditors' report of the charitable company from 1 September 2015 to 31 August 2016.

Sacred Heart Catholic School's principle activities are to provide for the public benefit, education in the United Kingdom, in particular by managing and developing a school which provides but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a Catholic school.

Structure, Governance and Management

Constitution

The Academy Trust is a company limited by guarantee and an exempt charity, incorporated on 27 July 2012. The School became an academy on 1 November 2012. The charitable company's memorandum and articles of association are the primary governing documents of the Academy Trust.

The Governors act as the trustees for the charitable activities of Sacred Heart Catholic School and are also the directors of the charitable company for the purposes of company law.

Details of the Governors who served throughout the period except as noted 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.

Governors' Indemnities

The Governors and employees of the Academy are covered by indemnity insurance should they be subject to a civil claim in respect of the performance of their duties.

Method of Recruitment and Appointment or Election of Governors

The numbers of Governors shall not be less than three. In accordance with the Articles of Association the Academy Trust has 8 Foundation Governors, 2 Staff Governors, 1 Local Community Governor, 2 Parent Governors, Co opted Governors, and the Headteacher. Further Governors may be appointed subject to the conditions laid down in the Articles of Association.

Foundation Governors are recruited on the basis of their eligibility, specialist skills and knowledge. Parent Governors are Parents/Carers of pupils within the School at the time of their election. They are elected by Parents/Carers of pupils by secret ballot and the Staff Governors are elected by staff members, again by secret ballot. Local community Governor is appointed in liaison with the Local Authority or other local groups. The Headteacher is an ex officio Governor.

The Governors are elected to the various committees at a full Governors' Meeting on the basis of their skills, knowledge, areas of interest and preference. The term of office for each Governor is 4 years. Subject to remaining eligible to be a particular type of Governor, any Governor may be re appointed or re elected for up to three terms in total.

Policies and Procedures Adopted for the Induction and Training of Governors

New Governors are invited to the School prior to their first governing body meeting. They follow an Induction Programme which includes an explanation of their rôle, in respect of the School, the company and the implications of being an exempt Charity. They are invited to meet staff members in order to familiarise themselves with the running of the School. They also receive copies of policies and procedures and other relevant documentation. All Governors are encouraged to attend professional training courses and to meet and question external advisors.

SACRED HEART CATHOLIC SCHOOL
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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

Organisational Structure

The organisational structure of the School has two levels.

The Governing Body including the Headteacher and the Senior Leadership Team as listed on page 1.

Sacred Heart Catholic School is governed by a Governing Body composed of the directors of the company constituted under the Articles of the Academy Trust. The Governing Body acts in accordance with the Funding Agreement and Articles and Associations. The School also has written Governance, Committee and Schemes of Delegation Policies. The Governors and their committees act strategically by:

- setting the aims and objectives for the School
- setting policies for achieving those aims and objectives
- setting targets by which progress towards those aims and objectives can be measured
- reviewing and monitoring progress in achieving the aims and objectives
- approving the School budget

The Governors decided to set up the following committees with their own terms of reference who in turn report back to the Governing body. The full Governing Body meets once a term and the Committees also meet once a term and report back to the full Governing Body:

Hearings Committee To make any determination to dismiss any member of staff (unless delegated to the Headteacher); To make any decisions under the Governing Body's personnel procedures e.g. disciplinary, grievance, capability where the Headteacher is the subject of the action; To make any decisions relating to any member of staff other than the Headteacher, under the Governing Body's personnel procedures (unless delegated to the Headteacher); To make any determination or decision under the Governing Body's General Complaints Procedure for Parents and others; To make any determination or decision under the Governing Body's Curriculum Complaints Procedure, in respect of National Curriculum disapplications, and the operation of the Governing Body's charging policy.

Appeals Committee To consider any appeal against a decision to dismiss a member of staff made by the Hearings Committee; to consider any appeal against a decision short of dismissal under the Governing Body's personnel procedures e.g. disciplinary, grievance, capability; to consider any appeal against selection for redundancy.

Admissions Committee To determine within statutory provisions and the Governing Body policy whether any child should be admitted to the school; to review admissions arrangements and to make recommendations for changes to the Governing Body; there is also an independent Admissions Appeal Panel – which are independent of the Governing Body and are appointed to consider appeals against admissions.

Pupil Discipline Committee To consider representations from parents in the case of exclusions of 5 days or less (Committee may not re instate); To consider representations from parents in the case of exclusions totalling more than 5 but not more than 15 school days in one term (meeting to be held no later than the 15th school day after receiving notice of the exclusion); To consider the appropriateness of any permanent exclusion or any exclusion where one or more fixed period exclusions total more than 15 school days in one term or where a pupil is denied the chance to take a public examination (meeting to be held between 6th and 15th school days after receiving notice of the exclusion); To ensure that the guidance contained in the 'Improving Attendance and Behaviour' document is practised in the school, with specific reference to the role assigned to the Governing Body; To review the School Behaviour and Discipline Policy, and make recommendations on changes to the Governing Body or relevant committee.

Finance & Audit Committee In consultation with the Headteacher, to draft the first formal budget plan of the financial year; To establish and maintain an up to date 3 year financial plan; To consider a budget position statement including virement decisions at least termly and to report significant anomalies from the anticipated position to the Governing Body; To ensure that the school operates within the Financial Regulations of the Education Funding Agency; To monitor expenditure of all voluntary funds kept on behalf of the Governing Body; To annually review charges and remissions policies and expenses policies; To make decisions in respect of

SACRED HEART CATHOLIC SCHOOL
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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

service agreements; To make decisions on expenditure following recommendations from other committees; To prepare financial statements for inclusion in the governing body report to parents; To ensure, as far as is practical, that Health and Safety issues are appropriately prioritised; To determine whether sufficient funds are available for pay increments as recommended by the Headteacher; In the light of the Headteacher Performance Management Group's recommendations, to determine whether sufficient funds are available for increments;

Audit To review the body's internal and external financial statements and reports to ensure that they reflect best practice; discuss with the external auditor the nature and scope of each forthcoming audit and to ensure that the external auditor has the fullest co operation of staff; consider all relevant reports by the appointed external auditor, including reports on the body's accounts, achievement of value for money and the response to any management letters; review the effectiveness of the body's internal control system established to ensure that the aims, objectives and key performance targets of the organisation are achieved in the most economic, effective and environmentally preferable manner; ensure that the body's internal audit service meets, or exceeds, the standards specified in the Academies Financial Handbook, complies in all other respects with these guidelines and meets agreed levels of service; consider and advise the board on the body's annual and long term audit programme; consider internal audit reports, including value for money reports and the arrangements for their implementation; review the operation of the body's code of practice for board members and code of conduct for staff; consider any other matters where requested to do so by the board; and report at least once a year to the board on the discharge of the above duties.

Curriculum Committee To consider and advise the governing body on standards and other matters relating to the school's curriculum, including statutory requirements and the School's Curriculum Policy; To consider curricular issues which have implications for Finance and Personnel decisions and to make recommendations to the relevant committees or the Governing Body; To make arrangements for the Governing Body to be represented at School Improvement discussions with the LEA and for reports to be received by the Governing Body; To oversee arrangements for individual governors to take a leading role in specific areas of provision, e.g. SEN, Literacy, Numeracy. To receive regular reports from them and advise the Governing Body; to oversee arrangements for educational visits, including the appointment of a named co ordinator.

Premises Committee To advise the Governing Body on priorities, including Health and Safety, for the maintenance and development of the school's premises; To oversee arrangements for repairs and maintenance; To make recommendations to the Finance and Audit Committee on premises related expenditure; In consultation with the Headteacher and the Finance and Audit Committee, to oversee premises related funding bids; To oversee arrangements, including Health and Safety, for the use of school premises by outside users, subject to governing body policy; To establish and keep under review a Building Development Plan; to establish and keep under review an Accessibility plan.

Personnel Committee To draft and keep under review the staffing structure in consultation with the Headteacher and the Finance and Audit Committee; To establish a Salary Policy for all categories of staff and to be responsible for its administration and review; To oversee the appointment procedure for all staff; To establish and review a Performance Management policy for all staff; To oversee the process leading to staff reductions; To keep under review staff work/life balance, working conditions and well being, including the monitoring of absence; To make recommendations on personnel related expenditure to the Finance and Audit Committee; To consider any appeal against a decision on pay grading or pay awards.

Headteacher's Performance Review Group To arrange to meet with the External Adviser to discuss the Headteacher's performance targets; To decide, with the support of the External Adviser, whether the targets have been met and to set new targets annually; To monitor through the year the performance of the Headteacher against the targets; To make recommendations to the Finance and Audit Committee in respect of awards for the successful meeting of targets set.

There are additional ad hoc committees set up throughout the year as required.

The Senior Leadership Team controls the running of the Academy at an executive level and implements the policies and decisions of the Governors through agreed schemes of delegation. The Senior Leadership Team

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

as listed on Page 1 control and authorise the spending of budgets. Curriculum budgets are devolved to Heads of Departments. The Headteacher and the Executive Business Manager meet regularly to monitor and review the current cash flow and budget requirements.

Key management personnel remuneration

The academy sets pay for the key management in line with the schools pay policy which was adopted from the local authority. The headteacher reviewed all salaries at the time of academy conversion and has since on an annual basis set pay rates which are competitive and in line with those offered at similar sized academies in inner London

Connected Organisations including Related Party Relationships

Sacred Heart Catholic School is in a soft federation with St Thomas the Apostle College ("STAC"), the Headteacher is at present the Executive Headteacher of STAC and we supply them with various forms of academic support. Mr Cefai is Executive Headteacher of St Matthew Academy with effect from September 2015. The School has developed a range of partnerships with other institutions. As part of outreach work as a Specialist School in Language, Maths and Computing, Sacred Heart Catholic School works with other schools, including STAC and local primary schools. The School's work with the STAC continues to develop. As part of the newly reintroduced Sixth Form and as a means of improving teaching and learning, leadership and management, the school has very good links with outstanding Catholic schools in the adjacent areas. We continue to carry out charitable activities in connection with the Fr. Ray Foundation and Orphanage in Pattaya, Thailand.

The School continues to work with Schools Direct and Canterbury, Christchurch University as part of on going development for Newly Qualified Teachers and teachers in their early years.

Objectives and Activities

Objects and Aims

The Academy Trust's object ("the Object") is specifically to provide for the public benefit, education in the United Kingdom, in particular by managing and developing a school which provides but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a Catholic school designated as such ("the Academy") which shall offer a broad and balanced curriculum and shall be conducted in accordance with the principles, practices and tenets of the Catholic Church and all Catholic canon law applying thereto including any trust deed governing the use of land used by the Academy both generally and in particular in relation to arranging for religious education and daily acts of worship and having regard to any advice and following directives issued by the Archbishop.

Objectives, Strategies and Activities

These are taken from the School's Current Development Plan:

1. Behaviour and Safety of Pupils

- a) Before school
- b) Change of lessons
- c) Lunchtime
- d) A major push this year surrounds manners. Staff INSET included a greater emphasis and higher expectations required to teach pupils the importance of manners. This is to be achieved as a whole school approach, with teachers leading by example.

2. Quality of Teaching

The bedrock of our school and the number one priority for us all.

- a) To keep the Teaching and Learning team up to date with the OFSTED framework and best practices
- b) To build on the strengths identified during our last OFSTED (see OFSTED report dated December 2012 available on school website);
- c) To focus on "pace, stretch and challenge" for all pupils within lesson observations;

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

- d) To continue focussing on the development of literacy throughout the school. This will include the continued development of our literacy co ordinator and the extended use of the pupil premium to support this initiative in every department.
- e) Monitor and develop the teaching of new specifications at KS5

3. Achievement of Pupils

Excellent standards to be maintained in all areas:

- a) Review target setting at KS4 to ensure the highest standards are maintained. HODs to be encouraged to issue individual teacher targets for their groups with the aim of improving progress for all pupils;
- b) To improve the monitoring of progress by pupils from KS2 to KS4 in light of Progress 8.
- c) Sixth form targets to be carefully produced and monitored.
- d) To introduce and embed the new 9 -1 grading system for assessment at both KS3 and KS4.

4. Quality of Leadership and Management

- a) Produce and give out definitive job responsibilities of all SLT.
- b) Ensure priorities of Sixth form, KS4 achievement and end of KS3 focus are carefully monitored.
- c) Monitor and support all new members of staff.

Our mission statement is:

"Our school strives to be a Catholic community in which Christian principles of care and respect are valued, with emphasis on the development of the individual through academic achievement and personal development".

Public Benefit

The primary purpose of Sacred Heart Catholic School is the advancement of education of its pupils who come from a range of backgrounds. Inextricably linked with this purpose is the aim of contributing to the public good. With this in mind, and in setting the School's objectives and planning its activities, the Governors have given careful consideration to the Charity Commission's general guidance on public benefit. In particular, through the various links with other schools and groups, through the outreach and leadership work done as part of Specialist School activities, charity work and pupil services, the School aims to contribute considerable benefit to the local community.

The Mission Statement, Catholic identity and ethos commit the School to the work of community cohesion. The School is a community of faith and of learners in which the majority of pupils are not white British and where pupils speak a minimum of 20 languages other than English at home. They or their families have therefore experienced being the stranger. The School celebrates the ethnic and cultural diversity of its pupils and families (Black history week, International events, PSE, Liturgies) as a source of richness. Initiatives such as parent induction sessions and meetings to promote school/home partnership before pupils join the School, parental information evenings, PTFA activities, and liturgies contribute to building up a community with shared values. Within the local area, pupils participate in Speaker Banks, work with partner schools (Maths classes), charity (bi annual visit to the Orphanage in Pattaya, Thailand) and Duke of Edinburgh activities and with local parishes. Within the curriculum, the School ensures that pupils appreciate other faith traditions and that pupils are critically involved in learning about and debating justice and geopolitical issues.

Sacred Heart Catholic School is a multi cultural school which celebrates the richness of its diversity. Strong provision is made for this within the curriculum (e.g. world religions in RE, learning about other cultures and races through, for example, History, Geography, MFL and English) and through liturgy and worship and enrichment activities. The school monitors the progress of all groups and seeks feedback from pupils on the effectiveness of policies on race and bullying.

SACRED HEART CATHOLIC SCHOOL
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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

Achievements and Performance

Detailed below is a table of the percentage results of our pupils at KS4 over the last 6 years:

	2010	2011	2012	2013	2014	2015	2016
English Baccalaureate	34	38	46	58	63	53	48
5+ A* inc Eng & Maths	85	81	75	90	78	76	79
5+ A*- C	92	90	94	98	86	89	87
2+ A* -C in Science	85	83	85	87	87	85	91
1+ A* -C in a MFL	63	61	67	77	92	69	85

Sacred Heart Catholic School in Camberwell has once again achieved outstanding GCSE results in 2016, with 79% of pupils achieving at least five GCSEs at grades A*-C, including English and Maths, while 87% of pupils achieved at least 5 A*-C overall. 48% of pupils achieved the English Baccalaureate.

Summary of GCSE results and departmental results:

- 79% of pupils achieved at least 5 A*-C including English and Maths
- 87% of all pupils achieved at least 5 A*-C overall
- 48% of pupils were awarded the English Baccalaureate
- 82% of all pupils achieved an A*-C in Maths
- 88% of all pupils achieved an A*-C in English
- 91% of pupils achieved at least two A*-C grades in Science
- Departments across the school achieved a series of fantastic results:
- Art and Design 100%-A* -C
- Computing 82% A*-C
- Construction 77% A*-C
- Drama 76% A*-C
- English Literature 84% A*-C
- Food and Nutrition 89% A*-C
- French 78% A*-C
- Geography 91% A*-C
- Graphics 94% A*-C
- History 77% A*-C
- Music 83% A*-C
- PE 92% A*-C
- RE 88% A*-C
- Spanish 92% A*-C

A Level Results 2016

Sacred Heart pupils have received their A Level results and are celebrating a series of impressive results. The vast majority of our students have secured places in the UK's top 100 universities with only six students following alternative routes and over a third gained places at Russell Group/1994 universities (top 39 providers). All 82 pupils in Year 13 sat A Level courses and of the exams sat 100% of entries were graded between A* and

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

E. Meanwhile, 66% of all entries received a grade between A* and B.

In the following subjects over 60% of pupils gained an A*-B grade:

Chemistry (65%);
Art (100%);
Graphics (100%);
Geography (88%);
Sociology (83%);
History (62%)
Economics (90%)
English Literature (60%)
Further Maths (60%)
Government and Politics (100%)
Maths (63%)
Spanish (100%)

Teaching and Learning

Our last OFSTED report of December 2012 stated: All school leaders, teachers and other staff share the same 'no excuses' approach which has ensured that all students make outstanding progress. School leaders create a highly successful environment in which teachers make a huge impact on achievement and personal development is prized. Examination results are consistently well above those found in most other schools. Students make outstanding progress throughout the school. All students, including those eligible for the pupil premium and those who are disabled or who have special educational needs, achieve outstanding results, in line with all other students. Students' behaviour is outstanding. Students conduct themselves with impressive courtesy, generosity towards others and commitment to achieving the very best. Students feel completely safe within the school. The sixth form is outstanding and prepares students very well in order to compete equally for places in the best universities and workplaces. Teachers are extremely good at motivating students, helping them to work really hard and do exceptionally well. Teachers respond swiftly and energetically to the needs of the students, making sure that there is nothing to prevent them from making progress and achieving the highest standards. There is a rich and varied range of extra opportunities for students to learn outside the classroom, including trips and charity work. The school places a strong emphasis on spiritual values, reflection and service to others. All members of the school community consistently demonstrate these values day by day.

Extra Curricular and Enrichment Activities

Our last OFSTED report of December 2012 stated: The School offers a comprehensive programme of enrichment activities, including the Duke of Edinburgh Award Scheme, Jack Petchey Award Scheme, Public Speaking, music, drama and sports. In addition, all staff provide after school revision/study support sessions for pupils. There are also half term and holiday revision sessions, provided by subject teachers. Homework support for pupils with organisational difficulties or learning difficulties is provided via the SENCo.

Key Performance Indicators

The Key Indicators used by the Governors to assess Performance of the School area:

- Pupil outcomes (See Achievements and Performance)
- Quality of teaching and learning (See Teaching and Learning)
- Outcomes of departmental reviews (Staff Performance Reviews)
- Student and parent satisfaction (Parents Evening reports, Parents are invited to leave comments at parents evenings as well as via our weekly newsletter)
- Producing a balanced budget which meets the Academy needs with an adequate reserve (See Financial Review)

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

Going Concern

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

Financial Review

Most of the School's income is obtained from the DfE principally in the form of a recurrent annual grant, the use of which is restricted to cover the normal running costs of the School. The general annual grant received from the DfE during the year ended 31 August 2016 totalled £6.23m and the associated expenditure totalled £6.00m (excluding transfers) and are shown as restricted general funds in the Statement of Financial Activities.

During the year ended 31 August 2016 total income of £7.22m exceeded expenditure of £7.03m by £0.19m.

The Academy took on pension liabilities relating to staff members transferred from its predecessor school that were part of the Local Government Defined Benefits pension scheme. As at 31 August 2016, the schemes liabilities exceeded its assets by £2.18m. Where the amount of pension scheme assets being held is less than the liability value, the implication is that we will eventually need to make good this deficit. It is therefore treated as a provision in our financial statements, although this does not need to be paid immediately, nor does it affect the current cash contributions paid by us as an employer to the local government pension scheme.

Reserves Policy -

As part of procedures in place within the School, the reserves levels are consistently monitored as part of the budget monitoring process, both at Governor level through the Finance and Audit Committee and the Headteacher and Executive Business Manager.

The Governors have decided to maintain reserve levels which are sufficient to maintain the needs of the Academy and to encompass variations within the Academy budget. At 31 August 2016 the Academy held free reserves of £650k. The governing body has examined the requirement for free reserves, ie those income funds that are freely available for general purposes and are not invested in tangible fixed assets, designated for specific purposes or otherwise committed. The governors agreed that the school should aim to hold significant reserves to withstand future ICT spending, and funding the national pay rise where funding does not move in line with pay increases. The governors have agreed on a three year plan to draw down on reserves and employ additional staff in core areas to reduce the teacher pupil ratio. A reasonable sum of £300k to £500k will need to be held so the school is able to meet unplanned expenditures, most likely in relation to urgent repairs and/or maintenance of the school. Overall, the governors require a tight cash flow management system at all times to ensure that the school holds sufficient cash to meet all its outstanding liabilities.

Reserves arising from the General Annual Grant (GAG) will also be utilised to meet these objectives.

The following balances have been carried forward in respect to restricted reserves. The nature of these reserves is laid out in note 15 to the financial statements:

Unrestricted funds: Balance carried forward as at 31 August 2016 of £1,138k.

General Annual Grant (GAG): Balance carried forward as at 31 August 2016 of £1,523k.

Other DfE Funding: Balance carried forward as at 31 August 2016 of £1k.

Pension reserve: Balance carried forward as at 31 August 2016 of £(2,175)k.

DfE/EFA Capital Grants: Balance carried forward as at 31 August 2016 of £41k.

Capital Expenditure from GAG: Balance carried forward as at 31 August 2016 of £96k.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

DfE/EFA Capital Grants: Balance carried forward as at 31 August 2016 of £41k.

Capital Expenditure from GAG: Balance carried forward as at 31 August 2016 of £96k.

Other income: Balance carried forward as at 31 August 2016 of £Nil.

Investment Policy

Sacred Heart Catholic School's investment policy is based on a low risk short term bank deposit accounts.

Principal Risks and Uncertainties

Financial and Risk Management Objectives and Policies

Sacred Heart Catholic School is subject to various risks as is common with other Academies. Structures and procedures are in place to identify and mitigate financial risks as discussed throughout this report. The Local Government Pension Scheme is currently in deficit but at present there are no plans to change the agreed contribution rates or any current cash flow risk.

Principal Risks and Uncertainties

The Governors keep under review the strategic risks facing the School and the programmes which help to manage or mitigate the risk. Amongst the most important strategic risks at present are the impact of changes in the economy generally and the resulting decline in funding across the education sector from public sources, including reductions in post 16 funding and other Academy grant funding.

The Governors have assessed the major risks to which the Academy is exposed to and have taken steps to reduce and manage these risks. Risks are managed and reduced through the workings of the Governing Body, Sub Committees, Senior Leadership Team and Staff. Governors' committees monitor, direct and evaluate curriculum and performance results, Premises management, Health & Safety and financial controls and procedures within the School. Safeguarding, Equality and Child Protection procedures are constantly reviewed and monitored.

Where possible the Governors have limited the risk through Insurance such as public and employee liability, and property insurance.

The School has a system of internal control which is monitored by the Accounting Officer, Executive Business Manager, Auditors and other external agencies. The Governors have approved the implementation of a formal Risk Register. This is ongoing and will be reviewed regularly.

Plans for Future Periods

The school will continue striving to uphold and build upon its successes and the achievement of all its pupils at all levels. It endeavours to ensure the majority of its sixth form are in a position to take up a place at one of the world's leading universities when they leave and that they are all equipped to make a substantial contribution to society.

Auditors

In so far as the Governors are aware:

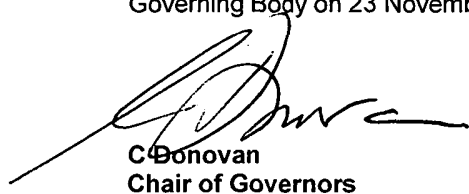
- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Governors have taken all steps that they ought to have taken to make themselves aware of any relevant information and to establish that the auditor is aware of that information.

The auditors, Haysmacintyre were appointed during the period and have expressed their willingness to continue in office. A resolution to re appoint them will be proposed at the Annual General Meeting.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

The Trustees' Report, incorporated the Strategic Report, was approved by order of the members of the Governing Body on 23 November 2016 and are signed on its behalf:



C. Donovan
Chair of Governors

SACRED HEART CATHOLIC SCHOOL
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GOVERNANCE STATEMENT

Scope of Responsibility

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

The Governing Body 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 Sacred Heart Catholic School and the Secretary of State for Education. They are also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Governing Body has formally met 3 times during the year. Attendance during the year at meetings of the Governing Body was as follows:

Trustee	Meetings attended	Out of a possible
Rev M Gould, Chair (until 19 October 2015)	0	0
C Donovan, Chair (from 19 October 2015)	3	3
J Siraut, Vice-Chair *	3	3
V Darlington, Parish Priest	3	3
H Agbukor	3	3
M Barton	2	3
H Burke, Staff Governor	1	3
S Cefai, Head Teacher & Accounting Office	3	3
R Cofie, *	3	3
A D'Oliveira, *	3	3
S Eddings	3	3
J Green, Parent Governor	1	3
G Lydon, *	3	3
C McCallum	3	3
W Pepple	3	3
W Samengo-Turner, LEA Governor	1	1
T Spreyer, Staff Governor	0	0
A O'Sullivan	0	0

* member of the Finance and Audit Committee

A full review of the Governing Body was carried out in Autumn 2015. The exercise was beneficial and illustrated the Governing Body was operating with a wide ranging skill set. Roles and responsibilities were clearly defined and effective. The academy will continue to review this on an annual basis.

SACRED HEART CATHOLIC SCHOOL
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GOVERNANCE STATEMENT (continued)

The Finance & Audit Committee is a sub-committees of the Governing body.

For the scope of this committee refer to the Organisational Structure.

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
Ms C Donovan (Chair)	3	3
Mr J Siraut	3	3
Ms Geraldine Lydon	3	3
Mrs Winifred Pepple	3	3
Mr A D'Olivera	1	3
Mr Serge Cefai (Headteacher)	3	3

Review of Value for money

As Accounting Officer, the Headteacher has responsibility for ensuring that the academy 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 academy's use of its resources has provided good value for money during each academic year, and reports to the Governing Body where value for money can be improved, including the use of benchmarking data where appropriate.

During the year ended 31 August 2016, the School's focus on achieving Value for Money has included the following areas:

- **Budgeting:** A budget for the year ended 31 August 2016 was approved by the full governing body in summer 2015, and expenditure made during the year has been controlled by department heads in accordance with this budget. Centralised purchasing means the finance team ensures that no department can make purchases beyond its budget for the year without appropriate authorisation.
- **Purchasing:** The school has maintained and developed as necessary procedures for assessing need, and obtaining goods and services which provide best value in terms of suitability, efficiency, time, and cost. For example, competitive quotes were obtained from several suppliers to ensure best value when selecting suppliers for maintenance projects such as grounds maintenance. School also saved significant sums in purchasing paper on bulk.
- **Income generation:** Surplus cash balances are held in interest bearing accounts to maximise our cash position

The Purpose of the System of Internal Control

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

Capacity to Handle Risk

The Governing Body has reviewed the key risks to which the academy is exposed together with the operating,

SACRED HEART CATHOLIC SCHOOL
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GOVERNANCE STATEMENT (continued)

financial and compliance controls that have been implemented to mitigate those risks. The Governing Body is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy's significant risks, that has been in place for the year ended to 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Governing Body.

The Risk and Control Framework

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

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

The Finance & Audit Committee has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Finance & Audit Committee have appointed haysmacintyre, the external auditors, to perform additional checks. The external auditors, haysmacintyre, have completed two visits within the period to 31 August 2016.

The auditors' role includes giving advice on financial matters and performing a range of checks on the academy's financial systems.

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

- testing of payroll systems
- review of tendering procedures and management accounting
- testing of purchase systems
- testing of income systems
- testing of debit and credit card systems
- testing of petty cash systems
- review of control accounts

On a termly basis, the auditors report to the Governing Body on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities.

Review of Effectiveness

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

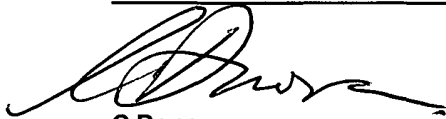
- the work of the external auditors;
- the work of the executive managers within the academy who have responsibility for the development and maintenance of the internal control framework.

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


Approved by order of the members of the Governing Body on **23 November 2016** and signed on their behalf, by:

SACRED HEART CATHOLIC SCHOOL
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GOVERNANCE STATEMENT (continued)



C Donovan
Chair of Trustees



Serge Cefai
Accounting Officer

SACRED HEART CATHOLIC SCHOOL
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Sacred Heart Catholic School I have considered my responsibility to notify the academy trust Governing Body and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

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

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



Serge Cefai
Accounting Officer

23/11/16

SACRED HEART CATHOLIC SCHOOL
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STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2016

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies' Accounts Direction 2015 to 2016;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the Governing Body on 23 November 2016 and signed on its behalf by:



C Donovan
Chair of Governors

SACRED HEART CATHOLIC SCHOOL
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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
SACRED HEART CATHOLIC SCHOOL**

We have audited the financial statements of Sacred Heart Catholic School for the year ended 31 August 2016 which comprise the Statement of Financial Activities Incorporating Income and Expenditure Account, the Balance Sheet, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

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

Respective responsibilities of Trustees and auditors

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees (who are also the directors of the academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

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

Opinion on other matter prescribed by the Companies Act 2006

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

SACRED HEART CATHOLIC SCHOOL
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
SACRED HEART CATHOLIC SCHOOL**

Matters on which we are required to report by exception

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

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



Tracey Young (Senior Statutory Auditor)

for and on behalf of

haysmacintyre

Statutory Auditors

26 Red Lion Square
London
WC1R 4AG
23 November 2016

SACRED HEART CATHOLIC SCHOOL
(A Company Limited by Guarantee)

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO SACRED HEART CATHOLIC SCHOOL AND THE EDUCATION FUNDING AGENCY

In accordance with the terms of our engagement letter dated 16 September 2015 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Sacred Heart Catholic School during the year 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of Sacred Heart Catholic School's accounting officer and the reporting auditors

The accounting officer is responsible, under the requirements of Sacred Heart Catholic School's funding agreement with the Secretary of State for Education dated 26 November 2012, and the Academies Financial Handbook extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2015 to 2016 issued by the EFA. 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's income and expenditure.

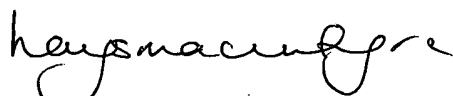
The work undertaken to draw to our conclusion includes:

- Assessment of the control environment operated by the Academy.
- Walkthrough testing of controls to ensure operational effectiveness.
- Substantive testing on a sample of expenditure items, ensuring expenditure is in accordance with the funding agreement and appropriately authorised.
- Detailed testing on a selection of debit and credit card statements and expense claims.
- Review of minutes, reconciliation of bank balances to statements and related party declarations provided by Governors and senior management.

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO SACRED
HEART CATHOLIC SCHOOL AND THE EDUCATION FUNDING AGENCY (continued)**

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Reporting Accountant

haysmacintyre

26 Red Lion Square
London
WC1R 4AG

23 November 2016

SACRED HEART CATHOLIC SCHOOL
(A Company Limited by Guarantee)

STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2016

	Note	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
INCOME FROM:						
Donations and capital grants	2	65,099	-	18,345	83,444	27,781
Charitable activities	5	359,043	6,733,047	-	7,092,090	6,804,881
Other trading activities	3	20,163	-	-	20,163	16,359
Investments	4	22,729	-	-	22,729	25,463
TOTAL INCOME		467,034	6,733,047	18,345	7,218,426	6,874,484
EXPENDITURE ON:						
Raising funds		62,144	-	-	62,144	19,953
Charitable activities		325,072	6,616,920	29,656	6,971,648	6,696,701
TOTAL EXPENDITURE	7	387,216	6,616,920	29,656	7,033,792	6,716,654
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS						
Transfers between Funds	15	79,818	116,127	(11,311)	184,634	157,830
		-	(34,306)	34,306	-	-
NET INCOME BEFORE OTHER GAINS AND LOSSES		79,818	81,821	22,995	184,634	157,830
Actuarial losses on defined benefit pension schemes	21	-	(926,000)	-	(926,000)	(27,000)
NET MOVEMENT IN FUNDS		79,818	(844,179)	22,995	(741,366)	130,830
RECONCILIATION OF FUNDS:						
Total funds brought forward		1,058,809	193,236	113,463	1,365,508	1,234,678
TOTAL FUNDS CARRIED FORWARD		1,138,627	(650,943)	136,458	624,142	1,365,508

The notes on pages 26 to 48 form part of these financial statements.

SACRED HEART CATHOLIC SCHOOL
(A Company Limited by Guarantee)
REGISTERED NUMBER: 8160195

BALANCE SHEET
AS AT 31 AUGUST 2016

	Note	2016 £	2015 £
FIXED ASSETS			
Tangible assets	12	587,719	584,724
CURRENT ASSETS			
Debtors	13	73,538	110,097
Cash at bank and in hand		2,392,368	2,074,386
		<u>2,465,906</u>	<u>2,184,483</u>
CREDITORS: amounts falling due within one year	14	<u>(254,483)</u>	<u>(268,699)</u>
NET CURRENT ASSETS		<u>2,211,423</u>	<u>1,915,784</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,799,142</u>	<u>2,500,508</u>
Defined benefit pension scheme liability	21	<u>(2,175,000)</u>	<u>(1,135,000)</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES		<u>624,142</u>	<u>1,365,508</u>
FUNDS OF THE ACADEMY			
Restricted funds:			
General funds	15	1,524,057	1,328,236
Fixed asset funds	15	136,458	113,463
		<u>1,660,515</u>	<u>1,441,699</u>
Restricted funds excluding pension liability			
Pension reserve	15	<u>(2,175,000)</u>	<u>(1,135,000)</u>
Total restricted funds		<u>(514,485)</u>	<u>306,699</u>
Unrestricted funds	15	<u>1,138,627</u>	<u>1,058,809</u>
TOTAL FUNDS		<u>624,142</u>	<u>1,365,508</u>

The financial statements were approved by the Trustees, and authorised for issue, on 23 November 2016 and are signed on their behalf by:


C Donovan
Chair of Governors

The notes on pages 26 to 48 form part of these financial statements.

SACRED HEART CATHOLIC SCHOOL
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2016

	Note	2016 £	2015 £
Net cash inflow from operating activities			
Net cash provided by operating activities	17	329,560	131,446
Cash flows from investing activities:			
Dividends, interest and rents from investments		22,729	25,463
Purchase of tangible fixed assets		(52,652)	(101,236)
Capital grants from DfE/EFA		18,345	17,221
Net cash used in investing activities		(11,578)	(58,552)
Change in cash and cash equivalents in the year		317,982	72,894
Cash and cash equivalents brought forward		2,074,386	2,001,492
Cash and cash equivalents carried forward		2,392,368	2,074,386

SACRED HEART CATHOLIC SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

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 of financial statements

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

Sacred Heart Catholic School constitutes a public benefit entity as defined by FRS 102.

First time adoption of FRS 102

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

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

Reconciliations to previous UK GAAP for the comparative figures are included in note 23.

1.2 Fund accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Department for Education 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 and include grants from the Department for Education/EFA..

SACRED HEART CATHOLIC SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

1.3 Income

All income is recognised once the academy has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

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 entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

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

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

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Other income is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

The school has taken the decision not to incorporate the gift in kind associated with the ongoing use of the land and buildings of the school. The governors believe it is not possible to obtain an accurate measure of the current market value of any associated rental and therefore have decided to omit this from the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

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 allocated on the portion of the asset's use.

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

All resources expended are inclusive of irrecoverable VAT.

1.5 Going concern

The Trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the academy 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 financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

1.6 Tangible fixed assets and depreciation

All assets costing more than £5,000 are capitalised.

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

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.

SACRED HEART CATHOLIC SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Motor vehicles	-	Straight line over 4 years
Fixtures and fittings	-	Straight line over 5 years
Computer equipment	-	Straight line over 3 years
Leasehold property improvement	-	Straight line over 25 years

1.7 Operating leases

Rentals under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

1.8 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the academy; this is normally upon notification of the interest paid or payable by the Bank.

1.9 Taxation

The academy 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 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 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.11 Cash at Bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

1.12 Liabilities and provisions

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 anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

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

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

1.13 Financial instruments

The academy only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

1.14 Pensions

Retirement benefits to employees of the academy 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.

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

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

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

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**NOTES TO THE FINANCIAL STATEMENTS
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1. ACCOUNTING POLICIES (continued)

1.15 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions:

The academy trust makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Donations	65,099	-	-	65,099	10,560
Capital grants	-	-	18,345	18,345	17,221
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total donations and capital grants	65,099	-	18,345	83,444	27,781
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

In 2015, of the total income from donations and capital grants, £10,560 was to unrestricted funds and £17,221 was to restricted fixed asset funds.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

3. OTHER TRADING ACTIVITIES

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Other income	20,163	-	20,163	16,359
	<u>20,163</u>	<u>-</u>	<u>20,163</u>	<u>16,359</u>

In 2015, of the total income from other trading activities, £16,359 was to unrestricted funds and £ NIL was to restricted funds.

4. INVESTMENT INCOME

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Short term deposits	22,729	-	22,729	25,463
	<u>22,729</u>	<u>-</u>	<u>22,729</u>	<u>25,463</u>

In 2015, of the total investment income, £25,463 was to unrestricted funds and £ NIL was to restricted funds.

5. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Funding for the Academy's educational operations	-	6,710,572	6,710,572	6,483,594
Canterbury Christ Church University	-	22,475	22,475	13,036
Other income	-	-	-	8,750
Catering income	184,456	-	184,456	159,175
Curricular income	137,992	-	137,992	66,592
School trips	36,595	-	36,595	73,734
	<u>359,043</u>	<u>6,733,047</u>	<u>7,092,090</u>	<u>6,804,881</u>

In 2015, of the total income from charitable activities, £ NIL was to unrestricted funds and £6,731,147 was to restricted funds.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
DfE/EFA grants				
General Annual Grant (GAG)	-	6,229,227	6,229,227	6,023,787
LEA grant	-	181,821	181,821	139,576
Other DfE Funding	-	299,524	299,524	320,231
	<u>-</u>	<u>6,710,572</u>	<u>6,710,572</u>	<u>6,483,594</u>

In 2015, of the total income from charitable activities, £ NIL was to unrestricted funds and £6,483,594 was to restricted funds.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

6. CHARITABLE ACTIVITIES

	Total funds 2016 £	Total funds 2015 £
DIRECT COSTS - EDUCATIONAL OPERATIONS		
Wages and salaries	4,056,713	3,811,686
National insurance	372,980	320,684
Pension cost	566,581	457,563
Educational supplies	357,154	404,939
Examination fees	95,403	91,935
Staff development	17,303	20,407
Staff restructuring costs	-	9,900
	<u>5,466,134</u>	<u>5,117,114</u>
SUPPORT COSTS - EDUCATIONAL OPERATIONS		
Wages and salaries	488,368	503,693
National insurance	35,125	35,228
Pension cost	158,186	157,381
Depreciation	49,656	40,516
Recruitment and support	16,023	23,788
Maintenance of premises and equipment	60,609	70,276
Cleaning and utilities	328,328	329,775
Insurance	31,630	28,088
School journey, security and transport	53,634	97,401
Catering	136,322	144,051
Admin supplies	84,795	102,667
Other support costs	16,474	17,100
	<u>1,459,150</u>	<u>1,549,964</u>
	<u>6,925,284</u>	<u>6,667,078</u>
OTHER ACTIVITIES		
Governance costs	46,364	29,624
	<u>6,971,648</u>	<u>6,696,702</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

7. EXPENDITURE

	Staff costs 2016 £	Premises 2016 £	Other costs 2016 £	Total 2016 £	Total 2015 £
Expenditure on raising funds	-	-	62,144	62,144	19,953
Academy's educational operations:					
Direct costs	4,996,274	-	469,860	5,466,134	5,117,114
Support costs	681,679	438,593	338,878	1,459,150	1,549,963
Support costs: governance	-	-	46,364	46,364	29,624
	<u>5,677,953</u>	<u>438,593</u>	<u>917,246</u>	<u>7,033,792</u>	<u>6,716,654</u>

In 2016, of the total expenditure, £NIL (2015 - £NIL) was to unrestricted funds and £NIL (2015 - £NIL) was to restricted funds.

8. NET INCOME

This is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets:		
- owned by the charity	49,657	40,516
Auditors' remuneration - audit	13,150	11,635
Auditors' remuneration - other services	6,775	5,833
	<u>69,582</u>	<u>57,984</u>

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NOTES TO THE FINANCIAL STATEMENTS
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9. STAFF COSTS

Staff costs were as follows:

	2016 £	2015 £
Wages and salaries	4,545,081	4,315,379
Social security costs	408,105	355,912
Pension costs	724,767	614,944
	<u>5,677,953</u>	<u>5,286,235</u>
Staff restructuring costs	-	9,900
	<u>5,677,953</u>	<u>5,296,135</u>

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

	2016 No.	2015 No.
Teachers	69	69
Administration, support and management	59	57
	<u>128</u>	<u>126</u>

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

	2016 No.	2015 No.
In the band £60,001 - £70,000	2	3
In the band £70,001 - £80,000	5	4
In the band £80,001 - £90,000	2	2
In the band £90,001 - £100,000	1	0
In the band £140,001 - £150,000	1	1

Nine of the above employees participated in the Teachers' Pension Scheme. The other employee participated in the Local Government Pension Scheme.

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 pension contributions) received by key management personnel for their services to the academy trust was £1,124,528 (2015: £877,431). In addition to these figures, £54,374 (2015: £74,512) was paid to staff governors as disclosed in note 10.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

10. TRUSTEES' REMUNERATION AND EXPENSES

During the year retirement benefits were accruing to 3 Trustees (2015 - 3) in respect of defined benefit pension schemes.

During the year, no Trustees received any benefits in kind (2015 - £NIL).

During the year, no Trustees received any reimbursement of expenses (2015 - £NIL).

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

S Cefai (principal and trustee):

Remuneration £145,000 - £150,000 (2015: £140,000 - £145,000)

Employer's pension contributions paid £20,000-£25,000 (2015: £20,000- £25000)

H Burke (staff trustee):

Remuneration £20,000 - £25,000 (2015: £20,000 - £25,000)

Employer's pension contributions paid £0 - £5,000 (2015: £0 - £5,000)

T Spreyer (staff trustee):

Remuneration £30,000 - £35,000 (2015: £10,000 - £15,000)*

Employer's pension contributions paid £5,000 - £10,000 (2015: £0 - £5,000)*

*Reported remuneration has been pro-rated to reflect the fact that T Spreyer was appointed as a Governor in May 2015 and resigned in April 2016.

11. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2016 was £3,375 (2015 - £3,375).

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**NOTES TO THE FINANCIAL STATEMENTS
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12. TANGIBLE FIXED ASSETS

	Leasehold Property Improvements £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
Cost					
At 1 September 2015	500,013	52,020	27,016	101,346	680,395
Additions	28,736	-	13,506	10,410	52,652
At 31 August 2016	528,749	52,020	40,522	111,756	733,047
Depreciation					
At 1 September 2015	20,001	-	9,036	66,634	95,671
Charge for the year	20,001	13,005	3,596	13,055	49,657
At 31 August 2016	40,002	13,005	12,632	79,689	145,328
Net book value					
At 31 August 2016	488,747	39,015	27,890	32,067	587,719
At 31 August 2015	480,012	52,020	17,980	34,712	584,724

13. DEBTORS

	2016 £	2015 £
Trade debtors	1,506	725
VAT recoverable	18,864	54,349
Prepayments and accrued income	53,168	55,023
	<u>73,538</u>	<u>110,097</u>

14. CREDITORS: Amounts falling due within one year

	2016 £	2015 £
Other taxation and social security	125,140	114,172
Accruals and deferred income	129,343	154,527
	<u>254,483</u>	<u>268,699</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

14. CREDITORS: Amounts falling due within one year (continued)

	2016 £	2015 £
Deferred income		
Deferred income at 1 September 2015	79,230	19,824
Resources deferred during the year	49,097	79,230
Amounts released from prior period	(79,230)	(19,824)
Deferred income at 31 August 2016	<u>49,097</u>	<u>79,230</u>

At the balance sheet date the academy trust held grant funding received in advance for the 2016/17 financial year.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

15. STATEMENT OF FUNDS

	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Unrestricted funds						
General Funds	1,058,809	467,034	(387,216)	-	-	1,138,627
Restricted funds						
General Annual Grant (GAG)	1,327,108	6,229,227	(5,999,100)	(34,306)	-	1,522,929
Old Standards Grant	-	22,475	(22,475)	-	-	-
Other DfE Funding	1,128	299,524	(299,524)	-	-	1,128
LEA Grant	-	181,821	(181,821)	-	-	-
Pension reserve	(1,135,000)	-	(114,000)	-	(926,000)	(2,175,000)
	193,236	6,733,047	(6,616,920)	(34,306)	(926,000)	(650,943)
Restricted fixed asset funds						
DfE/EFA Capital Grants	31,176	18,345	(8,845)	-	-	40,676
Capital expenditure from GAG	73,537	-	(12,061)	34,306	-	95,782
Other income	8,750	-	(8,750)	-	-	-
	113,463	18,345	(29,656)	34,306	-	136,458
Total restricted funds	306,699	6,751,392	(6,646,576)	-	(926,000)	(514,485)
Total of funds	1,365,508	7,218,426	(7,033,792)	-	(926,000)	624,142

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

The General Annual Grant is funding from the DfE for the Academy's operating costs. Where the grant has been used to fund capital expenditure, it has been allocated to the fund Capital Expenditure from GAG as a restricted fixed asset fund.

The LEA Grant was to fund the Academy's operating costs.

The Canterbury Christ Church Grant was to contribute towards the Academy's teacher training and development.

Other DfE funding is funding from the DfE for the Academy's operating costs. Where DfE funding is specifically provided for capital expenditure, it has been allocated to DfE/EFA

Other Grants include funding in support of the School's education curriculum.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

15. STATEMENT OF FUNDS (continued)

Other income relates to gains on disposals of fixed assets.

16. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Tangible fixed assets	488,747	-	98,972	587,719	584,725
Current assets	649,880	1,778,539	37,486	2,465,905	2,184,483
Creditors due within one year	-	(254,482)	-	(254,482)	(268,700)
Pension scheme liability	-	(2,175,000)	-	(2,175,000)	(1,135,000)
	<u>1,138,627</u>	<u>(650,943)</u>	<u>136,458</u>	<u>624,142</u>	<u>1,365,508</u>

**17. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW
FROM OPERATING ACTIVITIES**

	2016 £	2015 £
Net income for the year (as per Statement of financial activities)	184,634	157,830
Adjustment for:		
Depreciation charges	49,657	40,516
Interest received	(22,729)	(25,463)
Decrease in debtors	36,559	132,584
Decrease in creditors	(14,216)	(269,800)
Capital grants from DfE and other capital income	(18,345)	(17,221)
Defined benefit pension scheme cost less contributions payable	73,000	74,000
Defined benefit pension scheme finance cost	41,000	39,000
Net cash provided by operating activities	<u>329,560</u>	<u>131,446</u>

18. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2016 £	2015 £
Cash in hand	872,368	494,386
Fixed term cash deposits	1,520,000	1,580,000
Total	<u>2,392,368</u>	<u>2,074,386</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

19. RELATED PARTY TRANSACTIONS

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 10.

20. MEMBERS' LIABILITY

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

**NOTES TO THE FINANCIAL STATEMENTS
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21. PENSION COMMITMENTS

The academy's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by London Pensions Fund Authority Pensions Fund. Both are Multi-Employer Defined Benefit Pension Schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

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

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

The employer's pension costs paid to TPS in the period amounted to £495,873 (2015 - £422,860).

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NOTES TO THE FINANCIAL STATEMENTS
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21. PENSION COMMITMENTS (continued)

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx).

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £114,000 (2015 - £127,000), of which employer's contributions totalled £75,000 (2015 - £85,000) and employees' contributions totalled £39,000 (2015 - £42,000). The agreed contribution rates for future years are 14.5% for employers and 5.5% for employees.

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

Principal actuarial assumptions:

	2016	2015
Discount rate for scheme liabilities	2.10 %	3.80 %
Rate of increase in salaries	4.00 %	4.30 %
Rate of increase for pensions in payment / inflation	2.20 %	2.50 %
Inflation assumption (CPI)	2.20 %	2.50 %

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

	2016	2015
Retiring today		
Males	21.4	21.3
Females	25.3	25.2
Retiring in 20 years		
Males	23.8	23.7
Females	27.6	27.4

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NOTES TO THE FINANCIAL STATEMENTS
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21. PENSION COMMITMENTS (continued)

The academy's share of the assets in the scheme was:

	Fair value at 31 August 2016 £	Fair value at 31 August 2015 £
Equities	1,274,000	951,000
Target Return Portfolio	508,000	417,000
Commodities and Alternative Assets	14,000	10,000
Cash	57,000	284,000
Cashflow Matching	133,000	308,000
Infrastructure and property	271,000	184,000
Total market value of assets	<u>2,257,000</u>	<u>2,154,000</u>

The actual return on scheme assets was £82,000 (2015 - £83,000).

The amounts recognised in the Statement of Financial Activities are as follows:

	2016 £	2015 £
Current service cost (net of employee contributions)	(145,000)	(156,000)
Administration expenses	(3,000)	(3,000)
Total	<u>(148,000)</u>	<u>(159,000)</u>

Movements in the present value of the defined benefit obligation were as follows:

	2016 £	2015 £
Opening defined benefit obligation	3,289,000	3,217,000
Current service cost	145,000	156,000
Interest cost	123,000	122,000
Contributions by employees	39,000	42,000
Change in financial assumptions	966,000	(57,000)
Benefits paid	(130,000)	(191,000)
Closing defined benefit obligation	<u>4,432,000</u>	<u>3,289,000</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

21. PENSION COMMITMENTS (continued)

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

	2016 £	2015 £
Opening fair value of scheme assets	2,154,000	2,222,000
Interest income	82,000	83,000
Actuarial gains and (losses)	40,000	(84,000)
Contributions by employer	75,000	85,000
Contributions by employees	39,000	42,000
Benefits paid	(130,000)	(191,000)
Administration expenses	(3,000)	(3,000)
	<hr/>	<hr/>
Closing fair value of scheme assets	2,257,000	2,154,000
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SACRED HEART CATHOLIC SCHOOL
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

22. OPERATING LEASE COMMITMENTS

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

	2016 £	2015 £
Amounts payable:		
Within 1 year	3,930	3,930
Between 1 and 5 years	3,603	7,533
Total	7,533	11,463

23. FIRST TIME ADOPTION OF FRS 102

It is the first year that the Academy Trust has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 1 September 2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

During the current period, the Academy Trust has transitioned to FRS 102 and SORP 2015. The only impact on these financial statements is the required change in calculation of the defined benefit pension scheme finance cost and actuarial gain or loss. Although the comparative balance sheet and net asset position have remained unchanged, an adjustment has been made to reduce the reported actuarial loss in the above SOFA by £41,000 (from £68,000 previously reported). Consequently, an increase to the net pension finance cost of £38,000 and administrative expenses of £3,000 have been made to the comparative figures.