

# The Northern Lincolnshire Catholic Academy Trust

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 August 2017

# **The Northern Lincolnshire Catholic Academy Trust**

## **Contents**

Reference and Administrative Details	1 to 2
Trustees' Annual Report	3 to 11
Governance Statement	12 to 16
Statement on Regularity, Propriety and Compliance	17
Statement of Trustees' Responsibilities	18
Independent Auditor's Report on the Financial Statements	19 to 21
Independent Reporting Accountant's Assurance Report on Regularity	22 to 23
Statement of Financial Activities incorporating Income and Expenditure Account	24 to 25
Balance Sheet	26
Statement of Cash Flows	27
Notes to the Financial Statements	28 to 52

## **The Northern Lincolnshire Catholic Academy Trust**

### **Reference and Administrative Details**

<b>Members</b>	C Thomas J Guest Bishop P J McKinney
<b>Trustees (Directors)</b>	K J Coyle (resigned 21 September 2017) C R Mack P McNicholas F Robinson M M Travers, Principal (resigned 21 September 2017) J Ducey D Lisle S Pollard, Principal and Accounting Officer P Tonge, Principal P Moran D Sidaway, Principal J Krawiec (appointed 1 September 2016) C McHale A Morrisroe J O'Shaughnessy J Snowdon M Henry (appointed 2 October 2017) M Strong R Hibbard, Principal (appointed 2 October 2017) M Wilkins (resigned 21 September 2017) A Cole (appointed 1 November 2017) E S Jarosz (resigned 20 September 2017)
<b>Company Secretary</b>	P Kiernan
<b>Senior Management Team</b>	M Travers, Principal, St Bede's Catholic Voluntary Academy S Kilbride Pollard, Principal, St Joseph's Catholic Primary Voluntary Academy P Tonge, Principal, St Norbert's Catholic Voluntary Academy D Sidaway, Principal, St Mary's Catholic Primary Voluntary Academy Brigg M Strong, Principal, St Bernadette's Catholic Primary Voluntary Academy A Morrisroe, Principal, St Augustine Webster Catholic Voluntary Academy C McHale, Principal, St Mary's Grimsby Catholic Voluntary Academy

## **The Northern Lincolnshire Catholic Academy Trust**

### **Reference and Administrative Details (continued)**

<b>Principal and Registered Office</b>	Holy Souls Presbytery Frodingham Road Scunthorpe North Lincolnshire DN15 7TA
<b>Company Registration Number</b>	07973953
<b>Auditors</b>	Forrester Boyd Chartered Accountants 26 South St Mary's Gate Grimsby North East Lincolnshire DN31 1LW
<b>Bankers</b>	Lloyds Bank PLC 104-108 High Street Town Centre Scunthorpe DN15 6HG
<b>Solicitors</b>	Browne Jacobson LLP Mowbray House Castle Meadow Road Nottingham NG2 1BJ

# **The Northern Lincolnshire Catholic Academy Trust**

## **Trustees' Annual Report for the Year Ended 31 August 2017**

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2017. The annual report serves the purposes of both a trustees' report, incorporating a strategic report and a directors' report under company law.

### **Structure, governance and management**

#### ***Constitution***

The Academy Trust is a company limited by guarantee and is an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Academy Trust. The company was incorporated on 02 March 2012. The company registration number is 07973953.

The Trustees oversee the charitable activities of The Northern Lincolnshire Catholic Academy Trust (the NOLCAT) and are also Directors of the charitable company for the purposes of company law. The charitable company is known as the Northern Lincolnshire Catholic Academy Trust.

Details of the Trustees who served throughout the year except as noted are included in the Reference and Administrative Details on page 1.

The Academy Trust had seven active academies during the period as follows :

- St Bede's Catholic Voluntary Academy
- St Augustine Webster's Catholic Voluntary Academy
- St Joseph's Catholic Primary Voluntary Academy
- St Bernadette's Catholic Primary Voluntary Academy
- St Mary's Catholic Primary Voluntary Academy (Brigg)
- St Mary's Catholic Primary Voluntary Academy (Grimsby)
- St Norbert's Catholic Primary Voluntary Academy

#### ***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.

#### ***Trustees' indemnities***

The Academy Trust through its Articles has indemnified its Trustees to the fullest extent permissible by law. During the period the Academy also purchased and maintained liability insurance for its Trustees.

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

- The Diocesan Trustees appoint foundation directors. At Least two Parish Priests are Foundation Directors
- The Principal of each academy is appointed as a Director
- The Chair of each local Governing Body is appointed as a Director. The appointment of Chairman of each local Body is completed at each Local Governing Body meeting in the Autumn term by way of a vote process within this meeting.
- Parent Directors are elected by the parent members of the Local Governing Body of the academies

The Secretary of State may also appoint additional Trustees if he feels it appropriate and ultimately has the power to in effect take over the governance of the Trust. The Secretary of State has not appointed any additional Trustees.

## **The Northern Lincolnshire Catholic Academy Trust**

### **Trustees' Annual Report for the Year Ended 31 August 2017 (continued)**

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

Induction of new directors will be undertaken by:-

- Diocesan training
- A mentoring process with established Directors
- Relevant local authority training under the Governors Service Level Agreement for example with regard to 'Safeguarding'

#### ***Organisational structure***

- Each academy runs its own day to day management.
- All academies follow the CES (Catholic Education Service) policies as instructed by the Diocese.
- Other policies are initiated by the Principal of each academy and are taken to the Local Governing Bodies for ratification.
- Each Local Governing Body has its own sub committees which include Finance, Personnel and Health and Safety
- The Principal and Chairman of each academy reports to the Trust (NOLCAT) three times a year. These reports focus on Standards, Finance and Personnel issues. The Trust also has its own finance and audit committee.
- The Trust considers joint projects where it would be financially beneficial to work together.

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

Key Management Personnel are viewed by the Trust to be the Principal of each academy and any Staff Trustees.

Each academy is allocated to a group on the leadership pay spine as determined from the academy's unit score as set out in the current edition of the School Teachers Pay and Conditions document issued by the Department for Education.

The Local Governing Body has determined the Individual School Range of seven consecutive spine points on the leadership pay spine, to assign the Principal to.

The salary and any movement up the pay spine of the Principal will be determined, by the relevant committee by 31 December of each year, in accordance with the provisions of the STPCD and with due regard to advice and guidance from the Department of Education (DfE) and the council as applicable. This includes the requirement for the governing body to determine performance objectives annually and to review the Principal's performance against these, having sought external independent advice from an appropriate person or body. The Local Governing Body may decide to award one increment for sustained high quality performance or two increments where performance has been exceptional. Where performance has not been of a sustained high quality the Governing Body may decide that there should be no pay progression.

## **The Northern Lincolnshire Catholic Academy Trust**

### **Trustees' Annual Report for the Year Ended 31 August 2017 (continued)**

#### ***Risk management***

At its termly meetings the Trust reviews that systems and procedures are in place to manage risk. The Statement of Internal Control has been considered already by the Trust. A risk register is in place and strategies have been put in place by the Trust to manage risk.

Major risks identified are:

- 1) Effect on finances from the proposed National Funding Formula.
- 2) The government's stated commitment to fully acadamise education in the UK, with the resultant vulnerability of small trusts such as ourselves
- 3) Financial implications of appointing a Chief Executive Officer
- 4) Recruitment of Trustees and Local Governors

These have been reviewed by the Trust and the following procedures are in place to mitigate the risk.

- 1) Continued robust control of budgets with regular review by the Chief Finance Officer and Audit Committee.
- 2) The Directors of the Trust have participated in a Diocese wide review of Catholic education and contributed towards plans for protection of our academies.
- 3) This has been considered as part of the wider Diocesan plan
- 4) The Trust will liaise with the Diocese and Parish Priests to put in place a recruitment strategy

The Trust regularly monitors any exposure to risk.

#### ***Connected organisations, including related party relationships***

The Trust is under the Trusteeship of the Diocese of Nottingham. The Trust is instructed by the Diocese to follow the CES policies. Each academy within the Trust pays an Service Level Agreement (SLA) with the Diocese for support and training on educational matters.

#### ***Sponsor contribution***

Northern Lincolnshire Catholic Academy Trust is sponsored by NRCDES and contribute the following key success factors:-

- Continuing to promote distinctive Catholic values and ethos
- Helping to articulate a clear educational vision that champions the ability of all children to achieve their potential
- Recruitment, retention and development of successful school leaders with a commitment to nurturing their own professional and personal faith development.
- Developing effective governance arrangements
- Providing strong challenge and support to school leadership, ensuring that the infrastructure and systems for effective leadership and management are in place, to secure rapid improvement.
- Monitoring clearly defined aspirational and challenging targets and ensuring improvement in performance
- Effective partnerships with key stakeholders, particularly with outstanding schools and academies and with Catholic and other Teaching Schools.
- Providing coherent strategic planning for the development of the school
- Promoting sound financial management skills and rigorously pursuing value for money

#### ***Objectives and activities***

##### ***Objects and aims***

As a Trust the individual academies agree to maintain unity and explore together the options available to secure the future of Catholic Schools in Northern Lincolnshire. All this is carried out whilst jointly pursuing the principal activities mentioned at the outset.

## **The Northern Lincolnshire Catholic Academy Trust**

### **Trustees' Annual Report for the Year Ended 31 August 2017 (continued)**

#### ***Objectives, strategies and activities***

At the Trust meetings, as evidenced by the meeting minutes, joint policies, projects, procurement and C.P.D are considered and acted upon as appropriate. For example, such strategies have included :

- Joint projects which have allowed the academies to negotiate costs with providers at a benefit to each individual academy
- Joint C.P.D. has enabled training at cost effective price
- The sharing of good practice has enabled individual schools to continue to provide a high level of educational performance and achievement.

#### ***Public benefit***

The Trust has had due regard to the guidance on public benefit published by the Charities Commission. The Trust wishes to promote the benefit of individuals living in Northern Lincolnshire through education and community use of facilities. All academies are truly comprehensive and diverse in nature.



## **The Northern Lincolnshire Catholic Academy Trust**

### **Trustees' Annual Report for the Year Ended 31 August 2017 (continued)**

#### **Strategic Report**

##### **Achievements and performance St Bede's Catholic Voluntary Academy**

###### **Attainment**

2017 was the first year for Maths and English under the new GCSE. Whilst direct comparison cannot be drawn , performance in both was very much in line with results of 2016.

###### **English:**

Grade 4 or higher 81%

Grade 5 or higher 65%

###### **Maths:**

Grade 4 or higher 82%

Grade 5 or higher 63%

Performance at both grades in Maths was the highest in the local authority area.

###### **Combined English and Maths:**

Grade 5-9 52%

Grade 4-9 74%

###### **Progress**

Progress 8 +0.20 (2016 -0.02)

# The Northern Lincolnshire Catholic Academy Trust

## Trustees' Annual Report for the Year Ended 31 August 2017 (continued)

### Strategic Report

#### Key Stage 2 Performance

	Reading	Writing	Maths	RWM*	SPaG*
<b>National Average 2017</b>	<b>72%</b>	<b>76%</b>	<b>75%</b>	<b>61%</b>	<b>77%</b>
National Average 2016	66%	74%	70%	53%	72%
<b>St Augustine Webster 2017</b>	<b>71%</b>	<b>84%</b>	<b>84%</b>	<b>64%</b>	<b>86%</b>
St Augustine Webster 2016	66%	78%	70%	49%	73%
Progress measure	0.88	0.87	2.23		
<b>St Joseph's 2017</b>	<b>63%</b>	<b>80%</b>	<b>70%</b>	<b>53%</b>	<b>63%</b>
St Joseph's 2016	61%	79%	46%	39%	71%
Progress measure	-0.7	2.07	0.36		
<b>St Mary's Brigg 2017</b>	<b>85%</b>	<b>88%</b>	<b>81%</b>	<b>77%</b>	<b>85%</b>
St Mary's Brigg 2016	89%	89%	96%	85%	72%
Progress measure	3.4	4.51	1.86		
<b>St Norbert's 2017</b>	<b>100%</b>	<b>85%</b>	<b>85%</b>	<b>85%</b>	<b>85%</b>
St Norbert's 2016	73%	94%	73%	53%	100%
Progress measure	0.75	-1.64	-2.88		
<b>St Mary's Grimsby 2017</b>	<b>58%</b>	<b>69%</b>	<b>54%</b>	<b>46%</b>	<b>62%</b>
St Mary's Grimsby 2016	48%	62%	45%	38%	48%
Progress measure	2.05	4.24	0.9		
<b>St Bernadette's 2017</b>	<b>82%</b>	<b>92%</b>	<b>87%</b>	<b>82%</b>	<b>79%</b>
St Bernadette's 2016	75%	82%	80%	68%	84%
Progress measure	2.7	2.9	2.6		

\* RWM-Reading, Writing, Maths combined  
SPaG-Spelling, Punctuation & Grammar

#### Key financial performance indicators

	Unit	2017	2016
Salaries as a percentage of income (excluding capital and actuarial adjustments)	%	78.00	74.00

## **The Northern Lincolnshire Catholic Academy Trust**

### **Trustees' Annual Report for the Year Ended 31 August 2017 (continued)**

#### **Strategic Report**

##### *Key performance indicators*

**Attendance at all Academies within the Trust continued to be high**

	<b>2017</b>	<b>2016</b>
St Mary's Brigg	96.4%	96.4%
St Mary's Grimsby	96.4%	96.5%
St Augustine Webster	95.8%	95.8%
St Bernadette's	95.9%	96.1%
St Bede's	94%	96.0%
St Norbert's	96.56%	97.6%
St Joseph's	96%	95.7%

##### *Going concern*

After making appropriate enquiries, the Board of Trustees 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. These conclusions apply at both individual academy and full Trust level.

##### **Financial review**

The results for the period show overall reserves of £16,666,193 (2016 : £15,988,310).

These are made up of revenue reserves of £2,082,439 (2016: £2,106,548), fixed asset reserves of £17,358,754 (2016: £17,498,762), and an LGPS pension deficit of £2,775,000 (2016: £3,607,000). The fixed asset reserve can only be realised by disposing of tangible fixed assets.

Each academy within the Trust has managed its own finances through strict budgetary controls and regular reviews of management information. A central finance and audit committee has been established by the Trust to monitor the finances of each individual academy on a termly basis.

The principal source of funding has been ESFA grants during the period. These have supported the key objectives of the trust in this first period in helping to establish the academy whilst continuing to provide the expected levels of education.

Steps are being taken to eliminate the pension scheme deficit as contributions have increased since converting to an academy. It is possible that the deficit can have an effect on the cashflow of the Trust, as it may mean the contributions will have to change again in the future.

##### *Financial and risk management objectives and policies*

Governors at each school and the Trust as a whole review potential risks regularly to ensure they are well aware of the possible future risks to the Trust. Reviews are undertaken by the Finance committees at individual academies, along with the full Board meetings of the Trust, and includes financial and operational risks including budget risks, health and safety reviews, safeguarding students, strategic and reputational risks and the risk of non-compliance with statutory obligations. Some significant risks such as public and employment liability are covered by the school's insurance policies.

## **The Northern Lincolnshire Catholic Academy Trust**

### **Trustees' Annual Report for the Year Ended 31 August 2017 (continued)**

#### **Strategic Report**

##### ***Reserves policy***

The Trust has a policy whereby each academy states the level of reserves held and why they are held. Each academy has to explain and quantify what the funds are set aside for in the future and when it is anticipated that they will be used. Current levels of reserves held are considered appropriate for covering any unexpected expenditure or temporary drop in income. Three months running costs are kept as reserves which amounts to £2,793,027.

##### ***Investment policy***

The Trust has a policy to review cash balances regularly at its termly meeting ensuring that when appropriate necessary investments can be made taking into consideration social, environmental and ethical considerations in relation to the tenets of the Catholic Church.

##### ***Principal risks and uncertainties***

- Each academy reviews risks and uncertainties at local governance level. Each academy has its own Finance and Personnel sub committees. A three year financial plan is drawn up by each academy.
- Each academy reports back to the Trust on the principal risks and uncertainties at each Trust meeting.
- NOLCAT monitors financial planning for each academy, evaluates risk and evaluates any strategies in place to reduce risk.
- At each termly meeting the Trust reviews the needs of each academy and if necessary implements a support mechanism.

See the Risk Management section for further detail of specific risks.

##### ***Plans for future periods***

Following the completion of the Diocesan review of Catholic education, the Trust plans to merge with the St Gilbert of Semperingham Catholic Academy Trust which currently comprises of one senior and five primary Voluntary Academies within the Lincolnshire and Rutland local authority areas.

In addition the Trust plans to invite the currently voluntary aided Catholic schools, St Mary's Boston, St Mary's Grantham and St Norbert's Spalding to convert to academies and join the larger Trust.

This will also include a full review and alignment of Financial procedures and all current policies

Completion of the integration plan is scheduled for 1st September 2018, when the Trust will become, the St Thérèse of Lisieux Catholic Multi Academy Trust.

## **The Northern Lincolnshire Catholic Academy Trust**

### **Trustees' Annual Report for the Year Ended 31 August 2017 (continued)**

#### **Employment of disabled persons**

The policy of the Trust is to support recruitment and retention of students and employees with disabilities. The Trust supports this by adapting the physical environment wherever possible, by making support resources available and through training and career development. New buildings and improvements to existing buildings all recognise the need to be fully DDA compliant.

#### **Description of employee consultation**

The Trustees ensure all key policies affecting staff are communicated to them. This is achieved through staff handbooks and regular communication with senior staff.

#### **Auditor**

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

#### **Reappointment of auditor**

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of Forrester Boyd Chartered Accountants as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Trustees' Annual Report, incorporating a Strategic Report, approved by order of the members of the Board of Trustees, as company directors, on 16 January 2018 and signed on its behalf by:



D Lisle  
Trustee

# **The Northern Lincolnshire Catholic Academy Trust**

## **Governance Statement**

### **Scope of responsibility**

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

The Board of Trustees has delegated the day-to-day responsibility to S Pollard, Principal and Accounting Officer, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The Northern Lincolnshire Catholic Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

### **Governance**

The information on governance included here supplements that described in the Trustees' Annual Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met 4 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

<b>Trustee</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
J Krawiec	4	4
K J Coyle	4	4
J Ducey	3	4
E S Jarosz	3	4
D Lisle	4	4
C R Mack	1	4
P McNicholas	2	4
F Robinson	1	4
P Moran	3	4
J O'Shaughnessy	3	4
J Snowdon	2	4
M Wilkins	1	3
M Strong	3	4
P Tonge	3	4
M M Travers	4	4
A Morrisroe	4	4
C McHale	3	4
D Sidaway	3	4
S Pollard	3	4
M Henry	1	1

### **Governance reviews**

The Trust continues to actively encourage the appointment of Trustees with essential skills. The Board is consistently monitoring its own standards of governance to identify any areas of weakness and plans would be implemented to improve such areas if they were identified.

## The Northern Lincolnshire Catholic Academy Trust

### Governance Statement (continued)

Each academy within the Trust has its own Finance and Audit Committee. Its purpose is to review financial systems, budgets and other financial reports as well as Internal Reviews during the year. A central committee was also set up during the year.

Each member on the committees as listed below is a Governor of the individual academy, however not a Trustee of the NOLCAT, unless indicated.

The Directors of the NOLCAT who are on the committees, report back to the Trust.

Attendance at meetings during the year was as follows:

	Meetings attended	Out of a possible
<b>St Bede's</b>		
K Coyle NoLCAT Trustee	6	6
M Travers Headteacher NoLCAT Trustee	6	6
M Waldron	6	6
P Readhead	5	6
K Matthews	4	6
<b>St Bernadette's</b>		
P Moran NoLCAT Trustee	10	10
P King	10	10
M Waldron	9	10
V Grimes	10	10
M Strong	10	10
<b>St Norbert's</b>		
P Tonge Headteacher NoLCAT Trustee	3	3
F Robinson NoLCAT Trustee	3	3
C Kelsey	3	3
J Snowdon	1	3
T Evans	3	3

# **The Northern Lincolnshire Catholic Academy Trust**

## **Governance Statement (continued)**

	<b>Meetings attended</b>	<b>Out of a possible</b>
<b>St Mary's (Grimsby)</b>		
J Ducey NoLCAT Trustee	5	5
B Henry	5	5
J Krawiec	5	5
C McHale Headteacher NoLCAT Trustee	5	5
<b>St Augustine Webster</b>		
Fr E Jarosz NoLCAT Trustee	5	6
D Lisle NoLCAT Trustee	5	6
A Morrisroe Headteacher NoLCAT Trustee	6	6
E Carlisle	2	6
<b>St Mary's Brigg</b>		
L Charles-Lee	3	3
R Earlam	3	3
G Scott	1	3
G Smith	3	3
P Smith	2	3
D Sidaway Headteacher NoLCAT Trustee	3	3
<b>St Joseph's</b>		
S Pollard Headteacher NoLCAT Trustee	4	4
M Arrand	3	4
C Mack NoLCAT Trustee	4	4
G Purdue	4	4
M Wilkins NoLCAT Trustee	4	4
E Powell	2	4
<b>NoLCAT Audit Committee</b>		
J Krawiec	2	2
C Mack	2	3
D Lisle	3	3
P Kiernan (Chief Finance Officer)	3	3



# **The Northern Lincolnshire Catholic Academy Trust**

## **Governance Statement (continued)**

### **Review of value for money**

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

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

- **Educational Standards.** The Trust monitors the educational standards of each academy on a termly basis through the analysis of data. Projections are reported and barriers towards achieving targets for each academy are discussed. Intervention strategies put in place by each academy are considered as are the support mechanisms that the academies can give to one another. The Trust monitors standards by a robust review of each academy's performance through the Principal's report at the termly meetings.

- **Better Purchasing.** The academies in the Trust have begun to work collaboratively on procuring services to reduce costs. The Trust has continued with the joint procurement of services, primarily from the local authority for a wide range of services including, Human Resources & Legal services. Renewal of contracts throughout the year has been reviewed by the Chief Financial Officer to ensure value for money.

- **Better Income Generation.** Each academy has avenues where additional income is generated for example with regards to lettings. The Trust continues to seek ways in which this income can be maximised. A key area which the trust has considered this year has been a review of nursery provision within its academies to fully utilize the increased 30 hour funding available.

- **Reviewing Controls and Managing risks.** Each academy has received a number of visits throughout the year by independent reviewers who monitor all financial matters and report back to the academies Governing body. In addition, the Chief Finance Officer has established a system of monthly review of each academy's financial performance and has provided detailed reporting to the board of Directors.

### **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 Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Northern Lincolnshire Catholic Academy Trust for the year ended 31 August 2017 and up to the date of approval of the annual report and financial statements.

### **Capacity to handle risk**

The Board of Trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the year ending 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 Academy Trust's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;

## The Northern Lincolnshire Catholic Academy Trust

### Governance Statement (continued)

- regular reviews by the Finance and Audit Committees at the individual academies of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

The Board of Trustees has considered the need for a specific internal audit function and has decided:

- not to appoint an internal auditor. However the individual Academies have appointed different reviewers to cover this requirement. The following internal reviewers were used, at different academies, during the year; Kevin Coyle, Forrester Boyd, North East Lincolnshire and North Lincolnshire Council.

13 reviews were carried out in total during the year. The specific reviews differed depending on the direction given by committees at individual academies. Examples of some of the work carried out at various academies included:

- Reviewing payroll systems.
- Reviewing purchase systems.
- Considering leases in place.
- Advising on governance.

The audit committee of the NOLCAT also reviews these reports.

All work through the year was carried out as planned. Nothing material was found, with action taken on any issues reported.

#### Review of effectiveness

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


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

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the 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 Trustees on 16 January 2018 and signed on its behalf by:



D Lisle  
Trustee



S Pollard  
Trustee

## **The Northern Lincolnshire Catholic Academy Trust**

### **Statement on Regularity, Propriety and Compliance**

As Accounting Officer of The Northern Lincolnshire Catholic Academy Trust I have considered my responsibility to notify the Academy Trust Board of Trustees 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 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 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 Trustees and ESFA.



S Pollard, Principal and Accounting Officer  
Accounting officer

16 January 2018

## **The Northern Lincolnshire Catholic Academy Trust**

### **Statement of Trustees' Responsibilities**

The Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with the Annual Accounts Direction published by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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


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

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

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

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

Approved by order of the members of the Board on 16 January 2018 and signed on its behalf by:

  
.....  
D Lisle  
Trustee

## **The Northern Lincolnshire Catholic Academy Trust**

### **Independent Auditor's Report on the Financial Statements to the Members of The Northern Lincolnshire Catholic Academy Trust**

#### **Opinion**

We have audited the financial statements of The Northern Lincolnshire Catholic Academy Trust (the 'Academy Trust') for the year ended 31 August 2017, which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, Balance Sheet, Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including 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 Trust's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Academy Trust's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Academy Trust and the Academy Trust's members, 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 Trust'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 for opinion**

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

#### **Conclusions relating to going concern**

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

- the Trustees use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Academy Trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### **Other information**

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

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.



## **The Northern Lincolnshire Catholic Academy Trust**

### **Independent Auditor's Report on the Financial Statements to the Members of The Northern Lincolnshire Catholic Academy Trust (continued)**

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' Annual Report, incorporating the Strategic Report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Annual Report, incorporating 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 Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report, incorporating the Strategic Report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### **Responsibilities of Trustees**

As explained more fully in the Statement of Trustees' Responsibilities [set out on page 18], the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

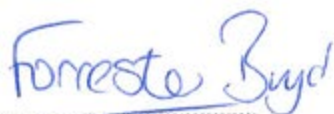
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Academy Trust's internal control.

## **The Northern Lincolnshire Catholic Academy Trust**

### **Independent Auditor's Report on the Financial Statements to the Members of The Northern Lincolnshire Catholic Academy Trust (continued)**

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- Conclude on the appropriateness of the Trustees use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Academy Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Academy Trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Kevin Hopper ACA (Senior Statutory Auditor)

For and on behalf of Forrester Boyd Chartered Accountants , Statutory Auditor

26 South St Mary's Gate  
Grimsby  
North East Lincolnshire  
DN31 1LW

16 January 2018

## **The Northern Lincolnshire Catholic Academy Trust**

### **Independent Reporting Accountant's Assurance Report on Regularity to The Northern Lincolnshire Catholic Academy Trust and the Education and Skills Funding Agency**

In accordance with the terms of our engagement letter dated 25 October 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Northern Lincolnshire Catholic Academy Trust during the period 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 The Northern Lincolnshire Catholic Academy Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we may state to The Northern Lincolnshire Catholic Academy Trust and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than The Northern Lincolnshire Catholic Academy Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

#### **Respective responsibilities of the Northern Lincolnshire Catholic Academy Trust's accounting officer and the reporting accountant**

The Accounting Officer is responsible, under the requirements of the Board of Trustees's funding agreement with the Secretary of State for Education dated 1 April 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 from 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.

The work undertaken to draw to our conclusion includes:

- Evaluating the systems and control environment;
- Assessing the risk of irregularity, impropriety and non-compliance;
- Confirming that the activities of the Academy Trust are in keeping with the Academy's framework and the charitable objectives;
- Obtaining representations from the Accounting Officer and other Key Management Personnel.

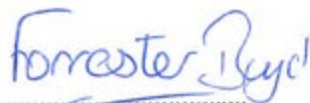
#### **Conclusion**

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 from 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.



**The Northern Lincolnshire Catholic Academy Trust**

**Independent Reporting Accountant's Assurance Report on Regularity to The Northern  
Lincolnshire Catholic Academy Trust and the Education and Skills Funding Agency  
(continued)**



Kevin Hopper ACA (Reporting Accountant)  
For and on behalf of Forrester Boyd Chartered Accountants

26 South St Mary's Gate  
Grimsby  
North East Lincolnshire  
DN31 1LW

16 January 2018

# The Northern Lincolnshire Catholic Academy Trust

## Statement of Financial Activities for the Year Ended 31 August 2017 (including Income and Expenditure Account)

	Note	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2017 £
<b>Income and endowments from:</b>				
Donations and capital grants	2	134,215	303,987	438,202
<i>Charitable activities:</i>				
Funding for the Academy trust's educational operations	3	10,446,237	-	10,446,237
Other trading activities	4	285,863	-	285,863
Investments	5	8,395	-	8,395
Total		<u>10,874,710</u>	<u>303,987</u>	<u>11,178,697</u>
<b>Expenditure on:</b>				
Raising funds	6	243,144	-	243,144
<i>Charitable activities:</i>				
Academy trust educational operations	7	<u>10,928,966</u>	<u>533,704</u>	<u>11,462,670</u>
Total		<u>11,172,110</u>	<u>533,704</u>	<u>11,705,814</u>
Net expenditure		(297,400)	(229,717)	(527,117)
Transfers between funds		(89,709)	89,709	-
<b>Other recognised gains and losses</b>				
Actuarial gains / (losses) on defined benefit pension schemes	22	<u>1,195,000</u>	<u>-</u>	<u>1,195,000</u>
Net movement in funds/(deficit)		807,891	(140,008)	667,883
<b>Reconciliation of funds</b>				
Total (deficit)/funds brought forward at 1 September 2016		<u>(1,500,452)</u>	<u>17,498,762</u>	<u>15,998,310</u>
Total (deficit)/funds carried forward at 31 August 2017		<u>(692,561)</u>	<u>17,358,754</u>	<u>16,666,193</u>

Comparative figures are stated on page 25.

# The Northern Lincolnshire Catholic Academy Trust

## Statement of Financial Activities for the Year Ended 31 August 2016 (including Income and Expenditure Account)


	Note	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2016 £
<b>Income and endowments from:</b>				
Donations and capital grants	2	123,508	205,054	328,562
<i>Charitable activities:</i>				
Funding for the Academy trust's educational operations	3	10,609,667	-	10,609,667
Other trading activities	4	190,510	-	190,510
Investments	5	7,849	-	7,849
Total		<u>10,931,534</u>	<u>205,054</u>	<u>11,136,588</u>
<b>Expenditure on:</b>				
Raising funds	6	196,141	-	196,141
<i>Charitable activities:</i>				
Academy trust educational operations	7	<u>10,623,511</u>	<u>595,967</u>	<u>11,219,478</u>
Total		<u>10,819,652</u>	<u>595,967</u>	<u>11,415,619</u>
Net income/(expenditure)		111,882	(390,913)	(279,031)
Transfers between funds		(45,475)	45,475	-
<b>Other recognised gains and losses</b>				
Actuarial gains / (losses) on defined benefit pension schemes	22	<u>(721,000)</u>	<u>-</u>	<u>(721,000)</u>
Net movement in deficit		(654,593)	(345,438)	(1,000,031)
<b>Reconciliation of funds</b>				
Total (deficit)/funds brought forward at 1 September 2015		<u>(845,859)</u>	<u>17,844,200</u>	<u>16,998,341</u>
Total (deficit)/funds carried forward at 31 August 2016		<u>(1,500,452)</u>	<u>17,498,762</u>	<u>15,998,310</u>

# The Northern Lincolnshire Catholic Academy Trust

(Registration number: 07973953)  
Balance Sheet as at 31 August 2017

	Note	2017 £	2016 £
<b>Fixed assets</b>			
Tangible assets	11	17,312,841	17,488,432
<b>Current assets</b>			
Stocks	12	10,226	10,226
Debtors	13	242,976	277,520
Cash at bank and in hand		2,447,995	2,402,853
		2,701,197	2,690,599
Creditors: Amounts falling due within one year	14	(572,845)	(573,721)
Net current assets		2,128,352	2,116,878
Total assets less current liabilities		19,441,193	19,605,310
Net assets excluding pension liability		19,441,193	19,605,310
Pension scheme liability	22	(2,775,000)	(3,607,000)
Net assets including pension liability		16,666,193	15,998,310
<b>Funds of the Academy:</b>			
<b>Restricted funds</b>			
Restricted general fund		2,082,439	2,106,548
Restricted fixed asset fund		17,358,754	17,498,762
Restricted pension fund		(2,775,000)	(3,607,000)
		16,666,193	15,998,310
Total funds	15	16,666,193	15,998,310

The financial statements on pages 24 to 52 were approved by the Trustees, and authorised for issue on 16 January 2018 and signed on their behalf by:

  
.....  
D Lisle  
Trustee

# **The Northern Lincolnshire Catholic Academy Trust**

## **Statement of Cash Flows for the Year Ended 31 August 2017**

	Note	2017 £	2016 £
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities	18	90,873	71,283
Cash flows from investing activities	19	<u>(45,731)</u>	<u>(100,320)</u>
Change in cash and cash equivalents in the year		45,142	(29,037)
Cash and cash equivalents at 1 September		<u>2,402,853</u>	<u>2,431,890</u>
Cash and cash equivalents at 31 August	20	<u><u>2,447,995</u></u>	<u><u>2,402,853</u></u>

# **The Northern Lincolnshire Catholic Academy Trust**

## **Notes to the Financial Statements for the Year Ended 31 August 2017**

### **1 Accounting policies**

#### **General information**

The Academy Trust is a private company limited by guarantee and incorporated in the United Kingdom.

The address of its registered office is:  
Holy Souls Presbytery  
Frodingham Road  
Scunthorpe  
North Lincolnshire  
DN15 7TA

The financial statements were authorised for issue by the Board on 16 January 2018.

#### **Statement of accounting policies**

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

#### **Basis of preparation**

The financial statements of the Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (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.

The Northern Lincolnshire Catholic Academy Trust meets the definition of a public benefit entity under FRS 102.

The financial statements are presented in sterling, which is the functional currency of the Academy Trust, and are rounded to the nearest pound.

#### **Going concern**

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

#### **Income**

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

## **The Northern Lincolnshire Catholic Academy Trust**

### **Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)**

#### **1 Accounting policies (continued)**

##### ***Grants***

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

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

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

##### ***Sponsorship income***

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

##### ***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.

##### ***Expenditure***

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

All resources expended are inclusive of irrecoverable VAT.

##### ***Expenditure on raising funds***

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

##### ***Charitable activities***

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

## **The Northern Lincolnshire Catholic Academy Trust**

### **Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)**

#### **1 Accounting policies (continued)**

##### **Tangible fixed assets**

Assets costing between £750 - £1,000 (this varies between the individual academies) 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 and carried forward in the Balance Sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset over its expected useful lives, per the table below.

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.

<b>Asset class</b>	<b>Depreciation method and rate</b>
Leasehold land	125 years straight line basis
Plant and machinery	15% & 10% straight line basis
Computer equipment	33% straight line basis
Fixtures and furniture	25% & 10% straight line basis
Buildings	50 years & 10% straight line basis

##### **Liabilities**

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

##### **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.

##### **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 basis are as follows:

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at cost. Prepayments are not financial instruments.

Cash at bank - is classified as a basic financial instrument and is measured at face value.



# **The Northern Lincolnshire Catholic Academy Trust**

## **Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)**

### **1 Accounting policies (continued)**

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at cost. 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.

#### **Leased assets**

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

Long term leasehold land:

The land recognised is held on 125 year leases with either the Diocese, North Lincolnshire Council or North East Lincolnshire Council. These are recognised as assets and depreciated

#### **Stock**

Unsold uniforms and catering stocks are valued at the lower of cost or 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 it meets the definition of a charitable company for UK corporation tax purposes.

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

#### **Pension 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 the notes to the financial statements, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

# The Northern Lincolnshire Catholic Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

### 1 Accounting policies (continued)

#### Fund accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Education and Skills Funding Agency/Department for Education/sponsor/other 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.

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

### 2 Donations and capital grants

	Restricted funds £	Restricted fixed asset funds £	Total 2017 £	Total 2016 £
Educational trips and visits	109,978	-	109,978	105,028
Capital grants	-	303,987	303,987	205,054
Other donations	24,237	-	24,237	18,480
	<u>134,215</u>	<u>303,987</u>	<u>438,202</u>	<u>328,562</u>

# The Northern Lincolnshire Catholic Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

### 3 Funding for the Academy Trust's educational operations

	School	Restricted funds £	Total 2017 £	Total 2016 £
<b>DfE/ESFA revenue grants</b>				
General Annual Grant	St Bede's Catholic Voluntary Academy	3,426,281	3,426,281	3,567,421
General Annual Grant	St Mary's Catholic Primary Voluntary Academy (Brigg)	741,645	741,645	757,928
General Annual Grant	St Joseph's Catholic Primary Voluntary Academy	920,178	920,178	842,010
General Annual Grant	St Augustine Webster Catholic Academy	1,558,774	1,558,774	1,596,028
General Annual Grant	St Bernadette's Catholic Primary Voluntary Academy	1,115,766	1,115,766	1,128,534
General Annual Grant	St Norberts Catholic Primary Academy	471,017	471,017	476,019
General Annual Grant	St Mary's Catholic Primary Voluntary Academy (Grimsby)	970,323	970,323	970,822
Pupil Premium Grant	St Bede's Catholic Voluntary Academy	149,704	149,704	142,366
Pupil Premium Grant	St Mary's Catholic Primary Voluntary Academy (Brigg)	45,454	45,454	50,125
Pupil Premium Grant	St Joseph's Catholic Primary Voluntary Academy	108,173	108,173	92,885
Pupil Premium Grant	St Bernadette's Catholic Primary Voluntary Academy	76,433	76,433	76,160
Pupil Premium Grant	St Mary's Catholic Primary Voluntary Academy (Grimsby)	109,216	109,216	103,180
Pupil Premium Grant	St Norberts Catholic Primary Academy	17,991	17,991	21,548
Pupil Premium Grant	St Augustine Webster Catholic Academy	65,449	65,449	73,153
Universal Infants Free School Meals	St Mary's Catholic Primary Voluntary Academy (Brigg)	28,023	28,023	28,296

# The Northern Lincolnshire Catholic Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

### 3 Funding for the Academy Trust's educational operations (continued)

	School	Restricted funds £	Total 2017 £	Total 2016 £
Universal Infants Free School Meals	St Joseph's Catholic Primary Voluntary Academy	28,280	28,280	41,274
Universal Infants Free School Meals	St Augustine Webster Catholic Academy	65,970	65,970	61,307
Universal Infants Free School Meals	St Bernadette's Catholic Primary Voluntary Academy	39,604	39,604	45,812
Universal Infants Free School Meals	St Norberts Catholic Primary Academy	17,352	17,352	15,915
Universal Infants Free School Meals	St Mary's Catholic Primary Voluntary Academy (Grimsby)	13,129	13,129	20,029
		<u>9,968,762</u>	<u>9,968,762</u>	<u>10,110,812</u>
<b>Other government grants</b>				
Other Government Grants	St Bernadette's Catholic Primary Voluntary Academy	92,411	92,411	108,222
Other Government Grants	St Bede's Catholic Voluntary Academy	27,741	27,741	21,366
Other Government Grants	St Mary's Catholic Primary Voluntary Academy (Brigg)	10,328	10,328	3,305
Other Government Grants	St Augustine Webster Catholic Academy	89,868	89,868	103,134
Other Government Grants	St Joseph's Catholic Primary Voluntary Academy	79,464	79,464	102,373
Other Government Grants	St Norberts Catholic Primary Academy	42,764	42,764	46,234
Other Government Grants	St Mary's Catholic Primary Voluntary Academy (Grimsby)	67,619	67,619	29,873
		<u>410,195</u>	<u>410,195</u>	<u>414,507</u>
<b>Non-government grants and other income</b>				
Other income	St Bede's Catholic Voluntary Academy	18,319	18,319	42,045
Other income	St Augustine Webster Catholic Academy	1,626	1,626	5,429

# **The Northern Lincolnshire Catholic Academy Trust**

## **Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)**

### **3 Funding for the Academy Trust's educational operations (continued)**

		<b>Restricted funds £</b>	<b>Total 2017 £</b>	<b>Total 2016 £</b>
	<b>School</b>			
Other income	St Mary's Catholic Primary Voluntary Academy (Brigg)	3,040	3,040	6,544
Other income	St Joseph's Catholic Primary Voluntary Academy	17,680	17,680	480
Other income	St Bernadette's Catholic Primary Voluntary Academy	344	344	2,570
Other income	St Mary's Catholic Primary Voluntary Academy (Grimsby)	7,012	7,012	10,055
Other income	St Norberts Catholic Primary Academy	19,259	19,259	17,225
		<u>67,280</u>	<u>67,280</u>	<u>84,348</u>
Total grants		<u>10,446,237</u>	<u>10,446,237</u>	<u>10,609,667</u>

### **4 Other trading activities**

	<b>Restricted funds £</b>	<b>Total 2017 £</b>	<b>Total 2016 £</b>
Hire of facilities	7,591	7,591	15,706
Transport Income	32,613	32,613	36,853
School Trips and Clubs Income	121,219	121,219	83,375
Other Income	124,440	124,440	54,576
	<u>285,863</u>	<u>285,863</u>	<u>190,510</u>

### **5 Investment income**

	<b>Restricted funds £</b>	<b>Total 2017 £</b>	<b>Total 2016 £</b>
Short term deposits	<u>8,395</u>	<u>8,395</u>	<u>7,849</u>

# **The Northern Lincolnshire Catholic Academy Trust**

## **Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)**

### **6 Expenditure**

	<b>Non Pay Expenditure</b>			<b>Total</b>	<b>Total</b>
	<b>Staff costs</b>	<b>Premises</b>	<b>Other costs</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Expenditure on raising funds	-	-	243,144	243,144	196,141
<b>Academy's educational operations</b>					
Direct costs	7,181,020	-	1,451,822	8,632,842	8,394,195
Allocated support costs	<u>1,551,863</u>	<u>1,078,162</u>	<u>199,803</u>	<u>2,829,828</u>	<u>2,825,283</u>
	<u>8,732,883</u>	<u>1,078,162</u>	<u>1,894,769</u>	<u>11,705,814</u>	<u>11,415,619</u>

### **Net income/(expenditure) for the year includes:**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Operating leases - plant and machinery	41,487	48,477
Fees payable to auditor - audit	17,910	24,285
Fees payable to auditor - other audit services	8,105	7,645
Profit/(loss) on disposal of tangible fixed assets	-	(15,774)
Depreciation	<u>533,704</u>	<u>551,693</u>

# **The Northern Lincolnshire Catholic Academy Trust**

## **Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)**

### **7 Charitable activities**

		<b>Total 2017 £</b>	<b>Total 2016 £</b>
Direct costs - educational operations		8,632,842	8,394,195
Support costs - educational operations		<u>2,829,828</u>	<u>2,825,283</u>
		<u>11,462,670</u>	<u>11,219,478</u>
	<b>Educational operations £</b>	<b>Total 2017 £</b>	<b>Total 2016 £</b>
<b>Analysis of support costs</b>			
Support staff costs	1,551,863	1,551,863	1,268,286
Depreciation	533,704	533,704	551,693
Premises costs	544,458	544,458	741,771
Other support costs	152,717	152,717	221,650
Governance costs	<u>47,086</u>	<u>47,086</u>	<u>41,883</u>
Total support costs	<u>2,829,828</u>	<u>2,829,828</u>	<u>2,825,283</u>

### **8 Staff**

	<b>2017 £</b>	<b>2014 £</b>
<b>Staff costs during the year were:</b>		
Wages and salaries	6,584,626	6,364,135
Social security costs	536,521	435,992
Pension costs	1,463,911	1,176,889
Supply teacher costs	147,825	167,087
Staff restructuring costs	<u>-</u>	<u>14,836</u>
	<u>8,732,883</u>	<u>8,158,939</u>
	<b>2017 £</b>	<b>2016 £</b>
<b>Staff restructuring costs comprise:</b>		
Redundancy payments	<u>-</u>	<u>14,836</u>

# The Northern Lincolnshire Catholic Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

### 8 Staff (continued)

#### Staff numbers

The average number of persons (including senior management team) employed by the Academy during the year was as follows:

	2017 No	2016 No
<b>Charitable Activities</b>		
Teachers	123	122
Administration and support	7	7
Management	217	211
	<u>347</u>	<u>340</u>

#### Higher paid staff

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

	2017 No	2016 No
£60,001 - £70,000	4	2
£70,001 - £80,000	1	1
£80,001 - £90,000	<u>1</u>	<u>1</u>

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 £531,374 (2016: £529,420).

### 9 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 principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment, and not in respect of their role as trustees. The value of trustees' remuneration and other benefits was as follows:

#### M M Travers

Remuneration: £85,000 - £90,000 (2016 - £85,000 - £90,000)

Employer's pension contributions: £10,000 - £15,000 (2016 - £10,000 - £15,000)

#### S Pollard

Remuneration: £70,000 - £75,000 (2016 - £70,000 - £75,000)

Employer's pension contributions: £10,000 - £15,000 (2016 - £10,000 - £15,000)

#### P Tonge

Remuneration: £65,000 - £70,000 (2016 - £55,000 - £60,000)

Employer's pension contributions: £10,000 - £15,000 (2016 - £5,000 - £10,000)

#### D Sidaway

Remuneration: £55,000 - £60,000 (2016 - £55,000 - £60,000)

Employer's pension contributions: £5,000 - £10,000 (2016 - £5,000 - £10,000)



## **The Northern Lincolnshire Catholic Academy Trust**

### **Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)**

#### **9 Related party transactions - trustees' remuneration and expenses (continued)**

##### **M Strong**

Remuneration: £60,000 - £65,000 (2016 - £55,000 - £60,000)

Employer's pension contributions: £5,000 - £10,000 (2016 - £5,000 - £10,000)

##### **A Morrisroe**

Remuneration: £55,000 - £60,000 (2016 - £55,000 - £60,000)

Employer's pension contributions: £5,000 - £10,000 (2016 - £5,000 - £10,000)

##### **C McHale**

Remuneration: £60,000 - £65,000 (2016 - £60,000 - £65,000)

Employer's pension contributions: £5,000 - £10,000 (2016 - £5,000 - £10,000)

During the year ended 31 August 2017, travel and subsistence expenses totalling £Nil (2016 - £1,156) were reimbursed or paid directly to 0 trustees (2016 - 2).

Related party transactions involving the trustees are set out in note 23.

#### **10 Trustees' and officers' insurance**

In accordance with normal commercial practice the Trust has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £2,000,000 (per academy) on any one claim and the cost for the period ended 31 August 2017 was approximately £250 (2016: £250) (per academy).

The cost of this insurance is included in the total insurance cost.

# The Northern Lincolnshire Catholic Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

### 11 Tangible fixed assets

	Leasehold land and buildings £	Furniture and equipment £	Computer equipment £	Total £
<b>Cost</b>				
At 1 September 2016	17,728,403	488,632	464,161	18,681,196
Additions	99,531	248,443	10,139	358,113
At 31 August 2017	17,827,934	737,075	474,300	19,039,309
<b>Depreciation</b>				
At 1 September 2016	701,579	210,709	280,476	1,192,764
Charge for the year	391,830	58,785	83,089	533,704
At 31 August 2017	1,093,409	269,494	363,565	1,726,468
<b>Net book value</b>				
At 31 August 2017	16,734,525	467,581	110,735	17,312,841
At 31 August 2016	17,026,824	277,923	183,685	17,488,432

The individual academies within the trust also occupy land and property owned by the Diocesan Trustees. Where there is no formal lease in place, these assets are not included in the above figures, as they are held based on an informal "licence to operate" in the properties owned by the Diocese. Enhanced detail is contained in the Related Party disclosure (note 23). St Bede's Academy is an exception to this as they are party to a 125 year lease over their land and buildings.

Included within leasehold land and buildings is £16,734,525 (2016: £17,026,824) relating to long leasehold land and buildings.

### 12 Stock

	2017 £	2016 £
Stocks	10,226	10,226

**The Northern Lincolnshire Catholic Academy Trust**

**Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)**

**13 Debtors**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Trade debtors	3,647	5,762
Prepayments	98,286	121,925
Accrued grant and other income	90,405	89,430
VAT recoverable	50,638	60,403
	<u>242,976</u>	<u>277,520</u>

**14 Creditors: amounts falling due within one year**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Trade creditors	293,356	231,977
Other taxation and social security	221,161	215,722
Other creditors	-	23,856
Accruals	58,328	102,166
	<u>572,845</u>	<u>573,721</u>

# The Northern Lincolnshire Catholic Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

### 15 Funds

	Balance at 1 September 2016 £	Incoming resources £	Resources expended £	Gains, losses and transfers £	Balance at 31 August 2017 £
<b>Restricted general funds</b>					
General Annual Grant	753,310	9,203,984	(9,314,650)	(89,709)	552,935
Other Government Grants (Local Authority)	247,232	410,197	(478,255)	-	179,174
Pupil Premium	243,980	572,420	(533,601)	-	282,799
St Bernadette's Catholic Primary Voluntary Academy	85,137	35,190	(11,374)	-	108,953
St Bede's Catholic Voluntary Academy	256,613	192,832	(142,830)	-	306,615
St Augustine Webster Catholic Academy	113,610	55,046	(10,621)	-	158,035
St Joseph's Catholic Primary Voluntary Academy	70,419	57,519	(25,601)	-	102,337
St Mary's Catholic Primary Voluntary Academy (Brigg)	45,558	55,732	(37,168)	-	64,122
St Norbert's Catholic Primary Voluntary Academy	33,365	72,785	(95,056)	-	11,094
St Mary's Catholic Primary Academy	145,177	26,647	(42,021)	-	129,803
Universal Infant Free School Meals	112,147	192,358	(117,933)	-	186,572
	<u>2,106,548</u>	<u>10,874,710</u>	<u>(10,809,110)</u>	<u>(89,709)</u>	<u>2,082,439</u>
<b>Restricted fixed asset funds</b>					
DfE Capital Grant	314,430	79,152	(62,886)	-	330,696
AMF Capital Grant	439,173	224,835	(87,835)	-	576,173
Restricted Fixed Asset Fund	447,624	-	(78,348)	-	369,276
Donated assets from LA	292,480	-	(2,340)	-	290,140
St Bede's School Land and Buildings from Diocese	15,959,580	-	(293,200)	-	15,666,380
Transfer from GAG	45,475	-	(9,095)	89,709	126,089
	<u>17,498,762</u>	<u>303,987</u>	<u>(533,704)</u>	<u>89,709</u>	<u>17,358,754</u>
<b>Restricted pension funds</b>					
Pension reserve	<u>(3,607,000)</u>	<u>-</u>	<u>(363,000)</u>	<u>1,195,000</u>	<u>(2,775,000)</u>
<b>Total funds</b>	<u>15,998,310</u>	<u>11,178,697</u>	<u>(11,705,814)</u>	<u>1,195,000</u>	<u>16,666,193</u>

## **The Northern Lincolnshire Catholic Academy Trust**

### **Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)**

#### **15 Funds (continued)**

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

General Annual Grant (GAG) must be used for the normal running costs of the Academy.

Local Authority Statement funding is provided for the provision of services for children with special educational needs. This is included within other government grants as part of restricted funds.

Pupil Premium Grant may be spent for the educational benefit of pupils registered at that school, or for the benefit of pupils registered at other schools; and on community facilities i.e. services whose provision furthers any charitable purpose for the benefit of pupils at the school or their families, or people who live or work in the locality in which the school is situated, this is included within other DfE income. The grant does not have to be completely spent by schools in the financial year. This is included within other DfE grants as part of restricted funds.

Universal Infants Free School Meals funding is primarily to be used to provide children with a free school meal. However any amounts not spent on this purpose can be used for any other purpose applicable to the objectives of the Trust.

Devolved capital either allocated direct by the DfE or transferred on conversion from the local authority must be spent on capital purposes.

Capital expenditure from GAG income is made up of any fixed assets purchased during the year and the expense is the depreciation relating to these additions.

The donated assets income is the value of the school transferred from the local authority on conversion. The expenditure is the depreciation of the land since conversion up to the 31 August 2017.

St Bede's school buildings refers to the land and buildings, owned by the Diocese, for which a 125 year lease was granted during 2015.

Other restricted funds represent the general funds of each individual academy. The funds can only be spent at the academy which generates them. Where there is a high level of funds held at the period end, necessary capital activity is planned to utilise these resources.

The transfers represents capital expenditure that was funded by the General Annual Grant.

## The Northern Lincolnshire Catholic Academy Trust

### Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

#### 15 Funds (continued)

##### Analysis of academies by fund balance

Fund balances at 31 August 2017 were allocated as follows:

	Total £
St Augustine Webster Catholic Academy	249,291
St Mary's Catholic Primary Voluntary Academy (Brigg)	165,220
St Bede's Catholic Voluntary Academy	961,709
St Joseph's Catholic Primary Voluntary Academy	90,056
St Bernadette's Catholic Primary Voluntary Academy	444,803
St Mary's Catholic Primary Voluntary Academy (Grimsby)	165,510
St Norberts Catholic Primary Academy	<u>5,850</u>
Total before fixed assets and pension reserve	2,082,439
Restricted Fixed Asset Fund	17,358,754
Pension reserve	<u>(2,775,000)</u>
Total	<u>16,666,193</u>

# The Northern Lincolnshire Catholic Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

### 15 Funds (continued)

#### Analysis of academies by cost

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

	Teaching and Educational Support Staff Costs £	Other Support Staff Costs £	Educational Supplies £	Other Costs (excluding Depreciation) £	Total £
St Augustine Webster Catholic Academy	1,227,766	227,932	92,805	295,104	1,843,607
St Mary's Catholic Primary Voluntary Academy (Brigg)	548,016	130,486	36,105	170,290	884,897
St Bede's Catholic Voluntary Academy	2,452,751	591,215	118,443	724,640	3,887,049
St Joseph's Catholic Primary Voluntary Academy	824,253	154,450	48,287	178,628	1,205,618
St Bernadette's Catholic Primary Voluntary Academy	942,648	204,167	41,148	243,285	1,431,248
St Mary's Catholic Primary Voluntary Academy (Grimsby)	756,894	165,931	78,392	206,384	1,207,601
St Norberts Catholic Primary Academy	428,692	77,682	37,638	168,078	712,090
Academy Trust	<u>7,181,020</u>	<u>1,551,863</u>	<u>452,818</u>	<u>1,986,409</u>	<u>11,172,110</u>

### 16 Analysis of net assets between funds

	Restricted general funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets	-	17,312,841	17,312,841
Current assets	2,655,284	45,913	2,701,197
Current liabilities	(572,845)	-	(572,845)
Pension scheme liability	<u>(2,775,000)</u>	<u>-</u>	<u>(2,775,000)</u>
Total net assets	<u>(692,561)</u>	<u>17,358,754</u>	<u>16,666,193</u>

## The Northern Lincolnshire Catholic Academy Trust

### Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

#### 17 Financial commitments

##### *Operating leases*

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

	2017 £	2016 £
Amounts due within one year	33,491	41,487
Amounts due between one and five years	16,145	43,504
	<u>49,636</u>	<u>84,991</u>



# The Northern Lincolnshire Catholic Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

### 18 Reconciliation of net expenditure to net cash inflow/(outflow) from operating activities

	2017 £	2016 £
Net expenditure	(527,117)	(279,031)
Depreciation	533,704	551,693
Loss on disposal of tangible fixed assets	-	15,774
Capital Income	(303,987)	(205,054)
Interest receivable	(8,395)	(7,849)
Defined benefit pension scheme finance cost	77,000	105,000
Defined benefit pension benefit scheme cost less contributions payable	286,000	54,000
Increase in stocks	-	(6)
Decrease/(increase) in debtors	34,544	(6,109)
Decrease in creditors	(876)	(157,135)
Net cash inflow from operating activities	<u>90,873</u>	<u>71,283</u>

### 19 Cash flows from investing activities

	2017 £	2016 £
Dividends, interest and rents from investments	8,395	7,849
Purchase of tangible fixed assets	(358,113)	(313,223)
Capital funding received from sponsors and others	<u>303,987</u>	<u>205,054</u>
Net cash used in investing activities	<u>(45,731)</u>	<u>(100,320)</u>

### 20 Analysis of changes in net funds

	At 31 August 2017 £	At 31 August 2016 £
Cash at bank and in hand	<u>2,447,995</u>	<u>2,402,853</u>
Total cash and cash equivalents	<u>2,447,995</u>	<u>2,402,853</u>

### 21 Members' liability

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

## **The Northern Lincolnshire Catholic Academy Trust**

### **Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)**

#### **22 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 East Riding Pension Fund. Both are multi-employer defined benefit schemes.

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

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

#### **Teachers' Pension Scheme**

##### **Introduction**

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

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

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

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

The key elements of the valuation and subsequent consultation are:

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

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

The employer's pension costs paid to TPS in the period amounted to £695,999 (2016: £666,511).  
A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

# The Northern Lincolnshire Catholic Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

### 22 Pension and similar obligations (continued)

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

#### Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £591,000 (2016 - £558,000), of which employer's contributions totalled £481,000 (2016 - £457,000) and employees' contributions totalled £110,000 (2016 - £101,000). The agreed contribution rates for future years are 24.4 per cent for employers and 5 - 7 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 for Education. The guarantee came into force on 18 July 2013.

#### Principal actuarial assumptions

	At 31 August 2017 %	At 31 August 2016 %
Rate of increase in salaries	2.60	2.30
Rate of increase for pensions in payment/inflation	2.40	2.10
Discount rate for scheme liabilities	2.50	2.00

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

	At 31 August 2017	At 31 August 2016
<b>Retiring today</b>		
Males retiring today	21.70	21.90
Females retiring today	24.20	24.10
<b>Retiring in 20 years</b>		
Males retiring in 20 years	23.70	24.20
Females retiring in 20 years	26.40	26.70

#### Sensitivity analysis

	At 31 August 2017 £	At 31 August 2016 £
0.5% decrease in real discount rate	1,043,000.00	1,080,000.00
1 year increase in member life expectancy	315,000.00	229,000.00
0.5% increase in the salary increase rate	219,000.00	408,000.00
0.5% increase in the pension increase rate	804,000.00	642,000.00

The Academy Trust's share of the assets in the scheme were:

# **The Northern Lincolnshire Catholic Academy Trust**

## **Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)**

### **22 Pension and similar obligations (continued)**

	<b>At 31 August 2017 £</b>	<b>At 31 August 2016 £</b>
Equities	3,630,000	3,030,000
Corporate bonds	664,000	444,000
Property	561,000	444,000
Cash and other liquid assets	<u>257,000</u>	<u>121,000</u>
Total market value of assets	<u><u>5,112,000</u></u>	<u><u>4,039,000</u></u>

The actual return on scheme assets was £516,000 (2016 - £579,000).

# The Northern Lincolnshire Catholic Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

### 22 Pension and similar obligations (continued)

#### Amounts recognised in the statement of financial activities

	2017 £	2016 £
Current service cost	(767,000)	(511,000)
Interest income	90,000	120,000
Interest cost	(167,000)	(225,000)
Total amount recognised in the SOFA	<u>(844,000)</u>	<u>(616,000)</u>

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

	2017 £	2016 £
At start of period	7,646,000	5,648,000
Current service cost	767,000	511,000
Interest cost	167,000	225,000
Employee contributions	110,000	101,000
Actuarial (gain)/loss	(769,000)	1,180,000
Benefits paid	(34,000)	(19,000)
At 31 August	<u>7,887,000</u>	<u>7,646,000</u>

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

	2017 £	2016 £
At start of period	4,039,000	2,921,000
Interest income	90,000	120,000
Actuarial gain/(loss)	426,000	459,000
Employer contributions	481,000	457,000
Employee contributions	110,000	101,000
Benefits paid	(34,000)	(19,000)
At 31 August	<u>5,112,000</u>	<u>4,039,000</u>

### 23 Related party transactions

Owing to the nature of the Academy's operations and the composition of the board of governors being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the board of governors may have an interest. All transactions involving such organisations are conducted in accordance with ESFA direction, the Academy's financial regulations and normal procurement procedures.

## **The Northern Lincolnshire Catholic Academy Trust**

### **Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)**

#### **23 Related party transactions (continued)**

During the year the academy made the following related party transactions:

##### **The Nottingham Roman Catholic Diocese**

The Trust operates under the guidance of the Diocese and occupies property owned by the Diocese.

The Trust paid contributions to the Diocese, totalling £7,949 (2016: £30,078). This represents the standard contribution for membership and use of the Diocesan education service.

The Trust also paid the Diocese for other professional fees and services arising during the year, totalling £26,741 (2016: £38,322).

Prior to conversion the Diocese made a contribution to St Marys' Brigg towards capital work. This is included within accruals and is repaid from the Devolved Capital Funding each year. The amount owed to the Diocese at the balance sheet date was: £17,763 (2016: £23,856).

The Trust received capital funding from the Diocese of £113,736 (2016: £23,750).

The academy trust Company occupies land (including buildings) which are owned by its Trustees who are the Nottingham Roman Catholic Diocese. The Trustees are the providers of the Northern Lincolnshire Catholic Academy Trust. The academy trust company occupies the land (and buildings) under a mere licence. This continuing permission of their Trustees is pursuant to, and subject to, the Trustees' charitable objects, and is part of the Catholic Church's contribution since 1847 to provide State funded education in partnership with the State. The licence delegates aspects of the management of the land (and buildings) to the academy trust company for the time being, but does not vest any rights over the land in the academy trust company. The Trustees have given an undertaking to the Secretary of State that they will not give the academy trust company less than two years notice to terminate the occupation of the land (including buildings). Having considered the factual matrix under which the academy trust company is occupying the land (and buildings) the directors have concluded that the value of the land and buildings occupied by the academy trust company will not be recognised on the balance sheet of the company.

St Bede's Academy are an exception to this as, in 2014 they became party to a 125 year lease to their land and buildings. This was due to an extensive new build at the Academy as part of the Building Schools for the future scheme.