

COMPANY REGISTRATION NUMBER 09811711

**ST HILDA'S CATHOLIC ACADEMY TRUST**  
**Company Limited by Guarantee**  
**Financial Statements**  
**31 August 2017**



**ST HILDA'S CATHOLIC ACADEMY TRUST  
COMPANY LIMITED BY GUARANTEE**

**Financial Statements**

**Year Ended 31 August 2017**

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<b>CONTENTS</b>	<b>PAGES</b>
Reference and Administrative Details	<b>1 to 2</b>
Trustees' Report	<b>3 to 13</b>
Governance Statement	<b>14 to 19</b>
Statement of Regularity, Propriety & Compliance	<b>20</b>
Statement of Trustees' Responsibilities	<b>21</b>
Independent Auditor's Report on the Financial Statements	<b>22 to 25</b>
Independent Reporting Accountant's Report on Regularity	<b>26 to 27</b>
Statement of Financial Activities (incorporating the Income and Expenditure Account)	<b>28</b>
Balance Sheet	<b>29</b>
Statement of Cash Flow	<b>30</b>
Notes to the Financial Statements	<b>31 to 56</b>

# **ST HILDA'S CATHOLIC ACADEMY TRUST COMPANY LIMITED BY GUARANTEE**

## **Reference And Administrative Details**

**Year Ended 31 August 2017**

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<b>Members</b>	Diocese of Middlesbrough Trustee Rt Rev T Draine J Whiston
<b>Trustees</b>	Carolyn Baker Paul Benfield Mary Brown Terence Cane Peter Coady Mary Cobbold (resigned 31 <sup>st</sup> August 2017) Teresa Harrison Peter Hawkins Elizabeth King Canon John Loughlin (Chair) Bernadette Marron Maureen McCullagh (Vice Chair) Noel Turnbull Carol Walker John Walton Jane Wordsworth Josephine Wilson (resigned 1 <sup>st</sup> September 2016) John Carrigan (appointed 12 <sup>th</sup> December 2016)
<b>Company Secretary</b>	Prima Secretary Limited
<b>Senior Management Team</b>	
Headteacher	Peter Coady
Headteacher	Elizabeth King
Headteacher	Jane Apolloni
Headteacher	Ian Walker (retired 31 <sup>st</sup> August 2017)
Headteacher	Mary Brown
Headteacher	Joanne Smith (resigned 31 <sup>st</sup> August 2017)
Headteacher	Mary Cobbold (retired 31 <sup>st</sup> August 2017)
Headteacher	Martin Macaulay
Headteacher	Angela McCann
Headteacher	Carol Walker
Headteacher	Carolyn Baker
Director of Finance & Corporate Services	Jim Farquhar

**ST HILDA'S CATHOLIC ACADEMY TRUST  
COMPANY LIMITED BY GUARANTEE**

**Reference And Administrative Details *(continued)***

**Year Ended 31 August 2017**

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<b>Company Name</b>	St Hilda's Catholic Academy Trust
<b>Principal and Registered Office</b>	Trinity Catholic College Saltersgill Avenue Middlesbrough TS4 3JW
<b>Company Registration Number</b>	09811711
<b>Independent Auditor</b>	Tait Walker LLP Chartered Accountants Bulman House Gosforth Newcastle Upon Tyne NE3 3LS
<b>Bankers</b>	Lloyds Bank PLC 102 Grey Street Newcastle Upon Tyne NE1 6AG
<b>Solicitors</b>	Bond Dickinson LLP St Ann's Wharf 112 Quayside Newcastle Upon Tyne NE1 2HF

# **ST HILDA'S CATHOLIC ACADEMY TRUST COMPANY LIMITED BY GUARANTEE**

## **Trustees' Report**

### **Year Ended 31 August 2017**

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The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 1 September 2016 to 31 August 2017. The annual report serves the purposes of both a Trustees' report, and a Directors' report under company law.

St. Hilda's Catholic Academy Trust operates ten primary academies and one secondary academy for pupils aged 3 to 19 serving a catchment area in central Middlesbrough. One of the primary academies is also a designated teaching school. The Trust had pupil numbers on roll of 3,718 (including sixth form places and nursery provision) in the school census at October 2016. The Trust was incorporated on 6 October 2015 and all eleven schools converted together to become academies on 1 November 2015.

## **STRUCTURE, GOVERNANCE AND MANAGEMENT**

### **Constitution**

The Trust is a company limited by guarantee and an exempt charity. The charitable company's Memorandum and Articles of Association are the primary governing documents of the Academy Trust. The Trustees of St. Hilda's Catholic Academy Trust are also the directors of the charitable company for the purposes of company law. The charitable company is known as St. Hilda's Catholic Academy Trust.

Details of the Trustees who served during the period are included in the Reference and Administrative Details on page 1.

### **Members' Liability**

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

### **Trustees' Indemnities**

All 11 of the academies within St. Hilda's Catholic Academy Trust are members of the government's Risk Protection Arrangement (RPA) scheme to protect Trustees from claims arising from negligent acts, errors or omissions occurring whilst undertaking trust business.

### **Method of Recruitment and Appointment or Election of Trustees**

Trustees are appointed in relation to the type of trusteeship held and as follows:

- Under Article 50 Members shall appoint such number of Foundation Trustees to ensure that at all times the number of Foundation Trustees exceeds the other Trustees (including any Co-opted Trustees) by at least two.
- Under Article 50A Members may appoint one or more individuals as Trustees of the Company for such term as the members shall provide.
- Under Article 51B the Head Teachers of the academies shall elect up to 6 persons from amongst their numbers to be Trustees. Any person elected in accordance with this Article shall only remain a Trustee for as long as they remain a Head Teacher. The Trustees shall however ensure that the total number of Trustees who are employees of the Company does not exceed one third of the total number of Trustees.
- Articles 53-56 do provide the scope to have Parent Trustees, however this does not apply currently as there are two parent members of each Local Management Board.
- Under Article 58 the Trustees may appoint Co-opted Trustees. A 'Co-opted Trustee' means a person who is appointed to be a Trustee by being Co-opted by Trustees who have not themselves been so appointed. The Trustees may not co-opt an employee of the Company as a Co-opted Trustee if thereby the number of Trustees who are employees of the Company would exceed one third of the total number of Trustees. The Company currently has two Co-opted Trustees.

# **ST HILDA'S CATHOLIC ACADEMY TRUST COMPANY LIMITED BY GUARANTEE**

## **Trustees' Report *(continued)***

### **Year Ended 31 August 2017**

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The term of office for any Trustee shall be 4 years or a shorter period if specified at the time of appointment by the person or body appointing. This time limit does not apply to the Co-opted Trustees, Principals appointed as Trustees or any post which is held ex-officio. Co-opted Trustees are appointed for a period of one year. Subject to remaining eligible to be a particular type of Trustee, any Trustee may be re-appointed or re-elected.

#### **Policies and Procedures Adopted for the Induction and Training of Trustees**

The training and induction provided for new Trustees depends on their existing experience. All Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and any other documents as required to undertake their role as Trustees. One new additional Trustee has been appointed during the course of 2016/17.

The Company has appointed Avec Partnership as providers of Governor Support Services to the Trust and a training and support package, including Trust wide training events and half-termly induction meetings for new local governors and trustees, has been delivered to help advise individuals on the requirements and responsibilities of their roles. Developments in place for 2017/18 include the approval of a Trust Governance Development Plan. This will bring mandatory elements for both induction and ongoing professional development at both a local governor and trustee level and with a greater focus on on-line training to give more flexible options that better support governors and trustees in their important roles.

#### **Organisational Structure**

The Trust comprises ten primary academies and one secondary academy with a 6th form provision. The Trust's Board is responsible for the strategic direction of the Trust and has overall responsibility for academic standards, financial management, assets and other resources of the Trust. The Board is supported by two committees which are:

- Raising Achievement
- Finance & Resources (including the functions performed by an Audit Committee)

The Trust is also the admissions authority and employer for all academies within the Trust. Executive leadership is provided by the Trusts' Head Teacher Group (HTG) which comprises all of the 11 Head Teachers and the Director of Finance and Corporate Services. The Accounting Officer is the Head Teacher of Trinity Catholic College. The Trust currently does not have a Chief Executive Officer, but is planning to appoint a Director of Standards to support school improvement during 2017/18.

Delegated authority and powers of decision making in relation to the Board and its committees, including each Academy's own Local Management Board, is defined in the Trust's Scheme of Delegation which was approved by Trustees at the Trust's first Board meeting on 13 October 2015. The Scheme of Delegation determines what responsibility resides at both individual academy and Board level.

All staffing appointments are made at a Local Management Board level with the exception of Head Teachers, Deputy Head Teachers and R.E. leads, which would be appointed by a panel established by the Trustees and with an advisory role played by the Diocesan Schools Service.

Systems and procedures for financial management, HR and administration are undertaken at an academy level but supported and overseen by the Trust's Central Team comprising the Director of Finance & Corporate Services and the Finance Manager. The Trust operates a single bank account and one set of standardised Financial Regulations and Procedures across all of its academies.

During 2016/17 the Trust has continued to develop a number of centrally approved policies covering all of the statutory areas, ensuring they comply with guidance from both the DfE and the Catholic Education Service.

# **ST HILDA'S CATHOLIC ACADEMY TRUST COMPANY LIMITED BY GUARANTEE**

## **Trustees' Report *(continued)***

**Year Ended 31 August 2017**

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### **Arrangements for Setting Pay and Remuneration of Key Management Personnel**

Key management personnel defines those persons of the Trust having authority and responsibility for planning, directing and controlling the activities of the Trust, directly or indirectly and including all Trustees. Trustees who are not employees of the Trust receive no remuneration for the roles they undertake. The Trust's key management personnel are therefore defined to be the members of the Head Teacher Group and the Director of Finance & Corporate Services.

Head Teachers, including those who are Trustees, have their pay set in line with each Academy's Pay Policy which is reviewed annually and set in accordance with the School Teacher's Pay and Conditions Guidance. This provides for each respective Local Management Board to establish a committee to oversee the appraisal and pay of their Academy's Head Teacher. This is undertaken with external specialist advice and support.

The Head Teacher organises the performance management arrangements for all staff within each academy and the objectives of staff are layered to reflect key priorities for the period. This ensures performance of staff is linked to improvements identified by the Local Management Board and the Head Teacher.

The Director of Finance & Corporate Services is line managed by the Trust's Accounting Officer and receives a formal annual appraisal to ensure priorities for the year ahead are identified and included in the annual policy and planning cycle. Objectives are agreed that reflect the priorities of the Trustees and the overall desired strategic direction of the Trust.

### **Related Parties and Other Connected Charities and Organisations**

The Trust is part of the Diocese of Middlesbrough and works alongside the Diocesan Education Office. All of the Trust's academies are part of the Middlesbrough Schools Teaching Alliance and the Middlesbrough Catholic Schools' Partnership with the aim of improving teaching and learning and ultimately outcomes for our children. The Trust has no connected organisations but does work with local charities in pursuit of the activities defined by the objects of the Trust.

## **OBJECTIVES AND ACTIVITIES**

### **Objects and Aims**

The Trust's vision, mission and values are "in the one spirit" to:

- Strengthen our mission as a Catholic family of schools to ensure that all pupils fulfil their potential through enjoying, achieving and celebrating their learning by keeping Christ at the centre of all they do;
- Ensure Middlesbrough has sustainable Good and Outstanding Catholic schools through sharing best practice, ensuring seamless continuity at every Key Stage; and
- Enable all children within the MAT to become lifelong learners fulfilling their Christian mission and moral purpose.

# **ST HILDA'S CATHOLIC ACADEMY TRUST COMPANY LIMITED BY GUARANTEE**

## **Trustees' Report (*continued*)**

### **Year Ended 31 August 2017**

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The Trust aims to do this by:

- Providing a happy, safe, caring and inclusive environment for all by placing gospel values at the heart of all we do;
- Embedding excellent practice across the Trust and beyond in order to raise standards so that every child is given the very best of life chances by attending a school that is good or better;
- Closing the gap between disadvantaged learners and their peers;
- Raising standards and aspirations through school to school challenge and support;
- Embracing the diversity of our schools and the wider community, collaborating whilst respecting the uniqueness of each individual school;
- Working closely together as a family of Catholic schools to provide outstanding education, particularly for schools who are at the earliest stage on their journey and more adversely impacted by change; and
- Strengthening school performance to improve pupil outcomes and ensure the preservation of Catholic Education in Middlesbrough.

In accordance with the Articles of Association the Trust has adopted a "Scheme of Delegation" which specifies, amongst other things, composition and appointment to Local Management Boards, functions delegated to Local Management Boards, admission procedures and the teaching of a broad and balanced curriculum.

Each academy has its own development plan and this, together with the Trust's Medium Term Financial Strategy, links into the Trust's overall Strategic Plan. The Trust is committed to developing Trust wide policies where appropriate and uses the Catholic Education Services' HR documentation.

The Trust's Head Teacher Group meets regularly to discuss ongoing operational and strategic matters that support the objectives in the Trust's Strategic Plan, with reports on academic performance and the financial position of the Trust being reported to the Trust's Board and sub-committees.

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

The Trust has clear strategic aims built on its mission and values. A three year corporate plan sets out the following objectives to ensure that as a Trust, the public, parents and stakeholders have confidence in our approach. The Trust aims to deliver the best in:

#### **Ethos and Mission**

Through our Catholic faith, promote the academic, spiritual, emotional and social growth of the individual child, to lead them into understanding and valuing their place in their family of schools. To develop as good citizens who have a deep understanding of social rights and responsibilities.

#### **Leadership and Governance**

To ensure that the Board of Trustees acts on behalf of its moral and legal owners in the best interests of the Trust, governing lawfully in accordance with its Articles of Association and having governance arrangements that demonstrate legitimate and visionary leadership, clarity of governing and managerial relationships, effective oversight, adequate support structures for sustainability and to achieve the greatest possible economies.

#### **School Improvement - Teaching & Learning**

To ensure that our academies provide the very best teaching in order to promote and provide high quality learning for our children and young people and that there is support in place for Teachers to achieve this and make a difference for our pupils.



# **ST HILDA'S CATHOLIC ACADEMY TRUST COMPANY LIMITED BY GUARANTEE**

## **Trustees' Report *(continued)***

**Year Ended 31 August 2017**

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### **Continued Professional Development**

To implement and develop a CPD programme for our academies with support from local Teaching Alliances to ensure that our staff have the right skills to further raise standards, deliver good teaching and learning and disseminate good practice to ensure the rapid improvement.

### **Quality Assurance**

To ensure that there is a rigorous and robust programme of quality assurance that helps to support teachers, build expertise and capacity and raise standards in our academies to deliver positive outcomes for pupils.

### **Integrated Support & Shared Services**

To ensure that the Trust has business arrangements which are efficient and effective and enables it to deliver on its commitments to ensure value for money across all of our operations. By delivering strong financial management practice, minimising and managing risk and a joint approach to shared services we aim to allow resources to be concentrated to the front line of our academies in direct support of teaching and learning.

The activities undertaken to achieve these objectives are all intended to provide the very highest quality of education in the public sector for students between the ages of 3 and 19.

### **Public Benefit**

The Trust's aims and achievements are set out within this report and have been undertaken to further the charitable purposes for the public benefit, including the provision of state funded education. The Trustees have complied with the duty under section 4 of the Charities Act 2011, to have due regard to the public benefit guidance published by the Charity Commission for England and Wales. The Trustees have considered this guidance in deciding what activities the Trust should undertake and consider its aims are demonstrably for the public benefit. Individual academies within the Trust contribute directly to their own community through initiatives such as the letting out of premises to community groups and working within their local parishes to develop community involvement in each academy and the church.

## **STRATEGIC REPORT**

### **Achievements and Performance**

The key achievements against the Trust's stated objectives during 2016/17 include:

- School performance is good or outstanding in nine of the Trust's eleven schools;
- A robust system of school improvement and school to school support has been delivered based on a framework of Trust wide data sharing on a termly basis, school reviews, the standardisation of school improvement summaries, and Head Teacher presentations to the Trust's Raising Achievement Committee;
- A wide ranging and focused CPD programme has been delivered across all academies including SLE targeted support, use of external SMEs, the roll out of a pastoral development programme and subject and phase networks;
- The Trust contributed positively to an external growth pilot review by the DfE and the Active Learning Trust;
- The Trust has continued to have a strong focus on governance and governor development including Trust wide development events and self-reviews of effectiveness by both LMBs and the Trust's Board;
- All schools have set balanced budgets and the Trust's second Medium Term Financial and Procurement Strategy has continued to build a culture of strong financial management and helped deliver savings to our academies; and
- The Trust's risk management framework has been embedded at both the operational and strategic levels.

# ST HILDA'S CATHOLIC ACADEMY TRUST COMPANY LIMITED BY GUARANTEE

## Trustees' Report *(continued)*

**Year Ended 31 August 2017**

### Key Performance Indicators

The tables overleaf highlight the key performance indicators for teaching and learning for each academy within the Trust and with a comparison to 2015/16 data:

### Key

EXS+ - Pupils working at the expected standard or above

GPS – Grammar, punctuation and spelling

RWM – Reading, writing and maths

Primary Academies	Current Ofsted Rating	Attendance (%)	KS2 READING EXS+ (%)	KS2 WRITING EXS+ (%)	KS2 GPS EXS+ (%)	KS2 MATHS EXS+ (%)	KS2 COMBINED RWM EXS+ (%)
Corpus Christi 2015/16	Good	95	44	59	41	48	33
Corpus Christi 2016/17	Good	96	76	60	52	64	52
Sacred Heart 2015/16	Good	96	48	63	58	73	33
Sacred Heart 2016/17	Good	95	41	68	65	65	35
St. Alphonsus' 2015/16	Good	95	63	67	75	67	46
St. Alphonsus' 2016/17	Good	94	81	81	88	88	77
St. Augustine's 2015/16	Good	97	93	83	87	97	77
St. Augustine's 2016/17	Good	96	79	83	90	86	69
St. Bernadette's 2015/16	Good	96	92	81	88	88	77
St. Bernadette's 2016/17	Good	97	83	83	79	79	72
St. Clare's 2015/16	Outstanding	97	97	84	84	81	73
St Clare's 2016/17	Outstanding	96	94	74	94	90	75
St. Edward's 2015/16	Outstanding	97	96	98	96	98	92
St. Edward's 2016/17	Outstanding	97	98	98	98	98	96
St. Gerard's 2015/16	Requires Improvement	95	44	63	75	69	25
St. Gerard's 2016/17	Requires Improvement	96	80	80	67	73	60
St. Joseph's 2015/16	Outstanding	96	66	68	83	88	61
St. Joseph's 2016/17	Outstanding	96	85	78	82	87	72
St. Thomas More 2015/16	Good	95	44	67	50	39	28
St. Thomas More 2016/17	Good	94	76	71	76	71	67

# ST HILDA'S CATHOLIC ACADEMY TRUST COMPANY LIMITED BY GUARANTEE

## Trustees' Report (continued)

Year Ended 31 August 2017

Trinity Catholic College (Measure)	Performance 2015/16	Performance 2016/17
Current OFSTED rating	Requires Improvement	Requires Improvement
Attendance (%)	92.3	92.1
Attainment	4.60	4.1 (New specification in 16/17)
Progress 8	-0.48	-0.43
Basics (%) Maths & English (4+)	49	56
Basics (%) Maths & English (5+)	49	32
A2 – Success Rate %	98	90
A2 – Higher Pass Rate %	32	31
A2 – A level Performance Scale	5	7

### Going Concern

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

### FINANCIAL REVIEW

The majority of the Trusts' income for the period of account is obtained from either the ESFA (Education and Skills Funding Agency) or Local Authorities as commissioners of pupil places, the use of which is restricted to particular purposes. The grants and funding received from these bodies for the period and the associated expenditure are shown as restricted funds in the statement of financial activities.

During the year ending 31 August 2017 total expenditure of £22,325,000 (excluding net inherited liabilities) was in excess of grant funding from the ESFA and commissioned place income from Local Authorities together with other incoming resources. The excess of expenditure over income for the period (excluding restricted fixed asset funds and before pension transfer) was £246,000. The actual outturn position reported in the management accounts for the period, excluding transfers between funds and depreciation, was a deficit of £317,000.

At 31 August 2017 the net book value of fixed assets was £2,486,000. The assets were used exclusively for providing education and associated support to the pupils in the academies within the Trust.

The Trust occupies land, including buildings, which are owned by its Members; the Diocese of Middlesbrough. The Members are the providers of the academies on the same basis as when they were maintained schools. The Trust therefore occupies the land and buildings under a licence. The continuing permission of the Members is pursuant to, and subject to, the Members' charitable objectives and is part of the Catholic Church's contribution since 1847 to provide state funded education in partnership with the state. The licence delegates aspects of the management of the land and buildings to the Trust, but does not vest any rights over the land in the Trust. The Members have given an undertaking to the Secretary of State for Education that they will not give the Trust less than two years notice to terminate the occupation of the land and buildings. Having therefore considered the basis of which the Trust is occupying the land and buildings the Trustees have concluded that the value of these land and buildings will not be recognised on the Trust's balance sheet.

# **ST HILDA'S CATHOLIC ACADEMY TRUST COMPANY LIMITED BY GUARANTEE**

## **Trustees' Report (continued)**

### **Year Ended 31 August 2017**

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Three of the primary academies within the Trust have loan balances owing to the Diocese of Middlesbrough. These liabilities were entered into prior to the incorporation of the Trust as local authority maintained schools and were for the purpose of capital investment in the condition of the assets. The total principal outstanding on these loans as at 31 August 2017 was £136,289. In addition Trinity Catholic College received a loan of £553,354.25 during 2015/16 to repay its deficit on conversion to an academy to the Local Authority. This loan being repaid over 3 years commencing in 2016/17 by means of an abatement to the Academy's recurrent EFA grant income.

Under accounting standard FRS102, it is necessary to charge projected deficits on the Local Government Pension Scheme, which is provided for support staff, to the restricted Fund. This resulted in the pension fund showing a deficit of £3,714,000 which has been carried forward to 2017/18. It should be noted that this does not present a liquidity problem for the Trust and that we are reviewing contributions to the pension scheme in order to see a reduction in the pension deficit in future periods.

#### **Reserves Policy**

The Trust holds both restricted and unrestricted funds which are detailed in the financial statements. Unrestricted funds are held:

- To provide funds which can be designated to specific areas to meet the wider charitable objectives of the Trust
- To cover ongoing costs in relation to the running of the Trust's academies

The level of reserves is reviewed by the Trustees regularly throughout the period and the minimum level of reserves for the ongoing needs of the academy is reviewed by Trustees on at least an annual basis and is set out in the Trust's Financial Reserves Policy. This review encompasses the nature of income and expenditure streams, the need to match income with spending commitments and the nature of the reserves held. In reviewing the sufficient level of reserves required the Trustees have revised the basis for the Trust's minimum level from one month's annual operating costs to a basis of each academy within the Trust maintaining reserves in a range of between 4% and 8.5% of annual GAG funding which for 2016/17 equated to a range of £696,000 to £1,479,000. This revised range is on the basis that the minimum level of 4% is sufficient to mitigate financial management risks such as a falling roll or capital investment requirements while the upper limit encompasses a prudent approach to managing cash flow risks. The overall minimum level on a Trust basis has therefore been set at the 8.5% of annual GAG funding of £1,479,000.

The Trust's current level of reserves are in surplus by £2,347,000 (comprising £1,269,000 of restricted reserves (excluding pension and fixed assets) and £1,078,000 of unrestricted reserves) and are therefore considered more than sufficient for the ongoing needs of the Trust. Each academy within the Trust who has a level of cumulative reserves greater than 8.5% of annual GAG funding has a clear medium term plan of how such reserves will be utilised in delivering the objectives of the Trust. These plans are predominantly for the use of reserves for capital investment purposes and in the supporting of revenue budgets over the next 3 financial years given the uncertainty of future government funding over this period and the introduction of the National Funding Formula.

The importance of reserves is recognised for the sustainability of the Trust's operations and its capacity to deal with unforeseen events. Ongoing reviews of the strategic risks that the Trust faces will help in informing the level of reserves required going forward.

# **ST HILDA'S CATHOLIC ACADEMY TRUST COMPANY LIMITED BY GUARANTEE**

## **Trustees' Report *(continued)***

**Year Ended 31 August 2017**

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### **Investment Policy**

The Trust has a Treasury Management and Investment Policy which allows for the investment of surplus funds in term deposits with the Trust's banker or with another UK institution regulated by the Financial Conduct Authority or the Prudential Regulation Authority. The Board reviewed this policy during 2016/17 taking a prudent view that investments would be placed only with the Trust's current banker and for a period of no longer than 12 months dependent on cash flow projections and likely levels of reserves. This has generated an additional income stream, while allowing the Trust to be mindful of both liquidity and counter party risks.

### **Principal Risks and Uncertainties**

The principal risks and uncertainties facing the Trust are recorded and monitored on an operational basis in each Academy's risk register which link into the Trust's overall strategic risk register which is overseen by the Trustees in line with the Trust's Risk Management Policy.

Principal financial risks are centred on changes in the level of funding from the ESFA, the need for significant capital investment in the Trust's estate and the continued membership of the Local Government Pension Scheme which results in the recognition of a significant deficit on the Trust's balance sheet. Trustees have implemented a number of controls to ensure financial risks are well managed including the provision of insurance cover where residual risks remain.

The principal non-financial risks that the Trust faces are focused around ensuring effective governance and leadership to drive up and maintain academic standards, managing attendance and behaviour of pupils and ensuring that safeguarding systems for the protection and well-being of the Trust's pupils are effective.

Trustees have implemented a number of systems to assess and manage risks particularly in operational areas and these include the use of external health and safety consultants, robust safeguarding policies and procedures and ongoing CPD and training for all employees.

In addition the Trust has fully implemented the requirements of the Safer Recruitment procedures and all relevant staff have received training in this area.

### **Plans for Future Periods**

Moving into 2017/18 the Trust has reviewed its Strategic Plan and priorities to ensure they remain relevant and purposeful. This is against the backdrop of a review of structures for multi-academy trusts within the Diocese of Middlesbrough. Current plans for 2017/18 include:

- Continue to promote excellent academic standards and share best practice in teaching and learning through the use of school led reviews, external support and teaching school expertise, including the appointment of an overall Trust standards lead to direct this work while providing effective challenge and support to our academies;
- Continue to deliver relevant and effective CPD and increase collaboration between schools and curriculum leads;
- Embed quality assurance procedures to allow the Trust to deliver strategic interventions at the point of need for our schools when this is required;
- Review options for strategic governance support to the Trust and deliver on actions in our first Governance Development Plan to ensure a consistent and co-ordinated approach in this important area;
- Ensure a successful mobilisation of our new catering services provider and deliver on other agreed areas within the Trust's Procurement Strategy to assist schools in both achieving savings and receiving high quality services;

# **ST HILDA'S CATHOLIC ACADEMY TRUST COMPANY LIMITED BY GUARANTEE**

## **Trustees' Report *(continued)***

### **Year Ended 31 August 2017**

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- Explore the possibilities of restructuring into a larger sized MAT within the next 12 – 18 months, as part of any review undertaken by the Diocese, although recognising that no definite plans for this have yet been agreed.

#### **Funds Held As Custodian On Behalf Of Others**

There are no funds held as Custodian Trustee on behalf of others.

#### **Disabled Employees**

On 27th February 2017, the Trust agreed its Equality Statement and Objectives in order to discharge its responsibilities under the Equality Act 2010 and to meet the Public Sector Equality Duty. This sets out our Trust's commitment to ban unfair treatment and achieve equal opportunities in the classroom, the workplace, in wider society, and to embed equality considerations in day to day practice.

The duty to have "due regard" to equality considerations means that whenever significant decisions are being made or policies developed, thought will be given to the equality implications. Our policy sets out that as an employer, "the Trust will not discriminate against a potential employee in respect of whether to offer a job or the terms on which a position is offered and must not discriminate against an existing employee in respect of the benefits, facilities and services offered to employees, including training opportunities, promotion or dismissal".

All our academies are required to prepare and publish specific and measurable objectives to demonstrate how the Trust's Equality Objectives are being met. This includes the objective to continue to address workforce-based equality issues by conforming to agreed Human Resource procedures on appointments, promotions and other employment issues, but always appointing the best.

#### **Employee Involvement**

During 2016/17, the Trust has engaged with its employees through a broad variety of mechanisms to ensure that they are fully aware and consulted on any matters affecting them. While the Trust does not have a formal recognition agreement in place with the respective trade unions, a framework for consultation and discussion has been established with a positive working relationship maintained during the year, which has included issues raised directly by our employees.

The Trust communicates key decisions immediately after each Board meeting via the Head Teacher and School Business Manager groups which allows for updates to staff via each academy's regular leadership team meetings. During 2017/18, the Trust will explore additional ways of communicating with its employees and look to establish a regular Trust-wide staff newsletter to provide an additional source of information on important issues and developments.

#### **Statement As To Disclosure Of Information To Auditor**

In so far as the trustees are aware:

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

**ST HILDA'S CATHOLIC ACADEMY TRUST  
COMPANY LIMITED BY GUARANTEE**

**Trustees' Report *(continued)***

**Year Ended 31 August 2017**

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**Auditor**

A resolution to re-appoint Tait Walker LLP as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 485 of the Companies Act 2006.

Trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 18<sup>th</sup> December 2017 and signed on the board's behalf by:



Canon John Loughlin  
Chair of the Board

# ST HILDA'S CATHOLIC ACADEMY TRUST COMPANY LIMITED BY GUARANTEE

## Governance Statement

Year Ended 31 August 2017

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### Scope of Responsibility

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

The Board of Trustees has delegated the day-to-day responsibility to the Head Teacher of Trinity Catholic College, as Accounting Officer, of ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between St. Hilda's Catholic Academy Trust and the Secretary of State for Education. They are also responsible for reporting any material weaknesses or breakdowns in internal control to the Board of Trustees.

### Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met six times during the period, although as one of these meetings related to appointments at the primary head teacher level, those respective staff directors affected by this were requested not to attend. Attendance during the period at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
Peter Coady	5	6
Carol Walker	5	5
Carolyn Baker	5	5
Elizabeth King	5	5
Mary Brown	3	5
Mary Cobbold	4	5
Terence Cane	6	6
John Loughlin (Chair)	5	6
Jane Wordsworth	2	6
Peter Hawkins	6	6
Maureen McCullagh (Vice Chair)	6	6
Noel Turnbull	6	6
Paul Benfield	6	6
Bernadette Marron	6	6
John Walton	6	6
Teresa Harrison	5	6
John Carrigan	1	5

Changes to the Trust's Board during 2016/17 comprised the resignation of Josephine Wilson on 1<sup>st</sup> September 2016 and the appointment of a new Director, John Carrigan, on 12<sup>th</sup> December 2016. In addition, one of the staff directors, Mary Cobbold, retired on 31<sup>st</sup> August 2017 and, as such, is no longer eligible to be a director in this capacity. This leaves 5 staff, 9 foundation and 2 other directors as we move into 2017/18. The Board will review the need to appoint any additional directors at its first formal meeting in 2017/18.



# **ST HILDA'S CATHOLIC ACADEMY TRUST COMPANY LIMITED BY GUARANTEE**

## **Governance Statement *(continued)***

### **Year Ended 31 August 2017**

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#### **Governance Review**

The Trust re-procured its Governor Support Services during 2015/16 with the new provider Avec-partnership commencing support on 1 January 2016. This partnership has continued throughout 2016/17 although with the cessation of strategic support from July 2016 as a result of staffing changes within Avec-partnership. This is an area that will be reviewed during the first term of 2017/18. Key areas and highlights for 2016/17 include:

- The Board and its sub-committees continue to function effectively with clear terms of reference and professional clerking support. Standard Terms of reference have also been agreed for Local Management Boards and any respective local sub-committees;
- A plan of agreed meeting dates is agreed in advance for the forthcoming year and considered by the Board in early October annually;
- The majority of the Trust's academies have undertaken governance self-assessment reviews of Local Management Boards, facilitated by one of the Trustees who is a National Leader for Governance with the National College for Teaching and Leadership;
- The Trust's Board also undertook its own self-assessment based upon the 21 questions for MAT Boards and facilitated by the governance lead from Avec-partnership. The outcomes from this review will be reported to the Trust's Board in October 2017 and an action plan agreed for any key developments that are required;
- Building on the work undertaken in 2015/16 a further number of trust wide policies have been agreed by the Board for application on a consistent basis across all of the Trust's academies. These are published on the Trust's website;
- A programme of induction workshops for new governors was delivered again during 2016/17;
- A number of Trust wide governor events were held during 2016/17 including specific sessions on OFSTED inspections preparedness, school improvement planning and updates from the Diocese on potential structural and governance reforms.

Actions arising from governor training and self-reviews have been taken into consideration in developing the Trust's first Governance Development Plan which will be recommended to the Board in October 2017 and monitored throughout the year.

The Finance and Resources Committee is one of the two sub-committees of the Board of Trustees and its purpose is to support the main board in ensuring strong financial and risk management systems operate across the Trust and also have oversight of health and safety issues. This committee also acts as the Trust's audit committee and its remit includes:

- Overseeing compliance with the Academies Financial Handbook;
- Reviewing and monitoring budgets and the Trust's Medium Term Financial Strategy;
- Consideration of bids for capital investment priorities;
- Reviewing the financial policies of the Trust;
- Overseeing the effective implementation of any audit recommendations;
- Reviewing insurance cover; and
- Ensuring the Trust achieve value for money and demonstrates regularity and propriety.

In its first accounting period the Finance and Resources Committee has met a number of times and monitored the financial position of the Trust, received assurance reports from the Trust's internal assurance provider, reviewed annual budgets and recommended these to the Board, overseen the awarding of any contracts with a value greater than £50,000 and reviewed the first iterations of the Trust's strategic risk register. The Director of Finance and Corporate Services attends all meetings and in addition Mr John Walton is a chartered accountant.

## ST HILDA'S CATHOLIC ACADEMY TRUST COMPANY LIMITED BY GUARANTEE

### Governance Statement *(continued)*

**Year Ended 31 August 2017**

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Trustee	Meetings attended	Out of a possible
Peter Coady	3	4
Elizabeth King	4	4
Mary Cobbold	3	4
Terence Cane	2	4
John Loughlin	4	4
Peter Hawkins (Chair)	4	4
John Walton	4	4

As referenced above, the Board undertook a self-review of its effectiveness during June 2017 based upon the 21 questions for MAT Boards and facilitated by the governance lead from Avec-partnership. The key outcomes were as follows:-

The Board were positive about the work undertaken to date in relation to the development of the Trust's governance arrangements but they were also realistic about the work required in a significant number of areas in order to further develop these arrangements, particularly in the area of standards;

A significant number of trustees identified the current uncertainty regarding the Diocesan plans for the reorganization of schools into enlarged multi-academy trusts as a barrier to progressing some of their areas for development, including determining the Trust's long term vision and strategy;

The only area where the majority of respondents identified that their governance arrangements were secure related to the Trust's financial capability and management systems and in other areas there is no consistent view of the impact of the Trust's governance arrangements;

Four specific areas were identified by nearly all trustees as requiring further development. These related to the clarity of the Trust's vision and strategic priorities, recruitment to the board and LMBs, the process to regularly review directors' engagement by the Chair of the Board of Trustees and to understanding how the Board as a whole supports the Chair in ensuring strong and effective leadership can be demonstrated;

Four out of thirteen Trustees were unsure of the trust's succession planning arrangements whilst five out of the thirteen were unsure about how the Trust was involved in effectively contributing to improving leadership beyond the trust's own academies;

Additional points raised included time committed to the development of the Trust to date has been significant, good practice is in place in a number of areas and this needs to be taken forward into any new trust structure and with the acknowledgement of need for a Chief Executive Officer in order to strengthen leadership and decision making.

# **ST HILDA'S CATHOLIC ACADEMY TRUST COMPANY LIMITED BY GUARANTEE**

## **Governance Statement *(continued)***

### **Year Ended 31 August 2017**

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Since this self-review, a number of key areas have been taken forward to address some of the areas requiring further development. This includes:-

- Proposals are being finalised for a Trust wide standards officer to support the Raising Achievement Committee. A data sharing calendar for monitoring standards on a consistent and standardised basis has been agreed and this has resulted in improvements to the functioning and effectiveness of this committee. In addition a Trust wide school improvement plan has been developed to further support this work and facilitate timely and relevant interventions by the Trust where outcomes are not satisfactory;
- The Trust's Strategic Plan has been refreshed and updated for 2017/18 and this is to be supported by a Governance Development Plan to help address some of the issues raised in the self-review, including a more formalised approach to continuing professional development for both new and existing directors and governors; and
- In addition to improvements made on monitoring performance data on academic standards the Trust's Finance & Resources committee receives quarterly budget monitoring reports with key variances to budget highlighted and also now receives financial benchmarking data across a number of key indicators for all 11 academies to allow comparisons on staffing costs and value for money to be evaluated. As a result of these developments in 2016/17 the Board is satisfied in respect of the quality of performance information that it receives on the basis that it allows timely interventions across both of these areas where required.

#### **Review of Value for Money**

As Accounting Officer, the Head Teacher of Trinity Catholic College has responsibility for ensuring that the Academy Trust delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The Accounting Officer considers how the Trust's use of its resources has provided good value for money during each academic period, and reports to the Board of Trustees where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the Trust has delivered improved value for money during the period by:

- Overseeing the implementation of the Trust's Procurement Strategy which has seen the awarding of a contract for a new catering provider from September 2017 which will result in a new modern food offer to the Trust's academies as well as delivering significant savings.
- Reviewing existing contracts for cleaning and reprographics in Trinity Catholic College to deliver savings mid-contract;
- Continuing to review the structure and capacity of the Trust's central team to ensure there is sufficient capacity to deliver services effectively to all 11 academies, that the top-slice taken from the academies to fund this represents value for money and evaluating the development of initial proposals to review and consolidate business support arrangements across the Trust;
- The development of a Trust wide approach and plan to ensure we are maximising benefit from the government's Apprentice Levy since April 2017;
- Ensuring continued membership of the North East Purchasing Organisation and the Crescent Purchasing Consortium for procurement advice and access to agreed frameworks for major areas of expenditure;
- Continuing with a bidding and prioritisation process for capital investment decisions where funded by Trust resources; and supporting this with the requirement for each academy to produce a 5 year Estate Management & Investment Plan, to be refreshed annually;
- Continuously reviewing and updating the Trust's Financial Regulations & Procedures and other major finance policies to embed strong financial management practice in all 11 academies.

# **ST HILDA'S CATHOLIC ACADEMY TRUST COMPANY LIMITED BY GUARANTEE**

## **Governance Statement (*continued*)**

**Year Ended 31 August 2017**

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### **The Purpose of the System of Internal Control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the Trust'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 in St. Hilda's Catholic Academy Trust for the period 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements.

### **Capacity to Handle Risk**

The Board of Trustees has reviewed the key risks to which the Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal on-going process for identifying, evaluating and managing its significant risks that have been in place for the period 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

### **The Risk and Control Framework**

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

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

The Board of Trustees has considered the need for a specific internal audit function and has decided to appoint Tait Walker, the Trust's external auditor, to undertake a programme of internal assurance checks on a termly basis, covering all eleven academies and the Trust's central team.

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

- testing of payroll systems;
- testing of purchase systems;
- testing of control account/ bank reconciliations;
- testing of expense claims;
- testing of gifts and hospitality;
- testing of income;
- testing of financial reporting procedures;
- testing of trustee and governor registers of business interests;
- testing of inventories and asset registers; and
- reviewing the VAT and corporation tax position of the Trust.

On a termly basis, Tait Walker report to the Board of Trustees, through the Finance and Resources Committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

## ST HILDA'S CATHOLIC ACADEMY TRUST COMPANY LIMITED BY GUARANTEE

### Governance Statement *(continued)*

#### Year Ended 31 August 2017

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Three termly visits were undertaken during 2016/17 and it was clear that the trust is making good progress in implementing policies and processes.

#### Review of Effectiveness

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

- the work of the internal assurance reviews undertaken by the Trust's external auditor
- the external audit of the Trust's financial statements for 2016/17; and
- the work of the Trust's Director of Finance and Corporate Services who has 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 members of the board of trustees on 18<sup>th</sup> December 2017 and signed on its behalf by:



Canon John Loughlin  
Chair of the Board



Peter Coady  
Accounting Officer

**ST HILDA'S CATHOLIC ACADEMY TRUST**  
**Company Limited by Guarantee**

**Statement of Regularity, Propriety and Compliance**

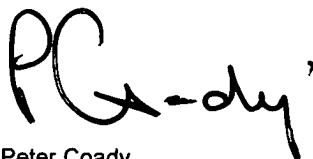
**Year Ended 31<sup>st</sup> August 2017**

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As accounting officer of St Hilda's Catholic Academy Trust I have considered my responsibility to notify the Academy Trust Board of Trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

I confirm that I and the Academy Trust Board of Trustees are able to identify any material irregular or improper use of all funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academies Financial Handbook 2017.

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



Peter Coady  
Accounting Officer  
18<sup>th</sup> December 2017

## **ST HILDA'S CATHOLIC ACADEMY TRUST**

### **Company Limited by Guarantee**

#### **Statement of Trustees' Responsibilities**

**Year Ended 31<sup>st</sup> August 2017**

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2016 and the Academies Accounts Direction 2016 to 2017;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the 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 Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

Approved by order of the members of the Board of Trustees on 18<sup>th</sup> December 2017 and signed on its behalf by:



Canon John Loughlin  
Chair of the Board

## **ST HILDA'S CATHOLIC ACADEMY TRUST**

### **Company Limited by Guarantee**

#### **Independent Auditor's Report on the Financial Statements to the Members of St Hilda's Catholic Academy Trust**

**Year Ended 31<sup>st</sup> August 2017**

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We have audited the financial statements of St Hilda's Catholic Academy Trust for the year ended 31<sup>st</sup> August 2017 which comprise The Statement of Financial Activity, Balance Sheet, Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the 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 body, for our audit work, for this report, or for the opinions we have formed.

In our opinion, the financial statements:

- give a true and fair view of the state of the Academy Trust's affairs as at 31 August 2017 and of the Academy Trust's surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

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

#### **Conclusions relating to going concern**

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

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



## **ST HILDA'S CATHOLIC ACADEMY TRUST**

### **Company Limited by Guarantee**

#### **Independent Auditor's Report on the Financial Statements to the Members of St Hilda's Catholic Academy Trust (continued)**

**Year Ended 31<sup>st</sup> August 2017**

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##### **Other information**

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

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

We have nothing to report in this regard.

##### **Opinions on other matters prescribed by the Companies Act 2006**

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

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

##### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Trustees' report.

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

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

##### **Responsibilities of directors**

As explained more fully in the Trustees' responsibilities statement set out on page 21 the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

## **ST HILDA'S CATHOLIC ACADEMY TRUST**

### **Company Limited by Guarantee**

#### **Independent Auditor's Report on the Financial Statements to the Members of St Hilda's Catholic Academy Trust *(continued)***

**Year Ended 31<sup>st</sup> August 2017**

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In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's or the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

**ST HILDA'S CATHOLIC ACADEMY TRUST**  
**Company Limited by Guarantee**

**Independent Auditor's Report on the Financial Statements to the Members of St Hilda's Catholic Academy Trust (*continued*)**

**Year Ended 31<sup>st</sup> August 2017**

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We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*Tait Walker LLP*

Brian Laidlaw BA CA (Senior Statutory Auditor)  
For and on behalf of  
Tait Walker LLP  
Chartered Accountants & Statutory Auditor  
Bulman House  
Regent Centre  
Gosforth  
Newcastle upon Tyne  
NE3 3LS

*20th December 2017*

## **ST HILDA'S CATHOLIC ACADEMY TRUST**

### **Company Limited by Guarantee**

#### **Independent Reporting Accountant's Assurance Report on Regularity to St Hilda's Catholic Academy Trust and the Education and Skills Funding Agency**

**Year Ended 31<sup>st</sup> August 2017**

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In accordance with the terms of our engagement letter dated 10 October 2016 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by St Hilda's Catholic Academy Trust during the period 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

#### **Respective Responsibilities of the St Hilda's Catholic Academy Trust Accounting Officer and the Reporting Accountant**

The accounting officer is responsible, under the requirements of St Hilda's Catholic Academy Trust's funding agreement with the Secretary of State for Education dated 6 October 2015 and the Academies Financial Handbook, extant from 1 September 2016, 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 2016 to 2017. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2016 to 31 August 2017 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 2016 to 2017 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

- Enquiry of senior management and directors of the Academy Trust;
- Inspection and review of the accounting records, meeting minutes, internal control procedures;
- Obtaining and reviewing management representations and declarations of interest; and
- Observation and re-performance of financial controls.

**ST HILDA'S CATHOLIC ACADEMY TRUST**  
**Company Limited by Guarantee**

**Independent Reporting Accountant's Assurance Report on Regularity to St  
Hilda's Catholic Multi Academy Trust and the Education and Skills Funding  
Agency (continued)**

**Year Ended 31<sup>st</sup> August 2017**

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**Conclusion**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2016 to 31 August 2017 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

*Tait Walker LLP*

Tait Walker LLP  
Chartered Accountants  
Bulman House  
Regent Centre  
Gosforth  
Newcastle upon Tyne  
NE3 3LS

*20th December 2017*

**ST HILDA'S CATHOLIC ACADEMY TRUST**  
**Company Limited By Guarantee**

**Statement of Financial Activities (Incorporating The Income And Expenditure Account)**

**Year Ended 31<sup>st</sup> August 2017**

		Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset	Total Funds 2017	Total Funds 2016
	Note	£000	£000	£000	£000	£000
<b>Incoming resources</b>						
Donations & capital grants	2	259	111	716	1,086	666
Charitable activities:						
Funding for the Academy Trust's educational operations	3	414	20,467	-	20,881	17,603
Teaching schools	4	-	191	-	191	132
Other trading activities	5	407	-	-	407	430
Investments	6	6	-	-	6	1
<b>Total incoming resources</b>		<b>1,086</b>	<b>20,769</b>	<b>716</b>	<b>22,571</b>	<b>18,832</b>
<b>Expenditure on:</b>						
Raising funds		(333)	-	-	(333)	(276)
Charitable activities:						
Academy Trust educational operations	7	(255)	(21,426)	(153)	(21,834)	(17,227)
Teaching schools		-	(158)	-	(158)	(113)
Other		-	-	-	-	(1,498)
<b>Total expenditure</b>		<b>(588)</b>	<b>(21,584)</b>	<b>(153)</b>	<b>(22,325)</b>	<b>(19,114)</b>
<b>Net income/(expenditure)</b>		<b>498</b>	<b>(815)</b>	<b>563</b>	<b>246</b>	<b>(282)</b>
<b>Transfers between funds</b>						
		-	(633)	633	-	-
<b>Other recognised gains/(losses):</b>						
Actuarial (losses)/gains on defined benefit pension schemes	26	-	4,977	-	4,977	(3,516)
<b>Net movement in funds</b>		<b>498</b>	<b>3,529</b>	<b>1,196</b>	<b>5,223</b>	<b>(3,798)</b>
<b>Reconciliation of funds</b>						
Total funds brought forward		580	(5,974)	1,596	(3,798)	-
<b>Total funds carried forward</b>	18	<b>1,078</b>	<b>(2,445)</b>	<b>2,792</b>	<b>1,425</b>	<b>(3,798)</b>

**ST HILDA'S CATHOLIC ACADEMY TRUST**  
**Company Limited By Guarantee**  
**Company Registration Number: 09811711**

**Balance Sheet**  
**As At 31<sup>st</sup> August 2017**

		2017		2016	
	Note	£000	£000	£000	£000
<b>Fixed Assets</b>					
Tangible fixed assets	13		2,486		1,590
<b>Current Assets</b>					
Investments	14	1,600		—	
Debtors	15	1,671		1,274	
Cash at bank		1,461		4,126	
		4,732		5,400	
<b>Creditors: amounts falling due within one year</b>	16	(1,775)		(2,422)	
<b>Net Current Assets/(Liabilities)</b>			2,957		2,978
<b>Total Assets Less Current Liabilities</b>			5,443		4,568
 Creditors: Amounts falling due after more than one year	17		(304)		(505)
<b>Net Assets Excluding Pension Liability</b>			5,139		4,063
Defined benefit pension scheme liability	26		(3,714)		(7,861)
<b>Total Net Assets</b>			1,425		(3,798)
<b>Funds Of The Academy Trust</b>					
<b>Restricted Funds</b>					
Fixed asset fund	18	2,792		1,596	
Restricted Income fund	18	1,269		1,887	
Pension reserve	18	(3,714)		(7,861)	
<b>Total Restricted Funds</b>			347		(4,378)
Unrestricted income funds	18		1,078		580
<b>Total Funds</b>			1,425		(3,798)

The financial statements on pages 28 to 30 were approved by the Trustees and authorised for issue on 18<sup>th</sup> December 2017 and are signed on their behalf by:



Canon John Laughlin  
Chair of the Board

**ST HILDA'S CATHOLIC ACADEMY TRUST**  
**Company Limited By Guarantee**

**Cash Flow Statement**

**Year Ended 31<sup>st</sup> August 2017**

		<b>2017</b>	<b>2016</b>
	<b>Note</b>	<b>£000</b>	<b>£000</b>
<b>Cash Flows From Operating Activities</b>			
Net cash provided by (used in) operating activities	21	(519)	2,175
<b>Cash Transferred on Conversion</b>		<b>-</b>	<b>1,976</b>
<b>Cash Flows From Financing Activities</b>	22	(213)	(32)
<b>Cash Flows From Investing Activities</b>	23	(333)	7
Cash transferred to long term deposits		(1,600)	—
<b>Change In Cash And Cash Equivalents In The Reporting Period</b>		<b>(2,665)</b>	<b>4,126</b>
<b>Cash And Cash Equivalents At 1 September</b>	24	<b>4,126</b>	<b>—</b>
<b>Cash And Cash Equivalents At 31 August</b>	24	<b>1,461</b>	<b>4,126</b>



# **ST HILDA'S CATHOLIC ACADEMY TRUST**

## **Company Limited By Guarantee**

### **Notes to the Financial Statements**

**Year Ended 31<sup>st</sup> August 2017**

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#### **1. Accounting Policies**

##### **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 Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

##### **Going concern**

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

##### **Incoming resources**

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

##### **Grants receivable**

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

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

# **ST HILDA'S CATHOLIC ACADEMY TRUST**

## **Company Limited By Guarantee**

### **Notes to the Financial Statements *(continued)***

**Year Ended 31<sup>st</sup> August 2017**

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#### **1. Accounting Policies *(continued)***

##### **Sponsorship Income**

Sponsorship income provided to the Academy Trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

##### **Donations**

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

##### **Other income**

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

##### **Donated goods, facilities and services**

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

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

##### **Investment income**

Interest receivable is included in the statement of financial activities on an accruals basis.

# ST HILDA'S CATHOLIC ACADEMY TRUST

## Company Limited By Guarantee

### Notes to the Financial Statements *(continued)*

Year Ended 31<sup>st</sup> August 2017

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#### 1. Accounting Policies *(continued)*

##### **Expenditure**

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

All resources expended are inclusive of irrecoverable VAT.

##### **Expenditure on raising funds**

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

##### **Charitable activities**

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

##### **Tangible Fixed Assets**

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

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

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

Computer Equipment	-	3 years straight line
Fixtures & Equipment	-	7 years straight line
Leasehold Land & Buildings	-	50 years straight line

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

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities.

# **ST HILDA'S CATHOLIC ACADEMY TRUST**

## **Company Limited By Guarantee**

### **Notes to the Financial Statements *(continued)***

**Year Ended 31<sup>st</sup> August 2017**

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#### **1. Accounting Policies *(continued)***

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

#### **Liabilities**

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

#### **Provisions**

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

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

#### **Leased Assets**

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

#### **Financial Instruments**

The Academy Trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the Academy Trust and their measurement basis are as follows:

*Financial assets* – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in notes 14 and 15. Prepayments are not financial instruments. Amounts due to the charity's wholly owned subsidiary are held at face value less any impairment.

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

# ST HILDA'S CATHOLIC ACADEMY TRUST

## Company Limited By Guarantee

### Notes to the Financial Statements *(continued)*

Year Ended 31<sup>st</sup> August 2017

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#### 1. Accounting Policies *(continued)*

*Financial liabilities* – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 16 and 17. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to charity's wholly owned subsidiary are held at face value less any impairment.

#### **Stock**

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

#### **Taxation**

The Academy Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Accordingly, the Academy Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by part 11, chapter 3 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.

#### **Pension Benefits**

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 26, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the Academy Trust in separate Trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of 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.

# **ST HILDA'S CATHOLIC ACADEMY TRUST**

## **Company Limited By Guarantee**

### **Notes to the Financial Statements *(continued)***

**Year Ended 31<sup>st</sup> August 2017**

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#### **1. Accounting Policies *(continued)***

##### **Fund Accounting**

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

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

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

##### **Critical accounting estimates and areas of judgement**

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

##### *Critical accounting estimates and assumptions*

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

##### **Local Government Pension Scheme**

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 26, will impact the carrying amount of the pensions liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. 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.

##### **Depreciation**

The company has made an estimate of the useful lives of the tangible fixed assets. The estimation requires the company to consider how long the asset is likely to be useful and charge the cost of the tangible fixed asset over its life to the Statement of Financial Activities. The charge for the current year was £153,000 (2016 - £110,000).

##### *Critical areas of judgement*

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

**ST HILDA'S CATHOLIC ACADEMY TRUST**  
**Company Limited By Guarantee**

**Notes to the Financial Statements (continued)**

**Year Ended 31<sup>st</sup> August 2017**

**2. Donations and Capital Grants**

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Funds	Total Funds 2017	Total Funds 2016
	£000	£000	£000	£000	£000
Capital grants	–	–	716	716	373
Other donations	259	111	–	370	293
	<u>259</u>	<u>111</u>	<u>716</u>	<u>1,086</u>	<u>666</u>
Total 2016	<u>285</u>	<u>8</u>	<u>373</u>	<u>666</u>	

**3. Funding for The Academy Trust's Educational Operations**

	Unrestricted Funds	Restricted Funds	Total Funds 2017	Total Funds 2016
	£000	£000	£000	£000
<b>DfE/EFA grants</b>				
General Annual Grant (GAG)	–	17,328	17,328	14,862
Start Up Grants	–	–	–	74
Other DfE/EFA grants	–	189	189	347
	<u>–</u>	<u>17,517</u>	<u>17,517</u>	<u>15,283</u>
<b>Other Government grants</b>				
Local authority grants	–	2,939	2,939	1,292
	<u>–</u>	<u>2,939</u>	<u>2,939</u>	<u>1,292</u>
Other income from the Academy Trust's educational operations	414	11	425	1,028
	<u>414</u>	<u>20,467</u>	<u>20,881</u>	<u>17,603</u>
Total 2016	<u>316</u>	<u>17,287</u>	<u>17,603</u>	

**ST HILDA'S CATHOLIC ACADEMY TRUST**  
**Company Limited By Guarantee**

**Notes to the Financial Statements (continued)**

**Year Ended 31<sup>st</sup> August 2017**

**4. Teaching School Income**

	Unrestricted Funds	Restricted Funds	Total Funds 2017	Total Funds 2016
	£000	£000	£000	£000
Teaching School Income	<u>-</u>	<u>191</u>	<u>191</u>	<u>132</u>
Total 2016	<u>-</u>	<u>132</u>	<u>132</u>	

**5. Other Trading Activities**

	Unrestricted Funds	Restricted Funds	Total Funds 2017	Total Funds 2016
	£000	£000	£000	£000
Hire of facilities	20	-	20	13
Home to school transport	77	-	77	42
School uniform	25	-	25	26
Extended school & extra-curricular	92	-	92	94
Other Income	<u>193</u>	<u>-</u>	<u>193</u>	<u>255</u>
	<u>407</u>	<u>-</u>	<u>407</u>	<u>430</u>
Total 2016	<u>410</u>	<u>20</u>	<u>430</u>	

**6. Investment Income**

	Unrestricted Funds	Restricted Funds	Total Funds 2017	Total Funds 2016
	£000	£000	£000	£000
Short term deposits	<u>6</u>	<u>-</u>	<u>6</u>	<u>1</u>
	<u>6</u>	<u>-</u>	<u>6</u>	<u>1</u>
Total 2016	<u>1</u>	<u>-</u>	<u>1</u>	



**ST HILDA'S CATHOLIC ACADEMY TRUST**  
**Company Limited By Guarantee**

**Notes to the Financial Statements (continued)**

**Year Ended 31<sup>st</sup> August 2017**

**7. Expenditure**

	Staff Costs	Premises	Non Pay Expenditure Other	Total 2017	Total 2016
	£000	£000	£000	£000	£000
Expenditure on raising funds	70	—	263	333	276
Academy's educational operations:					
- Direct costs	13,827	—	1,366	15,193	11,958
- Allocated support costs	2,134	1,965	2,542	6,641	5,269
Teaching School	158	—	—	158	113
	<u>16,189</u>	<u>1,965</u>	<u>4,171</u>	<u>22,325</u>	<u>17,616</u>
Total 2016	<u>13,105</u>	<u>1,287</u>	<u>3,224</u>	<u>17,616</u>	

Net income/(expenditure) for the period includes:

	2017	2016
	£000	£000
Operating lease rentals	184	80
Depreciation	153	110
Fees payable to auditor for:		
- audit	11	11
- other services	<u>11</u>	<u>11</u>

**ST HILDA'S CATHOLIC ACADEMY TRUST**  
**Company Limited By Guarantee**

**Notes to the Financial Statements (continued)**

**Year Ended 31<sup>st</sup> August 2017**

**8. Charitable Activities**

	<b>Total 2017</b>	<b>Total 2016</b>
	<b>£000</b>	<b>£000</b>
Direct costs	<b>15,351</b>	11,958
Support costs	<b>6,641</b>	<u>5,269</u>
	<b><u>21,992</u></b>	<b><u>17,227</u></b>

**Analysis of support costs**

	<b>Total 2017</b>	<b>Total 2016</b>
	<b>£000</b>	<b>£000</b>
Support staff costs	<b>2,134</b>	1,913
Depreciation	<b>153</b>	110
Technology costs	<b>201</b>	251
Premises costs	<b>1,812</b>	1,287
Other support costs	<b>2,269</b>	1,561
Governance costs	<b>72</b>	<u>147</u>
	<b><u>6,641</u></b>	<b><u>5,269</u></b>

**9. Staff Costs**

**a. Staff costs**

Staff costs during the period were:

	<b>Total 2017</b>	<b>Total 2016</b>
	<b>£000</b>	<b>£000</b>
Wages and salaries	<b>11,981</b>	10,279
Social security costs	<b>1,101</b>	844
Operating costs of defined benefit pension schemes	<b>2,531</b>	1,740
Apprenticeship levy	<b>19</b>	—
	<b><u>15,632</u></b>	<b><u>12,863</u></b>
Supply staff costs	<b>349</b>	185
Staff restructuring costs	<b>50</b>	<u>57</u>
	<b><u>16,031</u></b>	<b><u>13,105</u></b>
Staff restructuring costs comprise:		
Severance payments	<b>50</b>	<u>57</u>
	<b><u>50</u></b>	<b><u>57</u></b>

# ST HILDA'S CATHOLIC ACADEMY TRUST

## Company Limited By Guarantee

### Notes to the Financial Statements *(continued)*

Year Ended 31<sup>st</sup> August 2017

#### 9. Staff Costs *(continued)*

##### b. Non statutory/non contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £50,000 (2016: £57,000). Individually, the payments were: £14,000, £10,000, £8,000, £1,000, £1,000, £1,000 and £15,000

##### c. Staff numbers

The average number of persons employed by the Academy during the period was as follows:

	Total 2017	Total 2016
	No.	No.
Teachers	366	363
Administration and support	207	220
Management	12	12
	<u>585</u>	<u>595</u>

##### d. Higher paid staff

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

	Total 2017	Total 2016
	No.	No.
£60,001 - £70,000	6	2
£70,001 - £80,000	2	—
£80,001 - £90,000	—	1
£90,001 - £100,000	1	—
	<u>1</u>	<u>—</u>

##### e. Key management personnel

The key management personnel of the Academy Trust comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £756,302 (2016: £618,200).

# **ST HILDA'S CATHOLIC ACADEMY TRUST**

## **Company Limited By Guarantee**

### **Notes to the Financial Statements *(continued)***

**Year Ended 31<sup>st</sup> August 2017**

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#### **10. Related Party Transactions – Trustees' Remuneration and Expenses**

One or more Trustees have been paid remuneration or have received other benefits from an employment with the Academy Trust. The principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment.

The value of Trustees' remuneration and other benefits was as follows:

Carolyn Baker (Headteacher)

Remuneration band £65,000 - £70,000 (2016: £50,000 - £55,000)

Employers pension contributions paid £10,000 - £15,000 (2016: £5,000 - £10,000)

Mary Brown (Headteacher)

Remuneration band £10,000 - £15,000 (2016: £60,000 - £65,000)

Employers pension contributions paid £nil - £5,000 (2016: £5,000 - £10,000)

Peter Coady (Headteacher)

Remuneration band £95,000 - £100,000 (2016: £80,000 - £85,000)

Employers pension contributions paid £15,000 - £20,000 (2016: £10,000 - £15,000)

Mary Cobbold (Headteacher)

Remuneration band £35,000 - £40,000 (2016: £35,000 - £40,000)

Employers pension contributions paid £0,000 - £5,000 (2016: £nil - £5,000)

Elizabeth King (Headteacher)

Remuneration band £55,000 - £60,000 (2016: £45,000 - £50,000)

Employers pension contributions paid £5,000 - £10,000 (2016: £5,000 - £10,000)

Carol Walker (Headteacher)

Remuneration band £70,000 - £75,000 (2016: £55,000 - £60,000)

Employers pension contributions paid £10,000 - £15,000 (2016: £5,000 - £10,000)

During the period ended 31 August 2017, £975 was reimbursed to 5 Trustees (2016: £nil to 0 Trustees).

Other related party transactions involving the Trustees are set out in note 27.

#### **11. Trustees' and Officers' Insurance**

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

# **ST HILDA'S CATHOLIC ACADEMY TRUST**

## **Company Limited By Guarantee**

### **Notes to the Financial Statements *(continued)***

**Year Ended 31<sup>st</sup> August 2017**

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#### **12. Central Services**

The Academy Trust has provided the following central services to its Academies during the year:

- Human Resources;
- Financial Services;
- Governance Services;
- Education and Support Services; and
- Technology Support Services.

The Trust charges for these services in proportion to the number of pupils available within each school.

The actual amounts charged during the year were as follows:

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Corpus Christi Primary School	<b>52</b>	<b>43</b>
Sacred Heart Primary School	<b>57</b>	<b>47</b>
St Alphonsus' Roman Catholic Primary School	<b>40</b>	<b>30</b>
St Augustine's Roman Catholic Primary School	<b>39</b>	<b>32</b>
St Bernadette's Primary School	<b>35</b>	<b>29</b>
St Clare's Roman Catholic Primary School	<b>39</b>	<b>32</b>
St Edward's Primary School	<b>72</b>	<b>63</b>
St Gerard's Primary School	<b>36</b>	<b>30</b>
St Joseph's Roman Catholic Primary School	<b>47</b>	<b>39</b>
St Thomas More Primary School	<b>38</b>	<b>31</b>
Trinity Catholic College and Sixth Form	<b>227</b>	<b>196</b>
	<b><u>682</u></b>	<b><u>572</u></b>

**ST HILDA'S CATHOLIC ACADEMY TRUST**  
**Company Limited By Guarantee**

**Notes to the Financial Statements (continued)**

**Year Ended 31<sup>st</sup> August 2017**

**13. Tangible Fixed Assets Academy Trust**

	Leasehold Land and Buildings	Furniture and Equipment	Computer Hardware	Total
	£000	£000	£000	£000
At 1 Sep 2016	1,223	235	242	1,700
Additions	920	76	53	1,049
Disposals	—	—	—	—
<b>At 31 Aug 2017</b>	<b><u>2,143</u></b>	<b><u>311</u></b>	<b><u>295</u></b>	<b><u>2,749</u></b>
At 1 Sep 2016	—	24	86	110
Charged in the year	15	36	102	153
Disposals	—	—	—	—
<b>At 31 Aug 2017</b>	<b><u>15</u></b>	<b><u>60</u></b>	<b><u>188</u></b>	<b><u>263</u></b>
<b>NET BOOK VALUES</b>				
<b>At 31 Aug 2017</b>	<b><u>2,128</u></b>	<b><u>251</u></b>	<b><u>107</u></b>	<b><u>2,486</u></b>
At 31 Aug 2016	<u>1,223</u>	<u>211</u>	<u>156</u>	<u>1,590</u>

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

**14. Current Asset Investments**

	2017	2016
	£000	£000
Fixed term deposits	<u>1,600</u>	<u>—</u>

**ST HILDA'S CATHOLIC ACADEMY TRUST**  
**Company Limited By Guarantee**

**Notes to the Financial Statements (continued)**

**Year Ended 31<sup>st</sup> August 2017**

**15. Debtors**

	2017	2016
	£000	£000
Trade debtors	140	71
VAT recoverable	1,000	588
Prepayments and accrued income	531	615
	<u>1,671</u>	<u>1,274</u>

**16. Creditors: Amounts Falling Due Within One Year**

	2017	2016
	£000	£000
Trade creditors	446	420
Other taxation and social security	283	576
ESFA creditor: abatement of GAG	184	184
Other creditors	253	515
Accruals and deferred income	609	727
	<u>1,775</u>	<u>2,422</u>

**Deferred Income**

	2017	2016
	£000	£000
At 1 Sep 2016	242	—
Released from previous years	(242)	—
Resources deferred in the year	<u>284</u>	<u>242</u>
At 31 Aug 2017	<u>284</u>	<u>242</u>

At the balance sheet date the Trust was holding funds received in advance in respect of Local Authority Top Up fees and Universal Infant Free School Meals income.

**17. Creditors: Amounts Falling Due In Greater Than One Year**

	2017	2016
	£000	£000
EFA creditor: abatement of GAG	184	369
Other creditors	120	136
	<u>304</u>	<u>505</u>

**ST HILDA'S CATHOLIC ACADEMY TRUST**  
**Company Limited By Guarantee**

**Notes to the Financial Statements (continued)**

**Year Ended 31<sup>st</sup> August 2017**

**18. Funds**

	At 1 Sep 2016	Income	Expenses	Gains, losses and transfers	At 31 Aug 2017
	£000	£000	£000	£000	£000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	1,887	17,328	(17,347)	(652)	<b>1,216</b>
Pupil Premium	–	1,503	(1,503)	–	–
Other Grants	–	1,746	(1,746)	–	–
Teaching Schools	–	192	(158)	19	<b>53</b>
Pension reserve	(7,861)	–	(830)	4,977	<b>(3,714)</b>
	<u>(5,974)</u>	<u>20,769</u>	<u>(21,584)</u>	<u>4,344</u>	<u><b>(2,445)</b></u>
<b>Restricted fixed asset funds</b>					
Transfer on conversion	1,230	–	(103)	–	<b>1,127</b>
DfE/ESFA capital grants	366	716	(50)	633	<b>1,665</b>
	<u>1,596</u>	<u>716</u>	<u>(153)</u>	<u>633</u>	<u><b>2,792</b></u>
<b>Total restricted funds</b>	<u>(4,378)</u>	<u>21,485</u>	<u>(21,737)</u>	<u>4,977</u>	<u><b>347</b></u>
<b>Total unrestricted funds</b>	<u>580</u>	<u>1,086</u>	<u>(588)</u>	<u>–</u>	<u><b>1,078</b></u>
<b>Total funds</b>	<u>(3,798)</u>	<u>22,571</u>	<u>(22,325)</u>	<u>4,977</u>	<u><b>1,425</b></u>

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

The General Annual Grant (GAG) must be used for the normal running costs of the Trust. Under the funding agreement with the Secretary of State, the Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2017.

Other DfE/ESFA grants, Local Authority grants and other income include Pupil Premium, insurance refund, PE grant, sponsorship grants, staff development grant and year 7 catch up grant.

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

The transfer from the Local Authority reflects the fixed assets, the pension deficit, the surplus GAG and any surplus school funds acquired on conversion

The restricted funds are in deficit as a result of the deficit on the LGPS pension scheme alone.

Unrestricted funds can be used for any purpose at the discretion of the Academy.



**ST HILDA'S CATHOLIC ACADEMY TRUST**  
**Company Limited By Guarantee**

**Notes to the Financial Statements *(continued)***

**Year Ended 31<sup>st</sup> August 2017**

**18. Funds *(continued)***

**Funds by Academy**

Fund balances at the year-end were allocated as follows:

	2017	2016
	£000	£000
Central Services	220	166
Corpus Christi Primary School	182	325
Sacred Heart Primary School	128	167
St Alphonsus' Roman Catholic Primary School	279	386
St Augustine's Roman Catholic Primary School	396	388
St Bernadette's Primary School	156	143
St Clare's Roman Catholic Primary School	(18)	(75)
St Edward's Primary School	319	302
St Gerard's Primary School	33	46
St Joseph's Roman Catholic Primary School	230	319
St Thomas More Primary School	75	128
Trinity Catholic College and Sixth Form	347	172
Total before fixed assets and pension reserve	2,347	2,467
Restricted fixed asset fund	2,792	1,596
Pension reserve	(3,714)	(7,861)
Total	<u>1,425</u>	<u>(3,798)</u>

**ST HILDA'S CATHOLIC ACADEMY TRUST**  
**Company Limited By Guarantee**

**Notes to the Financial Statements (continued)**

**Year Ended 31<sup>st</sup> August 2017**

**18. Funds (continued)**

**Analysis of Academies by cost**

Expenditure incurred by each Academy during the year was as follows:

	Teaching and Education Support Staff Costs	Other Support Staff Costs	Education Supplies	Other Costs (Excl. depreciation)	2017
	£000	£000	£000	£000	£000
Central Services	–	184	–	513	697
Corpus Christi Primary School	848	153	43	314	1,358
Sacred Heart Primary School	1,134	133	39	249	1,555
St Alphonsus' Roman Catholic Primary School	687	157	47	279	1,170
St Augustine's Roman Catholic Primary School	695	48	27	277	1,047
St Bernadette's Primary School	615	127	22	256	1,020
St Clare's Roman Catholic Primary School	617	83	37	404	1,141
St Edward's Primary School	1,061	174	65	365	1,665
St Gerard's Primary School	618	99	26	234	977
St Joseph's Roman Catholic Primary School	1,042	171	43	314	1,570
St Thomas More Primary School	612	108	24	228	972
Trinity Catholic College and Sixth Form	5,894	919	258	1,929	9,000
	<u>13,823</u>	<u>2,356</u>	<u>631</u>	<u>5,362</u>	<u>22,172</u>

**ST HILDA'S CATHOLIC ACADEMY TRUST**  
**Company Limited By Guarantee**

**Notes to the Financial Statements (continued)**

**Year Ended 31<sup>st</sup> August 2017**

**18. Funds (continued)**

	Teaching and Education Support Staff Costs	Other Support Staff Costs	Education Supplies	Other Costs (Excl. depreciation)	2016
	£000	£000	£000	£000	£000
Central Services	4	93	—	374	471
Corpus Christi Primary School	734	97	16	258	1,105
Sacred Heart Primary School	944	83	26	237	1,290
St Alphonsus' Roman Catholic Primary School	513	91	13	178	795
St Augustine's Roman Catholic Primary School	538	32	17	208	795
St Bernadette's Primary School	519	67	8	186	780
St Clare's Roman Catholic Primary School	500	54	20	304	878
St Edward's Primary School	887	129	22	274	1,312
St Gerard's Primary School	521	80	20	151	772
St Joseph's Roman Catholic Primary School	831	109	16	263	1,219
St Thomas More Primary School	469	67	8	170	714
Trinity Catholic College and Sixth Form	4,611	1,132	48	1,584	7,375
	<u>11,071</u>	<u>2,034</u>	<u>214</u>	<u>4,187</u>	<u>17,506</u>

**ST HILDA'S CATHOLIC ACADEMY TRUST**  
**Company Limited By Guarantee**

**Notes to the Financial Statements (continued)**

**Year Ended 31<sup>st</sup> August 2017**

**19. Analysis of Net Assets between Funds**

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total Funds
	£000	£000	£000	£000
Tangible fixed assets	-	-	2,486	2,486
Current assets	2,853	1,573	306	4,732
Current liabilities	(1,775)	-	-	(1,775)
Non-current liabilities	-	(304)	-	(304)
Pension scheme liability	-	(3,714)	-	(3,714)
Total net assets	<u>1,078</u>	<u>(2,445)</u>	<u>2,792</u>	<u>1,425</u>

**20. Operating Lease Commitments**

As at 31 August 2017, the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2017	2016
	£000	£000
Amounts due within one year	35	49
Amounts due between one and five years	40	59
	<u>75</u>	<u>108</u>

**21. Reconciliation of Net Income/(Expenditure) To Net Cash Flow from Operating Activities**

	2017	2016
	£000	£000
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	246	(282)
Adjusted for:		
Depreciation (note 13)	153	110
Capital grants from DfE and other capital income	(716)	(373)
Assets transferred from the Local Authority	-	(1,333)
Cash transferred from the Local Authority	-	(1,976)
Interest receivable (note 6)	(6)	(1)
Defined benefit pension scheme obligation inherited	-	4,049
Defined benefit pension scheme cost less contributions payable (note 26)	678	174
Defined benefit pension scheme finance cost (note 26)	152	122
(Increase)/decrease in debtors	(397)	(1,275)
Increase/(decrease) in creditors	(629)	2,960
Net cash provided by/(used in) Operating Activities	<u>(519)</u>	<u>2,175</u>

**ST HILDA'S CATHOLIC ACADEMY TRUST**  
**Company Limited By Guarantee**

**Notes to the Financial Statements (continued)**

**Year Ended 31<sup>st</sup> August 2017**

**22. Cash Flows from Financing Activities**

	2017	2016
	£000	£000
Repayments of borrowing	(219)	(33)
Interest income	6	1
<b>Net cash provided by/(used in) financing activities</b>	<b><u>213</u></b>	<b><u>(32)</u></b>

**23. Cash Flows from Investing Activities**

	2017	2016
	£000	£000
Purchase of tangible fixed assets	(1,049)	(366)
Capital grants from DfE/ESFA	716	373
<b>Net cash provided by/(used in) investing activities</b>	<b><u>(333)</u></b>	<b><u>7</u></b>

**24. Analysis of Cash and Cash Equivalents**

	2017	2016
	£000	£000
Cash in hand and at bank	1,461	4,126
<b>Total cash and cash equivalents</b>	<b><u>1,461</u></b>	<b><u>4,126</u></b>

**25. Members Liabilities**

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

**26. Pension and Similar Obligations**

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

Contributions amounting to £238,596 (2016: £480,637) were payable to the schemes at 31 August 2017 and are included within creditors.

# **ST HILDA'S CATHOLIC ACADEMY TRUST**

## **Company Limited By Guarantee**

### **Notes to the Financial Statements *(continued)***

**Year Ended 31<sup>st</sup> August 2017**

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#### **26. Pension and Similar Obligations *(continued)***

##### **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. These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers in Academies and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

###### **The teachers' pension budgeting and valuation account**

Although Members may be employed by various bodies, their retirement and other pension benefits are set out in regulations under the Superannuation Act (1972) and Public Service Pensions Act (2013) and are paid by public funds provided by Parliament. 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 under arrangements governed by the above Act.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Accounts is invested in notional investments that produce that real rate of return.

###### **Valuation of the Teachers' Pension Scheme**

The latest actuarial review 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 on 9 June 2014. The key results of the valuation are:

- employer contribution rates were set at 16.4% of pensionable pay; in line with current regulations, not including the additional 0.08% employers pay for the cost of Scheme administration;
- total scheme liabilities for services to the effective date of £191.5 billion, and notional assets of £176.6 billion, giving a notional past service deficit of £15.0 billion;
- an employer cost cap of 10.9% of pensionable pay;
- Actuarial assessments are undertaken in intervening years between formal valuations for financial reporting purposes, using updated membership data.

The new employer contribution rate and administration levy for the TPS were implemented in September 2015.

# **ST HILDA'S CATHOLIC ACADEMY TRUST**

## **Company Limited By Guarantee**

### **Notes to the Financial Statements *(continued)***

**Year Ended 31<sup>st</sup> August 2017**

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#### **26. Pension and Similar Obligations *(continued)***

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website at the following location:

<https://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx>

#### **Scheme Changes**

Lord Hutton, who chaired the Independent Public Services Pensions Commission, published his final report in March 2011 and made recommendations about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation and Ministers engaged in extensive discussions with trade unions and other representative bodies on the reform of the TPS. Those discussions concluded on 9 March 2012, and the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57<sup>th</sup>; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Importantly, pension benefits built up before 1 April 2015 will be fully protected.

In addition, the Proposed Final Agreement includes a Government commitment that those with 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall up to three and a half years outside of the 10 year protection.

In his interim report of October 2010, Lord Hutton recommended that short-term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the Spending Review 2010 the Government announced an average increase of 3.2 percentage points on the contribution rates by 2014-15. The increases have been phased in since April 2012.

The arrangements for a reformed Teachers' Pension Scheme, in line with the remainder of the recommendations made by Lord Hutton, have now been implemented. The Career Average Revalued Earnings (CARE) scheme was implemented from 1 April 2015, whereby benefits will accrue on a career average basis and there is a normal pension age aligned to the state pension age.

# ST HILDAS CATHOLIC ACADEMY TRUST

## Company Limited By Guarantee

### Notes to the Financial Statements (*continued*)

#### Year Ended 31<sup>st</sup> August 2017

#### 26. Pension and Similar Obligations (*continued*)

##### Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate Trustee-administered funds.

The total contribution made for the year ended 31 August 2017 was £706,000 (2016: £502,000), of which employer's contributions totalled £507,000 (2016: £366,000) and employees' contributions totalled £199,000 (2016: £136,000). The agreed contribution rates for future years are XX per cent for employers and 5.5 to 12.5 per cent for employees.

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

##### Principal actuarial assumptions

	At 31 August 2017	At 31 August 2016
Rate of increase in salaries	3.00%	3.40%
Rate of increase for pensions in payment/inflation	2.00%	1.90%
Discount rate for scheme liabilities	2.50%	2.00%
Inflation assumption (CPI)	2.00%	1.90%

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 2017	At 31 August 2016
<i>Retiring today</i>		
Males	22.80	23.10
Females	24.90	25.60
<i>Retiring in 20 years</i>		
Males	25.00	25.30
Females	27.20	28.00

##### Sensitivity analysis

	At 31 August 2017	At 31 August 2016
Discount rate +0.1%	11,409	11,197
Discount rate -0.1%	11,941	11,745
Mortality assumption – 1 year increase	11,322	11,108
Mortality assumption – 1 year decrease	12,024	11,831
CPI rate +0.1%	11,838	11,635
CPI rate -0.1%	11,508	11,304



**ST HILDAS CATHOLIC ACADEMY TRUST**  
**Company Limited By Guarantee**

**Notes to the Financial Statements (continued)**

**Year Ended 31<sup>st</sup> August 2017**

**26. Pension and Similar Obligations (continued)**

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

	Fair value at 31 August 2017 £000	Fair value at 31 August 2016 £000
Equity instruments	6,295	3,077
Corporate Bonds	8	58
Property	509	263
Cash	1,019	209
Other	127	-
Total market value of assets	<u>7,958</u>	<u>3,607</u>

The actual return on scheme assets was £3,619,000 (2016: £449,000).

**Amounts recognised in the statement of financial activities**

	2017 £000	2016 £000
Current service cost (net of employee contributions)	1,185	510
Net interest cost	152	122
Total operating charge	<u>1,337</u>	<u>632</u>

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

	2017 £000	2016 £000
At 1 September	11,468	-
Upon conversion	-	6,816
Current service cost	1,185	510
Interest cost	232	215
Employee contributions	199	136
Actuarial (gain)/loss	(1,438)	3,872
Benefits paid	26	(81)
At 31 August	<u>11,672</u>	<u>11,468</u>

**ST HILDAS CATHOLIC ACADEMY TRUST**  
**Company Limited By Guarantee**

**Notes to the Financial Statements *(continued)***

**Year Ended 31<sup>st</sup> August 2017**

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**26. Pension and Similar Obligations *(continued)***

**Changes in the fair value of the Academy's share of scheme assets:**

	2017 £000	2016 £000
At 1 September	3,607	–
Upon conversion	–	2,767
Interest income	80	93
Actuarial gain/(loss)	3,539	356
Employer contributions	507	336
Employee contributions	199	136
Benefits paid	26	(81)
<b>At 31 August</b>	<b><u>7,958</u></b>	<b><u>3,607</u></b>

**27. Related Party Transactions**

Owing to the nature of the Academy Trust and the composition of the Board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the trust's financial regulations and normal procurement procedures. The following related party transactions took place in the period of account.

During the year, the Academy Trust undertook transactions with Pixl, a related party by virtue of the fact that Josephine Wilson is both a trustee of the Academy Trust and an associate of Pixl. During the period purchases were made totalling £2,138 (2016: £11,153). At the year end, the balance outstanding was £nil (2016: £nil).