

SALOPIA CATHOLIC SCHOOLS TRUST

(A company limited by guarantee)

REPORT AND ACCOUNTS

FOR THE PERIOD ENDED 31 AUGUST 2016

Company Registration Number: 09646093 (England and Wales)

TUESDAY



L626LAFN

LD5

14/03/2017

#115

COMPANIES HOUSE

SALOPIA CATHOLIC SCHOOLS TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

FOR THE PERIOD ENDED 31 AUGUST 2016

Members	Diocese of Shrewsbury Education Trust Canon David Roberts Canon Jonathan Mitchell Simon Geary Philip White
----------------	--

Academy Trustees	John O'Sullivan (Chair) Mark Cotton Damian Cunningham Carol Lawrence Hanif Lula Canon David Roberts
-------------------------	--

St Augustines Catholic Primary School

Executive Head Teacher	Kevin Doogan
Acting Head of School	Nicola Turner

Principal Registered Office	Diocese of Shrewsbury Curial Offices 2 Park Road South Prenton Wirral Merseyside CH43 4UX
------------------------------------	--

Company Registration Number	09646093 (England and Wales)
------------------------------------	------------------------------

Independent Auditor	haysmacintyre 26 Red Lion Square London WC1R 4AG
----------------------------	---

Bankers	Lloyds Bank plc Horsemarket Street Warrington Cheshire WA1 1TP
----------------	--

Solicitors for the purpose of Academy Conversion	Browne Jacobson LLP Ground Floor 3 Piccadilly Place Manchester M1 3BN
---	---

SALOPIA CATHOLIC SCHOOLS TRUST

TRUSTEES' REPORT

FOR THE PERIOD ENDED 31 AUGUST 2016

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period ended 31 August 2016 under the Companies Act 2006 and the Charities Act 2011, together with the audited financial statements for the year, and confirm that the latter comply with the requirements of the Companies Act 2006, the Company's Memorandum & Articles of Association and the SORP 2015 – FRS 102.

The charitable company was incorporated on 18 June 2015 and took over the trade and assets of St Augustine Catholic Primary School from Halton Local Authority from 29 June 2015.

Structure, Governance and Management

Constitution

The Academy Trust is a company limited by guarantee and an exempt charity. The Charitable Company's memorandum and articles of association are the primary governing documents of the Academy Trust.

The trustees of Salopia Catholic Schools Trust are also the directors of the Charitable Company for the purposes of company law.

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

Members' liability

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

Trustees' indemnities

In accordance with normal commercial practice the Academy Trust has purchased insurance to protect trustees, governors and officers from claims arising due to negligent acts, errors or omissions occurring whilst on academy business. See note 10 for further details.

Principal activities

To advance, for the public benefit, education in the UK.

Method of recruitment and appointment or election of trustees

The Foundation Governors of each School shall be formally appointed by the Diocese following recommendations from the Diocese Education Service on behalf of the diocesan Bishop. In carrying out this duty, the Diocesan Education Service shall consult with the Parish Priest who will liaise with the Academy Principal/Head teacher regarding appropriate appointments.

Policies and procedures adopted for the induction and training of trustees

All Trustees and Governors are provided with copies of procedures, minutes, accounts, budget plans and other documents that they will need to undertake their role as trustees and governors.

Organisational structure

The Trustees have overall responsibility and ultimate decision making authority for all the work of the Academy and in order to discharge these responsibilities appoint people who are more locally based to serve on a board (each being a 'Local Governing Body') which has been established to ensure good governance of the Academy. The Directors have delegated various functions to the Local Governing Body through a formal scheme of delegation.

SALOPIA CATHOLIC SCHOOLS TRUST

TRUSTEES' REPORT

FOR THE PERIOD ENDED 31 AUGUST 2016

Subject to the provisions of the Scheme of Delegation the Trustees are responsible for setting strategic policy, adopting an annual budget plan, monitoring the Academy by the use of budgets and making major decisions about the direction of the Academy, capital expenditure and senior staff appointment.

The Senior Managers are Kevin Doogan who is the Executive Head Teacher and Nicola Turner who is the Acting Head Teacher at the School. Both Mr Doogan and Miss Turner are employed by Christ the King Catholic Primary School and a memorandum of understanding exists between St Augustine Primary School and Christ the King Primary School.

These managers control the Academy at an executive level, implement the policies laid down by the Trustees and reporting back to them. As a group the Senior Managers are responsible for the authorisation of spending within agreed budgets and the appointment of staff.

The above are also the Key Management Personnel. The Key Management personnel are not direct employees of the Academy however the fee for their services was set in line with the Whole School Pay Policy and Appraisal Policy.

Pay ranges are set and increments are only processed within these pay ranges once the Governors are satisfied that the policy has been subjected to rigour.

Risk management

Under their delegated authority, the Trustees have assessed the major risks to which the Academy are exposed, particularly those related to the operations and finances of the Academy. Systems and internal controls are in place to assess the risks that the school faces, especially in operational areas (e.g. in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finance. Where significant risk still remains, the Trustees have ensured they have adequate insurance cover.

Connected organisations, including related party relationships

The Academy Trust is part of a wider network of Diocesan multi academy trusts which have in common Foundation Directors and one or more members.

The Academy is also part of the network of Diocesan schools who support and assist each other in their mission.

Objectives and Activities

Objects and aims

The Academy Trust's principle object is to advance, for public benefit, education in the United Kingdom, in particular but without prejudice to the generality of the foregoing, by establishing, maintaining, carrying on, managing and developing Catholic schools which shall offer a broad and balanced curriculum and shall be conducted as Catholic schools in accordance with the code of Canon Law of the Latin Church from time to time and the doctrinal, social and moral teachings of the Catholic Church from time to time and following the directives and policies issued by the Diocesan Bishop to ensure that the formation, governance and education of the Academy is based on the principles of Catholic doctrine, and at all times serving as a witness to the Catholic faith in Our Lord Jesus Christ.

To promote for the benefit of individuals living in Wirral and the surrounding area the provision of facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances or for the public at large the provision of facilities for recreation or other leisure time activities in the interests of social welfare and with the object of improving the condition of life of the said individuals.

The aim of the Academy is to provide a quality education in a caring and disciplined community in line with our ethos.

SALOPIA CATHOLIC SCHOOLS TRUST

TRUSTEES' REPORT

FOR THE PERIOD ENDED 31 AUGUST 2016

Objectives, strategies and activities

The main objectives of the Academy during the period ended 31st August 2016 are summarised below:

- To ensure that every student enjoys the same high quality education in terms of resourcing, tuition and care
- To raise the standard of educational achievement of all students
- To improve the effectiveness of the Academy by keeping the curriculum and organisational structure under continual review
- To provide value for money for the funds expended
- To comply with all appropriate statutory and curriculum requirements
- To conduct the Academy business in accordance with the highest standards of integrity, probity and openness.

Public benefit

The Trustees have considered the Charity Commission's guidance on Public Benefit. The key Public Benefit delivered by the Salopia Catholic Schools Trust is the maintenance and development of the high quality Catholic Education provided by the schools, for over 50 years, to the young people of our parishes.

Achievements and Performance

St Augustines Catholic Primary School aims to share with the children the richness and depth of the Catholic Family and provide every opportunity to enhance the development of a sense of belonging to the family of God, where each person is valued for who they are and treated with love and dignity. The School offers a welcoming, friendly and loving environment which provides the best possible education and pastoral care for each of the pupils. The School also aims to develop Christian working relationships based upon loyalty, co-operation and mutual respect. It serves the families and parishioners of those living within the boundary of St Augustine's parish, which is part of the Parish of The Divine Saviour, as well as the wider community.

It is a smaller-than-average-sized primary school where the majority of pupils are of White British heritage. The proportion of pupils from minority ethnic backgrounds is below that seen nationally and very few pupils speak English as an additional language. The proportion of disadvantaged pupils is extremely high as the school is in the top percentile nationally in relation to each of the deprivation indicator, the percentage of children known to be eligible for free school meals and pupils with special educational needs and/or disabilities.

Historically, the attainment of pupils at the end of KS2 is below other schools nationally. Children typically enter school with skills that are less developed than their peers nationally and the school is pleased to report that at KS2 attainment in reading is broadly average although attainment in maths and writing was below average. In 2016 the progress achieved by the children was similar with progress in reading being well above the national average albeit that progress in maths and writing was below the national average. The School Improvement Plan reflects the work that needs to be done in bringing the children closer to the national figure. For 2017 80% of the Year 6 pupils are targeted to achieve Age Related Expectations.

The last Ofsted inspection in 2014 designated the School as 'Requires Improvement' which showed progress as the School had previously been rated as 'Inadequate'. The Trustees and Senior Leadership are continually monitoring the school's improvement, which has been consolidated since the Acting Head of School took up post at the School in September 2016.

SALOPIA CATHOLIC SCHOOLS TRUST

TRUSTEES' REPORT

FOR THE PERIOD ENDED 31 AUGUST 2016

Going Concern

The Board of trustees has an expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

Financial Review

The Statement of Financial Activities ('SOFA') summarises the financial performance of the trust and the balance sheet on page 15 summarises the assets and liabilities of the trust at 31st August 2016.

Most of the Academy's income is obtained from the Government in the form of recurrent grants, the use of which is restricted for particular purposes. The grants received during the period ended 31st August 2016 and associated expenditure are shown as restricted funds in the statement of financial activities.

The Academy has taken on the deficit in the Local Government Pension Schemes in respect of its non-teaching staff transferred on conversion as detailed in the accounts. The Academy share of the deficit represents the amount the Academy would have to contribute if the fund were wound up and its liabilities had to be met at that point. This is reflected in the provisions, and the deficit arising in the year is shown in the Statement of Financial Activities, however at this time there is no intention to wind up the scheme and therefore the Academy does not expect to have to fund this liability. The Academy takes advice on funding levels and would increase contributions if advised to so.

For the August 2016 Financial Statements the Trustees have reviewed the accounting policy for the building assets used in the operations of the Academy in the Trust and concluded that the lease arrangements with the Diocese do not transfer substantially all the risks and rewards of ownership of the land and buildings to the Academy Trust. The school's land and buildings owned by the Diocese are therefore not recognised in the balance sheet as a fixed asset.

Principal risks and uncertainties

The principal risks to the Trust are documented and managed using a risk management policy and a risk register which is regularly reviewed.

The Trust has carried out a careful review of the risks and uncertainties it faces in the forthcoming year.

In summary these are viewed as:

- Pressures on growth emanating from Government policy direction for multi academy Trusts to take on additional schools
- Potential loss of reputation and community confidence arising from any drop in standards and academic performance leading to falling rolls
- Budgetary pressures brought about by reduced public sector education spending and funding formula changes
- Impact of changes to school performance measures in terms of curriculum structures
- Failure on high profile school to school support commissions.
- Downgrading of the current OFSTED report for the Trust academy following inspection
- Inability to sufficiently increase pupil numbers at due to local demographic position for the Academy within the Trust
- Sufficiency of accommodation to meet major growth in demand for places
- Erosion of reserves to balance budgets in the short to medium term
- Succession planning within Trust governance and leadership

SALOPIA CATHOLIC SCHOOLS TRUST

TRUSTEES' REPORT

FOR THE PERIOD ENDED 31 AUGUST 2016

Key controls in place to mitigate these risks include:

- Forensic data and annual examination performance analysis
- Annual school improvement plans at all Academy of the Trust
- Robust self-evaluation procedures and careful monitoring of teaching and learning.
- An organisational structure with clearly defined roles, responsibilities and authorisation levels
- Documented terms of reference and policies for the governance of the Trust,
- Financial planning, budgeting and regular financial reporting to Governors, Sub Committee and detailed scrutiny of financial risk
- Robust due diligence procedures in place for growth of the Trust

Reserves policy

Trustees review the level of reserves on an annual basis. This review encompasses the nature of income and expenditure streams, the need to match income with commitments (including future commitments) and the type of reserves. The trust currently does not hold any free reserves.

The Trustees have decided to adopt a prudent approach and aim to hold reserves of at least 5% of income. These reserves will help to buy for unforeseen business interruptions, assist budgetary pressures over the medium term, provide funds for capital improvements or developments, assist cash flow where payments of the EFA funding are retrospective and support short-term emergency requirements. This is sound commercial practice designed to safeguard the trust business interests and quality of education at all of its Academy.

The net liability of the Trust in the Local Government Pension Scheme and (LGPS) amounts to £170k. It should however be noted that an immediate liability for this amount is not crystallised at the financial year end. 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 18th of July 2013. This guarantee provides comfort to the Trustees in the event of an academy closure.

Investment Policy

The Academy operates an investment policy that seeks to maximise returns, minimise risk and maintain flexibility and access to funds.

Plans for future period

In setting our objectives and planning our activities the trustees have given careful consideration to the Charity Commission's general guidance on public benefit.

The Trust will continue to work to raise both the aspirations and outcomes of all its students at whatever age, closing gaps between the performance of different groups, where this is needed, and ensuring that they are able to proceed successfully to the next stage of their education.

SALOPIA CATHOLIC SCHOOLS TRUST
TRUSTEES' REPORT
FOR THE PERIOD ENDED 31 AUGUST 2016

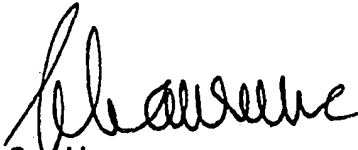
Auditor

haysmacintyre has indicated its willingness to continue in office.

Statement as to disclosure of information to auditors

The Trustees have confirmed that, as far as they are aware, there is no relevant audit information of which the auditors are unaware. Each of the Trustees have confirmed that they have taken all the steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

The Trustees' Annual Report is approved by order of the board of trustees and the Strategic Report (included therein) is approved by the board of trustees in their capacity as the directors at a meeting on 16 December 2016 and signed in its behalf by:



Carol Lawrence
Trustee

SALOPIA CATHOLIC SCHOOLS TRUST

GOVERNANCE STATEMENT

FOR THE PERIOD ENDED 31 AUGUST 2016

Scope of responsibility

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

The Board of Trustees has delegated the day-to-day responsibility to the Executive Head Teacher, 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 Salopia Catholic Schools Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

Governance

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

Trustee	Meetings attended	Out of possible
Mark Cotton	1	4
Damian Cunningham	4	4
Carol Lawrence	3	4
Hanif Lula	3	4
Canon David Roberts	3	4
John O'Sullivan	4	4

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy 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 the Salopia Catholic Schools Trust for the period ended 31 August 2016 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

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

SALOPIA CATHOLIC SCHOOLS TRUST

GOVERNANCE STATEMENT (continued)

FOR THE PERIOD ENDED 31 AUGUST 2016

The risk and control framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- regular reviews by the Executive 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;
- identification and management of risks.

The Board of Trustees has considered the need for a specific internal audit function. No major weaknesses were identified and appropriate action is being taken on the areas that were. During the year we will be carrying out a risk assessment and, if appropriate, creating a multi-year internal audit review plan.

Review of effectiveness

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

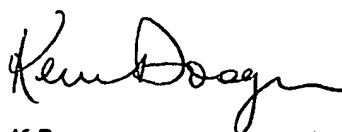
- The work of the Halton Borough Council under a service level agreement for the management of financial information;
- The work of the external auditor;
- The financial management and governance self-assessment process.

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

Approved by order of the members of the Board of Trustees on 16 December 2016 and signed on its behalf by:



Carol Lawrence
Trustee



K Doogan
Accounting Officer

SALOPIA CATHOLIC SCHOOLS TRUST

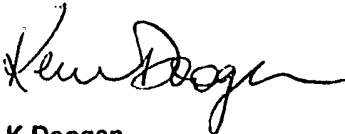
STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

FOR THE PERIOD ENDED 31 AUGUST 2016

As Accounting Officer of Salopia Catholic Schools Trust I have considered my responsibility to notify the academy trust Board of Trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academy Financial Handbook 2015.

I confirm that I and the academy trust Board of Trustees 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 Academy Financial Handbook 2015.

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



K Doogan
Accounting Officer

SALOPIA CATHOLIC SCHOOLS TRUST

STATEMENT OF GOVERNORS' RESPONSIBILITIES

FOR THE PERIOD ENDED 31 AUGUST 2016

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academy Accounts Direction 2015 to 2016;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS102) 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 the EFA/DfE have been applied for the purposes intended.

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

In preparing this report, the Directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

Approved by order of the members of the Board of Trustees on 16 December 2016 and signed on its behalf by:



Carol Lawrence
Trustee

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SALOPIA CATHOLIC SCHOOLS TRUST

We have audited the financial statements of Salopia Catholic Schools Trust for the period ended 31 August 2016 which comprise the Statement of Financial Activities, the Balance Sheet, Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including Financial Reporting Standard 102 (the accounting standard applicable in the UK and Ireland) and the Academy Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

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

Respective responsibilities of trustees and auditor

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

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

Scope of the audit of the financial statements

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

Opinion on the financial statements

In our opinion the financial statements:

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

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

- the charitable company has not kept adequate accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the charitable company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures or trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption from the requirement to prepare a Strategic Report or in preparing the Trustees' Report.


Samantha Coutinho (Senior Statutory Auditor)
for and on behalf of haysmacintyre, Statutory Auditor

Date: 16/12/2016

26 Red Lion Square
London WC1R 4AG

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON REGULARITY TO SALOPIA CATHOLIC SCHOOLS TRUST AND THE EDUCATION FUNDING AGENCY

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

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

Respective responsibilities of The Salopia Catholic Schools Trust's accounting officer and the reporting auditor

The accounting officer is responsible, under the requirements of Salopia Catholic Schools Trust's funding agreement with the Secretary of State for Education dated 30 June 2015 and the Academy Financial Handbook, extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

We conducted our engagement in accordance with the Academy Accounts Direction 2015 to 2016 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

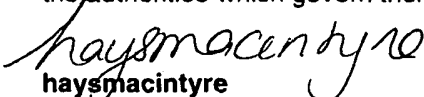
Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the academy trust's income and expenditure.

The work undertaken to draw to our conclusion includes:

- Enquiry
- Inspection and review
- Observation and re-performance

Conclusion

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


haysmacintyre

Date: 16/12/2016

26 Red Lion Square
London WC1R 4AG

Salopia Catholic Schools Trust

Statement of Financial Activities For the period ended 31 August 2016 (including Income and Expenditure Account)

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2016 £000
Income from:					
Donations and capital grants	2	-	-	12	12
Voluntary income					
Other trading activities	3	1	-	-	1
Incoming resources from charitable activities:					
Funding for the academy trust's educational operations	4	-	736	-	736
Total		<u>1</u>	<u>736</u>	<u>12</u>	<u>749</u>
Expenditure on:					
Charitable activities:					
Academy trust educational operations	6	50	659	14	723
Transfer from local authority on conversion	22	(49)	102	(8)	47
Total	6	<u>1</u>	<u>761</u>	<u>8</u>	<u>770</u>
Net Income/(expenditure) before transfers		-	(25)	4	(21)
Gross transfers between funds	14	-	-	-	-
Net Income/(expenditure)		-	(25)	4	(21)
Other recognised gains and losses					
Actuarial losses on defined benefit pension schemes	20	-	(59)	-	(59)
Net movement in funds		-	(84)	4	(80)
Total funds carried forward	14	<u>-</u>	<u>(84)</u>	<u>4</u>	<u>(80)</u>

All of the Academy trust's activities derive from continuing operations during the financial periods.

The accompanying notes form part of these accounts.

Salopia Catholic Schools Trust

Balance Sheet
As at 31 August 2016

Company Registration No: 09646093

	Notes	2016 £,000	2016 £000
Fixed assets			
Tangible assets	11		4
Current assets			
Debtors	12	18	
Cash at bank and in hand		112	
		<u>130</u>	
Liabilities			
Creditors: amounts falling due within one year	13	(44)	
Net current assets			<u>86</u>
Total assets less current liabilities			90
Pension scheme liability	20		(170)
Net assets including pension liability			<u>(80)</u>
Funds of the academy trust:			
Restricted income funds			
Fixed asset fund	14	4	
General fund	14	86	
Pension reserve	14	(170)	
Total restricted funds			(80)
Unrestricted income funds			
General fund	14	-	
Total unrestricted funds			-
Total funds			<u>(80)</u>

The financial statements were approved by the trustees, and authorised for issue on 16 December 2016 and are signed on their behalf by:


Carol Lawrence

Trustee

The accompanying notes form part of these accounts.

Salopia Catholic Schools Trust

Cash Flow Statement For the period ended 31 August 2016

	Notes	2016 £000
Net cash (outflow)/inflow from operating activities	16	100
Cash flow from investing activities	17	12
Change in cash and cash equivalents in the reporting period	18	<u>112</u>
Cash and cash equivalents at 1 September 2015		-
Cash and cash equivalents as at the 31 August 2016		<u>112</u>

Salopia Catholic Schools Trust

Notes to the Financial Statements For the period ended 31 August 2016

1 Statement of Accounting Policies

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

Basis of Preparation

The financial statements of the Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS102)), the Academies Accounts Direction 2014 to 2015 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

Salopia Catholic Schools Trust meets the definition of a public benefit entity under FRS 102.

Going Concern

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

Income

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

- **Grants Receivable**

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

General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

- **Donations**

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

- **Other Income**

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

Expenditure

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

- **Expenditure on Raising Funds**

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

- **Charitable Activities**

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

All resources expended are inclusive of irrecoverable VAT.

Salopia Catholic Schools Trust

Notes to the Financial Statements (continued) For the period ended 31 August 2016

1 Statement of Accounting Policies (continued)

Tangible Fixed Assets

Assets costing £2,500 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

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

Fixtures, fittings and equipment	33% Straight line
Computer equipment	33% Straight line

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

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

Debtors

Debtors are recognised at the settlement amount due after any discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

Liabilities

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

Financial Instruments

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

Leased assets

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

Taxation

The academy trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by 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.

Salopia Catholic Schools Trust

Notes to the Financial Statements (continued) For the period ended 31 August 2016

1 Statement of Accounting Policies (continued)

Pensions Benefits

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes and the assets are held separately from those of the academy trust.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 20, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

Fund Accounting

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

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

Restricted general funds comprise all other restricted funds received and include grants from the Education Funding Agency.

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, will impact the carrying amount of the pensions liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2015. 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.

Salopia Catholic Schools Trust

Notes to the Financial Statements (continued)
For the period ended 31 August 2016

2 Donations and capital grants

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2016 £000
Capital Grants	-	-	12	12
	<u>-</u>	<u>-</u>	<u>12</u>	<u>12</u>

3 Other trading activities

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2016 £000
Hire of facilities	1	-	-	1
	<u>1</u>	<u>-</u>	<u>-</u>	<u>1</u>

4 Funding for the Academy Trust's Educational Operations

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2016 £000
DIE / EFA grants				
General Annual Grant (GAG)	-	609	-	609
Other DIE/EFA grants	-	95	-	95
	<u>-</u>	<u>704</u>	<u>-</u>	<u>704</u>
 Other income				
	-	32	-	32
	<u>-</u>	<u>32</u>	<u>-</u>	<u>32</u>
	<u>-</u>	<u>736</u>	<u>-</u>	<u>736</u>

Salopia Catholic Schools Trust

Notes to the Financial Statements (continued)
For the period ended 31 August 2016

5 Expenditure

	Staff Costs £000	Non Pay Premises £000	Expenditure Other £000	Total 2016 £000
Academy's educational operations				
Direct costs	527	-	118	645
Allocated support costs	-	25	53	78
	<u>527</u>	<u>25</u>	<u>171</u>	<u>723</u>

Net income/(expenditure) for the year include:

	2016 £000
Operating leases	
Other	-
Fees payable to auditor:	
Audit	<u>12</u>

6 Charitable Activities

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2016 £000
Direct costs - educational operations				
Teaching and educational support staff costs	-	527	-	527
Depreciation	-	-	2	2
Educational supplies	-	36	-	36
Other direct costs	50	30	-	80
	<u>50</u>	<u>593</u>	<u>2</u>	<u>645</u>
Support costs - educational operations				
Maintenance of premises and equipment	-	12	12	24
Rent & rates	-	1	-	1
Energy costs	-	19	-	19
Insurance	-	6	-	6
Other support costs	-	11	-	11
Pension finance cost	-	5	-	5
Governance costs	-	12	-	12
	<u>-</u>	<u>66</u>	<u>12</u>	<u>78</u>
Total direct and support costs	<u>50</u>	<u>659</u>	<u>14</u>	<u>723</u>

Salopia Catholic Schools Trust

Notes to the Financial Statements (continued) For the period ended 31 August 2016

7 Staff

a. Staff costs

Staff costs during the period were:

	2016 £000
Wages and salaries	260
Social security costs	17
Pension costs	40
	<u>317</u>
Supply staff costs	<u>210</u>
	<u>527</u>

b. Staff numbers

The average number of persons employed by the academy during the year expressed as full time equivalents was as follows:

	2016 No.
Charitable Activities	
Teachers	3
Administration and support	13
	<u>16</u>

c. Higher paid staff

No member of staff earned more than £60,000 in the period.

The key management personnel of the academy trust comprise the senior leadership team as listed on Page 1. The total amount of employee benefits received by key management personnel for their services to the academy trust was £60,207.

8 Central Services

No central services were provided by the trust to its academies during the period and no central charges arose.

9 Related Party Transactions - Trustees' Remuneration & Expenses

No trustees received remuneration in respect of services they provide. The Executive Head Teacher and the Acting Head of School are not trustees of the academy trust.

No trustees claimed reimbursed expenses for their role as trustees.

10 Trustees' and Officers' Insurance

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim. It is not possible to split out the costs of this insurance from the premium.

11 Tangible Fixed Assets

	Computer Equipment £000	Furniture and Equipment £000	Total £000
Cost			
Transfer on conversion	5	1	6
At 31 August 2016	<u>5</u>	<u>1</u>	<u>6</u>
Depreciation			
Charged in year	2	-	2
At 31 August 2016	<u>2</u>	<u>-</u>	<u>2</u>
Net book values			
At 31 August 2016	<u>3</u>	<u>1</u>	<u>4</u>
At 31 August 2015	<u>-</u>	<u>-</u>	<u>-</u>

The Trustees of Shrewsbury Roman Catholic Diocesan Trust, own the majority of the land and buildings from which the academy operates. The academy trust has entered into an agreement with the Trustees whereby the Trustees have agreed to make available the land and buildings for the academy trust until the funding agreements of the academies is terminated. The remainder of the land has been demised to the academy trust from Halton Borough Council via a 125 year lease.

The Trustees consider that the diocese agreement does not transfer substantially all the risks and rewards of ownership of the land and buildings to the academy trust and consequently these land and buildings have not been capitalised on conversion.

Salopia Catholic Schools Trust

Notes to the Financial Statements (continued)
For the period ended 31 August 2016

12 Debtors

	2016 £000
VAT recoverable	17
Prepayments and accrued income	1
	<u>18</u>

13 Creditors: Amounts falling due within one year

	2016 £000
Trade creditors	32
Accruals and deferred income	12
	<u>44</u>

14 Funds

	Income £000	Expenditure £000	Gains, Losses & Transfers £000	Balance at 31 August 2016 £000
Restricted general funds				
General Annual Grant (GAG)	609	(534)	-	75
Other Income	32	(21)	-	11
Other DfE/EFA grants	95	(95)	-	-
Pension reserve	-	(111)	(59)	(170)
	<u>736</u>	<u>(761)</u>	<u>(59)</u>	<u>(84)</u>
Restricted fixed asset funds				
Devolved capital grants	12	(12)	-	-
Transfer from Local Authority on conversion	-	4	-	4
	<u>12</u>	<u>(8)</u>	<u>-</u>	<u>4</u>
Total restricted funds	<u>748</u>	<u>(769)</u>	<u>(59)</u>	<u>(80)</u>
Unrestricted funds				
Unrestricted funds	1	(1)	-	-
Total unrestricted funds	<u>1</u>	<u>(1)</u>	<u>-</u>	<u>-</u>
Total funds	<u>749</u>	<u>(770)</u>	<u>(59)</u>	<u>(80)</u>

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

General annual grant

This includes all monies received from the EFA to carry out the objectives of the academy. It includes the School Budget Share, LACSEG (Local Authority Central Spend Equivalent Grant), Insurance and rates grants.

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

Other DfE/EFA grants

This represents revenue grants received from the EFA for specific purposes, for example to support individual pupils with a SEN statement.

Other restricted funds

This represents revenue grants received from the Local Education Authorities and Education Funding Agency for specific purposes.

Pension reserve

This represents the negative reserve in respect of the liability on the LGPS defined benefit pension scheme.

Fixed asset fund

The fund includes the value of the tangible fixed assets of the academy on conversion, and monies transferred from the GAG or other restricted funds specifically for expenditure on tangible fixed assets, and the annual charges for depreciation of these assets.

Salopia Catholic Schools Trust

Notes to the Financial Statements (continued) For the period ended 31 August 2016

14 Funds (continued)

Analysis of academies by fund balance

Fund balances at 31 August 2016 were allocated as follows:

	Total £000
St Augustine's Catholic Primary School	86
Total before fixed assets and pension reserve	86
Restricted fixed asset fund	4
Pension reserve	(170)
Total	(80)

Analysis of academies by cost

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

	Teaching and Educational Support Staff Costs £000	Other Support Staff Costs £000	Educational Supplies £000	Other Costs (excluding depreciation) £000	Total £000
St Augustine's Catholic Primary School	527	-	36	146	709
Academy Trust	527	-	36	146	709

15 Analysis of Net Assets between Funds

Fund balances at 31 August 2016 are represented by:

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds £000
Tangible fixed assets	-	-	4	4
Net current assets	-	86	-	86
Pension scheme liability	-	(170)	-	(170)
Total net assets	-	(84)	4	80

Salopia Catholic Schools Trust

Notes to the Financial Statements (continued)
For the period ended 31 August 2016

16 Reconciliation of Net (Expenditure)/Income to Net Cash from Operating Activities

	2016 £000
Net (expenditure)/income	(21)
Defined benefit pension scheme obligation inherited	102
Fixed assets transferred on conversion	(6)
Depreciation	2
Capital grants from DfE and others	(12)
Defined benefit pension cost less contributions payable	4
Defined benefit pension finance costs	5
(Increase)/decrease in debtors	(18)
Increase/(decrease) in creditors	44
Net Cash (Outflow)/Inflow from Operating Activities	100

17 Capital Expenditure and Financial Investment

	2016 £000
Capital grants from DfE/EFA	12
Net cash outflow from capital expenditure and financial investment	12

18 Analysis of Cash and Cash Equivalents

	2016 £000
Cash in hand and at bank	112
	112

19 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.

Salopia Catholic Schools Trust

Notes to the Financial Statements (continued) For the period ended 31 August 2016

20 Pension and Similar Obligations

The academy trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Schemes (LGPS) for non-teaching staff, which is managed by Cheshire Pension Funds. Both schemes are all defined-benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and LGPS 31 March 2013.

Contributions amounting to £993 were payable to schemes at 31 August 2016 and 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

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

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%);
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations.
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.08%.

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

The pension costs paid to TPS in the period amounted to £10,297.

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

Under the definitions set out in FRS 102, the TPS is a multi-employer pension scheme. The 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 Schemes

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £28,000 of which employer's contributions totalled £22,000 and employees' contributions totalled £6,000.

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.

Salopia Catholic Schools Trust

Notes to the Financial Statements (continued)
For the period ended 31 August 2016

20 Pension and Similar Obligations (continued)

Local Government Pension Schemes (continued)

Cheshire Pension Fund

Principal Actuarial Assumptions

	At 31 August 2016
Rate of increase in salaries	3.10%
Rate of increase for pensions in payment/inflation	2.10%
Discount rate for scheme liabilities	2.00%
Inflation assumption (CPI)	2.00%

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

	At 31 August 2016
<i>Retiring today</i>	
Males	22.3
Females	24.4
<i>Retiring in 20 years</i>	
Males	24.1
Females	26.7

The academy's share of the assets and liabilities in the scheme and the expected rates of return were:

	Fair value at 31 August 2016 £000
Equities	125
Government bonds	92
Other bonds	-
Property	17
Cash/liquidity	2
Other	-
Total market value of assets	236

The actual return on scheme assets was £28,000.

Amounts recognised in the statement of financial activities

	2016 £000
Current service cost (net of employee contributions)	28
Net interest cost	5
Administration expenses	-
Total operating charge	31

Salopia Catholic Schools Trust

Notes to the Financial Statements (continued)
For the period ended 31 August 2016

20 Pension and Similar Obligations (continued)

Local Government Pension Schemes (Continued)

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

	2016 £000
At conversion	274
Current service cost	26
Interest cost	13
Employee contributions	6
Actuarial loss/(gain)	87
At 31 August 2016	<u>406</u>

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

	2016 £000
At conversion	172
Expected return on assets	8
Actuarial gain	28
Administration expenses	-
Employer contributions	22
Employee contributions	6
At 31 August 2016	<u>236</u>

Salopia Catholic Schools Trust

Notes to the Financial Statements (continued)
For the period ended 31 August 2016

21 Related Party Transactions

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

The Diocese of Shrewsbury is a related party as the land from which the academy operates is owned by the Diocese and a Memorandum of Understanding is also in place between the two entities. During the period the Diocese of Shrewsbury paid the academy £57,480 for Outreach work. No balance was outstanding at the year end.

22 Conversion to an academy trust

On 1 July 2015 St Augustine's Catholic Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Salopia Catholic Schools Trust from the Local Authority for £nil consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as a net loss in the Statement of Financial Activities as Charitable activities – transfer from local authority on conversion.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the SOFA.

	Unrestricted Funds £000	Restricted General Fund £000	Restricted Fixed Asset Funds £000	Total 2016 £000
Tangible fixed assets				
Computers	-	-	5	5
Furniture and equipment	-	-	1	1
School budget surplus from Local Authority	49	-	-	49
LGPS pension deficit	-	(102)	-	(102)
Net assets	49	(102)	6	(47)