



**ST PAUL'S ACADEMY**

**ST PAUL'S ACADEMY LIMITED**  
**(A Company Limited by Guarantee)**

**REPORT OF THE GOVERNORS, STRATEGIC REPORT AND FINANCIAL STATEMENTS**

**YEAR ENDED 31 AUGUST 2016**

**Company Limited by Guarantee**  
**Registration Number:**  
**05210075 (England and Wales)**

**ST PAUL'S ACADEMY LIMITED**

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS GOVERNORS AND ADVISORS**

**Governors (Trustees)**

Bernie Borland: Chair\*  
Tom Arkins  
Stephanie Bennett\*  
Elaine Bishop  
Maureen Clarke  
Dr John Crowley  
Melanie Fontinelle

Monica Manley\*  
Councillor Clive Mardner  
Councillor Steve Offord\*  
Anthony Ring  
Patrick Winston\*  
Patricia Worden\*

\* = Personnel and Finance committee

**Members**

Bernie Borland  
Maureen Clarke  
Monica Manley

Steve Offord  
Patricia Worden

**Company Secretary**

Claire Viner

**Senior managers**

. Principal  
. Vice Principal  
. Co- Assistant Principals  
. Assistant Principals

Patrick Winston  
Siobhan Malone  
G. Sidwell  
O. Akif  
A. Allen  
E. Bryan  
A Henderson  
D. Maestri  
A Ring  
B. Smyth  
C. Viner

Finance Officer

**Registered Office**

St Paul's Academy  
51 Finchale Road  
Abbey Wood  
SE2 9PX

**Company Registration Number**

05210075

**Independent Auditors**

Wilkins Kennedy LLP  
Greytown House  
221/227 High Street  
Orpington  
Kent  
BR6 0NZ

**Bankers**

Allied Irish Bank  
9/10 Angel Court  
London  
EC2R 7AB

**Solicitors**

Cumberland Ellis  
Atrium Court  
15 Jockey's Fields  
London  
WC1R 4QR

## Vision Statement

### Specialisms

The Academy has two distinct specialisms; enterprise and sport, which are delivered both through the curriculum and as discreet extra-curricular activities. Through these two focus points, the Academy is developing exciting and innovative projects which benefit the Academy itself as well as the local community. The specialisms teach students the skills of negotiation, consultation and decision making.

Enterprise, in the context of the Academy, is an attitude of spirit and mind, and whilst equipping students with entrepreneurial skills for life, puts an emphasis on the ethical side of business. It encourages links with local business and increases opportunities for work experience and work-shadowing. Work related learning is increasingly important, and vocational courses add to the rounded educational experience of the students.

Sport promotes a healthy life-style for all members of the Academy community. Team and individual success is celebrated and enjoyed, and students learn to handle defeat magnanimously. Sport is not just competitive, but encourages reflection and self-evaluation, and provides essential leisure and relaxation opportunities. Students and staff are encouraged to develop their training and refereeing skills, and take qualifications as appropriate.

### Support

The tenets of the Catholic Church underpin the life of the Academy. All faiths are celebrated and respected and play an important role in promoting the universal values that constitute the ethos of the Academy.

The emotional, physical and intellectual well-being of all members of the Academy community is supported in many other ways. A calm, safe and positive learning environment encourages humour and warmth, and supports the academic and pastoral development of the students. The behaviour management strategy puts the emphasis on consistency and reward, and many adults outside the teaching staff contribute to the network of support available. These include the chaplain, learning mentors and health-care experts.

Parents are vital as a form of support, and the Intranet and website make communication with the Academy very straightforward. ICT facilities, the extended day, homework clubs and extra-curricular activities ensure that every student has many opportunities for independent development within a supportive environment.

## **ST PAUL'S ACADEMY LIMITED**

### **REPORT OF THE GOVERNORS 31 AUGUST 2016 (continued)**

#### **STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)**

##### **Organisational Structure**

The structure consists of three levels: the Governors, Senior Management Team and Heads of Learning Zone. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

The Governors are responsible for setting general policy, adopting an annual plan and budget, monitoring the Academy by the use of budgets and making major decisions about the direction of the Academy, capital expenditure and senior staff appointments.

The Senior Management Team are the Principal, Vice Principal and Assistant Principals. These managers control the Academy at an executive level implementing the policies laid down by the Governors and reporting back to them. As a group, the Senior Management Team are responsible for the authorisation of spending within agreed budgets and the appointment of staff, though appointment boards for Assistant Principals posts will contain a Governor. Some spending control is devolved to Assistant Principals, with limits above which a Senior Manager must countersign.

The Management Team includes the Senior Management Team and the 7 Heads of Learning Zone (Assistant Principals). These managers are responsible for the day to day operation of the Academy, in particular organising the teaching staff, facilities and students.

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

The Governors consider that they together with the Senior Management Team comprise the key management of the School in charge of directing and controlling, running and operating it. Governors, apart from the Head and the Staff Governors, receive no form of remuneration.

The remuneration of the Head, Staff Governors and other teaching staff who are members of the Senior Management Team is set by the Governors in accordance with the School's overall remuneration policy which is based upon the School Teachers' Pay & Conditions Document (STPCD), the Individual School Range (ISR) for leadership Group posts and the relative positions of the individuals on the applicable pay spines. The remuneration of members of the Senior Management Team who are not teachers is reviewed annually by the Governors and pay is normally increased in accordance with average earnings.

##### **Connected organisations**

The Archdiocese of Southwark is the sponsor of St Paul's Academy Limited and since the Academy's founding have donated £2m to assist the Academy in achieving its objectives.

#### **OBJECTIVES AND ACTIVITIES**

##### **Objects, aims and objectives**

The principal object and activity of the charitable company is the operation of St Paul's Academy to provide education for students of different abilities between the ages of 11 and 16 with an emphasis on Sport and Enterprise.

In accordance with the articles of association the charitable company has adopted a "Scheme of Government" approved by the Secretary of State for Children, Schools and Families. The Scheme of Government specifies, amongst other things, the basis for admitting students to the Academy, the catchment area from which the students are drawn, and that the curriculum should comply with the substance of the national curriculum with an emphasis on Sport and Enterprise and their practical applications.

**ST PAUL'S ACADEMY LIMITED**

**REPORT OF THE GOVERNORS 31 AUGUST 2015 (continued)**

**PUBLIC BENEFIT**

The trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on Public Benefit when reviewing the charity's aim and objectives and in planning future activities. In particular, the trustees consider how planned activities will contribute to the aims and objectives they have set.

**Admissions Arrangements**

There are 240 Year 7 places available for the year 2015/16. These places are split into 2 categories

1. Catholic and other faith entrants (160 places)
2. Community Entrants (80 places).

**Catchment area for Catholic Applicants within the Parishes of**

Holy Cross	Plumstead Common
Our Lady of Grace	Charlton
Our Lady of the Angels	Erith
Our Lady Star of the Sea	Greenwich
St Benet's	Abbey Wood
St David's	Abbey Wood
St John Fisher	Kidbrooke
St John Fisher	Thamesmead South
St Joseph's	Greenwich
St Joseph's	Shooters Hill
St Patrick's	Plumstead
St Paul's	Thamesmead Central
St Peter's	Woolwich
St Stephen's	Welling
St Thomas More	Bostall Park

(Parish boundaries are available upon request from the Roman Catholic Archdiocese of Southwark)

**Catchment area for Community Applicants:**

1. Looked after children
2. Children with medically supported needs
3. Siblings of pupils at the Academy at date of applicant admissions
4. Closest to main entrance of the site measured in a straight line using Royal Greenwich computerised mapping system

## ST PAUL'S ACADEMY LIMITED

### REPORT OF THE GOVERNORS 31 AUGUST 2016 (continued)

#### ACHIEVEMENTS AND PERFORMANCE (continued)

As you may be aware, schools are very much judged on the performance of their students who receive Pupil Premium funding compared to those who don't. We are pleased to announce that 67% of the students receiving Pupil Premium funding achieved A\* – C in both English and Mathematics this year compared to 76% of those who don't. Our Pupil Premium students achieve above the national average and with the gap being under 10%, we are confident that we are continuing to move in the right direction of narrowing the gap.

St Paul's Academy continues to thrive as a school who value collegiality of staff and the success of all students in our school community. Our 2016 results are testament to the fact that we continue to strive to do our very best for all our young people.

To ensure that standards are continually raised the Academy: operates a programme of observation of lessons; is visited by inspectors; undertakes a comparison of results from entry to Key Stage 3 and from Key Stage 3 to GCSE to assess the added value. The Academy also participates in national programmes looking at added value through the key stages. The Academy enjoyed a very successful HMI visit in January 2013.

#### KEY PERFORMANCE INDICATORS

The key performance indicators reviewed by the governors in Finance & Resources committee meetings include income from the EFA (determined broadly by reference to the number of pupils on roll), income from before and after school clubs, income from lettings; expenditure on staff, utilities and curriculum supplies. The level of capital expenditure and maintenance of facilities is closely monitored. Actual and projected cash flow and reserves are also monitored. These items are all reported in the financial statements.

#### FINANCIAL AND RISK MANAGEMENT OBJECTIVES AND POLICIES

The financial risks which St Paul's Academy Trust is exposed to relates primarily to:

- Change in government and legislation
- Potential of reduced funding and cash flow
- Reduction in student numbers.

A risk arises in relation to the defined benefit pension scheme, due to the fact that there is a deficit of £2,668,000.

#### Risk management

The Governors have assessed the major risks to which the Academy is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Academy, and its finances. The Governors have implemented a number of systems to assess risks that the school faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, supervision of school grounds) and internal financial controls (see below) in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover. The Academy has an effective system of internal financial controls.

## GOING CONCERN

After making appropriate enquiries, the Governing Body has a reasonable expectation that the Academy 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.

## Reserves policy and financial position

### *Reserves policy*

The Governors review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Governors have determined that the appropriate level of free reserves should at least be equivalent to 1 months' expenditure (excluding depreciation), approximately £700,000 (2015: £659,000). The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. The academy's current level of reserves is £1,278,000 (2015: £1,111,000). The Governors expect to utilise the excess in reserves in the next year.

### *Financial position*

The Academy held fund balances at 31 August 2016 of £24,519,000 (2015: £26,526,000). This includes £23,241,000 (2015: £25,415,000) of restricted funds, being £25,642,000 (2015: £25,757,000) in respect of fixed assets and negative reserves in connection with the deficit on pension schemes of £2,668,000 (2015: £1,130,000). Unrestricted general funds stood at £1,278,000 (2015: £1,111,000). It is hoped that the deficit on the pension scheme will be made good by recoveries in investment values over time. The Academy currently holds Restricted General Funds of £267,000 (2015: £788,000). These will be spent during the year 2016/17.

### *Investment policy*

The Academy attempts to place funds with banks in order to produce as much income as possible from its deposits whilst having due regard to the security of the institution with which it is placing funds and the risks involved.

To make themselves aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

## ST PAUL'S ACADEMY LIMITED

### STATEMENT OF GOVERNORS' RESPONSIBILITIES

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

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

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

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

The Governors are responsible for ensuring that in its conduct and operation, the Charitable Company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the EFA have been applied for the purposes intended.

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

Approved by order of the members of the Governing Body on 23<sup>rd</sup> November 2016 and signed on its behalf by:-



**Bernie Borland**  
Chair



## **ST PAUL'S ACADEMY LIMITED**

### **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 have 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:

- Ensuring school supplies and resources are of acceptable quality and purchased at the best price
- Obtaining at least 3 quotes on goods and services of £1000 or above
- By providing the best support to meet the various educational needs of all students
- Using CVA data to enhance the information available on both student outcomes and school financial performance.
- Evidencing the extent to which objectives have been achieved with examination results consistently above the national average.

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

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

#### **Capacity to Handle Risk**

The Governing Body 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 Governing Body is of the view that there is a formal on-going process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the year ending 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Governing Body.

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

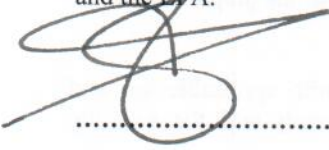
**ST PAUL'S ACADEMY LIMITED**

**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE 31 AUGUST 2016**

As Accounting Officer of St Paul's Academy I have considered my responsibility to notify the Academy Trust Governing Body and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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

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



.....  
**Patrick Winston**  
**Accounting Officer**

**23<sup>rd</sup> November 2016**

**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF ST PAULS ACADEMY (continued)**

**Matters on which we are Required to Report by Exception**

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

- 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 accounts are not in agreement with the accounting records and returns; or
- certain disclosures of governors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

*Wilkins Kennedy UK*

**Catherine Cooper** (Senior Statutory Auditor)  
For and on behalf Wilkins Kennedy LLP, Statutory auditors  
Chartered Accountants  
Greytown House  
221-227 High Street  
Orpington  
Kent BR6 0NZ

*8 December 2016*

**INDEPENDENT AUDITORS' REPORT TO THE GOVERNING BODY OF  
ST PAUL'S ACADEMY AND THE EDUCATION FUNDING AGENCY (continued)**

**Conclusion**

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

*William Kennedy LLP*

**Reporting Accountant**  
Wilkins Kennedy LLP  
Greytown House  
221-227 High Street  
Orpington  
Kent BR6 0NZ

*8 December 2016*

## ST PAUL'S ACADEMY LIMITED

## STATEMENT OF FINANCIAL ACTIVITIES – PRIOR YEAR

FOR THE YEAR ENDED 31 AUGUST 2015

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2015 £000
<b>Income from</b>					
Donations and capital grants	2	43	-	-	43
Charitable activities Funding for the Academy's educational operations	3	-	9,211	-	9,211
Activities for generating funds	4	452	-	-	452
Investments - bank deposits	5	6	-	-	6
<b>Total income</b>		<u>501</u>	<u>9,211</u>	<u>-</u>	<u>9,712</u>
<b>Expenditure on</b>					
Raising funds	6 & 7	-	-	-	-
Charitable activities Academy's educational operations		110	8,611	720	9,441
Other		18	-	-	18
<b>Total expenditure</b>		<u>128</u>	<u>8,611</u>	<u>720</u>	<u>9,459</u>
<b>Net incoming/(outgoing) resources before transfers</b>					
		373	600	(720)	253
Transfers between funds		(31)	-	31	-
<b>Other recognised gains and losses</b>					
Actuarial (losses)/ gains on defined benefit pension schemes		-	(21)	-	(21)
<b>Net movement in funds</b>		<u>342</u>	<u>579</u>	<u>(689)</u>	<u>232</u>
Total funds brought forward at 1 September 2014		769	(921)	26,446	26,294
<b>Funds carried forward at 31 August 2015</b>		<u><u>1,111</u></u>	<u><u>(342)</u></u>	<u><u>25,757</u></u>	<u><u>26,526</u></u>

**ST PAUL'S ACADEMY LIMITED**

**CASH FLOW STATEMENT**

**FOR THE YEAR ENDED 31 AUGUST 2016**

		<b>2016</b>	2015
		<b>£000s</b>	£000s
	Notes		
<b>Cash flows from operating activities</b>			
Net cash provided by (used in) operating activities	19	<b>281</b>	390
<b>Cash flows from investing activities</b>		-	-
<b>Cash flows from financing activities</b>	20	<b>(520)</b>	(25)
<b>Change in cash and cash equivalents</b>		<u>(239)</u>	<u>365</u>
Cash and cash equivalents at 1 September 2015	21	<b>2,124</b>	1,759
<b>Cash and cash equivalents at 31 August 2016</b>	21	<b>1,885</b>	2,124

## ST PAUL'S ACADEMY LIMITED

### PRINCIPAL ACCOUNTING POLICIES (continued)

FOR THE YEAR ENDED 31 AUGUST 2016

#### Income (continued)

- **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.

- **Expenditure on Raising Funds**

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

- **Charitable Activities**

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

All resources expended are inclusive of irrecoverable VAT.

#### Tangible Fixed Assets

Assets costing £2,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities 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 on a straight-line basis over its expected useful life, as follows:

- Long leasehold buildings 2%
- Fixtures, fittings and equipment 20%

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.

**ST PAUL'S ACADEMY LIMITED**  
**PRINCIPAL ACCOUNTING POLICIES (continued)**

**FOR THE YEAR ENDED 31 AUGUST 2016**

**Pensions Benefits (continued)**

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 29, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. 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.

**Fund Accounting**

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

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

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

**Critical accounting estimates and assumptions**

The Academy 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 or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 16, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

*Critical areas of judgement*

*Useful economic lives of tangible assets*

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 11 for the carrying amount of the school buildings and furniture, fittings and equipment and the above note setting out the depreciation rates for each class of assets.

There are no key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

*Bad debts*

Debtors are regularly reviewed for recoverability, any debts which in the opinion of management are not recoverable are provided for as a specific bad debt.



ST PAUL'S ACADEMY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2016

5. INVESTMENT INCOME

	Unrestricted Funds £000	Restricted Funds £000	2016 Total £000	2015 Total £000
Interest on short-term deposits	1	-	1	6

6. EXPENDITURE

	Staff Costs £000s	Non-pay expenditure			Total 2016 £000s	Total 2015 £000s
		Premises £000s	Deprec- iation £000s	Other costs £000s		
Expenditure on raising funds						
Academy's educational operations						
Direct costs	5,713	-	594	1,047	7,354	7,375
Support costs	1,223	430	42	359	2,054	2,066
Other charitable costs	-	-	-	19	19	18
	<u>6,936</u>	<u>430</u>	<u>636</u>	<u>1,425</u>	<u>9,427</u>	<u>9,459</u>

Net income/(expenditure) for the year includes:

Depreciation	636	720
Fees payable to the auditor for		
- Audit	10	10
- Other services	-	-
Operating leases - motor vehicles	<u>11</u>	<u>5</u>

**ST PAUL'S ACADEMY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 AUGUST 2016**

**9. RELATED PARTY TRANSACTIONS - GOVERNORS' TRUSTEES' REMUNERATION AND EXPENSES**

One or more governors 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.

The value of governors' remuneration and benefits was as follows:

Name	Amount 2016	Amount 2015
<b>P Winston (Principal)</b>		
Basic	£155,000 - £160,000	£130,000 - £135,000
Employer's Pension Contributions	£25,000 - £30,000	£15,000 - 20,000
<b>Staff Governors (A Ring &amp; E Bishop)</b>		
- Remuneration	£98,877	£91,828
- Employer's Pension Contributions	£16,268	£13,996

**10. TRUSTEES' AND OFFICERS' INSURANCE**

In accordance with normal commercial practice the Academy 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 on any one claim and the cost for the year ended 31 August 2016 which also includes Fidelity, legal protection and employment practices protection, was £1,000 (2015 - £1,000).

ST PAUL'S ACADEMY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2016

14. FUNDS

	Balance at 1 September 2015 £000s	Incoming resources £000s	Resources Expended £000s	Gains and losses and transfers £000s	Balance at 31 August 2016 £000s
<b>Restricted general funds</b>					
General Annual Grant	-	7,385	(7,385)	-	-
Other EFA Grants	-	540	(540)	-	-
Other Government grants . Special educational needs and DSP funding	-	259	(259)	-	-
Other donations and grants	-	75	(75)	-	-
Former sponsorship monies	788	-	-	(521)	267
	<u>788</u>	<u>8,259</u>	<u>(8,259)</u>	<u>(521)</u>	<u>267</u>
Pension Reserve	(1,130)	-	(175)	(1,363)	(2,668)
	<u>(342)</u>	<u>8,259</u>	<u>(8,434)</u>	<u>(1,884)</u>	<u>(2,401)</u>
<b>Restricted fixed asset funds</b>					
Fixed Assets Fund	25,757	-	(636)	521	25,642
<b>Total restricted funds</b>	<u>25,415</u>	<u>8,259</u>	<u>(9,070)</u>	<u>(1,363)</u>	<u>23,241</u>
Total unrestricted funds	1,111	524	(357)	-	1,278
<b>Total funds</b>	<u>26,526</u>	<u>8,783</u>	<u>(9,427)</u>	<u>(1,363)</u>	<u>24,519</u>

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

**General Annual Grant & Other EFA Grants:** Income received from the EFA to cover the normal running costs of the Academy. Under the funding agreement with the Secretary of State, the academy trust was subject to a limit on the amount of GAG that it could carry forward at 31 August 2016. Note 1 discloses whether the limit was exceeded.

**Other EFA Grants:** Income received from the EFA to cover particular aspects of the work of the Academy, including Pupil Premium.

**Education needs:** This comprises funding received to enable the School to provide specialist teaching for children with Special Educational Needs.

**Former sponsorship monies:** This comprises funding received for the work of the School to be utilised in major projects.

**Other Grants:** This comprises funding received for particular educational purposes within the main activities of the School.

**Pensions Reserve:** This fund represents the deficit on the School's defined contribution pension scheme – see Note 22 below.

**Fixed Assets:** This fund reflects the amount of reserves/net assets represented by Fixed Assets. During the year, a transfer was made from former sponsorship monies to reflect the investment in fixed assets during the year.

In addition, **Unrestricted Funds** have been accumulated from surpluses of monies received for the general purposes of the Academy. These are carried forward and may be utilised for any of the Academy's charitable activities.

ST PAUL'S ACADEMY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2016

18. CONTINGENT LIABILITIES

During the period of the Funding Agreement, in the event of the sale or disposal by other means of any asset for which a Government capital grant was received, the Academy is required either to re-invest the proceeds or to repay to the Secretary of State for Children, Schools and Families the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State.

Upon termination of the Funding Agreement, whether as a result of the Secretary of State or the Academy serving notice, the Academy shall repay to the Secretary of State sums determined by reference to:

- the value at that time of the Academy's site and premises and other assets held for the purpose of the Academy; and
- the extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreement.

	2016 £000s	2015 £000s
<b>19. RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	(644)	253
Adjusted for:		
Depreciation	636	720
Reversal of provision for sponsorship monies	-	(788)
Defined benefit scheme cost less contributions payable (note 22)	133	147
Defined benefit scheme finance costs (note 22)	42	41
Interest receivable	(1)	(6)
Decrease/(increase) in debtors	58	(16)
(Decrease)/increase in creditors	57	39
	<u>281</u>	<u>390</u>
<b>20. NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Dividends, interest and rents from investments	1	6
Purchase of tangible fixed assets	(521)	(31)
	<u>(520)</u>	<u>(25)</u>
<b>21. ANALYSIS OF CASH AND CASH EQUIVALENTS</b>		
Cash in hand and at bank	1,534	1,286
Notice deposits (less than 3 months)	351	838
	<u>1,885</u>	<u>2,124</u>

**ST PAUL'S ACADEMY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 AUGUST 2016**

**22. PENSION COSTS (continued)**

**Valuation of the Teachers' Pension Scheme (continued)**

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

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

The pension costs paid to the TPS in the period amounted to £551k (2015: £511k).

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

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust has set out above the information available on the scheme.

**Local Government Pension Scheme**

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £282k (2015: £294k), of which employer's contributions totalled £206k (2015: £219k) and employees' contributions totalled £76k (2015: £90k).

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

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 2016 was £294k (2015: £294k), of which employer's contributions totalled £219k (2015: £219k) and employees' contributions totalled £90k (2015: £90k).

The minimum employer contribution rate for the year beginning 1 April 2016 is 16% (year beginning 1 April 2015 – 16%). The next actuarial valuation of the fund will be carried out as at 31 March 2016 and will set contribution rates for the period 1 April 2017 to 31 March 2020.

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

ST PAUL'S ACADEMY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2016

22. PENSION COSTS (continued)

Local Government Pension Scheme (continued)

Amounts recognised in the statement of financial activity

	2016 £000	2015 £000
Current service cost (net of employee contributions)	(338)	(351)
Net interest cost	(41)	(40)
Administration expenses	(1)	(1)
<b>Total Operating Charge</b>	<b>(380)</b>	<b>(392)</b>
<b>Analysis of pension finance income/ (costs)</b>		
Expected return on pension scheme assets	80	67
Interest on pension liabilities	(121)	(107)
<b>Pension finance income/ (costs)</b>	<b>(41)</b>	<b>(40)</b>

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

	2016 £000s	2015 £000s
Upon conversion	3,004	2,479
Current service cost	338	351
Interest cost	121	107
Contributions by Scheme participants	76	91
Actuarial loss / (gain) on Scheme liabilities	1,592	-
Estimated benefits paid (net of transfers in)	(28)	(24)
<b>At 31 August 2016</b>	<b>5,103</b>	<b>3,004</b>

Movement in the fair value of Academy's share of Scheme assets:

	2016 £000s	2015 £000s
Upon conversion	1,874	1,558
Expected return on Scheme assets	80	67
Actuarial gain/(loss) on Scheme assets	229	(21)
Contributions by the employer	205	204
Contributions by Scheme participants	76	91
Estimated benefits paid (net of transfers in)	(28)	(24)
Administration expenses	(1)	(1)
<b>At 31 August 2016</b>	<b>2,435</b>	<b>1,874</b>

**ST PAUL'S ACADEMY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 AUGUST 2016**

**25. TRANSITION TO FINANCIAL REPORTING STANDARD (FRS) 102 (continued)**

Reconciliations and descriptions of the effect of the transition to FRS 102 and SORP 2015 on total funds and net income/(expenditure) for the comparative period reported under previous UK GAAP and SORP 2005 are given below:

**Reconciliation of total funds**

No re-statements were required.

**Reconciliation of net income/expenditure**

	<b>31 August 2015</b>
	<b>£000s</b>
Net income previously reported under UK GAAP	287
Change in recognition of LGPS interest cost (see below)	(34)
	<hr/>
	<b>253</b>
	<hr/> <hr/>

**Change in recognition of LGPS interest cost**

Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in income/expense. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in income/expense.

There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to reduce the debit to income/expense by £34k and reduce the debit in other recognised gains and losses in the SoFA by an equivalent amount.