

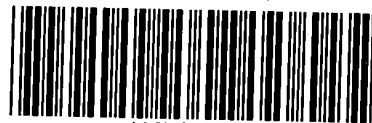
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**PRIMARY EXCELLENCE - A CATHOLIC EDUCATION TRUST**  
**(A Company Limited by Guarantee)**

**TRUSTEES' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 AUGUST 2017**

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**PRIMARY EXCELLENCE - A CATHOLIC EDUCATION TRUST**

**(A Company Limited by Guarantee)**

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**PRIMARY EXCELLENCE - A CATHOLIC EDUCATION TRUST**

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS MEMBERS, TRUSTEES AND ADVISERS  
FOR THE YEAR ENDED 31 AUGUST 2017**

<b>Members</b>	Mr S Fenning The Brentwood Diocesan Trust The Right Reverend A Williams
<b>Trustees/Strategic Board</b>	Mr S Fenning, Chair of Trustees Mrs C Bonich Mrs M Breeze Mrs V Reynolds Mrs B Harris Mrs L Leggett (appointed 16 March 2017)
<b>Company registered number</b>	08068528
<b>Company name</b>	Primary Excellence - A Catholic Education Trust
<b>Registered and principal office</b>	Priory Street Colchester Essex CO1 2QB
<b>Company Secretary</b>	Ms S French
<b>Accounting Officer</b>	Mrs B Harris
<b>Senior Leadership Team</b>	Mrs B Harris, Executive Head Mrs E Hayes, St Thomas More's Deputy Headteacher Mrs N Banthorpe, St Thomas More's Mrs L Saker, St Thomas More's Mr D Peck, St Thomas More's Mrs M Breeze, St Clare's Head of School Mr M Moriarty, St Clare's Mrs D Ford, St Clare's Mrs J Murray, St Clare's Mrs S Golding, St Clare's
<b>Independent Auditors</b>	Price Bailey LLP Chartered Accountants Statutory Auditors Causeway House 1 Dane Street Bishop's Stortford Hertfordshire CM23 3BT

## **PRIMARY EXCELLENCE - A CATHOLIC EDUCATION TRUST**

**(A Company Limited by Guarantee)**

### **TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2017**

The Trustees present their Annual Report together with the financial statements and Auditor's Report of Primary Excellence – A Catholic Education Trust (The Trust or the Charitable Company) for the year ended 31 August 2017. The Annual Report serves the purposes of both a Trustees' Report and a Directors' Report under company law.

The Trust operates two Primary Academies (the schools or the Academies) serving a catchment area in Colchester and Clacton. The Academies have a combined capacity of 525 and had a roll of 520 in the 2017 census.

#### **Structure, Governance and Management**

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 The Charitable Company are also the Directors for the purposes of company law. The terms Trustee and Director are interchangeable. The Charitable Company includes the following Academies:

- St Thomas More's Catholic Primary converted to an academy on the 01 June 2012, and to a multi academy on 01 September 2013.
- St Clare's Catholic Primary converted to a sponsored academy under the Primary Excellence – A Catholic Education Trust on 01 September 2013.

The operation of the Academies and employment of staff are the responsibility of the Trustees. The Trust retains control of Academy budgets and finances, and monitors these through its Strategic Board. Throughout this report the Board of Trustees is referred to as the Strategic Board (SB). Each Academy has appointed Local Governing Bodies (LGB) who have delegated authority to administer their Academy within agreed budgets.

Details of the Trustees who served throughout the period are included in the Reference and Administrative Details section. Within this Report the term Trustee refers to a member of the SB and the term Governor to a member of an LGB. Details of the Trustees who served during the year are included in the Reference and Administrative Details section.

#### **Members' Liability**

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

#### **Trustees and Officers' Indemnities**

In accordance with normal commercial practice the Trust has purchased insurance to protect Trustees and Officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business. The insurance provides cover up to £2,000,000 on any one claim and details of the costs are disclosed in Note 11 to the accounts.

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

The arrangements are as set out in the Articles and Funding Agreement. Trustees/Governors are appointed for a fixed term. The Executive Headteacher is an ex officio member of the SB and LGB's. The parent and staff Governors are elected to office, Foundation Trustees/Governors are appointed by the Diocese of Brentwood

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

New Trustees/Governors are required to attend a training programme and are provided with a Trustees handbook. The induction programme includes a tour of the relevant Academy, meeting with the Executive Headteacher and where appropriate, members of the Senior Management Team, staff and pupils. They are provided with policy and procedures documents that are appropriate to the role they undertake as Trustees or Governors with particular emphasis on the committee work that they will undertake.

#### **Organisational Structure**

The governance of the Trust is defined in the Memorandum and Articles of Association together with the Funding Agreement with the Department of Education.

The SB meets on at least three occasions per year. The SB is responsible for the strategic direction of the Trust. The Trustees are responsible for setting strategic policy, adopting an annual plan and budget, monitoring The Trust by the use of those budgets and making major decisions about the direction of The Trust, capital expenditure and senior staff appointments. This Board contains the Accounting Officer currently Headteacher of St Thomas More's Catholic Primary School.

## **PRIMARY EXCELLENCE - A CATHOLIC EDUCATION TRUST**

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### **TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2017**

The Governors within their LGB's which meet on at least three occasions each year are responsible for implementing strategic policy, ensuring the appropriateness of annual budgets and capital expenditure projects for their Academy and monitoring performance against that budget and authorised capital limits. Governors are members of one or two sub-committees, the terms of reference for which are reviewed annually, who report to the SB.

- Finance, Personnel and Premises Committee – this meets at least three times a year and is responsible for monitoring, evaluating and reviewing policy and performance in relation to financial management, compliance with reporting and regulatory requirements and reporting, receiving reports, from the Internal Auditor and drafting the annual budget including setting staffing levels. The committee has appointed SBM services to carry out an internal audit of the Schools operating structure.
- Curriculum Committee – this meets once a term to monitor, evaluate and review Academy policy, practice and performance in relation to curriculum planning, communications, target setting and assessment, examinations and all pastoral. This Committee also reviews issues relating to Human Resources.

The Executive Headteacher manages the Trust on a daily basis supported by a Senior Leadership Team (SLT) from each School. The SLT meets frequently to discuss emerging matters and to help to develop strategies for future development to be put to the Headteacher, SB and the LGB as required for approval. Each member of the SLT has specific responsibilities to assist the Headteacher to manage certain aspects of their Academy.

The Trust's CEO is the Accounting Officer.

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

Key management personnel include Trustees and those staff to whom the Trustees have delegated significant authority and responsibility in the day-to-day running of the Trust.

Pay and remuneration of key management personnel is decided by a variety of contributory factors, such as the Academy group size, ISR, the pay scales for each role and the level of experience of each staff member. In addition, pay levels may be affected by nationally agreed pay awards, the ability to recruit and retain in post, all of which are in accordance with the Trust's appointment and pay policies.

All amendments to key management's pay and remuneration is approved by the appropriate Finance Committee and ratified by the SB. The SB decide the pay and remuneration for the Executive Headteacher and Head of School.

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

Owing to the nature of the Trust's operations and the composition of the Board of Trustees being drawn from local public and private sector organisations, it is inevitable that from time to time transactions will take place with organisations in which a Trustee may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Trust's financial regulations and normal procedures. Any transaction where the Trustee may have a pecuniary interest is only undertaken in accordance with the 'at cost' principle described in the Academies Financial Handbook.

The Trust cooperated with the following organisations during the academic year in pursuit of its charitable activities:

- Area Deanery Heads;
- Brentwood Diocese Bursar's Association;
- Diocese Deanery Headteachers;
- Essex ITT Harlow;
- SET Teaching School Alliance;
- Local Teaching School Alliance; and
- Colchester Institute and Six Form College.

The Trust does not have a formal sponsor.

## **PRIMARY EXCELLENCE - A CATHOLIC EDUCATION TRUST**

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### **TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2017**

#### **Objectives and Activities**

##### **Objectives and Aims**

The principal object and aim of the Charitable Company is the operation of a number of Academies to provide free education and care for pupils of different abilities within its local community between the ages of 4 and 11.

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

During the year the Trust has worked towards these aims by:

- ensuring that every child enjoys the same high quality education in terms of resourcing, tuition and care;
- raising the standard of educational achievement of all pupils;
- improving the effectiveness of the Academies by keeping the curriculum and organisational structure under continual review;
- providing value for money for the funds expended;
- complying with all appropriate statutory and curriculum requirements;
- conducting the Trust's business in accordance with the highest standards of integrity;
- sharing expertise across the Academies for the benefit of all children; and
- coaching and mentoring staff in both Academies.

The Trust aims to provide an outstanding education for each child in a friendly and supportive environment. We aim to help each child towards their full potential and to develop positive social and moral values.

##### **Public Benefit**

The Trustees believe that by working towards the objects and aims of the Trust as detailed above, they have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission.

#### **Strategic Report**

##### **Achievements and Performance**

The Trust continued its mission to ensure that students achieved their potential in public examinations; encouraged a wide range of extra-curricular activities; developed and retained suitable staff and guided students in suitable progression when they left their Academy. Specific achievements were as follows:

##### **St. Thomas More's**

###### **• Key stage 2 – Working at expected or above**

• Reading	97%
• SPAG	93%
• Maths	97%
• Combined	88%

###### **• Key stage 1 - working at expected or above**

• Reading	90%
• Writing	90%
• Maths	93%
• Phonics Y1	93%

We were very pleased with St. Thomas More's results remaining consistently high.

KS2 writing was moderated this year and the moderator agreed with the Schools judgements Moderation activities will take place next year for year 2 and year 6 as part of in house moderation. We will be working very closely with St Clare's on a new project with key stage 2 in order to further improve results at St Clare's

## PRIMARY EXCELLENCE - A CATHOLIC EDUCATION TRUST

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### TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2017

#### St Clare's

##### • Key Stage 2 - Working at expected or above

• Reading	64%
• SPAG	71%
• Maths	78%
• Combined	57%

##### • Key stage 1 - Working at expected or above

• Reading	76%
• Writing	63%
• Maths	83%
• Phonics Y1	93%

#### KS1 and Phonics

Once again Phonics results were high and reflects the hard work and consistency within the school. Maths continues to be a strength and Reading is roughly in line with Essex. Writing was disappointing and after moderation staff are now clear about assessing and gathering evidence to support judgements.

#### KS2

We were very pleased with our results in Maths - now a strength in the School. Writing was also very good and after moderation we are confident in our judgements. Grammar was slightly lower than the 75% we were aiming for and reading was disappointing. The raise in threshold affected our results as the children were playing catch-up all year. Mrs Saker from St Thomas More's was a great support to both teachers in our KS2 as our year 6 lead went on maternity leave and our other year 6 teacher was absent due to ill health. Mrs Wallner who covered the maternity leave was new to the country and our education system but did a really fantastic job.

#### Key Performance Indicators

The Trustees receive regular information at each committee meeting to enable them to monitor the performance of the Trust compared to aims, strategies and financial budgets.

As funding is based on pupil numbers this is a key performance indicator. Total pupil numbers for 2016/17 were 523 against a forecast of 525.

Another key financial performance indicator is staffing costs as a percentage of total income. For 2016/17 this was 71%. The Trustees are confident that staffing levels are closely monitored to agreed Full Time Equivalents and staffing structures all approved by the SB.

The Finance, Personnel and Premises Committee also monitor premises costs to General Annual Grant (GAG) income, capitation spend for curriculum departments to GAG income, total income less grants and cash flow on a regular basis to ensure that the budget is set and managed appropriately. All of the above KPI's were within the parameters set by the SB.

#### Going Concern

After making appropriate enquiries, 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 principal source of funding for the Trust is the General Annual Grant (GAG) and other grants that it receives from the ESFA. For the year ended 31 August 2017 the Trust received £2,707,847 of GAG and other funding. A high percentage of this income is spent on wages and salaries and support costs to deliver the Trust's primary objective of the provision of education. During the year the Trust spent £2,909,140 on general running costs and transferred £10,899 to support capital new build and improvement projects on the various Academy sites. The Trust brought forward from 15/16, £9,013 of restricted funds (excluding donation in kind, pension and restricted fixed assets) and £676,166 unrestricted funding. The carry forward for 16/17 is £78,857 restricted funding and £612,449 unrestricted funding.

## **PRIMARY EXCELLENCE - A CATHOLIC EDUCATION TRUST**

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### **TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2017**

Due to the accounting rules for the Local Government Pension Scheme under FRS102, the Trust is recognising a significant pension fund deficit of £1,835,000. This does not mean that an immediate liability for this amount crystallises and such a deficit generally results in a cash flow effect in the form of increased employer contributions over a number of years.

#### **Reserves Policy**

The Trustees are aware of the requirement to balance current and future needs and always aim to set a balanced budget with annual income balancing annual expenditure. The Trustees monitor estimated year-end carry forward figures via the monthly reports from the Business Manager. The budget plan identifies how any carry forward will be allocated in the plan for the following academic year, including the identification of any funds earmarked for a specific project or purpose.

The Trust's current level of free reserves (total unrestricted funds less the amount held in fixed assets and restricted funds) is £612,449. This has been built up from a mixture of locally raised income and balances transferred from the predecessor schools.

The Trust's balance on restricted general funds (excluding pension reserve) plus the balance on unrestricted funds at 31 August 2017 was £691,306.

The cash balance of the Trust has been very healthy all year, ending the year with a balance of £778,279. A significant proportion of this cash is held against specific projects and is not available to meet normal recurring expenditure. The Trustees monitor cash flow as part of the committee Business Manager reports and attempt to hold a minimum of £75,000 in each School to cover short term cash flow variances.

#### **Investment Policy**

An Investment Policy was approved by the SB during the year. The aim of the policy is to ensure funds that the Trust does not immediately need to cover anticipated expenditure are invested to maximise its income but with minimal risk. The aim is to research where funds may be deposited applying prudence in ensuring there is minimum risk. The Trustees do not consider the investment of surplus funds as a primary activity, rather as good stewardship and as and when circumstances allow.

#### **Principal Risks and Uncertainties**

The Trust works with the LGB's in maintaining a central risk register identifying the major risks, to which each Academy is exposed, and identifying actions and procedures to mitigate those risks. This register is approved and monitored by the SB with a formal review of the process undertaken on an annual basis. The internal control systems and the exposure to identified risks are monitored on behalf of the Trustees at each Audit & Risk Committee meeting. The principal risks facing the Trust are outlined below; those facing the Academies at an operational level are addressed by its systems and by internal financial and other controls.

The Trustees report that the Trust's financial and internal controls conform to guidelines issued by the ESFA, and that improvements to the wider framework of systems dealing with business risk and risk management strategy continue to be made and formally documented. It is recognised that systems can only provide reasonable but not absolute assurance that major risks have been adequately managed.

As a group of academy schools, the level of financial risk is low. Cash flows can be reliably forecast, monitored and reported. Staff costs make up the majority of expenditure and are relatively stable with contingencies in place to cover such items as sickness and maternity.

The Trustees assess the other principal risks and uncertainties facing the Trust as follows:

- each Academy within the Trust has considerable reliance on continued Government funding through the ESFA and there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms;
- failures in governance and/or management - the risk in this area arises from potential failure to effectively manage the Trust's finances, internal controls, compliance with regulations and legislation, statutory returns, etc. The Trustees continue to review and ensure that appropriate measures are in place to mitigate these risks;
- reputational - the continuing success of the individual Academies is dependent on continuing to attract applicants in sufficient numbers by maintaining the highest educational standards. To mitigate this risk Trustees ensure that student progress and outcomes are closely monitored and reviewed;
- safeguarding and child protection - the Trustees continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and discipline;



## PRIMARY EXCELLENCE - A CATHOLIC EDUCATION TRUST

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### TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2017

- staffing - the success of the Academies is reliant on the quality of its staff and the Trustees monitor and review policies and procedures and recruitment to ensure continued development and training of staff as well as ensuring there is clear succession planning;
- fraud and mismanagement of funds - The Trust has appointed SBM Services to carry out independent and external checks on financial systems and records as required by the Academy Financial Handbook. All finance staff receive training to keep up to date with financial practice requirements and develop their skills in this area;
- financial instruments – the Trust only deals with bank balances, cash and trade creditors, with limited trade (and other) debtors. The risk in this area is considered to be low; and
- defined benefit pension liability – as the Government has agreed to meet the defined benefit pension liability of any Academy ceasing to exist the main risk to the Trust is an annual cash flow funding of part of the deficit. Trustees take these payments into account when setting the annual budget plan.

The Trust and each Academy have continued to strengthen its risk management process throughout the year by improving the process and ensuring staff awareness.

#### Plans for Future Periods

Both Academies try to ensure that they provide a high quality service in their local community to make sure that they remain a popular choice for parents. Emphasis is put on training so that staff are enabled to carry out their job to the best of their ability. The senior leaders in each Academy will continue to monitor their policies and ensure that all staff follow them. One of the planned activities each year is to enable year six children to go on a week's residential trip which forges strong bonds and friendships before they leave for secondary school.

#### Funds Held as Custodian Trustee on Behalf of Others

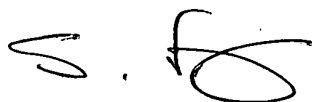
We hold no funds for others.

#### Auditor

Insofar as the Trustees are aware:

- there is no relevant audit information of which the Charitable Company's Auditor is unaware;
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Auditor is aware of that information; and
- The auditors, Price Bailey LLP, are willing to continue in office and a resolution to appoint them will be proposed at the appropriate AGM meeting by the Members.

The Trustees' Report, incorporating a Strategic Report, was approved by the Strategic Board on 29 November 2017 and signed on its behalf by:



Mr S Fenning  
Chair of Trustees

## PRIMARY EXCELLENCE - A CATHOLIC EDUCATION TRUST

(A Company Limited by Guarantee)

### GOVERNANCE STATEMENT

#### SCOPE OF RESPONSIBILITY

As Trustees, we acknowledge we have overall responsibility for ensuring that Primary Excellence - A Catholic Education 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 Strategic Board has delegated the day-to-day responsibility to the Chief Executive Officer, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Primary Excellence - A Catholic Education Trust and the Secretary of State for Education. They are also responsible for reporting to the Strategic Board 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 Strategic Board has formally met 4 times during the year. Attendance during the year at meetings of the Strategic Board was as follows:

Trustee	Meetings attended	Out of a possible
Mr S Fenning, Chair of Trustees	4	4
Mrs C Bonich	3	4
Mrs M Breeze	4	4
Mrs V Reynolds	4	4
Mrs B Harris	3	4
Mrs L Leggett	2	2

There has been a new member to the Board of Trustees Mrs Lisa Leggett, Chair of Governors at St Clare's. There have not been any particular challenges for the Board.

An audit of skills was carried out during the year. There has been no changes in the skills of the Trustees, there is a good range across the board including finance, management and education.

The Trust intends to conduct its next self-evaluation in Summer 2018.

Each member school has its own Finance and General Purposes Committee which are sub-committee's of each School's LGB's and report into the Strategic Board. Its purpose is to ensure that the Trust remains solvent and finance and resources are managed effectively in accordance with the regulations.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mr S Fenning (St Thomas More's and St Clare's)	3	3
Mrs Bridget Harris (St Thomas More's and St Clare's)	3	3
Mr G Herbert (St Thomas More's)	3	3
Mrs E Hayes (St Thomas More's)	3	3
Mr P Campbell (St Clare's)	2	3
Mrs M Breeze (St Clare's)	3	3

## **PRIMARY EXCELLENCE - A CATHOLIC EDUCATION TRUST**

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### **GOVERNANCE STATEMENT (continued)**

#### **REVIEW OF VALUE FOR MONEY**

As Accounting Officer, the Chief Executive Officer 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 Strategic Board where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the Trust has delivered improved value for money during the year by:

- raising student attainment;
- ensuring there is robust governance and oversight of Academy Trust finances;
- by adhering to the Academy Trust's strict procurement framework; and
- maximising income generation.

#### **THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Primary Excellence - A Catholic Education Trust for the year 1 September 2016 to 31 August 2017 and up to the date of approval of the Annual Report and financial statements.

#### **CAPACITY TO HANDLE RISK**

The Strategic Board 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 Strategic Board is of the view that there is a formal ongoing process for identifying, evaluating and managing the Trust's significant risks, that has been in place for the year 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Strategic Board.

#### **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 Strategic Board;
- regular reviews by the Finance and General Purposes 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 Strategic Board has considered the need for a specific internal audit function and has decided to appoint SBM Services Limited as Internal Auditor.

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

- income and debtors;
- bank and cash;
- payroll; and
- VAT

On an annual basis, the Internal Auditor reports to the Strategic Board through the audit committee on the operation of the systems of control and on the discharge of the Strategic Board's financial responsibilities.

The Board of Trustees can confirm that the Internal Auditor has delivered their schedule of work as planned.

**PRIMARY EXCELLENCE - A CATHOLIC EDUCATION TRUST**

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**GOVERNANCE STATEMENT (continued)**

**REVIEW OF EFFECTIVENESS**

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

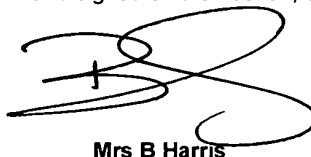
- the work of the Internal Auditor;
- the work of the external Auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the Trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by the Strategic Board on 29/11/17 and signed on their behalf, by:



**Mr S Fenning**  
**Chair of Trustees**



**Mrs B Harris**  
**Accounting Officer**

**PRIMARY EXCELLENCE - A CATHOLIC EDUCATION TRUST**

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**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

As Accounting Officer of Primary Excellence - A Catholic Education Trust I have considered my responsibility to notify the Strategic Board and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016.

I confirm that I and the Strategic Board are able to identify any material irregular or improper use of funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academies Financial Handbook 2016.

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



**Mrs B Harris**  
Accounting Officer

29/11/17

## PRIMARY EXCELLENCE - A CATHOLIC EDUCATION TRUST

(A Company Limited by Guarantee)

### STATEMENT OF TRUSTEES' RESPONSIBILITIES FOR THE YEAR ENDED 31 AUGUST 2017

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 Annual Accounts Direction issued 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 of the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements; 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 Strategic Board on 29/11/17 and signed on its behalf by:



**Mr S Fenning**  
Chair of Trustees

## **PRIMARY EXCELLENCE - A CATHOLIC EDUCATION TRUST**

**(A Company Limited by Guarantee)**

### **INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF PRIMARY EXCELLENCE - A CATHOLIC EDUCATION TRUST**

#### **OPINION**

We have audited the financial statements of Primary Excellence - A Catholic Education Trust (the "Academy Trust") for the year ended 31 August 2017 which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

This Report is made solely to the Academy 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 Academy 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 Academy Trust and the Academy Trust's Members for our audit work, for this Report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy Trust's affairs as at 31 August 2017 and of its incoming resources and application of resources 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 2016 to 2017 issued by the Education and Skills Funding Agency.

#### **BASIS OF 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 Academy 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 Academy Trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### **OTHER INFORMATION**

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

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

We have nothing to report in this regard.

## **PRIMARY EXCELLENCE - A CATHOLIC EDUCATION TRUST**

**(A Company Limited by Guarantee)**

### **INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF PRIMARY EXCELLENCE - A CATHOLIC EDUCATION TRUST**

#### **OPINION 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 and the Directors' Report) for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

#### **MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

In the light of our knowledge and understanding of the Academy and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors 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 not made; or
- we have not received all the information and explanations we require for our audit.

#### **RESPONSIBILITIES OF TRUSTEES**

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees (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 Academy Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Academy Trust or to cease operations, or have no realistic alternative but to do so.

#### **AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

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

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditor's Report.

Gary Miller (Senior Statutory Auditor)  
for and on behalf of  
**Price Bailey LLP**  
Chartered Accountants, Statutory Auditors  
Causeway House, 1 Dane Street  
Bishop's Stortford, Hertfordshire, CM23 3BT

8 December 2017



## **PRIMARY EXCELLENCE - A CATHOLIC EDUCATION TRUST**

**(A Company Limited by Guarantee)**

### **INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO PRIMARY EXCELLENCE - A CATHOLIC EDUCATION TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 25 October 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Primary Excellence - A Catholic Education Trust during the year 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This Report is made solely to Primary Excellence - A Catholic Education Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Primary Excellence - A Catholic Education Trust and the 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 Primary Excellence - A Catholic Education Trust and the ESFA, for our work, for this Report, or for the conclusion we have formed.

#### **RESPECTIVE RESPONSIBILITIES OF PRIMARY EXCELLENCE - A CATHOLIC EDUCATION TRUST'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT**

The Accounting Officer is responsible, under the requirements of Primary Excellence - A Catholic Education Trust's funding agreement with the Secretary of State for Education dated 1 June 2012, and the Academies Financial Handbook extant from 1 September 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2016 to 2017. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

#### **APPROACH**

We conducted our engagement in accordance with the Academies Accounts Direction 2016 to 2017 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

- Consideration and corroboration of the evidence supporting the Accounting Officers statement on regularity, propriety and compliance.
- Evaluation of the general control environment of the Academy Trust, extending the procedures required for financial statements to include regularity.
- 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, propriety and compliance in particular checking that selected items were appropriately authorised, and appropriate.

**PRIMARY EXCELLENCE - A CATHOLIC EDUCATION TRUST**

**(A Company Limited by Guarantee)**

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO PRIMARY  
EXCELLENCE - A CATHOLIC EDUCATION TRUST AND THE EDUCATION AND SKILLS FUNDING  
AGENCY (continued)**

**CONCLUSION**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2016 to 31 August 2017 have 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**

8 December 2017

**PRIMARY EXCELLENCE - A CATHOLIC EDUCATION TRUST**

**(A Company Limited by Guarantee)**

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 AUGUST 2017**

	Note	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
<b>INCOME FROM:</b>						
Donations and capital grants	2	5,500	223,539	13,839	242,878	224,608
Charitable activities	3	50,900	2,492,680	-	2,543,580	2,566,905
Other trading activities	4	42,920	44,482	-	87,402	71,791
Investments	5	987	-	-	987	1,475
<b>TOTAL INCOME</b>		<u>100,307</u>	<u>2,760,701</u>	<u>13,839</u>	<u>2,874,847</u>	<u>2,864,779</u>
<b>EXPENDITURE ON:</b>						
Charitable activities		164,024	2,871,857	40,259	3,076,140	2,968,054
<b>TOTAL EXPENDITURE</b>	6	<u>164,024</u>	<u>2,871,857</u>	<u>40,259</u>	<u>3,076,140</u>	<u>2,968,054</u>
<b>NET EXPENDITURE BEFORE OTHER RECOGNISED GAINS AND LOSSES</b>						
		(63,717)	(111,156)	(26,420)	(201,293)	(103,275)
Actuarial gains/(losses) on defined benefit pension schemes	22	-	674,000	-	674,000	(1,016,000)
<b>NET MOVEMENT IN FUNDS</b>		<u>(63,717)</u>	<u>562,844</u>	<u>(26,420)</u>	<u>472,707</u>	<u>(1,119,275)</u>
<b>RECONCILIATION OF FUNDS:</b>						
Total funds brought forward		676,166	(1,817,987)	197,825	(943,996)	175,279
<b>TOTAL FUNDS CARRIED FORWARD</b>		<u>612,449</u>	<u>(1,255,143)</u>	<u>171,405</u>	<u>(471,289)</u>	<u>(943,996)</u>

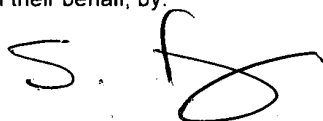
**PRIMARY EXCELLENCE - A CATHOLIC EDUCATION TRUST**

**(A Company Limited by Guarantee)  
REGISTERED NUMBER: 08068528**

**BALANCE SHEET  
AS AT 31 AUGUST 2017**

	Note	£	2017 £	£	2016 £
<b>FIXED ASSETS</b>					
Tangible assets	13		134,638		163,998
<b>CURRENT ASSETS</b>					
Stocks	14	927		257	
Debtors	15	600,035		586,082	
Cash at bank and in hand		778,279		779,340	
		<u>1,379,241</u>		<u>1,365,679</u>	
<b>CREDITORS: amounts falling due within one year</b>	16	(150,168)		(145,673)	
<b>NET CURRENT ASSETS</b>			<u>1,229,073</u>		<u>1,220,006</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>1,363,711</u>		<u>1,384,004</u>
Defined benefit pension scheme liability	22		(1,835,000)		(2,328,000)
<b>NET LIABILITIES INCLUDING PENSION SCHEME LIABILITIES</b>			<u>(471,289)</u>		<u>(943,996)</u>
<b>FUNDS OF THE ACADEMY</b>					
Restricted income funds:					
Restricted income funds	17	579,857		510,013	
Restricted fixed asset funds	17	171,405		197,825	
		<u></u>		<u></u>	
Restricted income funds excluding pension liability		751,262		707,838	
Pension reserve		(1,835,000)		(2,328,000)	
		<u></u>		<u></u>	
Total restricted income funds			(1,083,738)		(1,620,162)
Unrestricted income funds	17		612,449		676,166
<b>TOTAL DEFICIT</b>			<u>(471,289)</u>		<u>(943,996)</u>

The financial statements on pages 17 to 37 were approved by the Trustees, and authorised for issue, on 29/11/17 and are signed on their behalf, by:



**Mr S Fenning**  
Chair of Trustees

**PRIMARY EXCELLENCE - A CATHOLIC EDUCATION TRUST**

**(A Company Limited by Guarantee)**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 AUGUST 2017**

	Note	2017 £	2016 £
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities	19	8,851	443
<b>Cash flows from investing activities:</b>			
Interest received		987	1,475
Capital expenditure		(10,899)	(23,215)
<b>Net cash used in investing activities</b>		(9,912)	(21,740)
<b>Change in cash and cash equivalents in the year</b>		(1,061)	(21,297)
Cash and cash equivalents brought forward		779,340	800,637
<b>Cash and cash equivalents carried forward</b>		778,279	779,340

# **PRIMARY EXCELLENCE - A CATHOLIC EDUCATION TRUST**

**(A Company Limited by Guarantee)**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2017**

### **1. ACCOUNTING POLICIES**

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

#### **1.1 Basis of preparation of financial statements**

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

Primary Excellence - A Catholic Education Trust constitutes a public benefit entity as defined by FRS 102.

The Trust's functional and presentational currency is Pounds Sterling

#### **1.2 Company status**

The Trust is a company limited by guarantee. Those Members who are named on page 1. In the event of the Trust being wound up, the liability in respect of the guarantee is limited to £10 per Member. The Trust's registered office is St Thomas More's Catholic Primary School, Priory Street, Colchester, CO1 2QB.

#### **1.3 Income**

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

Grants are included in the Statement of Financial Activities incorporating Income and Expenditure Account on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance Sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

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

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

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

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

#### **1.4 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 Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

# **PRIMARY EXCELLENCE - A CATHOLIC EDUCATION TRUST**

**(A Company Limited by Guarantee)**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2017**

### **1. ACCOUNTING POLICIES (continued)**

#### **1.5 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 Trustees.

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

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

Investment income, gains and losses are allocated to the appropriate fund.

#### **1.6 Expenditure**

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

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

All expenditure is inclusive of irrecoverable VAT.

#### **1.7 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 Trust 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..

# **PRIMARY EXCELLENCE - A CATHOLIC EDUCATION TRUST**

**(A Company Limited by Guarantee)**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2017**

### **1. ACCOUNTING POLICIES (continued)**

#### **1.8 Tangible fixed assets and depreciation**

All assets costing more than £1,000 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

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

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives on the following bases:

Fixtures and fittings	- 10-15 years straight line
Computer equipment	- 5-10 years straight line

The Trust occupies land and buildings provided to it by the Diocesan Trustees under a license (also referred to as a Church Supplement Agreement) which contains a two year notice period. Having considered the fact that the Trust occupies 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.

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 Income and Expenditure Account.

#### **1.9 Operating leases**

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

#### **1.10 Stocks**

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

#### **1.11 Debtors**

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

#### **1.12 Cash at Bank and in hand**

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



# PRIMARY EXCELLENCE - A CATHOLIC EDUCATION TRUST

(A Company Limited by Guarantee)

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2017

### 1. ACCOUNTING POLICIES (continued)

#### 1.13 Liabilities and provisions

Liabilities and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

#### 1.14 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 15. 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 as detailed in note 16. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments.

#### 1.15 Pensions

Retirement benefits to employees of the Trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Governments 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. As stated in note 22, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the 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 incorporating Income and Expenditure Account and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

**PRIMARY EXCELLENCE - A CATHOLIC EDUCATION TRUST**

**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2017**

**1. ACCOUNTING POLICIES (continued)**

**1.16 Critical accounting estimates and areas of judgment**

Estimates and judgments 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 Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the Actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

**2. INCOME FROM DONATIONS AND CAPITAL GRANTS**

	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
Donations	56,539	-	62,039	43,814
Donation in kind (see note 24)	167,000	-	167,000	167,000
Capital grants	-	13,839	13,839	13,794
	<u>223,539</u>	<u>13,839</u>	<u>242,878</u>	<u>224,608</u>
<i>Total 2016</i>	<u>210,814</u>	<u>13,794</u>	<u>224,608</u>	

**PRIMARY EXCELLENCE - A CATHOLIC EDUCATION TRUST**

**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2017**

**3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
<b>DfE/ESFA grants</b>				
General Annual Grant (GAG)	-	2,055,891	2,055,891	1,937,826
Other DfE / ESFA grants	-	233,945	233,945	349,749
	-	2,289,836	2,289,836	2,287,575
<b>Other government grants</b>				
Local Authority grants	-	202,844	202,844	233,009
	-	202,844	202,844	233,009
<b>Other funding</b>				
Catering income	50,900	-	50,900	46,321
	50,900	-	50,900	46,321
	50,900	2,492,680	2,543,580	2,566,905
<b>Total 2016</b>	46,321	2,520,584	2,566,905	

**4. OTHER TRADING ACTIVITIES**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Other activities	42,920	44,482	87,402	71,791
<b>Total 2016</b>	31,081	40,710	71,791	

**5. INVESTMENT INCOME**

	Unrestricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Investment income	987	987	1,475
<b>Total 2016</b>	1,475	1,475	

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**6. EXPENDITURE**

	Staff costs 2017 £	Premises 2017 £	Other costs 2017 £	Total 2017 £	Total 2016 £
Provision of education:					
Direct costs	1,696,848	-	233,982	1,930,830	1,877,799
Support costs	494,928	322,713	327,669	1,145,310	1,090,255
	<u>2,191,776</u>	<u>322,713</u>	<u>561,651</u>	<u>3,076,140</u>	<u>2,968,054</u>
<b>Total 2016</b>	<u>2,065,509</u>	<u>328,520</u>	<u>574,025</u>	<u>2,968,054</u>	

**7. CHARITABLE ACTIVITIES**

	2017 £	2016 £
Direct costs	1,930,830	1,877,799
Support costs	1,145,310	1,090,255
	<u>3,076,140</u>	<u>2,968,054</u>
<b>Total</b>	<u>3,076,140</u>	<u>2,968,054</u>

	2017 £	2016 £
Analysis of support costs		
Support staff costs	494,928	418,474
Depreciation	40,259	41,809
Technology costs	24,515	11,999
Premises costs (excluding depreciation)	282,454	286,711
Other support costs	278,914	308,558
Governance costs	24,240	22,704
	<u>1,145,310</u>	<u>1,090,255</u>
<b>Total</b>	<u>1,145,310</u>	<u>1,090,255</u>

**8. NET INCOME/(EXPENDITURE)**

This is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets:		
- owned by the Trust	40,259	41,811
Auditors' remuneration - audit	7,250	7,250
Auditors' remuneration - other services	5,550	5,250
Operating lease rentals	10,671	11,365
	<u>63,730</u>	<u>65,676</u>

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**9. STAFF COSTS**

Staff costs were as follows:

	2017 £	2016 £
Wages and salaries	1,644,223	1,647,335
Social security costs	116,884	101,034
Pension costs	397,794	284,984
	<hr/>	<hr/>
Supply teacher costs	2,158,901	2,033,353
	32,875	32,156
	<hr/>	<hr/>
	2,191,776	2,065,509
	<hr/>	<hr/>

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

	2017 No.	2016 No.
Teachers	37	38
Administration and support	69	65
Management	2	2
	<hr/>	<hr/>
	108	105
	<hr/>	<hr/>

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

	2017 No.	2016 No.
In the band £ 60,001 - £ 70,000	1	0
In the band £ 80,001 - £ 90,000	1	1

The key management personnel of the Trust comprise the Trustees and the Senior Leadership Team as listed on page 1. The total amount of employee benefits (including employer pension and national insurance contributions) received by key management personnel for their services to the Academy was £189,637 (2016 - £177,893).

Employer pension contributions included within key management personnel remuneration was £24,272 (2016 - £22,960).

Employer national insurance contributions included within key management personnel remuneration was £18,083 (2016 - £15,612).

# PRIMARY EXCELLENCE - A CATHOLIC EDUCATION TRUST

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2017

### 10. TRUSTEES' REMUNERATION AND EXPENSES

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

		2017 £	2016 £
Mrs B Harris	Remuneration	80,000 - 85,000	80,000 - 85,000
	Pension contributions paid	10,000 - 15,000	10,000 - 15,000
Mrs M Breeze	Remuneration	60,000 - 65,000	55,000 - 60,000
	Pension contributions paid	10,000 - 15,000	5,000 - 10,000

During the year, no Trustees received any benefits in kind (2016 - £NIL).

During the year ended 31 August 2017, expenses totalling £1,817 (2016 - £NIL) were reimbursed to 2 Trustees (2016 - 2).

### 11. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the Trust has purchased insurance to protect Trustees and Officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2017 was included in the total insurance cost.

### 12. CENTRAL SERVICES

No central services were provided by the Trust to its Academies during the year and no central charges arose.

### 13. TANGIBLE FIXED ASSETS

	Fixtures and fittings £	Computer equipment £	Total £
<b>Cost</b>			
At 1 September 2016	140,862	158,191	299,053
Additions	7,635	3,264	10,899
At 31 August 2017	148,497	161,455	309,952
<b>Depreciation</b>			
At 1 September 2016	38,396	96,659	135,055
Charge for the year	31,241	9,018	40,259
At 31 August 2017	69,637	105,677	175,314
<b>Net book value</b>			
At 31 August 2017	78,860	55,778	134,638
At 31 August 2016	102,466	61,532	163,998

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FOR THE YEAR ENDED 31 AUGUST 2017**

**14. STOCKS**

	2017 £	2016 £
Finished goods and goods for resale	927	257

**15. DEBTORS**

	2017 £	2016 £
<b>Due after more than one year</b>		
Other debtors (see note 24)	334,000	334,000
<b>Due within one year</b>		
VAT recoverable	11,393	10,638
Other debtors	181,896	167,165
Prepayments and accrued income	72,746	74,279
	<u>600,035</u>	<u>586,082</u>

**16. CREDITORS: Amounts falling due within one year**

	2017 £	2016 £
Trade creditors	15,762	3,385
Other taxation and social security	59,872	65,051
Accruals and deferred income	74,534	77,237
	<u>150,168</u>	<u>145,673</u>

	2017 £	2016 £
<b>Deferred income</b>		
Deferred income at 1 September 2016	48,990	52,911
Resources deferred during the year	43,442	48,990
Amounts released from previous years	(48,990)	(52,911)
Deferred income at 31 August 2017	<u>43,442</u>	<u>48,990</u>

Resources deferred at the period end relate to contributions towards future educational visits and free school meal income received in advance for academic year 2017/18.

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**NOTES TO THE FINANCIAL STATEMENTS  
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**17. STATEMENT OF FUNDS**

	Brought forward £	Income £	Resources expended £	Transfers in/out £	Gains/ (losses) £	Balance at 31 August 2017 £
<b>Unrestricted funds</b>						
Unrestricted funds	676,166	100,307	(164,024)	-	-	612,449
<b>Restricted funds</b>						
	Brought forward £	Income £	Resources expended £	Transfers in/out £	Gains/ (losses) £	Balance at 31 August 2017 £
General Annual Grant (GAG)	1,263	2,055,891	(1,979,305)	-	-	77,849
Other Government grants	7,750	220,344	(228,094)	-	-	-
Pupil premium	-	147,372	(147,372)	-	-	-
Restricted trip donations	-	56,639	(56,639)	-	-	-
Other DfE/ESFA grants	-	85,737	(84,729)	-	-	1,008
Restricted donations	-	27,718	(27,718)	-	-	-
Donation in kind	501,000	167,000	(167,000)	-	-	501,000
Pension reserve	(2,328,000)	-	(181,000)	-	674,000	(1,835,000)
	(1,817,987)	2,760,701	(2,871,857)	-	674,000	(1,255,143)
<b>Restricted fixed asset funds</b>						
Restricted fixed asset fund	163,998	-	(40,259)	10,899	-	134,638
DFC	33,827	13,839	-	(10,899)	-	36,767
	197,825	13,839	(40,259)	-	-	171,405
Total restricted funds	(1,620,162)	2,774,540	(2,912,116)	-	674,000	(1,083,738)
Total of funds	(943,996)	2,874,847	(3,076,140)	-	674,000	(471,289)

**STATEMENT OF FUNDS - PRIOR YEAR**

	Brought forward £	Income £	Resources expended £	Transfers in/out £	Gains/ (losses) £	Balance at 31 August 2016 £
<b>Unrestricted funds</b>						
Unrestricted funds	608,958	67,208	-	-	-	676,166
	608,958	67,208	-	-	-	676,166



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**NOTES TO THE FINANCIAL STATEMENTS  
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**17. STATEMENT OF FUNDS (continued)**

**Restricted funds**

	Balance at 1 September 2015 £	Income £	Resources expended £	Transfers in/out £	Gains/ (losses) £	Balance at 31 August 2016 £
General Annual Grant (GAG)	89,694	1,937,826	(2,003,042)	(23,215)	-	1,263
Other Government grants	-	245,858	(238,108)	-	-	7,750
Pupil premium	-	297,294	(297,294)	-	-	-
Restricted trip donations	-	43,814	(43,814)	-	-	-
Other DfE/ESFA grants	-	39,606	(39,606)	-	-	-
Restricted donations	-	52,379	(52,379)	-	-	-
Donation in kind	501,000	167,000	(167,000)	-	-	501,000
Pension reserve	(1,227,000)	-	(85,000)	-	(1,016,000)	(2,328,000)
	<u>(636,306)</u>	<u>2,783,777</u>	<u>(2,926,243)</u>	<u>(23,215)</u>	<u>(1,016,000)</u>	<u>(1,817,987)</u>

**Restricted fixed asset funds**

Restricted fixed asset fund	182,594	-	(41,811)	23,215	-	163,998
DFC	20,033	13,794	-	-	-	33,827
	<u>202,627</u>	<u>13,794</u>	<u>(41,811)</u>	<u>23,215</u>	<u>-</u>	<u>197,825</u>
Total restricted funds	<u>(433,679)</u>	<u>2,797,571</u>	<u>(2,968,054)</u>	<u>-</u>	<u>(1,016,000)</u>	<u>(1,620,162)</u>
Total of funds	<u>175,279</u>	<u>2,864,779</u>	<u>(2,968,054)</u>	<u>-</u>	<u>(1,016,000)</u>	<u>(943,996)</u>

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

**Unrestricted funds**

This represents income received that does not have restrictions on its use.

**Other Government grants**

This represents various small grants from local and national Government bodies for the provision of specific services to pupils of the Academies.

**Pupil premium**

This funding is to be used to raise achievement and improve outcomes for pupils from low-income families who are eligible for free school meals, looked after children and those from families with parents in the Armed Forces.

**Restricted trip donations**

This represents income received to be used for educational trips.

**Other DfE/ESFA grants**

This fund largely represents income granted to help raise achievement and improve outcomes for pupils from low income families who are eligible for free school meals.

**Pension Reserve**

This reserve represents the Trust's share of the deficit on the Local Government Pension Scheme (LGPS) transferred to it on conversion from state controlled schools.

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2017

### 17. STATEMENT OF FUNDS (continued)

#### Restricted fixed asset fund

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

#### DFC

This represents funding received from ESFA specifically for the maintenance and improvement of the Trust's buildings and facilities.

#### General Annual Grant (GAG)

This represents funding from the ESFA to cover the costs of recurrent expenditure.

#### Donation in kind

This fund represents the rent free occupation of the land and buildings from the Diocese of Brentwood.

#### ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2017 were allocated as follows:

	Total 2017 £	Total 2016 £
St Thomas More's Catholic Academy	455,274	398,967
St Clare's Catholic Academy	236,032	286,212
Right to occupy	501,000	501,000
Total before fixed asset fund and pension reserve	1,192,306	1,186,179
Restricted fixed asset fund	171,405	197,825
Pension reserve	(1,835,000)	(2,328,000)
Total	(471,289)	(943,996)

#### ANALYSIS OF ACADEMIES BY COST

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2017 £	Total 2016 £
St Thomas More's Catholic Academy	952,928	5,207	22,085	462,184	1,442,404	1,395,869
St Clare's Catholic Academy	1,104,216	10,069	41,271	437,921	1,593,477	1,445,374
	2,057,144	15,276	63,356	900,105	3,035,881	2,841,243

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**NOTES TO THE FINANCIAL STATEMENTS  
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**18. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	134,638	134,638
Debtors due after more than 1 year	-	334,000	-	334,000
Current assets	612,449	396,025	36,767	1,045,241
Creditors due within one year	-	(150,168)	-	(150,168)
Provisions for liabilities and charges	-	(1,835,000)	-	(1,835,000)
	<u>612,449</u>	<u>(1,255,143)</u>	<u>171,405</u>	<u>(471,289)</u>

**ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR**

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £
Tangible fixed assets	-	-	163,998	163,998
Debtors due after more than 1 year	-	334,000	-	334,000
Current assets	676,166	321,686	33,827	1,031,679
Creditors due within one year	-	(145,673)	-	(145,673)
Provisions for liabilities and charges	-	(2,328,000)	-	(2,328,000)
	<u>676,166</u>	<u>(1,817,987)</u>	<u>197,825</u>	<u>(943,996)</u>

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

	2017 £	2016 £
Net expenditure for the year (as per Statement of Financial Activities)	(201,293)	(103,275)
<b>Adjustment for:</b>		
Depreciation charges	40,259	41,811
Interest received	(987)	(1,475)
(Increase)/decrease in stocks	(670)	641
Increase in debtors	(13,953)	(23,076)
Increase in creditors	4,495	817
Pension adjustments	181,000	85,000
<b>Net cash provided by operating activities</b>	<u>8,851</u>	<u>443</u>

**20. ANALYSIS OF CASH AND CASH EQUIVALENTS**

	2017 £	2016 £
Cash in hand	778,279	779,340
<b>Total</b>	<u>778,279</u>	<u>779,340</u>

## PRIMARY EXCELLENCE - A CATHOLIC EDUCATION TRUST

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2017

#### 21. MEMBERS' LIABILITY

Each Member of the Charitable Company undertakes to contribute to the assets of the Company in the event of it being wound up while he/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.

#### 22. PENSION COMMITMENTS

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

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

Contributions amounting to £32,200 were payable to the schemes at 31 August 2017 (2016 - 28,843) and are included within creditors.

##### Teachers' Pension Scheme

###### Introduction

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

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

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

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

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

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

The employer's pension costs paid to TPS in the period amounted to £147,746 (2016 - £139,900).

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

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2017

### 22. PENSION COMMITMENTS (continued)

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

#### Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £149,000 (2016 - £132,000), of which employer's contributions totalled £116,000 (2016 - £103,000) and employees' contributions totalled £33,000 (2016 - £29,000). The agreed contribution rates for future years are 12.3% for employers and 5.5-12.5% for employees.

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

Principal actuarial assumptions:

	2017	2016
Discount rate for scheme liabilities	2.60 %	2.20 %
Rate of increase in salaries	4.20 %	4.10 %
Rate of increase for pensions in payment / inflation	2.70 %	2.30 %
Inflation assumption (CPI)	2.70 %	2.30 %
Inflation assumption (RPI)	3.60 %	3.20 %

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

	2017	2016
Retiring today		
Males	22.2	22.9
Females	24.7	25.3
Retiring in 20 years		
Males	24.3	25.2
Females	27.0	27.7

	At 31 August 2017 £	At 31 August 2016 £
<b>Sensitivity analysis</b>		
Discount rate +0.1%	3,256,000	3,526,000
Discount rate -0.1%	3,397,000	3,685,000
Mortality assumption - 1 year increase	3,438,000	3,701,000
Mortality assumption - 1 year decrease	3,218,000	3,511,000
CPI rate +0.1%	3,386,000	3,653,000
CPI rate -0.1%	3,218,000	3,558,000

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**22. PENSION COMMITMENTS (continued)**

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

	Fair value at 31 August 2017 £	Fair value at 31 August 2016 £
Equities	973,000	876,000
Gilts	93,000	45,000
Other bonds	58,000	57,000
Property	144,000	141,000
Cash and other liquid assets	46,000	39,000
Alternative assets	114,000	57,000
Other managed funds	63,000	62,000
<b>Total market value of assets</b>	<b>1,491,000</b>	<b>1,277,000</b>

The actual return on scheme assets was £195,000 (2016 - £158,000).

The amounts recognised in the Statement of Financial Activities incorporating Income and Expenditure Account are as follows:

	2017 £	2016 £
Current service cost	(247,000)	(141,000)
Interest income	29,000	42,000
Interest cost	(79,000)	(89,000)
<b>Total</b>	<b>(297,000)</b>	<b>(188,000)</b>

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

	2017 £	2016 £
Opening defined benefit obligation	3,605,000	2,229,000
Current service cost	247,000	141,000
Interest cost	79,000	89,000
Employee contributions	33,000	29,000
Actuarial (gains)/losses	(612,000)	1,132,000
Benefits paid	(26,000)	(15,000)
<b>Closing defined benefit obligation</b>	<b>3,326,000</b>	<b>3,605,000</b>

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

	2017 £	2016 £
Opening fair value of scheme assets	1,277,000	1,002,000
Interest income	29,000	42,000
Actuarial gains	62,000	116,000
Employer contributions	116,000	103,000
Employee contributions	33,000	29,000
Benefits paid	(26,000)	(15,000)
<b>Closing fair value of scheme assets</b>	<b>1,491,000</b>	<b>1,277,000</b>

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**23. OPERATING LEASE COMMITMENTS**

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

	Land and buildings			Other
	2017	2016	2017	2016
	£	£	£	£
<b>Amounts payable:</b>				
Within 1 year	2,500	2,500	6,451	8,144
Between 1 and 5 years	5,000	7,500	3,557	9,705
<b>Total</b>	<b>7,500</b>	<b>10,000</b>	<b>10,008</b>	<b>17,849</b>

**24. RELATED PARTY TRANSACTIONS**

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

Any transactions where the Trustee has a pecuniary interest is only undertaken in accordance with the 'at cost' principle stated in the Academies Financial Handbook.

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 this agreement. No such notice had been given at the year end and the Diocese is therefore committed to providing the land and buildings for a further 36 months from the year end. The Trustees estimate that the cost of renting an equivalent building would be £167,000 per annum. On this basis a donation from the Diocese of £167,000 is shown in accounts together with a notional expense of the same amount. In addition, included within the debtors is a donation in kind received of £501,000 representing the commitment by the Diocese to provide the land and buildings rent free for a further 36 months.

The spouse of Trustee Mr S Fenning is employed by the Trust on a contract approved by Trustees. Their remuneration is in line with the standard payscales for the role undertaken and their employment contract is subject to normal terms and conditions.

There were no other related party transactions during the year ended 31 August 2017.