

**Company Registration Number: 07918561 (England and Wales)**

**ST CUTHBERT'S CATHOLIC HIGH SCHOOL**  
**(A Company Limited by Guarantee)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**ST CUTHBERT'S CATHOLIC HIGH SCHOOL**  
**(A Company Limited by Guarantee)**

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**ST CUTHBERT'S CATHOLIC HIGH SCHOOL**  
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS MEMBERS, DIRECTORS AND  
ADVISERS  
FOR THE YEAR ENDED 31 AUGUST 2017**

**Members**

S Cunningham  
J Hughes

**Directors**

Fr S Lerche, Chair  
V M Stonor, Vice Chair  
M Clasper  
C Davison, Headteacher and Accounting Officer<sup>1</sup>  
D J Dimambro  
D Johnson<sup>1</sup>  
L A Lockey  
A Logan  
M J Mc-Dade (resigned 16 February 2017)<sup>1</sup>  
J F Noone<sup>1</sup>  
B Rutherford<sup>1</sup>  
J A Simmons<sup>1</sup>  
A E Simpson<sup>1</sup>  
Fr D W Smith (resigned 16 June 2017)  
Rev J Stephenson<sup>1</sup>  
C E Stubbs (resigned 31 December 2016)  
S M Walsh (resigned 16 February 2017)

<sup>1</sup> member of the Finance, Health and Safety Committee

**Company registered number**

07918561

**Company name**

St Cuthbert's Catholic High School

**Principal and registered office**

Gretna Road  
Newcastle upon Tyne  
NE15 7PX

**Senior leadership team**

C Davison, Headteacher  
B Anderson, Assistant Headteacher  
P Arrowsmith, Assistant Headteacher  
I Lord, Assistant Headteacher  
K Stuart, Assistant Headteacher  
J Parker, Associate Assistant Headteacher  
T Rogers, Associate Assistant Headteacher

**ST CUTHBERT'S CATHOLIC HIGH SCHOOL**  
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS MEMBERS, TRUSTEES AND  
ADVISERS  
FOR THE YEAR ENDED 31 AUGUST 2017**

**Independent auditors**

Clive Owen LLP  
Chartered Accountants and Statutory Auditors  
Kepier House  
Belmont Business Park  
Durham  
DH1 1TW

**Bankers**

Lloyds Bank plc  
102 Grey Street  
Newcastle upon Tyne  
NE99 1SL

**Solicitors**

Watson Burton LLP  
1 St James' Gate  
Newcastle upon Tyne  
NE99 1YQ

**ST CUTHBERT'S CATHOLIC HIGH SCHOOL**  
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**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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

The trust operates an academy for pupils aged 11 to 18 serving a catchment area in Newcastle upon Tyne. It has a pupil capacity of 1,150 and had a roll of 1,100 in September 2017.

## **STRUCTURE, GOVERNANCE AND MANAGEMENT**

### **Constitution**

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The Directors of St Cuthbert's Catholic High School are also the Directors of the charitable company for the purposes of company law. The charitable company is known as St Cuthbert's Catholic High School.

Details of the Directors who served during the year included in the Reference and Administrative Details on page 1.

### **Members' liability**

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

### **Directors' indemnities**

The academy has purchased insurance to protect Directors from claims arising against negligent acts, errors or omissions occurring whilst on academy business. Further details are provided in note 11.

### **Method of recruitment and appointment or election of Directors**

The term of office for any trustee shall be 4 years, save that this time limit shall not apply to the Headteacher or any post held ex officio. Subject to remaining eligible to be a particular type of Director, any Director may be re-appointed or re-elected.

### **Policies and procedures adopted for the induction and training of Directors**

The training and induction provided for new Directors depends on their existing experience. Where necessary induction and training is provided on charity, educational, legal and financial matters. All new Directors are given a tour of the academy and the chance to meet with staff and students. All Directors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Directors. As there are normally only one or two new Directors a year, induction tends to be done informally and is tailored specifically to the individual.

### **Organisational structure**

During the year the academy continued to operate a unified management structure. The structure consists of 4 levels: the Directors, the Senior Leadership Team and the Middle Management Team. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

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

**STRUCTURE, GOVERNANCE AND MANAGEMENT (Continued)**

**Organisational structure (Continued)**

The Directors:

The Accounting Officer: - C Davison

The Senior Leadership Team includes the Accounting Officer, 4 Assistant Headteachers and 2 Associate Assistant Headteachers.

The Middle Management of the academy is centred around the Group of Curriculum Leads and Heads of House. These managers are responsible for the day to day operation of the academy, in particular organising the teaching staff, facilities and students.

**Arrangements for setting pay and remuneration of key management personnel**

- Pay ranges for the Head Teacher and Assistant Head teacher(s) will be set within the range and interim reference points at Annex B of the academy's pay policy.
- Ranges for Head teacher will comprise of 7 consecutive points
- Ranges for Assistant Head teachers will comprise of 5 consecutive points
- The Board of Directors will determine the pay range to be advertised and the starting salary of the selected candidate in accordance with the 3 Stage Process (see Annex D for detailed guidance) recommended by the Department for Education (DfE) and the provisions of the STPCD
- The pay range for the head teacher will not exceed the maximum of the head teacher group but the Board of Directors reserves the right to review this in accordance with paragraph 9.3 should circumstances require it to do so.
- The pay committee may consider using its discretion, in wholly exceptional circumstances, to exceed the 25% limit as per paragraph 9.3 STPCD. However, before agreeing to do so, it will seek the agreement of the whole Board of Directors which in turn must seek external independent advice before providing such agreement.
- The pay range for the Assistant Head Teacher will only overlap the Head Teacher pay range in exceptional circumstances and will not exceed the maximum of the head teacher group for the school.
- The Committee will record its reasons for determining the relevant range.

**Connected organisations, including related party relationships**

Further details are stated in note 21 to the Financial Statements.

**OBJECTIVES AND ACTIVITIES**

The academy's main objectives are encompassed in its mission statement which is:

Faith Leadership Learning

**Objects and aims**

The principal object and activity of the charitable company is the operation of St Cuthbert's Catholic High School to promote leadership and participation for all.

In accordance with the articles of association the charitable company has adopted a 'Scheme of Government' approved by the Secretary of State for Education. The Scheme of Government specifies amongst other things the basis for admitting students to the academy, the catchment area from which the students are drawn, and that the curriculum should comply with the substance of the national curriculum.

**Objectives, strategies and activities**

The main objectives of the academy during the year ended 31 August 2017 are summarised below:

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

- Deliver outstanding Catholic education
- Close the gap so all students make progress
- Opportunities to develop character

Our evidence to demonstrate 'outstanding' in every OFSTED category is:

**Effectiveness of Leadership and Management**

- Teaching School status awarded 2017
- National Support School 2017
- Outstanding Section 48 in all areas 2017
- Performance management targets feed outstanding teaching standards
- Continuous professional development to support linear assessment
- Curriculum and Pastoral Leaders rigorously implement the annual cycle of monitoring, evaluation and planning to maximise standards for both attainment and achievement

**OBJECTIVES AND ACTIVITIES (Continued)**

**Objectives, strategies and activities (Continued)**

**Quality of Teaching, Learning and Assessment**

- Public exams 2016 – 2017: Key Stage 4 results are classified by the DfE as 'Above Average' relating to the new classification structure for Progress 8 in the 2017 Provisional Release of Data. Outcomes at Key Stage 5 both at GCE A level and Applied General level are significantly above the national average from the Level 3 Value Added report.
- Pupil Premium Award 2016

**Personal Development, Behaviour and Welfare**

- Top in city for attendance (96.5%)
- Accredited school for the Duke of Edinburgh Award
- Champion school for the NCS
- Hub for the teaching of Mandarin in the Northern region
- STEM hub for the North East
- Pope John Paul Award Associate
- Healthy School Status
- Eco School Status
- Hub for Computer Science for the Northern region

**Public benefit**

The academy's aims and achievements are set out within this report and have been undertaken to further its charitable purposes for the public benefit. The Directors have complied with the duty under Section 4 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charity commission for England and Wales and the Directors have considered this guidance in deciding what activities the academy should undertake.

**STRATEGIC REPORT**

**Achievements and performances**

**Key performance indicators**

- Attainment 8 for 2017 (provisional): 49.4  
Attainment 8 measures a student's average grade across eight subjects – the same subjects that count towards Progress 8

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

- Progress 8 for 2017 (provisional): + 0.21  
Progress 8 measures a student's progress between Key Stage 2 and Key Stage 4 across eight key subjects.
- 4+ English/Maths (A\*-C) = 63%

**Going concern**

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



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

**FINANCIAL REVIEW**

Most of the academy's income is obtained from the Department for Education (DfE) via the Education and Skills Funding Agency (ESFA) in the form of recurrent grants, the use of which is restricted to particular expenses. The grants received from the DfE/ESFA during the year ended 31 August 2017 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The academy also received grants for fixed assets from the DfE/ESFA. In accordance with The Charities SORP (FRS102), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the year ended 31 August 2017, total expenditure of £5,714,000 was exceeded by recurrent grant funding from DfE/ESFA together with other incoming resources. The excess of income over expenditure for the year (before transfers and actuarial gains, and excluding restricted fixed asset funds) was £437,000

All of the expenditure shown in the Statement of Financial Activities is in furtherance of the academy's objectives.

At 31 August 2017 the net book value of fixed assets was £1,453,000 and movements in tangible fixed assets are shown in note 12 to the Financial Statements. The assets were used exclusively for providing education and the associated support services to the students of the academy.

The provisions of Financial Reporting Standard (FRS) 102 have been applied in full in respect of the LGPS pensions scheme, resulting in a deficit of £579,000 recognised on the balance sheet.

The academy held fund balances at 31 August 2017 of £2,664,000 comprising £2,064,000 of restricted funds and £600,000 of unrestricted funds.

**Reserves policy**

The academy holds restricted and unrestricted funds (the attached financial statements detail these funds)

Unrestricted funds are held:

- To provide funds which can be designated to specific areas such as building improvements
- To cover ongoing costs in relation to the running of the academy including catering provisions, school trips and uniform costs.

The level of reserves is reviewed by the Directors regularly throughout the year. The minimum level of reserves for the ongoing needs of an academy is reviewed by the Directors on an annual basis. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Directors therefore consider it prudent to hold unrestricted reserves in the general fund in the form of free reserves (total funds less the amount held in fixed assets and restricted funds) of £500,000.

This is considered sufficient to cover the items contained in our risk register.

The academy's current level of free reserves are in surplus by £600,000 and therefore are considered to be above the level or reserves required for the ongoing needs of the academy. The Directors continue to consider additional activities related to the academy's objectives to which the excess reserves may be applied including:

- create an external dining area for students
- demolish the old caretaker house at Fox and Hounds Lane
- carry out alterations to the DT classrooms for January 2018
- create an art gallery within the CLC art block

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

**Investments policy**

The academy invests surplus funds through money market accounts. Interest rates are reviewed prior to each investment. This policy maximises investment return whilst minimising risks to the principal sum.

**Principal risks and uncertainties**

The principal risks and uncertainties are centred in changes in the level of funding from the DFE/ESFA. In addition, the academy is a member of the Local Government Pension Scheme (LGPS), which results in the recognition of a significant deficit on the academy balance sheet.

The Directors have assessed the major risks, to which the academy is exposed, in particular those relating specifically to teaching provision of facilities and other operational areas of the academy, and its finances. The Directors have implemented a number of systems to assess the risks that the school faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school visits) and in relation to the control of finance. Where significant financial risk still remains, they have ensured they have adequate insurance cover. The academy has an effective system of internal financial controls and this is explained in more detail in the Governance Statement.

The academy has fully implemented the requirements of the Safe Recruitment procedures and all staff have received training in this area in addition to training on Child Protection.

The academy is subject to a number of risks and uncertainties in common with other academies. The academy has in place procedures to identify and mitigate financial risks.

**PLANS FOR FUTURE PERIODS**

**Priorities**

Overarching priority: ensure that our school Catholic ethos underpins and weaves through all elements of school life, including the School Development Plan.

- Promote, stretch and challenge to ensure progress for all.
- Focus on presentation and SPAG.

**Disclosure of information to auditors**

Insofar as the Directors are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Directors have taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

The Directors' Report, incorporating a strategic report, was approved by order of the Board of Directors, as the company directors, on 30 November 2017 and signed on its behalf by:



**Fr S Lerche**  
**Chair of Directors**

**ST CUTHBERT'S CATHOLIC HIGH SCHOOL**  
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**GOVERNANCE STATEMENT**

**Scope of Responsibility**

As Directors, we acknowledge we have overall responsibility for ensuring that St Cuthbert's Catholic 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 Directors has delegated the day-to-day responsibility to the Headteacher, 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 Cuthbert's Catholic High School and the Secretary of State for Education. They are also responsible for reporting to the Board of Directors any material weaknesses or breakdowns in internal control.

**Governance**

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

Director	Meetings attended	Out of a possible
Fr S Lerche, Chair	2	3
V M Stonor, Vice Chair	3	3
M Clasper	2	3
C Davison	3	3
D J Dimambro	2	3
D Johnson	1	3
L A Lockey	3	3
A Logan	3	3
M J Mc-Dade (resigned 16 February 2017)	0	2
J F Noone	2	3
B Rutherford	3	3
J A Simmons	3	3
A E Simpson	2	3
Fr D W Smith (resigned 16 June 2017)	2	2
Rev J Stephenson	2	3
C E Stubbs (resigned 31 December 2016)	1	1
S M Walsh (resigned 16 February 2017)	1	2

The Finance, Health and Safety Committee is a sub-committee of the main Board of Directors. Its purpose is:

- The initial review and authorisation of the annual budget
- The regular monitoring of actual expenditure and income against budget
- Ensuring the annual accounts are produced in accordance with the requirements of the Companies Act 2006 and the DfE guidance issued to academies.
- Authorising changes to the academy personnel establishment, and
- Reviewing the reports of the Internal Assurance officer on the effectiveness of the financial procedures and controls.

**ST CUTHBERT'S CATHOLIC HIGH SCHOOL**  
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**GOVERNANCE STATEMENT (continued)**

Attendance at meetings in the year was as follows:

Director	Meetings attended	Out of a possible
D Johnson, Chair	3	4
C Davison	4	4
M J Mc-Dade (resigned 16 February 2017)	0	2
J F Noone	3	4
B Rutherford	2	4
J A Simmons	3	4
A E Simpson	3	4
Rev J Stephenson	3	4
	3	4

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

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

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

- Ensuring that all spending is aligned with our School Development Plan. Resources and materials purchased are directed to the areas where they are most needed and where they can provide maximum impact on student progress outcomes 5 times per year.
- The Finance, Health and Safety Committee meets each half term. At each of their meetings they are provided with up to date budget monitoring reports. These reports show the actual spend against the budgeted spend. This budget monitoring is enhanced by termly Internal Assurance visits by our external auditors.
- We share best practice with other schools and academies in our area and, wherever possible, take advantage of joint procurement.

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

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

### **Capacity to Handle Risk**

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

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**GOVERNANCE STATEMENT (continued)**

**The Risk and Control Framework**

The academy'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 Directors;
- regular reviews by the Finance, Health and Safety 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 Directors has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Directors have appointed Clive Owen LLP, the external auditors, to perform additional checks.

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

- testing of payroll systems
- testing of purchase systems
- testing of income
- testing of control account/bank reconciliations
- testing of accounting systems and management information produced
- review of director appointments / resignations and declarations of interest
- review of gifts and hospitality and honorarium/ex-gratia payments
- review of information technology strategy
- review of fixed assets
- testing of VAT and Corporation Tax position

On a termly basis, the external auditors report to the Board of Directors through the Finance, Health and Safety Committee on the operation of the systems of control and on the discharge of the Board of Directors' financial responsibilities.

The external auditors have delivered their schedule of work as planned and no material control issues have arisen as a result of their work.

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**GOVERNANCE STATEMENT (continued)**

**Review of Effectiveness**

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

- the work of the external auditors;
- the work of the executive managers within the academy who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the Board of Directors on 30 November 2017 and signed on their behalf, by:



**Fr S Lerche  
Chair of Directors**

**C Davison  
Accounting Officer**



**ST CUTHBERT'S CATHOLIC HIGH SCHOOL**  
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**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

As Accounting Officer of St Cuthbert's Catholic High School I have considered my responsibility to notify the academy trust Board of Directors and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016.

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

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

**C Davison**  
**Accounting Officer**



30 November 2017

**ST CUTHBERT'S CATHOLIC HIGH SCHOOL**  
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**DIRECTORS' RESPONSIBILITIES STATEMENT**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

The Directors (who act as Governors of St Cuthbert's Catholic High School and are also the Directors of the charitable company for the purposes of company law) are responsible for preparing the Directors' Report and the financial statements in accordance with the Annual Accounts Direction issued by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under company law the Directors 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 Directors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

Approved by order of the members of the Board of Directors on 30 November 2017 and signed on its behalf by:



**Fr S Lerche**  
**Chair of Directors**



**ST CUTHBERT'S CATHOLIC HIGH SCHOOL**  
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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF ST CUTHBERT'S CATHOLIC HIGH SCHOOL**

**Opinion**

We have audited the financial statements of St Cuthbert's Catholic High School 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 FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 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, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 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 United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

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

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

**Respective responsibilities of Directors and auditors**

The Directors 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.

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**(A Company Limited by Guarantee)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF ST CUTHBERT'S CATHOLIC HIGH SCHOOL**

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 Directors' Report including the Strategic Report for which the financial statements are prepared is consistent with the financial statements.
- the Directors' Report and the Strategic 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 Directors' Report including the Strategic 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 Directors' remunerations specified by law not made; or
- we have not received all the information and explanations we require for our audit.

**Responsibilities of Directors**

As explained more fully in the Statement of Directors' Responsibilities, the Directors (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 Directors 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 Directors 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 Directors either intend to liquidate the academy's or to cease operations, or have no realistic alternative but to do so.

**ST CUTHBERT'S CATHOLIC HIGH SCHOOL**  
**(A Company Limited by Guarantee)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF ST  
CUTHBERT'S CATHOLIC HIGH SCHOOL**

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

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). The description forms part of our Auditor's report.



Gary Ellis BA FCA (Senior Statutory Auditor)

for and on behalf of

**Clive Owen LLP**

Chartered Accountants and Statutory Auditors

Kepier House  
Belmont Business Park  
Durham  
DH1 1TW  
30 November 2017

**ST CUTHBERT'S CATHOLIC HIGH SCHOOL**  
**(A Company Limited by Guarantee)**

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO ST CUTHBERT'S CATHOLIC HIGH SCHOOL AND THE EDUCATION AND SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 14 September 2015 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 Cuthbert's Catholic High School during the year ended 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 Cuthbert's Catholic High School and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to St Cuthbert's Catholic High School and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than St Cuthbert's Catholic High School and the ESFA, for our work, for this report, or for the conclusion we have formed.

**Respective responsibilities of St Cuthbert's Catholic High School's accounting officer and the reporting accountant**

The Accounting Officer is responsible, under the requirements of St Cuthbert's Catholic High School's funding agreement with the Secretary of State for Education dated 28 February 2012, and the Academies Financial Handbook extant from 1 September 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

**Approach**

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

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

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

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

**ST CUTHBERT'S CATHOLIC HIGH SCHOOL**  
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**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO ST  
CUTHBERT'S CATHOLIC HIGH SCHOOL AND THE EDUCATION AND SKILLS FUNDING AGENCY**  
**(continued)**

**Approach (Continued)**

The work undertaken to draw to our conclusion includes:

- Review of governing body and committee minutes;
- Review of termly Internal Assurance reports;
- Completion of self assessment questionnaire by Accounting Officer;
- Discussions with the Accounting Officer and finance team;
- Review documentation provided to Directors and Accounting Officer setting out responsibilities;
- Obtained formal letter of representation detailing the responsibilities of Directors;
- Review of payroll, purchases and expenses claims on a sample basis;
- Confirmation that the lines of delegation and limits set have been adhered to;
- Evaluation of internal control procedures and reporting lines;

**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 ended to 31 August 2017 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



**Clive Owen LLP**

Reporting Accountant

Kepier House  
Belmont Business Park  
Durham  
DH1 1TW

30 November 2017

**ST CUTHBERT'S CATHOLIC HIGH SCHOOL**  
(A Company Limited by Guarantee)

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

	Note	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Restricted fixed asset funds 2017 £000	Total funds 2017 £000	Total funds 2016 £000
<b>INCOME FROM:</b>						
Donations and capital grants	2	4	-	29	33	27
Charitable activities	5	-	5,704	-	5,704	5,888
Other trading activities	3	332	-	-	332	357
Investments	4	1	-	-	1	4
<b>TOTAL INCOME</b>		<b>337</b>	<b>5,704</b>	<b>29</b>	<b>6,070</b>	<b>6,276</b>
<b>EXPENDITURE ON:</b>						
Charitable activities		380	5,224	110	5,714	6,030
<b>TOTAL EXPENDITURE</b>	7	<b>380</b>	<b>5,224</b>	<b>110</b>	<b>5,714</b>	<b>6,030</b>
<b>NET INCOME / (EXPENDITURE) BEFORE TRANSFERS</b>						
Transfers between Funds	15	(43)	480	(81)	356	246
		-	(117)	117	-	-
<b>NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES</b>						
		(43)	363	36	356	246
Actuarial gains/(losses) on defined benefit pension schemes	19	-	811	-	811	(898)
<b>NET MOVEMENT IN FUNDS</b>		<b>(43)</b>	<b>1,174</b>	<b>36</b>	<b>1,167</b>	<b>(652)</b>
<b>RECONCILIATION OF FUNDS:</b>						
Total funds brought forward		643	(563)	1,417	1,497	2,149
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>600</b>	<b>611</b>	<b>1,453</b>	<b>2,664</b>	<b>1,497</b>

**ST CUTHBERT'S CATHOLIC HIGH SCHOOL**  
**(A Company Limited by Guarantee)**  
**REGISTERED NUMBER: 07918561**

**BALANCE SHEET**  
**AS AT 31 AUGUST 2017**

	Note	£000	2017 £000	2016 £000
<b>FIXED ASSETS</b>				
Tangible assets	12		1,453	1,393
<b>CURRENT ASSETS</b>				
Debtors	13	95	111	
Cash at bank and in hand		2,506	2,503	
		<u>2,601</u>	<u>2,614</u>	
<b>CREDITORS: amounts falling due within one year</b>	14	(811)	(1,215)	
<b>NET CURRENT ASSETS</b>			<u>1,790</u>	<u>1,399</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>3,243</u>	<u>2,792</u>
Defined benefit pension scheme liability	19		(579)	(1,295)
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITIES</b>			<u>2,664</u>	<u>1,497</u>
<b>FUNDS OF THE ACADEMY</b>				
Restricted income funds:				
Restricted income funds	15	1,190	732	
Restricted fixed asset funds	15	1,453	1,417	
Restricted income funds excluding pension liability		<u>2,643</u>	<u>2,149</u>	
Pension reserve		(579)	(1,295)	
Total restricted income funds			<u>2,064</u>	<u>854</u>
Unrestricted income funds	15		600	643
<b>TOTAL FUNDS</b>			<u>2,664</u>	<u>1,497</u>

The financial statements on pages 20 to 43 were approved by the Directors, and authorised for issue, on 30 November 2017 and are signed on their behalf, by:

  
**Fr S Lerche**  
**Chair of Directors**

**ST CUTHBERT'S CATHOLIC HIGH SCHOOL**  
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**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

	Note	2017 £000	2016 £000
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities	17	143	776
<b>Cash flows from investing activities:</b>			
Dividends, interest and rents from investments		1	4
Proceeds from the sale of tangible fixed assets		-	16
Purchase of tangible fixed assets		(170)	(249)
Capital grants from DfE/ESFA		29	24
<b>Net cash used in investing activities</b>		<b>(140)</b>	<b>(205)</b>
<b>Change in cash and cash equivalents in the year</b>		3	571
Cash and cash equivalents brought forward		2,503	1,932
<b>Cash and cash equivalents carried forward</b>	18	<b>2,506</b>	<b>2,503</b>



**ST CUTHBERT'S CATHOLIC HIGH SCHOOL**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**1. ACCOUNTING POLICIES**

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

**1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

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

St Cuthbert's Catholic High School constitutes a public benefit entity as defined by FRS 102.

**1.2 FUND ACCOUNTING**

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

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

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

**1.3 INCOME**

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

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

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

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

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

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

**ST CUTHBERT'S CATHOLIC HIGH SCHOOL**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**1. ACCOUNTING POLICIES (continued)**

**1.4 EXPENDITURE**

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

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

All expenditure is inclusive of irrecoverable VAT.

**1.5 GOING CONCERN**

The Directors 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 academy to continue as a going concern. The Directors 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

**1.6 TANGIBLE FIXED ASSETS AND DEPRECIATION**

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 incorporating Income and Expenditure Account and carried forward in the Balance Sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities incorporating Income and Expenditure Account. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

**ST CUTHBERT'S CATHOLIC HIGH SCHOOL**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**1. ACCOUNTING POLICIES (continued)**

Long leasehold property	-	27 years
Motor vehicles	-	4 years
Fixtures and fittings	-	4 years
Computer equipment	-	3 years

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

**1.7 OPERATING LEASES**

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

**1.8 INTEREST RECEIVABLE**

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the academy; this is normally upon notification of the interest paid or payable by the Bank.

**1.9 TAXATION**

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

**1.10 DEBTORS**

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

**1.11 CASH AT BANK AND IN HAND**

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

**1.12 LIABILITIES AND PROVISIONS**

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

**ST CUTHBERT'S CATHOLIC HIGH SCHOOL**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**1. ACCOUNTING POLICIES (continued)**

**1.13 FINANCIAL INSTRUMENTS**

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

*Financial assets* - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 13. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

*Financial liabilities* - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in note 14. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments.

**1.14 PENSIONS**

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Governments Pension Scheme ("LGPS"). These are defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy 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 19, 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 is also recognised in the Statement of Financial Activities incorporating Income and Expenditure Account and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

**ST CUTHBERT'S CATHOLIC HIGH SCHOOL**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**1. ACCOUNTING POLICIES (continued)**

**1.15 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT**

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 19, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 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.

Critical areas of judgment:

Depreciation – Depreciation is calculated so as to write off the cost of an asset, less its residual value, over the economic life of that asset. An estimate of the useful life of assets is detailed in the depreciation accounting policy. The value of depreciation charge during the year was £110,000.

The academy land and buildings are owned by the Diocese of Hexham and Newcastle. The academy occupies the land and buildings under a mere licence. The licence delegates aspects of the management of the land and buildings to the academy for the time being, but does not vest any rights over the buildings to the academy. The Diocese of Hexham and Newcastle has given an undertaking to the Secretary of State that they will not give academy less than two years notice to terminate the occupation of the land and buildings. Having considered the factual matrix under which the academy is occupying the land and buildings the Directors have concluded that the value of the land and buildings occupied by the academy will not be recognised on the balance sheet of the academy. In addition, whilst the occupation constitutes a donation in kind to the academy, the Directors consider that the cost of obtaining a valuation for such a donation outweighs the expense and therefore no such donation and related expense are included in the Statement of Financial Activities. Additions since conversion funded by grant bids or from GAG have been capitalised as leasehold improvements and written off over their economic life.

**1.16 AGENCY ARRANGEMENTS**

The academy trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The funds received and paid and any balances held are disclosed in note 21.

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

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

	Unrestricted funds 2017 £000	Restricted fixed asset funds 2017 £000	Total funds 2017 £000	Total funds 2016 £000
Donations	4	-	4	3
Capital Grants	-	29	29	24
	<u>4</u>	<u>29</u>	<u>33</u>	<u>27</u>
<i>Total 2016</i>	<u>3</u>	<u>24</u>	<u>27</u>	

**3. OTHER TRADING ACTIVITIES**

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Total funds 2017 £000	Total funds 2016 £000
Sundry income	110	-	110	92
Lettings	7	-	7	12
School trips	50	-	50	85
Catering	157	-	157	154
School fund	8	-	8	14
	<u>332</u>	<u>-</u>	<u>332</u>	<u>357</u>
<i>Total 2016</i>	<u>357</u>	<u>-</u>	<u>357</u>	

**4. INVESTMENT INCOME**

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Total funds 2017 £000	Total funds 2016 £000
Bank interest	1	-	1	4
	<u>1</u>	<u>-</u>	<u>1</u>	<u>4</u>
<i>Total 2016</i>	<u>4</u>	<u>-</u>	<u>4</u>	

**ST CUTHBERT'S CATHOLIC HIGH SCHOOL**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Total funds 2017 £000	Total funds 2016 £000
<b>DfE/ESFA grants</b>				
General Annual Grant (GAG)	-	5,310	5,310	5,493
Pupil Premium	-	267	267	265
Other DfE/ESFA Grants	-	11	11	76
	<u>-</u>	<u>5,588</u>	<u>5,588</u>	<u>5,834</u>
<b>Other Government grants</b>				
Other Government grants	-	11	11	10
SEN	-	11	11	11
	<u>-</u>	<u>22</u>	<u>22</u>	<u>21</u>
<b>Other funding</b>				
Reece Foundation	-	58	58	33
Other Funding	-	36	36	-
	<u>-</u>	<u>94</u>	<u>94</u>	<u>33</u>
	<u>-</u>	<u>5,704</u>	<u>5,704</u>	<u>5,888</u>
<i>Total 2016</i>	<u>-</u>	<u>5,888</u>	<u>5,888</u>	

**ST CUTHBERT'S CATHOLIC HIGH SCHOOL**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**6. CHARITABLE ACTIVITIES**

	2017	2016
	£000	£000
<b>DIRECT COSTS</b>		
Wages and salaries	3,167	3,501
National insurance	296	291
Pension cost	523	468
Educational supplies	76	70
Examination fees	96	110
Staff development	6	8
Other direct costs	146	190
	4,310	4,638
<b>SUPPORT COSTS</b>		
Wages and salaries	214	225
National insurance	18	16
Pension costs	66	95
Depreciation	110	133
Net interest cost on pension scheme	25	13
Technology costs	175	162
Recruitment and support	5	13
Maintenance of premises and equipment	32	60
Cleaning	187	107
Rent	6	6
Rates	56	57
Energy	88	99
Insurance	56	53
Security	7	3
Transport	3	2
Catering	244	219
Occupancy costs	4	8
Other support costs	71	74
Governance costs	37	47
	1,404	1,392
	5,714	6,030



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**7. EXPENDITURE**

	Staff costs 2017 £000	Premises 2017 £000	Other costs 2017 £000	Total 2017 £000	Total 2016 £000
Academy's educational operations:					
Direct costs	3,986	-	324	4,310	4,638
Support costs	298	478	628	1,404	1,392
	<u>4,284</u>	<u>478</u>	<u>952</u>	<u>5,714</u>	<u>6,030</u>
<i>Total 2016</i>	<u>4,596</u>	<u>412</u>	<u>1,022</u>	<u>6,030</u>	

In 2017, of the total expenditure, £380,000 (2016 - £343,000) was to unrestricted funds and £5,334,000 (2016 - £5,687,000) was to restricted funds.

There were no individual transactions exceeding £5,000 for:

- Compensation payments
- Gifts made by the academy
- Fixed asset losses
- Stock losses
- Unrecoverable debts
- Cash losses

There were no ex-gratia payments made in the year.

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

This is stated after charging:

	2017 £000	2016 £000
Depreciation of tangible fixed assets:		
- owned by the charity	110	133
Profit on disposal of motor vehicles	-	4
Auditors' remuneration - audit	10	9
Auditors' remuneration - other services	4	4
	<u>124</u>	<u>140</u>

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**9. STAFF COSTS**

Staff costs were as follows:

	2017	2016
	£000	£000
Wages and salaries	3,133	3,529
Social security costs	314	307
Operating costs of defined benefit pension schemes	589	563
	4,036	4,399
Apprenticeship levy	1	-
Supply staff costs	238	185
Staff restructuring costs	9	12
	4,284	4,596

Included within operating costs of defined benefit pension schemes is a £70,000 charge (2016: £30,000 credit) relating to the pension deficit actuarial adjustment and £Nil (2016: £9,000) relating to arrears of back-funded pension contributions.

Staff restructuring costs comprise:

Severance payments	9	12
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Included in staff restructuring costs is one non-statutory severance payment totalling £9,000 (2016: £12,000).

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

	2017	2016
	No.	No.
Teachers	68	76
Administration and support	38	34
Management	7	7
	113	117

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

	2017	2016
	No.	No.
In the band £70,001 - £80,000	0	1
In the band £90,001 - £100,000	1	1

All of the above employees participated in the Teacher's Pension Scheme.

The key management personnel of the academy comprise the Headteacher, 4 Assistant Headteachers and 2 Associate Assistant Headteachers. 2016 included the Headteacher, a Deputy Headteacher and 4 Assistant Headteachers. The total amount of employee benefits (including employer national insurance contributions and employer pension contributions) received by key management personnel for their services to the academy was £535,000 (2016: £489,000).

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**10. DIRECTORS' REMUNERATION AND EXPENSES**

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

		2017	2016
		£000	£000
L Forster (resigned 31 August 2016)	Remuneration	-	15-20
	Pension contributions paid	-	0-5
D Caldwell (resigned 31 August 2016)	Remuneration	-	35-40
	Pension contributions paid	-	-
C Davison	Remuneration	95-100	90-95
	Pension contributions paid	15-20	15-20

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

During the year ended 31 August 2017, no Directors received any reimbursement of expenses (2016 - £NIL).

**11. DIRECTORS' AND OFFICERS' INSURANCE**

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2017 was included in the total insurance cost and is not separately identifiable.

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**12. TANGIBLE FIXED ASSETS**

	Long Term Leasehold Property £000	Motor vehicles £000	Fixtures and fittings £000	Computer equipment £000	Total £000
<b>COST</b>					
At 1 September 2016	1,373	52	367	58	1,850
Additions	122	8	28	12	170
At 31 August 2017	1,495	60	395	70	2,020
<b>DEPRECIATION</b>					
At 1 September 2016	96	7	313	41	457
Charge for the year	51	12	34	13	110
At 31 August 2017	147	19	347	54	567
<b>NET BOOK VALUE</b>					
At 31 August 2017	1,348	41	48	16	1,453
At 31 August 2016	1,277	45	54	17	1,393

**13. DEBTORS**

	2017 £000	2016 £000
VAT recoverable	29	46
Prepayments and accrued income	66	65
	95	111
	95	111

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**14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2017	2016
	£000	£000
Trade creditors	144	284
Other creditors	455	682
Accruals and deferred income	212	249
	811	1,215
	811	1,215
	2017	2016
	£000	£000
<b>DEFERRED INCOME</b>		
Deferred income at 1 September 2016	109	141
Resources deferred during the year	14	109
Amounts released from previous years	(43)	(141)
	80	109
	80	109

Deferred income relates to scholarship funding received in advance and ESFA capital funding relating to the year ending March 2018.

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**15. STATEMENT OF FUNDS**

	Balance at 1 September 2016 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2017 £000
<b>UNRESTRICTED FUNDS</b>						
Unrestricted funds	332	329	(377)	-	-	284
School fund	311	8	(3)	-	-	316
	<u>643</u>	<u>337</u>	<u>(380)</u>	<u>-</u>	<u>-</u>	<u>600</u>
<b>RESTRICTED FUNDS</b>						
General Annual Grant (GAG)	717	5,310	(4,754)	(117)	-	1,156
Pupil Premium	-	267	(267)	-	-	-
Other DfE/ESFA grants	-	11	(11)	-	-	-
Other Government grants	-	22	(22)	-	-	-
Other grants	-	36	(13)	-	-	23
Reece Foundation	15	58	(62)	-	-	11
Pension reserve	(1,295)	-	(95)	-	811	(579)
	<u>(563)</u>	<u>5,704</u>	<u>(5,224)</u>	<u>(117)</u>	<u>811</u>	<u>611</u>
<b>RESTRICTED FIXED ASSET FUNDS</b>						
Devolved Formula Capital	68	23	(10)	-	-	81
Capital expenditure from GAG	574	-	(68)	117	-	623
Reece Foundation	775	6	(32)	-	-	749
	<u>1,417</u>	<u>29</u>	<u>(110)</u>	<u>117</u>	<u>-</u>	<u>1,453</u>
Total restricted funds	<u>854</u>	<u>5,733</u>	<u>(5,334)</u>	<u>-</u>	<u>811</u>	<u>2,064</u>
Total of funds	<u>1,497</u>	<u>6,070</u>	<u>(5,714)</u>	<u>-</u>	<u>811</u>	<u>2,664</u>

**STATEMENT OF FUNDS - PRIOR YEAR**

	Balance at 1 September 2015 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2016 £000
<b>UNRESTRICTED FUNDS</b>						
Unrestricted funds	299	350	(317)	-	-	332
School fund	323	14	(26)	-	-	311
	<u>622</u>	<u>364</u>	<u>(343)</u>	<u>-</u>	<u>-</u>	<u>643</u>

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**15. STATEMENT OF FUNDS (continued)**

**RESTRICTED FUNDS**

General Annual Grant (GAG)	637	5,493	(5,172)	(241)	-	717
Pupil Premium	-	265	(265)	-	-	-
SEN	-	11	(11)	-	-	-
Other DfE/ESFA grants	-	76	(76)	-	-	-
Other Government grants	-	10	(10)	-	-	-
Reece Foundation	15	33	(33)	-	-	15
Pension reserve	(414)	-	17	-	(898)	(1,295)
	<u>238</u>	<u>5,888</u>	<u>(5,550)</u>	<u>(241)</u>	<u>(898)</u>	<u>(563)</u>

**RESTRICTED FIXED ASSET FUNDS**

Assets inherited on conversion	18	-	(18)	-	-	-
Devolved Formula Capital	55	24	(11)	-	-	68
Capital expenditure from GAG	488	-	(76)	162	-	574
Reece Foundation	728	-	(32)	79	-	775
	<u>1,289</u>	<u>24</u>	<u>(137)</u>	<u>241</u>	<u>-</u>	<u>1,417</u>
Total restricted funds	<u>1,527</u>	<u>5,912</u>	<u>(5,687)</u>	<u>-</u>	<u>(898)</u>	<u>854</u>
Total of funds	<u>2,149</u>	<u>6,276</u>	<u>(6,030)</u>	<u>-</u>	<u>(898)</u>	<u>1,497</u>

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

Unrestricted funds including the school fund represent funds for which there is no obligation to spend on a particular activity, this includes surpluses on catering, bank interest, general donations and other sundry incoming resources.

General Annual Grant (GAG) must be used for the normal running costs of the academy including salaries and related costs, overheads, repairs and maintenance and insurance.

Reece Foundation relates to a donation made for the purposes of purchasing assets for a new building for the academy, and the fees and administrative costs associated with this and a scholarship fund.

Pupil Premium relates to additional funding to be spent as the school sees fit to support deprived students.

Other DfE/ESFA Grants relate to Year 7 catchup grants to be spend on additional support for year 7 students not achieving the expected standards.

SEN funding was provided to cover the costs of supporting students with additional learning requirements.

Other Government Grants are received from Newcastle City Council for Looked after Children.

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**15. STATEMENT OF FUNDS (continued)**

Restricted fixed asset funds represent monies received to purchase fixed assets. Depreciation is charged against each fund over the useful economic life of the associated assets.

Transfers between funds represent fixed assets purchased out of GAG.

Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2017.

**16. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Restricted fixed asset funds 2017 £000	Total funds 2017 £000
Tangible fixed assets	-	-	1,453	1,453
Current assets	600	2,001	-	2,601
Creditors due within one year	-	(811)	-	(811)
Provisions for liabilities and charges	-	(579)	-	(579)
	<u>600</u>	<u>611</u>	<u>1,453</u>	<u>2,664</u>

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

	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Restricted fixed asset funds 2016 £000	Total funds 2016 £000
Tangible fixed assets	-	-	1,393	1,393
Current assets	650	1,940	24	2,614
Creditors due within one year	(7)	(1,208)	-	(1,215)
Provisions for liabilities and charges	-	(1,295)	-	(1,295)
	<u>643</u>	<u>(563)</u>	<u>1,417</u>	<u>1,497</u>



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

	2017 £000	2016 £000
Net income for the year (as per Statement of Financial Activities)	356	246
<b>Adjustment for:</b>		
Depreciation charges	110	133
Dividends, interest and rents from investments	(1)	(4)
Profit on the sale of fixed assets	-	(4)
Decrease/(increase) in debtors	16	(31)
(Decrease)/increase in creditors	(404)	477
Capital grants from DfE and other capital income	(29)	(24)
Defined benefit pension scheme cost less contributions payable	70	13
Defined benefit pension scheme finance cost	25	(30)
<b>Net cash provided by operating activities</b>	143	776

**18. ANALYSIS OF CASH AND CASH EQUIVALENTS**

	2017 £000	2016 £000
Cash in hand	2,506	2,503
Total	2,506	2,503

**19. PENSION COMMITMENTS**

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

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

**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.

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**19. PENSION COMMITMENTS (continued)**

**Valuation of the Teachers' Pension Scheme**

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

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

During the previous year the employer contribution rate was 16.48%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £406,000 (2016 - £454,000).

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

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

**Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £141,000 (2016 - £159,000), of which employer's contributions totalled £113,000 (2016 - £130,000) and employees' contributions totalled £28,000 (2016 - £29,000). The agreed contribution rates for future years are 18.6% for employers and 5.5% to 12.5% for employees.

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

Principal actuarial assumptions:

	2017	2016
Discount rate for scheme liabilities	2.50 %	2.00 %
Rate of increase in salaries	3.50 %	3.50 %
Rate of increase for pensions in payment / inflation	2.00 %	2.00 %
Inflation assumption (CPI)	2.00 %	2.00 %
Commutation of pensions to lump sums	75.00 %	75.00 %

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**19. PENSION COMMITMENTS (continued)**

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

	2017	2016
Retiring today		
Males	22.8	23.2
Females	26.3	24.8
Retiring in 20 years		
Males	25.0	25.3
Females	28.6	27.1

<b>Sensitivity analysis</b>	At 31 August 2017 £000	At 31 August 2016 £000
Discount rate +0.1%	2,903	3,474
Discount rate -0.1%	3,032	3,627
Mortality assumption - 1 year increase	2,880	3,434
Mortality assumption - 1 year decrease	3,055	3,668
CPI rate +0.1%	3,009	3,594
CPI rate -0.1%	2,926	3,507

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

	Fair value at 31 August 2017 £000	Fair value at 31 August 2016 £000
Equities	1,578	1,495
Government bonds	93	86
Corporate bonds	275	259
Property	215	225
Cash	93	68
Other	134	122
<b>Total market value of assets</b>	<b>2,388</b>	<b>2,255</b>

The actual return on scheme assets was £37,000 (2016 - £337,000).

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

	2017 £000	2016 £000
Current service cost	(183)	(100)
Interest income	46	70
Interest cost	(71)	(83)
<b>Total</b>	<b>(208)</b>	<b>(113)</b>

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**19. PENSION COMMITMENTS (continued)**

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

	2017 £000	2016 £000
Opening defined benefit obligation	3,550	2,182
Current service cost	183	100
Interest cost	71	83
Employee contributions	28	29
Actuarial (gains)/losses	(820)	1,165
Benefits paid	(45)	(9)
	<hr/>	<hr/>
Closing defined benefit obligation	2,967	3,550
	<hr/> <hr/>	<hr/> <hr/>

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

	2017 £000	2016 £000
Opening fair value of scheme assets	2,255	1,768
Interest income	46	70
Actuarial gains/(losses)	(9)	267
Employer contributions	113	130
Employee contributions	28	29
Benefits paid	(45)	(9)
	<hr/>	<hr/>
Closing fair value of scheme assets	2,388	2,255
	<hr/> <hr/>	<hr/> <hr/>

**20. ANALYSIS OF PENSION FINANCE COSTS**

	2017 £000	2016 £000
Expected return on pension scheme assets	46	70
Interest on pension scheme liabilities	(71)	(83)
	<hr/>	<hr/>
	(25)	(13)
	<hr/> <hr/>	<hr/> <hr/>

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**21. RELATED PARTY TRANSACTIONS**

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

The Diocese of Hexham and Newcastle - a charitable company in which S Cunningham (a member of the academy) is also a member.

- The academy purchased Catholic education support services from The Diocese of Hexham and Newcastle totalling £9,000 (2016: £10,000) during the period. There were no amounts outstanding at 31 August 2017 (2016: £Nil).
- The academy made the purchase at arms' length in accordance with its financial regulations.
- In entering into the transactions the academy has complied with the requirements of the Academies Financial Handbook 2016.

The Youth Ministry Trust - a charitable company in which S Cunningham (a member of the academy) is also a member.

- The academy purchased Catholic education support services from The Youth Ministry Trust totalling £13,000 (2016: £10,000) during the period. There were no amounts outstanding at 31 August 2017 (2016: £13,000).
- The academy made the purchase at arms' length in accordance with its financial regulations.
- In entering into the transactions the academy has complied with the requirements of the Academies Financial Handbook 2016.

**22. AGENCY ARRANGEMENTS**

The academy distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2017 the academy received £16,000 (2016: £18,000) and disbursed £2,000 (2016: £11,000) from the fund. An amount of £14,000 (2016: £7,000) is included in other creditors relating to undistributed funds that is repayable to ESFA.

