

**ST. MARK'S WEST ESSEX CATHOLIC SCHOOL**

**(A Company Limited by Guarantee)**

**TRUSTEES REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 AUGUST 2018**

**ST. MARK'S WEST ESSEX CATHOLIC SCHOOL**

**(A Company Limited by Guarantee)**

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**ST. MARK'S WEST ESSEX CATHOLIC SCHOOL**

**(A Company Limited by Guarantee)**

**REFERENCE AND ADMINISTRATIVE DETAILS  
FOR THE YEAR ENDED 31 AUGUST 2018**

<b>Members</b>	The Right Reverend A Williams The Brentwood Diocesan Trust Mrs M Hicks
<b>Trustees</b>	Miss E Heaphy, Headteacher Mrs N Balloqui, Foundation Governor Mrs J Delves, Community Governor Mr N Ehigie-Obano, Foundation Governor, Chair of Audit Committee Mrs R Harding, Staff Governor (resigned 29 March 2018) Mrs K Hay, Chair of Curriculum and Pupils, Chair of Admissions, Foundation Governor Mrs M Hicks, Chair of Canteen, Foundation Governor, Chair of Governors Mrs P Plowman, Community Governor Father B Soley, Foundation Governor Mr S Gleeson, Foundation Governor Mr J Collins, Foundation Governor (appointed 4 January 2018)
<b>Company registered number</b>	07694563
<b>Company name</b>	St. Mark's West Essex Catholic School
<b>Registered and principal office</b>	Tripton Road Harlow Essex CM18 6AA
<b>Company Secretary</b>	Mr P Walsh (resigned 31 August 2018) Ms O Akinsanmi (appointed 1 September 2018)
<b>Chief Executive Officer</b>	Miss E Heaphy
<b>Senior Leadership Team</b>	Miss E Heaphy, Headteacher Mr P Walsh Mr B McCarthy Mr J Taylor
<b>Independent Auditors</b>	Price Bailey LLP Chartered Accountants Causeway House 1 Dane Street Bishop's Stortford Hertfordshire CM23 3BT
<b>Bankers</b>	Lloyds TSB East Gate Harlow PO BOX 1000 BX1 1LT

# ST. MARK'S WEST ESSEX CATHOLIC SCHOOL

(A Company Limited by Guarantee)

## TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2018

The Governors present their Annual Report together with the financial statements and Auditor's Report of St Mark's West Essex Catholic School (the Academy, the Trust or the Charitable Company) for the year ended 31 August 2018. The Annual Report serves the purposes of both a Governors' Report, and a Directors' Report under company law.

The Trust operates an Academy School for pupils aged 11 to 18 serving a catchment area in Harlow. It has a pupil capacity of 800 for year 7 to 11 plus the Sixth Form and had a roll of 829 and a Sixth Form of 158 (987 in total) in the 2018 autumn school census.

### **Structure, Governance and Management**

The Academy is a company limited by guarantee and an exempt charity. The Charitable Company's Memorandum and Articles of Association are its primary governing documents. The Governors of the Charitable Company are also the Directors for the purposes of company law. The terms Trustee, Director and Governor are interchangeable. The Charitable Company is known as St Mark's West Essex Catholic School (the School).

Details of the Governors who served during the year are included in the Reference and Administrative Details section.

### **Members' Liability**

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

### **Governors and Officers' Indemnities**

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 £1,000,000 on any one claim and details of the costs are disclosed in Note 1 to the accounts.

### **Method of Recruitment and Appointment or Election of Governors**

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

Governors are appointed for a fixed term; the Foundation Governors being appointed by the Diocese. The Headteacher is an ex officio Member of the Governing Body. Parent Governors and the staff Governors are elected to office or appointed if there are insufficient candidates offering themselves for election. The Articles of Association make provision for 20 Governors (11 Foundation, 4 Parents, 2 staff, 2 others plus the Headteacher).

### **Policies and Procedures Adopted for the Induction and Training of Governors**

The Charitable Company is committed to providing adequate opportunities for Governors to undertake and receive suitable training so as to enable them to perform their role effectively. To this end the School provides access to an internal programme continued professional development led by School staff and links with a number of local training providers.

All new Governors are entitled to an induction to the role, according to their need, which may include, introductory sessions, mentoring and formal courses. This process will involve a meeting with the Chair of Governors and Headteacher followed by a tour of the School. All Governors are provided with a handbook plus copies of policies and procedures documents that are appropriate to the role they undertake as Governors. Each Governor is automatically a Member of all committees, but will be asked to indicate a specific committee in which they have a particular interest to ensure that each committee has a regular core membership.

### **Organisational Structure**

The governance of the Academy is defined in the Memorandum and Articles of Association together with the Funding Agreement with the Department of Education.

The Board of Governors, which meets on at least 3 occasions per year and is supported by each individual committee which meet at least 3 times per year (the exception is the Audit Committee which meets twice a year), is responsible for the strategic direction of the Academy. The Board reviews progress towards educational objectives and results; approves major expenditure requests; sets the budget for the following year; sets the organisational staffing structure; agrees the performance objectives of the Headteacher with the School Improvement Partner, and reviews them.

## ST. MARK'S WEST ESSEX CATHOLIC SCHOOL

(A Company Limited by Guarantee)

### TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2018

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

The Headteacher manages the Academy on a daily basis supported by a Senior Leadership Team (SLT). The SLT meets frequently to discuss emerging matters and to help to develop strategies for future development to be put to the Headteacher and the Board of Governors as required for approval. Each member of the SLT has specific responsibilities to assist the Headteacher to manage certain aspects of the Academy.

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

Key management personnel include Academy Governors and those staff to whom the Governors have delegated significant authority and responsibility in the day-to-day running of the Academy.

Pay and remuneration of key management personnel is decided by a variety of contributory factors, such as the school group size; ISR, the pay scales for each role and the level of experience of each staff member. In addition, pay levels may be affected by nationally agreed pay awards, the ability to recruit and retain in post, all of which are in accordance with the Academy's pay policy.

All amendments to key management's pay and remuneration is approved by the appropriate sub-committee and ratified by the Board of Governors.

#### **Trade union facility time**

The number of employees who were relevant union officials during the period was three. The full time equivalent was three.

During the year there was no time spent on facility time.

#### **Related Parties and other Connected Charities and Organisations**

Owing to the nature of the Academy's operations and the composition of the Board of Governors being drawn from local public and private sector organisations, it is inevitable that from time to time transactions will take place with organisations in which Governors may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy's financial regulations and normal procedures. Any transaction where the Governor may have a pecuniary interest is only undertaken in accordance with the 'at cost' principle described in the Academies Financial Handbook.

The Academy cooperated with the following organisations during the academic year in pursuit of its charitable activities:

- Diocese of Brentwood.
- Aspire Academy Trust.

The Academy does not have a formal sponsor.

#### **Objectives and Activities**

The principal object and aim of the Charitable Company is the operation of the School to provide free education and care for pupils of different abilities between the ages of 11 and 18.

#### **Objectives, Strategies and Activities**

The Academy's mission is to ensure that all students have access to a broad and balanced curriculum; enabled to fulfil their potential in a caring supportive environment; and prepared for the world of work with the skills and values necessary to contribute to and help form the society in which they live.

## ST. MARK'S WEST ESSEX CATHOLIC SCHOOL

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### TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2018

In line with the Academy's mission statement, we aim to establish high quality provision in:

- teaching, learning and assessment;
- curriculum provision and other extra-curricular activities;
- care, guidance and support of students; and
- leadership and management.

As a result, the Academy seeks to ensure high levels of student achievement, attainment and standards, as well as the personal development and well-being of each individual, and high levels of effectiveness, efficiency and inclusiveness.

#### Strategies and Activities

During the year the Academy has continued to work towards achieving these aims by:

- ensuring that every child enjoys the same high quality education in terms of resourcing, tuition and care;
- raising the standard of educational achievement of all pupils;
- improving the effectiveness of the Academy by keeping the curriculum and organisational structure under continual review;
- providing value for money for the funds expended;
- complying with all appropriate statutory and curriculum requirements;
- conducting the Academy's business in accordance with the highest standards of integrity;
- designing the curriculum to meet the needs of the students;
- using performance management to target student improvement;
- recruiting and retaining highly qualified staff; and
- development planning to focus resources on School improvement.

Our success in fulfilling our aims can be measured by:

- Ofsted inspection, October 2017 very positive and reconfirmed the School as GOOD: Section 48 Inspection judged the School to be outstanding in November 2018
- an increase in the size of the School roll in years 7 -11;
- a positive residual score for Progress 8 showing pupils are making above average progress and the number of students completing the Ebacc qualification;
- an improvement in GCSE results from 62% to 70% for combined English and Maths;
- Sixth Form progression rates and numbers completing their courses compared to national averages.

#### Public Benefit

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

#### Strategic Report

##### Achievements and Performance

The Academy continued its mission to ensure that students achieved their potential in public examinations; encouraged a wide range of extra-curricular activities; developed and retained suitable staff and guided students in appropriate progression routes when they left the School.

During 2018 we had a successful Ofsted inspection where we were again confirmed as a good school. It also saw a change in the examination system with the introduction of the more challenging English and Mathematics courses and the 1 to nine grading system, this make comparison with previous results almost impossible.

However, 70% of students achieved Maths and English at level 4+ (compared with 62% in 2017). Further 46% of students achieved the English Baccalaureate (EBacc) (compared with 36% in 2017). As was the case last year, with regard to the progress 8 measure (where each student's progress is tracked across 8 subject disciplines), indicate positively the School is performing above national averages and increased to 0.47. As a corollary, as in previous years the pass rates in the majority of GCSE subjects exceeded national averages. These outcomes have been verified during the recent Ofsted inspection and Section 48 inspection.

In the area of Sixth Form achievements, 97% of students passed their A2 (A Level) qualifications at A\* to E and progression rate and course completion statistics are well above national averages.

# ST. MARK'S WEST ESSEX CATHOLIC SCHOOL

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## TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2018

### Key Performance Indicators

The Governors receive regular information to enable them to monitor the performance of the School compared to aims, strategies and financial budgets.

In October 2017 the School had a section 8 Ofsted inspection and was again confirmed to be a good school. In November the School had a section 48 Inspection and was judged to be outstanding.

As funding is based on pupil numbers this is a key performance indicator. Pupil numbers for January 2017 were 963, which represents a fall from the previous year, however, the majority of this change is due to a decrease in Sixth Form numbers as a result of a fall in numbers transferring from local schools.

Another key financial performance indicator is staffing costs as a percentage of total income. For 2017/18 this was £4,819,118 (87% of income, excluding capital, against 81% in 2016/17). Although this remains high, it is a real decrease when compared to the previous year and factoring in the squeeze on funding. This also includes one off restructuring costs.

Pupil performance. 70% of students achieved Maths and English at level 4+, which is an improvement on the previous year. On all key measures, St Mark's had higher results than all the schools in Harlow. This year, the number of applications for year 7 (2019-20) has increased and the number of first choice places is oversubscribed.

The Finance and Premises Committees also monitor premises costs to General Annual Grant (GAG) income, capitation spend for curriculum departments to GAG income, total income less grants and cash flow on a regular basis to ensure that the budget is set and managed appropriately. All of the above KPI's were within the parameters set by the Board.

### Going Concern

After making appropriate enquiries, the Board of Governors 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.

### Financial Review

The principal source of funding for the Academy is the GAG and other grants that it receives from the Education, Skills Funding agency (ESFA). For the year ended 31 August 2018 the Academy received £5,540,240 of GAG and other funding (excluding capital funding and notional rent). A high percentage of this income is spent on wages and salaries and support costs to deliver the Academy's primary objective of the provision of education. During the year the Academy spent £5,886,938 on general running expenses (excluding depreciation, notional rent and capital). The Academy brought forward from 16/17, £203,459 restricted funds (excluding donation in kind) and £1,359,626 unrestricted funding. The carry forward for 17/18 is £64,160 restricted funding and £1,362,219 unrestricted funding.

Due to the accounting rules for the Local Government Pension Scheme under FRS102, the Academy is recognising a significant pension fund deficit of £2,165,000. This does not mean that an immediate liability for this amount crystallises and such a deficit generally results in a cash flow effect in the form of increased employer contributions over a number of years.

### Reserves Policy

The Governors are aware of the requirement to balance current and future needs and always aim to set a balanced budget with annual income balancing annual expenditure. The Governors monitor estimated year-end carry forward figures during the course of the meeting cycle and have identified expected use for these funds.

The Academy's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is £1,362,219. This has been built up from a mixture of locally raised income and balances transferred from the predecessor school.

However, our future plans have identified a number of ongoing issues that will need some investment. Governors have designated £412,000 to facilitate Sixth Form expansion and allow for the effects of funding changes to be assimilated and while we assess the impact on school roll as provision in the town changes. This will allow flexibility in the curriculum offer and staffing levels while we adjust to meet these new challenges. In addition the Governors have designated £290,000 for capital improvements to the site.

The Academy holds the equivalent of one and a half months gross salary expenditure and fixed overheads for in year contingencies and always plans to have sufficient carry forward to assist the Governors in making strategic decisions to keep in line with national funding changes and curriculum needs.

# ST. MARK'S WEST ESSEX CATHOLIC SCHOOL

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## TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2018

The Academy's balance on restricted general funds (excluding pension reserve and donation in kind) plus the balance on unrestricted funds at 31 August 2018 was £1,426,379

The cash balance of the Academy has been very healthy all year, ending the year with a balance of £2,093,449. A significant proportion of this cash is held against specific projects and is not available to meet normal recurring expenditure. The Governors monitor cash flow as part of the committee Business Manager reports and attempt to hold a minimum of £576,000 to cover short term cash flow variances.

### Investment Policy

An Investment Policy was approved by the Board of Governors in December 2013 and is kept under annual review.

The aim of the policy is to ensure funds that the Academy does not immediately need to cover anticipated expenditure are invested to maximise the Academy's income but with minimal risk. The aim is to research where funds may be deposited applying prudence in ensuring there is minimum risk. The Governors do not consider the investment of surplus funds as a primary activity, rather as good stewardship and as and when circumstances allow.

### Principal Risks and Uncertainties

The Governors maintain a risk register identifying the major risks to which the Academy is exposed, and identifying actions and procedures to mitigate those risks. A formal review of the risk register process is undertaken on an annual basis and the internal control systems and the exposure to risks are monitored on behalf of the Governors at each meeting. The principal risks facing the Academy are outlined below; those facing the Academy at an operational level are addressed by its systems and by internal financial and other controls.

The Governors report that the Academy's financial and internal controls conform to guidelines issued by the ESFA, and that improvements to the wider framework of systems dealing with business risk and risk management strategy continue to be made and formally documented.

It is recognised that systems can only provide reasonable but not absolute assurance that major risks have been adequately managed.

As an academy school, the level of financial risk is low. Cash flows can be reliably forecast, monitored and reported. Staff costs make up the majority of expenditure and are relatively stable with contingencies in place to cover such items as sickness and maternity.

The Governors assess the other principal risks and uncertainties facing the Academy as follows:

- The Academy has considerable reliance on continued Government funding through the ESFA and there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms;
- Failures in governance and/or management - the risk in this area arises from potential failure to effectively manage the Academy's finances, internal controls, compliance with regulations and legislation, statutory returns, etc. The Governors continue to review and ensure that appropriate measures are in place to mitigate these risks;
- Reputational - the continuing success of the Academy is dependent on continuing to attract applicants in sufficient numbers by maintaining the highest educational standards. To mitigate this risk Governors ensure that student progress and outcomes are closely monitored and reviewed;
- Safeguarding and child protection - the Governors continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and discipline;
- Staffing - the success of the Academy is reliant on the quality of its staff and the Governors monitor and review policies and procedures and recruitment to ensure continued development and training of staff as well as ensuring there is clear succession planning;
- Fraud and mismanagement of funds - the Academy has appointed Price Bailey to carry out independent and external checks on financial systems and records as required by the Academy Financial Handbook. All finance staff receive training to keep up to date with financial practice requirements and develop their skills in this area;
- Financial instruments – the Academy only deals with bank balances, cash and trade creditors, with limited trade (and other) debtors. The risk in this area is considered to be low; and
- Defined benefit pension liability – as the Government has agreed to meet the defined benefit pension liability of any school ceasing to exist the main risk to the Academy is an annual cash flow funding of part of the deficit. Governors take these payments into account when setting the annual budget plan.

# ST. MARK'S WEST ESSEX CATHOLIC SCHOOL

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## TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2018

The Academy has continued to strengthen its risk management process throughout the year by improving the process and ensuring staff awareness.

### Fundraising

The Academy only held small fundraising events during the year including: non-uniform days, fetes, and cake sales. The Academy does not work with professional fundraisers or companies who carry out fundraising on its behalf. During the year no complaints or issues have arisen as a result of the fundraising events.

### Plans for Future Periods

In line with the Mission Statement, the Academy will continue striving to improve the levels of achievement of its students at all levels, and will attempt to maintain its recent progress in ensuring the number of students on roll properly reflects the demand for places.

The Governors continue to work at enhancing and developing facilities in pursuance of the School's commitment to ensure that all students achieve their potential. It is recognised that to achieve this, students with differing abilities and aptitudes will have differing curricula requirements and that a range of learning experiences will be required to deliver these and this is reflected in the budget allocations. The Sixth Form Partnership had initially led to the expansion of the Sixth Form however, funding and staffing constraints in partner schools has limited effectiveness in the last year and led to them having to withdraw from teaching subjects. However, partnership schools remain supportive and continue to promote the Sixth Form.

Governors have taken every opportunity to bid for additional capital resources resulting in significant improvements to the fabric of the School. They continue to work closely with the Academy architects to submit timely CIF bids and this year were awarded (on appeal in August 2017) an £800,000 grant to replace the cladding around the School site, this will improve energy efficiency and the visual impact of the School. This work was completed in October 2018. A further bid for £881,000 was awarded (April 2018) for essential electrical works and associated works. The work will be completed by February 2019. Future bids will concentrate on efficiency improvements to the buildings and in the longer term to refurbish and upgrade the classroom stock to improve learning outcomes for students. However, such funding remains limited and becoming more difficult to access.

Governors are aware of the funding pressures that may arise in future years and will continue to aim to produce balanced budgets in the light of changes to the allocation, particularly concerning the 16 to 18 funding levels. Budget projections and models are reviewed to reflect these changes and the challenge of changing provision in the town.

### Auditor

Insofar as the Governors are aware:

- There is no relevant audit information of which the Charitable Company's Auditor is unaware, and
- The Governors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Auditor is aware of that information.

The Governors' Report, incorporating a Strategic Report, was approved by the Board of Governors on 10 December 2018 and signed on the Board's behalf by

**Mrs M Hicks**  
Chair of Trustees

# ST. MARK'S WEST ESSEX CATHOLIC SCHOOL

(A Company Limited by Guarantee)

## GOVERNANCE STATEMENT

### SCOPE OF RESPONSIBILITY

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

The Board of Trustees has delegated the day-to-day responsibility to the Headteacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between St. Mark's West Essex Catholic School and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

### GOVERNANCE

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

Trustee	Meetings attended	Out of a possible
Miss E Heaphy	3	3
Mrs N Balloqui	2	3
Mrs J Delves	3	3
Mr N Ehigie-Obano	2	3
Mrs R Harding	1	2
Mrs K Hay	2	3
Mrs M Hicks	2	3
Mrs P Plowman	3	3
Father B Soley	0	3
Mr S Gleeson	3	3
Mr J Collins	2	2

The composition of the Board of Trustees changed at the beginning of the year 2018, with the appointment of a new Foundation Governor, replacing an existing Foundation Governor who retired in July 2017. At the end of the financial year, we had the retirement of a Community Governor and a Staff Governor.

The academic year saw the restructuring of the Leadership Team and other key staff, following a review, by an Educational Consultant, of the finances and possible savings that could be made to secure the School for future needs.

Governors carried out a self-evaluation in December 2017, in addition to an external review carried out by Price Bailey during the academic year.

The self-evaluation review highlighted the need for extra Governors (staff and parents) and the external review noted the work being carried out by the Governors with the restructuring.

A self-evaluation is carried out every 2 years. An external review takes place every year.

The Finance and General Purpose Committee is a sub-committee of the main Board of Trustees. Its purpose is to review and monitor all aspects of the school's finances and considers possible risks to this.

There were no key changes to the Committee during the last academic year.

This year, both the Director of Finance and the Office Manager have taken redundancy, therefore the upcoming challenge for the committee is now to ensure that the new Business Manager is trained and aware of all regulations.

## ST. MARK'S WEST ESSEX CATHOLIC SCHOOL

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### GOVERNANCE STATEMENT (continued)

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mrs J Delves	5	5
Mr N Ehigie-Obano	3	5
Mrs M Hicks	5	5
Mrs K Hay	1	3
Mrs P Plowman	2	5
Miss E Heaphy	5	5
Mr S Gleeson	2	3

#### REVIEW OF VALUE FOR MONEY

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

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

- Restructuring the leadership team has reduced the staffing costs but reflects the needs of the School.
- The Governors have allocated money to contribute the CIF bids, which would not have been awarded if this had not been given the financial support.
- Review of all suppliers of cleaning materials to ensure value of money.

#### THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in St. Mark's West Essex Catholic School for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the Annual Report and financial statements.

#### CAPACITY TO HANDLE RISK

The Board of Trustees has reviewed the key risks to which the Academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy's significant risks, that has been in place for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the Annual Report and financial statements. This process is regularly reviewed by the Board of Trustees.

#### THE RISK AND CONTROL FRAMEWORK

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

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

The Board of Trustees has considered the need for a specific internal audit function and has decided to appoint Price Bailey as Internal Auditor.

## **ST. MARK'S WEST ESSEX CATHOLIC SCHOOL**

**(A Company Limited by Guarantee)**

### **GOVERNANCE STATEMENT (continued)**

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

- checking compliance with the 'musts' in the Academies Financial Handbook 2017;
- payroll;
- expenditure;
- petty cash;
- income (grant and non grant);
- risk management; and
- business card usage.

On a termly basis, the Internal Auditor reports to the Board of Trustees through the Finance and General Purposes Committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

#### **REVIEW OF EFFECTIVENESS**

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

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

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

Approved by the Board of Trustees on 10 December 2018 and signed on their behalf, by:

**Mrs M Hicks**  
**Chair of Trustees**

**Miss E Heaphy**  
**Accounting Officer**

**ST. MARK'S WEST ESSEX CATHOLIC SCHOOL**

**(A Company Limited by Guarantee)**

**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

As Accounting Officer of St. Mark's West Essex Catholic School I have considered my responsibility to notify the Board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Trust, under the funding agreement in place between the Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

I confirm that I and the Board of Trustees are able to identify any material irregular or improper use of funds by the Trust, or material non-compliance with the terms and conditions of funding under the Trust's funding agreement and the Academies Financial Handbook 2017.

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

**Miss E Heaphy**  
**Accounting Officer**

Date: 10 December 2018

## **ST. MARK'S WEST ESSEX CATHOLIC SCHOOL**

**(A Company Limited by Guarantee)**

### **STATEMENT OF TRUSTEES' RESPONSIBILITIES FOR THE YEAR ENDED 31 AUGUST 2018**

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgments 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 Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Charitable Company's transactions and disclose with reasonable accuracy at any time the financial position of the Charitable Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Charitable Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

Approved by the Board of Trustees on 10 December 2018 and signed on its behalf by:

**Mrs M Hicks**  
**Chair of Trustees**

## **ST. MARK'S WEST ESSEX CATHOLIC SCHOOL**

**(A Company Limited by Guarantee)**

### **INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF ST. MARK'S WEST ESSEX CATHOLIC SCHOOL**

#### **OPINION**

We have audited the financial statements of St. Mark's West Essex Catholic School (the "Academy") for the year ended 31 August 2018 which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31 August 2018 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

#### **BASIS FOR OPINION**

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

#### **CONCLUSIONS RELATING TO GOING CONCERN**

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

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

#### **OTHER INFORMATION**

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

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

We have nothing to report in this regard.

## **ST. MARK'S WEST ESSEX CATHOLIC SCHOOL**

**(A Company Limited by Guarantee)**

### **INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF ST. MARK'S WEST ESSEX CATHOLIC SCHOOL**

#### **OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006**

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

- the information given in the Trustees' Report including the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements .
- the Trustees' Report and the Strategic Report has been prepared in accordance with applicable legal requirements.

#### **MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

In the light of our knowledge and understanding of the Academy and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report including the Strategic Report .

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

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

#### **RESPONSIBILITIES OF TRUSTEES**

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees (who are also the Directors of the Charitable Company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

#### **AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

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

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

**ST. MARK'S WEST ESSEX CATHOLIC SCHOOL**

**(A Company Limited by Guarantee)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF ST.  
MARK'S WEST ESSEX CATHOLIC SCHOOL**

**USE OF OUR REPORT**

This Report is made solely to the Academy's Members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Academy's Members those matters we are required to state to them in an 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 Academy and its Members, as a body, for our audit work, for this Report, or for the opinions we have formed.

Gary Miller FCA (Senior Statutory Auditor)  
for and on behalf of  
**Price Bailey LLP**  
Chartered Accountants  
Statutory Auditors  
Causeway House  
1 Dane Street  
Bishop's Stortford  
Hertfordshire  
CM23 3BT  
18 December 2018

## **ST. MARK'S WEST ESSEX CATHOLIC SCHOOL**

**(A Company Limited by Guarantee)**

### **INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO ST. MARK'S WEST ESSEX CATHOLIC SCHOOL AND THE EDUCATION & SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 28 August 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by St. Mark's West Essex Catholic School during the year 1 September 2017 to 31 August 2018 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. Mark's West Essex Catholic School and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to St. Mark's West Essex Catholic School and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than St. Mark's West Essex Catholic School and the ESFA, for our work, for this Report, or for the conclusion we have formed.

#### **RESPECTIVE RESPONSIBILITIES OF ST. MARK'S WEST ESSEX CATHOLIC SCHOOL'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT**

The Accounting Officer is responsible, under the requirements of St. Mark's West Essex Catholic School's funding agreement with the Secretary of State for Education dated 1 August 2011, and the Academies Financial Handbook extant from 1 September 2017, 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 2017 to 2018. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2017 to 31 August 2018 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 2017 to 2018 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

- Consideration and corroboration of the evidence supporting the Accounting Officer's statement on regularity, propriety and compliance.
- Evaluation of the general control environment of the Academy, extending the procedures required for financial statements to include regularity.
- Discussions with and representations from the Accounting Officer and other key management personnel.
- An extension of substantive testing from our audit of the financial statements to cover matters pertaining to regularity, propriety and compliance in particular checking that selected items were appropriately authorised, and appropriate.

**ST. MARK'S WEST ESSEX CATHOLIC SCHOOL**

**(A Company Limited by Guarantee)**

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO ST. MARK'S  
WEST ESSEX CATHOLIC SCHOOL AND THE EDUCATION & SKILLS FUNDING AGENCY (continued)**

**CONCLUSION**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Reporting Accountant

**Price Bailey LLP**

Chartered Accountants

18 December 2018

**ST. MARK'S WEST ESSEX CATHOLIC SCHOOL**

**(A Company Limited by Guarantee)**

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 AUGUST 2018**

	Note	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
<b>INCOME FROM:</b>						
Donations and capital grants	2	13,532	244,464	1,600,565	1,858,561	311,107
Charitable activities	3	211,298	5,230,539	-	5,441,837	5,550,726
Other trading activities	4	8,683	-	-	8,683	10,541
Investments	5	5,544	-	-	5,544	9,898
<b>TOTAL INCOME</b>		<u>239,057</u>	<u>5,475,003</u>	<u>1,600,565</u>	<u>7,314,625</u>	<u>5,882,272</u>
<b>EXPENDITURE ON:</b>						
Charitable activities		148,464	5,912,294	1,230,939	7,291,697	6,008,564
<b>TOTAL EXPENDITURE</b>	6	<u>148,464</u>	<u>5,912,294</u>	<u>1,230,939</u>	<u>7,291,697</u>	<u>6,008,564</u>
<b>NET INCOME / (EXPENDITURE) BEFORE TRANSFERS</b>						
		90,593	(437,291)	369,626	22,928	(126,292)
Transfers between funds	15	(88,000)	(19,008)	107,008	-	-
<b>NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES</b>						
		2,593	(456,299)	476,634	22,928	(126,292)
Actuarial gains on defined benefit pension schemes	19	-	468,000	-	468,000	283,000
<b>NET MOVEMENT IN FUNDS</b>		<u>2,593</u>	<u>11,701</u>	<u>476,634</u>	<u>490,928</u>	<u>156,708</u>
<b>RECONCILIATION OF FUNDS:</b>						
Total funds brought forward		1,359,626	(1,591,081)	547,791	316,336	159,628
<b>TOTAL FUNDS CARRIED FORWARD</b>		<u><u>1,362,219</u></u>	<u><u>(1,579,380)</u></u>	<u><u>1,024,425</u></u>	<u><u>807,264</u></u>	<u><u>316,336</u></u>

**ST. MARK'S WEST ESSEX CATHOLIC SCHOOL**

**(A Company Limited by Guarantee)  
REGISTERED NUMBER: 07694563**

**BALANCE SHEET  
AS AT 31 AUGUST 2018**

	Note	£	2018 £	£	2017 £
<b>FIXED ASSETS</b>					
Tangible assets	12		555,419		547,791
<b>CURRENT ASSETS</b>					
Debtors	13	1,175,644		657,938	
Cash at bank and in hand		2,093,449		1,715,470	
			<u>3,269,093</u>	<u>2,373,408</u>	
<b>CREDITORS:</b> amounts falling due within one year	14	(852,248)		(288,863)	
<b>NET CURRENT ASSETS</b>			<u>2,416,845</u>		<u>2,084,545</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>2,972,264</u>		<u>2,632,336</u>
Defined benefit pension scheme liability	19		(2,165,000)		(2,316,000)
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITIES</b>			<u><u>807,264</u></u>		<u><u>316,336</u></u>
<b>FUNDS OF THE ACADEMY</b>					
Restricted income funds:					
Restricted income funds	15	585,620		724,919	
Restricted fixed asset funds	15	1,024,425		547,791	
			<u>1,610,045</u>	<u>1,272,710</u>	
Restricted income funds excluding pension liability					
Pension reserve		(2,165,000)		(2,316,000)	
			<u>(554,955)</u>	<u>(1,043,290)</u>	
Total restricted income funds					
Unrestricted income funds	15		1,362,219		1,359,626
<b>TOTAL FUNDS</b>			<u><u>807,264</u></u>		<u><u>316,336</u></u>

The financial statements on pages 18 to 39 were approved by the Trustees, and authorised for issue, on 10 December 2018 and are signed on their behalf, by:

**Mrs M Hicks**  
Chair of Trustees

ST. MARK'S WEST ESSEX CATHOLIC SCHOOL

(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 AUGUST 2018

	Note	2018 £	2017 £
<b>Cash flows from operating activities</b>			
Net cash provided by/(used in) operating activities	17	391,433	(4,038)
<b>Cash flows from investing activities:</b>			
Interest		5,554	9,898
Purchase of tangible fixed assets		(19,008)	(14,064)
<b>Net cash used in investing activities</b>		(13,454)	(4,166)
<b>Change in cash and cash equivalents in the year</b>		377,979	(8,204)
Cash and cash equivalents brought forward		1,715,470	1,723,674
<b>Cash and cash equivalents carried forward</b>	18	2,093,449	1,715,470

# ST. MARK'S WEST ESSEX CATHOLIC SCHOOL

(A Company Limited by Guarantee)

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018

### 1. ACCOUNTING POLICIES

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

#### 1.1 Basis of preparation of financial statements

The financial statements of the Academy, 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 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

St. Mark's West Essex Catholic School constitutes a public benefit entity as defined by FRS 102.

The Academy's functional and presentational currency is Pounds Sterling.

#### 1.2 Company status

The Academy is a company limited by guarantee. Members are noted on page 1. In the event of the Academy being wound up, the liability in respect of the guarantee is limited to £10 per Member. The Academy's registered office is St. Mark's West Essex Catholic School, Tripton Road, Harlow, Essex, CM18 6AA.

#### 1.3 Going concern

The Trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Academy 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's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements .

#### 1.4 Income

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

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

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

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

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

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

# ST. MARK'S WEST ESSEX CATHOLIC SCHOOL

(A Company Limited by Guarantee)

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018

### 1. ACCOUNTING POLICIES (continued)

#### 1.5 Expenditure

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

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

All expenditure is inclusive of irrecoverable VAT.

#### 1.6 Tangible fixed assets and depreciation

All assets costing more than £1,000 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

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

Capital Improvements to Diocesan owned property are recognised as expenditure.

The Academy occupies land and buildings provided to it by the Diocesan Trustees under a license (also referred to as a Church Supplemental Agreement) which contains a two year notice period. Having considered the fact that the Academy occupies the land and buildings by a license that transfers to the Academy no rights or control over the site save that of occupying it at the will of the Diocesan Trustees under the agreement, the Diocesan Trustees have concluded that the value of the land and buildings occupied by the Academy will not be recognised or valued within fixed assets.

Fixtures, fittings and equipment	-	4 - 10 years straight line
Motor vehicles	-	5 years straight line

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

#### 1.7 Interest receivable

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

#### 1.8 Operating leases

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

# ST. MARK'S WEST ESSEX CATHOLIC SCHOOL

(A Company Limited by Guarantee)

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018

### 1. ACCOUNTING POLICIES (continued)

#### 1.9 Debtors

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

#### 1.10 Cash at Bank and in hand

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

#### 1.11 Liabilities and provisions

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

#### 1.12 Financial instruments

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

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

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

#### 1.13 Taxation

The Academy is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a Charitable Company for UK corporation tax purposes. Accordingly, the Academy is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

# ST. MARK'S WEST ESSEX CATHOLIC SCHOOL

(A Company Limited by Guarantee)

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018

### 1. ACCOUNTING POLICIES (continued)

#### 1.14 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 19, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

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

#### 1.15 Agency arrangements

The Academy acts as an agent in distributing 16-19 Bursary Funds from the ESFA. Payments received from the ESFA and subsequent disbursements to students are excluded from the Statement of Financial Activities incorporating Income and Expenditure Account, as the Academy does not have control over the charitable application of the funds. The Academy can use up to 5% of the allocation towards its own administration costs and this is recognised in the Statement of Financial Activities incorporating Income and Expenditure Account. Where the funds have not been fully applied in the accounting period then an amount will be included as amounts due to the ESFA.

**ST. MARK'S WEST ESSEX CATHOLIC SCHOOL**

**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2018**

**1. ACCOUNTING POLICIES (continued)**

**1.16 Fund accounting**

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the Academy at the discretion of the 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 Department for Education Group.

**1.17 Critical accounting estimates and areas of judgment**

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 19, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the Actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

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

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
Donations	13,532	70,644	-	84,176	115,455
Notional rent (see note 22)	-	173,820	-	173,820	173,820
Capital grants	-	-	1,600,565	1,600,565	21,832
	<u>13,532</u>	<u>244,464</u>	<u>1,600,565</u>	<u>1,858,561</u>	<u>311,107</u>
Total 2017	<u>14,754</u>	<u>274,521</u>	<u>21,832</u>	<u>311,107</u>	

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

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
<b>DfE/ESFA grants</b>				
General Annual Grant (GAG)	-	4,970,846	4,970,846	5,131,950
Other DfE / ESFA grants	-	217,564	217,564	179,682
	<u>-</u>	<u>5,188,410</u>	<u>5,188,410</u>	<u>5,311,632</u>
<b>Other government grants</b>				
Local Authority grants	-	42,129	42,129	34,725
	<u>-</u>	<u>42,129</u>	<u>42,129</u>	<u>34,725</u>
<b>Other funding</b>				
Catering income	211,298	-	211,298	204,369
	<u>211,298</u>	<u>-</u>	<u>211,298</u>	<u>204,369</u>
	<u>211,298</u>	<u>5,230,539</u>	<u>5,441,837</u>	<u>5,550,726</u>
Total 2017	<u>204,369</u>	<u>5,346,357</u>	<u>5,550,726</u>	

**4. OTHER TRADING ACTIVITIES**

	Unrestricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Rental income	1,273	1,273	1,153
Other income	7,410	7,410	9,388
	<u>8,683</u>	<u>8,683</u>	<u>10,541</u>
Total 2017	<u>10,541</u>	<u>10,541</u>	

**5. INVESTMENT INCOME**

	Unrestricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Bank interest	5,544	5,544	9,898
Total 2017	<u>9,898</u>	<u>9,898</u>	

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2018**

**6. EXPENDITURE**

	Staff costs 2018 £	Premises 2018 £	Other costs 2018 £	Total 2018 £	Total 2017 £
Provision of Education:					
Direct costs	3,758,841	-	370,301	4,129,142	4,221,289
Support costs	1,060,277	1,661,495	440,783	3,162,555	1,787,275
	<u>4,819,118</u>	<u>1,661,495</u>	<u>811,084</u>	<u>7,291,697</u>	<u>6,008,564</u>
Total 2017	<u>4,706,635</u>	<u>493,776</u>	<u>806,879</u>	<u>6,007,290</u>	

In 2017, of total expenditure, £128,707 was to unrestricted funds, £5,858,455 was to restricted funds and £21,402 was to restricted fixed asset funds.

**7. CHARITABLE ACTIVITIES**

	2018 £	2017 £
Direct costs	4,129,142	4,221,289
Support costs	3,162,555	1,787,275
	<u>7,291,697</u>	<u>6,008,564</u>
Total	<u>7,291,697</u>	<u>6,008,564</u>

Analysis of support costs	2018 £	2017 £
Support staff costs	1,060,277	925,730
Depreciation	11,380	13,634
Technology costs	83,128	55,233
Premises costs	1,650,115	480,142
Other support costs	334,983	302,036
Governance costs	22,672	10,500
	<u>3,162,555</u>	<u>1,787,275</u>
Total	<u>3,162,555</u>	<u>1,787,275</u>

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

This is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets:		
- owned by the Academy	11,380	13,634
Auditors remuneration-audit	6,695	6,500
Auditors' remuneration - non-audit	5,065	4,200
	<u>23,140</u>	<u>24,334</u>

**ST. MARK'S WEST ESSEX CATHOLIC SCHOOL**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2018**

**9. STAFF COSTS**

**a. Staff costs**

Staff costs were as follows:

	2018 £	2017 £
Wages and salaries	3,534,251	3,624,986
Social security costs	340,661	347,516
Operating costs of defined benefit pension schemes	825,403	653,481
	<hr/>	<hr/>
	4,700,315	4,625,983
Staff restructuring costs	85,676	-
Supply teacher costs	33,127	80,652
	<hr/>	<hr/>
	<u>4,819,118</u>	<u>4,706,635</u>

**b. Non-statutory/non-contractual staff severance payments**

Included in staff restructuring costs are non-contractual severance payments totalling £85,676 (2017: £NIL). Individually, the payments were £26,153, £40,651, £15,444 and £3,428.

**c. Staff numbers**

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

	2018 No.	2017 No.
Teachers	56	58
Administration and support	65	43
Management	7	6
	<hr/>	<hr/>
	128	107
	<hr/>	<hr/>

**d. Higher paid staff**

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

	2018 No.	2017 No.
In the band £ 70,001 - £ 80,000	0	2
In the band £ 80,001 - £ 90,000	1	0
In the band £ 90,001 - £100,000	0	1
In the band £100,001 - £200,000	2	0

The key management personnel of the Academy comprise the Trustees and the Senior Leadership Team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employers national insurance) received by key management personnel for their services to the Academy Trust was £479,532 (2017 - £512,848).

Included in the above are employer National Insurance contributions of £39,434 (2017 - £56,604) and employer pension contributions of £54,713 (2017 - £62,025).

**ST. MARK'S WEST ESSEX CATHOLIC SCHOOL**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2018**

**10. TRUSTEES' REMUNERATION AND EXPENSES**

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

E Heaphy (Headteacher)		
Remuneration	£95,000-£100,000	(2017: £95,000-£100,000)
Employer's pension contribution	£15,000-£20,000	(2017: £15,000-£20,000)
P Plowman (Community Trustee-member of staff)		
Remuneration	£15,000-£20,000	(2017: £15,000-£20,000)
Employer's pension contribution	£0-£5,000	(2017: £0-£5,000)
R Harding (Staff Trustee)		
Remuneration	£30,000-£35,000	(2017: £45,000-£50,000)
Employer's pension contribution	£5,000-£10,000	(2017: £5,000-£10,000)
J Baker (Staff Trustee)		
Remuneration	£NIL	(2017: £35,000-£40,000)
Employer's pension contribution	£NIL	(2017: £5,000-£10,000)

During the year ended 31 August 2018, no Trustees received any reimbursement of expenses for their role as trustees (2017 - £NIL ).

**11. TRUSTEES' AND OFFICERS' INSURANCE**

In accordance with normal commercial practice the Academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £1,000,000 on any one claim and the cost for the year ended 31 August 2018 was included within other support costs.

**12. TANGIBLE FIXED ASSETS**

	Fixtures, fittings and equipment £	Motor vehicles £	Total £
<b>Cost</b>			
At 1 September 2017	954,876	21,943	976,819
Additions	19,008	-	19,008
	<hr/>	<hr/>	<hr/>
At 31 August 2018	973,884	21,943	995,827
	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>			
At 1 September 2017	409,420	19,608	429,028
Charge for the year	10,912	468	11,380
	<hr/>	<hr/>	<hr/>
At 31 August 2018	420,332	20,076	440,408
	<hr/>	<hr/>	<hr/>
<b>Net book value</b>			
At 31 August 2018	553,552	1,867	555,419
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 August 2017	545,456	2,335	547,791
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**ST. MARK'S WEST ESSEX CATHOLIC SCHOOL**

**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2018**

**13. DEBTORS**

	2018 £	2017 £
<b>Due after more than one year</b>		
Notional rental debtor (see note 22)	347,640	347,640
<b>Due within one year</b>		
Trade debtors	93	93
Notional rental debtor (see note 22)	173,820	173,820
VAT recoverable	89,788	10,605
Prepayments and accrued income	564,303	125,780
	<u>1,175,644</u>	<u>657,938</u>

**14. CREDITORS: Amounts falling due within one year**

	2018 £	2017 £
Other creditors	201,026	202,639
Accruals and deferred income	651,222	86,224
	<u>852,248</u>	<u>288,863</u>

	2018 £	2017 £
<b>Deferred income</b>		
Deferred income at 1 September 2017	29,204	40,115
Resources deferred during the year	41,707	29,204
Amounts released from previous years	(29,204)	(40,115)
Deferred income at 31 August 2018	<u>41,707</u>	<u>29,204</u>

Resources deferred at the period end relate to Devolved Formula Capital grants and contributions towards future educational visits.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2018**

**15. STATEMENT OF FUNDS**

	Brought forward £	Income £	Resources expended £	Transfers in/out £	Gains/ (losses) £	Balance at 31 August 2018 £
<b>Designated funds</b>						
Sixth form fund	500,000	-	-	-	-	500,000
Capital improvements	290,000	-	-	(88,000)	-	202,000
	<u>790,000</u>	<u>-</u>	<u>-</u>	<u>(88,000)</u>	<u>-</u>	<u>702,000</u>
<b>General funds</b>						
Unrestricted funds	569,626	239,057	(148,464)	-	-	660,219
Total Unrestricted funds	<u>1,359,626</u>	<u>239,057</u>	<u>(148,464)</u>	<u>(88,000)</u>	<u>-</u>	<u>1,362,219</u>
<b>Restricted funds</b>						
General Annual Grant (GAG)	203,459	4,970,846	(5,091,137)	(19,008)	-	64,160
Other DfE/ESFA	-	23,861	(23,861)	-	-	-
Pupil Premium	-	193,703	(193,703)	-	-	-
SEN funding	-	42,129	(42,129)	-	-	-
Educational visits	-	60,411	(60,411)	-	-	-
Donation in kind (see note 22)	521,460	173,820	(173,820)	-	-	521,460
Other restricted income	-	10,233	(10,233)	-	-	-
Pension reserve	(2,316,000)	-	(317,000)	-	468,000	(2,165,000)
	<u>(1,591,081)</u>	<u>5,475,003</u>	<u>(5,912,294)</u>	<u>(19,008)</u>	<u>468,000</u>	<u>(1,579,380)</u>
<b>Restricted fixed asset funds</b>						
Restricted Fixed Asset Fund	547,791	-	(11,380)	19,008	-	555,419
DfE/ESFA capital grants	-	34,448	-	-	-	34,448
CIF	-	1,566,117	(1,219,559)	88,000	-	434,558
	<u>547,791</u>	<u>1,600,565</u>	<u>(1,230,939)</u>	<u>107,008</u>	<u>-</u>	<u>1,024,425</u>
Total restricted funds	<u>(1,043,290)</u>	<u>7,075,568</u>	<u>(7,143,233)</u>	<u>88,000</u>	<u>468,000</u>	<u>(554,955)</u>
Total of funds	<u><u>316,336</u></u>	<u><u>7,314,625</u></u>	<u><u>(7,291,697)</u></u>	<u><u>-</u></u>	<u><u>468,000</u></u>	<u><u>807,264</u></u>

**ST. MARK'S WEST ESSEX CATHOLIC SCHOOL**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2018**

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

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

**Pupil Premium**

This represents funding to help raise achievement and improve outcomes for pupils from low income families who are eligible for free school meals.

**General Annual Grant (GAG)**

This represents funding from the ESFA to be used for the normal running costs of the Academy, including education and support costs.

**Other DfE/ESFA**

This represents non-GAG funding to be used for the normal running costs of the Academy, including education and support costs.

**SEN funding**

This represents funding from the Local Authority and it is used towards the education of pupils with special educational needs and disabilities.

**Educational visits**

This represents contributions made by parents to the running of educational visits for the pupils of the Academy and the associated costs of running the visits.

**Pension reserve**

This reserve represents the Academy's share of the deficit on the Local Government Pension Scheme (LGPS) transferred to the Academy on conversion from a state controlled school.

**Fixed asset fund**

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

**DfE/ESFA capital grants**

This represents funding received from ESFA for the maintenance and improvement of the Academy's buildings and facilities.

**Designated funds**

This represents funds that have been designated for sixth form funding and capital improvements.

**Donation in kind**

This fund represented the rent free occupation of the land and buildings from the Diocese of Brentwood.

**Other restricted income**

This represents any other income generated not described above.

Under the funding agreement with the Secretary of State, the Academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2018.

**ST. MARK'S WEST ESSEX CATHOLIC SCHOOL**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2018**

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

**STATEMENT OF FUNDS - PRIOR YEAR**

	Balance at 1 September 2016 £	Income £	Resources expended £	Transfers in/out £	Gains/ (losses) £	Balance at 31 August 2017 £
<b>Designated funds</b>						
Sixth form fund	500,000	-	-	-	-	500,000
Capital improvements	290,000	-	-	-	-	290,000
	<u>790,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>790,000</u>
<b>General funds</b>						
Unrestricted funds	458,771	239,562	(128,707)	-	-	569,626
Total Unrestricted funds	<u>1,248,771</u>	<u>239,562</u>	<u>(128,707)</u>	<u>-</u>	<u>-</u>	<u>1,359,626</u>
<b>Restricted funds</b>						
General Annual Grant (GAG)	265,036	5,131,950	(5,193,527)	-	-	203,459
Other DfE/ESFA	-	23,184	(23,184)	-	-	-
Pupil Premium	-	156,498	(156,498)	-	-	-
SEN funding	-	34,725	(34,725)	-	-	-
Educational visits	-	91,902	(91,902)	-	-	-
Donation in kind (see note 22)	521,460	173,820	(173,820)	-	-	521,460
Other restricted income	-	8,799	(8,799)	-	-	-
Pension reserve	(2,423,000)	-	(176,000)	-	283,000	(2,316,000)
	<u>(1,636,504)</u>	<u>5,620,878</u>	<u>(5,858,455)</u>	<u>-</u>	<u>283,000</u>	<u>(1,591,081)</u>
<b>Restricted fixed asset funds</b>						
Restricted Fixed Asset Fund	547,361	-	(13,634)	14,064	-	547,791
DfE/ESFA capital grants	-	21,832	(7,768)	(14,064)	-	-
	<u>547,361</u>	<u>21,832</u>	<u>(21,402)</u>	<u>-</u>	<u>-</u>	<u>547,791</u>
Total restricted funds	<u>(1,089,143)</u>	<u>5,642,710</u>	<u>(5,879,857)</u>	<u>-</u>	<u>283,000</u>	<u>(1,043,290)</u>
Total of funds	<u><u>159,628</u></u>	<u><u>5,882,272</u></u>	<u><u>(6,008,564)</u></u>	<u><u>-</u></u>	<u><u>283,000</u></u>	<u><u>316,336</u></u>

**ST. MARK'S WEST ESSEX CATHOLIC SCHOOL**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2018**

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

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	555,419	555,419
Debtors due after more than 1 year	-	347,640	-	347,640
Current assets	1,362,219	878,940	680,294	2,921,453
Creditors due within one year	-	(640,960)	(211,288)	(852,248)
Provisions for liabilities and charges	-	(2,165,000)	-	(2,165,000)
	<u>1,362,219</u>	<u>(1,579,380)</u>	<u>1,024,425</u>	<u>807,264</u>

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

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	547,791	547,791
Debtors due after more than 1 year	-	347,640	-	347,640
Current assets	1,359,626	666,142	-	2,025,768
Creditors due within one year	-	(288,863)	-	(288,863)
Provisions for liabilities and charges	-	(2,316,000)	-	(2,316,000)
	<u>1,359,626</u>	<u>(1,591,081)</u>	<u>547,791</u>	<u>316,336</u>

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

	2018 £	2017 £
Net income/(expenditure) for the year (as per Statement of Financial Activities)	22,928	(126,292)
<b>Adjustment for:</b>		
Depreciation charges	11,380	13,634
Dividends, interest and rents from investments	(5,554)	(9,898)
Increase in debtors	(517,656)	(57,036)
Increase/(decrease) in creditors	563,335	(446)
Defined benefit pension scheme obligation inherited	317,000	176,000
<b>Net cash provided by/(used in) operating activities</b>	<u>391,433</u>	<u>(4,038)</u>

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

	2018 £	2017 £
Cash in hand	2,093,449	1,715,470
Total	<u>2,093,449</u>	<u>1,715,470</u>

# ST. MARK'S WEST ESSEX CATHOLIC SCHOOL

(A Company Limited by Guarantee)

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018

### 19. PENSION COMMITMENTS

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

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

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

#### Teachers' Pension Scheme

##### Introduction

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

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

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

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

- employer contribution rates set at 16.48% of pensionable pay, including a 0.08% employer administration charge;
- 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; and
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

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

The employer's pension costs paid to TPS in the period amounted to £ 415,725 (2017 - £399,454).

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

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

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2018**

**19. PENSION COMMITMENTS (continued)**

**Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £172,000 (2017 - £130,000), of which employer's contributions totalled £135,000 (2017 - £176,000) and employees' contributions totalled £37,000 (2017 - £38,000). The agreed contribution rates for future years are 12.3% for employers and 5.5-7.5% for employees.

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

Principal actuarial assumptions:

	2018	2017
Discount rate for scheme liabilities	2.70 %	2.60 %
Rate of increase in salaries	3.80 %	4.20 %
Inflation assumption (CPI)	2.30 %	2.70 %
Inflation assumption (RPI)	3.30 %	3.60 %

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

	2018	2017
Retiring today		
Males	22.3	22.2
Females	24.8	24.7
Retiring in 20 years		
Males	24.5	24.3
Females	27.1	27.0

As at the 31 August 2018 the Trust had a pension liability of £2,423,000 (2017 - £2,316,000). The sensitivity analysis detailed below would increase/ (decrease) the closing defined benefit obligation in the following way;

<b>Sensitivity Movement</b>	At 31 August 2018	At 31 August 2017
	£	£
Discount rate +0.1%	(84,000)	(82,000)
Discount rate -0.1%	86,000	84,000
Mortality assumption - 1 year increase	132,000	128,000
Mortality assumption - 1 year decrease	(128,000)	(124,000)
CPI rate +0.1%	78,000	72,000
CPI rate -0.1%	(76,000)	(71,000)

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**NOTES TO THE FINANCIAL STATEMENTS  
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**19. PENSION COMMITMENTS (continued)**

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

	Fair value at 31 August 2018 £	Fair value at 31 August 2017 £
Equities	1,104,000	970,000
Gilts & other bonds	190,000	151,000
Property	155,000	144,000
Cash and other liquid assets	52,000	46,000
Alternative assets	155,000	113,000
Other managed funds	69,000	63,000
	<hr/>	<hr/>
Total market value of assets	1,725,000	1,487,000
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The actual return on scheme assets was £98,000 (2017 - £176,000).

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

	2018 £	2017 £
Current service cost	(276,000)	(254,000)
Past service cost	(116,000)	-
Interest income	40,000	26,000
Interest cost	(99,000)	(78,000)
Admin expenses	(1,000)	-
	<hr/>	<hr/>
Total	(452,000)	(306,000)
	<hr/> <hr/>	<hr/> <hr/>

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

	2018 £	2017 £
Opening defined benefit obligation	3,803,000	3,556,000
Current service cost	276,000	254,000
Interest cost	99,000	78,000
Employee contributions	37,000	38,000
Actuarial gains	(410,000)	(97,000)
Benefits paid	(31,000)	(26,000)
Past service costs	116,000	-
	<hr/>	<hr/>
Closing defined benefit obligation	3,890,000	3,803,000
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**ST. MARK'S WEST ESSEX CATHOLIC SCHOOL**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2018**

**19. PENSION COMMITMENTS (continued)**

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

	2018 £	2017 £
Opening fair value of scheme assets	1,487,000	1,133,000
Interest income	40,000	26,000
Actuarial gain	58,000	186,000
Employer contributions	135,000	130,000
Employee contributions	37,000	38,000
Benefits paid	(31,000)	(26,000)
Admin Expenses	(1,000)	-
	<u>1,725,000</u>	<u>1,487,000</u>

**20. OPERATING LEASE COMMITMENTS**

At 31 August 2018 the total of the Academy's future minimum lease payments under non-cancellable operating leases was:

	2018 £	2017 £
<b>Amounts payable:</b>		
Within 1 year	4,206	6,637
Between 1 and 5 years	-	4,206
Total	<u>4,206</u>	<u>10,843</u>

**21. MEMBERS' LIABILITY**

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

## ST. MARK'S WEST ESSEX CATHOLIC SCHOOL

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018

#### 22. RELATED PARTY TRANSACTIONS

Owing to the nature of the Academy and the composition of the Board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which Trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the Academies Financial Handbook and with the trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

The Academy operates from land and buildings provided rent free by the Diocese of Brentwood. Under an agreement between the Dioceses, the Academy and the Secretary of State, the Diocese would be required to give 24 months notice from the year end if it wished to terminate this agreement. No such notice had been given at the year end and the Diocese is therefore committed to providing the land and buildings rent free for a further 36 months from the year end. The Trustees estimate that the cost of renting equivalent buildings would be £173,820 per annum, on this basis a donation from the Diocese of £173,820 is shown in the accounts together with a notional expense of the same amount. In addition, included within debtors is a donation in kind receivable of £521,460 representing the commitment by the Diocese to provide the land and buildings rent free for a further 36 months.

During the period the Academy incurred expenditure of £17,297 (2017 - £3,000) in relation to educational support services from The Brentwood Roman Catholic Diocesan Trust. Right Reverend A Williams, a member of St Mark's West Essex Catholic School, is a Director of The Brentwood Roman Catholic Diocesan Trust. At the period end no balance was due to The Brentwood Roman Catholic Diocesan Trust. Right Reverend A Williams is entitled to exercise 10% of the voting power of the Brentwood Roman Catholic Diocesan Trust and has no financial or profit share entitlement so transactions with The Brentwood Roman Catholic Diocesan Trust are not subject to the 'at cost' rules set out in the Academies Financial Handbook.

#### 23. AGENCY ARRANGEMENTS

The Academy distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2018 the Trust received £18,141 (2017 - £21,117) and disbursed £5,600 (2017 - £4,200) from the fund. An amount of £27,221 (2017 - £50,428) is included in other creditors relating to undistributed funds that is repayable to ESFA.