

Company Registration Number: 10236797 (England & Wales)

XAVIER CATHOLIC EDUCATION TRUST

(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018

XAVIER CATHOLIC EDUCATION TRUST
(A company limited by guarantee)

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REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2018

Members

The Right Reverend Charles Philip Richard Moth, Bishop of Arundel and Brighton
Arundel & Brighton Roman Catholic Diocesan Corporation
Carole Ann Simonne Roycroft, Chair of Diocesan Academies Strategic Board

Trustees

Rev Peter Maurice Andrews
Maria Philomena Bridgette Dineen
Miroslaw Jerzy Feliks Gliniecki
Michael Patrick Harrington
Peter John O'Brien, Chair
Carole Ann Simonne Roycroft (resigned 21 November 2017)
John Bernard Wells

Company registered number

10236797

Company name

Xavier Catholic Education Trust

Principal and registered office

Salesian School
Guildford Road
Chertsey
Surrey
KT16 9LU

Chief executive officer

Ani Magill

Key management personnel

Ani Magill, CEO
Nicola Kenworthy, Chief Financial Officer
Martin Brannigan, Headteacher- St Alban's
Michael George, Headteacher- St Hugh of Lincoln
James Granville Hamshar, Headteacher- St John the Baptist
Stephen Holt, Headteacher- St Charles Borromeo
Catherine Burnham, Headteacher- Cardinal Newman
James Kibble, Headteacher- Salesian School
Stephen Tindall, Headteacher- The Holy Family
Leanne Harris, Headteacher- St Anne's
Alison Walsh, Headteacher- St Augustine's
Kate Licence, Headteacher- The Marist

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REFERENCE AND ADMINISTRATIVE DETAILS OF THE TRUST, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2018

Advisers (continued)

Independent auditors

Wise & Co
Chartered Accountants & Statutory Auditors
Wey Court West
Union Road
Farnham
Surrey
GU9 7PT

Bankers

Lloyds Bank Plc
32 Commercial Way
Woking
Surrey
GU21 6ER

Solicitors

Winckworth Sherwood LLP
London
SE1 9BB

XAVIER CATHOLIC EDUCATION TRUST
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2018

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year from 1 September 2017 to 31 August 2018.

The Annual report serves the purposes of both a Trustees' report, and a Directors' report under company law.

During the period the Trust operated eight primary schools and two secondary schools serving the Woking and Weybridge deaneries in the Catholic Diocese of Arundel and Brighton.

The schools are:

- Holy Family Catholic Primary School
- St Hugh of Lincoln Catholic Primary School
- St Augustine's Catholic Primary School
- St Charles Borromeo Catholic Primary School
- St Alban's Catholic Primary School
- St Anne's Catholic Primary School
- Cardinal Newman Catholic Primary School
- Salesian School
- St John the Baptist School
- The Marist Catholic Primary School (joined 1 November 2017)

These schools have a combined pupil capacity of 5,048 and had a roll of 5,342 in the school census on October 2017.

On 1st November 2018 St Cuthbert Mayne Catholic Primary School was accepted as an Academy within the Trust.

Structure, governance and management

a. Constitution

The Trust is a charitable company limited by guarantee and an exempt charity.

The memorandum and articles of association are the primary governing documents of the academy trust.

The Trustees of Xavier Catholic Education Trust are also the directors of the charitable company for the purposes of company law.

The charitable company is known as Xavier Catholic Education Trust.

Details of the Trustees who served during the year are included in the Reference and administrative details on page 1.

b. 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 for the debts and liabilities contracted before they ceased to be a member. The liability shall not exceed £10.

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

c. Trustees' indemnities

Trustees benefit from indemnity insurance (Risk Protection Arrangement) purchased at the Academy Trust's expense to cover the liability of the Trustees which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Trust, provided that any such insurance shall not extend to any claim arising from any act or omission which the Trustees knew to be a breach of trust or breach of duty or which was committed by the Trustees in reckless disregard to whether it was a breach of trust or breach of duty or not and provided also that any such insurance shall not extend to the costs of any unsuccessful defence to a criminal prosecution brought against the Trustees in their capacity as Trustees of the Trust. The limit of the indemnity is £10,000,000 and is explained in the 'Governors Liability' section of the RPA.

d. Method of recruitment and appointment or election of Trustees

Full details are set out within the Articles of Association which detail the type, number and process of appointing Trustees. The minimum total number of Trustees is three but there is no maximum specified.

All Trustees must, upon appointment or election, sign a written undertaking to the Trustees and the Diocesan Bishop to uphold the Objects of the Academy Trust and to adhere to the principles set out in the Diocesan Memorandum of Understanding.

The term of office for any Trustee shall be four years except that this time limit shall not apply to the Chief Executive Officer. Subject to remaining eligible to be a Trustee, any Trustee may be reappointed or re-elected.

When appointing new Trustees, the Board will consider the skills and experience mix of existing Trustees in order to ensure that the Board has the necessary skills to contribute fully to the Trust's development.

e. Policies and procedures adopted for the induction and training of Trustees

The training and induction provided for new Trustees will depend on their existing experience. All Trustees have access to copies of policies, procedures, minutes, accounts, budgets and other documents that they will need to undertake their roles as Trustees.

f. Organisational structure

The Board of Trustees has the ultimate responsibility for the Xavier Catholic Education Trust. Where appropriate, duties are delegated to an Academy Committee.

The Chief Executive has ultimate responsibility for the financial operations and controls in place. Delegation of financial responsibility is set out within the Company's Finance Policy and more specifically in the Scheme of Financial Delegation.

Leadership and Management of each school within the Trust is delegated by Trustees to the Senior Leadership Team of each school.

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

The Board of Trustees maintains overall control for:

- The activities and performance of the Trust;
- The appointment of Trustees and Academy Representatives;
- Headteacher and Deputy Headteacher appointments;
- The approval of Annual Financial Statements and Budgets;
- Ratifying policies and procedures implemented within the Trust.

The Board, in the performance of its duties, pays due regard to the advice and information provided by the supporting committees and Trust committees.

g. Arrangements for setting pay and remuneration of key management personnel

The Human Resource Committee has the responsibility to establish a pay policy which sets out clearly the basis on which decisions about pay progression for the Headteachers, senior employees and leaders in the Trust will be determined, including:

- Considering and determining the annual pay and other terms and conditions of the senior employees and leaders in the Trust, taking account of budgetary implications;
- Establishing procedures for determining appeals against pay determinations;
- Keeping the pay policy under regular review;
- Dealing with any other matters referred to the Committee by the Board of Trustees relating to the remuneration and terms and conditions of the Headteachers, senior employees and leaders.

The Executive Remuneration Committee has the responsibility of establishing the pay policy of the central management team.

The CEO, along with the Local Governing Pay Committee, has the responsibility of establishing the pay policy of the Headteachers.

Objectives and Activities

a. Objects and aims

Our mission is to provide an outstanding Catholic education for all the children in our schools. We will follow the example and teachings of Christ and everything we do will be inspired by gospel values. We will strive for excellence in all areas of our work and cherish every child in our care.

The aim of the Trust is to provide the children in our care with the best possible education within a caring and supportive Catholic ethos. The Trust has at the centre of its mission and purpose the belief that every child has a right to educational excellence through the provision of high quality teaching.

We will support the spiritual, moral, social, cultural and physical development of each child, as well as maximising progress, achievement and attainment to ensure their intellectual growth and fulfilment of their potential.

We work together to train, develop and retain teachers, support staff and leaders.

We work together closely and support each other to strengthen our Catholic schools and to achieve economies of scale by being part of a larger buying group.

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

b. Public benefit

The Trustees confirm that they have complied with the duty in section 4 of the Charities Act 2006 to have due regard to the Charity Commissioner's general guidance on public benefit in exercising their powers and duties. They have referred to this guidance when reviewing the Company's aims and objectives and in planning its future activities.

Achievements and performance

Strategic report

a. Key performance indicators

A Levels

Both secondary schools achieved another year of outstanding results:

St John the Baptist (SJB) School -
78% A*, A or B grade and 94 % A* to C with an overall pass rate of 99%
75% of students achieved two or more grades A*-B

Salesian School -
65% A*, A or B grade and 88% A* to C with an overall pass rate of 100%
72% of students achieved two or more grades A*-B

GCSE

The percentage of students who achieved:

St John the Baptist (SJB) School -
5 or more passes including English and Maths 89%
A*-A grade passes 43%
The new English results were 95% standard (grade 4+); 88% strong (grade 5+)
The new Maths results were 93% standard (grade 4+); 79% strong (grade 5+)
English and Maths combined results were 90% standard/ 75% strong
The progress 8 score for SJB was 0.98 (over achievement per child per subject).

Salesian School -
5 or more passes including English and Maths 89%
A*-A grade passes 45%
The new English results were 95% standard (grade 4+); 87% strong (grade 5+)
The new Maths results were 91% standard (grade 4+); 81% strong (grade 5+)
English and Maths combined results were 89% standard/ 76% strong
The progress 8 score for Salesian was 0.74 (over achievement per child per subject).

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TRUSTEES' REPORT (continued)
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Primary School Progress Ranking data

School	Reading percentile	Writing percentile	Maths percentile
Cardinal Newman Catholic Primary School	30	35	32
St Alban's Catholic Primary School	5	19	5
St Hugh of Lincoln Catholic Primary School	39	42	29
St Charles Borromeo Catholic Primary School	23	8	7
St Anne's Catholic Primary School	37	60	54
Holy Family Catholic Primary School	15	15	12
St Augustine's Catholic Primary School	16	52	19
The Marist Catholic Primary School	30	50	35

b. Going concern

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future. The Trustees believe that the likelihood of the pension deficit in the accounts crystallising is remote, and without this deficit the Trust is solvent. For this reason, the Trustees believe that the Trust can 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.

c. Fundraising activities/Income generation

There are no professional fundraising strategies in the Xavier Catholic Education Trust.

Financial review

a. Reserves policy

The Trustees review the reserve levels of the Trust annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. Reserves are held for reinvestment in individual schools, for specific capital projects, curriculum investment and to mitigate the impact of reductions to funding.

b. Material investments policy

Xavier Catholic Education Trust does not have any material investments.

The Trust's Investment Policy enables Trustees to invest to further the Trust's charitable aims, whilst ensuring that investment risk is properly managed. The policy ensures that the security of funds takes precedence over revenue maximisation.

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

c. Principal risks and uncertainties

The principal risks facing the Trust are considered to be:

- the financial impact of future changes to funding levels from the DfE/ESFA;
- Teacher recruitment and retention;
- Condition of property in some schools.

Mitigating actions have been identified to address these risks.

d. Financial review

Most of the Trust's income is obtained from the Education and Skills Funding Agency (ESFA) in the form of recurrent grants, some of which are restricted to a particular purpose. The grants received from the ESFA during the year ended 31 August 2018 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

During the year ended 31 August 2018, total expenditure of £34,521,343 (2017: £30,060,519) was met by recurrent grant funding from the ESFA together with other incoming resources. The excess of expenditure over income for the year (excluding restricted fixed asset funds and transfers to restricted fixed asset funds) was £525,596 (2017: £2,968,375).

As at 31 August 2018, the Trust had total funds of £51,365 (2017: £(956,797)). This comprised £1,905,913 (2017: £879,194) of restricted funds (excluding pension fund deficit of £6,195,000 (2017: £5,977,000) and restricted fixed asset funds of £1,926,729 (2017: £1,490,019)) and £2,413,723 (2017: £2,650,990) of unrestricted general funds.

From the actuarial valuations for the year ended 31 August 2018, the pension deficit on the Trust's proportion of the Surrey Local Government Pension Scheme had increased from the prior year and at 31 August 2018 stood at £6,195,000 (2017: £5,977,000). The pension reserve is considered part of restricted funds.

The Trust received £1,228,317 in capital funding (School Condition Allocation) from the ESFA on a formula basis (2017: £1,1125,120).

Plans for future periods

a. Future developments

St Cuthbert Mayne Catholic Primary School joined the Trust on 1st November 2018.

The Key Priorities of the Trust in 2018/19 are to:

- Manage the expansion of 4 additional schools whilst maintaining the same level of support for current schools;
- Ensure all schools are striving for excellence and know that good isn't good enough;
- Provide outstanding central services for a very small partnership contribution (3.5% primary, 2.5% secondary);
- Drive consistency in planning and delivery of lessons using subject experts to share expertise, thus improving student outcomes;
- Continue to develop succession plans for school leadership teams;
- Develop centralised CPD, consistent performance management and career progression for staff;

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

- Improve data recording and analysis to generate more robust progress figures and facilitate a seamless system of transfer and access to data across the Trust;
- Continue work to improve/ enhance condition of school premises;
- Develop options for further capacity/ resource for central team;
- Continue work to develop centrally driven supplier contracts;
- Seek out and develop opportunities for income growth across all schools;
- Further free up capacity for member schools by removing tasks which can be developed and delivered centrally;
- Deliver outstanding pastoral care in all our schools and ensure that our schools are good or outstanding in the provisions of section 48 of The Education Act 2005;
- Further develop the good links with our parishes and local communities and work towards chaplaincy support in all our schools.

Funds held as Custodian Trustee on behalf of others

The Trust and its Trustees do not act as the Custodian Trustees of any other charity.

Employee involvement and employment of the disabled

Employees have been consulted on issues of concern to them by means of regular consultative committee and staff meetings and have been kept informed on specific matters directly by management. The Trust carries out exit interviews for all staff leaving the organisation and has adopted a procedure of upward feedback for senior management and the Trustees.

The Trust has implemented a number of detailed policies in relation to all aspects of personnel matters including:

- Equal Opportunities policy
- Volunteers' policy
- Health & Safety policy

In accordance with the Trust's Equal opportunities policy, the Trust has long established fair employment practices in the recruitment, selection, retention and training of disabled staff.

Full details of these policies are available from the Trust's offices.

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

Disclosure of information to auditors

In so far as the Trustees are aware:

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

The Trustees' report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 2.12.18 and signed on its behalf by:



Peter J O'Brien
Chair of Trustees

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GOVERNANCE STATEMENT

Scope of Responsibility

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

The Board of Trustees has delegated the day-to-day responsibility to the Chief Executive, 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 Xavier Catholic Education Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' report and in the Statement of Trustees' responsibilities. The Board of Trustees has formally met 6 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
Rev Peter Maurice Andrews	4	6
Maria Philomena Bridgette Dineen	5	6
Mirosław Jerzy Feliks Gliniecki	6	6
Michael Patrick Harrington	5	6
Peter John O'Brien, Chair	6	6
Carole Ann Simonne Roycroft (resigned 21/11/17)	2	2
John Bernard Wells	6	6

Also in attendance were Ani Magill, the Trust's Chief Executive Officer and Nicola Kenworthy, the Trust's Chief Financial Officer.

Finance Committee

To consider and advise the Board on all aspects of the Trust's finances, financial policies, controls and strategy and to ensure sound management of the Trust's finances and resources, proper planning, monitoring, probity and value for money.

Also in attendance was Ani Magill, the Trust's Chief Executive Officer and Nicola Kenworthy, the Trust's Chief Financial Officer.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mirosław Jerzy Feliks Gliniecki	5	5
Maria Philomena Bridgette Dineen	2	3
Peter John O'Brien	5	5
John Bernard Wells, Chair	4	5
Carole Ann Simonne Roycroft (resigned 21/11/2017)	1	1

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GOVERNANCE STATEMENT (continued)

Risk and Audit Committee

To maintain an oversight of the Trust's governance, risk management, and internal control framework, and report its findings to the Board of Trustees as a critical element of the Trust's annual reporting requirements.

Any major issues or risks identified from the work of the Committee together with recommended solutions, will be referred to the Board of Directors for ratification and inclusion within the Trust's Risk Management register.

Also in attendance is Ani Magill, the Trust's Chief Executive Officer, Nicola Kenworthy, The Trust's Chief Financial Officer and Paul Harte, the Trust's Estates Manager.

Attendance at meetings in the year was as follows:

Director	Meetings attended	Out of a possible
Rev Peter Maurice Andrews	4	5
Mirosław Jerzy Feliks Gliniecki	5	5
Peter John O'Brien, Chair	5	5
John Bernard Wells	5	5
Maria Philomena Bridgette Dineen	4	5

Human Resource Committee

To consider and advise the Board on all aspects of strategy for management and development of our people and on all aspects of HR provision and Employment Law.

Attendance at meetings in the period was as follows:

Trustee	Meetings attended	Out of a possible
Maria Philomena Bridgette Dineen	6	6
Michael Patrick Harrington, Chair	6	6
Peter John O'Brien	6	6
Carole Ann Simonne Roycroft (resigned 21/11/17)	2	2

Also in attendance was Ani Magill, the Trust's Chief Executive Officer, Nicola Kenworthy, the Trust's Chief Financial Officer and Nikki Shephard, the Trust's HR Manager.

Review of Value for Money

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

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

Centralised

- Estates management
- Training and Best Practice forums
- Supplier Contracts, developed, or in course of development, for schools e.g. Broadband, General Building maintenance, Fire alarm maintenance, Grounds maintenance

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GOVERNANCE STATEMENT (continued)

- Policy Development
- Network Management
- HR Support
- SEN Support
- Pedagogy support

Financial Governance and Oversight

Financial governance and oversight is strong. The Chief Financial Officer and Trust Accountant are qualified accountants. Financial assurance is further informed by regular review reports from the internal audits undertaken.

The Board of Trustees approve the budget following detailed scrutiny by the Finance Committee.

The Finance Committee meet termly, where the management accounts and budget monitoring report are reviewed and discussed. In addition, the Committee considers larger expenditure items in accordance with the Trust's Finance Policy, and ensures compliance with the Trust's tender arrangements.

The Board of Trustees receives and approves the annual financial statements and the external auditor's management letter.

Better Purchasing

The Trust promotes fair competition through quotations and tenders, in accordance with its Finance Policy, to ensure that goods and services are procured in the most economic and effective way.

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 Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Xavier Catholic Education Trust 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 Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Trust'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 Trust's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

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

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GOVERNANCE STATEMENT (continued)

- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

The Board of Trustees has considered the need for a specific internal audit function and has decided to appoint Wise and Co as internal auditor.

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

- Testing of purchases and payment processes
- Management reporting
- Testing bank and control account reconciliations
- Testing income
- Testing payroll processes

On a semi-annual basis, the auditor reports to the Board of Trustees through the Finance Committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

Review of Effectiveness

The Chief Executive has responsibility for reviewing the effectiveness of the system of internal control. During the period in question the review has been informed by:

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

The Chief Executive has been advised of the implications of the result of these reviews of the system of internal control by the relevant Trust Committees.

Approved by order of the members of the Board of Trustees on 13.12.18 and signed on their behalves, by:



Peter J O'Brien
Chair of Trustees



Ani Magill
Accounting Officer

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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Xavier Catholic Education Trust I have considered my responsibility to notify the academy trust 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 academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

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



Ani Magill
Accounting Officer

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

The Trustees (who 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;
- 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 order of the members of the Board of Trustees and signed on its behalf by:



Mr Peter O'Brien
Chair of Trustees

Date: 13.12.18

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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF XAVIER
CATHOLIC EDUCATION TRUST**

Opinion

We have audited the financial statements of Xavier Catholic Education Trust (the 'Trust') 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 Trust'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 Trust 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 Trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

XAVIER CATHOLIC EDUCATION TRUST
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF XAVIER
CATHOLIC EDUCATION TRUST**

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.

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 have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the Trust 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 schools 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 Trust 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 Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of

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accounting unless the Trustees either intend to liquidate the Trust 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. This description forms part of our Auditors' report.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

m. Dickinson

Mark Dickinson FCA (Senior statutory auditor)
for and on behalf of

Wise & Co
Chartered Accountants & Statutory Auditors
Wey Court West
Union Road
Farnham
Surrey
GU9 7PT

Date:

18/12/2018

XAVIER CATHOLIC EDUCATION TRUST
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO XAVIER
CATHOLIC EDUCATION TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 30 July 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 Xavier Catholic Education Trust 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 Xavier Catholic Education Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Xavier Catholic Education Trust and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Xavier Catholic Education Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Xavier Catholic Education Trust's accounting officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of Xavier Catholic Education Trust's funding agreement with the Secretary of State for Education dated 30 August 2016, 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 Trust's income and expenditure.

As a firm we have taken the decision to use the Mercia work programme for regularity assurance work as approved by the ICAEW. The work undertaken to draw our conclusion includes:

- An assessment of the risk of material irregularity and impropriety across all of the Trust's activities;
- Further testing and review of the areas identified through the risk assessment including enquiry;
- Identification of control processes and examination of supporting evidence across all areas identified as well as additional verification work where considered necessary; and

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**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO XAVIER
CATHOLIC EDUCATION TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY (continued)**

- Consideration of evidence obtained through the work detailed above and the work completed as part of our financial statements audit in order to support the regularity conclusion.

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.

M. Dickinson

Mark Dickinson FCA

Wise & Co
Chartered Accountants & Statutory Auditors
Wey Court West
Union Road
Farnham
Surrey
GU9 7PT

Date:

18 / 12 / 2018

XAVIER CATHOLIC EDUCATION TRUST
(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 £
Income from:						
Donations & capital grants:						
Transfer from local authority on conversion	2	154,346	(367,000)	292,000	79,346	(2,204,484)
Other donations and capital grants	2	-	265,057	3,818,711	4,083,768	2,960,030
Charitable activities	3	-	25,033,460	113,541	25,147,001	22,649,430
Teaching schools	29	-	1,739,671	-	1,739,671	2,032,624
Other trading activities	4	1,934,848	1,179,024	-	3,113,872	2,360,447
Investments	5	2,847	-	-	2,847	6,675
Total income		2,092,041	27,850,212	4,224,252	34,166,505	27,804,722
Expenditure on:						
Charitable activities		2,329,308	26,492,503	4,053,494	32,875,305	29,318,611
Teaching schools	29	-	1,646,038	-	1,646,038	741,908
Total expenditure	8	2,329,308	28,138,541	4,053,494	34,521,343	30,060,519
Net income / (expenditure) recognised gains and losses						
Transfers between Funds	20	(237,267)	(288,329)	170,758	(354,838)	(2,255,797)
		-	(265,952)	265,952	-	-
Net (expenditure) / income before other recognised gains and losses		(237,267)	(554,281)	436,710	(354,838)	(2,255,797)
Actuarial gains on defined benefit pension schemes	25	-	1,363,000	-	1,363,000	1,299,000
Net movement in funds		(237,267)	808,719	436,710	1,008,162	(956,797)
Reconciliation of funds:						
Total funds brought forward		2,650,990	(5,097,806)	1,490,019	(956,797)	-
Total funds carried forward		2,413,723	(4,289,087)	1,926,729	51,365	(956,797)

All of the Trust's activities derive from acquisitions in the current financial year.

XAVIER CATHOLIC EDUCATION TRUST
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REGISTERED NUMBER: 10236797

BALANCE SHEET
AS AT 31 AUGUST 2018

	Note	£	2018 £	£	2017 £
Fixed assets					
Tangible assets	15		778,941		503,839
Current assets					
Stocks	16	14,369		-	
Debtors	17	1,183,670		804,366	
Cash at bank and in hand		7,946,482		6,144,278	
		<u>9,144,521</u>		<u>6,948,644</u>	
Creditors: amounts falling due within one year	18	<u>(3,467,097)</u>		<u>(2,192,280)</u>	
Net current assets			<u>5,677,424</u>		<u>4,756,364</u>
Total assets less current liabilities			<u>6,456,365</u>		<u>5,260,203</u>
Creditors: amounts falling due after more than one year	19		<u>(210,000)</u>		<u>(240,000)</u>
Net assets excluding pension scheme liabilities			<u>6,246,365</u>		<u>5,020,203</u>
Defined benefit pension scheme liability	25		<u>(6,195,000)</u>		<u>(5,977,000)</u>
Net assets/(liabilities) including pension scheme liabilities			<u>51,365</u>		<u>(956,797)</u>
Funds of the academy					
Restricted income funds:					
Restricted income funds	20	1,905,913		879,194	
Restricted fixed asset funds	20	1,926,729		1,490,019	
Restricted income funds excluding pension liability		<u>3,832,642</u>		<u>2,369,213</u>	
Pension reserve		<u>(6,195,000)</u>		<u>(5,977,000)</u>	
Total restricted income funds			<u>(2,362,358)</u>		<u>(3,607,787)</u>
Unrestricted income funds	20		<u>2,413,723</u>		<u>2,650,990</u>
Total funds/(deficit)			<u>51,365</u>		<u>(956,797)</u>

XAVIER CATHOLIC EDUCATION TRUST
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BALANCE SHEET (continued)
AS AT 31 AUGUST 2018

The financial statements on pages 22 to 57 were approved by the Trustees, and authorised for issue, on 13.12.18 and are signed on their behalf, by:



Peter J O'Brien
Chair of Trustees

XAVIER CATHOLIC EDUCATION TRUST
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Net cash used in operating activities	22	<u>(1,907,652)</u>	<u>(365,686)</u>
Cash flows from investing activities:			
Purchase of tangible fixed assets		(29,565)	-
Capital grants from DfE Group		1,228,317	1,634,249
Capital funding received from sponsors and others		2,386,758	928,634
Cash from local authority on conversion		154,346	3,677,081
Net cash provided by investing activities		<u>3,739,856</u>	<u>6,239,964</u>
Cash flows from financing activities:			
Repayments of borrowings		(30,000)	(30,000)
Cash inflows from new borrowing		-	300,000
Net cash (used in)/provided by financing activities		<u>(30,000)</u>	<u>270,000</u>
Change in cash and cash equivalents in the year		1,802,204	6,144,278
Cash and cash equivalents brought forward		<u>6,144,278</u>	-
Cash and cash equivalents carried forward	23	<u><u>7,946,482</u></u>	<u><u>6,144,278</u></u>

All of the cash flows are derived from acquisitions in the current financial year.

XAVIER CATHOLIC EDUCATION TRUST
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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 Trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Xavier Catholic Education Trust constitutes a public benefit entity as defined by FRS 102.

1.2 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 Trust 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. The Trustees believe that the likelihood of the pension deficit in the accounts crystallising is remote, and without this deficit the Trust is solvent. For this reason, the trustees have concluded that the Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

XAVIER CATHOLIC EDUCATION TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. Accounting policies (continued)

1.3 Income

All income is recognised once the Trust 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.

Where assets are received by the trust on conversion to an academy, the transferred assets are measured at fair value and recognised in the Balance sheet at the point when the risk and rewards of ownership pass to the trust. An equal amount of income is recognised as a transfer on conversion within Income from donations and capital grants.

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

1. Accounting policies (continued)

1.4 Expenditure

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

Donated services are measured at their fair value, unless it is impractical to measure this reliably. The gain is recognised as income from donations and a corresponding amount is included in the appropriate expenditure category. The Trust has not recognised a cost for the rent-free use of premises granted under licence by the Diocese, as the Trustees do not believe that the rental value can be reliably determined.

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

All expenditure is inclusive of irrecoverable VAT.

1.5 Tangible fixed assets and depreciation

All individual assets costing more than £5,000 and any capital projects with a total value of more than £25,000 are capitalised. Capitalised assets are carried at cost, net of depreciation and any provision for impairment.

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

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

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

1. Accounting policies (continued)

Freehold property	-	Not depreciated
Leasehold property	-	Over the length of the lease
Motor vehicles	-	20% straight line
Office equipment	-	20% 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.

1.6 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.7 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.

1.8 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.

1.9 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 Trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions 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.

XAVIER CATHOLIC EDUCATION TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. Accounting policies (continued)

1.10 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 17. 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 notes 18 and 19. 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. Amounts due to the Trust's wholly owned subsidiary are held at face value less any impairment.

1.11 Taxation

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

1.12 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 25, 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.

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

1. Accounting policies (continued)

The LGPS is a funded scheme and the assets are held separately from those of the 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.

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

1.13 Conversion to an academy trust

The conversion from a state maintained school to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for £NIL consideration. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below.

The assets and liabilities transferred on conversion from all schools to the Trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in Donations - transfer from local authority on conversion in the Statement of financial activities incorporating income and expenditure account and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Further details of the transaction are set out in note 24.

1.14 Fund accounting

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

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

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.

Investment income, gains and losses are allocated to the appropriate fund.

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

1. Accounting policies (continued)

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 25, 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 £
Transfer from local authority on conversion	154,346	(367,000)	292,000	79,346	(2,204,484)
Donations	-	265,057	188,853	453,910	397,146
Capital grants	-	-	3,615,075	3,615,075	2,562,884
Donated fixed assets	-	-	14,783	14,783	-
Subtotal	-	265,057	3,818,711	4,083,768	2,960,030
	154,346	(101,943)	4,110,711	4,163,114	755,546
<i>Total 2017</i>	<i>2,152,423</i>	<i>(4,484,966)</i>	<i>3,088,089</i>	<i>755,546</i>	

XAVIER CATHOLIC EDUCATION TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

3. Funding for Academy's educational operations

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
DfE/ESFA grants				
General annual grant (GAG)	-	21,447,348	21,447,348	20,179,956
Universal infant free school meals	-	430,758	430,758	358,560
Rates relief	-	128,448	128,448	117,110
Sports grant	-	143,815	143,815	68,199
Pupil premium	-	423,602	423,602	389,512
Other ESFA/DfE grants	-	66,586	66,586	55,418
Start up grants	-	25,000	25,000	307,000
Devolved formula capital	-	113,541	113,541	45,567
	-	22,779,098	22,779,098	21,521,322
Other government grants				
Special education needs (SEND)	-	1,136,973	1,136,973	758,912
Other local authority	-	1,230,930	1,230,930	369,196
	-	2,367,903	2,367,903	1,128,108
	-	25,147,001	25,147,001	22,649,430
<i>Total 2017</i>	-	22,649,430	22,649,430	

4. Other trading activities

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Lettings income	189,996	-	189,996	158,110
Staff insurance income	58,285	-	58,285	26,404
Other income	73,973	1,179,024	1,252,997	825,120
Wraparound care	281,569	-	281,569	132,201
Fundraising	736	-	736	-
Catering income	449,574	-	449,574	277,641
School trips income	880,715	-	880,715	940,971
	1,934,848	1,179,024	3,113,872	2,360,447
<i>Total 2017</i>	1,823,710	536,737	2,360,447	

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

5. Investment income

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Short term deposits	2,847	-	2,847	6,675
<i>Total 2017</i>	5,536	1,139	6,675	

6. Direct costs

Activities	Total 2018 £	Total 2017 £
Teaching & educational support	44,873	32,406
Educational supplies	553,390	718,564
Technology costs	700,724	343,117
Examination fees	258,580	277,466
Educational consultancy	271,138	359,779
Catering	905,091	564,274
Staff related insurance	106,717	73,445
Staff development	107,675	90,327
Other staff costs	107,858	109,318
Other direct costs	958,669	830,606
Other restricted expenditure	425,934	-
Wages and salaries	14,073,876	12,878,261
National insurance	1,383,779	1,248,276
Pension cost	2,366,218	2,220,164
	22,264,522	19,746,003
<i>Total 2017</i>		19,746,003

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7. Support costs

	Governance £	Activities £	Total 2018 £	Total 2017 £
Finance cost (FRS102 adjustment)	-	170,000	170,000	129,000
Maintenance of premises	-	396,095	396,095	514,441
Maintenance of equipment	-	69,844	69,844	41,060
Cleaning	-	271,888	271,888	202,793
Water rates	-	48,543	48,543	44,006
Energy	-	336,538	336,538	286,246
Other premises costs	-	95,008	95,008	60,906
Rates	-	129,339	129,339	120,030
Insurance	-	106,680	106,680	95,342
Security & transport	-	34,233	34,233	23,371
Technology costs	-	158,513	158,513	260,513
Non-educational consultancy	-	147,425	147,425	404,599
Other support costs	-	229,518	229,518	404,068
Capital projects	-	3,955,035	3,955,035	2,379,434
Accountancy	12,325	-	12,325	15,600
Legal & professional	60,829	-	60,829	236,446
Other governance	1,502	-	1,502	22,500
Audit costs	45,200	-	45,200	36,250
Wages and salaries	-	2,495,111	2,495,111	2,661,209
National insurance	-	265,829	265,829	217,146
Pension cost (including FRS102 pension adjustment of £1,044,000)	-	1,534,865	1,534,865	1,376,005
Depreciation	-	46,463	46,463	41,644
	<u>119,856</u>	<u>10,490,927</u>	<u>10,610,783</u>	<u>9,572,609</u>
<i>Total 2017</i>	<u>310,796</u>	<u>9,261,813</u>	<u>9,572,609</u>	

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

8. Expenditure excluding governance costs

	Staff costs 2018 £	Premises 2018 £	Other costs 2018 £	Total 2018 £	Total 2017 £
Activities:					
Direct costs	17,868,747	-	4,395,775	22,264,522	19,746,002
Support costs	4,295,805	491,103	5,704,019	10,490,927	9,261,813
Teaching schools	514,877	-	1,131,161	1,646,038	741,908
	<u>22,679,429</u>	<u>491,103</u>	<u>11,230,955</u>	<u>34,401,487</u>	<u>29,749,723</u>
<i>Total 2017</i>	<u>20,638,926</u>	<u>575,347</u>	<u>8,535,450</u>	<u>29,749,723</u>	

Direct staff costs include agency costs of £44,873 (2017: £32,406), included as teaching and educational support costs.

Support staff costs include £Nil (2017: £5,460) of other payroll payments, included in non-educational consultancy.

9. Net income/(expenditure)

This is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets:		
- owned by the charity	46,463	41,645
Auditors' remuneration - audit	45,200	36,250
Auditors' remuneration - other services	6,325	3,300
Governance Internal audit costs	6,000	12,300
	<u>104,988</u>	<u>93,795</u>

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

10. Staff costs

a. Staff costs

Staff costs were as follows:

	2018 £	2017 £
Wages and salaries	17,049,851	15,513,021
Social security costs	1,655,584	1,465,422
Operating costs of defined benefit pension schemes	3,908,107	3,596,168
	<u>22,613,542</u>	<u>20,574,611</u>
Agency staff costs	44,873	32,406
Staff restructuring costs	21,014	26,449
Other costs	-	5,460
	<u>22,679,429</u>	<u>20,638,926</u>

Staff restructuring costs comprise:

	2018 £	2017 £
Redundancy payments	13,014	5,499
Severance payments	8,000	20,950
	<u>21,014</u>	<u>26,449</u>

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

Included in staff restructuring costs for the year are non-statutory/non-contractual severance payments totalling £8,000 (2017: £19,005). Individually, the payments were £8,000 (2017: £105 and £18,900).

c. Staff numbers

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

	2018 No.	2017 No.
Teachers	315	284
Administration and support	294	398
Management	26	41
	<u>635</u>	<u>723</u>

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10. Staff costs (continued)

Average headcount expressed as a full time equivalent:

	2018	<i>2017</i>
	No.	<i>No.</i>
Teachers	285	<i>231</i>
Administration and support	253	<i>214</i>
Management	26	<i>37</i>
	564	<i>482</i>

d. Higher paid staff

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

	2018	<i>2017</i>
	No.	<i>No.</i>
In the band £60,001 - £70,000	9	<i>9</i>
In the band £70,001 - £80,000	3	<i>3</i>
In the band £80,001 - £90,000	1	<i>1</i>
In the band £90,001 - £100,000	1	<i>1</i>
In the band £130,001 - £140,000	1	<i>1</i>

8 (2017: 12) of the above employees participated in the Teachers' Pension Scheme. During the period ended 31 August 2018, pension contributions for these staff amounted to £98,366 (2017: £144,890).

Another 2 (2017: 2) of the above employees participated in the Local Government Pension Scheme. During the period ended 31 August 2018, pension contributions for these staff amounted to £26,180 (2017: £32,999).

e. Key management personnel

The key management personnel of the Trust comprise the trustees and the senior management teams of the schools within the Trust. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Trust was £1,134,395 (2017: £954,703).

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11. Central services

The Trust has provided the following central services to its schools during the year:

- Educational Support Services
- Financial Services
- Human Resources
- IT Services
- Estates Management

The Trust charges for these services on the following basis:

Each school in the Trust paid a partnership contribution equal to 2.5% of their 2017 to 2018 school budget share (excluding rates) element of General Annual Grant (GAG) funding.

The actual amounts charged during the year were as follows:

	2018	2017
	£	£
St Alban's	23,315	17,402
St Augustine's	34,736	33,033
St Anne's	39,166	35,266
St Charles Borromeo	18,891	17,864
Cardinal Newman	33,089	31,878
Holy Family	19,202	16,555
St Hugh of Lincoln	18,791	16,478
St John the Baptist	142,022	95,018
Salesian	174,952	112,651
Marist	15,327	-
	<u>519,491</u>	<u>376,145</u>
Total		

12. Trustees' remuneration and expenses

During the year, no Trustees received any remuneration (2017 - £NIL).

During the year, no Trustees received any benefits in kind (2017 - £NIL).

During the year ended 31 August 2018, expenses totalling £866 (2017 - £593) were reimbursed to 2 Trustees (2017 - 3).

13. Trustees' and Officers' Insurance

The Trust has opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business, and provides cover up to £10,000,000. It is not possible to quantify the Trustees and officers indemnity element from the overall cost of the RPA scheme.

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

14. Other finance income

	2018 £	2017 £
Interest income on pension scheme assets	214,000	115,000
Interest on pension scheme liabilities	(384,000)	(244,000)
	(170,000)	(129,000)

15. Tangible fixed assets

	Freehold property £	Leasehold property £	Plant and equipment £	Total £
Cost				
At 1 September 2017	400,000	-	145,483	545,483
Additions	-	292,000	29,565	321,565
At 31 August 2018	400,000	292,000	175,048	867,048
Depreciation				
At 1 September 2017	-	-	41,644	41,644
Charge for the year	-	2,355	44,108	46,463
At 31 August 2018	-	2,355	85,752	88,107
Net book value				
At 31 August 2018	400,000	289,645	89,296	778,941
At 31 August 2017	400,000	-	103,839	503,839

School land & buildings

The Arundel & Brighton Diocese owns the freehold of the schools' land and buildings. The Trust holds its sites under a licence. The Supplemental Agreement includes the right for the Diocesan Trustees to give not less than 2 years' written notice to the Trust and Secretary of State for Education to terminate the agreement. No such written notice has been received as at the date of the approval of the financial statements. In accordance with the terms of the Supplemental Agreement with The Arundel & Brighton Roman Catholic Diocesan Corporation Limited, the Trust pays no rent.

The Diocese retain ownership and control of the schools' sites and so this does not meet the definition of a fixed asset. As a result no transfer on conversion has been recognised in the accounts for The Marist nor for any previous schools who joined the Trust.

The £292,000 Leasehold property addition relates to the recognition of the playing fields leased from Surrey County Council on a 125 year lease. The rent due on these leased lands is a peppercorn.

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

16. Stocks

	2018 £	2017 £
Finished goods and goods for resale	<u>14,369</u>	<u>-</u>

17. Debtors

	2018 £	2017 £
Trade debtors	262,820	98,273
VAT recoverable	323,063	241,739
Other debtors	60,824	20,651
Prepayments and accrued income	536,963	443,703
	<u>1,183,670</u>	<u>804,366</u>

18. Creditors: Amounts falling due within one year

	2018 £	2017 £
Other loans	30,000	30,000
Trade creditors	1,093,185	564,919
Other taxation and social security	413,979	372,635
Other creditors	382,992	342,796
Accruals and deferred income	1,546,941	881,930
	<u>3,467,097</u>	<u>2,192,280</u>

	2018 £	2017 £
Deferred income		
Deferred income at 1 September 2017	501,884	-
Resources deferred during the year	665,281	501,884
Amounts released from previous years	(501,884)	-
Deferred income at 31 August 2018	<u>665,281</u>	<u>501,884</u>

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NOTES TO THE FINANCIAL STATEMENTS
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18. Creditors: Amounts falling due within one year (continued)

Deferred income is made up of the following balances:

- Breakfast club £2,219
- Devolved formula capital £69,644
- Exclusion funding 2018/19 £9,217
- Letting income £22,896
- Rates relief £83,079
- School fund income £163,772
- Teaching school fees £600
- Trip income 2018/19 £57,459
- UIFSM 2018/19 £256,395

19. Creditors: Amounts falling due after more than one year

	2018	<i>2017</i>
	£	<i>£</i>
Other loans	210,000	<i>240,000</i>

Creditors include amounts not wholly repayable within 5 years as follows:

	2018	<i>2017</i>
	£	<i>£</i>
Repayable by instalments	90,000	<i>120,000</i>

Prior to conversion, an interest-free loan of £300,000 was made by the Diocese to St John the Baptist School. This was inherited on conversion and is repayable in equal instalments over a term of 10 years. The final repayment is expected to be made in the year ended 31 August 2026.

XAVIER CATHOLIC EDUCATION TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

20. Statement of funds

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Designated funds						
School funds	789,334	1,558,950	(1,542,595)	-	-	805,689
General funds						
General unrestricted	1,861,656	533,091	(786,713)	-	-	1,608,034
Total Unrestricted funds	<u>2,650,990</u>	<u>2,092,041</u>	<u>(2,329,308)</u>	<u>-</u>	<u>-</u>	<u>2,413,723</u>
Restricted funds						
General annual grant (GAG)	-	21,447,348	(21,447,348)	-	-	-
Start up grants	-	25,000	(25,000)	-	-	-
Pupil premium	-	423,602	(423,602)	-	-	-
Teaching schools	155,490	1,739,670	(1,646,038)	-	-	249,122
Other grants	-	3,097,744	(2,983,510)	-	-	114,234
Other income	-	1,078,080	(97,803)	(265,952)	-	714,325
Governors' funds	723,704	405,768	(301,240)	-	-	828,232
Pension reserve	(5,977,000)	(367,000)	(1,214,000)	-	1,363,000	(6,195,000)
	<u>(5,097,806)</u>	<u>27,850,212</u>	<u>(28,138,541)</u>	<u>(265,952)</u>	<u>1,363,000</u>	<u>(4,289,087)</u>
Restricted fixed asset funds						
Inherited fixed assets	470,321	292,000	(46,463)	-	-	715,858
School condition allocation	819,769	1,228,317	(1,037,386)	-	-	1,010,700
Devolved formula capital	16,410	113,541	(92,329)	-	-	37,622
Other capital grants	120,000	2,426,524	(2,441,413)	-	-	105,111
Other fixed assets	33,519	-	-	-	-	33,519
Other income	30,000	163,870	(435,903)	265,952	-	23,919
	<u>1,490,019</u>	<u>4,224,252</u>	<u>(4,053,494)</u>	<u>265,952</u>	<u>-</u>	<u>1,926,729</u>
Total restricted funds	<u>(3,607,787)</u>	<u>32,074,464</u>	<u>(32,192,035)</u>	<u>-</u>	<u>1,363,000</u>	<u>(2,362,358)</u>
Total of funds	<u>(956,797)</u>	<u>34,166,505</u>	<u>(34,521,343)</u>	<u>-</u>	<u>1,363,000</u>	<u>51,365</u>

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FOR THE YEAR ENDED 31 AUGUST 2018

20. Statement of funds (continued)

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

Designated Funds

- School funds are designated by the Trustees for use against future events and activities.

Restricted Funds

- The *General Annual Grant (GAG)* represents the core funding for the educational activities of the schools that has been provided to the Trust via the Education and Skills Funding Agency (ESFA) by the Department for Education. The General Annual Grant fund has been set up because the GAG must be used for the normal running costs of the Trust.
- *Start-up grants* represents Academy Conversion Support grants and a Primary Academy Chain Development Grant. All the income received was fully expended during the year. Expenditure relating to these grants is controlled and used specifically as set out in the conditions of the grant.
- The *Pupil Premium fund* represents the restricted pupil premium income received for the purposes of supporting children who have been eligible for free school meals at any point in the last six years. The relevant expenditure incurred is recorded through this fund.
- The *Teaching Schools fund* has been created to recognise the restricted funding received from the Department for Education to cover the operating costs associated with the running of the Teaching School and School Centred Initial Teacher Training (SCITT). This fund also includes other income generated by the Trust towards Teaching Schools.
- The *Other grants fund* includes grants received from the DfE, EFSA and Local Authority. All of the income received was fully expended during the year. Expenditure relating to these grants is controlled and used specifically as set out in the conditions of the grant.
- The *Other income fund* has been created to recognise all sundry sources of restricted income from various sources that are individually immaterial in value. The relevant restricted expenditure is then also recorded through this fund.
- The *Governors' fund* has been created to recognise donations received which are to be used for restricted purposes.
- The *Pension reserve fund* has been created to separately identify the LGPS pension deficit inherited from the local authority upon conversion to academy status, and through which all the pension scheme movements are recognised.

Restricted Fixed Asset Funds

- The *Inherited fixed assets fund* has been set up to recognise the tangible assets gifted to the Trust upon conversion which represent freehold land, leasehold land and all material items of plant and machinery. Depreciation charged on inherited assets is allocated to this fund.
- The *LCVAP fund* recognises the capital projects undertaken by the Trust that have been funded by LCVAP. The transfers into this fund represent the school and governors' contributions towards these projects.
- The *School Condition Allocation fund* has been set up to recognise the capital grant funding received by the Trust for capital expenditure projects.
- The *Devolved Formula Capital fund* represents grants from the local authority for capital maintenance of the Trusts school sites.
- *Other capital grants* are grants received from the Local Authority and the Big Lottery Fund for school expansion projects.
- The *Other fixed assets fund* represents capital additions which are non-capital grant funded. Depreciation charged on inherited assets is allocated to this fund.
- *Other income* is donations received for a capital project.

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20. Statement of funds (continued)

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

Analysis of academies by fund balance

Fund balances at 31 August 2018 were allocated as follows:

	Total 2018 £	<i>Total 2017 £</i>
St Augustine's Catholic Primary School	111,581	135,157
St Alban's Catholic Primary School	453,661	396,312
St Anne's Catholic Primary School	166,561	158,365
St Charles Borromeo Catholic Primary and Nursery	320,239	252,755
Cardinal Newman Catholic Primary School	127,522	177,537
The Holy Family Catholic Primary School	85,700	76,198
St Hugh of Lincoln Primary School	201,444	128,869
Salesian School	1,920,547	1,790,781
St John the Baptist School	676,716	381,799
The Marist Catholic Primary School	161,190	-
Central	94,475	32,411
	<hr/>	<hr/>
Total before fixed asset fund and pension reserve	4,319,636	3,530,184
Restricted fixed asset fund	1,926,729	1,490,019
Pension reserve	(6,195,000)	(5,977,000)
	<hr/>	<hr/>
Total	51,365	(956,797)
	<hr/> <hr/>	<hr/> <hr/>

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

20. Statement of funds (continued)

Analysis of academies by cost

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciatio n & FRS102 pension adjustment £	Total 2018 £	Total 2017 £
St Augustine's Catholic Primary School	1,114,670	176,367	30,772	349,977	1,671,786	1,659,442
St Alban's Catholic Primary School	733,380	151,364	51,473	402,981	1,339,198	1,024,428
St Anne's Catholic Primary School	1,306,812	184,578	44,988	350,255	1,886,633	1,855,382
St Charles Borromeo Catholic Primary and Nursery	760,868	117,959	33,533	225,017	1,137,377	1,166,316
Cardinal Newman Catholic Primary School	1,104,475	187,092	43,841	376,179	1,711,587	1,646,753
The Holy Family Catholic Primary School	577,731	115,858	26,625	243,319	963,533	878,755
St Hugh of Lincoln Primary School	565,637	76,232	13,858	172,350	828,077	871,701
Salesian School	5,607,358	1,342,718	154,940	2,550,484	9,655,500	9,241,459
St John the Baptist School	5,360,505	757,982	123,100	4,407,015	10,648,602	8,644,769
The Marist Catholic Primary School Central	920,734 205,179	194,497 75,094	32,132 5,833	355,204 1,629,924	1,502,567 1,916,030	- 2,201,863
	<u>18,257,349</u>	<u>3,379,741</u>	<u>561,095</u>	<u>11,062,705</u>	<u>33,260,890</u>	<u>29,190,868</u>

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

20. Statement of funds (continued)

Statement of funds - prior year

	<i>Balance at 1 September 2016 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 August 2017 £</i>
Designated funds						
School funds	-	2,198,590	(1,130,818)	(278,438)	-	789,334
General funds						
General unrestricted	-	1,756,674	(87,253)	192,235	-	1,861,656
Total Unrestricted funds	-	3,955,264	(1,218,071)	(86,203)	-	2,650,990
Restricted funds						
General annual grant (GAG)	-	20,179,956	(20,693,022)	513,066	-	-
Start up grants	-	307,000	(307,000)	-	-	-
Pupil premium	-	389,512	(389,512)	-	-	-
Teaching schools	-	2,072,112	(1,886,311)	(30,311)	-	155,490
Other grants	-	1,727,396	(1,727,396)	-	-	-
Other income	-	422,613	(546,112)	123,499	-	-
Governors' funds	-	2,065,212	(44,016)	(1,297,492)	-	723,704
Pension reserve	-	(6,448,000)	(828,000)	-	1,299,000	(5,977,000)
	-	20,715,801	(26,421,369)	(691,238)	1,299,000	(5,097,806)
Restricted fixed asset funds						
Inherited fixed assets	-	495,206	(24,885)	-	-	470,321
LCVAP	-	509,129	(1,236,283)	727,154	-	-
School condition allocation	-	1,125,120	(305,351)	-	-	819,769
Devolved formula capital	-	45,567	(29,157)	-	-	16,410
Other capital grants	-	928,635	(808,644)	9	-	120,000
Other fixed assets	-	-	(16,759)	50,278	-	33,519
Other income	-	30,000	-	-	-	30,000
	-	3,133,657	(2,421,079)	777,441	-	1,490,019
Total restricted funds	-	23,849,458	(28,842,448)	86,203	1,299,000	(3,607,787)
Total of funds	-	27,804,722	(30,060,519)	-	1,299,000	(956,797)

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NOTES TO THE FINANCIAL STATEMENTS
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A current year 12 months and prior year 12 months combined position is as follows:

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Designated funds						
School funds	-	3,757,540	(2,673,413)	(278,438)	-	805,689
	-	3,757,540	(2,673,413)	(278,438)	-	805,689
General funds						
General unrestricted	-	2,289,765	(873,966)	192,235	-	1,608,034
Total Unrestricted funds	-	6,047,305	(3,547,379)	(86,203)	-	2,413,723
Restricted funds						
General annual grant (GAG)	-	41,627,304	(42,140,370)	513,066	-	-
Start up grants	-	332,000	(332,000)	-	-	-
Pupil premium	-	813,114	(813,114)	-	-	-
Teaching schools	-	3,811,782	(3,532,349)	(30,311)	-	249,122
Other grants	-	4,825,140	(4,710,906)	-	-	114,234
Other income	-	1,500,693	(643,915)	(142,453)	-	714,325
Governors' funds	-	2,470,980	(345,256)	(1,297,492)	-	828,232
Pension reserve	-	(6,815,000)	(2,042,000)	-	2,662,000	(6,195,000)
	-	48,566,013	(54,559,910)	(957,190)	2,662,000	(4,289,087)

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20. Statement of funds (continued)

Restricted fixed asset funds

Inherited fixed assets	-	787,206	(71,348)	-	-	715,858
LCVAP	-	509,129	(1,236,283)	727,154	-	-
School condition allocation	-	2,353,437	(1,342,737)	-	-	1,010,700
Devolved formula capital	-	159,108	(121,486)	-	-	37,622
Other capital grants	-	3,355,159	(3,250,057)	9	-	105,111
Other fixed assets	-	-	(16,759)	50,278	-	33,519
Other income	-	193,870	(435,903)	265,952	-	23,919
	-	<u>7,357,909</u>	<u>(6,474,573)</u>	<u>1,043,393</u>	<u>-</u>	<u>1,926,729</u>
	-	<u>55,923,922</u>	<u>(61,034,483)</u>	<u>86,203</u>	<u>2,662,000</u>	<u>(2,362,358)</u>
Total of funds	-	<u>61,971,227</u>	<u>(64,581,862)</u>	<u>-</u>	<u>2,662,000</u>	<u>51,365</u>

Summary of funds - current year

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Designated funds	789,334	1,558,950	(1,542,595)	-	-	805,689
General funds	1,861,656	533,091	(786,713)	-	-	1,608,034
	<u>2,650,990</u>	<u>2,092,041</u>	<u>(2,329,308)</u>	<u>-</u>	<u>-</u>	<u>2,413,723</u>
Restricted funds	(5,097,806)	27,850,212	(28,138,541)	(265,952)	1,363,000	(4,289,087)
Restricted fixed asset fund	1,490,019	4,224,252	(4,053,494)	265,952	-	1,926,729
	<u>(956,797)</u>	<u>34,166,505</u>	<u>(34,521,343)</u>	<u>-</u>	<u>1,363,000</u>	<u>51,365</u>

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20. Statement of funds (continued)

Summary of funds - prior year

	<i>Balance at 1 September 2016</i>	<i>Income</i>	<i>Expenditure</i>	<i>Transfers in/out</i>	<i>Gains/ (Losses)</i>	<i>Balance at 31 August 2017</i>
	£	£	£	£	£	£
Designated funds	-	2,198,590	(1,130,818)	(278,438)	-	789,334
General funds	-	1,756,674	(87,253)	192,235	-	1,861,656
	-	3,955,264	(1,218,071)	(86,203)	-	2,650,990
Restricted funds	-	20,715,801	(26,421,369)	(691,238)	1,299,000	(5,097,806)
Restricted fixed asset funds	-	3,133,657	(2,421,079)	777,441	-	1,490,019
	-	27,804,722	(30,060,519)	-	1,299,000	(956,797)

21. Analysis of net assets between funds

	Unrestricted funds 2018	Restricted funds 2018	Restricted fixed asset funds 2018	Total funds 2018
	£	£	£	£
Tangible fixed assets	-	-	778,942	778,942
Current assets	2,610,085	5,386,647	1,147,787	9,144,519
Creditors due within one year	(196,362)	(3,270,734)	-	(3,467,096)
Creditors due in more than one year	-	(210,000)	-	(210,000)
Provisions for liabilities and charges	-	(6,195,000)	-	(6,195,000)
	2,413,723	(4,289,087)	1,926,729	51,365

Analysis of net assets between funds - prior year

	<i>Unrestricted funds</i>	<i>Restricted funds</i>	<i>Restricted fixed asset funds</i>	<i>Total funds</i>
	<i>2017</i>	<i>2017</i>	<i>2017</i>	<i>2017</i>
	£	£	£	£
Tangible fixed assets	-	-	503,839	503,839
Current assets	2,745,449	3,217,015	986,180	6,948,644
Creditors due within one year	(94,459)	(2,097,821)	-	(2,192,280)
Creditors due in more than one year	-	(240,000)	-	(240,000)
Provisions for liabilities and charges	-	(5,977,000)	-	(5,977,000)
	2,650,990	(5,097,806)	1,490,019	(956,797)

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NOTES TO THE FINANCIAL STATEMENTS
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22. Reconciliation of net movement in funds to net cash flow from operating activities

	2018	2017
	£	£
Net expenditure for the year (as per Statement of Financial Activities)	(354,838)	(2,255,797)
Adjustment for:		
Depreciation charges	46,463	41,644
Increase in stocks	(14,369)	-
Increase in debtors	(379,305)	(804,366)
Increase in creditors	1,274,817	2,162,280
Capital grants from DfE and other capital income	(3,615,074)	(2,562,883)
Defined benefit pension scheme obligation inherited	367,000	6,448,000
Defined benefit pension scheme cost less contributions payable	1,044,000	699,000
Defined benefit pension scheme finance cost	170,000	129,000
Net surplus on assets and liabilities from local authority on conversion	(446,346)	(4,222,564)
Net cash used in operating activities	(1,907,652)	(365,686)

23. Analysis of cash and cash equivalents

	2018	2017
	£	£
Cash in hand	7,946,482	5,994,278
Notice deposits (less than 3 months)	-	150,000
Total	7,946,482	6,144,278

24. Conversion to an academy trust

On 1 November 2017 The Marist Catholic Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Xavier Catholic Education Trust from Surrey County Council for £NIL consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the Balance sheet under the appropriate headings with a corresponding net amount recognised as a net loss in the Statement of financial activities incorporating income and expenditure account as Donations - transfer from local authority on conversion

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of financial activities incorporating income and expenditure account.

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24. Conversion to an academy trust (continued)

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Freehold/leasehold land and buildings	-	-	20,000	20,000
Other assets	154,346	-	-	154,346
LGPS pension surplus/(deficit)	-	(367,000)	-	(367,000)
Net assets/(liabilities)	<u>154,346</u>	<u>(367,000)</u>	<u>20,000</u>	<u>(192,654)</u>

The above net liabilities include £154,346 that were transferred as cash.

Land and buildings have not been recognised as the Diocese retained ownership and control of the school site and so this does not meet the definition of a fixed asset. As a result, no transfer on conversion has been recognised in the accounts for The Marist Catholic Primary School. The £20,000 leasehold land refers to the playing fields leased from Surrey County Council on a 125 year lease.

25. Pension commitments

The Trust'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 Surrey County Council. Both are Multi-employer defined benefit pension schemes.

As described in note 24 the LGPS obligation relates to the employees of the Trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the Scheme in the year ended 31 August 2018. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the Trust at the balance sheet date.

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

Contributions amounting to £359,883 were payable to the schemes at 31 August 2018 (2017 - 342,701) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

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

25. Pension commitments (continued)

Valuation of the Teachers' Pension Scheme

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

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

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 £1,932,852 (2017 - £1,749,816).

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).

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £1,209,000 (2017 - £1,401,468), of which employer's contributions totalled £921,000 (2017 - £1,145,436) and employees' contributions totalled £288,000 (2017 - £256,032). The agreed contribution rates for future years are 19.7% for employers and 5.5- 12.5% for employees.

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

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25. Pension commitments (continued)

Principal actuarial assumptions:

	2018	2017
Discount rate for scheme liabilities	2.80 %	2.50 %
Rate of increase in salaries	2.70 %	2.70 %
Rate of increase for pensions in payment / inflation	2.40 %	2.40 %
Inflation assumption (CPI)	2.40 %	2.40 %

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	22.5	22.5
Females	24.6	24.6
Retiring in 20 years		
Males	24.1	24.1
Females	26.4	26.4

	At 31 August 2018 £	At 31 August 2017 £
Sensitivity analysis		
Discount rate +0.1%	(379,800)	(317,200)
Discount rate -0.1%	379,800	317,200
Mortality assumption - 1 year increase	636,760	239,080
Mortality assumption - 1 year decrease	(636,760)	(239,080)
CPI rate +0.1%	313,400	251,200
CPI rate -0.1%	(313,400)	(251,200)

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

	Fair value at 31 August 2018 £	Fair value at 31 August 2017 £
Equities	7,001,000	5,595,880
Corporate bonds	1,653,000	1,134,300
Property	681,000	529,340
Cash and other liquid assets	389,000	302,480
Total market value of assets	<u>9,724,000</u>	<u>7,562,000</u>

The actual return on scheme assets was £460,000 (2017 - £702,000).

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25. Pension commitments (continued)

The amounts recognised in the Statement of financial activities incorporating income and expenditure account are as follows:

	2018 £	2017 £
Current service cost	(1,965,000)	(1,820,000)
Interest income	214,000	115,000
Interest cost	(384,000)	(244,000)
	<u> </u>	<u> </u>
Total	(2,135,000)	(1,949,000)
	<u> </u>	<u> </u>
Actual return on scheme assets	460,000	702,000
	<u> </u>	<u> </u>

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

	2018 £	2017 £
Opening defined benefit obligation	13,539,000	-
Upon conversion	860,000	11,848,000
Current service cost	1,965,000	1,820,000
Interest cost	384,000	244,000
Employee contributions	288,000	251,000
Actuarial gains	(1,117,000)	(624,000)
	<u> </u>	<u> </u>
Closing defined benefit obligation	15,919,000	13,539,000
	<u> </u>	<u> </u>

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

	2018 £	2017 £
Opening fair value of scheme assets	7,562,000	-
Upon conversion	493,000	5,400,000
Interest income	214,000	115,000
Actuarial losses	246,000	675,000
Employer contributions	921,000	1,121,000
Employee contributions	288,000	251,000
	<u> </u>	<u> </u>
Closing fair value of scheme assets	9,724,000	7,562,000
	<u> </u>	<u> </u>

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26. Operating lease commitments

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

	2018 £	2017 £
Amounts payable:		
Within 1 year	36,520	82,068
Between 1 and 5 years	56,034	57,332
Total	<u>92,554</u>	<u>139,400</u>

27. 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.

28. Related party transactions

Owing to the nature of the academy trust 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 AFH and with the trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

The Trust operates from land and buildings provided rent free by the Bishop of Arundel & Brighton and the Trustees. Under an agreement between the Diocese, the Trust 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 do not have a reliable estimate for the cost of renting equivalent buildings and have therefore excluded any rental cost or donation in kind in these financial statements.

In the prior year a contract was in place with a trustee for provision of consultancy services on a self-employed basis. A total of £15,015 was invoiced during the year ended 31 December 2017 and no payments were outstanding at the year end. Of the total amount paid £5,460 was paid through payroll under IR35. This has been disclosed as other costs in Note 9 of the accounts. There were no similar transactions in the current financial year

During the year a trustee's family member was an employee of a school within the Trust. Their total remuneration paid, including salary and pension costs, was £20,637 (2017: £4,752).

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29. Teaching school trading account

	2018 £	2018 £	2017 £	2017 £
Income				
Direct income				
Grant income	1,482,139		1,711,259	
Fee income	257,531		321,365	
	1,739,670		2,032,624	
Total Direct income				
Total income		1,739,670		2,032,624
Expenditure				
Direct expenditure				
Professional services	156,026		111,324	
Bursary payments	794,180		741,908	
Educational supplies	1,306		13,502	
Direct staff costs	388,599		224,750	
	1,340,111		1,091,484	
Total Direct expenditure				
Other expenditure				
Catering	5,121		2,490	
Technology costs	4,199		4,995	
Accountancy and audit	1,888		1,000	
Support staff costs	126,278		93,649	
Other support costs	168,441		683,516	
	305,927		785,650	
Total Other expenditure				
Total expenditure		1,646,038		1,877,134
Surplus from all sources		93,632		155,490
Teaching school balances at 1 September 2017		155,490		-
Teaching school balances at 31 August 2018		249,122		155,490

30. Legal status

The Trust is a charitable company, operating as an Academy Trust, incorporated in England and Wales.

Its registered office is Salesian School, Guildford Road, Chertsey, Surrey, KT16 9LU.