

St Bernard's High School

(A Company Limited by Guarantee)



Annual Report and Financial Statements

**for the year ended
31 August 2017**

**Company Registration Number: 07697023
(England and Wales)**

St Bernard's High School

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St Bernard's High School

Reference and Administrative Details

Members

The Bishop of Brentwood
The Trustees of the Diocese of Brentwood
The Chair of Governors

Governors (Trustees)

Mr R Calton* (Chair)
Mrs P Blight
Mrs P Clark
Mr I Currie* (resigned July 2017)
Mr M J Elmes (Staff Governor)
Mrs A E Ham* (Staff Governor)
Mrs J James
Mrs E Keeble
Mrs A Odeh* (appointed November 2016, resigned September 2017)
Mr M O'Sullivan*
Mrs H Pestana (Staff Governor)
Mr A Sharpe * (Head Teacher)
Mrs D Tidman (resigned October 2017)
Mr P Tidman*
Father J Whisstock

**Members of Finance and Audit Committee*

Company Secretary

Mrs J Krone

Senior Leadership Team

Head Teacher	Mr A Sharpe
Deputy Head Teacher	Mrs C Allen
School Business Manager	Mrs J Krone
Assistant Head Teacher	Mrs H Barnes
Assistant Head Teacher	Mrs C O'Brien
Assistant Head Teacher	Mr P Walls
Acting Assistant Head Teacher	Mrs H Bennett

Company Name

St Bernard's High School

Principal and Registered Office

St Bernard's High School
Milton Road
Westcliff-on-Sea
Essex SS0 7JS

Company Registration Number

07697023 (England and Wales)

St Bernard's High School
Reference and Administrative Details continued

Independent Auditor

Price Bailey LLP
Causeway House
1 Dane Street
Bishop's Stortford
Hertfordshire CM23 3BT

Bankers

HSBC
Fenton House
85 – 89 New London Road
Chelmsford
Essex CM2 0PP

Lloyds Bank
77 High Street
Southend-on-Sea
Essex SS1 1HT

Solicitors

Winckworth Sherwood
Minerva House
5 Montague Close
London SE1 9BB

St Bernard's High School Trustees' Report

The trustees present their Annual Report together with the Financial Statements and Auditors' Report of St Bernard's High School (the charitable company, the trust or the academy) for the period 1st September 2016 to 31st August 2017. The Annual Report serves the purposes of both a Trustees' Report and a Directors' Report under company law.

The Trust operates as a Catholic academy for girls aged 11 – 16 and for both boys and girls aged 16 – 18 serving the Southend Deanery, part of the Diocese of Brentwood, based in Westcliff-on-Sea, Essex. It has a pupil capacity of 880 and had a roll of 873 in the 2017 school census.

Structure, Governance and Management

Constitution

The Trust is a company limited by guarantee and an exempt charity. The Charitable Company's Memorandum and Articles of Association are the primary governing documents. The Governors act as the trustees for the charitable activities of the academy and are also the Directors for the purposes of company law. The terms trustee, governor and Director are interchangeable. The Charitable Company is known as St Bernard's High School (the school).

Details of the Governors who served throughout the period are included in the Reference and Administrative Details on page 3.

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.

Governors and Officers' Indemnities

The academy has paid into the Government's RPA scheme throughout the accounting period. The RPA's administrator limit of liability shall be £10,000,000 each and every loss and shall be the maximum aggregate liability of the RPA administrator from all losses from the academy in any one membership year.

Method of Recruitment and Appointment or Election of Trustees

The arrangements for recruiting and appointing are as set out in the Articles and Funding Agreement.

The Articles of Association make provision for :

- 11 Foundation Governors, appointed by the Diocesan Bishop. Foundation Governors will include the Parish Priest and at least 3 shall be parents of registered students attending the school at the date of appointment.
- 3 Staff Governors, 2 of whom teach and 1 who does not.
- 2 further Governors.
- 3 elected Parent Governors.
- The Head Teacher is an ex-officio Governor.

St Bernard's High School Trustees' Report Continued

Method of Recruitment and Appointment or Election of Trustees Continued

Underlying the structure is the understanding that the number of Foundation Governors must form a simple majority of the Board of Trustees. Governors serve a 4-year term except parent Governors who stand down when their child leaves the School.

To recruit new Governors, the trust works with Parish Priests to identify individuals who are active within their parish, are appropriately skilled and are willing to stand. Once identified the information is presented to the Diocesan Bishop for his approval.

Where vacancies arise among parent Governors nominations are sought from among the parent body and an election using a secret ballot takes place.

Where vacancies arise among Staff Governors nominations are sought from among the staff and an election using a secret ballot takes place.

Policies and Procedures Adopted for the Induction and Training of Governors

There is a Governor Induction Policy that seeks to ensure that a new Governor receives a comprehensive induction process covering a broad range of issues and topics with a view to ensuring that the new Governor is given the necessary information and support to fulfil their role with confidence, leading to more effective governance and retention. A named Governor takes responsibility for supporting the new Governor through the process.

In addition each new Governor is expected to attend a Finance Committee meeting to gain insight as to how the Governors understand and take responsibility for the financial management of the Trust's affairs.

Organisational Structure

The governance of the academy is defined in the Memorandum and Articles of Association together with the funding agreement with the Department of Education.

The Board of Trustees, which meets on at least 3 occasions per year, is responsible for the strategic direction of the academy. It reviews progress towards educational objectives and results; approves major expenditure requests; sets the budget for the following year; sets the organisational staffing structure and agrees the performance objectives of the Head Teacher and reviews them.

Governors also attend termly committee meetings focussing on ethos, teaching and learning, staffing, premises and finance and report to the termly meeting of the Board of Trustees.

The Head Teacher is the designated Accounting Officer of the academy and has overall responsibility for the day to day financial management of the Charitable Company. The Head Teacher has delegated responsibility for low values of expenditure to specific budget holders who are each responsible for managing their own departments within their allocated budgets. A system of financial controls is in place to manage this process.

The Head Teacher manages the academy on a daily basis supported by the Senior Leadership Team (SLT). They meet daily for informal briefings and bi-weekly to discuss emerging matters and to help to develop strategies for future development to be put to the Head Teacher and the Board of Trustees as required for approval. Each member of the SLT has specific responsibilities to assist the Head Teacher to manage certain aspects of the academy.

St Bernard's High School Trustees' Report Continued

Arrangements for Setting Pay and Remuneration of Key Management Personnel

Key management personnel include academy 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 school 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 are approved by the appropriate sub-committee and ratified by the Board of Trustees.

Related Parties and Connected Organisations

The Governors have signed a Memorandum of Understanding with the Diocese of Brentwood that puts in writing the relationship that has always existed between the School and the Church. The document clearly states what is required of the School Leadership and its Governors and of how it represents the Diocese within the local community.

The School is active within the local community, working with schools within the South East Essex Deanery of the Diocese of Brentwood and with local primary schools in the Southend Central Cluster. Staff and students take an active part in Local Authority events right across the spectrum from attending Council led meetings to sporting and cultural activities to professional development opportunities as part of the local Teaching School Alliance.

Owing to the nature of the academy'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 trustee has an interest. If any transactions involving such organisations take place they are at arm's length and in accordance with the academy's financial regulations and normal procurement procedures.

Any transaction where a trustee may have a pecuniary interest is only undertaken in accordance with the 'at cost' principle stated in the Academies' Financial Handbook.

Objectives and Activities

The academy's principal activity is to advance for the public benefit, education in the United Kingdom, by establishing, maintaining, carrying on, managing and developing a Catholic School which shall offer a broad and balanced curriculum. It shall be conducted in accordance with the principles, practices and tenets of the Catholic Church and all Catholic Canon Law that apply including any trust deed governing the use of the land used by the academy both generally and in particular in relation to arranging for religious education and daily acts of worship and having regard to any advice and following directives issued by the Diocesan Bishop.

Objectives, Strategies and Activities

During the year the School has worked towards achieving 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 academy by keeping the curriculum and organisational structure under continual review;
- providing value for money;
- complying with all appropriate statutory and curriculum requirements;
- conducting the academy's business in accordance with the highest standards of integrity; and
- working with schools in the Deanery and the local area.

St Bernard's High School Trustees' Report Continued

Objectives, Strategies and Activities Continued

At St Bernard's High School we aim to get the best for, and from, each student. We intend to enable each student to realise their full academic, creative and physical potential and to develop positive and moral values. We draw strength from our Catholic faith and look to develop a whole community that will enable the student to go on to become a full participating member of society.

Public Benefit

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

Strategic Report

Achievements and Performance

The Diocese of Brentwood judged St Bernard's High School to be an 'outstanding Catholic school' in November 2012. Its mission to support and nurture students both academically and spiritually is well illustrated by the School motto, 'Dieu mon abri' - 'God is my shelter'. The School is an inclusive community centred on ensuring that students are well cared for and educated within a caring and empowering framework embodied by the statement 'Love one another as I have loved you'. Gospel values are reflected in the mission statement of the School and especially in the dedicated pastoral work done by staff with students who are keen to support the School by developing their roles further. The curriculum on offer reinforces the Catholic ethos of the School effectively.

The OfSTED inspection in October 2016 judged the School good:

'The standard of pupils' behaviour, in lessons and around the School, are very high. The systems designed to promote good behaviour are applied consistently. The effectiveness of these systems is monitored closely by you leadership team. In rare cases, where help is needed to improve behaviour, support is tailored to match individual pupils' needs. The impact of this support is evaluated, in regular pastoral meetings, to ensure interventions are working.' OfSTED 2016

'Pupils are polite, articulate and proud of their School. They readily take on leadership responsibilities which help to prepare them for the next stage in their education. The School's atmosphere is calm and purposeful. The principles of British Values are promoted effectively, in lessons and across the wider curriculum. Pupils know right from wrong. Tolerance and respect are inherent in the culture and ethos of the School. The very good working relationships, established between staff and students, make a significant contribution to the high standards of behaviour sustained over time.' OfSTED 2016

'Strong leadership, and increasingly effective teaching, have ensured that outcomes in key stages 3 and 4 are typically very strong. In 2015, many pupils made significantly better progress than other pupils nationally.' OfSTED 2016

There have been many improvements to the buildings in recent years, including extensive refurbishment of the East Wing; the development of the main dining room and the Sixth Form study area.

The School has been repeatedly accredited with the National Association for Able Children in Education (NACE) Challenge Awards, National Healthy School Enhanced status and has been included in the Good Schools' Guide.

St Bernard's High School Trustees' Report Continued

Achievements and Performance Continued

'The School's self-evaluation of its own performance is open and accurate. Staff are clear about what is going well and what needs to be changed. This culture of high expectations of staff and pupils' performance is promoted very effectively by the Senior Leadership Team.' OfSTED 2016

' Staff are encouraged to work together to share good practice. Checks on the quality of teaching and learning are regular...leaders are working closely with middle leaders to ensure that reviews of teachers' performances are accurate and focused on the things that need to improve. Up-to-date information on pupils' progress is used effectively to identify areas for improvement within subject departments and for individual members of staff.' OfSTED 2016

The School has a comprehensive development plan shared by all members of the School community. The priorities are to continue to ensure that all groups of students maintain high standards at GCSE that are well above the national average in all subjects and to further raise academic standards in the sixth form by:

- ensuring that all subject teachers are consistently reviewing the progress of their students towards challenging performance targets;
- taking every opportunity to encourage students to take greater responsibility for their own learning;
- ensuring students at 'A' Level achieve their challenging target grades; and
- closing the gap between the disadvantaged students and other groups of students at the School ensuring they continue to remain above the national average for the group.

Key Performance Indicators

The members of the Finance and Audit Committee receive information at every meeting to enable them to monitor the performance of the Trust compared to aims, strategies and financial budgets. This information is then taken to the termly 'Board of Trustees' meeting. The Board receives external support to reassure themselves of the validity of that data from the data team at the Local Authority and named Governors have received additional training to become the 'expert' for the Board of Trustees.

As funding is based on pupil numbers this is a key performance indicator. Pupil numbers for 2017 were 873 (2016 - 876), the decrease being due to a number of in year moves occurring at the time of census.

Another key financial performance indicator is staffing costs as a percentage of total income. For 2016/17 this was 75% (2015/16 – 74%). This demonstrates the impact of the increased pension and national insurance contributions at a time when income from the Department of Education is reducing. The Board of Trustees is closely monitoring agreed Full Time Equivalent and staffing structures.

Academic performance indicators continue to strengthen over time; the percentage of A level students achieving grades A*-B rose by 7% in 2017, to 56%; similarly, the percentage of A level students achieving grades A-C also rose by 7% in 2017, to 83%. 2017 was also the year when the percentage of A level students achieving A*-E rose to 100%. The average point score per A level entry is on a three year upward rising trend: 211.6 in 2015, 218.7 in 2016 and 227.6 in 2017 and is now significantly higher than the national average.

GCSE examinations have shown similar success: in 2017, the proportion of students achieving a 4 in English, Mathematics and a C grade in three other subjects (the 5+ A*-C measure) rose from 83% to 87%; this was the second successive increase of four percentage points. The percentage of students gaining 5 or more A*-C in any subjects is also on a three-year upward trend, and reached 87% in 2017.

Other performance indicators remain highly positive. Attendance across the school for the last academic year was 96%, and exclusions remain well below the national average. All students leaving the school at the end of their A level courses have continued in education, employment or training.

St Bernard's High School Trustees' Report Continued

Going Concern

After making appropriate enquiries, the Governors 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 Account Policies.

Financial Review

The principal source of funding for the academy is the General Annual Grant (GAG) funding that it receives from the Education and Skills Funding Agency. For the year ended 31 August 2017 the academy received £4,387,000 in GAG and other funding (£4,337,000 in the previous year). A high percentage of this was spent on wages and salaries and support costs to deliver the academy's primary objective of the provision of education. During the year the Trust spent £5,584,000 and transferred £22,000 to support capital purchases. The academy brought forward from 2015/16 a deficit of £567,000 restricted funds and £220,000 unrestricted funding. The carry forward for 2016/17 is a deficit of £539,000 restricted funding and £260,000 unrestricted funding.

Due to the accounting rules for the Local Government Pension Scheme under FRS102, the academy is recognising a significant pension deficit of £2,213,000. 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 at each meeting from the Business Manager's reports. The budget plan identifies how any carry forward will be allocated in the plan for the following academic year, including the identification of any fund earmarked for a specific project or purpose.

The academy's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is £260,000 (2016 £220,000). This has been built up from a mixture of locally raised income and the balances transferred from the predecessor school.

The cash balance of the academy has been very healthy all year, ending with a balance of £931,000. The trustees have determined that they should hold a cash contingency equivalent to two months' salary expenditure, approximately £500,000. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance.

The School has a demountable building which the Local Planning Officers have instructed should be taken down. It was expected that this would need to be replaced with a permanent structure and planning permission was submitted in April 2013 and agreed in September 2015. In 2016 the Local Education Authority has approached the academy to explore expansion which caused a review of the design of the structure. In 2017 the education authority has decided not to pursue those plans because the academy's admissions criteria means that the academy cannot guarantee that the places will go to pupils resident in the borough. The trust will now need to address the problem of the demountable building but the restrictions placed on the planning permission require the trust to seek additional capital funding to add to the reserves being put to one side to cover the cost of the construction.

The Trust's balance on restricted general funds (excluding pension reserve) plus the balance on unrestricted funds at 31 August was £1,755,000 (2016 £1,641,000).

St Bernard's High School Trustees' Report Continued

Investment Policy

The Memorandum of Association allows the trustees to deposit or invest any funds of the Trust not immediately required for the furtherance of its object (but to invest only after obtaining such advice from a financial expert as the Governors consider necessary and having regard to the suitability of investments and the need for diversification).

At the current time the trust only holds cash reserves at the bank. An arrangement is in place whereby funds in excess of the daily spend are transferred to and from a deposit account and £303,000 is held in a 3 month's deposit account to maximise interest receivable.

Principal Risks and Uncertainties

The trustees maintain a risk register identifying the major risks to which the academy is exposed, and identifying actions and procedures to mitigate those risks. A formal review of the risk register process is undertaken on a termly basis and the internal control systems and the exposure to said risks are monitored on behalf of the trustees at each Finance and Audit Committee meeting. The principal risks facing the Trust are outlined below; those facing the academy 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.

The key risks identified are that of:

Financial pressures

- Changing funding from Government and the impact that could have on the operation of the School, specifically the unmatched increases in salary costs and employer pension contribution rates. Projects being undertaken now look to provide an appropriate and affordable infrastructure and on-going financial commitments are being kept to a minimum.
- The reduction in capital funding available from Central Government and the consequent impact on being able to maintain the current structure both physical and the IT structure and equipment in an appropriate condition and the ability to develop the property to take into account changing curriculum needs.
- The ongoing concern about failure to effectively manage academy finances, fraud, a failure in internal control, compliance with regulations and legislation, statutory returns etc. is managed by reviews of all areas at Finance and Audit Committee meetings, supported by an Independent Internal Auditor.

Ethos issues

- Further risks which impact upon the catholicity of the student body have been identified following the decreasing number of Catholic families in the western end of the Deanery, the sustained increase in the number of students joining the school through success in the selective tests and the mobility of students within the Southend Borough. Mitigation of this is being seen by the significant increase in a Catholic population in central Southend with two local Catholic primary schools moving from one to two form entry.
- A further concern about the make-up of the student body is the expansion in numbers taken by local selective schools at entry in Year 7 and the expansion in the offer of sixth form education both by the selective schools and other local schools.

IT issues

- The impact of cyber attacks including ransomware is more obvious and the school is trying to create greater resilience within its structure and appropriate backup to ensure security of its data.

St Bernard's High School Trustees' Report Continued

Safeguarding and Child Protection

- The trustees continue to ensure that the highest standards are maintained in areas of selection and monitoring of staff, the operation of child protection policies and procedures.

Staffing

- The success of the academy 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.

Alliance/Partnership Risk

- Current practice is that schools should consider becoming members of multi academy trusts (MATs) and the academy has been in conversations with the DfE and the Diocese of Brentwood on this matter. The current view is that joining a MAT would not enhance the delivery of education to students.

Defined Pension Scheme

- As the Government has agreed to meet the defined benefit pension scheme liability of any school ceasing to exist the main risk to the academy is the planned increase in employer contributions to 25% over a period of time which have replaced the monthly deficit payment in April 2017. Trustees take this information into account when setting the annual budget plan.

Plans for Future Periods

The academy looks to continue to offer the very best education to the students by continuing to develop best practice by all staff, offering as wide a curriculum as possible and to continue to support enrichment activities.

There is a need to replace existing temporary accommodation with a permanent construction and these plans will be influenced by the Local Authority's need to increase the number of school places as well as the need to maintain and develop the School facilities, particularly in science.

The Local Authority has initiated conversations about the future need to expand places within the Borough suggesting an additional form of entry with effect from September 2019 and the academy is currently investigating the options.

Funds Held as Custodian Trustee on Behalf of Others

The School occupies the land and buildings at Milton Road which are owned by the Diocese of Brentwood. No rent is paid nor is there a lease agreement. The school is required to insure and maintain the property at its own cost with no financial support available from the Diocese.

Provision of Information to Auditors

Insofar as the Governors are aware:

- there is no relevant audit information of which the Charitable Company's Auditor is unaware; and
- the Governors 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.

The Auditors, Price Bailey LLP, are willing to continue in office and a resolution to appoint them will be proposed at the Annual General Meeting.

The Trustees' Report, including a Strategic Report, was approved by order of the Board of Trustees on 5 December 2017 and signed on the Board's behalf by:

Roger Calton

Chair

5 December 2017

St Bernard's High School

Governance Statement

Scope of Responsibility

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

The Board of Trustees has delegated the day-to-day responsibility to the Head Teacher, 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 St Bernard's High School and the Secretary of State for Education. The Head Teacher is also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Governors' Responsibilities. The Board of Trustees has formally met 3 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Governor	Meetings Attended	Out of a Possible
Mr R Calton (Chair)	3	3
Mrs P Blight	3	3
Mrs P Clark	3	3
Mr I Currie	2	3
Mr M J Elmes	3	3
Mrs A E Ham	3	3
Mrs J James	3	3
Mrs E Keeble	1	3
Mrs A Odeh	1	3
Mr M O'Sullivan	3	3
Mrs H Pestana	3	3
Mr A Sharpe (Head Teacher)	3	3
Mrs D Tidman	0	3
Mr P Tidman	1	3
Father J Whisstock	3	3

During the year Mrs Odeh was appointed as a Parent Governor and has now resigned. Two further parents have indicated their willingness to stand and their applications are being processed.

The Board of Trustees regularly evaluates its effectiveness with the Chairs of Committee meeting annually with the Head Teacher to review the composition of the working of its Committees.

In the Spring term 2017 the Governors completed a comprehensive individual skill audit which demonstrated a high level of appropriate skills. The Board of Trustees will be looking to work with an outside consultant to further develop their capabilities at the earliest opportunity.

Through the school the Governors buy into a governance package from the Local Authority which gives access to training, monthly information and updates of documents coming from the Government and its agencies and their impact and with the National Governors' Association.

St Bernard's High School

Governance Statement Continued

In addition to this, key issues addressed during 2016/17 have included:

- continuing to manage the property, including:
 - the recognition of the financial impact of issues discussed at committee level;
 - the continuing monitoring of risk;
- the oversight of the finances of the academy;
- working with Deanery schools to consider the impact of potential Deanery MAT and
- working with the LEA to consider expansion of the School.
- monitoring current year data with a background of changing levels and curriculum and nothing to compare with;
- managing the school within the financial constraint.

Assessment data is produced by the school at regular intervals which is reviewed by the Governors, together with data provided by the DfE, Local Authority, Oxford Analytics and PiXL. The Governors also meet with the Local Authority staff to discuss the information being reviewed to ensure their understanding and interpretation is accurate.

Financial information is provided to each Finance meeting by the school overseen by the School Business Manager, a qualified and experienced Accountant. An internal auditor, who is an independent, school experienced and a qualified accountant has been appointed who visits 3 times a year who reviews key risk areas and the implementation of the internal controls as agreed with the Governors. The school drafts the final published accounts which are then subject to a rigorous review by the Auditors, Price Bailey, who have also developed a specialism in academy accounting.

The Finance and Audit Committee is a sub-committee of the main Board of Trustees. Its purpose is to oversee all aspects of the School's financial matters.

Financial and Audit Committee attendances:

Governor	Meetings Attended	Out of a Possible
Mr P Tidman (Chair)	4	4
Mr R Calton	4	4
Mr I Currie	3	4
Mrs A Ham	4	4
Mrs Odeh	2	3
Mr M O'Sullivan	4	4
Mr A Sharpe (Head Teacher)	3	4

Review of Value for Money

As Accounting Officer, the Head Teacher has responsibility for ensuring that the academy delivers good value in the use of public resources. The Accounting Officer understands that the 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 academy's use of its resources has provided good value for money during each academic year, and reports to the Board of Trustees where value for money can be improved, including the use of benchmarking data where available. The Accounting Officer for the academy Trust has delivered improved value for money during the year by:

St Bernard's High School

Governance Statement Continued

Review of Value for Money continued

- **Improving Educational Results**

This is achieved through:

- The continued development of the rigorous tracking of student progress and achievement with underachievement identified early and appropriate interventions put in place. As a result the percentage of students achieving 5 A* to C in GCSE examinations in 2017, including Maths and English, was 87%, significantly above the national average which has continued for the last three years.
- Working with students and their families to understand the impact of absenteeism and consistently achieving attendance of at least 95% across the whole School, again above the national average.
- Providing opportunities for students to aspire through the offering of a broad academic curriculum which is lively and relevant. The School provides a wide range of extra-curricular opportunities and draws strength from being a faith-based community.
- Developing the system of leadership training and CPD to support the development of outstanding teaching and learning.

- **Financial Governance and Oversight**

Governance arrangements include regular monitoring by the Board of Trustees and its Committees. Regular management accounts with variance analyses are prepared and supported by internal and external audit reports.

- **Better Purchasing**

There is a culture of periodically reviewing every contract on the basis of need, cost and value for money. Staff are involved in discussions with other schools in the area with a view to obtaining best value.

- **Better Income Generation**

During the last year the School has:

- Maintained the letting of facilities.
- Reduced the cost of running a catering facility.
- Continued to use bank deposits effectively.

The Purpose of the System of Internal Control

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

Capacity to Handle Risk

The Board of Trustees has reviewed the key risks to which the Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the Trust's significant

St Bernard's High School

Governance Statement Continued

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 Board of Trustees.

The Risk and Control Framework

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

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

The Board of Trustees has considered the need for a specific internal audit function and appointed Sarah Reynolds, MEng FCCA, S Reynolds Accountancy, as Internal Auditor.

The Internal Auditor's role includes reporting on agreed risk areas and offering advice and performing a range of checks on the Trust's financial systems. Three times a year, the Internal Auditor reports to the Board of Trustees on the operation of the systems of control and on the discharge of their financial responsibilities.

Three visits have been made during the accounting period and in addition to the risks arising from testing payroll systems and purchase systems, the expenditure risk – authorisation and allocation, budget risk and income completeness risk were examined. No material control issues arose but her reports generated positive discussion, enhanced Governors' understanding and led to some developments of policy.

Copies of those reports are submitted to the external Auditors as well.

Review of Effectiveness

As Accounting Officer, the Head Teacher 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 Auditor; and
- the work of the School Business Manager within the Academy Trust who has responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the Board of Trustees on 5 December 2017 and signed on its behalf by:

Roger Calton
Chair

Anthony Sharpe
Accounting Officer

St Bernard's High School

Statement on Regularity, Propriety and Compliance

As Accounting Officer of St Bernard's High School I have considered my responsibilities to notify the Board of Trustees and the Educational Funding Agency of material irregularity, impropriety and non-compliance with the ESFA 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 Academies' Financial Handbook.

I confirm that I and the 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 Academies' Financial Handbook.

I confirm that no instances of material irregularity, impropriety and 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 the ESFA.

Anthony Sharpe
Accounting Officer
Date: 5 December 2017

St Bernard's High School

Statement of Trustees' Responsibilities

The Governors (who act as trustees for the charitable activities of St Bernard's High School and are also Directors of the Charitable Company for the purposes of company law) are responsible for preparing the Trustees' Report and 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 Governors to prepare financial statements for each financial year. Under company law the Governors 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 Governors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities' SORP 2015; and the Academies' Accounts Direction 2016 to 2017;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in business.

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

Approved by the Board of Trustees on 5 December 2017 and signed on its behalf by:

Roger Calton

Chair

Date 5 December 2017

Independent Auditors' Report on the Financial Statements to the Members of St Bernard's High School

Opinion

We have audited the financial statements of St Bernard's High School (the "academy") 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'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'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 and its Members, as a body, for our audit work, for this Report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the academy'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 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'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.

Independent Auditors' Report on the Financial Statements to the Members of St Bernard's High School Continued

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

We have nothing to report in this regard.

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 Director's Report), for which the financial statements have been prepared is consistent with the financial statements; and
- the Strategic Report and the Director's 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 Director's 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 academy 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'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 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

Independent Auditors' Report on the Financial Statements to the Members of St Bernard's High School Continued

fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

Price Bailey LLP

Chartered Accountants
Statutory Auditors
Causeway House
Dane Street
Bishops Stortford
Hertfordshire
CM23 3BT

Date: 11 December 2017

Independent Reporting Accountant's Assurance Report on Regularity to St Bernard's High School and the Education Funding Agency

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

Respective Responsibilities of St Bernard's High School's Accounting Officer and the Reporting Accountant

The Accounting Officer is responsible, under the requirements of St Bernard's High School's funding agreement with the Secretary of State for Education dated 17 August 2011 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 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.

Independent Reporting Accountant's Assurance Report on Regularity to St Bernard's High School and the Education Funding Agency Continued

The work undertaken to draw our conclusions includes:

- consideration and corroboration of the evidence supporting the Accounting Officer's statement on regularity, propriety and compliance;
- evaluation of 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 financial statements to cover matters pertaining to regularity, propriety and compliance in particular checking that selected items were appropriately authorised and appropriate.

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

Mr Gary Miller (Reporting Accountant)

Price Bailey LLP

Chartered Accountants

Statutory Auditors

Causeway House

1 Dane Street

Bishop's Stortford

Hertfordshire

CM23 3BT

Date: 11 December 2017

St Bernard's High School

Statement of Financial Activities for the year ended 31 August 2017 (including Income and Expenditure Account)

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2017 £000	Total 2016 £000
Income and endowments from:						
Donations and capital grants	3	-	418	-	418	435
Charitable activities:						
Funding for the Academy Trust's educational operations	4	213	4,840	-	5,053	4,956
Other trading activities	5	23	-	-	23	21
Investments	6	1	-	-	1	3
Total		237	5,258	-	5,495	5,415
Expenditure on:						
Raising funds	7	-	-	-	-	-
Charitable activities:						
Academy Trust educational operations	7	197	5,321	66	5,584	5,557
Total		197	5,321	66	5,584	5,557
Net income / (expenditure)		40	(63)	(66)	(89)	(142)
Transfers between funds	17	-	(22)	22	-	-
Other recognised gains / (losses):						
Actuarial (losses) / gains on defined benefit pension schemes	17,24	-	157	-	157	(865)
Net movement in funds		40	72	(44)	68	(1,007)
Reconciliation of funds						
Total funds brought forward		220	(790)	223	(347)	660
Total funds carried forward		260	(718)	179	(279)	(347)

St Bernard's High School

Balance Sheet as at 31 August 2017

Company Number 07697023

	Notes	2017 £000	2017 £000	2016 £000	2016 £000
Fixed assets					
Tangible assets	12		179		223
Current assets					
Stock	13	2		-	
Debtors	14	1,231		1,177	
Cash at bank and in hand		931		915	
		<u>2,164</u>		<u>2,092</u>	
Liabilities					
Creditors: Amounts falling due within one year	15	(357)		382	
Net current assets			<u>1,807</u>		<u>1,710</u>
Total assets less current liabilities			<u>1,986</u>		<u>1,933</u>
Creditors: Amounts falling due after more than one year	16		(52)		(69)
Net assets excluding pension liability			<u>1,934</u>		<u>1,864</u>
Defined benefit pension scheme liability	25		(2,213)		(2,211)
Total assets			<u>(279)</u>		<u>(347)</u>
Funds of the Academy Trust:					
Restricted funds					
- Fixed asset fund	17	179		223	
- Restricted income fund	17	1,495		1,421	
- Pension reserve	17	(2,213)		(2,211)	
Total restricted funds			<u>(539)</u>		<u>(567)</u>
Unrestricted income funds	17		<u>260</u>		<u>220</u>
Total funds			<u>(279)</u>		<u>(347)</u>

The financial statements on pages 23 to 44 were approved by the trustees, and authorised for issue on 5 December 2017 and are signed on their behalf by:

R Calton
Chair of Governors

St Bernard's High School

Statement of Cash Flows for the year ended 31 August 2017

	Notes	2017 £000	2016 £000
Cash flows from operating activities			
Net cash provided by (used in) operating activities	20	54	(137)
Cash flows from investing activities	22	(21)	(10)
Cash flows from financing activities	21	(17)	-
Change in cash and cash equivalents in the reporting period		16	(147)
Cash and cash equivalents at 1 September 2016		915	1,062
Cash and cash equivalents at the 31 August 2017	23	929	915

St Bernard's High School

Notes to the Financial Statements for the period ended 31 August 2017

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, are 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 (FRS 102)), the Academies Accounts Direction 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

St Bernard's High School 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 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 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**

Grants are included in the Statement of Financial Activities including 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 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 including 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.

St Bernard's High School

Notes to the Financial Statements for the period ended 31 August 2017 (continued)

- **Donations**

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

- **Other Income**

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

- **Donated Goods, Facilities and Services**

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

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 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

Tangible Fixed Assets

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

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

St Bernard's High School

Notes to the Financial Statements for the period ended 31 August 2017 (continued)

The Trust occupies land and buildings provided to it in Milton Road, Westcliff-on-Sea by the Diocesan Trustees under a licence (also referred to as a Church Supplemental Agreement) which contains a two year notice period. Having considered the fact that the Trust occupies the land and building by licence that transfers to the Academy no rights or control over the site save that of occupying it at will of the Diocesan Trustees under agreement, the Diocesan Trustees have concluded that the value of the land and buildings occupied by the Trust will not be recognised or valued within fixed assets. Where sums have been expended in property construction since the formation of the academy they have been capitalised.

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

- Land 50 years straight line
- Property Developments 35 years straight line
- Fixtures, fittings and equipment 10 years straight line
- ICT hardware 5 years straight line
- Motor Vehicles 10 years straight line

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

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

Debtors

The academy occupies the land and buildings provided to it by the Diocesan Trustees under a licence (also referred to as a Church Supplemental Agreement) which contains a two year notice period from the academy year end. Having considered the fact that the academy occupies the land and buildings by a license that transfers to the academy no rights or control over the site save that of occupying it at the will of the Diocesan Trustees under the agreement, the Diocesan Trustees have concluded that the value of the land and buildings occupied by the Academy Trust will not be recognised or valued within fixed assets. However included within the debtors is a donation in kind receivable representing the commitment by the Diocese to provide the land and buildings rent free for a further three years. The value of the donation in kind is recognised at its open market value in the period in which it is receivable as income as notional rent. An equivalent amount is included as expenditure during the year under the relevant heading in the Statement of Financial Activities including Income and Expenditure Account.

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 of services it must provide.

St Bernard's High School

Notes to the Financial Statements for the period ended 31 August 2017 (continued)

Provisions

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

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

Leased Assets

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

Taxation

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

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

Financial Instruments

The Academy Trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the Academy Trust and their measurement 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 cost as detailed in notes 15 and 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 instrument.

Stock

Stationery stock is valued at the lower of cost and net realisable value.

Taxation

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

St Bernard's High School

Notes to the Financial Statements for the period ended 31 August 2017 (continued)

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

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.

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 28, 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 including 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.

Fund Accounting

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

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

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

Critical accounting estimates and areas of judgement

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

St Bernard's High School

Notes to the Financial Statements for the period ended 31 August 2017 (continued)

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 27, will impact the carrying amount of the pensions liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the Actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2 General Annual Grant (GAG)

Under the funding agreement with the Secretary of State the Academy Trust was subject to limits at 31 August 2017 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

The Academy Trust **has not** exceeded these limits during the year ended 31 August 2017.

3 Donations and Capital Grants

	Unrestricted Funds £000	Restricted Funds £000	Total 2017 £000	Total 2016 £000
Capital Grants	-	-	-	84
Notional Rent	-	350	350	350
Other donations	-	68	68	1
	-	418	418	435
2016 total	-	435	435	

4 Funding for the Academy Trust's Educational Operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2017 £000	Total 2016 £000
DfE / ESFA grants				
- General Annual Grant (GAG)	-	4,387	4,387	4,337
- Other DfE/EFA grants	-	178	178	157
	-	4,565	4,565	4,494
Other government grants				
- Special educational projects	-	26	26	31
- Local Authority grants	-	3	3	-
	-	29	29	31
Other income from the Academy Trust's educational operations	213	246	459	431
	213	4,840	5,053	4,956
2016 total	196	4,760	4,956	

St Bernard's High School

Notes to the Financial Statements for the period ended 31 August 2017 (continued)

5 Other Trading Activities

	Unrestricted Funds £000	Restricted Funds £000	Total 2017 £000	Total 2016 £000
Hire of facilities	23	-	23	21
	23	-	23	21
2016 total	21	-	21	

6 Investment Income

	Unrestricted Funds £000	Restricted Funds £000	Total 2017 £000	Total 2016 £000
Short term deposits	1	-	1	3
	1	-	1	3
2016 total	3	-	3	

7 Expenditure

	Staff Costs £000	Non Pay Expenditure Premises Other £000 £000		Total 2017 £000	Total 2016 £000
Expenditure on raising funds	-	-	-	-	-
Academy's educational operations:					
- Direct costs	3,182	-	546	3,728	3,617
- Allocated support costs	956	643	256	1,856	1,940
	4,139	643	802	5,584	5,557
2016 total	3,990	787	780	5,567	

Net income/(expenditure) for the period includes:

	2017	2016
Operating lease rentals	20	42
Depreciation	66	77
(Gain)/loss on disposal of fixed assets	-	-
Fees payable to auditor for:		
- Audit	8	7
- Other services	2	2

St Bernard's High School

Notes to the Financial Statements for the year ended 31 August 2017

(continued)

8 Charitable Activities

	Total 2017 £000	Total 2016 £000
Direct costs – educational operations	3,728	3,618
Support costs – educational operations	1,856	1,939
	<u>5,584</u>	<u>5,557</u>

Analysis of support costs

	Educational operations £000	Total 2017 £000	Total 2016 £000
Support staff costs	957	957	880
Depreciation	66	66	77
Technology costs	7	7	34
Premises costs	577	577	711
Other support costs	209	209	207
Governance costs	40	40	30
Total support costs	<u>1,856</u>	<u>1,856</u>	<u>1,938</u>

9 Staff

a. Staff costs

Staff costs during the period were:

	Total 2017 £000	Total 2016 £000
Wages and salaries	3,122	3,092
Social security costs	287	241
Operating costs of defined benefit pension schemes	665	572
Apprenticeship levy	-	-
	<u>4,074</u>	<u>3,905</u>
Supply staff costs	65	85
Staff restructuring costs	-	-
	<u>4,139</u>	<u>3,990</u>
Staff restructuring costs comprise:		
Redundancy payments	-	-
Severance payments	-	-
Other restructuring costs	-	-
	<u>-</u>	<u>-</u>

St Bernard's High School

Notes to the Financial Statements for the year ended 31 August 2017

(continued)

b. Staff numbers

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

	2017	2016
	No.	No.
Teachers	69	73
Administration and support	57	60
Management	7	6
	<u>133</u>	<u>139</u>

c. Higher paid staff

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

	2017	2016
	No.	No.
£60,001 - £70,000	1	0
£70,001 - £80,000	1	1
£80,001 - £90,000	1	0
£90,001 - £100,000	0	0

d. Key management personnel

The key management personnel of the Academy Trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £622,863 (2016: £496,057).

10 Related Party Transactions - Trustees' Remuneration and Expenses

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

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

A G Sharpe (appointed Head Teacher and trustee on 1 January 2016)

- Remuneration £85,000 - £90,000 (2016: £55,000-£60,000)
- Employer's pension contributions paid £10,000 - £15,000 (2016: £5,000-£10,000)

Mrs C M Allen (appointed interim Head Teacher and trustee for the period 1 September 2015 to 31 December 2015)

- Remuneration £0 (2016: £25,000 - £30,000)
- Employer's pension contributions paid £0 (2016: £0 - £5,000)

M J Elmes (staff trustee, appointed October 2015)

- Remuneration £20,000 - £25,000 (2016: £20,000-£25,000)
- Employer's pension contributions paid £0 - £5,000 (2016: £0-£5,000)

St Bernard's High School

Notes to the Financial Statements for the year ended 31 August 2017 (continued)

Mrs A Ham (staff trustee, appointed September 2015):

- Remuneration £40,000 - £45,000 (2016: £40,000-£45,000)
- Employer's pension contributions paid £5,000 - £10,000 (2016: £5,000-£10,000)

Mrs H Pestana (staff trustee):

- Remuneration £40,000 - £45,000 (2016: £35,000 - £40,000)
- Employer's pension contributions paid £5,000 - £10,000 (2016: £5,000 - £10,000)

During the period ended 31 August 2017, travel and subsistence expenses totalling £560 were reimbursed or paid directly to 2 trustees (2016: £293 to 3 trustees).

Other related party transactions involving the trustees are set out in note 30.

11 Trustees' and Officers' Insurance

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

12 Tangible Fixed Assets

	Land & Property Development	Furniture and Equipment	Computer Hardware	Motor Vehicles	Total
	£000	£000	£000	£000	£000
Cost					
At 1 September 2016	15	195	215	21	446
Additions	-	14	8	-	22
Disposals	-	-	-	-	-
At 31 August 2017	15	209	223	21	468
Depreciation					
At 1 September 2016	2	125	89	8	223
Charged in year	-	20	44	2	66
Disposals	-	-	-	-	-
At 31 August 2017	2	143	133	10	289
Net book values					
At 31 August 2016	13	70	127	13	223
At 31 August 2017	12	66	90	10	179

Assets donated on conversion to the academy are included at their market value at the date of conversion. The academy does own a sports field at Bridgwater Drive whose value of £1,000 is reflected within the heading of Land & Property Development.

St Bernard's High School

Notes to the Financial Statements for the year ended 31 August 2017 (continued)

13 Stock

2017	2016
£000	£000
2	0

14 Debtors

	2017	2016
	£000	£000
Due after more than one year		
Other debtor	701	701
Due within one year		
Trade debtors	-	-
VAT recoverable	24	33
Other debtors	360	368
Prepayments and accrued income	147	75
	1,231	1,177

Debtors for both years represent Restricted General Funds.

St Bernard's High School

Notes to the Financial Statements for the year ended 31 August 2017 (continued)

15 Creditors: Amounts Falling Due Within One Year

	2017	2016
	£000	£000
Trade creditors	51	21
Other taxation and social security	72	73
Other creditors	153	126
Accruals and deferred income	83	162
	357	382

Deferred income	2017	2016
	£000	£000
Deferred income at 1 September 2016	23	23
Released from previous years	(23)	(23)
Resources deferred in the year	11	23
Deferred Income at 31 August 2017	11	23

At the balance sheet date the Academy Trust was holding funds received in advance for Devolved Formula Income and Rates Refund for the period 1 September 2017 and 31 March 2018.

Included within other creditors is a loan of **£17,182 (2016 - £17,182)** from **Salix** which is provided interest free.

16 Creditors: Amounts Falling Due in Greater Than One Year

	2017	2016
	£000	£000
Other Creditors	52	69
	52	69

Included within other creditors is a loan of **£52,000 (2016-£69,000)** from Salix which is interest free, repayable over 5 years.

St Bernard's High School

Notes to the Financial Statements for the year ended 31 August 2017

(continued)

17 Statement of Funds	Balance at 1 September 2016 £000	Income £000	Expenditure £000	Gains, losses and transfers £000	Balance at 31 August 2017 £000
Restricted general funds					
General Annual Grant (GAG)	323	4,387	(4,366)	65	409
Pupil Premium	-	128	(128)	-	-
Other grants	1,098	743	(668)	(87)	1,086
Pension reserve	(2,211)	-	(159)	157	(2,213)
	(790)	5,258	(5,321)	135	(718)
Restricted fixed asset funds					
Transfer on conversion	32	-	(6)	-	26
DfE/ESFA capital grants	-	-	-	-	-
Capital expenditure from GAG	191	-	(60)	22	153
	223	-	(66)	22	179
Total restricted funds	(567)	5,258	(5,387)	157	(539)
Total unrestricted funds	220	237	(197)	-	260
Total funds	(347)	5,495	(5,584)	157	(279)
Statement of Funds Prior Year	Balance at 1 September 2015 £000	Income £000	Expenditure £000	Gains, losses and transfers £000	Balance at 31 August 2016 £000
Restricted general funds					
General Annual Grant (GAG)	436	4,355	(4,455)	(13)	323
Pupil Premium	-	101	(101)	-	-
Other grants	1,105	655	(662)	-	1,098
Pension reserve	(1,272)	-	(74)	(865)	(2,211)
	269	5,111	(5,292)	(878)	(790)
Restricted fixed asset funds					
Transfer on conversion	50	-	(18)	-	32
DfE/ESFA capital grants	-	84	-	(84)	-
Capital expenditure from GAG	153	-	(59)	97	191
	203	84	(77)	13	223
Total restricted funds	472	5,195	(5,369)	(865)	(567)
Total unrestricted funds	188	220	(188)	-	219
Total funds	660	5,415	(5,557)	(865)	(347)

St Bernard's High School

Notes to the Financial Statements for the year ended 31 August 2017 (continued)

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

General Annual Grant (GAG)	Funding received from EFA and expenditure incurred to support academy's educational operations
Pupil Premium	Funding received for both disadvantaged children and looked after children and its application
Other grants	Collection of funds received for a specific purpose including 16-19 Bursary Fund, Year 7 catch up fund, Devolved Formula Capital grant, EHCP statement funding, school trips, Jack Petchy Fund and the financial adjustment for the rent free occupation of land and buildings from the Diocese of Brentwood
Pension reserve	Reserve reflecting the movements within the local Government Pension Scheme deficit

18 Analysis of Net Assets Between Funds

Fund balances at 31 August 2017 are represented by:

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds £000
Tangible fixed assets	-	-	179	179
Current assets	260	1,904	-	2,164
Current liabilities	-	(357)	-	(357)
Non-current liabilities	-	(52)	-	(52)
Pension scheme liability	-	(2,213)	-	(2,213)
Total net assets	260	(718)	179	(279)

19 Commitments Under Operating Leases

Operating leases

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

	2017 £000	2016 £000
Amounts due within one year	6	20
Amounts due between one and five years	3	9
Amounts due after five years	-	-
	9	29

St Bernard's High School

Notes to the Financial Statements for the year ended 31 August 2017

(continued)

20 Reconciliation of Net Income/(Expenditure) to net cash flow from operating activities	2017	2016
	£000	£000
Net income/(expenditure) for the reporting period (as per the Statement of Financial Activities)	(89)	(142)
Adjusted for:		
Amortisation	-	-
Depreciation charges (note 13)	66	77
Capital grants from DfE and other capital income	-	(84)
Interest receivable (note 6)	(1)	(3)
Defined benefit pension scheme obligation inherited	-	-
Defined benefit pension scheme cost less contributions payable (note 28)	-	26
Defined benefit pension scheme finance cost (note 27)	159	48
(Increase)/decrease in stocks	(2)	-
(Increase)/decrease in debtors	(54)	6
Increase/(decrease) in creditors	(25)	(65)
Net cash provided by / (used in) operating activities	54	(137)
21 Cash Flows from Financing Activities	2017	2016
	£000	£000
Repayments of borrowing	(17)	-
Cash inflows from new borrowing	-	-
Net cash provided by / (used in) financing activities	(17)	-
22 Cash Flows from Investing Activities	2017	2016
	£000	£000
Dividends, interest and rents from investments	1	3
Proceeds from sale of tangible fixed assets	-	-
Purchase of intangible fixed assets	-	-
Purchase of tangible fixed assets	(22)	(97)
Capital grants from DfE/EFA	-	84
Capital funding received from sponsors and others	-	-
Net cash provided by / (used in) investing activities	(21)	(10)
23 Analysis Cash and Cash Equivalents	At 31 August	At 31 August
	2017	2016
	£000	£000
Cash in hand and at bank	629	613
Notice deposits (less than 3 months)	302	302
Total cash and cash equivalents	931	915

St Bernard's High School

Notes to the Financial Statements for the year ended 31 August 2017 (continued)

24 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.

25 Pension and Similar Obligations

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

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

Contributions amounting to £63,417 were payable to the schemes at 31 August 2017 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

"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

St Bernard's High School

Notes to the Financial Statements for the year ended 31 August 2017 (continued)

25 Pension and Similar Obligations (continued)

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 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 £576,000 (2016: £569,000.)

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

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

Local Government Pension Scheme

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

The total contribution made for the year ended 31 August 2017 was £187,000 (2016: £191,000), of which employer's contributions totalled £147,000 (2016: £149,000) and employees' contributions totalled £40,000 (2016: £42,000) The agreed contribution rates for future years are rising to 25% per cent for employers and 5.5-7.5 per cent for employees.

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

The scheme is in deficit and an initial repayment plan of a fixed amount per month was agreed, namely £5,317.08 (2016 £5,088.11). However from 1 April the scheme was amended, the repayment of deficit was added to the employer contribution % generating an employer contribution of 22.5% from 1 April. This increased further on 1 September 2017 to 23.2% and is planned to increase annually until a contribution rate of 25% is achieved on 1 September 2019.

Principal Actuarial Assumptions	At 31 August 2017	At 31 August 2016
Rate of increase in salaries	4.20%	4.10%
Rate of increase for pensions in payment/inflation	2.70%	2.30%
Discount rate for scheme liabilities	2.60%	2.20%
Inflation assumption (CPI)	3.60%	2.30%
Commutation of pensions to lump sums		

St Bernard's High School

Notes to the Financial Statements for the year ended 31 August 2017 (continued)

25 Pension and Similar Obligations (continued)

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

	At 31 August 2017	At 31 August 2016
<i>Retiring today</i>		
Males	22.2	22.9
Females	24.7	25.3
<i>Retiring in 20 years</i>		
Males	24.3	25.2
Females	27.0	27.7

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

	Fair value at 31 August 2017 £000	Fair value at 31 August 2016 £000
Equity instruments	1047	932
Debt instruments	404	276
Property	156	150
Total market value of assets	1,607	1,358

The actual return on scheme assets was £211,000 (2016: £163,000).

Amounts recognised in the statement of financial activities incorporating Income and Expenditure Account

	2017 £000	2016 £000
Current service cost (net of employee contributions)	259	190
Net interest cost	47	48
Benefit changes, gain/(loss) on curtailment and gain/(loss) on settlement	-	-
Total	306	238

St Bernard's High School
Notes to the Financial Statements for the year ended 31 August 2017
(continued)

25 Pension and Similar Obligations (continued)

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

	2017	2016
	£'000	£'000
At 1 September	3,569	2,275
Current service cost	259	190
Interest cost	79	91
Employer contributions	40	42
Actuarial (gain)/loss	(112)	985
Change in demographic assumptions	(3)	-
Experience loss/(gain) on defined obligation	1	-
Benefits paid	(13)	26
Plan introductions, benefit changes, curtailments and settlements	-	(40)
At 31 August	3,820	3,569

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

	2017	2016
	£'000	£'000
At 1 September	1,358	1,003
Interest income	32	43
Return on plan assets (excluding net interest on the net defined pension liability)	179	120
Actuarial gain/(loss)	(136)	-
Employer contributions	147	149
Employee contributions	40	42
Benefits paid	(13)	26
Plan introductions, benefit changes, curtailments and settlements	-	(25)
At 31 August	1,607	1,358

26 Related Party Transactions

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 10.

The academy operates from land and buildings provided rent free by the Diocese of Brentwood. Under an agreement between the Diocese, the academy and the Secretary of State the Diocese would be required to give two years notice from the year end if it wished to terminate the agreement. No such notice had been given at the year end and the Diocese is therefore committed to providing the land and buildings rent free for a further three years from the year end. The trustees estimate that the cost of renting equivalent buildings would be £350,333 per annum, on this basis a donation from the Diocese of £350,333 is shown in the accounts together with a notional expense of the same amount. In addition, included within debtors is a donation in kind receivable of £1,051,000 representing the commitment by the Diocese to provide the land and buildings rent free for a further three years.