

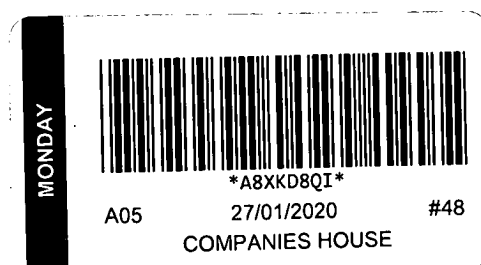
Our Lady of Grace Catholic Academy Trust

(A Company Limited by Guarantee)

Annual Report and Financial Statements

For the year ended 31 August 2019

**Company Registration Number:
09435396 (England and Wales)**



Our Lady of Grace Catholic Academy Trust

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Our Lady of Grace Catholic Academy Trust

Reference and Administrative Details

Members	Bishop A Williams The Brentwood Diocesan Trust J Anthony
Directors (Trustees)	J Anthony – Chair (resigned on 9 October 2019 as Chair, remains a Foundation Director) M Coleman – Vice Chair (appointed as Chair on 9 October 2019) K Fernett – Foundation Director R Gabrasadig – Foundation Director (appointed on 1 September 2019) E Okpanachi – Foundation Director (appointed on 1 September 2019) K Reilly – Foundation Director C Warnick – Foundation Director (appointed as Vice Chair on 9 October 2019) S Webb – Foundation Director
Accounting Officer/CAO	G Hicks
Company Secretary	G Callegari
Senior Leadership Team (SLT): Headteacher (St Helen's) Headteacher (St Joachim's) Deputy Head (St Helen's) Assistant Head (St Joachim's) Assistant Head (St Joachim's)	G Hicks J Allen C Doherty D Johnston K Pape
Company Name	Our Lady of Grace Catholic Academy Trust
Principal and Registered Office	Chargeable Lane, London, E13 8DW
Company Registration Number	09435396 (England and Wales)
Independent Auditor	Price Bailey LLP Causeway House 1 Dane Street Bishop's Stortford Herts CM23 3BT
Bankers	Lloyds Bank 39 Threadneedle Street London, EC2R 8AU
Solicitors	Winckworth Sherwood LLP Minerva House 5 Montague Close London, SE1 9BB

Our Lady of Grace Catholic Academy Trust

Trustees' Report

The Trustees present their Annual Report together with the financial statements and Auditor's Report of Our Lady of Grace Catholic Academy Trust (the Trust or the Charitable Company) for the year from 1 September 2018 to 31 August 2019. The Annual Report serves the purposes of both a Trustees' Report, and a Directors' Report under company law.

The Trust operates for pupils aged 2-11 and includes two primary academies, St Helen's Catholic Primary School and St Joachim's Catholic Primary School in south west Newham, in London (the Schools or the Academies). Its Academies have a combined pupil capacity of 660 (excluding part time places in nurseries and pre-school) and had a roll of 734 in the school census in January 2019 (2018 January census: 745 pupils on roll). The additional numbers on roll, above the Schools' capacity of 630 are accounted for by the part-time children in pre-school and nursery.

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 its primary governing documents.

The Trustees of Our Lady of Grace Catholic Academy Trust are also the Directors of the Charitable Company for the purposes of company law, hereafter referred to as the Trustees. The Schools of St Helen's Catholic Primary School and St Joachim's Catholic Primary School both operate within the Multi Academy Trust.

In this Report the term Director or Trustee refers to a member of the Trust Board. The term Governor refers to a member of a Local Governing Body (LGB).

Details of the Trustees who served during the year, and to the date these accounts are approved are included in the Reference and Administrative Details on page 3.

Members' Liability

The Members of the Charitable Company are listed on page 3. Each Member 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 (as required in the Trust's funding agreement/memorandum and articles of association) for the debts and liabilities contracted before they ceased to be a Member.

Trustees' Indemnities

The Companies Act 2006 s236 requires disclosure concerning qualifying third party indemnity provisions, which are covered through the Department for Education's Risk Protection Arrangements (RPA). Our Lady of Grace Catholic Academy Trust is a member of this scheme.

Method of Recruitment and Appointment or Election of Trustees

The management of the Trust is the responsibility of the Trustees, who are appointed in line with the Articles of Association. Trustees are appointed to ensure the skill base of the Board is maintained and has sufficient breadth to serve the Company.

From 1st September 2018 the membership of the Board of Trustees was re-designated by the members (i.e. the Diocese), resulting in the serving headteachers and governors of schools within the Trust stepping down. The Trust advertised via the website and in local parishes for Trustees to ensure a suitable skills set. Now the Board comprises 8 foundation trustees, appointed by the Diocesan Bishop.

Our Lady of Grace Catholic Academy Trust

Trustees' Report (continued)

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

The Trust provides both individual and full governing body training. Trustees and Governors are required to complete an annual skills audit, which along with identifying strengths, also identifies areas they would like to develop. This is then used to inform targeted training in specific areas.

Trustees and Governors attend an annual training session tailored to the needs of the Schools. In addition Trustees, Governors and staff attend an annual training day to review school performance. This day is also used to ensure all staff, Governors and Trustees are involved in the next phase of school improvement.

When a new Governor is appointed they receive the governors' handbook for each School; tour each School with the Headteacher; and receive access to school documents to review all policies. All Governors and Trustees regularly attend the Schools for focussed visits linked to the school improvement plan and develop Governors' understanding of the day to day operations of the School.

The Trust purchases a Service Level Agreement (SLA) from the local schools service Governors Support Section, which offers a comprehensive package of training and support. The Diocese of Brentwood also provides annual training sessions which Trustees and Governors have access to. In addition a school improvement partner works with the Schools to offer guidance for the Headteachers' performance management and for other support as necessary.

Organisational Structure

As a charity limited by guarantee, Our Lady of Grace Catholic Academy Trust is governed by a Board of Trustees who are responsible for, and oversee the management and administration of the Charitable Company and Academies run by the Company.

In order to discharge their responsibilities, the Trustees ensure a Local Governing Body (LGB) is in place for each School. The LGB's comprise Foundation Governors, appointed by the Bishop of Brentwood, elected parents (elected from the parents body of the School by parents) and staff Governors (elected by the staff of the School) in line with the Trust's scheme of delegation. Foundation Governors form the majority of the LGB for each Academy in line with the Memorandum of Understanding with the Diocese. The LGBs have been established to ensure the good governance of each School within the Trust.

The Trustees delegate various functions to each LGB in relation only to their relevant Academy, which includes:

- accountability and monitoring of school performance and standards;
- setting and approval of policies that apply to individual Schools;
- recommending the annual School budgets; monitoring of budgets thereafter and further advice to the Board on potential over and underspends;
- reviewing the premises management and ensuring health and safety issues are complied with;
- appointing a committee to apply the Deanery admission policy in accordance with the Admissions Code and with due regard to any locally agreed fair access protocols;
- governing exclusions in accordance with appropriate regulations; and
- supporting the Headteacher in recruiting and selection, grievance, disciplinary and processes in relation to staff, where appropriate.

In addition to the LGB each School has its own Senior Leadership Team (SLT), which includes the Headteacher and either a Deputy Head or two Assistant Heads, who are responsible for the day to management and operation of their School.

The Trustees have overall responsibility and ultimate decision making authority for all the work of the Charitable Company and retain overall responsibility for the planning of strategy and setting the Trust's policies.

The Trustees have appointed a Chief Accounting Officer (CAO), in line with the 2016 guidance. The Accounting Officer and is one of the Headteachers, as detailed on page 3.

Our Lady of Grace Catholic Academy Trust

Trustees' Report (continued)

Arrangements for setting pay and remuneration of key management personnel (KMP)

The Schools within Our Lady of Grace Catholic Academy Trust agreed that they would apply the School Teachers Pay and Conditions Document (STPCD) published annually by the Department for Education. The Local Authority pay policy follows the STPCD regarding pay scales and ranges. The Trustees approve the policy annually. This policy applies to all staff, including key management personnel, i.e. the SLT, as noted on page 3.

The Trust has adopted the Catholic Education Services (CES) appraisal / performance management policy. All staff, including the SLT within each School, have clear performance targets, including pupil progress. If targets are met and clear evidence is provided, the staff member receives an incremental point in line with the pay policy, authorised by the Headteacher. For experienced teachers to gain access to the upper threshold, in addition, a professional portfolio must be presented to the Headteacher for assessment. The Governors and Trustees receive summarised reports detailing performance grades, meeting of targets and upper threshold payments.

For the Headteachers appraisals, the Chair of Trustees, Chair of the LGB and one other Governor meet with the School Improvement Partner to review the Headteacher's evidence against the agreed targets. If targets have been met the chair of the LGB will authorise the increment. The procedure is minuted at the LGB meetings.

No Trustees receiving remuneration from the Trust no bonus or additional payments have been made.

Trade Union facility time

The Trust had no employees that are Trade Union representatives, but paid £1,193 (2018: £3,187) to the Local Authority, the London Borough of Newham, for union and public duty services provided to the academies in the reporting period.

Related Parties and other Connected Charities and Organisations

For the purposes of these accounts, related parties are Members and Trustees and those who exert considerable control over the Trust. In addition the Trust works closely with many connected parties, which may have influence over the Schools. The Trust also collaborates with several community and charity organisations.

Related Parties

The Diocese of Brentwood, as a Member, is a related party. The Trust works closely with the Diocese of Brentwood, in particular the Education Department. The Diocese offer support, advice and training for staff within the Trust.

The Education team of the Diocese of Brentwood provides a number of services to all catholic schools in the Diocese, including the Schools in the Trust. Details of these services and related fees are disclosed in the related party note on page 50.

In addition, one of the new Foundation Directors appointed on 1 September 2018, Mr S Webb, is a Director of Development at the Diocese of Brentwood.

Connected Parties

Both Schools have a fundraising friends group, Friends of St Joachim's (FOSJA) and Friends of St Helen's (FOSH), the latter is a registered charity (charity number: 1126941). These groups are considered as connected parties. The Headteachers liaise closely with the friends groups and they provide funds for their School.

Our Lady of Grace Catholic Academy Trust

Trustees' Report (continued)

Related Parties and other Connected Charities and Organisations (continued)

Charities

The Trust received funds from SHINE on Saturday (charity number: 1082777) to partially fund the Saturday School at St Helen's during the 2017/18 academic year. No funding was received from SHINE on Saturday in the 2019/20 academic year. Furthermore St Helen's sponsors children through HCPT (a charity offering pilgrimage holidays). The Schools also fundraise on behalf of several charities including CAFOD, the Brentwood Catholic Children's Society, the British Legion Poppy Appeal, Cancer UK, Macmillan Nurses and others.

Community Organisations

The Schools in the Trust also work in partnership with the other Catholic Deanery schools in Newham, collaborating on admissions, transition to secondary school projects and curriculum issues. Both Schools are members of the St Edward's Teaching School Alliance and support with the provision of professional development for other schools and train teachers through the school direct programme.

The Creative Arts Partnership, a cluster group of five schools, including both St Joachim's and St Helen's, also meets regularly to plan school joint projects and discuss school improvement issues.

The Local Authority continues to offer a School Improvement Adviser to the Schools and both Schools access a range of SEND services provided by the Local Authority. Both Headteachers are members of the Newham Association of Headteachers (NAPH).

Objectives and Activities

Objects and Aims

The Trust's objects are specifically restricted to the advancement of the Catholic religion in the Diocese by such means as the Diocesan Bishop may think fit and proper by, but without prejudice to the generality of the foregoing:

- a) The establishing, maintaining, carrying on, managing and developing of:
 - i. Catholic schools in the United Kingdom designated as such conducted in accordance with the principles, and subject to the regulations and discipline of the Catholic Church including for the avoidance of any doubt any directives issued by the Diocesan Bishop from time to time; and
 - ii. subject to the approval of the Diocesan Bishop, other schools in the United Kingdom; and
- b) as purely ancillary to (a) promoting for the benefit of the inhabitants of the areas in which the Schools are situated the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances or for the public at large in the interests of social welfare and with the object of improving the condition of life of the said inhabitants.

Objectives

The Directors and Governors have defined the main objectives of the Trust and their Schools to be:

- to develop the whole child ensuring Gospel Values drive their aspiration to serve their communities throughout their lives;
- to ensure the long term sustainability and continuity of Catholic education in the local community;
- to provide excellent high quality education and experiences for all those who desire a Catholic education, within the context of our changing society; and
- to foster a sense of collaborative learning and sharing for all across Trust Schools; valuing the contributions of staff, Governors and parents.

Our Lady of Grace Catholic Academy Trust

Trustees' Report (continued)

Strategies and activities for achieving objectives:

Since the last Annual Report successes have continued as the Trust has:

- Celebrated its Catholic faith with staff, Governors and Trustees attending a joint mass and the children have participated in a pilgrimage to Walsingham to further develop children's understanding of Gospel Values.
- Continued the year 6 science residential camp at the St John Bosco site, enabling children to study habitats and tree categorisation; participate in orienteering over a large secure area; further develop independence and friendships in a new setting and experience canoeing and archery.
- Raised awareness of the plight of the homeless with children from both Schools taking part in Mini Vinnie's sleep out.
- Ensured the children from the Schools have participated in Deanery events including: the Armistice Day Service at East Ham Memorial; the Citizenship project with a theme of "This is me"; and taken part in the Deanery transition day at the St John Bosco camp.
- Accomplished one of its strategic aims to expand St Joachim's with the completion of the £1.9m building programme with the grant from the Condition Improvement Fund (CIF). St Joachim's has continued to deliver high quality education throughout the building work.
- Progressed its IT capacity with the apprentice qualifying as a technician. The network manager and technician both work with schools that will join the Trust to begin the alignment of key contracts.
- Developed its cloud based capacity with the use of G-suite and the google drive across the schools, saving approximately £14,000 in new replacement server costs.
- Negotiated an improved service level agreement with the contract maintenance provider, saving approximately £3,000 in commission on planned servicing and reactive maintenance.
- Welcomed two new schools, ensuring all consultations and due diligence procedures were adhered to. Value for money was achieved in using in house expertise for the conversion, saving the Trust approximately £5,000 in consultancy fees.
- Decided against staff absence insurance due to excellent staff attendance, averaging over 96% for both schools. In 2018/19 this saved the Trust approximately £4,500 across the Trust.
- Sustained positions strategic partners within three Teaching School Alliances, supporting initial teaching training, ensuring the Schools in the Trust are fully staffed with high quality teachers.
- Enhanced subject leader collaboration, including curriculum projects lead by senior and middle leaders for science, history, choral poetry, classical poetry and reading projects, whilst embedding the research based "Let's Think in English" project. Both schools benefitted from a peer review with SSAT.
- Continued to focus on the teaching and assessment of reading across the schools, ensuring all teachers access further professional development.
- Successfully sought external accreditation to ensure high standards and provide assurances for the LGBs and Trustees; St Joachim's retained the Sainsbury's schools sport platinum award, and St Helen's gained the 360° safer online award and retained the Flagship Inclusion Quality Mark award. Both schools were re-accredited with the Primary Quality Mark.
- Brought Trustees and Governors together to review the effectiveness of the Trust and to develop improved methods of working together to support the work of the Schools.
- Participated in joint moderation with other deanery schools for early years, year 2 and 6 to ensure consistency in standards across the Trust.
- Worked tirelessly with all staff and the community to ensure children are able to achieve through accessing exciting, enriching and memorable experiences.

Public Benefit

The Trustees have considered the Charity Commission's guidance on public benefit and have complied with their duty to have due regard to the guidance. The key public benefit delivered by Our Lady of Grace Catholic Academy Trust is the sustainability and development of high quality Catholic education provided by the Schools within the Trust.

Our Lady of Grace Catholic Academy Trust

Trustees' Report (continued)

Strategic Report

Achievements and Performance

The tables below set out the context of the Schools and the key performance indicators benchmarked against national criteria. The Schools also seek external accreditation for their work to validate the leaderships' judgements.

Key Performance Indicators - Pupils

Inspection	St Helen's	St Joachim's
OFSTED judgement prior to conversion	Outstanding (2007)	Outstanding (2007)
Early Years Provider	Outstanding (2014)	N/A
Section 48 RE Inspection	Outstanding (2015)	Outstanding (2015)

Both Schools were outstanding in their OFSTED and inspection reports before conversion. Neither School has been inspected since conversion.

Context – (January 2019 Census)	St Helen's	St Joachim's	National Average
Number on roll	491	243	279
% Pupil Premium (disadvantaged)	26%	24%	24%
% SEN support	16%	15%	12%
% from ethnic minorities	95%	97%	32%
% first language not English	59%	89%	21%
School deprivation indicator	0.34	0.34	0.21

Both Schools are located in areas of high deprivation, however this is not reflected in the pupil premium percentages and does not reflect the high number of families in food and housing poverty. Both Schools have high levels of pupils with special educational needs and disabilities (SEND); although the numbers of children for whom their first language is not English is reducing.

Key Stage 2 Results -2019	St Helen's	St Joachim's	National Average
Expected standard in reading writing maths RWM	75%	87%	65%
Average progress in reading	+1.9	+3.3	0
Average progress in writing	+1.2	+3.7	0
Average progress in maths	+0.6	+4.9	0
Average scaled score in reading	106	106	105
Average scaled score in maths	105	108	104
High standard of attainment in reading	32%	20%	28%
High standard of attainment in writing	25%	30%	20%
High standard of attainment in maths	37%	40%	24%
High standard of attainment in RWM	17%	13%	10%
Attendance	97%	98%	96%

Both Schools' results in all areas are above the national average for attainment and progress. This is a testament to the positive attitudes to learning from the children and their hard work. The continued excellent results in terms of reading evidence the impact of a range of strategies in the both Schools to promote reading through the environment and celebrate reading in assemblies. The combined strategies to finance additional professional development for reading, increase the time allocation; investment in books; focus on comprehension skills and engage with the Let's Think in English programme provide clear evidence that the leadership of the Trust target resources appropriately.

Leadership clearly evaluate where improvement is needed, plans effectively and reviews impact.

Our Lady of Grace Catholic Academy Trust

Trustees' Report (continued)

Key Performance Indicators – Pupils (continued)

In recognition of curriculum provision both Schools have achieved Arts Mark Gold, full International Schools Award, Sports England Award (Platinum at St Joachim's and Silver at St Helen's), the Primary Quality Mark and the Inclusion Award. St Helen's was re-accredited with the Flagship Inclusion award in December 2018. The Schools consider environmental issues in curriculum matters and premise matters to be of high importance and both Schools have achieved high level sustainability awards and St Helen's has achieved Eco Status Green Flag. In addition St Helen's has achieved Investors in People Platinum in 2018. All awards are assessed against external success criteria.

Key Performance Indicators – Financial

The key financial performance indicators set by the Trust are aimed at ensuring the financial viability of the organisation both short term and longer term. These are:

- setting and operating within a balanced budget as required by the Academies Financial Handbook;
- maintaining positive cash flow forecast for at least 12 months ahead;
- maintaining appropriate level of revenue reserves at each year end; and
- keeping the level of staff cost as a percentage of total costs between 70-80%.

The performance against the key financial performance indicators are summarised below:

Key financial performance indicator	2019	2018	2017	2016	2018/19 Target
Balanced budget set & maintained	yes	yes	yes	yes	yes
Positive cash flow forecast for 12 month ahead as at 31 August	yes	yes	yes	yes	yes
Revenue reserve balance at 31 August	£612,000	£686,000	£580,000	£227,000	£300k > £500k
Staff cost as a percentage of total costs	73%	72%	74%	74%	Between 70%-80%

Our Lady of Grace Catholic Academy Trust has met all its financial key performance indicators in the reporting periods ended 31 August 2019 and in all previous periods since incorporation.

Going Concern

After making appropriate enquiries and acknowledging the uncertainty arising from increasing costs and Government policy regarding funding, the Trustees have a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

Financial Review

The Trust's principal financial management policies are in line with the Academies Financial Handbook published by the ESFA and are described in the trust's Financial Regulations approved by the Board of Trustees.

The Trustees believe that the Trust has maintained a positive and strong financial position throughout its operation and especially in the past three financial years as indicated by the maintenance of its healthy revenue reserves balance.

The Trust's mid-term financial planning indicates positive financial outlook for the next 3-5 years ahead despite the uncertainties faced in light of the introduction of the new funding formula, increasing staffing costs and the growth of the Trust.

Our Lady of Grace Catholic Academy Trust

Trustees' Report (continued)

Financial Review (continued)

The Trust has completed the building scheme to expand St Joachim's Catholic Primary Schools from a 1 form entry to 2 form entry school. The building works started in December 2017 and practical completion was achieved in August 2019. The Trust has made a significant contribution of £149,000 from its revenue reserves to fund this project in the 2018/19 financial year.

The Trust has made a deficit of £1,298,000, (2017/18: surplus of £578,000) in the year (excluding actuarial loss of £875,000, 2017/18: actuarial gain of £534,000), primarily due to the St Joachim's expansion project, which contributed £1,135,000 to the deficit in the year. The capital spend on the expansion scheme was primarily funded by CIF grant, which was received in the previous financial year.

Although the Trust is budgeting an in year deficit for 2019/20, it is expected to maintain positive revenue reserves for the next 3 years ahead. Reserves are expected to reduce over the coming years due to increasing staff costs, however detailed resource planning is completed annually to ensure the staff establishment is financially viable.

At 31 August 2019, the Trust had net assets excluding pension liability of £769,000 (2017/18 adjusted: £1,781,000) and pension liability of £4,357,000 (2017/18: £3,196,000). The Trust recognised an actuarial loss with regards to its Local Government Pension Scheme (LGPS) of £875,000 (2017/18: actuarial gain of £534,000) in the year (refer to note 29). The LGPS liability is long term and neither relate to cash obligations or impact on the going concern of the Trust.

The principal source of funding is the General Annual Grant (GAG) and other grants received from the ESFA (e.g. pupil premium) and the London Borough of Newham. Grant income of £5,302,000 (2017/18: £6,757,000) has been received from the ESFA and the London Borough of Newham in the year ended 31 August 2019. This includes CIF capital grants of £Nil for the expansion projects (2017/18: £1,735,000) and CIF capital grant of £178,000 for the water pipe replacement works at St Joachim's (2017/18: £Nil).

The Trust has also received £191,000 (2017/18: £321,000) other restricted income primarily from parental contributions towards educational visits and extended school provision.

All expenditure incurred funded by the restricted general funds was in support of the Trust's key objective of the provision of education.

The Trust has also received unrestricted income from other sources of £25,000 (2017/18: £21,000) during the year and had carried a surplus of £279,000 (2017/18: £259,000) forward which is being used as a contingency to cover increased expenditure or lower income in future years. In addition, the Trust will use its accumulated reserves to fund £150,000 of the expansion project, will be advanced by the ESFA and repaid by the Trust over 7 years from reserves.

The Trust held fund balances as follows at the year-end:

Restricted Funds	31 August 2019	31 August 2018
	£'000	(restated) £'000
Fixed assets funds	156	1,095
General funds	333	427
Donation in kinds	-	-
Pension reserve deficit	(4,357)	(3,196)
Total restricted funds	(3,868)	(1,674)
Unrestricted funds	279	259
Total funds	(3,588)	(1,415)

Our Lady of Grace Catholic Academy Trust

Trustees' Report (continued)

Financial Review (continued)

At 31 August 2019 the net book value of fixed assets was £306,000 (2018: £292,000) and the movement in fixed assets are shown in note 12 and 13 of these accounts. The assets were used exclusively for providing education and associated services to the pupils of the Schools.

The Academies operated from freehold land and buildings which are held by the Diocese of Brentwood. The Trust's accounting policy in relation to the treatment of land and buildings owned by the Diocese of Brentwood as detailed on page 31.

Reserves Policy

Academies are expected to hold contingency reserves from their annual GAG funding or other income, which may be both capital and revenue reserves.

Revenue reserves are held to fund future expenditure related to the Academy Development Plan's strategic long-term aims and developments, while capital reserves represent the fund of the Trust that are held as fixed assets. As the DfE provides minimal funding in the way of Devolved Formula Capital Grant at present the capital projects (with the exception of the CIF expansion) have been funded from restricted or unrestricted general funds.

The policy of the Trust is to carry forward a prudent level of resources designed to meet the long-term cyclical needs of renewal and any other unforeseen contingencies.

The Trust's reserves are detailed in the Financial Review above and also in notes 18 and 19 of these accounts.

The Trust's free reserves (considered to be the restricted general funds and unrestricted funds excluding the pension reserve) amounted to £612,000 (2018:£686,000) at 31 August 2019.

The Trustees consider the target level of reserves on an annual basis as part of the strategic and financial planning process, which is documented in the Trust's reserves policy. The Trustees have set the target level of revenue reserves for the 2018/19 year end in the range of £300,000 to £500,000 . This level of revenue reserves are considered adequate to provide sufficient resources to enable the planned growth in the Trust as a result of new schools joining over the coming years and to ensure that the advance from ESFA for the recently completed expansion project is repayable. The actual free reserves of the Trust have exceeded the target range as at 31 August 2019, which was welcomed by the Trustees.

It is envisaged that the Trust will be using £150,000 of its free reserves to fund the GAG advance due from the ESFA for St Joachim's.

Neither School had negative free reserves at 31 August 2019 and at 31 August 2018.

Investment Policy

The Trustees aim to manage the Trust's cash balances to provide for the day-to-day working capital requirements of its operations, whilst protecting the real long-term value of any surplus cash balances against inflation.

The Trustees aim to:

- invest surplus cash funds to optimise returns, but ensuring the investment instruments are such that there is no risk to the loss of these cash funds; and
- spend the public monies with which it is entrusted for the direct education benefit of students as soon as is prudent.

The Trustees do not consider the investment of surplus funds as a primary activity, rather it is the result of good stewardship as and when circumstances allow. Monies surplus to the working requirements may be invested in a higher interest bearing account allowing access to funds within a term not exceeding three months.

Our Lady of Grace Catholic Academy Trust

Trustees' Report (continued)

Investment Policy (continued)

Our Lady of Grace Catholic Academy Trust has opened a 32 day notice deposit account in the 2018/19 financial year and had a deposit balance of £225,000 as at 31 August 2019 (2018: £Nil). The deposit account generates interest at 0.75% p.a. The interest generated during the reporting period amounted to £2,339.

Principal Risks and Uncertainties

Based on the strategic plan for each Academy, the Headteachers, Governors and Trustees have undertaken a comprehension review of the risks to which the Trust may be exposed in line with the Risk Management Policy. Risks that may have a negative impact on the Trust, have been identified and recorded in the risk register, which details all the policies and procedures that the Trust has implemented to reduce risk and uncertainties.

The Trust's strategic risk map is reviewed and updated annually in line with the agreed risk management policy and procedures.

The key risks identified by the trust are as follows:

No.	Risks	Key control measures
1	Fall in number of pupils on roll	Both Academies were full from year 1 upwards last year with clear admission policy and procedures, parent and carer communication procedures, waiting list for mid-year admissions. Trustees have reviewed the local authority birth rates and prediction for five years and remain confident that schools will continue to be financially stable. For nursery rolls which are more volatile schools offer paid balances to meet any funding shortfalls
2	Negligence claim due to child protection or H&S failure	Comprehensive risk assessments, H&S policies and procedures, member of RPA, Child Protection and Safeguarding procedures and training to all staff.
3	Non-compliance with funding agreement	Highly skilled staff, key advisors appointed, robust reporting to highly skilled trustees.
4	Absence of key personnel	Clear organisational structure, experienced SLT and sharing of expertise.
5	Fraud or theft	Robust Financial Regulations and procedures. Anti-fraud policy, external and internal audits. Robust financial reporting to LGBs/Board of Trustees.
6	Mismanagement of the building expansion project	Experienced staff and professional consultants overseeing the project, robust financial monitoring and reporting, quarterly reporting to the ESFA. Retention withheld to ensure all snagging is completed.
7.	Mismanagement of MAT expansion	Highly experienced Trustees, Diocesan and professional advisors; due diligence regarding finance and land arrangements; planned phased entry into ensure capacity for key function, finance, HR and IT. Experienced key personnel for MAT compliance. Excellent historical supportive working relationship between schools to join Our Lady of Grace.

The Schools have high levels of financial expertise to ensure excellent internal controls exist and to ensure risk is significantly reduced in all financial matters. High levels of monitoring and reporting are in place to manage the cash flow of the Schools.

Our Lady of Grace Catholic Academy Trust

Trustees' Report (continued)

Principal Risks and Uncertainties (continued)

The Schools' assets are detailed above in financial review and the Directors consider that there are sufficient funds available to meet all liabilities given that the LGPS creditor is unlikely to crystallise in the near future; the material liability being the LGPS of £4,357,000 (2018:£3,196,000). The Trust's main financial instruments are its bank balances, trade creditors and minimal debtor balances, which are managed as part of the robust monthly financial monitoring and reporting process.

The Schools have three year budget plans in place to consider any potential shortfalls in funding that may arise and to prioritise any surpluses that may accrue due to savings or additional income.

Fundraising

The Trust's fundraising approach focuses on the fundraising friends groups (Parent Teacher Associations/"PTA") operating in both Schools. These are the Friends of St Joachim's (FOSJA) and the Friends of St Helen's (FOSH), the latter is a registered charity (charity number: 1126941). The Headteachers liaise closely with the friends groups and they provide funds for their School.

In addition, both Schools have an online Easyfundraising cause page, which generates donations when patrons shop online. Easyfundraising is a charity support organisation providing a fundraising channel for charities and schools. The level of income generated through this channel is negligible.

The Trust does not use or employ professional fundraiser and the monitoring of fundraising activities are undertaken by the Headteachers.

The Trust has not received any complaints relating to its fundraising activities and it is aware of its role in protecting the public, including vulnerable people, from unreasonably intrusive or persistent fundraising approaches.

Plans for Future Periods

In line with the key objectives outlined above, the Directors aim to:

- Expand the Trust during 2019/20 to incorporate an additional three to four schools, in line with the development programme within the Diocese.
- Ensure the snagging of the expansion of St Joachim's; is completed along with ensuring compliance with all health and safety issues.
- Complete a boiler replacement project at St Helen's to ensure a positive learning and working environment for all children and staff.
- Proactively recruit new pupils through welcoming school visits from prospective parents and ensuring additional places are publicised within the local area.
- Continue to raise standards in reading, writing and maths across the Schools through the allocation of funding for additional resources and professional development and rigorous monitoring of the impact of interventions.
- Continue to work together as a Trust and with Deanery schools to promote a Catholic ethos with an Armistice Day Service, Citizenship Projects, Mini Vinnie collaborations and secondary transition projects.
- Tender for whole Trust contracts in HR, payroll and catering during 2019/20 to achieve contract alignment and economies of scale.
- Develop a central budget and services to provide value for money across the Trust and efficiency of services.
- In conjunction with, Initial Teacher Training Partnerships and Teaching School Alliance, build on existing practices to develop and train staff, to ensure a supply of good staff to for future years.
- Develop further collaboration between subject leaders through joint training and planning meetings, to share good practice and to raise standards across both Schools, including SEND.
- Explore grant funding opportunities for extra curriculum project and community events.
- Ensure parents are informed in all Trust Schools of the success and benefits of being within the Trust.

Our Lady of Grace Catholic Academy Trust

Trustees' Report (continued)

Plans for Future Periods (continued)

The Diocese of Brentwood has adopted a policy to develop eight Multi-Academy Trusts largely based on deaneries. Our Lady of Grace Catholic Academy Trust's leadership now includes a group comprising of the Newham Deanery primary headteachers and one secondary head. This group provides advice and recommendations to the Trustees. Additionally a Chairs' forum for LGB chairs is to be formed during 2019/20 to ensure good communications between schools and the Trust.

Funds Held as Custodian Trustee on Behalf of Others

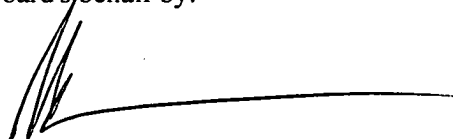
There are no funds held on behalf of others and the Trust does not act as custodian trustees for any other party.

Auditor

Insofar as the Directors are aware:

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

Trustees' Report, incorporating a Strategic Report, was approved by the Board of Trustees on 11 December 2019 and signed on the Board's behalf by:



M Coleman
Chair of Trustees
11 December 2019

Our Lady of Grace Catholic Academy Trust

Governance Statement

Scope of Responsibility

As Trustees we acknowledge we have overall responsibility for ensuring that Our Lady of Grace 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 one of the Headteachers, G Hicks, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Our Lady of Grace Catholic Academy Trust and the Secretary of State for Education. She is also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

Governance

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

Director	Meetings attended	Out of possible
J P Anthony (Chair)	3	5
M Coleman (Vice Chair)	5	5
K Fernett	5	5
K Reilly	3	5
C Warnick	4	5
S Webb	4	5

The Board met fewer than six times during the year. The Board is satisfied that through the use of sub-committees it maintains effective oversight of funds. Details of the sub-committees are noted below.

The Board of Directors listed above, who were in post in the reporting year, includes three new Trustees, who were appointed on 1 September 2018 (K Fernett, K Reilly and S Webb).

The review of governance structure, as recorded in the Scheme of Delegation, is reviewed annually by the Board of Directors including a self-evaluation and external review undertaken by the School Improvement Partner. Based on the size of the Trust, the governance structure is deemed appropriate and effective. The Board, along with local Governors and school leadership, plan to review the current scheme to ensure the scheme is appropriate for an expanded Trust.

The Finance, Audit and Risk Committee (FAR) is a sub-committee of the Board of Directors.

The role of the FAR Committee is to advise the Board of Trustees on the comprehensiveness and effectiveness of the Trust's assurance framework. In particular the FAR Committee advises and supports the Board in fulfilling its roles and responsibilities, including its responsibility for providing the assurances required in the Accounting Officer's Statement of Regularity, Propriety and Compliance in the annual financial statements.

The FAR Committee has the authority to investigate any activity within its terms of reference, and has right of access to obtain all the information and explanations it considers necessary, from whatever source, to fulfil its remit.

One of the key responsibilities of the FAR Committee is to review and monitor the Trust's budget and approve all key policies. The Principal Finance Officer, G Callegari, a qualified accountant, reports to this Committee.

Our Lady of Grace Catholic Academy Trust

Governance Statement (continued)

Governance (continued)

Attendance at FAR Committee meetings in the year was as follows:

Directors	Meetings attended	Out of possible
J P Anthony (Chair)	2	4
M Coleman (Vice Chair)	4	4
K Fernett	4	4
K Reilly	2	4
C Warnick	3	4
S Webb	3	4

Review of Value for Money

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

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

- Competitive tendering of the Trust's facilities management service level agreement achieving a more favourable pricing structure and saving around £2,000-£3,000 a year going forward on these services. In addition, the Trust developed in-house staff expertise in procurement/tender co-ordination achieving approximately £7,000 saving on consultancy fees in the year.
- Free upgrade of PS Financials to latest version to enable enhanced features and free benchmarking module to be enabled shortly.
- Employing the Trust's own network manager to undertake the website updates continues to save the Trust £2,000 annually.
- Moving to cloud based technologies has saved over £14,000 by avoiding new server costs.
- Utilising resources available for free or low cost, which enrich the curriculum such as free geography workshops, free British Library sacred text workshop, and free travel for educational visits where possible.
- Continuing to invest in an exciting curriculum that provides a range of opportunities for children to enable them to make excellent progress. In 2018/19 and over time both Schools have good or better overall achievement further indicating the Schools good use public funds and value for money.
- Achieving high staff attendance and managing staffing within the Schools to negate the need for supply staff. Using the School's own staff ensures continuity in provision for the education of the children, contributes to pupil well-being and enables them to achieve highly. Low staff sickness rates overtime lead to the Trust not utilising staff absence insurance, thereby saving approximately £4,500 across trust schools within the year.
- Operating as strategic partners within teaching school alliances, Schools receive free and reduced cost professional development of a range of staff.
- Participating in the school direct programme for initial teacher training, trainees are recruiting to the Schools as newly qualify teachers, reducing advertising costs.
- Constantly reviewing suppliers for good quality and value resources, including on line purchases where appropriate and ensuring budget holders comply with the quotation limits set out in the financial procedures.

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 Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

Our Lady of Grace Catholic Academy Trust

Governance Statement (continued)

The Purpose of the System of Internal Control (continued)

The system of internal control has been in place in Our Lady of Grace Catholic Academy Trust for the period 1 September 2018 to 31 August 2019 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 the Trust's significant risks that has been in place for the period 1 September 2018 to 31 August 2019 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 periodic financial reports which are reviewed and agreed by the Board of Trustees;
- regular reviews by the finance, risk and audit 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 an established accountancy firm, Price Bailey LLP, to provide both external and internal audit services for the Trust for the 2018/19 financial year and going forward.

Price Bailey's role as internal auditor includes giving advice on financial matters and performing a range of checks on the Trust's financial systems. In the year Price Bailey has completed a supplementary assurance review on the following risk areas identified by the Trustees:

- effectiveness and efficiency of procurement policies, procedures and controls in place;
- Processes reviewed included: raising orders, supplier data management, use of purchasing cards, payment processes, contracts management and tendering, access controls and management information.

No significant weaknesses were identified by the supplementary audit review.

On an annual basis, as part of their statutory audit, the Auditor reports to the Board of Trustees, through the FAR Committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

No material control issues or weaknesses have been reported during the year and a number of areas of good practise were highlighted.

Our Lady of Grace Catholic Academy Trust

Governance Statement (continued)

Review of Effectiveness

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

- the work of the external Auditor;
- the outcome of the supplementary assurance review undertaken by the internal auditor;
- the financial management and governance self-assessment process which was undertaken by the FAR Committee in the year; and
- the work of the Principal Finance Officer within the Trust who has responsibility for the development and maintenance of the internal control framework.

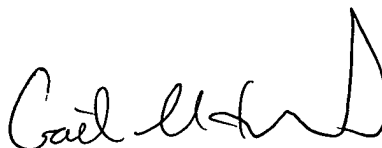
The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the FAR Committee and ensure continuous improvement of the system is in place.

Approved by the Board of Trustees on 11 December 2019 and signed on its behalf by:



M Coleman
Chair of Trustees

11 December 2019



G Hicks
Accounting Officer

11 December 2019

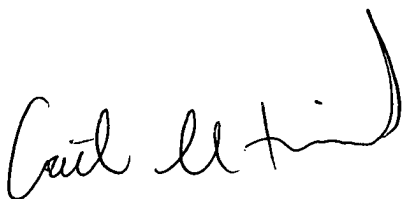
Our Lady of Grace Catholic Academy Trust

Statement of Regularity, Propriety and Compliance

As Accounting Officer of Our Lady of Grace Catholic Academy Trust I have considered my responsibility to notify the Board of Trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Trust, under the funding agreement in place between the 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 2018.

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

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

A handwritten signature in black ink, appearing to read 'G Hicks', with a large, sweeping flourish extending from the end of the signature.

G Hicks
Accounting Officer

11 December 2019

Our Lady of Grace Catholic Academy Trust

Statement of Trustees' Responsibilities

The Trustees (who 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 Academies 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 Charitable Company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

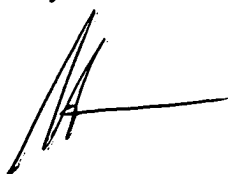
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities Statement of Recommended Practice (SORP) 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgments and accounting estimates that are reasonable and prudent;
- state 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 business.

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

The Trustees are responsible for ensuring that in its conduct and operation the Charitable Company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from 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 the Board of Trustees on 11 December 2019 and signed on its behalf by:



M Coleman
Chair of Trustees

11 December 2019

Our Lady of Grace Catholic Academy Trust

Independent Auditor's Report to the Members of Our Lady of Grace Catholic Academy Trust

Opinion

We have audited the financial statements of Our Lady of Grace Academy Trust (the 'Trust') for the year ended 31 August 2019 which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, the Balance Sheet, the Statement of Cash Flows and related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Trust's affairs as at 31 August 2019, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

Basis for opinion

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

Conclusions relating to going concern

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

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the 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.

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 Auditors' Report thereon. Other information includes the Trustees' Report including the Strategic Report, the Governance Statement and the Accounting Officer's Statement. 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.

Our Lady of Grace Catholic Academy Trust

Independent Auditor's Report to the Members of Our Lady of Grace Catholic Academy Trust (continued)

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 Trustees' Report (incorporating the Strategic Report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Trustees Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement the Trustees (who are also the Directors of the Charitable Company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Our Lady of Grace Catholic Academy Trust

Independent Auditor's Report to the Members of Our Lady of Grace Catholic Academy Trust (continued)

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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report.

Use of our report

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



Mr Gary Miller (Senior Statutory Auditor)
for and on behalf of

Price Bailey LLP

Chartered Accountants
Statutory Auditors
Causeway House

Dane Street
Bishops Stortford
Hertfordshire
CM23 3BT

Date: 11 December 2019

Our Lady of Grace Catholic Academy Trust

Independent Reporting Accountant's Assurance Report on Regularity to Our Lady of Grace Catholic Academy Trust and the Education and Skills Funding Agency

In accordance with the terms of our engagement letter dated 7 November 2018 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Our Lady of Grace Catholic Academy Trust during the period 1 September 2018 to 31 August 2019 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 Our Lady of Grace 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 Our Lady of Grace 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 Our Lady of Grace Catholic Academy Trust and ESFA, for our work, for this Report, or for the conclusion we have formed.

Respective responsibilities of Our Lady of Grace Catholic Academy Trust's Accounting Officer and the Reporting Accountant

The Accounting Officer is responsible, under the requirements of Our Lady of Grace Catholic Academy Trust's funding agreement with the Secretary of State for Education dated 20th March 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 2018 to 2019. 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 2018 to 31 August 2019 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 2018 to 2019 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 Trust's income and expenditure.

Our Lady of Grace Catholic Academy Trust

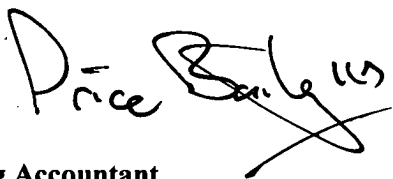
Independent Reporting Accountant's Assurance Report on Regularity to Our Lady of Grace Catholic Academy Trust and the Education Funding Agency (continued)

The work undertaken to draw to our conclusion includes:

- An assessment of the risk of material irregularity, impropriety and non-compliance
- Consideration and corroboration of the evidence supporting the Accounting Officers statement on regularity, propriety and compliance and how the Trust complies with the framework of authorities.
- Evaluation of the general control environment of the Trust, extending the procedures required for financial statements to include regularity, propriety and compliance.
- Discussions with and representations from the Accounting Officer and other key management personnel.
- An extension of substantive testing from our audit of the financial statements to cover matters pertaining to regularity, in order to support the regularity conclusion, including governance, internal controls, procurement and the application of income.

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 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Reporting Accountant

Price Bailey LLP
Chartered Accountants
Statutory Auditors

Causeway House
1 Dane Street
Bishop's Stortford
Herts CM23 3BT

11 December 2019

Our Lady of Grace Catholic Academy Trust

Statement of Financial Activities for the year ended 31 August 2019

(incorporating the Income and Expenditure Account)

	Note	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed assets funds £'000	Total 2018/19 £'000	Total 2017/18 restated £'000
Income and endowments from:						
Donations and capital grant	2	6	190	223	419	2,023
Charitable activities:						
Funding for the Trust's educational operations	3	-	5,270	-	5,270	5,327
Other trading activities	4	16	6	-	22	22
Investments	5	3	-	-	3	1
Total		25	5,466	223	5,714	7,373
Expenditure on:						
Raising funds	6	5	-	-	5	7
Charitable activities:						
Grants	6,7	-	-	1,276	1,276	1,016
Trust's educational operations	6,8	-	5,650	82	5,732	5,772
Other		-	-	-	-	-
Total	6	5	5,650	1,358	7,013	6,795
Net income/(expenditure)		20	(184)	(1,135)	(1,298)	578
Transfer between funds		-	(196)	196	-	-
Other recognised gains and (losses)						
Actuarial (losses)/gains on defined benefit pension schemes	29	-	(875)	-	(875)	534
Net movement in funds		20	(1,255)	(939)	(2,173)	1,112
Reconciliation of funds:						
Total funds brought forward	19	259	(2,769)	1,095	(1,415)	(2,527)
Total funds carried forward		279	(4,024)	156	(3,588)	(1,415)

All activities relate to continuing operations.

The Statement of Financial Activities includes all gains and losses recognised in the reporting period.

The notes on pages 30 to 50 form part of these financial statements.

Our Lady of Grace Catholic Academy Trust

Balance Sheet as at 31 August 2019

Company Number: 09435396

	Notes	2019 £'000	2019 £'000	2018 (restated) £'000	2018 (restated) £'000
Fixed assets					
Intangible assets	13	1		3	
Tangible assets	14	305		289	
			306		292
Current assets					
Stock	15	15		13	
Debtors	16	906		900	
Cash at bank and in hand		815		2,016	
		1,736		2,929	
Liabilities					
Creditors: Amounts falling due within one year	17	(838)		(1,004)	
Net current assets			899		1,925
Total assets less current liabilities			1,205		2,217
Creditors: Amounts falling due after more than one year	18		(437)		(437)
Net assets excluding pension liability			769		1,780
Defined benefit pension scheme liability	29		(4,357)		(3,196)
Total net liabilities			(3,588)		(1,415)
Funds of the Trust:					
Restricted funds					
Fixed asset fund	19	156		1,095	
General fund	19	333		427	
Pension reserve	19	(4,357)		(3,196)	
Total restricted funds			(3,868)		(1,674)
Unrestricted income funds	19		279		259
Total funds	19,20		(3,588)		(1,415)

The financial statements on pages 27-50 were approved by the Trustees and authorised for issue on 11 December 2019 and are signed on their behalf by



M Coleman
Chair of Trustees

Our Lady of Grace Catholic Academy Trust

Statement of Cash Flows for the year ended 31 August 2019

	Notes	2019 £'000	2018 £'000
Cash flows from operating activities			
Net cash provided by/(used in) operating activities	23	(1,332)	(714)
Cash flows from financing activities	24	-	59
Cash flows from investing activities	25	130	1,898
Change in cash and cash equivalents in the reporting period		(1,202)	1,243
 Cash and cash equivalents at 1 September 2018		 815	 773
 Cash and cash equivalents at 31 August 2019	 26	 815	 2,016

Our Lady of Grace Catholic Academy Trust

Notes to the Financial Statements for the year ended 31 August 2019

1. 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.

1.1 Basis of Preparation

The financial statements of the Trust, which is a public benefit entity under FRS102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS102), 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 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Our Lady of Grace Catholic Academy Trust meets the definition of a public benefit entity under FRS 102.

The accounts are presented in Sterling and rounded to the nearest £1,000.

1.2 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 Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Income

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

Grants

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

General Annual Grant (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. As per the Trust's funding agreement with the ESFA, there are no limits on the amounts of GAG that the Trust is permitted to carry forward from one year to the next.

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

Donations

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 Trust has provided the goods or services.

Our Lady of Grace Catholic Academy Trust

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

1. Statement of accounting policies (continued)

1.3 Income (continued)

Donated goods, facilities and services

Donated facilities and services provided to the Trust are recognised at their value to the Trust in the period when it is probable that the economic benefits associated with the donated items will flow to the Trust, provided they can be measured reliably. An equivalent amount is included as expenditure under the relevant heading in the Statement of Financial Activities.

Donated goods are recognised at fair value unless it is impractical to measure this reliably in which case a derived value, being the cost of the item to the donor is used. An equivalent amount is included as expenditure under the relevant heading in the Statement of Financial Activities except where the donated good is a fixed asset in which case 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 Trust's accounting policies.

The freehold land donated to the Trust on conversion by the London Borough of Newham for a £nil consideration has been recognised as Donation – transfer from local authority on conversion with a corresponding amount showing in fixed assets as freehold land. The value of the land has been derived from the valuation undertaken by an independent professional property surveyor.

1.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity.

Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

Expenditure on Raising Funds

This includes all expenditure incurred by the 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 Trust's educational operations, including support costs and costs relating to the governance of the Trust apportioned to charitable activities.

1.5 Intangible Fixed Assets

Intangible assets costing £2,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment. Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

- Purchased computer software 5 years (20% p.a.)

Our Lady of Grace Catholic Academy Trust

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

1. Statement of accounting policies (continued)

1.6 Tangible Fixed Assets

Assets costing £2,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment. This includes individual asset items over the capitalisation threshold as well as closely related group of IT assets (e.g. a trolley of laptops).

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.

The Trust occupies land and buildings provided to it by the Diocesan Trustees under a license (also referred to as a Church Supplementary Agreement) which contains a two year notice period. Having considered the fact that the Trust occupies the land and buildings by a license that transfers to the Trust no right or control over the site save that of occupying it at the will of the Diocesan Trustees under the agreement, the Trustees have concluded that the value of the land and buildings occupied by the trust will not be recognised or valued within fixed assets.

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

• Freehold land	Nil
• Fixtures, fittings and equipment	5 years (20% p.a.)
• Computer hardware	3 years (33.3% p.a.)
• Motor vehicles	5 years (20% p.a.)

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use. Capital improvements to Diocesan owned property are recognised as expenditure.

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 incorporating the Income and Expenditure Accounts.

1.7 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 (including termination benefits) are recognised at the amount that the 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.

1.8 Provisions

Provisions are recognised when the 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.

Our Lady of Grace Catholic Academy Trust

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

1. Statement of accounting policies (continued)

1.9 Leased Assets

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

1.10 Financial Instruments

The Trust holds basic financial instruments as defined in FRS102. The financial assets and financial liabilities of the trust and their measurement bases are as follows:

- Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments.
- Cash at bank – is classified as a basic financial instrument and is measured at face value.
- Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs. 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 no obligation to deliver services rather than cash or another financial instrument.

1.11 Stock

Stationery (general capitation) bought in advance of the academic year and uniform stocked by St Joachim's are recognised as stocks and are valued at the lower of cost and net realisable value.

1.12 Taxation

The 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 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.

1.13 Pensions Benefits

Retirement benefits to employees of the 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 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. The TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is 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 multi-employer scheme and the assets are held separately from those of the 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.

Our Lady of Grace Catholic Academy Trust

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

1. Statement of accounting policies (continued)

1.13 Pensions Benefits (continued)

The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

1.14 Fund Accounting

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

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

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and primarily include grants from the Education and Skills Funding Agency and London Borough of Newham.

1.15 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The present value of the LGPS 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 will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the Actuary in valuing the pensions liability at 31 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement

Currently there are no critical judgements to disclose, other than those mentioned above and in note 13 regarding exclusion of land and buildings from the Trust's Balance Sheet.

Our Lady of Grace Catholic Academy Trust

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

2. Donations and capital grants

	Unrestricted funds £'000	Restricted funds £'000	Total 2018/19 £'000	Total 2017/18 £'000
Capital grants	-	223	223	1,828
Notional rent (see note 30)	-	189	189	189
Other donations	6	1	6	6
	6	413	419	2,023

In 2017/18 capital grants of £1,828,000 was in relation to restricted fixed asset funds and notional rent income was £189,000, all of which was restricted. In 2017/18 income from other donations was £6,000, of which £4,000 was unrestricted and £2,000 was restricted.

3. Funding for the Trust's educational operations

	Unrestricted funds £'000	Restricted funds £'000	Total 2018/19 £'000	Total 2017/18 £'000
DfE/EFA grants				
General Annual Grant (GAG)	-	3,877	3,877	3,946
Other DfE/ESFA grants	-	411	411	390
	-	4,287	4,287	4,336
Other government grants				
Local Authority grants	-	787	787	666
Other government grants	-	6	6	4
	-	792	792	670
Other income from the Trust's educational operations	-	191	191	321
	-	5,270	5,270	5,327

In 2017/18, all the income from charitable activities related to restricted funds. There were no unfulfilled conditions for grants recognised in the reporting period.

4. Other trading activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2018/19 £'000	Total 2017/18 £'000
Hire of facilities	3	-	3	3
Uniform sale	7	-	7	6
Income for professional services	3	-	3	2
Other	4	6	10	11
	16	6	22	22

These activities principally relate to charitable and ancillary trading. In 2017/18, of total income from other trading activities, £16,000 was unrestricted and £6,000 was restricted. In 2017/18, facilities income was £3,000 of which all was unrestricted. In 2017/18, uniform income was £6,000 of which all was unrestricted. In 2017/18, professional services income was £2,000 of which all was unrestricted. In 2017/18, other income was £11,000 of which £5,000 was unrestricted and £6,000 was restricted.

Our Lady of Grace Catholic Academy Trust

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

5. Investment income

	Unrestricted funds £'000	Restricted funds £'000	Total 2018/19 £'000	Total 2017/18 £'000
Interest on current accounts	1	-	1	1
Interest on short term deposits	2	-	2	-
	3	-	3	1

In 2017/18, all investment income related to unrestricted funds.

6. Expenditure

	Staff cost £'000	Non pay expenditure Premises £'000	Other £'000	Total 2018/19 £'000	Total 2017/18 £'000
Expenditure on raising funds:					
- Direct costs	-	-	5	5	7
Grants	-	1,276	-	1,276	1,016
Trust's educational operations:					
- Direct costs	3,626	80	502	4,208	4,112
- Allocated support costs	585	410	529	1,524	1,660
	4,211	1,766	1,036	7,013	6,795

In 2017/18, of the total expenditure, £7,000 was to unrestricted funds, £5,694,000 was to restricted funds and £1,095,000 was to restricted fixed asset funds.

In 2017/18, expenditure on raising funds consisted of £7,000 other expenditure and grants expenditure of £1,016,000 related to premises costs.

In 2017/18 educational operations direct costs consisted of £3,556,000 staff costs, £77,000 premises costs and £479,000 other expenditure. In addition, 2017/18 support costs consisted of £558,000 staff costs, £454,000 premises costs and £648,000 other expenditure.

Net income / (expenditure) for the period includes:

	2018/19 £'000	2017/18 £'000
Operating lease rentals	9	11
Depreciation on fixed assets owned by the Trust	80	77
Amortisation of intangible assets	2	2
Fees payable to Auditors for:		
- audit	12	11
- other services	2	2

In 2017/18 there was a compensation payment of £9,000 in respect of an Employment Tribunal claim included within expenditure above. No such payment was made in 2018/19.

7. Analysis of grants

	Unrestricted funds £'000	Restricted funds £'000	Total 2018/19 £'000	Total 2017/18 £'000
Improvements to diocesan property occupied by the trust	-	1,276	1,276	1,016
	-	1,276	1,276	1,016

The expenditure disclosed above were incurred in relation to the expansion and water pipe replacement projects at St Joachim's Catholic Primary.

Our Lady of Grace Catholic Academy Trust

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

8. Charitable activities

	Total 2018/19 £'000	Total 2017/18 £'000
Direct costs - educational operations	4,208	4,112
Support costs – educational operations	1,524	1,660
Total direct and support costs	5,732	5,772

In 2017/18, of the total expenditure on charitable activities, £5,694,000 was to restricted funds and £78,000 was to restricted fixed asset funds.

Analysis of support costs

	Total 2018/19 £'000	Total 2017/18 £'000
Support staff costs	585	558
Amortisation	2	2
Technology costs	18	19
Premises costs	410	454
Other support costs	393	507
Governance costs	35	33
Pension Fund finance costs	81	87
Total support costs	1,524	1,660

Governance costs include costs associated with the strategic management of the Trust and costs relating to constitutional and statutory requirements, such as audit and legal fees, clerking and meeting costs and Trustees and Governors training.

9. Central Services

No central services were provided by the Trust to its Academies during the period and no central charges arose (2017/18: £nil).

10. Staff

a) Staff costs

Staff costs during the period were:

	Total 2018/19 £'000	Total 2017/18 £'000
Wages and salaries	3,070	3,042
Social security costs (incl apprenticeship levy)	296	300
Operating cost of defined benefit pension schemes	784	754
	4,150	4,096
Supply staff costs	61	18
Staff restructuring costs	-	-
Total Staff costs	4,211	4,114

No non-statutory or non-contractual severance payments were made in the reporting period (2017/18: £nil).

Our Lady of Grace Catholic Academy Trust

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

10. Staff (continued)

b) Staff numbers

The average and full time equivalent (FTE) number of persons employed by the Trust during the period was as follows:

	2018/19 Ave. no.	2018/19 FTE	2017/18 Ave. no.	2017/18 FTE
Teachers	34	33	37	35
Administration and support	71	51	70	51
Management	5	5	6	6
	110	89	113	92

c) Higher paid staff

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

	2018/19 No.	2017/18 No.
£60,000-£70,000	1	2
£70,001-£80,000	0	0
£80,001-£90,000	1	1
£90,001-£100,000	0	0
£100,001 -£110,000	1	1

The above employees participated in the Teachers' Pension Scheme (TPS). During the year ended 31 August 2019, pension contributions for these employees amounted to £42,743 (2017/18:£52,329).

d) Key management personnel

The key management personnel of the Trust comprise the Trustees and the SLT as listed on page 3. The total amount of employee benefits (including employer pension contributions and employer national insurance) received in the period by key management personnel for their services to the Trust was £482,000 (2017/18:£550,000). Non-executive Directors are not remunerated by the Trust.

Included in the above are employer pension contributions of £62,000 (2017/18: £70,000) and employer National Insurance contributions of £46,000 (2017/18:£52,000).

11. Related Party Transactions – Trustees' and Governors' remuneration and expenses

No Trustees have been paid remuneration or have received other benefits from an employment with the Trust during the 2018/19 academic year. The Headteachers, who were Trustees in 2017/18, only received remuneration in respect of services they provide undertaking the roles of Headteacher and staff members under their contracts of employment. The value of Trustees' remuneration and other benefits in the period was as follows in the previous year:

	2017/18
G Hicks (Headteacher, Accounting Officer, resigned as Trustee on 31 August 2018)	
Remuneration	£105,001-£110,000
Employer's pension contributions to TPS	£15,001-£20,000
J Allen (Headteacher, resigned as Trustee on 31 August 2018)	
Remuneration	£80,001-£85,000
Employer's pension contributions to TPS	£10,001-£15,000

Our Lady of Grace Catholic Academy Trust

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

11. Related Party Transactions – Trustees' and Governors' remuneration and expenses (continued)

During the period ended 31 August 2019, Trustees and Governors received reimbursements of expenses (for purchase of learning resources) for their role as Trustees/Governors totalling £428 to 3 Local Governors (2017/18: £152 to 1 Director and £273 to 1 Governor respectively).

Other related party transactions involving the Trustees or Governors' are set out in note 30.

12. Trustees and officers insurance

The Trust has opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK Government funds cover losses that arise. This scheme protects Trustees, Governors and Officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business, and provide 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 membership.

13. Intangible fixed assets

	Computer software £,000	Total £,000
Costs		
At 1 September 2018	9	9
Additions	-	-
At 31 August 2019	9	9
Amortisation		
At 1 September 2018	6	6
Charged in year	2	2
At 31 August 2019	8	8
Carrying amount		
At 31 August 2018	3	3
At 31 August 2019	1	1

Intangible fixed assets represent the accounting software, PS Financials, which was purchased by the Trust prior to 1 April 2015, which is the date on which the Trust started trading/operation.

14. Tangible fixed assets

	Freehold land £,000	Computer hardware £,000	Furniture & equipment £,000	Motor vehicle £,000	Total £,000
Costs					
At 1 September 2018	155	139	91	53	438
Additions	-	60	35	-	95
Disposals	-	(81)	-	-	(81)
At 31 August 2019	155	118	126	53	452
Depreciation					
At 1 September 2018	-	80	53	16	149
Charged in year	-	47	22	11	80
Disposals	-	(81)	-	-	(81)
At 31 August 2019	-	47	74	26	147
Net book values					
At 31 August 2018	155	59	38	37	289
At 31 August 2019	155	71	52	27	305

Our Lady of Grace Catholic Academy Trust

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

14. Tangible fixed assets (continued)

Land and buildings include freehold land transferred on conversion from the London Borough of Newham for no consideration, which was valued on the basis of fair value as at that date at £155,000 by an independent professional property surveyor, Aitchison Raffety. The valuation was based on depreciated replacement cost method of valuation.

Fully depreciated computer hardware assets are shown as disposals in both costs and depreciation in the table above.

15. Stock

	2019 £'000	2018 £'000
Educational books & stationary (general capitation)	15	8
Uniform	-	5
	15	13

16. Debtors

	2019 £,000	2018 £,000
Due within one year		
Trade debtors	18	9
VAT recoverable	57	114
Prepayments and accrued income	265	210
Other debtors (see note 30)	189	189
	529	522
Due after more than one year		
Other debtors (see note 30)	378	378
Total debtors	907	900

17. Creditors: amounts falling due within one year

	2019 £'000	2018 Restated £'000
Trade creditors	142	275
Taxation and social security	74	75
Other creditors	196	194
Accruals and deferred income	426	460
	838	1,004

Deferred income

Deferred income at 1 September 2018	298	77
Released from previous period	(298)	(77)
Resources deferred in the period	278	298
Deferred income at 31 August 2019	278	298

Deferred income held at 31 August 2019 includes:

- Universal Infant Free School Meal Grant of £62,000 received from ESFA in relation to 2019/20 (2018: £60,000);
- Early Years Foundation Stage grant of 86,000 received from the London Borough of Newham (LBN) in relation to 2019/20 (2018: £94,000);
- Business rate refund of £12,000 received from ESFA in relation to 2019/20 (2018: £12,000);
- Growth Fund grant of £108,000 received from LBN in relation to the additional class started in September 2019 (2018: £108,000);
- Higher Needs grant of £Nil received from LBN in relation to 2018/19 (2018: £15,000); and
- Parental contribution of £10,000 received in relation to an international educational visit to be held in 2019/20 (2018: £10,000).

Our Lady of Grace Catholic Academy Trust

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

17. Creditors: amounts falling due within one year (continued)

Other creditors includes £189,000 for the future notional rental expense with regards to the church owned premises occupied by the Trust. This balance was included in restricted general funds – donations in kind in previous years (2018: £567,000 being £189,000 due for one year and £378,000 for two more years) therefore the comparative figures for 2018 have been restated to reflect the new disclosure requirements of this liability.

18. Creditors: amounts falling due after more than one year

	2018	2018 Restated
	£'000	£'000
GAG in advance	59	59
Other creditors	378	378
	<u>437</u>	<u>437</u>

The Trust received GAG advance of £59,000 in 2017/18 from the ESFA under the Condition Improvement Fund scheme in relation to St Joachim's school expansion project. The GAG advance is repayable over 7 years subsequent of the completion of the project at a fixed interest rate of 1.12%. The actual completion date of the project was August 2019 and repayment will commence from September 2020.

The other creditor related to the future notional rental expense with regards to the church owned premises occupied by the Trust. This balance was included in restricted general funds – donations in kind in previous years as detailed under note 17.

19. Funds

	Balance at 1 September 2018 As restated £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2019 £'000
Restricted general funds					
General Annual Grant (GAG)	-	3,877	(3,877)	-	-
Pupil Premium		213	(213)		
Other ESFA grant	-	197	(197)	-	-
Other government grants	-	792	(792)	-	-
Other activities	426	387	(284)	(196)	333
Pension reserve	(3,196)	-	(286)	(875)	(4,357)
	<u>(2,770)</u>	<u>5,466</u>	<u>(5,650)</u>	<u>(1,071)</u>	<u>(4,024)</u>
Restricted fixed assets funds					
Transfer on conversion	174	-	(12)	-	162
DfE/ESFA capital grants	735	223	(1,199)	145	(96)
Private sector capital sponsorship	77	0	(77)	-	-
Capital expenditure from unrestricted funds	109	-	(70)	51	90
	<u>1,095</u>	<u>223</u>	<u>(1,358)</u>	<u>196</u>	<u>156</u>
Total restricted funds	<u>(1,674)</u>	<u>5,689</u>	<u>(7,008)</u>	<u>(875)</u>	<u>(3,868)</u>
Total unrestricted funds	<u>259</u>	<u>25</u>	<u>(5)</u>	<u>-</u>	<u>279</u>
Total funds	<u>(1,415)</u>	<u>5,714</u>	<u>(7,013)</u>	<u>(875)</u>	<u>(3,588)</u>

Our Lady of Grace Catholic Academy Trust

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

19. Funds (continued)

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

General Annual Grant (GAG)

This represents funding from the ESFA to cover costs of recurrent expenditure. Under the funding agreement with the Secretary of State, the Trust is not subject to a limit on the amount of GAG that it could carry forward at 31 August 2019 or at 31 August 2018.

Pupil premium and Other ESFA grant

These funds represents funding from the ESFA primarily for free school meal pupils, universal infant free school meals and PE and sports activities.

Other government grants

This fund represents funding primarily from the London Borough of Newham for EYFS services for 2 and 3 year olds, higher needs pupils and KS2 meals (Mayoral promise). Any unspent grant in a year is used to enhance the educational operation of the Trust in the coming years.

Donation in kind

In previous years, this fund represented the rent free occupation of the land and buildings owned by the Diocese of Brentwood. In accordance with the Accounts Direction 2018/19, the balance of £567,000 relating to the future notional rent expenditure is now disclosed in creditors, refer to notes 17 and 18; and so the opening fund balances have been restated.

Restricted fund generated on other activities

This fund primarily represents parental contributions for extended school provision and educational visits. Any unspent fund in a year is used to enhance the educational operation of the Trust in the coming years.

Pension reserve

This fund represents the Trust's share of the deficit on the LGPS transferred to the Trust on conversion from state controlled schools. The pension reserve is revalued at each year-end by professional actuaries as shown in gains and losses above.

Restricted fixed assets funds

This fund represents resources which are to be applied to specific capital purposes. The transfer of funds relate to fixed assets purchased out of unrestricted funds.

The deficit on this fund in relation to DfE/ESFA capital grants will be cleared by the future movements relating to the CIF loan which formed part funding for the CIF project.

Unrestricted funds

This fund represents the remaining carry forward balance from income generated by the Schools (e.g. hire of facilities) and other donations where no specific intention for the income has been specified (e.g. donation from friends of the Schools) The Trust is aiming to use this fund to support its educational operation in the coming years and also contribute to the on-going expansion project at St Joachim's.

Review of restricted general funds (excluding pension reserve) and unrestricted funds

The Trust is carrying a net surplus of £612,000 (2018:£686,000) on unrestricted funds and is planning to utilise these surplus funds to support its educational operation in the coming years.

Our Lady of Grace Catholic Academy Trust

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

19. Funds (continued)

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

	Balance at 1 September 2017 As restated £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2018 As restated £'000
Restricted general funds					
General Annual Grant (GAG)	-	3,946	(3,946)	-	-
Pupil Premium		229	(229)		
Other ESFA grant	-	161	(161)	-	-
Other government grants	72	670	(742)	-	-
Other activities	263	518	(342)	(12)	426
Pension reserve	(3,457)	-	(273)	534	(3,196)
	<u>(3,122)</u>	<u>5,524</u>	<u>(5,694)</u>	<u>522</u>	<u>(2,770)</u>
Restricted fixed assets funds					
Transfer on conversion	186	-	(12)	-	174
DfE/EFA capital grants	-	1,751	(1,016)	-	735
Private sector capital sponsorship	-	77	-	-	77
Capital expenditure from unrestricted funds	164	-	(67)	12	109
	<u>350</u>	<u>1,828</u>	<u>(1,095)</u>	<u>12</u>	<u>1,095</u>
Total restricted funds	<u>(2,772)</u>	<u>7,352</u>	<u>(6,788)</u>	<u>534</u>	<u>(1,674)</u>
Total unrestricted funds	<u>245</u>	<u>21</u>	<u>(7)</u>	<u>-</u>	<u>259</u>
Total funds	<u>(2,527)</u>	<u>7,373</u>	<u>(6,795)</u>	<u>534</u>	<u>(1,415)</u>

Analysis of Academies by fund balance

Fund balances at 31 August 2019 were allocated as follows:

	2019 £'000	2018 Restated £'000
St Helen's Catholic Primary School	378	351
St Joachim's Catholic Primary School	234	335
Total before fixed assets and pension reserve	612	686
Restricted fixed assets fund	156	1,095
Pension reserve	(4,357)	(3,196)
Total	<u>(3,588)</u>	<u>(1,415)</u>

Our Lady of Grace Catholic Academy Trust

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

19. Funds (continued)

Total cost analysis by Academy:

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

	Teaching & educational support staff costs	Other support staff costs	Educational supplies	Other costs excluding depreciation	Total 2018/19	Total 2017/18
	£'000	£'000	£'000	£'000	£'000	£'000
St Helen's	2,253	361	62	850	3,526	3,617
St Joachim's	1,168	224	47	1,682	3,119	2,826
Pension & interest	205	-	-	81	286	273
Trust	3,626	584	109	2,611	6,931	6,716

The valuation of the LGPS is undertaken on the Trust level therefore the pension and interest disclosed above relating to this pension scheme cannot be split by each Academy.

20. Analysis of net assets between funds

Fund balances at 31 August 2019 are represented by:

	Unrestricted funds	Restricted general funds	Restricted fixed assets funds	2019 Total funds	2018 Total funds
	£'000	£'000	£'000	£'000	As restated £'000
Intangible fixed assets	-	-	1	1	3
Tangible fixed assets	-	-	305	305	289
Current assets	279	1,457	-	1,736	2,929
Current liabilities	-	(838)	-	(838)	(1,004)
Non-current liabilities	-	(287)	(150)	(437)	(437)
Pension scheme liabilities	-	(4,357)	-	(4,357)	(3,196)
Total net assets	279	(4,024)	156	(3,588)	(1,415)

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

	Unrestricted funds	Restricted general funds	Restricted fixed assets funds	2018 Total funds	2017 Total funds
	£'000	As restated £'000	£'000	As restated £'000	As restated £'000
Intangible fixed assets	-	-	3	3	5
Tangible fixed assets	-	-	289	289	345
Current assets	259	1,867	803	2,929	1,624
Current liabilities	-	(1,004)	-	(1,004)	(622)
Non-current liabilities	-	(437)	-	(437)	(422)
Pension scheme liabilities	-	(3,196)	-	(3,196)	(3,457)
Total net assets	259	(2,770)	1,095	(1,415)	(2,527)

Our Lady of Grace Catholic Academy Trust

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

21. Capital commitments

	2019 Total £'000	2018 Total £'000
Contracted for but not provided in the financial statements	-	1,134
Total	-	1,134

St Joachim's Catholic Primary School has secured a CIF grant of £1,826,400 for expanding from a 1 form entry to 2 form entry school. The project started on site in December 2017 and completed in August 2019. Capital cost of £1,276,000 has been incurred in relation to the expansion project in the current year (2017/18: £1,016,000) and the new CIF funded water pipe replacement works.

The Trust has no capital commitments as at 31 August 2019, other than the retention payments with regards to the CIF projects, which are fully accrued in these accounts.

22. Operating leases

At 31 August 2019 the total of the Trust's future minimum lease payments under non-cancellable operating leases was:

	2019 Total £'000	2018 Total £'000
Amounts due within one year	6	4
Amounts due between one and five years	7	1
Amounts due after five years	-	-
Total	13	5

23. Reconciliation of net income/(expenditure) to net cash flow from operating activities

	2018/19 Total £,000	2017/18 Total £'000
Net (expenditure) for the reporting period (as per statement of financial activities)	(1,298)	243
Adjusted for:		
Amortisation and depreciation charges	82	79
Capital grants from DfE and other capital income	(223)	(1,919)
Interest receivable	(3)	(1)
Defined benefit pension scheme cost less contribution payable	205	186
Defined benefit pension scheme finance costs	80	86
Defined benefit pension scheme administrative expenses	1	1
(Increase)/decrease in stock	(3)	6
(Increase)/decrease in debtors	(7)	(67)
Increase/(decrease) in creditors	(166)	338
Net cash provided by /(used in) operating activities	(1,332)	(714)

24. Cash flows from financing activities

	2018/19 Total £'000	2017/18 Total £'000
Cash inflows from new borrowing	-	59
Net cash provided by /(used in) financing activities	-	59

Our Lady of Grace Catholic Academy Trust

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

25. Cash flows from investing activities

	2018/19	2017/18
	Total	Total
	£'000	£'000
Interest received from investment	3	1
Purchase of tangible fixed assets	(96)	(22)
Capital grants from DfE / ESFA	223	1,919
Net cash provided by /(used in) investing activities	130	1,898

26. Analysis of cash and cash equivalents

	At 31	At 31
	August	August
	2019	2018
	£'000	£'000
Cash in hand and at bank	590	2,016
Notice deposits (less than 3 months)	225	-
Total cash and cash equivalents	815	2,016

27. Contingent liabilities

The Trust had no contingent liabilities, which were not provided for in the financial statements as at 31 August 2019 (2018:£nil).

28. Members liability

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

29. Pension and similar obligations

The 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 the London Borough of Newham. Both are multi-employer defined benefit schemes.

The Trust has obtained a valuation of defined benefit obligations in respect of the LGPS from the scheme actuary. The valuation has been carried out in accordance with section 28 of FRS102.

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

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

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS or scheme) is a statutory, unfunded, defined benefit occupational scheme, governed by the Teachers' Pensions Regulations 2010 (as amended), and the Teachers' Pension Scheme Regulations 2014 (as amended). 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 and lecturers 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.

Our Lady of Grace Catholic Academy Trust

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

29. Pension and similar obligations (continued)

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 made 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 – contributions from members, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Acts.

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 Account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pension Scheme

The latest valuation of the Teachers' Pension Scheme has now taken place, in line with directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation TPS employers will pay an increased contribution rate of 23.68% from September 2019 (this includes the administration levy of 0.8%). The timing of the implementation is to align its introduction with employers' budget planning cycles. Until then, employers will pay the current rate of 16.48%.

The employer's pension contribution paid to TPS in the period amounted to £297,365 (2018: £303,596). Employee contributions for the same period amounted to £179,481 (2018: £181,624).

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

Under the definitions set out in FRS102, the TPS is an unfunded multi-employer pension scheme. The Trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Trust has set out above the information available on the scheme.

Scheme Changes

The arrangements for a reformed Teachers' Pension Scheme, in line with the recommendations made by Lord Hutton, in particular the introduction of a Career Average Revalued Earnings (CARE) scheme, were implemented from 1 April 2015.

In December 2018, the Court of Appeal held that transitional protection provisions contained in the reformed judicial and firefighter pension schemes, introduced as part of public service pension reforms in 2015, gave rise to direct age discrimination and were therefore unlawful. The Supreme Court, in a decision made in June 2019, have rejected the Government's application for permission to appeal the Court of Appeal's ruling. The case will now be referred to an Employment Tribunal for a decision regarding the remedy which will need to be offered to those members of the two schemes who were subject of the age discrimination.

HM Treasury are clear that the ruling has implications for the other public service schemes, including the Teachers' Pension Scheme. Those implications are currently being considered and any impact on scheme costs is expected to be looked at within the next scheme valuation, which is currently scheduled to be based on April 2020 data and implemented in April 2023.

Local Government Pension Scheme (LGPS)

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 2019 was £349,946 (2018: £331,377), of which employer's contributions totalled £281,289 (2018: £266,526) and employees' contributions totalled £68,657 (2018: £64,851). The agreed contribution rates for future years are 25.5% per cent for employers and between 5.5%-8.5% per cent for employees.

Our Lady of Grace Catholic Academy Trust

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

29. Pension and similar obligations (continued)

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

Principal actuarial assumptions

	At 31 August 2019	At 31 August 2018
Inflation assumption (RPI)	3.20%	3.30%
Inflation assumption (CPI)	2.20%	2.30%
Rate of increase in salaries	3.70%	3.80%
Rate of increase for pension in payment/inflation	2.20%	2.30%
Discount rate	1.85%	2.65%
Commutation of pension to lump sum	50.0%	50.0%

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 2019	At 31 August 2018
Retiring today		
Males	22.8	22.7
Females	25.3	25.2
Retiring in 20 years		
Males	25.0	24.9
Females	27.6	27.5

The Trust's share of the assets in the scheme were as follows, which were estimated to be less than 1% of total assets of the fund:

	Bid value at 31 August 2019 £'000	Bid value at 31 August 2018 £'000
Equities	1,125	891
Gilts	74	51
Other bonds	200	144
Property	197	146
Cash	156	109
Alternative assets	235	162
Total	1,987	1,503

The return on the fund (on a bid value to bid value basis) for the period to 31 August 2019 is estimated to be 7% (2018: 6%).

The actual return on fund assets for the period to 31 August 2019 was £119,000 (2018:£74,000).

Statement of financial position

	At 31 August 2019 £'000	At 31 August 2018 £'000
Present value of defined benefit contribution	(6,344)	(4,699)
Fair value of fund assets (bid value)	1,987	1,503
Net defined benefit (liability) /asset	(4,357)	(3,196)

Our Lady of Grace Catholic Academy Trust

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

29. Pension and similar obligations (continued)

Amounts recognised in the statement of financial activities

	2018/19	2017/18
	Total	Total
	£'000	£'000
Service cost	503	470
Net interest on defined liability	80	86
Administration expenses	1	1
Total operating charge	584	557

Analysis of pension finance (income)/costs

Interest cost	125	121
Interest on assets	(45)	(35)
Pension finance (income)/cost	80	86

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

	2018/19	2017/18
	Total	Total
	£'000	£'000
1 September	4,699	4,711
Current service cost	451	470
Interest cost	125	121
Change in financial assumptions - actuarial (gain)/loss	949	(495)
Estimated benefits paid net of transfers in	(6)	(177)
Past service costs, including curtailments	52	-
Contribution by scheme participant	74	69
At 31 August	6,344	4,699

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

	2018/19	2017/18
	Total	Total
	£'000	£'000
1 September	1,503	1,254
Interest on assets	45	35
Return on assets less interest – actuarial gain/(loss)	74	39
Other actuarial gains/(losses)	-	-
Administration expenses	(1)	(1)
Contributions by employer including unfunded	298	284
Contributions by scheme participants and other employees	74	69
Estimated benefits paid plus unfunded net of transfers in	(6)	(177)
At 31 August	1,987	1,503

Sensitivity analysis of principal assumptions used:

The sensitivity analysis detailed below would increase the closing defined benefit obligation in the following way:

Our Lady of Grace Catholic Academy Trust

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

29. Pension and similar obligations (continued)

	2019 £'000	2019 £'000	2019 £'000
Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present value of total obligation	6,207	6,344	6,484
Projected service cost	534	546	558
Adjustment to long term salary increase	+0.1%	0.0%	-0.1%
Present value of total obligation	6,359	6,344	6,329
Projected service cost	546	546	546
Adjustment to pension increases and deferred revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	6,469	6,344	6,222
Projected service cost	558	546	534
Adjustment to life expectancy assumptions	+1 year	none	-1 year
Present value of total obligation	6,594	6,344	6,103
Projected service cost	567	546	526

30. Related and connected party transactions

Owing to the nature of the Trust and the composition of the Board of Trustee and Local Governing Bodies being drawn from local public and private sector organisations, transactions may take place with organisations in which the Trustees or members of the key management personnel have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the Academies Financial Handbook, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with the Trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

The following related party transaction took place in the financial period:

- The Trust operates from land and buildings provided rent free by the Diocese of Brentwood. Under an agreement between the Diocese, the Trust and the Secretary of State, the Diocese would be required to give 24 months notice from the year end if it wished to terminate the agreement. No such notice have been given at the year end and the Diocese is therefore committed to provide the land and buildings rent free for a further 36 months from the year end. The Trustees estimate that the costs of renting equivalent premises would be £189,000 per annum. On this basis a donation from the Diocese of £189,000 is shown in the accounts together with a notional expense of the same amount. In addition, included within debtors and creditors is a donation in kind receivable/payable of £567,000 representing the commitment by the Diocese to provide the land and buildings for rent free for a further 36 months. The equivalent amount is also included in creditors.
- During the period the Trust incurred expenditure of £8,946 (2018: £10,096) in relation to educational support services from The Brentwood Roman Catholic Diocesan Trust (BRCDT) and £765 (2018: £1,680) for training courses and RE educational resources supplied by BRCDT. Right Reverend A Williams, a member of the Trust, is a director of the sole trustee of The Brentwood Roman Catholic Diocesan Trust. At the period end no balance was due to The Brentwood Roman Catholic Diocesan Trust. Right Reverend A Williams is entitled to exercise 10% of the voting power at The Brentwood Roman Catholic Diocesan Trust and has no financial or profit share entitlement so transactions with The Brentwood Roman Catholic Diocesan Trust are not subject to the 'at cost' rules set out in the Academies Financial Handbook.

There were no other related party transactions during the year ended 31 August 2019.