

Kent  
Catholic  
Schools  
Partnership



Part of the Archdiocese of Southwark

**Annual Report and Financial  
Statements**

31 August 2016

Company Limited by Guarantee  
Registration Number  
08176019 (England and Wales)

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## Reference and administrative information

<b>Members</b>	The Most Reverend Peter Smith Reverend Monsignor Matthew Dickens Paul McCallum (appointed October 2016)
<b>Directors (Trustees)</b>	Stephen Adamson Marieta Brennan Germaine Campbell Marilyn Coyle (resigned October 2016) Reverend Father Philip Gilbert Rev Monsignor Canon Martin Lee (resigned April 2016) Bishop Paul Mason Michael Powis Peter Ventress Clive Webster Annemarie Whittle
<b>Company Secretary</b>	Dr Helen Mawby
<b>Senior Management Team</b>	
Chief Executive Officer	Clive Webster
Finance & HR Director	Mark Harris
School Improvement Director	Heather Leatt
<b>Registered address</b>	Barham Court Teston Maidstone Kent ME18 5BZ
<b>Company registration number</b>	08176019 (England and Wales)
<b>Auditor</b>	Buzzacott LLP 130 Wood Street London EC2V 6DL

## Reference and administrative information

**Bankers**        Lloyds Bank plc  
                     2<sup>nd</sup> Floor  
                     78 New Road  
                     Gravesend  
                     Kent  
                     DA11 0AR

**Solicitors**     Winckworth Sherwood LLP  
                     Minerva House  
                     5 Montague Close  
                     London  
                     SE1 9BB

## **Directors' report (including the strategic report) 31 August 2016**

The Directors of Kent Catholic Schools' Partnership ('the Partnership'), who are also the trustees for the purposes of charity law, present their annual report together with the financial statements and auditor's report of the charitable company for the year ended 31 August 2016. The annual report serves the purposes of both a trustees' report and a Directors' report under company law.

The Partnership, which is a multi-academy trust, operates seventeen primary academies and five secondary academies in Kent.

Its academies have a combined pupil capacity of 9,103 and had a roll of 8,948 in the school census in May 2016.

The financial statements have been prepared in accordance with the accounting policies set out on pages 30 to 37 of the attached financial statements and comply with the partnership's memorandum and articles of association, applicable laws and 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 United Kingdom and Republic of Ireland (FRS 102), effective from accounting periods commencing 1 January 2015 or later.

### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

#### **Constitution**

The Kent Catholic Schools' Partnership is a company limited by guarantee and an exempt charity. The charitable company's articles of association are the primary governing document of the Partnership, with a scheme of delegation setting out the responsibilities of each academy's Local Governing Body.

The Directors of Kent Catholic Schools' Partnership are appointed by the members of the company who are also the Trustees of a Trust established by deed dated 21 October 1927 (the deed was signed by Bishop Peter Amigo and others, and the said Trust is now known as the Roman Catholic Diocese of Southwark Diocesan Trust and is registered as a charity with the Charity Commission no. 235468). They are represented as directors of the charitable company for the purposes of company law, by the Company Secretary and the Chairman of the Board. The charitable company is known as KCSP.

The Kent Catholic Schools' Partnership is a multi-academy trust (MAT) established under the Academies Act 2010, and is subject to the provisions of civil, Canon and charitable law. As a company limited by guarantee, the Partnership's structure of governance is laid down in articles of association which may only be amended with agreement of the Diocesan Directors and application to the Secretary of State for Education. The Partnership is accountable to the Archbishop and Diocesan Trustees through its Board, which has ultimate responsibility for its management and administration.

**STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)**

**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.

**Directors' Indemnities**

Directors benefit from an indemnity insurance with a value of £2,000,000.

**Method of Recruitment and Appointment or Election of Directors**

Directors are recommended to the Archbishop or the Directors by the Chief Executive Officer. Foundation Directors are practicing Catholics and are appointed by the Archbishop of Southwark and Metropolitan on the recommendation of the Chief Executive Officer. The Academy Director post is elected from amongst qualifying Chairs of Governors of Partnership academies. The Principal Directors are elected from amongst qualifying Head Teachers from both primary and secondary academies in the Partnership. The Directors of the Partnership, excluding existing co-opted Directors, appoint co-opted Directors.

<b>Current Directors</b>	<b>Position</b>
Stephen Adamson	Principal Director (HT) Secondary
Marieta Brennan	Foundation Director
Germaine Campbell	Foundation Director
Reverend Father Philip Gilbert	Foundation Director (Vice Chair)
Bishop Paul Mason	Foundation Director (Chair)
Mike Powis	Foundation Director
Peter Ventress	Foundation Director
Clive Webster	Partnership Director
Annemarie Whittle	Principal Director (HT) Primary

**Policies and Procedures Adopted for the Induction and Training of Directors**

The Directors follow the key principles of the Charity Commission Code of Practice and seek to ensure through the governance structure that the Board complies with its requirements.

**Organisational Structure**

During this financial year the Board of Directors had three main sub committees, the Finance and Resources Committee, the Achievement Committee and the Audit Committee. The Board of Directors is responsible and accountable for the governance of the Partnership and meets four times a year. The Chief Executive Officer is responsible for the day to day management of the Partnership.

## **STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)**

### **Arrangements for setting pay and remuneration of key management personnel**

The key management personnel of the Partnership comprise the Directors and the senior management team as listed on page 1.

The Partnership has constituted a Partnership Senior Management Pay and Performance Committee. This Committee is responsible for approving the decisions of the Chief Executive regarding the appraisal and the salary progression of the Finance and HR Director, the Director of School Improvement and the Company Secretary. It will also act as the objective setter and appraiser for the pay and performance process for the Chief Executive.

For senior management roles, progression through the grade is subject to an appropriate internal performance assessment, including formalised 1:1s and target setting. This process may also be informed by a 360 appraisal. Progression is subject to performance as assessed through the Total Contribution Pay (TCP) process and a percentage awarded for each appraisal level. The outcome of appraisal and the salary progression for these staff is subject to approval by the Partnership Office Pay and Performance Committee.

### **Connected Organisations including Related Party Relationships**

The Archdiocese of Southwark is the only connected organisation, with the Education Commission an appointed organisation of the Archbishop to fulfil his rights and responsibilities for Catholic schools.

## **OBJECTIVES AND ACTIVITY**

### **Objects and Aims**

The Partnership's mission is for Catholic schools across Kent to deliver outstanding spiritual, moral and learning outcomes for children and young people by collaborating as a Catholic community of academies, working together and with others, and based on excellent leadership and teaching, with Gospel values at heart.

### **Objectives, Strategies and Activities**

The overarching aim of the Partnership is the preservation, protection and promotion of Catholic education as a first choice option for Catholic parents, and other parents, who value an education rooted in a strong Catholic ethos. Central to achieving this is excellence in teaching and leadership, and the attraction, retention and development of the best teachers, leaders and support staff. This in turn demands the offer of attractive career paths for all within Catholic education. Successive government policy has encouraged schools to collaborate, to take increasing control of their own destinies and to expand where there is demand and a wish to do so. In responding to this policy direction, schools working together can place themselves in a position to attract increasingly skilled staff, greater numbers of pupils, greater financial resource and, for Catholic schools, greater opportunity to bear Catholic witness. The Partnership's approach is to provide the supportive and challenging Catholic organisational framework for this to happen. Specifically it will deliver against the following objectives by August 2018:

**OBJECTIVES AND ACTIVITY (continued)**

The Strategic Objectives of the Partnership include;

**1. CATHOLICITY**

- ◆ Catholicity is sustained and cultivated as pervasive to the life and teaching of each academy and the Partnership as a whole.
- ◆ A joint strategy with the Education Commission is in place to ensure that every Catholic child in Kent has a place in a Catholic school.

**2. SCHOOL IMPROVEMENT**

- ◆ A KCSP academy improvement framework, linked to the school improvement strategy, in place and being implemented, incorporating a clear process of academy categorisation.
- ◆ Strong leadership and management in place across all KCSP academies with robust plans in place where improvement is necessary.
- ◆ Raising achievement and progress for all children and young people in EYFS and KS1-5; closing the gaps between under-achieving groups in primary and secondary phases.

**3. FINANCE AND HR**

- ◆ Effective financial management is demonstrated at Partnership and academy level that ensures financial stability and sustainability.
- ◆ Sufficient, effective and good value Partnership services to cover essential areas are in place with a programme agreed and being implemented to drive efficiencies across the Partnership.
- ◆ High quality strategic HR support in place to include: key Partnership HR policies and a teacher and leadership recruitment and retention strategy and plan.

**4. GOVERNANCE**

- ◆ Effective, knowledgeable and engaged Board of Directors providing sufficient challenge to ensure continuous improvement.
- ◆ Appropriate and efficient governance structure in place with clear lines of delegation.
- ◆ Partnership and academies compliant with statutory and legal responsibilities.
- ◆ Robust review, support and challenge processes in place to promote and share best practice, and to support Local Governing Boards in challenging schools.
- ◆ High quality, compliant Partnership policies are in place and reviewed.

**5. STRATEGY AND COMMUNICATIONS**

- ◆ Robust and strategic capacity plan in place for the phased growth of the Kent Catholic Schools' Partnership towards 32 academies.
- ◆ A marketing and communications strategy is in place to improve the KCSP "brand" within individual academies, in the Kent locality and nationally.
- ◆ A collaborative and supportive plan in place to improve employee and children's health and well-being.



## **STRATEGIC REPORT**

### **Public Benefit**

The advent and development of the Partnership introduces a new focus of positive competition and collaboration into the Kent education market, providing individual academies with an alternative source of school improvement and business efficiency geared towards preserving and protecting as much of the available education resource for Catholic learning and teaching as possible.

In setting the Partnership's objectives and planning its activities, the Directors have given careful consideration to the Charity Commission's general guidance on public benefit.

### **Achievements and Performance**

During the financial year the following schools converted to be academies within the Partnership.

<b>Academy/School Name</b>	<b>Conversion date</b>	<b>Phase</b>
St Edmund's Catholic School, Dover	1 July 2016	Secondary
St Edward's Catholic Primary School, Sheerness	1 July 2016	Primary

**STRATEGIC REPORT** (continued)

A summary of the academic performance for KCSP academies includes:

*Primary Academies*

Academy	2016 % Expected Standard (Reading, Writing & Maths)	65% expected standard in R,W & M <u>OR</u> Sufficient progress in all 3 subjects
National Average	53%	
Kent Average	58%	
KCSP Average	63%	
St Joseph's, Northfleet	91%	Yes
St Margaret Clitherow	89%	Yes
St Thomas', Sevenoaks	83%	Yes
St Richard's, Dover	81%	Yes
St Joseph's, Broadstairs	77%	Yes
St Mary's, Whitstable	77%	Yes
St Peter's, Sittingbourne	74%	Yes
St Simon of England, Ashford	72%	Yes
Our Lady of Hartley	69%	Yes
St Mary's, Deal	63%	Yes
More Park, West Malling	63%	Yes
St Joseph's, Aylesham	56%	Yes
St John's, Gravesend	50%	Yes
St Gregory's, Margate	44%	Yes
Stella Maris, Folkestone	36%	Yes
Holy Family, Maidstone	33%	Yes
St Edward's, Sheerness	13%	No

**STRATEGIC REPORT** (continued)

**Secondary Academies**

Academy	Attainment 8	Progress 8	% A*CEM (Basics) 2016	% Achieving Ebacc
St Anselm's, Canterbury	48.5	0.28	50.00	12.00
St Edmund's, Dover	44.6	0.03	53.00	3.00
St Gregory's, Tunbridge Wells	50.5	0.23	62.00	26.00
St Simon Stock, Maidstone	53.3	0.52	67.00	23.00
The Ursuline, Westgate	42.4	-0.31	53.00	6.00
KCSP Average	47.9	0.15	57.00	14.00
Kent Average	50.3	N/A	N/A	N/A
National Average	48.2	-0.03	62.6	24.5

**Going Concern**

After making appropriate enquiries, the Board of Directors has a reasonable expectation that the Partnership 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.

**STRATEGIC REPORT (continued)**

**Financial Review**

The net movement on funds for the year amounted to £14,000 (2015: £18,059,000).

Excluding the funds received on conversion to academy status, the majority of the Partnership's funding was provided by the Educational Funding Agency (EFA). The Partnership's income for the year was £49,822,000 (2015: £53,554,000) of which £6,380,000 related to funds received on conversion (2015: £18,061,000), £39,304,000 (2015: £32,375,000) related to funding for educational operations and £2,047,000 (2015: £1,146,000) of capital grants were received. Expenditure for the year totalled £43,028,000 (2015: £35,282,000).

Excluding assets and liabilities transferred in on conversion and movements on the fixed asset fund, the operational deficit for the period was £268,000 (2015: surplus £144,000).

The Partnership held fund balances of £46,564,000 at 31 August 2016 (2015: £46,550,000) which included unrestricted funds of £1,847,000 (2015: £1,079,000) and restricted funds of £44,717,000 (2015: £45,471,000), including a deficit of £15,926,000 on the Local Government Pension Scheme (2015: £7,540,000).

The results for the year are shown on page 26.

***Reserves policy***

The policy of the Directors is to maintain a level of reserves that will be adequate to provide a stable base for the continuing operation of the Partnership whilst ensuring that excessive funds are not accumulated. The Directors are satisfied that the Partnership's reserves are sufficient for its current purposes.

The reserves as at 31 August 2016 amounted to £46,564,000 (2015: £46,550,000) which comprised primarily of restricted fixed asset funds. The unrestricted funds amounted to £1,847,000 (2015: £1,079,000).

The Partnership has a pension scheme liability of £15,926,000 as at 31 August 2016 (2015: £7,540,000) which is included in the restricted reserves. The disclosure does not mean that the liability is already committed and is no longer available to the Directors to further the Partnership's objectives. In the event of academy closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. This guarantee came into force on 18 July 2013 following Parliamentary approval. In the short term, the cash flow impact of having a pension scheme liability may be that employer contributions may increase in order to reduce the liability. The academies will always pay the employer contribution rates set by the pension scheme administrators.

**STRATEGIC REPORT (continued)**

**Financial Review (continued)**

***Investment policy***

The monies received by the Partnership are largely public funds provided for the education of children and young people. Consequently the Directors take a conservative view on the investment of any surpluses. This takes the form of keeping such funds on deposit in interest bearing accounts. The object of this policy is to protect the funds that the Partnership holds whilst taking opportunities to maximise them where possible.

**PRINCIPAL RISKS AND UNCERTAINTIES**

The Partnership's Risk Management Strategy aims to ensure that the Partnership complies with risk management best practice and sets out the current processes and responsibilities for risk management in the Partnership.

The Accounting Officer has overall responsibility for managing risk. The risk register is formally reviewed at least termly and is a standing item on the Audit Committee's agenda. The Audit Committee monitor the identification and mitigation of risk within the Partnership. The Audit Committee's review of the risk register forms part of that Committee's report to the Board.

The structure and organisation of the Partnership's risk register seeks to ensure that all significant objectives and activities have been identified and the risks associated with each area have been identified.

**PRINCIPAL RISKS AND UNCERTAINTIES** (continued)

The Partnership uses a 3x3 matrix to assess impact and probability as high, medium or low. The significant risks facing the Partnership have been identified as:

Risk	Controls
Risk of a school(s) going into Ofsted Category	<ul style="list-style-type: none"><li>• Monthly meetings with schools at risk</li><li>• Allocation of support from member of School Improvement Panel</li><li>• HT from successful schools acting as mentors</li><li>• KCSP Standards Review to identify strengths and areas of development</li><li>• Compulsory membership of appropriate external bodies (e.g. PiXL)</li><li>• Temp Exec HT to be appointed to oversee the school</li><li>• CPD (e.g. Mentoring, NCTL)</li></ul>
Failure to ensure young people are educated in a safe environment	<ul style="list-style-type: none"><li>• DBS checks of all staff and Governors</li><li>• Staff in schools attending CP &amp; safeguarding training</li><li>• One Progress Visit per year will have Safeguarding element (with report to Achievement Committee)</li><li>• Central KCSP register of CPOs</li><li>• Central Record of CPD delivered to all staff and CPOs</li></ul>
Failure to ensure that our buildings are maintained to a suitable standard	<ul style="list-style-type: none"><li>• Condition Survey Reports undertaken on all schools</li><li>• 3-Year Spending Plans agreed for School Condition Allocation and Devolved Formula Capital</li><li>• Bid for EFA Loan Support</li><li>• Work pre-tendered</li><li>• Agree contribution from Academy reserves</li></ul>

**PLANS FOR FUTURE PERIODS**

**Growth**

The Partnership will continue to expand in line with the Archbishop's strategic vision for all 32 voluntary aided Catholic schools in the Kent County Council area, namely, for each to convert to be an academy within the Partnership. Since January 2014, 22 schools have become academies (17 primary and 5 secondary). For the remaining 10 schools, subject to RSC agreement and all due process, indicative dates for conversion will be agreed with schools for between now and August 2018 taking account of the following, some or all of which applies to each school:

- ◆ An academy order has been granted but necessary legal and/or HR issues require resolution prior to conversion.
- ◆ Governors remain in the informal stage of working with the Partnership to understand the process from their perspective in order to reach an informed position.

**PLANS FOR FUTURE PERIODS (continued)**

**Growth (continued)**

- ◆ Significant financial and/or school effectiveness issues pertain which require resolution by the local authority.

**Capacity**

The Partnership has seen significant growth in capacity during 2015/16.

A new Company Secretary was appointed to lead on the Partnership's work on governance and policies.

A Senior Primary School Improvement Advisor joined to work alongside the School Improvement Director and these continue to be supported by a panel of School Improvement Advisers which can be called upon by individual schools and the School Improvement Director in response to school improvement demands.

A Finance Assistant has been appointed to work with the Finance & HR Director and Finance Officer.

The Partnership has commissioned and introduced a bespoke management information system that compliments applications already in use in schools and which will enable the systemic gathering of data at individual, group and whole-trust levels.

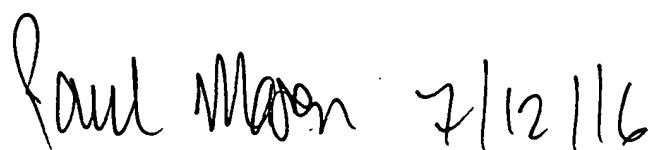
Subject to realisation of growth plans for the Partnership, additional capacity is planned for the areas of School Improvement, finance and data management.

**AUDITOR**

Insofar as the Directors are aware:

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

Directors' report, incorporating a strategic report, approved by order of the Board of Directors on 7 December 2016 and signed on its behalf by:



Bishop Paul Mason  
Director

### **Scope of responsibility**

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

The Directors have delegated the day-to-day responsibility to the Chief Executive Officer, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between the Partnership and the Secretary of State for Education. The Chief Executive Officer is also responsible for reporting to the Directors any material weaknesses or breakdowns in internal control.

### **Governance**

The information on governance included here supplements that described in the Directors' report and in the statement of Directors' responsibilities. The Directors have formally met five times during the period. Attendance during the year at meetings of the Directors was as follows:

<b>Director</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
Stephen Adamson	5	5
Marieta Brennan	5	5
Germaine Campbell	4	5
Mari Lyn Coyle	4	5
Reverend Father Philip Gilbert	5	5
Bishop Paul Mason (Chair)	5	5
Michael Powis	5	5
Peter Ventress	4	5
Clive Webster	5	5
Annemarie Whittle	5	5

Rev Monsignor Canon Martin Lee, who resigned in April 2016, was unable to attend Directors' meetings.

### **Governance reviews**

During the financial year two schools joined the Partnership, both of which were judged inadequate overall and in Leadership and Management in their most recent Ofsted inspection. An external review and internal peer review and support system will be put in place in 2016/17 for all Local Governing Bodies in the Partnership which need additional support. Training will be available to all Local Governors in key areas.

A review of the structure of governance at the Partnership and the overarching Scheme of Delegation will be conducted in 2016/17.



**Governance** (continued)

***Finance and Resources Committee***

The Finance and Resources Committee is a sub-committee of the main Board of Directors.

The overall purpose of the Committee is to work strategically to ensure due diligence and probity in matters of resourcing within KCSP including financial and premises issues. To ensure the efficient use of resources and accountability, having particular regard for the effective use of public funding and protection of the resources and estates of The Church. They will pursue best practice in all such matters and have regard to the guidance of government and its agencies, the Church and other bodies and organisations having relevant responsibilities for academies.

The Committee agrees annually the budget for KCSP and maintains a 3-year rolling indicative budget. Both are recommended for approval to the full board. It also has oversight of the finances of the academies of the Partnership, with due regard for the requirements of the Academies Financial Handbook, Academy Funding Agreements and KCSP Academy Scheme of Delegation and any other associated procedures.

Attendance at meetings by Directors in the year was as follows:

Director	Meetings attended	Out of a possible
Reverend Father Philip Gilbert	4	4
Germaine Campbell	3	4
Marilyn Coyle	3	4
Michael Powis	4	4
Clive Webster	4	4

***Audit Committee***

The Audit Committee is a sub-committee of the main Board of Directors.

The Audit Committee is an advisory body with no executive powers. It is authorised by the Board to investigate any activity within its terms of reference, and to seek any information it requires from staff, who are requested to co-operate with the Committee in the conduct of its inquiries. The Audit Committee is authorised to obtain independent professional advice if it considers this necessary.

The specific duties of the Committee are:

- ♦ To review the Partnership's internal and external financial statements and reports to ensure that they reflect best practice.
- ♦ To consider all relevant reports by the appointed external auditor, including reports on the Partnership's accounts, achievement of value for money and the response to any management letters.
- ♦ To review the effectiveness of the Partnership'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.

**Governance** (continued)

**Audit Committee** (continued)

Attendance at meetings by Directors in the year was as follows:

Director	Meetings attended	Out of a possible
Peter Ventress	2	2
Clive Webster*	2	2

\* Clive Webster attended in his capacity as Chief Executive Officer. He is not a member of the Audit Committee.

In addition, the following individuals are members of the Audit Committee: Mike Whiddett and Adrian Radford.

**Achievement Committee**

The Achievement Committee is a sub-committee of the main Board of Directors.

The Committee plays a pivotal role in bringing each academy to at least 'good' and ultimately 'outstanding' in the minimum time possible. It does this within the mission, ethos and values of Catholic Education.

The Committee monitors standards as evidenced by Ofsted reports, S48 report of religious education and the Catholic life of the academy, Ofsted data dashboards, DfE published attainment data including key stage and GCSE results and such other relevant material as from time to time becomes available.

Attendance at meetings by Directors in the year was as follows:

Director	Meetings attended	Out of a possible
Marieta Brennan	3	3
Reverend Philip Gilbert	3	3
Clive Webster	3	3
Annemarie Whittle	2	3

### **Review of value for money**

As Accounting Officer, the Chief Executive Officer has responsibility for ensuring that the Partnership delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider social outcomes achieved in return for the taxpayer resources received.

The Accounting Officer considers how the Partnership's use of its resources has provided good value for money during the academic year, and reports to the Board of Directors where value for money can be improved, including the use on benchmarking data where available.

Targeted improvement has come from;

- ◆ Increasingly centralised procurement on behalf of academies in the area of building refurbishment, energy and insurance. Additionally a number of contracts were secured which achieved economies by aggregating the requirements of a number of academies. This also minimised significantly the administrative burden on individual academies.
- ◆ A progressive review of back-office services, targeting delivery across locations wherever possible.
- ◆ Central procurement and implementation of a consistent software based approach to managing our assets.
- ◆ Increasing income generation from lettings, and the provision of specialist support to schools outside the KCSP family of schools. In addition, our academies are grateful for the significant parental contributions that are received each year.

### **Lessons learned**

As KCSP has grown, the challenges to remain networked and deliver high quality local partnerships increases. We have therefore implemented a new structure to support challenge and progress in educational standards which is led by the School Improvement Director. This is a significant step forward and will enable us to accelerate the pace of change and help deliver even higher standards in our academies.

We also have planned implementation of the recommendations arising from our internal and external audit reports. Key actions we will take in 2016/17 include:

- ◆ Further centrally led procurement;
- ◆ Standardising documentation to support efficient and effective procurement;
- ◆ Standardising and embedding key policies;
- ◆ Further supporting academies in the use of standardised software.

**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 the Partnership's 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 at the Partnership for the year ended 31 August 2016 and up to the date of approval of the annual report and financial statements.

**Capacity to handle risk**

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

**The risk and control framework**

The Partnership'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:

- ◆ periodic financial reports which are reviewed and agreed by the Directors;
- ◆ regular reviews by the Directors 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; and
- ◆ identification and management of risks.

The Directors have considered the need for additional internal assurance and have appointed Buzzacott LLP to provide this. This includes giving advice on financial matters and performing a range of checks on the Partnership's financial systems. No material issues were noted during the year.

**Review of effectiveness**

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

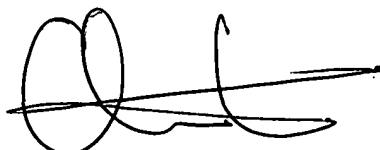
- ◆ the work of the external auditor;
- ◆ the findings from additional assurance checks;
- ◆ the financial management process;
- ◆ the work of the Senior Management Team within the Partnership who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the Directors and signed on their behalf by:



Bishop Paul Mason  
(Chair)



Clive Webster  
(Accounting Officer)

Approved on:

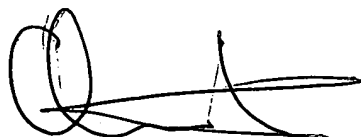
7/12/16

**Statement of regularity, propriety and compliance 31 August 2016**

As Accounting Officer of Kent Catholic Schools' Partnership, I have considered my responsibility to notify the Partnership Board of Directors and the Education Funding Agency (EFA) of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Partnership and the Secretary of State. 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 Partnership Directors are able to identify any material irregular or improper use of funds by the Partnership, or material non-compliance with the terms and conditions of funding under the Partnership's Academy Order agreements and the Academies Financial Handbook 2016.

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



Clive Webster  
Accounting Officer

Date:

7.12.16

## Statement of Directors' responsibilities 31 August 2016

The Directors are responsible for preparing the Directors' report and the financial statements in accordance with the Annual Accounts Requirements 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 Directors to prepare financial statements for each financial year. Under company law, the Directors 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 income and expenditure, for that period.

In preparing these financial statements, the Directors are required to:

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


The Directors 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 Directors 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 have been applied for the purposes intended.

The Directors are responsible for the maintenance and integrity of the charity 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 Board of Directors on 7 December 2016 and signed on its behalf by:

Bishop Paul Mason  
Chair



7/12/16

## **Independent auditor's report 31 August 2016**

### **Independent auditor's report on the financial statements to the members of Kent Catholic Schools' Partnership**

We have audited the financial statements of Kent Catholic Schools' Partnership for the year ended 31 August 2016 which comprise the statement of financial activities, the balance sheet, the statement of cash flows, the principal accounting policies 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) and the Annual Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

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

#### **Respective responsibilities of Directors and auditor**

The Directors act as trustees for the charitable activities of Kent Catholic Schools' Partnership.

As explained more fully in the statement of Directors' responsibilities set out in the Directors' report, including the strategic report, the Directors 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 (APB's) Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' report, including the strategic report, to identify material inconsistencies with the audited financial statements and to identify any information that is materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



## Independent auditor's report 31 August 2016

### Opinion

In our opinion:

- ◆ the financial statements give a true and fair view of the state of the charitable company's affairs as at 31 August 2016 and of its income and expenditure for the year then ended;
- ◆ the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- ◆ the financial statements have been prepared in accordance with the Companies Act 2006; and
- ◆ the financial statements have been prepared in accordance with the Charities SORP 2015 and Academies Accounts Direction 2015 to 2016.

### Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements.

### 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 Directors' remuneration specified by law are not made; or
- ◆ we have not received all the information and explanations we require for our audit.



Katharine Patel, Senior Statutory Auditor  
for and on behalf of Buzzacott LLP, Statutory Auditor  
130 Wood Street  
London  
EC2V 6DL

14 December 2016

**Independent reporting accountant's assurance report on regularity to Kent Catholic Schools' Partnership and the Education Funding Agency**

In accordance with the terms of our engagement letter dated 10 October 2016 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 Kent Catholic Schools' Partnership during the period from 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 Kent Catholic Schools' Partnership and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Kent Catholic Schools' Partnership 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 the Kent Catholic Schools' Partnership and the EFA, for our work, for this report, or for the conclusion we have formed.

**Respective responsibilities of Kent Catholic Schools' Partnership's Accounting Officer and the reporting accountant**

The Accounting Officer is responsible, under the requirements of Kent Catholic Schools' Partnership's Academy Order agreements with the Secretary of State for Education 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 period from 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.

## Independent accountant's assurance report 31 August 2016

### Approach (continued)

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.

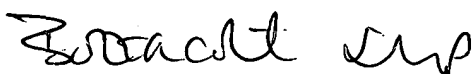
Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of Kent Catholic Schools' Partnership's income and expenditure.

The work undertaken to draw to our conclusion includes:

- ◆ An assessment of the risk of material irregularity and impropriety across all of Kent Catholic Schools' Partnership's activities;
- ◆ Further testing and review of the areas identified through the risk assessment including enquiry, identification of control processes and examination of supporting evidence across all areas identified as well as additional verification work where considered necessary; and
- ◆ Consideration of evidence obtained through the work detailed above and the work completed as part of our financial statements audit in order to support the regularity conclusion.

### Conclusion

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



Buzzacott LLP  
Chartered Accountants  
130 Wood Street  
London  
EC2V 6DL

14 December 2016

**Statement of financial activities (including income and expenditure account)**  
Year to 31 August 2016

	Notes	Unrestricted general fund £'000	Restricted funds		2016 Total funds £'000	2015 Total funds £'000
			General fund £'000	Fixed assets fund £'000		
<b>Income from:</b>						
Donations and capital grants	1	254	9	2,047	2,310	1,487
Transfers from Local Authority on conversion	24	-	(598)	6,978	6,380	18,061
Charitable activities						
Funding for the Partnership's educational operations	4	-	39,304	-	39,304	32,375
Other trading activities	2	561	1,252	-	1,813	1,620
Investments	3	15	-	-	15	11
<b>Total income</b>		<b>830</b>	<b>39,967</b>	<b>9,025</b>	<b>49,822</b>	<b>53,554</b>
<b>Expenditure on:</b>						
Raising funds	5	62	-	-	62	63
Charitable activities						
Partnership educational operations	6	-	41,601	1,365	42,966	35,219
<b>Total expenditure</b>		<b>62</b>	<b>41,601</b>	<b>1,365</b>	<b>43,028</b>	<b>35,282</b>
<b>Net income (expenditure)</b>		<b>768</b>	<b>(1,634)</b>	<b>7,660</b>	<b>6,794</b>	<b>18,272</b>
Transfers between funds	17	-	(347)	347	-	-
		768	(1,981)	8,007	6,794	18,272
<b>Other recognised gains and losses</b>						
Actuarial losses on defined pension benefit schemes	22	-	(6,780)	-	(6,780)	(213)
<b>Net movement in funds</b>		<b>768</b>	<b>(8,761)</b>	<b>8,007</b>	<b>14</b>	<b>18,059</b>
<b>Reconciliation of funds</b>						
Total funds brought forward		1,079	(4,622)	50,093	46,550	28,491
<b>Total funds carried forward</b>		<b>1,847</b>	<b>(13,383)</b>	<b>58,100</b>	<b>46,564</b>	<b>46,550</b>

All of the Partnership's activities derived from continuing operations during the above two financial periods.

All gains and losses are included in the statement of the financial activities.

# Balance sheet 31 August 2016

	Notes	2016 £'000	2016 £'000	2015 £'000	2015 £'000
<b>Fixed assets</b>					
Tangible assets	13		<u>57,385</u>		<u>50,093</u>
<b>Current assets</b>					
Stock		8		9	
Debtors	14	1,295		1,027	
Cash at bank and in hand		<u>7,199</u>		<u>6,137</u>	
		8,502		7,173	
<b>Liabilities</b>					
Creditors: amounts falling due within one year	15	<u>(3,333)</u>		<u>(3,080)</u>	
<b>Net current assets</b>			<u>5,169</u>		<u>4,093</u>
<b>Total assets less current liabilities</b>			<u>62,554</u>		<u>54,186</u>
Creditors: amounts falling due after more than one year	16		<u>(64)</u>		<u>(96)</u>
<b>Net assets excluding pension liability</b>			<u>62,490</u>		<u>54,090</u>
Defined benefit pension scheme liability	22		<u>(15,926)</u>		<u>(7,540)</u>
<b>Total net assets</b>			<u>46,564</u>		<u>46,550</u>
<b>Funds of the Partnership</b>					
Restricted funds					
. Fixed asset fund	17		<u>58,100</u>		<u>50,093</u>
. Restricted income fund	17		<u>2,543</u>		<u>2,918</u>
. Pension reserve	17		<u>(15,926)</u>		<u>(7,540)</u>
<b>Total restricted funds</b>			<u>44,717</u>		<u>45,471</u>
<b>Unrestricted income funds</b>					
General fund	17		<u>1,847</u>		<u>1,079</u>
<b>Total funds</b>			<u>46,564</u>		<u>46,550</u>

The financial statements on pages 26 to 56 were approved by the Directors, and authorised for issue on 7 December 2016 and are signed on their behalf by:

Bishop Paul Mason  
Director

Kent Catholic Schools' Partnership  
Company Limited by Guarantee  
Registration Number: 08176019 (England and Wales)

*Paul Mason* 7/12/16

# Statement of cash flows Year to 31 August 2016

		2016 £'000	2015 £'000
<b>Net cash flow from operating activities</b>			
Net cash provided by operating activities	A	681	3,750
<b>Cash flows from investing activities</b>	B	381	(620)
<b>Change in cash and cash equivalents in the year</b>		<u>1,062</u>	<u>3,130</u>
<b>Reconciliation of net cash flow to movement in net funds:</b>			
Cash and cash equivalents at 1 September 2015		6,137	3,007
Cash and cash equivalents at 31 August 2016	C	<u>7,199</u>	<u>6,137</u>

## A Reconciliation of income to net cash flow from operating activities

	2016 £'000	2015 £'000
<b>Net income for the year (as per the statement of financial activities)</b>	6,794	18,272
<b>Adjusted for:</b>		
Inherited pension deficit (note 24)	735	2,708
Inherited tangible assets (note 24)	(6,978)	(19,344)
Depreciation charges (note 13)	1,365	1,079
Capital grants from DfE and other capital income	(2,047)	(1,146)
Interest receivable (note 3)	(15)	(11)
Defined benefit pension scheme cost less contributions payable (note 22)	595	497
Defined benefit pension scheme finance cost (note 22)	278	327
Decrease in stocks	1	1
Increase in debtors	(268)	(146)
Increase in creditors	221	1,513
<b>Net cash provided by operating activities</b>	<u>681</u>	<u>3,750</u>

## B Cash flows from investing activities

	2016 £'000	2015 £'000
Dividends, interest and rents from investments	15	11
Purchase of tangible fixed assets	(1,681)	(1,777)
Capital grants from DfE/EFA	2,047	1,146
<b>Net cash provided by (used in) investing activities</b>	<u>381</u>	<u>(620)</u>

## Statement of cash flows Year to 31 August 2016

### C Analysis of cash and cash equivalents

	2016 £'000	2015 £'000
Cash at bank and in hand	7,199	6,137
<b>Total cash and cash equivalents</b>	<b>7,199</b>	<b>6,137</b>

**Statement of accounting policies**

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

**Basis of preparation**

The financial statements of the Partnership, 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.

**Transition to FRS 102**

***First time adoption of FRS 102***

These financial statements are the first financial statements of the Partnership 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 the Partnership 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 Directors have amended certain accounting policies to comply with FRS 102 and SORP 2015.

***Explanation of transition to FRS 102***

It is the first year that the Partnership 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.

Comparative figures have been restated to reflect the adjustments made, except to the extent that the Directors have taken advantage of exemptions to retrospective application of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.



**Transition to FRS 102 (continued)**

***Explanation of transition to FRS 102 (continued)***

Reconciliations and descriptions of the effect of the transition to FRS 102 and SORP 2015 on net income for the comparative period reported under previous UK GAAP and SORP 2005 are given below:

Reconciliation of net income	2015 £'000
Net income previously reported under UK GAAP	18,476
Change in recognition of LGPS interest cost (A)	(204)
<b>Net movement in funds reported under FRS 102</b>	<b>18,272</b>

***A – Change in recognition of LGPS interest cost***

Under previous UK GAAP the Partnership recognised an expected return on defined benefit plan assets in expense. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in expenditure. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to increase the debit to expenditure by £204,000 and increase the credit in other recognised gains and losses in the statement of financial activities by an equivalent amount.

**Going concern**

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

**Income**

All income is recognised when the Partnership has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

**Grants**

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

**Income (continued)**

The 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.

***Sponsorship income***

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

***Donations***

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

***Other income***

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the Partnership has provided the goods or services.

**Conversion of schools**

The conversion of schools to academies within the Partnership involved the transfer of identifiable assets and liabilities and the operation of the schools for £nil consideration and has been accounted for under the acquisition accounting method.

The assets and liabilities transferred on conversion from the Local Authority school to the Partnership have been valued at their fair value being a reasonable estimate of the current market value that the Directors would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for the Partnership. The amounts have been recognised under the appropriate Balance Sheet categories, with a corresponding amount recognised in voluntary income as net income in the Statement of Financial Activities and analysed under restricted general funds and restricted fixed asset funds. Further details of the transactions are set out in notes 17 and 24 of the financial statements.

### **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.

### **Expenditure on raising funds**

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

### **Charitable activities**

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

All resources expended are stated net of recoverable VAT.

### **Tangible fixed assets**

Assets costing £2,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Depreciation is provided on all tangible fixed assets other than land, at rates calculated to write off the cost of each asset on a straightline basis.

♦ Leasehold buildings	50 years
♦ Building improvements	10 years
♦ Furniture and equipment	3 years
♦ Computer equipment	3 years
♦ Motor vehicles	3 years

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

Land and buildings have been valued at EFA valuation, where available, and at 40% of insurance valuation where EFA valuation is not available.

**Tangible fixed assets** (continued)

Some of the land and buildings occupied by the Partnership are owned by the Diocese of Southwark. The Diocese of Southwark owns the freehold of some of the site. The rest is owned by the Partnership. The Partnership occupies the site owned by the Diocese of Southwark under a mere licence, which does not create an interest in land. The site is always recoverable, and the licence therefore passes no rights to the Partnership to occupy the site. The Diocese of Southwark has, however, undertaken to the Secretary of State, by virtue of the Church Supplemental Agreement, to make the land available for use by the Partnership, which use may be terminated by the Diocese of Southwark by it giving not less than 2 years' notice.

There are continuing discussions between the Catholic Education Service ("CES") and the EFA about the correct accounting treatment of Church land and buildings, to reflect the actual 'asset' of the Partnership company, which may well change the basis of the valuation of what is currently recorded in the Partnership company's accounts. Until these discussions are concluded, the Directors of the Partnership company have decided to continue to include a value of the land and buildings in the Partnership company accounts, acknowledging that in the future this accounting treatment may no longer be deemed appropriate.

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.

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

**Liabilities**

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Partnership 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.

**Leased assets**

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

**Stock**

Unsold uniforms and catering stocks are valued at the lower of cost or net realisable value.

### **Taxation**

The Partnership 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 Partnership is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

### **Pensions benefits**

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Partnership 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 22, 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 Partnership in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the statement of financial activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

**Fund accounting**

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

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

Restricted general funds comprise all other grants received from the Education Funding Agency, and other bodies, including the Local Authority, Kent County Council.

**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 Partnership 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 key assumptions used are:

- ◆ Buildings have been included in the financial statements using either the EFA's valuation, or 40% of the insurance valuation if the valuation had not yet been received at the date of the audit fieldwork.
- ◆ Buildings are depreciated on a straight-line basis over 50 years and building improvements on a straight-line basis over 10 years.
- ◆ Fixtures, fittings and equipment are depreciated on a straight-line basis over 3 years.
- ◆ Computer equipment and motor vehicles are depreciated on a straight-line basis over 3 years.
- ◆ 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 22, 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.

**Critical accounting estimates and areas of judgement (continued)**

***Critical areas of judgement***

There are no critical areas of judgement.

**Agency Arrangements**

The Partnership acts as an agent in distributing 16-19 bursary funds from the EFA. Payments received from the EFA and subsequent disbursements to students are excluded from the statement of financial activities as the Partnership does not have control over the charitable application of the funds. The Partnership can use up to 5% of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid, and any balances held are disclosed in note 25.

**1 Donations and capital grants**

	Unrestricted funds £'000	Restricted funds £'000	Restricted fixed assets fund £'000	2016 Total funds £'000	2015 Total funds £'000
Capital grants	-	-	2,047	2,047	1,146
Other donations	254	9	-	263	341
	<u>254</u>	<u>9</u>	<u>2,047</u>	<u>2,310</u>	<u>1,487</u>

**2 Other trading activities**

	Unrestricted funds £'000	Restricted funds £'000	2016 Total funds £'000	2015 Total funds £'000
Hire of facilities	108	-	108	124
Trip income	-	695	695	904
Catering income	453	-	453	416
Miscellaneous income	-	557	557	176
	<u>561</u>	<u>1,252</u>	<u>1,813</u>	<u>1,620</u>

**3 Investments**

	Unrestricted funds £'000	Restricted funds £'000	2016 Total funds £'000	2015 Total funds £'000
Bank interest	15	-	15	11
	<u>15</u>	<u>-</u>	<u>15</u>	<u>11</u>



**4 Funding for the Partnership's educational operations**

	Unrestricted funds £'000	Restricted funds £'000	2016 Total funds £'000	2015 Total funds £'000
<b>DfE/EFA grants</b>				
General Annual Grant (GAG)	-	35,032	35,032	29,013
Start Up Grants	-	102	102	-
Other DfE/EFA grants	-	3,035	3,035	1,637
	-	38,169	38,169	30,650
<b>Other Government grants</b>				
Local authority grants	-	1,135	1,135	1,725
<b>2016 total funds</b>	-	39,304	39,304	32,375

**5 Expenditure**

	Staff costs £'000	Non pay expenditure		2016 Total funds £'000	2015 Total funds £'000
		Premises £'000	Other costs £'000		
Expenditure on raising funds	-	22	40	62	63
Partnership's educational operations (note 6)					
Direct costs	25,602	1,214	3,597	30,413	24,082
Allocated support costs	5,956	2,975	3,622	12,553	11,137
<b>2016 total funds</b>	31,558	4,211	7,259	43,028	35,282
<b>Net income for the year includes:</b>					
Operating lease rentals				121	94
Depreciation				1,365	1,079
Fees payable to auditor for:					
Audit				40	41
Other services				15	25

**6 Charitable activities – Partnership's educational operations**

	2016 Total funds £'000	2015 Total funds £'000
Direct costs	30,413	24,082
Support costs	12,553	11,137
	42,966	35,219

**6 Charitable activities – Partnership’s educational operations (continued)**

	<b>2016 Total funds £'000</b>	<b>2015 Total funds £'000</b>
<b>Analysis of support costs</b>		
Support staff costs	5,956	5,638
Depreciation	148	53
Technology costs	721	635
Premises costs	2,975	2,516
Other support costs	2,257	1,679
Governance costs (note 7)	496	616
<b>Total support costs</b>	<b>12,553</b>	<b>11,137</b>

**7 Governance costs**

	<b>2016 Total funds £'000</b>	<b>2015 Total funds £'000</b>
Legal and professional fees	441	550
Auditor’s remuneration:		
· Audit of financial statements	40	41
· Other services	15	25
	<b>496</b>	<b>616</b>

**8 Comparative information**

Analysis of income and expenditure in the year ended 31 August 2015 between restricted and unrestricted funds:

	Unrestricted general fund £'000	Restricted funds		2015 Total funds £'000
		General fund £'000	Fixed assets fund £'000	
<b>Income from:</b>				
Donations and capital grants	331	10	1,146	1,487
Transfer from Local Authority on conversion	-	(1,599)	19,660	18,061
Charitable activities				
Funding for the Partnership's educational operations	-	32,375	-	32,375
Other trading activities	567	1,053	-	1,620
Investments	11	-	-	11
<b>Total income</b>	<b>909</b>	<b>31,839</b>	<b>20,806</b>	<b>53,554</b>
<b>Expenditure on:</b>				
Raising funds	63	-	-	63
Charitable activities				
Partnership's educational operations	-	34,140	1,079	35,219
<b>Total expenditure</b>	<b>63</b>	<b>34,140</b>	<b>1,079</b>	<b>35,282</b>
<b>Net income (expenditure)</b>	<b>846</b>	<b>(2,301)</b>	<b>19,727</b>	<b>18,272</b>
Transfers between funds	-	(315)	315	-
	846	(2,616)	20,042	18,272
<b>Other recognised gains and losses</b>				
Actuarial losses on defined pension benefit schemes	-	(213)	-	(213)
<b>Net movement in funds</b>	<b>846</b>	<b>(2,829)</b>	<b>20,042</b>	<b>18,059</b>
<b>Reconciliation of funds</b>				
Total fund balances brought forward at 1 September 2014	233	(1,793)	30,051	28,491
Total fund balances carried forward at 31 August 2015	1,079	(4,622)	50,093	46,550

## 9 Staff

### (a) Staff costs

Staff costs during the year were:

	2016 Total funds £'000	2015 Total funds £'000
Wages and salaries	24,391	20,004
Social security costs	1,863	1,357
Pension costs	4,650	3,383
	<b>30,904</b>	<b>24,744</b>
Supply teacher costs	646	497
Staff restructuring costs	8	27
	<b>31,558</b>	<b>25,268</b>
<b>Staff restructuring costs comprise</b>	<b>2016 £'000</b>	<b>2015 £'000</b>
Redundancy payments	-	27
Severance payments	8	-
	<b>8</b>	<b>27</b>

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £7,600 (2015 - £nil) in respect of one payment.

### (b) Staff numbers

The average number of persons (including the senior management team) employed by the charitable company during the year ended 31 August 2016 was as follows:

Charitable activities	2016 No.	2015 No.
Teachers	523	473
Administration and support	786	734
Management	85	75
	<b>1,394</b>	<b>1,282</b>

The average staff numbers have been calculated based on the period since conversion to academy status for each school. No adjustment has been made in respect of the length of time that each school has been part of the Partnership.

### (c) Higher paid staff

The number of employees whose emoluments fell within the following bands was:

	2016 No.	2015 No.
£60,001 - £70,000	12	4
£70,001 - £80,000	4	3
£80,001 - £90,000	2	3
£100,001 - £110,000	1	1
£140,001 - £150,000	1	1

**9 Staff (continued)**

**(c) Higher paid staff (continued)**

Emoluments for the purposes of this note have been calculated based on the amount paid to the employees during the time that each school has been part of the Partnership and are not the emoluments on a per annum basis.

**(d) Key management personnel**

The key management personnel of the Partnership comprise the Directors and the senior management team as listed on page 1. The total amount of employee benefits (including employee pension contributions) received by key management personnel for their services to the Partnership was £576,150 (2015 - £494,528).

**10 Directors' remuneration and expenses**

Employees who are also Directors only receive remuneration in respect of services they provide in undertaking their role as employees of the Partnership and not in respect of their services as Directors. Other Directors did not receive any payments from the Partnership in respect of their role as Directors. The value of Directors' remuneration and other benefits was as follows:

	2016 £'000	2015 £'000
Clive Webster, Chief Executive Officer		
. Remuneration	145 - 150	145 - 150
. Employer's pension contributions	25 - 30	25 - 30
Stephen Adamson, Principal		
. Remuneration	80 - 85	80 - 85
. Employer's pension contributions	10 - 15	10 - 15
Annemarie Whittle, Principal		
. Remuneration	70 - 75	70 - 75
. Employer's pension contributions	10 - 15	10 - 15
Mike Walters, Staff Member (resigned January 2015)		
. Remuneration	—	85 - 90
. Employer's pension contributions	—	10 - 15

Other related party transactions involving the Directors are set out in note 23.

During the year ended 31 August 2016, travel and subsistence expenses totalling £8,910 (2015 - £12,367) were reimbursed to the above Directors. These were reimbursed as part of the Directors' work as employees of the Partnership. No expenses were reimbursed to the other Directors (2015 - none).

**11 Directors' and Officers' insurance**

In accordance with normal commercial practice the Partnership has purchased insurance to protect Directors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Partnership business. The insurance provides cover up to £2,000,000 (2015 - £2,000,000) on any one claim and the cost for the year ended 31 August 2016 was £4,140 (2015 - £2,843). The cost of this insurance is included in the total insurance cost.

## 12 Central services

The Partnership has provided the following central services to its schools during the year:

- ◆ Financial services
- ◆ Legal services
- ◆ Office administration
- ◆ IT support
- ◆ School improvement
- ◆ HR & Personnel support
- ◆ Capital Building and Project Support
- ◆ Marketing
- ◆ Professional Development

The Partnership charges the schools for the above services based in part on the Education Services Grant received. This is calculated as £187 (2015 - £140) per pupil for the year.

The actual amounts charged during the year are as follows:

	2016 £'000	2015 £'000
St Joseph's Catholic Primary School, Aylesham	16	14
St Simon Stock Catholic School, Maidstone	207	165
St Gregory's Catholic Comprehensive School, Tunbridge Wells	226	142
St Joseph's Catholic Primary School, Broadstairs	45	32
St Anselm's Catholic School, Canterbury	220	146
St Gregory's Catholic Primary School, Margate	69	43
Holy Family RCP School, Maidstone	44	25
St Mary's Catholic Primary School, Deal	41	27
St Simon of England RCP School, Ashford	44	29
St Thomas' Catholic Primary School, Sevenoaks	45	29
St Margaret Clitherow Catholic Primary School	71	44
St Peter's Catholic Primary School, Sittingbourne	43	29
St Richard's Catholic Primary School, Dover	37	26
More Park Catholic Primary School, West Malling	42	28
Our Lady of Hartley Catholic Primary School, Hartley	43	26
St Joseph's Catholic Primary School, Northfleet	49	25
Ursuline College, Westgate-on-Sea	150	81
Stella Maris Catholic Primary School, Folkestone	39	19
St John's Catholic Primary School, Gravesend	119	16
St Mary's Catholic Primary School, Whitstable	86	10
St Edmund's Catholic School, Dover	19	—
St Edward's Catholic Primary School, Sheerness	7	—
	<b>1,662</b>	<b>956</b>

### 13 Tangible fixed assets

	Leasehold land and buildings £'000	Furniture and equipment £'000	Computer equipment £'000	Motor Vehicles £'000	Total £'000
<b>Cost</b>					
At 1 September 2015	51,423	75	283	4	51,785
Transfers on conversion (note 24)	6,978	-	-	-	6,978
Additions	1,331	44	298	6	1,679
At 31 August 2016	59,732	119	581	10	60,442
<b>Depreciation</b>					
At 1 September 2015	1,638	7	47	-	1,692
Charge in year	1,214	16	131	4	1,365
At 31 August 2016	2,852	23	178	4	3,057
<b>Net book values</b>					
At 31 August 2016	56,880	96	403	6	57,385
At 31 August 2015	49,785	68	236	4	50,093

### 14 Debtors

	2016 £'000	2015 £'000
Trade debtors	83	24
VAT recoverable	377	413
Other debtors	358	295
Prepayments and accrued income	477	295
	<b>1,295</b>	<b>1,027</b>

### 15 Creditors: amounts falling due within one year

	2016 £'000	2015 £'000
Trade creditors	966	1155
Taxation and social security	593	534
Other creditors	499	506
Accruals and deferred income	1,275	885
	<b>3,333</b>	<b>3,080</b>
<b>Deferred income</b>		
Deferred income at 1 September 2015	449	254
Released during the year	(449)	(254)
Resources deferred in the year	730	449
Deferred income at 31 August 2016	<b>730</b>	<b>449</b>

At the balance sheet date the Partnership was holding funds received in advance for free school meals, school meals, trips, and travel card deposits received from Parent Pay and virtual schools monies held as custodian.

**15 Creditors: amounts falling due within one year (continued)**

Other creditors include a credit facility of £420,000 provided by the Diocese of Southwark. Although it is not currently felt that this will be reclaimed within twelve months of the balance sheet date, it has been included as a current liability as it remains 'repayable on demand', as set out in the conditions of the facility. Other creditors also include a credit facility of £32,000 from the Diocese of Southwark. Please see note 16 for further details of this facility.

**16 Creditors: amounts falling due after more than one year**

	2016	2015
	£'000	£'000
Other creditors	64	96
	<b>64</b>	<b>96</b>

Other creditors comprise a credit facility of £96,000 from the Diocese of Southwark which is repayable by monthly instalments of £2,667. £32,000 of the credit facility is repayable within one year and is included within other creditors in note 15. The balance of £64,000 is included in creditors falling due after more than one year.



## 17 Funds

	Balance at 1 September 2015 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2016 £'000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	-	35,032	(35,191)	159	-
Start Up Grant	-	102	(102)	-	-
Pupil Premium	-	1,698	(1,698)	-	-
Donated current assets on conversion and acquisition	2,869	137	-	(506)	2,500
St Simon Stock Catholic School – Science Legacy	49	-	(6)	-	43
Other DfE/EFA grants	-	1,337	(1,337)	-	-
Pension reserve	(7,540)	(735)	(871)	(6,780)	(15,926)
	<u>(4,622)</u>	<u>37,571</u>	<u>(39,205)</u>	<u>(7,127)</u>	<u>(13,383)</u>
<b>Restricted fixed asset funds</b>					
Transfer on conversion	48,678	6,978	(1,023)	(315)	54,318
DfE/EFA capital grants	-	2,047	-	(1,332)	715
Capital expenditure from GAG	1,415	-	(342)	1,994	3,067
	<u>50,093</u>	<u>9,025</u>	<u>(1,365)</u>	<u>347</u>	<u>58,100</u>
<b>Other restricted funds</b>					
Local authority grants	-	1,135	(1,135)	-	-
Other restricted funds	-	1,261	(1,261)	-	-
	<u>-</u>	<u>2,396</u>	<u>(2,396)</u>	<u>-</u>	<u>-</u>
<b>Total restricted funds</b>	<u>45,471</u>	<u>48,992</u>	<u>(42,966)</u>	<u>(6,780)</u>	<u>44,717</u>
<b>Unrestricted funds</b>					
General funds	1,079	830	(62)	-	1,847
<b>Total unrestricted funds</b>	<u>1,079</u>	<u>830</u>	<u>(62)</u>	<u>-</u>	<u>1,847</u>
<b>Total funds</b>	<u>46,550</u>	<u>49,822</u>	<u>(43,028)</u>	<u>(6,780)</u>	<u>46,564</u>

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

**EFA revenue grant fund and other restricted funds**

These grants relate to the Partnership's development and educational activities.

**General Annual Grant (GAG)**

Under the funding agreement with the Secretary of State, the Partnership was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2016.

**Fixed asset fund**

These grants relate to funding received from the EFA which have been used to purchase fixed assets. This has been reflected by a transfer between funds.

The fund also includes assets received from Kent County Council on conversion of the schools to academies within the Partnership.

**17 Funds (continued)*****Pension reserve***

The pension reserve relates to the Partnership's share of the Kent County Council Local Government Pension Scheme.

***Analysis of expenditure by school***

Expenditure incurred by each school and the central services team (excluding depreciation) during the year was as follows:

	Teaching and educational support staff costs £'000	Other support staff costs £'000	Educational supplies £'000	Other costs (excluding depreciation) £'000	2016 Total £'000	2015 Total £'000
St Joseph's Catholic Primary School, Aylesham	351	76	48	100	575	530
St Simon Stock Catholic School, Maidstone	3,288	543	476	874	5,181	5,100
St Gregory's Catholic Comprehensive School	3,319	922	451	949	5,641	5,354
St Joseph's Catholic Primary School, Broadstairs	573	122	91	201	987	927
St Anselm's Catholic School, Canterbury	3,778	958	547	871	6,154	6,162
St Gregory's Catholic Comprehensive School	920	233	141	335	1,629	1,366
Holy Family RCP School, Maidstone	566	129	61	162	918	880
St Mary's Catholic Primary School, Deal	645	98	68	139	950	906
St Simon of England RCP School, Ashford	604	103	138	181	1,026	977
St Thomas' Catholic Primary School, Sevenoaks	644	141	74	164	1,023	1,019
St Margaret Clitherow Catholic Primary School	967	93	123	311	1,494	1,385
St Peter's Catholic Primary School, Sittingbourne	604	97	78	143	922	820
St Richard's Catholic Primary School, Dover	591	122	56	176	945	866
More Park Catholic Primary School, West Malling	565	93	74	181	913	813
Our Lady of Hartley Catholic Primary School, Hartley	538	118	102	172	930	750
St Joseph's Catholic Primary School, Northfleet	653	142	102	227	1,124	829
Ursuline College, Westgate-on-Sea	2,272	770	371	649	4,062	2,832
Stella Maris Catholic Primary School, Folkestone	646	116	99	150	1,011	669
St John's Catholic Primary School, Gravesend	1,838	336	271	449	2,894	406
St Mary's Catholic Primary School, Whitstable	1,078	148	108	298	1,632	259
St Edmund's Catholic School, Dover	401	48	76	21	546	-
St Edward's Catholic Primary School, Sheerness	117	26	5	23	171	-
Central Services	569	-	-	366	935	1,353
<b>Academy Trust Partnership</b>	<b>25,527</b>	<b>5,434</b>	<b>3,560</b>	<b>7,142</b>	<b>41,663</b>	<b>34,203</b>

## 17 Funds (continued)

**Analysis of fund balances by school**

Fund balances at 31 August 2016 were allocated as follows:

	2016 £'000	2015 £'000
St Joseph's Catholic Primary School, Aylesham	143	157
St Simon Stock Catholic School, Maidstone	599	571
St Gregory's Catholic Comprehensive School	792	812
St Joseph's Catholic Primary School, Broadstairs	74	113
St Anselm's Catholic School, Canterbury	269	245
St Gregory's Catholic Primary School, Margate	455	576
Holy Family RCP School, Maidstone	228	191
St Mary's Catholic Primary School, Deal	44	75
St Simon of England RCP School, Ashford	72	103
St Thomas' Catholic Primary School, Sevenoaks	254	255
St Margaret Clitherow Catholic Primary School	121	92
St Peter's Catholic Primary School, Sittingbourne	209	116
St Richard's Catholic Primary School, Dover	181	142
More Park Catholic Primary School, West Malling	95	83
Our Lady of Hartley Catholic Primary School, Hartley	126	100
St Joseph's Catholic Primary School, Northfleet	149	157
Ursuline College, Westgate-on-Sea	186	258
Stella Maris Catholic Primary School, Folkestone	84	86
St John's Catholic Primary School, Gravesend	360	333
St Mary's Catholic Primary School, Whitstable	(15)	(56)
St Edmund's Catholic Primary School, Dover	158	-
St Edward's Catholic Primary School, Sheerness	94	-
Central Services	(288)	(412)
<b>Total funds before fixed assets fund and pension reserve</b>	<b>4,390</b>	<b>3,997</b>
Restricted fixed asset fund	58,100	50,093
Pension reserve	(15,926)	(7,540)
<b>Total</b>	<b>46,564</b>	<b>46,550</b>

The funds deficit of £15,000 in respect to St Mary's Catholic Primary School, Whitstable, is due to a credit facility from the Diocese of Southwark which at 31 August 2016 amounted to £96,000. The School is managing the monthly repayment of £2,667 from its operational budget. Please see note 16 for details.

The Central Services deficit of £412,000 in 2015 was due to a credit facility of £420,000 provided by the Diocese of Southwark. Please see note 15 for details.

## 18 Analysis of net assets between funds

	Unrestricted funds £'000	Restricted General Funds £'000	Restricted fixed assets fund £'000	Total 2016 £'000
<b>Fund balances at 31 August 2016 are represented by:</b>				
Tangible fixed assets	-	-	57,385	<b>57,385</b>
Current assets	1,847	5,940	715	<b>8,502</b>
Current liabilities	-	(3,333)	-	<b>(3,333)</b>
Non-current liabilities	-	(64)	-	<b>(64)</b>
Pension scheme liability	-	(15,926)	-	<b>(15,926)</b>
<b>Total net assets</b>	<b>1,847</b>	<b>13,383</b>	<b>58,100</b>	<b>46,564</b>

## 19 Capital commitments

At 31 August 2016, the Partnership had the following capital commitments:

	2016 £'000	2015 £'000
Contracted for, but not provided in these financial statements	-	253

The above capital commitments, relating to the refurbishment of toilets at Ursuline College will be met from DfE capital grants received.

## 20 Commitments under operating leases

At 31 August 2016, the total of the Partnership's future minimum lease payments under non-cancellable operating leases was as follows:

	2016 £'000	2015 £'000
Amounts due within one year	114	113
Amounts due between two and five years inclusive	174	284
Amounts due after five years	-	4
	<b>288</b>	<b>401</b>

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

## 22 Pension and similar obligations

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

**22 Pension and similar obligations (continued)**

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

No contributions were payable to the schemes at 31 August 2016 (2015 - £59,176).

***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%.

## 22 Pension and similar obligations (continued)

### *Teachers' Pension Scheme (continued)*

#### *Valuation of the Teachers' Pension Scheme (continued)*

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 £2,897,674 (2015: £2,187,000).

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

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

### *Local Government Pension Scheme (LGPS)*

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £1,969,000, of which employer's contributions totalled £1,566,000 and employees' contributions totalled £403,000. The agreed contribution rates for future years are 21% of employers and 6% of 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.

**22 Pension and similar obligations (continued)****Local Government Pension Scheme (LGPS) (continued)**

Principal Actuarial Assumptions	At 31 August 2016	At 31 August 2015
Rate of increase in salaries	4.10%	4.50%
Rate of increase for pensions in payment	2.30%	2.70%
Discount rate for scheme liabilities	2.20%	4.00%
Inflation assumption (CPI)	2.30%	2.70%
Commutation of pensions to lump sums	3.20%	3.60%

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

	At 31 August 2016	At 31 August 2015
<i>Retiring today</i>		
Males	22.9	22.8
Females	25.3	25.2
<i>Retiring in 20 years</i>		
Males	25.2	25.1
Females	27.7	27.6

The Partnership's share of the assets and liabilities in the scheme were:

	Fair value at 31 August 2016 £'000	Fair value at 31 August 2015 £'000
Equities	9,019	5,731
Gilts	120	83
Bonds	1,423	927
Property	1,868	1,137
Cash	319	220
Target return portfolio	579	365
<b>Total market value of assets</b>	<b>13,328</b>	<b>8,463</b>
<b>Present value of scheme liabilities</b>		
Funded	(29,254)	(16,003)
<b>Deficit in the scheme</b>	<b>(15,926)</b>	<b>(7,540)</b>

The actual return on scheme assets was £1,513,000 (2015 - £253,000).

## 22 Pension and similar obligations (continued)

### *Local Government Pension Scheme (LGPS) (continued)*

Amounts recognised in statement of financial activities	2016 £'000	2015 £'000
Current service costs (net of employee contributions)	(1,592)	(1,333)
Net interest cost	(278)	(327)
Benefit changes, gain/(loss) on curtailment and gain/(loss) on settlement	(159)	-
<b>Total operating charge</b>	<b>(2,029)</b>	<b>(1,660)</b>

Changes in the present value of defined benefit obligations were as follows:	2016 £'000	2015 £'000
At 1 September 2015	16,003	6240
Upon conversion	1,668	6854
Current service cost	1,995	1,703
Interest cost	695	592
Employee contributions	403	370
Actuarial loss	7,876	215
Benefits paid	(162)	29
Plan introductions, benefit changes, curtailments and settlements	776	-
<b>At 31 August 2016</b>	<b>29,254</b>	<b>16,003</b>

Changes in the fair value of the Partnership's share of scheme assets:	2016 £'000	2015 £'000
At 1 September 2015	8,463	2,445
Upon conversion	933	4,146
Interest income	417	265
Return on plan assets less interest	1,096	2
Administration expenses	(5)	(2)
Employer contributions	1,566	1,208
Employee contributions	403	370
Benefits paid	(162)	29
Plan introductions, benefit changes, curtailments and settlements	617	-
<b>At 31 August 2016</b>	<b>13,328</b>	<b>8,463</b>

## 23 Related party transactions

Owing to the nature of the Partnership's operations and the composition of the Board of Directors being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the Board of Directors may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Partnership's financial regulations and normal procurement procedures.



**23 Related party transactions (continued)**

The Partnership received credit facility funding of £420,000 in 2014 from the Diocese of Southwark to support the set up costs of the Partnership. At 31 August 2016, no amount of this balance of £420,000 has been repaid to the Diocese of Southwark. All of the Partnership's members and two of the Directors, Reverend Father Philip Gilbert and Father Paul Mason are employees of the Diocese of Southwark.

The Partnership has another credit facility of £96,000 outstanding at 31 August 2016 from the Diocese. This is being repaid at a monthly amount of £2,667.

**24 Transfers on conversion of the schools from the Local Authority**

The conversion of the schools from the Local Authority to academies within the Partnership has involved the transfer of identifiable assets and liabilities and the operation of the schools for £nil consideration. This has been accounted for under the acquisition method.

The assets and liabilities transferred on conversion from the following schools to the Partnership have been valued at their fair value being a reasonable estimate of the current market value that the Directors would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for the Partnership. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in voluntary income as net income in the Statement of Financial Activities and analysed under restricted general funds and restricted fixed asset funds.

	Unrestricted funds £'000	Restricted General Funds £'000	Restricted fixed assets fund £'000	Total 2016 £'000
Tangible fixed assets				
Leasehold land and buildings	-	-	6,978	6,978
Budget surplus on LA funds	-	137	-	137
LGPS pension deficit	-	(735)	-	(735)
<b>Net assets/(liabilities)</b>	<b>-</b>	<b>(598)</b>	<b>6,978</b>	<b>6,380</b>

**St Edmund's Catholic School**

On 1 July 2016 St Edmund's Catholic School, located in Dover, converted to academy status.

	Unrestricted funds £'000	Restricted General Funds £'000	Restricted fixed assets fund £'000	Total 2016 £'000
Tangible fixed assets				
Leasehold land and buildings	-	-	5,844	5,844
Budget surplus on LA funds	-	70	-	70
LGPS pension deficit	-	(455)	-	(455)
<b>Net assets/(liabilities)</b>	<b>-</b>	<b>(385)</b>	<b>5,844</b>	<b>5,459</b>

**24 Transfers on conversion of the schools from the Local Authority (continued)**

***St Edward's Catholic Primary School***

On 1 July 2016 St Edward's Catholic Primary School, located in Sheerness, converted to academy status.

	Unrestricted funds £'000	Restricted General Funds £'000	Restricted fixed assets fund £'000	Total 2016 £'000
Tangible fixed assets				
Leasehold land and buildings	-	-	1,134	1,134
Budget surplus on LA funds	-	67	-	67
LGPS pension deficit	-	(280)	-	(280)
<b>Net assets/(liabilities)</b>	<b>-</b>	<b>(213)</b>	<b>1,134</b>	<b>921</b>

**25 Agency Arrangements**

The Partnership distributes 16-19 bursary funds to students as an agent for the EFA. In the year ended 31 August 2016 the Partnership received £7,200 and disbursed £6,363 from the fund. An amount of £837 is included in other creditors relating to undistributed funds that is repayable to the EFA.