



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 2017

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

ST PAUL'S ACADEMY LIMITED

YEAR ENDED 31 AUGUST 2017

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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*
Maureen Clarke
Dr John Crowley
Melanie Fontinelle

Monica Manley* (resigned 10 March 2017)
Councillor Clive Mardner
Councillor Steve Offord*
Anthony Ring
Patrick Winston*
Patricia Worden*
Emily Tudor (appointed 1 January 2017)
Kate Spurling (appointed 1 January 2017)

* = Personnel and Finance committee

Members

Bernie Borland
Maureen Clarke
Monica Manley

Steve Offord
Patricia Worden

Senior managers

. Principal
. Vice Principal
. Assistant Principals

Patrick Winston
Siobhan Malone
Ozan Akif
Aine Allen
Eileen Bryan
Alice Henderson
Daniela Maestri
Anthony Ring
Graham Sidwell
Brian Smyth

Finance Director

Claire Viner (to 31 July 2017)

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

Mission Statement

As a Catholic Academy, established by the trustees of the Archdiocese of Southwark, we seek to create a community, which is characterised by gospel values and the teaching of the Catholic Church. The Academy seeks to serve both the Catholic and the local community, welcoming those who embrace its values and share its quest for excellence.

- To provide opportunities for people to develop the knowledge, skills and wisdom necessary for effective lifelong learning.
- To enable learners to develop their intellectual, social, moral, spiritual and physical potential to the full in order to become proactive members of both the local and wider community.
- To increase aspirations by exploiting educational innovations and opportunities in the best interests of our students and staff.

Vision Statement

Students

St Paul's Academy is a place where parents want to send their children. True comprehensive values are underpinned by a Catholic ethos and an innovative and flexible curriculum. The needs of individual students are met through a curriculum offer which includes vocational and academic courses, fast-tracking, careful monitoring of students and respect for diversity. Increased teaching time and the extended school day, provide students with a secure and safe learning environment in which high standards of respect and behaviour flourish. St. Paul's Academy is dedicated to the development of the spiritual, intellectual, emotional and social growth of the whole person.

The Academy empowers students, motivating them to reach their full potential, with an emphasis on developing autonomous and focused learners. Student opinion is highly valued and articulated through a thriving student forum, which allows students to influence the decision making process of the Academy. Students are encouraged to take responsibility for their own actions, and present themselves as confident, informed and motivated individuals. Healthy life-style choices are encouraged at all times, and regular healthy meals are available.

Students are supported through a pastoral system which is closely linked to the academic curriculum, and which is committed to inclusion. Students benefit from the core values which permeate their whole educational experience; a daily tutor group session provides a real sense of community and students experience consistency throughout their time at the Academy, as each year group is overseen by a single learning area. Students leave the Academy as confident young people, ready to further their education, and with a clear sense of their own worth in the wider community.

Staff

The recruitment and retention of an outstanding teaching and support staff is a top priority of the Academy. A variety of teaching styles and a committed approach to differentiated learning reflect the high expectations and values shared by all members of the Academy community. Staff are role models in all aspects of Academy life and the wide variety of adults working within the institution reflects the diversity of the local community.

The approach to education is holistic and all teachers have academic and pastoral responsibilities; standards of teaching and learning are consistently very high. Team work is essential, and discussion and interaction are key elements in planning and implementing learning strategies and Academy policy.

Teachers are supported by a flexible teaching day, ICT facilities, and a structured approach to staff professional development. Teaching Assistants work very closely with teaching staff and are assigned to specific learning areas.

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.

The Governors present their report together with the financial statements of the charitable company for the year ended 31 August 2017.

The financial statements have been prepared in accordance with the accounting policies on pages 26 to 29 of the attached financial statements, and comply with the charitable company's memorandum and articles of association, the Companies Act 2006, and the requirements of the Statement of Recommended Practice "Accounting and Reporting by Charities" as issued in March 2005 ('SORP 2005').

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academy is a company limited by guarantee with no share capital (registration no. 05210075) and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Academy. Members of the charitable company are nominated by either the Secretary of State for Children, Schools and Families or by The Archdiocese of Southwark, the main sponsors of the Academy. The articles of association require the members of the charitable company to appoint at least four Governors to be responsible for the statutory and constitutional affairs of the charitable company and the management of the 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 £1, for the debts and liabilities contracted before he/she ceases to be a member.

Governors

The Governors are directors of the charitable company for the purposes of the Companies Act 2006 and trustees for the purposes of charity legislation. The Governors who were in office at 31 August 2017 and served throughout the year are listed on page 1.

The number of Governors shall not be less than three but there is no maximum number set. The Academy shall have the following Governors:

- Up to 9 sponsor Governors - appointed by the Principal Sponsor (the Archdiocese of Southwark)
- 1 elected parent Governor – to be elected by the parents of registered pupils at the Academy.
- 1 community Governor

It may also have the following:

- Any co-opted Governor
- Any additional Governor appointed by the Secretary of State
- 2 LEA Governors

The Principal shall be an ex officio member of the Governing Body

During the year under review the Full Governing Body held 3 meetings. The training and induction provided for new Governors will depend on their existing experience. Where necessary induction will provide training on charity and educational legal and financial matters. All new Governors will be given a tour of the Academy and the chance to meet with staff and students. All relevant Governors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Governors. As there are normally only two or three new Governors a year, induction tends to be done informally and is tailored specifically to the individual.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Organisational Structure

The structure consists of three levels: the Governors, Senior Leadership 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 Leadership 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 Leadership 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 Leadership 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 Leadership Team comprise the key management of the School in charge of directing and controlling, running and operating it. Governors, apart from the Principal and the Staff Governors, receive no form of remuneration.

The remuneration of the Principal, Staff Governors and other teaching staff who are members of the Senior Leadership 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 Leadership 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.

OBJECTIVES AND ACTIVITIES (continued)

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

- to ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care;
- to raise the standard of educational achievement of all pupils;
- to improve the effectiveness of the Academy by keeping the curriculum and organisational structure under continual review;
- to provide value for money for the funds expended;
- to comply with all appropriate statutory and curriculum requirements;
- to maintain close links with industry and commerce; and
- to conduct the Academy's business in accordance with the highest standards of integrity, probity and openness.

Strategies and activities

The Academy's main strategy is encompassed in its mission statement which is 'To build a learning community which has access to the best possible teaching facilities and staff'. To this end the activities provided include:

- tuition and learning opportunities for all students to attain appropriate academic qualifications;
- training opportunities for all staff, and especially teaching staff;
- secondments and placing of students with industrial and commercial partners;
- a programme of sporting and after school leisure activities for all students;
- a system of after school clubs to allow students to explore sport and enterprise in a practical and project oriented way;
- a careers advisory service to help students obtain employment or move on to higher education.

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 2016/17. 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)

Oversubscription criteria 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

ACHIEVEMENTS AND PERFORMANCE

St Paul's Academy are pleased to report on the successful and well deserved examination results of our students.

This is the first year the Reformed GCSE specifications for Mathematics and English have been assessed. All schools across the UK have experienced the implementation of teaching the more rigorous and challenging content of these Reformed GCSEs which have a higher threshold of achievement. We are delighted to announce that 76.1% of students achieved a 4 or above in Mathematics, 71.7% in English Literature and 70% in English Language. This means that we can report that 68% of our students achieved the expected 4 and above in English and Mathematics. Early indications show that these results are significantly above the national average. These results will also provide us with the confidence to successfully embed the other Reformed GCSE courses in September and will enable us to build on the proven success of accurately tracking pupil progress.

There are many curriculum areas that have achieved amazing results. 100% of students who sat the ICT qualification in Year 11 received a Pass, Merit, Distinction or Distinction*. We are also delighted to report 100% A* – C results in Physics and Biology, with 95.2% in Chemistry. In our first year of introducing Statistics, a most creditable 72% of students received A* – C grades. Religious Studies and History have produced yet another set of excellent results, outperforming their national average.

Such high quality results are testament to the dedication of our staff to the students at St. Paul's Academy. One of the outstanding strengths of our school is the aspirational and hardworking ethos that is promoted by staff, embraced by students and supported by families. The opportunities to attend holiday and Saturday booster sessions and to sit Walking Talking Mocks have been of enormous benefit. The exam season this year was one of the best on school record in terms of preparation from staff and in terms of student confidence. Our students' motivation and self-esteem have been boosted throughout the year, not only in curriculum areas but by the Inclusion Learning Zone, the Raising Standards team and pastoral staff in preparing them not only for the exams but for their Post - 16 pathways.

We continue to value our belief in the merits of early entry qualifications and advocate students sitting exams early when appropriate and where possible which is borne out by a fantastic 100% of the Year 10 cohort who sat their Mathematics achieving a 4 or above. The picture was similar in PE where 97% of students achieved a C or above. 68% of students achieved a 4 or above in English Language, in line with the Year 11 result which is significantly above national average. This provides the majority of the year group the opportunity in English to focus solely on their Literature paper. As we further embed the Reformed GCSE course, we can forecast excellent results in this subject next year. In Mathematics, every single early entry student will now be able to prepare for a further qualification in Mathematics, which is a great opportunity for them especially in preparing for possible further study in their Post -16 pathway.

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 2017 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 OFSTED visit in June 2017.

KEY PERFORMANCE INDICATORS

The key performance indicators reviewed by the governors in Finance & Resources committee meetings include income from the ESFA (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.

ST PAUL'S ACADEMY LIMITED

REPORT OF THE GOVERNORS 31 AUGUST 2017 (continued)

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 £2,219,000.

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.

Risk management (continued)

The top three major risks that the Academy could potentially face are:

1. Reduction in income : this could be due to either (i) an overall reduction in government funding for Education or (ii) a fall in student numbers.
 - (i) With careful year on year budgeting leaving an in-year surplus we hope to be able to mitigate any small reduction in funding; however, this would be a major cause for concern. The school funding reform has been put back to 2018, however this should subsequently ensure some stability for a couple of years.
 - (ii) The Academy itself and our current students are testimony in themselves to the exceptional educational offer available. On top of that, our Principal spends time marketing our Academy to all of the local Primary Schools, we hold weekly sports events for local Primary School children and our PE staff visit local Primary Schools weekly for sports coaching sessions which all in turn help to promote St Paul's.
2. Admissions : As I (ii) above. Fortunately year on year St Paul's is oversubscribed but without being complacent we continue our work promoting the Academy.
3. Teachers Pensions Deficit – this continues to grow year on year causing a deficit in our accounts. Whilst this is not a “true” reflection of our position, as it would only come to fruition were all of our staff to retire at the same time, it is a worrying figure. We are not able to mitigate this directly as it is out of our hands, but we are aware that around 2019 Employers Contributions to the scheme will again be increasing by 3-4%.

FINANCIAL REVIEW

Financial report for the year

Most of the Academy's income is obtained from the Education and Skills Funding Agency (ESFA) in the form of recurrent grants, most of which are restricted to educational purposes. The grants received from the ESFA during the year ended 31 August 2017 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The Academy also receives grants for fixed assets from the ESFA. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2005), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the year ended 31 August 2017 total expenditure of £9,752,000 (2016: £9,427,000) was met by recurrent grant funding from the ESFA together with other incoming resources. The excess of expenditure over income for the year (excluding restricted fixed asset funds and transfers to restricted fixed asset funds) was £602,000 (2016: £644,000).

At 31 August 2017 the net book value of fixed assets was £25,760,000 (2016: £25,642,000). Movements in tangible fixed assets are shown in note 11 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

The London Borough of Greenwich Pension Fund, in which the Academy participates, showed a deficit of £2,219,000 at 31 August 2017 (2016: £2,668,000). Of this sum, £85,000 was inherited by St Paul's Academy from the London Borough of Greenwich on 1 September 2005, the date the local authority's staff transferred to employment with the Academy.

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 £750,000 (2016: £700,000). 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 £1,192,000 (2016: £1,278,000). The Governors expect to utilise the excess in reserves in the next year.

Financial position

The Academy held fund balances at 31 August 2017 of £24,733,000 (2016: £24,519,000). This includes £23,541,000 (2016: £23,241,000) of restricted funds, being £25,760,000 (2016: £25,642,000) in respect of fixed assets and negative reserves in connection with the deficit on pension schemes of £2,219,000 (2016: £2,668,000). Unrestricted general funds stood at £1,192,000 (2016: £1,278,000). It is hoped that the deficit on the pension scheme will be made good by recoveries in investment values over time. The Academy held no other Restricted General Funds at the end of August 2017 (2016: £267,000).

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.

PLANS FOR FUTURE PERIODS

The Academy will continue striving to improve the levels of performance of its students at all levels and will continue its efforts to ensure its students get jobs or a place in higher education once they leave.

The Academy provides opportunities for a technological education to all students. The Academy has established links with the local and wider community with direct access to the Academy's facilities, curricular materials and the expertise of Academy staff.

Information provided to auditors

The Governors confirm that so far as they are aware, there is no relevant audit information of which the charitable company's auditors are unaware. They have taken all the steps that they ought to have taken as Governors in order to make themselves aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

AUDITORS

The auditors, Wilkins Kennedy LLP, are willing to continue in office and a resolution to appoint them will be proposed at the Annual General Meeting.

The report of the Governors was approved by the Governors on 22nd November 2017 and signed on their behalf by:



Bernie Borland
Chair

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 and Skills 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:-

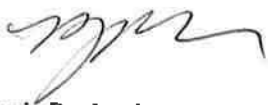
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material 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 ESFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the Governing Body on 22nd November 2017 and signed on its behalf by:-



Bernie Borland
Chair

GOVERNANCE STATEMENT

Scope of Responsibility

As Governors, we acknowledge we have overall responsibility for ensuring that St Paul' 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 Governing Body has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between St Paul's Academy Trust and the Secretary of State for Education. The Principal is also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

Governance

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

Governor	Meetings attended	Out of a possible
Bernie Borland	3	3
Patricia Worden	3	3
Kate Spurling	3	3
John Crowley	3	3
Melanie Fontinelle	1	3
Clive Mardner	1	3
Emily Tudor	2	3
Tony Ring	0	1
Patrick Winston	3	3
Steve Offord	3	3
Monica Manley	1	2
Tom Arkins	2	3
Maureen Clark	2	3

The Personnel and Finance Committee is a sub-committee of the main governing body. Its purpose is to oversee financial management ensuring probity, agree budgets and discuss any HR or payroll issues. Attendances at meetings in the year were as follows:

Governor	Meetings attended	Out of a possible
Patricia Worden	3	3
Patrick Winston	3	3
Steve Offord	3	3
Bernie Borland	3	3
Monica Manley	1	2

- The School's OFSTED Report: June 2017 states: The Governors provide thoughtful challenge and support. They are ambitious for all pupils to succeed.
- There are three committees of Governors:-
 - School Improvement: focus on the curriculum & academic standards.
 - Management of Students: focus on the wellbeing & pastoral care of students.
 - Finance & Resources: monitoring of financial resources & maintenance of the building.
- The committees meet every term and feed into the meeting with the Full Governing Body.
- In the school SEF: October 2016, Leadership & Governance was rated as *Outstanding*. The Governing Body will always contribute to the SEF.
- Members of the Governing Body attend meetings that are organised by both the Diocese and the Local Authority.
- During the last year Kate Spurling and Emily Tudor have joined the Governing Body as Staff Representatives.

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 2017 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 2017 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

GOVERNANCE STATEMENT (continued)

The Risk and Control Framework (continued)

The Governing Body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Governors have appointed David Clark FCA as Responsible Officer (RO). The RO's role includes giving advice on financial matters and performing a range of checks on the academy Trust's financial systems. On a quarterly basis, the RO reports to the Governing Body on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities. All planned work was carried out and no material control issues were discovered.

Review of Effectiveness


As Accounting Officer, (the Principal) has responsibility for reviewing the effectiveness of the system of internal control. During the period in question, the review has been informed by:-

- the work of the Responsible Officer;
- 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 Finance and Resources Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Governing Body on 22nd November 2017 and signed on its behalf by:


.....
Bernie Borland
Chair


.....
Patrick Winston
Accounting Officer

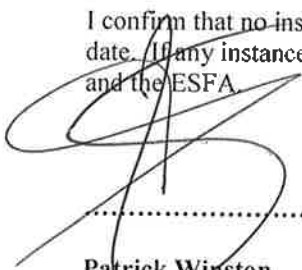
ST PAUL'S ACADEMY LIMITED

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE 31 AUGUST 2017

As Accounting Officer of St Paul's Academy I have considered my responsibility to notify the Academy Trust Governing Body and the Education and Skills Funding Agency 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. 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 ESFA.



.....
Patrick Winston
Accounting Officer

22nd November 2017

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ST PAULS ACADEMY

Opinion

We have audited the accounts of St Paul's Academy Trust for the year ended 31 August 2017 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the notes to the accounts, 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, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice), the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

In our opinion the accounts:

- give a true and fair view of the state of the charitable company'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;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017.

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 accounts' 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 accounts 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 directors' use of the going concern basis of accounting in the preparation of the accounts is not appropriate; or
- the directors have not disclosed in the accounts 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 accounts are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the accounts and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the accounts 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 accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts 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 accounts or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the Directors' Report including the incorporated strategic report for the financial year for which the accounts are prepared is consistent with the accounts; and
- the Directors' Report including the incorporated strategic report have been prepared in accordance with applicable legal requirements.

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

Matters on which we are required to report by exception

In the light of the 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 Directors' Report, including the incorporated strategic report

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

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, the directors 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 directors either intend to liquidate the charitable company, 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 accounts 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 accounts.

A further description of our responsibilities for the audit of the accounts is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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

**Catherine Cooper (Senior Statutory Auditor)
for and on behalf of Wilkins Kennedy LLP
Chartered Accountants
Statutory Auditor**

W. Kennedy

Greytown House
221-227 High Street
Orpington
BR6 0NZ

22nd November 2017

INDEPENDENT AUDITORS' REPORT TO THE GOVERNING BODY OF ST PAUL'S ACADEMY AND THE EDUCATION AND SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 27 July 2015 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by St Paul's Academy 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 St Paul's Academy and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the St Paul's Academy 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 St Paul's Academy and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of the Academies Accounting Officer and Auditors

The accounting officer is responsible, under the requirements of St Paul's Academy's funding agreement with the Secretary of State for Education dated 21 August 2013 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 period 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 the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including high level financial control areas and areas assessed of presenting a higher risk of impropriety. We undertook detailed testing, based on our assessment of risk of material irregularity, where such controls, policies and procedures apply to classes of transactions. This work was integrated with our audit on the financial statements to the extent evidence from the conduct of that audit supports the regularity conclusion as well as additional testing based on our assessment of risk of material irregularity.

**INDEPENDENT AUDITORS' REPORT TO THE GOVERNING BODY OF
ST PAUL'S ACADEMY AND THE EDUCATION AND SKILLS 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 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.



Reporting Accountant

Wilkins Kennedy LLP

Greytown House

221-227 High Street

Orpington

Kent BR6 0NZ

Date: 22nd November 2017

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 AUGUST 2017

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2017 £000	Total 2016 £000
Income from						
Donations and capital grants	2	105	-	425	530	54
Charitable activities						
Funding for the Academy's educational operations	3	-	8,201	-	8,201	8,259
Activities for generating funds	4	419	-	-	419	469
Investments - bank deposits	5	-	-	-	-	1
Total income		<u>524</u>	<u>8,201</u>	<u>425</u>	<u>9,150</u>	<u>8,783</u>
Expenditure on	6 & 7					
Raising funds		-	-	-	-	-
Charitable activities						
Academy's educational operations		464	8,568	694	9,726	9,408
Other		26	-	-	26	19
Total expenditure		<u>490</u>	<u>8,568</u>	<u>694</u>	<u>9,752</u>	<u>9,427</u>
Net income/(expenditure) before transfers		34	(367)	(269)	(602)	(644)
Transfers between funds		(120)	(267)	387	-	-
Other recognised gains and losses						
Actuarial (losses)/ gains on defined benefit pension schemes		-	816	-	816	(1,363)
Net movement in funds		<u>(86)</u>	<u>182</u>	<u>118</u>	<u>214</u>	<u>(2,007)</u>
Total funds brought forward at 1 September 2016		<u>1,278</u>	<u>(2,401)</u>	<u>25,642</u>	<u>24,519</u>	<u>26,526</u>
Funds carried forward at 31 August 2017		<u><u>1,192</u></u>	<u><u>(2,219)</u></u>	<u><u>25,760</u></u>	<u><u>24,733</u></u>	<u><u>24,519</u></u>

- All of the Academy's activities derive from continuing operations during the period.
- All recognised gains and losses are included in the Statement of Financial Activities.

ST PAUL'S ACADEMY LIMITED

STATEMENT OF FINANCIAL ACTIVITIES – PRIOR YEAR

FOR THE YEAR ENDED 31 AUGUST 2016

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2016 £000
Income from					
Donations and capital grants	2	54	-	-	54
Charitable activities					
Funding for the Academy's educational operations	3	-	8,259	-	8,259
Activities for generating funds	4	469	-	-	469
Investments - bank deposits	5	1	-	-	1
Total income		<u>524</u>	<u>8,259</u>	<u>-</u>	<u>8,783</u>
Expenditure on	6 & 7				
Raising funds		-	-	-	-
Charitable activities					
Academy's educational operations		338	8,434	636	9,408
Other		19	-	-	19
Total expenditure		<u>357</u>	<u>8,434</u>	<u>636</u>	<u>9,427</u>
Net incoming/(outgoing) resources before transfers		167	(175)	(636)	(644)
Transfers between funds		-	(521)	521	-
Other recognised gains and losses					
Actuarial (losses)/ gains on defined benefit pension schemes		-	(1,363)	-	(1,363)
Net movement in funds		167	(2,059)	(115)	(2,007)
Total funds brought forward at 1 September 2015		1,111	(342)	25,757	26,526
Funds carried forward at 31 August 2016		<u>1,278</u>	<u>(2,401)</u>	<u>25,642</u>	<u>24,519</u>

BALANCE SHEET

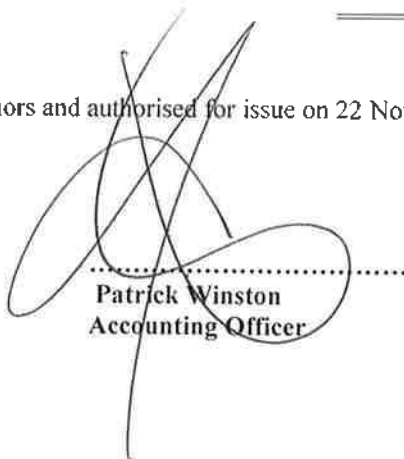
AS AT 31 AUGUST 2017

	Note	2017 £000s	2016 £000s
Fixed assets			
Tangible assets	11	25,760	25,642
Current assets			
Debtors	12	166	115
Cash at bank and in hand		1,348	1,885
		1,514	2,000
Current liabilities			
Creditors: Amounts falling due within one year	13	(322)	(155)
Net current assets		1,192	1,545
Total assets less current liabilities		26,952	27,187
Defined benefit pension scheme liability	22	(2,219)	(2,668)
Total net assets		24,733	24,519
Funds			
<i>Income funds</i>			
Restricted funds			
. Fixed asset fund	14	25,760	25,642
. Restricted income fund	14	-	267
. Pension reserve	14,22	(2,219)	(2,668)
Total restricted funds		23,541	23,241
Unrestricted funds		1,192	1,278
Total funds		24,733	24,519

The financial statements were approved by the Governors and authorised for issue on 22 November 2017 and signed on their behalf by



Patricia Worden
Chair



Patrick Winston
Accounting Officer

ST PAUL'S ACADEMY LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2017

	Notes	2017 £000s	2016 £000s
Cash flows from operating activities			
Net cash provided by (used in) operating activities	19	251	281
Cash flows from investing activities		-	-
Cash flows from financing activities	20	(788)	(520)
Change in cash and cash equivalents		<u>(537)</u>	<u>(239)</u>
Cash and cash equivalents at 1 September 2016	21	1,885	2,124
Cash and cash equivalents at 31 August 2017	21	<u>1,348</u>	<u>1,885</u>

ST PAUL'S ACADEMY LIMITED

PRINCIPAL ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 AUGUST 2017

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.

St Paul's Academy meets the definition of a public benefit entity under FRS 102.

Going Concern

The trustees assess whether the use of going concern is appropriate; that is 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 has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Income

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

- **Grants**

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

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

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

- **Sponsorship Income**

Sponsorship income provided to the Academy 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.

ST PAUL'S ACADEMY LIMITED

PRINCIPAL ACCOUNTING POLICIES (continued)

FOR THE YEAR ENDED 31 AUGUST 2017

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.

FOR THE YEAR ENDED 31 AUGUST 2017

Financial Instruments

The Academy 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 amortised cost as detailed in note 12. Prepayments are not financial instruments. Cash at bank – is classified as a basic financial instrument and is measured at face value.

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 13. 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

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

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

Leased Assets

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

Taxation

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

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

Pensions Benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 22, 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.

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

FOR THE YEAR ENDED 31 AUGUST 2017

Pensions Benefits (continued)

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 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 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.

Fund Accounting

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

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

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

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 deprecation 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.

FOR THE YEAR ENDED 31 AUGUST 2017

1 GENERAL ANNUAL GRANT (GAG)

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

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

2. DONATIONS AND CAPITAL GRANTS

	Unrestricted Funds £000	Restricted Funds £000	2017 Total £000	2016 Total £000
ESFA Capital Grant	-	24	24	-
Parental Contributions	76	-	76	32
School Pitches - Capital Grant	-	401	401	-
Other	29	-	29	22
	<u>105</u>	<u>425</u>	<u>530</u>	<u>54</u>

3. FUNDING FOR THE ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted Funds £000	Restricted Funds £000	2017 Total £000	2016 Total £000
General Annual Grant (GAG)	-	7,428	7,428	7,385
Other DfE/ESFA grants	-	535	535	540
	<u>-</u>	<u>7,963</u>	<u>7,963</u>	<u>7,925</u>
Local Authority grants	-	197	197	228
Special educational grants	-	-	-	31
National College for Teaching & Leadership	-	41	41	75
	<u>-</u>	<u>8,201</u>	<u>8,201</u>	<u>8,259</u>

4. ACTIVITIES FOR GENERATING FUNDS

	Unrestricted Funds £000	Restricted Funds £000	2017 Total £000	2016 Total £000
Catering	272	-	272	278
Room and pitch hire	17	-	17	10
School supplies and re-charges	97	-	97	152
Other	33	-	33	29
	<u>419</u>	<u>-</u>	<u>419</u>	<u>469</u>

ST PAUL'S ACADEMY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2017

5. INVESTMENT INCOME

	Unrestricted Funds £000	Restricted Funds £000	2017 Total £000	2016 Total £000
Interest on short-term deposits	-	-	-	1

6. EXPENDITURE

	Staff Costs £000s	Non-pay expenditure			Total 2017 £000s	Total 2016 £000s
		Premises £000s	Deprec- iation £000s	Other costs £000s		
Expenditure on raising funds						
Academy's educational operations						
Direct costs	5,793	-	628	1,014	7,435	7,354
Support costs	1,413	473	42	363	2,291	2,054
Other charitable costs	-	-	-	26	26	19
	<u>7,206</u>	<u>473</u>	<u>670</u>	<u>1,403</u>	<u>9,752</u>	<u>9,427</u>

Net income/(expenditure) for the year includes:

Depreciation	670	636
Fees payable to the auditor for		
- Audit	10	10
- Other services	2	-
Operating leases – equipment & motor vehicles	11	11

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2017

7. EXPENDITURE ON CHARITABLE ACTIVITIES

	2017 £000s	2016 £000s
Direct costs - educational operations	7,435	7,354
Support costs - educational operations	2,291	2,054
Direct costs - charitable donations	26	19
	<u>9,752</u>	<u>9,427</u>
Analysis of support costs		
Support staff costs	1,413	1,223
Depreciation	42	42
Premises costs	473	430
Catering costs	148	146
Other support costs	202	200
Governance costs	13	13
	<u>2,291</u>	<u>2,054</u>

8. STAFF

a Staff Costs

Wages and salaries	5,479	5,510
Social security costs	555	495
Contributions to Teachers' Pension Scheme	563	551
Operating costs of defined benefit pension schemes	585	380
Apprenticeship levy	5	-
	<u>7,187</u>	<u>6,936</u>
Staff restructuring costs - compensation payments on retirement (Severance payment – 1 employee - £18,589)	19	-
	<u>7,206</u>	<u>6,936</u>

b Staff numbers

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

Teachers	No. 91	No. 91
Administration and support	78	85
Management	11	11
	<u>180</u>	<u>187</u>

c Higher paid staff

£60,001 - £70,000	No. 4	No. 5
£70,001 - £80,000	2	1
£80,001 - £90,000	1	1
£150,001 - £160,000	1	1

The key management personnel of the Academy comprise the trustees and the senior management team as listed on page 1.

Key management personnel

The total amount of employee benefits (including employer pension contributions) received by the key management personnel for their services to the Academy was £922k (2016: £897k).

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 2017	Amount 2016
P Winston (Principal)		
Basic	£120,001 to £130,000	£155,000 - £160,000
Employer's Pension Contributions	£20,00 to £25,000	£25,000 - £30,000
A Ring (Staff Trustee)		
- Remuneration	£20,001 to £25,000	£70,000 - £80,000
- Employer's Pension Contributions	£1 to £5,000	£10,000 - £15,000
E Tudor (Staff Trustee)		
- Remuneration	£70,000 to £75,000	
- Employer's Pension Contributions	£10,00 to £15,000	
K Spurling (Staff Trustee)		
- Remuneration	£45,000 to £50,000	
- Employer's Pension Contributions	£5,000 to £10,000	
E Bishop (Staff Trustee)		
- Remuneration	£45,000 to £50,000	£25,000 - £30,000
- Employer's Pension Contributions	£5,000 to £10,000	£Nil - £5,000

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 2017 which also includes Fidelity, legal protection and employment practices protection, was £1,000 (2016 - £1,000).

ST PAUL'S ACADEMY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2017

11. TANGIBLE FIXED ASSETS

	School Building (Leasehold) £000s	Furniture, fittings & equipment £000s	Total £000s
Cost			
At 1 September 2016	29,398	1,720	31,118
Additions	773	15	788
At 31 August 2017	<u>30,171</u>	<u>1,735</u>	<u>31,906</u>
Depreciation			
At 1 September 2016	3,860	1,616	5,476
Charged in year	628	42	670
At 31 August 2017	<u>4,488</u>	<u>1,658</u>	<u>6,146</u>
Net book values			
At 31 August 2017	<u>25,683</u>	<u>77</u>	<u>25,760</u>
At 31 August 2016	<u>25,538</u>	<u>104</u>	<u>25,642</u>
The Academy's transactions relating to land and buildings included:			
Cost of acquisition of Portakabin	137		
Cost of acquisition of Sports Pitches	636		
	<u>773</u>		

	2017 £000s	2016 £000s
12. DEBTORS		
Grants receivable	140	96
VAT recoverable	23	17
Prepayments and accrued income	3	2
	<u>166</u>	<u>115</u>

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

Taxation and social security	144	151
Other creditors	4	22
Accruals and deferred income	174	191
Accruals for additions to tangible fixed assets	-	91
	<u>322</u>	<u>455</u>
Deferred Income		
Deferred income at 1 September 2016	46	45
Resources deferred in the year	14	46
Amounts released from previous year	(46)	(45)
Deferred income at 31 August 2017	<u>14</u>	<u>46</u>

At the balance sheet date the Academy Trust was holding funds received in advance for Devolved Formula Capital Grant.

ST PAUL'S ACADEMY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2017

14. FUNDS

	Balance at 1 September 2016 £000s	Incoming resources £000s	Resources Expended £000s	Gains and losses and transfers £000s	Balance at 31 August 2017 £000s
Restricted general funds					
General Annual Grant	-	7,428	(7,428)	-	-
Other ESFA Grants	-	535	(535)	-	-
Other Government grants					
. Special educational needs and DSP funding	-	197	(197)	-	-
Other donations and grants	-	41	(41)	-	-
Former sponsorship monies	267	-	-	(267)	-
	<u>267</u>	<u>8,201</u>	<u>(8,201)</u>	<u>(267)</u>	<u>-</u>
Pension Reserve	(2,668)	-	(367)	816	(2,219)
	<u>(2,401)</u>	<u>8,201</u>	<u>(8,568)</u>	<u>549</u>	<u>(2,219)</u>
Restricted fixed asset funds					
DfE/ESFA capital grants	-	24	(24)	-	-
Fixed Assets Fund	25,642	401	(670)	387	25,760
	<u>23,241</u>	<u>8,626</u>	<u>(9,262)</u>	<u>936</u>	<u>23,541</u>
Total restricted funds	<u>23,241</u>	<u>8,626</u>	<u>(9,262)</u>	<u>936</u>	<u>23,541</u>
Total unrestricted funds	1,278	524	(490)	(120)	1,192
	<u>1,278</u>	<u>524</u>	<u>(490)</u>	<u>(120)</u>	<u>1,192</u>
Total funds	<u>24,519</u>	<u>9,150</u>	<u>(9,752)</u>	<u>816</u>	<u>24,733</u>

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

General Annual Grant & Other ESFA Grants: Income received from the ESFA 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 2017. Note 1 discloses whether the limit was exceeded.

Other ESFA Grants: Income received from the ESFA 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. The balance on the Fund was used in the year to finance part of the acquisition of sports pitch facilities.

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.

FOR THE YEAR ENDED 31 AUGUST 2017

14. FUNDS (continued)

SUMMARY OF FUNDS - YEAR ENDED 31 AUGUST 2016

	Balance at 1 September 2015 £000s	Incoming resources £000s	Resources Expended £000s	Gains and losses and transfers £000s	Balance at 31 August 2016 £000s
Restricted general funds					
General Annual Grant	-	7,385	(7,385)	-	-
Other ESFA 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>
Restricted fixed asset funds					
Fixed Assets Fund	25,757	-	(636)	521	25,642
	<u>25,415</u>	<u>8,259</u>	<u>(9,070)</u>	<u>(1,363)</u>	<u>23,241</u>
Total restricted funds	25,415	8,259	(9,070)	(1,363)	23,241
Total unrestricted funds	1,111	524	(357)	-	1,278
	<u>26,526</u>	<u>8,783</u>	<u>(9,427)</u>	<u>(1,363)</u>	<u>24,519</u>

15. ANALYSIS OF NET ASSETS BETWEEN FUNDS

Fund balances at 31 August 2017 are represented by:

	Unrestricted Funds £000s	Restricted General Funds £000s	Restricted Fixed asset Fund £000s	Total £000s
Tangible fixed assets	-	-	25,760	25,760
Current assets	1,514	-	-	1,514
Current liabilities	(322)	-	-	(322)
Pension scheme liability	-	(2,219)	-	(2,219)
	<u>1,192</u>	<u>(2,219)</u>	<u>25,760</u>	<u>24,733</u>

ST PAUL'S ACADEMY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2017

16. CAPITAL COMMITMENTS

At 31 August 2017 the Academy had the following Capital commitments:

	2017	2016
	£000s	£000s
Authorised and contracted for	-	682
	<u> </u>	<u> </u>

17. LEASE 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
	£000s	£000s
Amounts due within one year	15	11
Amounts due after five years	31	33
Amounts due between one and five years	-	-
	<u> </u>	<u> </u>
	<u> </u>	<u> </u>
	46	44

ST PAUL'S ACADEMY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2017

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.

	2017 £000s	2016 £000s
19. RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES		
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	(602)	(644)
Adjusted for:		
Depreciation	670	636
Defined benefit scheme cost less contributions payable (note 22)	309	133
Defined benefit scheme finance costs (note 22)	58	42
Interest receivable	-	(1)
Decrease/(increase) in debtors	(51)	58
(Decrease)/increase in creditors	(133)	57
	<u>251</u>	<u>281</u>
20. NET CASH FLOWS FROM INVESTING ACTIVITIES		
Dividends, interest and rents from investments	-	1
Purchase of tangible fixed assets	(788)	(521)
	<u>(788)</u>	<u>(520)</u>
21. ANALYSIS OF CASH AND CASH EQUIVALENTS		
Cash in hand and at bank	1,276	1,534
Notice deposits (less than 3 months)	72	351
	<u>1,348</u>	<u>1,885</u>

22. PENSION COSTS

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 London Borough of Greenwich. Both are multi-employer defined benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and that of the LGPS related to the period ended 31 March 2016.

Pension contributions outstanding at the end of the financial year were £103k (2016: £101k).

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

The key elements of the valuation and subsequent consultation are:

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

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 2016.

The pension costs paid to the TPS in the period amounted to £563k (2016: £551k).

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 2017 was £296k (2016: £282k), of which employer's contributions totalled £214k (2016: £206k) and employees' contributions totalled £82k (2016: £76k).

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 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 2019 and will set contribution rates for the period 1 April 2020 to 31 March 2023.

ST PAUL'S ACADEMY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2017

22. PENSION COSTS (continued)
Local Government Pension Scheme (continued)

Principle Actuarial assumptions:

	At 31 August 2017	At 31 August 2016
Rate of increase in salaries	4.2%	3.8%
Rate of increase for pensions in payment/inflation	2.7%	2.3%
Discount rate for scheme liabilities	2.6%	2.2%
Inflation assumption (CPI)	2.7%	2.3%
Commutation of pensions to lump sums	50%	50%

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

	At 31 August 2017	At 31 August 2016
<i>Retiring today</i>		
Males	22.6	23.8
Females	24.7	25.0
<i>Retiring in 20 years</i>		
Males	24.8	26.1
Females	27.0	27.3

The Academy's share of the assets and liabilities in the scheme and the expected rate of return were:-

	Value at 31 August 2017	Value at 31 August 2016
	£000	£000
UK Equities	278	82
Overseas Equities	-	445
Other Bonds	533	456
Property	288	290
Cash	30	47
Unitised Insurance Policies	1,306	538
UK & Overseas Unit Trusts	492	577
Total market value of assets	2,927	2,435
Present value of scheme liabilities	(5,146)	(5,103)
Surplus/(deficit) in the scheme	(2,219)	(2,668)

The return on the Fund (on a bid value basis) for the year to 31 August 2017 is estimated to be 9%. The actual return on Fund assets over the year may be different.

		2017	2016
Discount rate	+0.1%	(128)	(122)
	-0.1%	131	125
Salary increase	+0.1%	11	21
	-0.1%	(18)	(21)
Pension increase	+0.1%	111	104
	-0.1%	(109)	(101)

ST PAUL'S ACADEMY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2017

22. PENSION COSTS (continued)

Local Government Pension Scheme (continued)

Amounts recognised in the statement of financial activity

	2017 £000	2016 £000
Current service cost (net of employee contributions)	(522)	(338)
Net interest cost	(57)	(41)
Administration expenses	(2)	(1)
Total Operating Charge	(581)	(380)
Analysis of pension finance income/ (costs)		
Expected return on pension scheme assets	56	80
Interest on pension liabilities	(113)	(121)
Pension finance income/ (costs)	(57)	(41)

Changes in the present value of defined obligations were as follows:	2017 £000s	2016 £000s
Opening defined benefit obligation	5,103	3,004
Current service cost	523	338
Interest cost	113	121
Contributions by Scheme participants	82	76
Actuarial loss / (gain) on Scheme liabilities	(647)	1,592
Estimated benefits paid (net of transfers in)	(28)	(28)
At 31 August 2017	5,146	5,103

Movement in the fair value of Academy's share of Scheme assets:	2017 £000s	2016 £000s
Opening fair value of Scheme assets	2,435	1,874
Expected return on Scheme assets	56	80
Actuarial gain/(loss) on Scheme assets	170	229
Contributions by the employer	214	205
Contributions by Scheme participants	82	76
Estimated benefits paid (net of transfers in)	(28)	(28)
Administration expenses	(2)	(1)
At 31 August 2017	2,927	2,435

ST PAUL'S ACADEMY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2017

23. 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 £1 for the debts and liabilities contracted before he/she ceases to be a member.

24. RELATED PARTY TRANSACTIONS

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

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 9.

