

**HOLY CROSS CATHOLIC PRIMARY ACADEMY**  
**(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**HOLY CROSS CATHOLIC PRIMARY ACADEMY**  
**(A Company Limited by Guarantee)**

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**HOLY CROSS CATHOLIC PRIMARY ACADEMY**  
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS MEMBERS, TRUSTEES AND  
ADVISERS  
FOR THE YEAR ENDED 31 AUGUST 2016**

<b>Members</b>	The Right Reverend A Williams The Brentwood Diocesan Trust Chair of Governors - ex officio
<b>Trustees</b>	Mr N Long, Chair of Trustees - Foundation Governor Miss S McGuiggan, Headteacher - Foundation Governor Mr D Frampton, Foundation Governor Mrs M Nabil, Staff Governor (resigned 1 July 2016) Mr G Oliver, Staff Governor Mr M Samuels, Foundation Governor Mrs C Selwood, Chair of Finance - Foundation Governor Fr B Soley, Parish Priest - Foundation Governor Mrs A Tierney, Authority Governor Mr J O Okal, Foundation Governor (appointed 1 September 2015) Mrs T Tieu, Parent Governor (appointed 5 September 2015) Mrs J Houston, Parent Governor (appointed 1 September 2015) Mr D Gleeson, Foundation Governor (appointed 1 September 2015, resigned 1 January 2016)
<b>Company Secretary</b>	Mrs Kerry Clark
<b>Chief Executive Officer</b>	Miss S McGuiggan
<b>Senior Leadership Team</b>	Miss S McGuiggan, Headteacher Mr S Kelliher, Deputy Headteacher Mrs K Clark, Business Manager
<b>Company name</b>	Holy Cross Catholic Primary Academy
<b>Registered and principal office</b>	Holy Cross Catholic Primary Academy Tracyes Road Harlow Essex CM18 6JJ
<b>Company registered number</b>	07696114
<b>Independent Auditors</b>	Price Bailey LLP Chartered Accountants Statutory Auditors Causeway House 1 Dane Street Bishop's Stortford Hertfordshire CM23 3BT
<b>Bankers</b>	Lloyds TSB East Gate PO Box 1000 Harlow BX1 1LT

**HOLY CROSS CATHOLIC PRIMARY ACADEMY**  
**(A Company Limited by Guarantee)**

**TRUSTEES REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

The Trustees present their Annual Report together with the financial statements and Auditors' Report of Holy Cross Catholic Primary Academy (the Charitable Company, the Trust or the Academy) for the year ended 31 August 2016.

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**Constitution**

The Trust is a company limited by guarantee and an exempt charity. The Charitable Company's Memorandum and Articles of Association are the primary governing documents of the Trust. The Trustees of the Charitable Company are also the Directors for the purposes of company law. The terms Trustee, Director and Governor are interchangeable.

**Governance**

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

**Member's liability**

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

**Trustee Indemnities**

Trustees benefit from indemnity insurance purchased at the Academy'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 Academy, 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 Directors of the Academy. The limit of this indemnity is £5 million.

**Principal Activity**

The principal activity of the Charitable Company is to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum. This activity is achieved by the running of Holy Cross Catholic Primary Academy (the School). The School is a 4 - 11 primary academy covering the catchment area of Harlow with a school roll of 334 pupils.

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

The Brentwood Diocese are responsible for the appointment of Foundation Trustees; recommendations can be made by the Members of the Trust, except two parent Trustees and two staff Trustees who will be appointed through an election process directed by the Board of Trustees. The Board of Trustees Body appoints a Community Trustee from the local community who brings knowledge and skills. Except for the Headteacher, Trustees are subject to retirement after 4 years of service but are eligible for re-appointment or re-election at the meeting at which they retire.

**Policies and Procedures adopted for the induction and training of Trustees**

All Trustees are given the opportunity to attend training sessions. At the beginning of the 2015/16 academic year a number of sessions were held for our Trustees covering the main elements of the position, including the legal framework and Trustee responsibilities. Each year all members of the Board of Trustees are offered updates on relevant issues and changes in legislation etc. The topics covered are regularly reviewed to ensure that Trustees are kept up to date as far as possible. Access to training is available through Essex County Council, Harlow Educational Consortium, the Diocese of Brentwood and other local providers. Trustees are appointed based on the skills that they will bring to the Board of Trustees or based on a proposal to the Board of Trustees by representative groups. On appointment, Trustees receive information relating to the Trust and attend a briefing and receive an induction pack on their role and responsibilities

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**TRUSTEES REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

The training and induction provided for new Trustees will depend upon their existing experience but would always include a tour of the School and a chance to meet staff and pupils. All Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as trustees. One Trustee is designated as the Trustee Development Coordinator and they are responsible for overseeing training and development needs. Trustees also undertake to make regular visits to the School to improve their understanding and to offer guidance and support.

**Organisational Structure**

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

The Board of Trustees, which meets on at least 3 occasions per year, is responsible for the strategic direction of the Academy. The Board of Trustees reviews progress towards educational objectives and results. They also approve major expenditure requests, set the budget for the following year, and set the organisational staffing structure, agree the performance objectives of the Headteacher with the School Improvement Partner, and reviews them.

The Board has delegated authority to these sub committees:

- Finance, Premises & Personnel Committee – this meets at least three times a year and is responsible for monitoring, evaluating and reviewing policy and performance in relation to financial management, compliance with reporting and regulatory requirements and reporting, receiving reports from the Internal Auditor and drafting the annual budget including setting staffing levels. It also incorporates the role of an Audit Committee. This Committee also reviews issues relating to health and safety, premises, and related issues.
- Curriculum Committee – this meets once a term to monitor, evaluate and review Academy policy, practice and performance in relation to curriculum planning, communications, target setting and assessment, examinations and all pastoral.
- Pay Committee - meets as required but at least once per year.

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

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

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

Pay and remuneration of key management personnel is decided by a variety of contributory factors, such as the school group size, Individual School Range, the pay scales for each role and the level of experience of each staff member. In addition, pay levels may be affected by nationally agreed pay awards, the ability to recruit and retain in post, all of which are in accordance with the Trust's appointment and pay policies. All amendments to key management's pay and remuneration is approved by the appropriate sub-committee and ratified by the Board of Governors.

**Connected Organisations and Related Parties**

Transactions may take place with organisations in which a Trustee has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy's financial regulations and normal procurement procedures. Any transaction where the Trustee has a pecuniary interest is only undertaken in accordance with the 'at cost' principle stated in the Academies Financial Handbook. During 2015/16 the Academy entered a Memorandum of Understanding with St Marks West Essex Catholic Academy and also worked with a local estate agent who sponsored the snack shed; sports kits and advertising our fete.

**OBJECTIVES AND ACTIVITIES**

**Objects and aims**

The principal object and aim of the Academy is the operation of Holy Cross Catholic Primary Academy to provide education and care for pupils of different abilities between the ages of 4 - 11.

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**TRUSTEES REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

During the year the School has worked towards achieving these aims by:

- providing learning opportunities for all children in a Christ centred environment;
- making real our mission statement "Christ is the centre of our lives, our learning and friendships, in a safe, happy and caring community where all are welcome";
- intending to enable each child to realise their full academic creative and physical potential and to develop positive social and moral values;
- ensuring that every child enjoys the same high quality education in terms of resourcing, tuition and care;
- continuing to raise the standard of educational achievement of all pupils and thereby to maintain the School's local and national reputation;
- improving the effectiveness of the School by keeping the curriculum and organisational structure under continual review;
- providing value for money for the funds spent;
- complying with all appropriate statutory and curriculum requirements;
- maintaining close links with industry and commerce;
- conducting the Academy's business in accordance with the highest standards of integrity, probity and openness; and
- making effective cross curricular use of IT through purchase of new server and associated equipment

We are an average size primary school, which serves local parish communities. Just under half of the pupils come from a minority ethnic background. This is significantly above the national average. About 50% of pupils (above national average), are from families where English is not the home language. The largest percentage is of African heritage. Very few pupils are at an early stage of learning English. The proportion of disabled pupils or those at School Action Plus is close to that found in schools nationally as is the proportion of pupils with a Statement of Need. Those eligible for free school meals are below the national average. The school's Early Years Foundation Stage provision is in two Reception classes.

Our Inclusion Manager works closely with all staff to ensure effective provision for all groups of pupils and thereby enables all groups to make progress. All staff ensure continued support for all groups of children and give generously their own time to maintain standards.

#### **Equal opportunities policy**

The Trustees recognise that equal opportunities should be an integral part of good practice within the workplace. The Academy aims to establish equal opportunity in all areas of its activities including creating a working environment in which the contribution and needs of all people are fully valued.

#### **British values**

The Academy recognise and promote fundamental British values of democracy, the rule of law, individual liberty and mutual respect and tolerance of those with different faiths and beliefs throughout all aspects of school life.

Challenges faced by the full board and finance committee:

- monitor and oversee the kitchen upgrade to cope with the demand of universal school free meals;
- implement the new curriculum and new assessment grades;
- recruiting Foundation Trustees with skills that are needed to complement the skills base we already have;
- ensuring consistency of approach with additional pupils and staff; and
- ensuring all staff received appropriate training in 'Relate'

#### **Review of effectiveness**

A core group of four Trustees continue to produce a Trustees Evaluation Plan, this is an ongoing working document. The plan was shared with the School Development Officer and feedback was given, for Trustees to develop their roles and monitoring responsibilities. The Board of Trustees have started their journey to complete The Essex Governor Kitemark. To support Trustees to carry out effective monitoring the Headteacher introduced Trustees day once a term, where Trustees spend a whole day in school with staff and children and at the end of day have a meeting to feed back to each other and Headteacher findings.

#### **Public Benefit**

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

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**TRUSTEES REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**STRATEGIC REPORT**

**ACHIEVEMENTS AND PERFORMANCE**

**Achievements and performance**

The Academy measures its success partly through a series of performance indicators. These indicators comprise:

- Academy popularity/admissions.
- Test results and other indicators of children progress.
- Staff performance monitoring.
- Financial health.
- Stakeholder survey outcomes

Sats results for 2016 Key Stage 2 of those children who entered KS2 sats:

Reading Year 6 expectations and + 97%  
Reading Greater Depth – 39%  
Writing (TA) Year 6 expectations and + – 94%  
Writing (TA) Year 6 expectations Greater Depth – 30 %  
Maths level Year 6 expectations and + 82%  
Maths Year 6 expectations Greater Depth – 27%

Reading, Writing and Maths (RWM) 76% RWM at greater depth 12%

**Key Performance Indicators**

The Trustees receive regular information each term and the Key performance indicators are:

- Termly financial and other data which are discussed at standards meetings
- Moderation staff have attended moderation meetings as well as external verification of our judgments.
- Attendance 96%

**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. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

**FINANCIAL REVIEW**

**Financial Review**

The principal source of funding for the Trust is the General Annual Grant (GAG) and other grants that it receives from the EFA. For the year ended 31 August 2016 the Trust received £1,497,137 (see note 3) of GAG and other funding. A high percentage of this income is spent on wages and salaries and support costs to deliver the Academy's primary objective of the provision of education. The free reserves at the year end were £21,335.

**Principal Risks and Uncertainties**

**Risk management**

The Academy maintains a risk register identifying the major risks to which it is exposed, and identifying actions and procedures to mitigate those risks. This register is approved and monitored by the Finance and Premises and Pay and Personnel Committees. The principal risks facing the Academy at a contextual level are outlined below in the principal risks and uncertainties section; those facing the Academy at an operational level are addressed by its systems and by internal financial and other controls.

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

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

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**TRUSTEES REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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

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

- The Academy has considerable reliance on continued Government funding through the EFA and there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.
- Failures in governance and/or management - the risk in this area arises from potential failure to effectively manage the Academy's finances, internal controls, compliance with regulations and legislation, statutory returns, etc. The Trustees continue to review and ensure that appropriate measures are in place to mitigate these risks.
- Reputation- the continuing success of the Academy is dependent on continuing to attract applicants in sufficient numbers by maintaining the highest educational standards. To mitigate this risk Trustees ensure that student success and achievement are closely monitored and reviewed.
- Safeguarding and child protection - the Trustees continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and discipline.
- Staffing - the success of the Academy is reliant on the quality of its staff and so the Trustees monitor and review policies and procedures to ensure continued development and training of staff.
- Fraud and mismanagement of funds - The Academy has appointed an Internal Auditor to carry out checks on financial systems and records as required by the Academy Financial Handbook. All finance staff receive training to keep them up to date with financial practice requirements and develop their skills in this area.
- Bank balances: there is no significant risk other than an institution ceasing to trade.
- Debtors: there are no material debtors.
- The Academy's credit rating is not in jeopardy, though it has no need for credit facilities.
- The Academy's cashflow is healthy and long term financial planning predicts it will remain so.

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

**Reserves policy**

The Trustees review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Trustees have determined that the appropriate level of free reserves should usually be equivalent to one month's net salary expenditure (approximately £65,000). The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance.

There was some instability in cash flow and reserves this financial year owing to revenue funding issues relating to Academy growth. The Academy has received capital funding under Basic Need from the Local Authority to provide additional building for two forms of entry. This expansion and funding was secured after a lengthy research process including analysis of birth and baptismal data and public/stakeholder consultation. Revenue funding has been through Local Authority Basic Need.

Confidence and popularity of the Academy remains high and it continues to be over-subscribed. The Trustees plan to secure future financial stability through increased revenue from additional pupils, refined finance and monitoring procedures within the Academy and the recruitment of a Foundation Trustee with a financial background as well as continuing to further explore ways of income generation.

Due to the accounting rules for the Local Government Pension Scheme under FRS102, the Academy is recognising a significant pension fund deficit of £708,000 (2015 - £348,000). This does not mean that an immediate liability for this amount crystallises and that such a deficit generally results in a cash flow effect in the form of increased employer contributions over a number of years. The Academy is currently making payments of £16,694 per annum towards the deficit and it is envisaged that should this amount be increased it will be met from its budgeted annual income. The recognition of this deficit has no direct impact on the free reserves of the Trust.

**PLANS FOR FUTURE PERIODS**

Holy Cross Catholic Primary Academy strives to continually improve levels of attainment for all students, equipping them with the qualifications, skills and character to follow their chosen pathway into secondary education.

The curriculum, the quality of teaching and learning and informed interventions are consistently reviewed to help every child achieve their full potential.



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**TRUSTEES REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

The Academy believes that developing the whole child is critical to improving levels of attainment and in developing broader skills and character that will develop students' commitment to lifelong learning and enrich their quality of life. To this extent, the Academy strives to provide exceptional behaviour and attendance management support to its students and to offer a broad range of extra-curricular activities.

The Academy plans to:

- ensure accelerated rates of progress for all groups of pupils across all year groups in key areas in literacy and numeracy;
- embed new curriculum and assessment procedures;
- continue to develop outstanding PE and healthy living provision;
- Focus on More Able pupils
- further develop links outside of our local community for example, continuing the outstanding collaborative work that
- continue to develop enrichment of the curriculum of practical first hand experience such as residential and day educationalexursions.
- Continue to develop EYFS outdoor play area to enrich their learning from play.
- Develop main playground to offer variety of activities and appropriate shelter.
- To have a dedicated speech and language person to support an area which has been highlighted through regular monitoring.

**PROVISION OF INFORMATION TO AUDITORS**

Insofar as the Trustees are aware:

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

The Auditors, Price Bailey LLP, are willing to continue in office and a resolution to appoint them will be proposed at the Annual General Meeting.

Approved by the Board of Trustees on 16 November 2016 and signed on its behalf by:

**Mrs C Selwood**  
**Trustee**

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**GOVERNANCE STATEMENT**

**SCOPE OF RESPONSIBILITY**

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

The Board of Trustees has delegated the day-to-day responsibility to the Headteacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Holy Cross Catholic Primary Academy 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 Governors' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met 3 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
Mr N Long	3	3
Miss S McGuiggan	3	3
Mr D Frampton	3	3
Mrs M Nabil	1	3
Mr G Oliver	3	3
Mr M Samuels	3	3
Mrs C Selwood	3	3
Fr B Soley	1	3
Mrs A Tierney	3	3
Mr J O Okal	1	3
Mrs T Tieu	3	3
Mrs J Houston	2	3
Mr D Gleeson	0	3

Fr B Soley was unable to make all of the Trustees meetings due to Parish duties.

The major challenge faced by the Board of Trustees this year was planning for the increase in capacity and the pressures that has placed on finances.

Governance reviews:

A Trustee self evaluation was undertaken during the 2015/16 academic year and an action plan was put into place.

The Finance and Premises Committee is a sub-committee of the main Board of Trustees. It is responsible for monitoring, evaluating and reviewing policy and performance in relation to financial management, compliance with reporting and regulatory requirements and reporting, receiving reports from the Internal Auditor and drafting the annual budget including setting staffing levels. It also incorporates the role of an Audit Committee. This Committee also reviews issues relating to health and safety, premises, and related issues. To discuss staffing as monitoring and maintaining personnel policies.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mr N Long	3	3
Miss S McGuiggan	3	3
Mr D Frampton	3	3
Mr G Oliver	3	3
Mr M Samuels	3	3
Mrs C Selwood	3	3
Mr T Tieu	3	3
Mrs A Tierney	3	3

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**GOVERNANCE STATEMENT (continued)**

**REVIEW OF VALUE FOR MONEY**

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

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

- **Targeted Improvement:**  
We review our staffing structure and needs on an annual basis to enable us to fully support the needs of our children. In 2015-16 a strategic decision from the previous year was continued to provide specialist support for Year 6 pupils. To monitor and support one year 2 class as they move to year 3 as they have been identified as a class that has had a lot of change. This enabled staff to more specifically tailor the teaching to the needs of the pupils as well as providing extra one to one support for those pupils in most need. We reviewed the success of this initiative last year to inform our decision to continue.
- **Collaboration:**  
We continue to subscribe to the Harlow Educational Consortium which enables us to access high quality CPD, share good practice and other support from this organisation comprising of 39 schools and academies. It also provides a very important function procuring services on behalf of its members and exercising principles of Best Value. Our partnership with Diocesan schools continues to flourish and this year saw significant joint initiatives with two schools in particular.
- **New Initiatives:**  
Partnership with St Marks, this is saving money as we are using the teachers from St Marks to enhance the specialist teaching here, i.e Drama. We completed an audit on the current photocopiers and realised that they were not cost effective, so decided to change photocopiers to a new contract. The new copies are audited regularly to keep costs down. Hold joint inset days with other schools to reduce cost. Joint procurement from Harlow Consortium.

**THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Holy Cross Catholic Primary Academy for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the Annual Report and financial statements.

**CAPACITY TO HANDLE RISK**

The Board of Trustees has reviewed the key risks to which the Academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy's significant risks, that has been in place for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the Annual Report and financial statements. This process is regularly reviewed by the Board of Trustees.

**THE RISK AND CONTROL FRAMEWORK**

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

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

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**GOVERNANCE STATEMENT (continued)**

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

The Internal Auditor's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. On an termly basis, the Internal Auditor reports to the Board of Trustees on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

During the year the Internal Auditor delivered their schedule of works as planned and reported upon the following areas:

- Governance and Financial management
- Banking
- Payroll
- Income
- Assets
- Expenditure
- Petty Cash
- Business Card

**REVIEW OF EFFECTIVENESS**

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

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

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

Approved by the Board of Trustees on 16 November 2016 and signed on its behalf, by:

**Mrs C Selwood**  
Trustee

**Miss S McGuiggan**  
Accounting Officer

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**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

As Accounting Officer of Holy Cross Catholic Primary Academy I have considered my responsibility to notify the Board of Trustees and the Education Funding Agency (EFA) of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

I confirm that I and the 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 2015.

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 EFA.

**Miss S McGuiggan**  
Accounting Officer

Date: 16 November 2016

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**STATEMENT OF TRUSTEES' RESPONSIBILITIES**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

The Trustees (who act as Governors of Holy Cross Catholic Primary Academy and are also the Directors of the Charitable Company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Annual Accounts Requirements issued by the EFA, United Kingdom Accounting Standards (UKGAAP) 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 2015 to 2016;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UKGAAP Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in operation.

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

The Trustees are responsible for ensuring that in its conduct and operation the Charitable Company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the EFA/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 on 16 November 2016 and signed on its behalf by:

**Mrs C Selwood**  
Trustee

**HOLY CROSS CATHOLIC PRIMARY ACADEMY**  
**(A Company Limited by Guarantee)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF HOLY CROSS CATHOLIC PRIMARY ACADEMY**

We have audited the financial statements of Holy Cross Catholic Primary Academy for the year ended 31 August 2016 which comprise the Statement of Financial Activities Incorporating Income and Expenditure Account, the Balance Sheet, the Statement of Cash Flows and the related notes. 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

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

**RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS**

As explained more fully in the Trustees' Responsibilities Statement, the Trustees (who are also the Directors of the Charitable Company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Academy's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our Report.

**OPINION ON FINANCIAL STATEMENTS**

In our opinion the financial statements:

- give a true and fair view of the state of the Academy Trust's affairs as at 31 August 2016 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 2015 to 2016 issued by the Education Funding Agency.

**OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006**

In our opinion the information given in the Trustees Report, incorporating the Strategic Report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

**HOLY CROSS CATHOLIC PRIMARY ACADEMY**  
**(A Company Limited by Guarantee)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF HOLY  
CROSS CATHOLIC PRIMARY ACADEMY**

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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; or
- the Trustees were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic Report.

Gary Miller FCA (Senior Statutory Auditor)

for and on behalf of

**Price Bailey LLP**

Chartered Accountants  
Statutory Auditors

Causeway House  
1 Dane Street  
Bishop's Stortford  
Hertfordshire  
CM23 3BT  
Statutory Auditors

Causeway House  
1 Dane Street  
Bishop's Stortford  
Hertfordshire  
CM23 3BT  
22 November 2016



**HOLY CROSS CATHOLIC PRIMARY ACADEMY**  
**(A Company Limited by Guarantee)**

**INDEPENDENT REPORTING ACCOUNTANTS ASSURANCE REPORT ON REGULARITY TO HOLY CROSS CATHOLIC PRIMARY ACADEMY AND THE EDUCATION FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 16 March 2016 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Holy Cross Catholic Primary Academy during the year 1 September 2015 to 31 August 2016 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 Holy Cross Catholic Primary Academy and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Holy Cross Catholic Primary Academy and the EFA 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 Holy Cross Catholic Primary Academy and the EFA, for our work, for this report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF HOLY CROSS CATHOLIC PRIMARY ACADEMY'S ACCOUNTING OFFICER AND THE INDEPENDANT REPORTING ACCOUNTANT**

The Accounting Officer is responsible, under the requirements of Holy Cross Catholic Primary Academy's funding agreement with the Secretary of State for Education dated 29 July 2011, and the Academies Financial Handbook extant from 1 September 2015, 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 2015 to 2016. 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 2015 to 31 August 2016 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 2015 to 2016 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

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

**HOLY CROSS CATHOLIC PRIMARY ACADEMY**  
**(A Company Limited by Guarantee)**

**INDEPENDENT REPORTING ACCOUNTANTS ASSURANCE REPORT ON REGULARITY TO HOLY CROSS  
CATHOLIC PRIMARY ACADEMY AND THE EDUCATION FUNDING AGENCY (continued)**

**CONCLUSION**

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

Reporting Accountant

**Price Bailey LLP**

Chartered Accountants

22 November 2016

**HOLY CROSS CATHOLIC PRIMARY ACADEMY**  
**(A Company Limited by Guarantee)**

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

	Note	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	As restated Total funds 2015 £
<b>INCOME FROM:</b>						
Donations and capital grants	2	1,684	88,426	55,508	145,618	180,420
Charitable activities	3	38,277	1,458,860	-	1,497,137	1,280,135
Other trading activities	4	82,905	-	-	82,905	61,440
Investments	5	154	-	-	154	86
<b>TOTAL INCOME</b>		<b>123,020</b>	<b>1,547,286</b>	<b>55,508</b>	<b>1,725,814</b>	<b>1,522,081</b>
<b>EXPENDITURE ON:</b>						
Charitable activities		31,241	1,593,286	33,937	1,658,464	1,498,004
<b>TOTAL EXPENDITURE</b>	6	<b>31,241</b>	<b>1,593,286</b>	<b>33,937</b>	<b>1,658,464</b>	<b>1,498,004</b>
<b>NET INCOME / (EXPENDITURE) BEFORE TRANSFERS</b>		<b>91,779</b>	<b>(46,000)</b>	<b>21,571</b>	<b>67,350</b>	<b>24,077</b>
Transfers between funds	17	(35,771)	-	35,771	-	-
<b>NET INCOME / (EXPENDITURE) BEFORE OTHER GAINS AND LOSSES</b>		<b>56,008</b>	<b>(46,000)</b>	<b>57,342</b>	<b>67,350</b>	<b>24,077</b>
Actuarial gains/(losses) on defined benefit pension schemes	22	-	(314,000)	-	(314,000)	2,000
<b>NET MOVEMENT IN FUNDS</b>		<b>56,008</b>	<b>(360,000)</b>	<b>57,342</b>	<b>(246,650)</b>	<b>26,077</b>
<b>RECONCILIATION OF FUNDS:</b>						
Total funds brought forward		(34,673)	(195,000)	160,266	(69,407)	(151,784)
Prior year adjustment (Note 16)		-	-	(56,300)	(56,300)	-
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>21,335</b>	<b>(555,000)</b>	<b>161,308</b>	<b>(372,357)</b>	<b>(125,707)</b>

**HOLY CROSS CATHOLIC PRIMARY ACADEMY**

**(A Company Limited by Guarantee)**

**REGISTERED NUMBER: 07696114**

**BALANCE SHEET  
AS AT 31 AUGUST 2016**

	Note	£	2016 £	As restated 2015 £
<b>FIXED ASSETS</b>				
Tangible assets	12		161,308	139,737
<b>CURRENT ASSETS</b>				
Stocks	13	2,847		2,352
Debtors	14	203,065		253,807
Cash at bank and in hand		70,160		39,394
		<u>276,072</u>		<u>295,553</u>
<b>CREDITORS:</b> amounts falling due within one year	15	(101,737)		(212,997)
<b>NET CURRENT ASSETS</b>			<u>174,335</u>	<u>82,556</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>335,643</u>	<u>222,293</u>
Defined benefit pension scheme liability	22		<u>(708,000)</u>	<u>(348,000)</u>
<b>NET LIABILITIES INCLUDING PENSION SCHEME LIABILITIES</b>			<u>(372,357)</u>	<u>(125,707)</u>
<b>FUNDS OF THE ACADEMY</b>				
Restricted funds :				
Restricted funds - donation in kind	17	153,000		153,000
Restricted fixed asset funds	17	161,308		103,966
		<u>314,308</u>		<u>256,966</u>
Restricted funds excluding pension liability				
Pension reserve		<u>(708,000)</u>		<u>(348,000)</u>
Total restricted funds			<u>(393,692)</u>	<u>(91,034)</u>
Unrestricted funds	17		<u>21,335</u>	<u>(34,673)</u>
<b>TOTAL DEFICIT</b>			<u>(372,357)</u>	<u>(125,707)</u>

The financial statements were approved by the Trustees, and authorised for issue, on 16 November 2016 and are signed on their behalf, by:

**Mrs C Selwood**  
Trustee

The notes on pages 20 to 36 form part of these financial statements.

**HOLY CROSS CATHOLIC PRIMARY ACADEMY**  
**(A Company Limited by Guarantee)**

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

	Note	2016 £	2015 £
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities	19	82,882	36,360
		<hr/>	<hr/>
<b>Returns on investments and servicing of finance - interest received</b>			
Interest received		154	86
Capital expenditure		(52,270)	(18,130)
		<hr/>	<hr/>
<b>Net cash used in investing activities</b>		(52,116)	(18,044)
		<hr/>	<hr/>
<b>Change in cash and cash equivalents in the year</b>		30,766	18,316
Cash and cash equivalents brought forward		39,394	21,078
		<hr/>	<hr/>
<b>Cash and cash equivalents carried forward</b>		70,160	39,394
		<hr/> <hr/>	<hr/> <hr/>

**HOLY CROSS CATHOLIC PRIMARY ACADEMY**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**1. ACCOUNTING POLICIES**

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

**1.1 Basis of preparation of financial statements**

The financial statements of the Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

Holy Cross Catholic Primary Academy constitutes a public benefit entity as defined by FRS 102.

**First time adoption of FRS 102**

These financial statements are the first financial statements of Holy Cross Catholic Primary Academy prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Charities SORP 2015 (SORP 2015). The financial statements of Holy Cross Catholic Primary Academy for the year ended 31 August 2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the Trustees have amended certain accounting policies to comply with FRS 102 and SORP 2015.

Any reconciliations to previous UK GAAP for the comparative figures are included in note 25.

**1.2 Company status**

The Academy is a company registered in England & Wales and limited by guarantee. Those Members who are Trustees are noted on page 1. In the event of the Academy being wound up, the liability in respect of the guarantee is limited to £10 per Member of the Academy. The registered office is Holy Cross Catholic Primary Academy, Traces Road, Harlow, Essex CM18 6JJ.

**1.3 Fund accounting**

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Department for Education 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 and include grants from the DfE.

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

**HOLY CROSS CATHOLIC PRIMARY ACADEMY**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**1. ACCOUNTING POLICIES (continued)**

**1.4 Income**

All income is recognised once the Academy 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 of the restricted fixed asset fund.

Any donated services and gifts in kind provided to the Academy are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the Academy can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of Financial Activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the Academy's policies.

Donations are recognised on a receivable basis where there is certainty of receipt 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.

**1.5 Expenditure**

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

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

All resources expended are inclusive of irrecoverable VAT.

**1.6 Going concern**

The Trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Academy 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 and have concluded that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Academy Trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements..

**HOLY CROSS CATHOLIC PRIMARY ACADEMY**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**1. ACCOUNTING POLICIES (continued)**

**1.7 Tangible fixed assets and depreciation**

All assets costing more than £1,000 are capitalised.

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.

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

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Furniture and equipment	-	5 - 10 years straight line
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**1.8 Operating leases**

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

**1.9 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.

**1.10 Interest receivable**

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

**1.11 Taxation**

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

**1.12 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.

**1.13 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.



**HOLY CROSS CATHOLIC PRIMARY ACADEMY**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**1. ACCOUNTING POLICIES (continued)**

**1.14 Liabilities and provisions**

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

**1.15 Financial instruments**

The Academy only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable.

**1.16 Pensions**

Retirement benefits to employees of the Academy Trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Government Pension Scheme ("LGPS"). These are defined benefit schemes and the assets are held separately from those of the Academy Trust.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 22, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the Academy Trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. 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.

**HOLY CROSS CATHOLIC PRIMARY ACADEMY**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2016**

**1. ACCOUNTING POLICIES (continued)**

**1.17 Critical accounting estimates and areas of judgement.**

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

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

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	As restated Total funds 2015 £
Donations	1,684	37,426	48,610	87,720	115,617
Notional rent (see note 22)	-	51,000	-	51,000	51,000
Capital grants	-	-	6,898	6,898	13,803
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total donations and capital grants	1,684	88,426	55,508	145,618	180,420
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

In 2015, of the total income from donations and capital grants, £10,717 was to unrestricted funds and £169,703 was to restricted funds

**HOLY CROSS CATHOLIC PRIMARY ACADEMY**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2016**

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

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
<b>DfE/EFA grants</b>				
General Annual Grant (GAG)	-	1,362,342	1,362,342	931,932
Other DfE / EFA grants	-	59,356	59,356	118,874
	<u>-</u>	<u>1,421,698</u>	<u>1,421,698</u>	<u>1,050,806</u>
<b>Other government grants</b>				
Local Authority Grant	-	37,162	37,162	198,384
Other grants	-	-	-	2,400
	<u>-</u>	<u>37,162</u>	<u>37,162</u>	<u>200,784</u>
<b>Other funding</b>				
Catering income	38,277	-	38,277	28,545
	<u>38,277</u>	<u>-</u>	<u>38,277</u>	<u>28,545</u>
	<u>38,277</u>	<u>1,458,860</u>	<u>1,497,137</u>	<u>1,280,135</u>

In 2015, of the total income from charitable activities, £28,545 was to unrestricted funds and £1,251,590 was to restricted funds.

**4. OTHER TRADING ACTIVITIES**

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Hire of facilities	3,270	-	3,270	-
Other income	35,294	-	35,294	61,440
Club income	44,341	-	44,341	-
	<u>82,905</u>	<u>-</u>	<u>82,905</u>	<u>61,440</u>

In 2015, of the total income from other trading activities, £61,440 was to unrestricted funds and £ NIL was to restricted funds.

**5. INVESTMENT INCOME**

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Bank interest	154	-	154	86

In 2015, of the total investment income, £ 154 was to unrestricted funds and £ NIL was to restricted funds.

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**6. EXPENDITURE**

	Staff costs 2016 £	Premises 2016 £	Other costs 2016 £	Total 2016 £	As restated Total 2015 £
Provision of Education:					
Direct costs	923,140	-	92,691	1,015,831	915,633
Support costs	326,124	126,079	190,430	642,633	582,371
	<u>1,249,264</u>	<u>126,079</u>	<u>283,121</u>	<u>1,658,464</u>	<u>1,498,004</u>

In 2016, of the total expenditure, £31,241 (2015 - £97,323) was to unrestricted funds and £1,627,223 (2015 - £1,400,681) was to restricted funds.

**7. CHARITABLE ACTIVITIES**

	2016 £	2015 £
Direct costs	1,015,831	915,633
Support costs	642,633	582,731
	<u>1,658,464</u>	<u>1,498,364</u>

	2016 £	2015 £
Analysis of support costs		
Support staff costs	326,124	294,952
Depreciation	28,732	16,630
Technology costs	12,823	9,652
Premises costs	126,079	134,713
Other support costs	139,175	117,961
Governance costs	9,700	8,463
	<u>642,633</u>	<u>582,371</u>

**8. NET INCOMING RESOURCES/(RESOURCES EXPENDED)**

This is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets:		
- owned or leased by the Academy Trust	28,732	16,630
Auditors' remuneration - audit	4,250	4,250
Auditors' remuneration - other services	3,950	4,213
Operating lease rentals	9,062	5,682
	<u>45,994</u>	<u>30,775</u>

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**9. STAFF COSTS**

Staff costs were as follows:

	2016 £	2015 £
Wages and salaries	958,797	889,501
Social security costs	61,749	57,946
Operating costs of defined benefit pension schemes	175,405	138,904
	<u>1,195,951</u>	<u>1,086,351</u>
Supply teacher costs	53,313	-
	<u>1,249,264</u>	<u>1,086,351</u>

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

	2016 No.	2015 No.
Teachers	14	13
Administration and support	48	43
Management	5	6
	<u>67</u>	<u>62</u>

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

	2016 No.	2015 No.
In the band £ 60,001 - £ 70,000	0	1
In the band £ 70,001 - £ 80,000	1	0

The key management personnel of the Academy Trust comprise the Trustees and the Senior Leadership Team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £192,250 (2015: £178,433).

**10. TRUSTEES' REMUNERATION AND EXPENSES**

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

S McGuiggan (Headteacher and Trustee)

Remuneration £70,000-£75,000 (2015: £65,000-£70,000)

Employer's pension contributions paid £10,000-£15,000 (2015: £5,000-£10,000)

M Nabil (Staff Trustee)

Remuneration £35,000-£40,000 (2015: £35,000-£40,000)

Employer's pension contributions paid £0-£5,000 (2015: £0-£5,000)

G Oliver (Staff Trustee)

Remuneration £25,000-£30,000 (2015: £25,000-£30,000)

Employer's pension contributions paid £0-£5,000 (2015: £0-£5,000)

During the period ended 31 August 2016, expenses totalling £Nil (2015: £596) were reimbursed or paid directly to 0 trustees (2015: 1 trustee).

Other related party transactions involving the Trustees are set out in note 24.

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

In accordance with normal commercial practice the Academy Trust has purchased insurance to protect Trustees and Officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2016 was included in the total insurance cost.

**12. TANGIBLE FIXED ASSETS**

	Furniture and equipment £
<b>Cost</b>	
At 1 September 2015	179,196
Additions	52,270
Disposals	(5,286)
At 31 August 2016	<u>226,180</u>
<b>Depreciation</b>	
At 1 September 2015	39,459
Charge for the year	28,732
On disposals	(3,319)
At 31 August 2016	<u>64,872</u>
<b>Net book value</b>	
At 31 August 2016	<u><u>161,308</u></u>
At 31 August 2015	<u><u>139,737</u></u>

**13. STOCKS**

	2016 £	2015 £
Catering stock	<u>2,847</u>	<u>2,352</u>

**14. DEBTORS**

	2016 £	As restated 2015 £
<b>Due after more than one year</b>		
Other debtors (see note 23)	102,000	102,000
<b>Due within one year</b>		
VAT repayable	15,176	5,391
Other debtors	52,649	113,440
Prepayments and accrued income	33,240	32,976
	<u>203,065</u>	<u>253,807</u>

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

	2016 £	2015 £
Trade creditors	11,999	24,718
Other taxation and social security	18,297	13,974
Repayable EFA Funding	-	60,141
Other creditors	17,635	13,584
Accruals and deferred income	53,806	100,580
	<u>101,737</u>	<u>212,997</u>
	2016 £	2015 £
<b>Deferred income</b>		
Deferred income at 1 September 2015	43,953	101,084
Resources deferred during the year	45,728	43,953
Amounts released from previous years	(43,953)	(101,084)
	<u>45,728</u>	<u>43,953</u>
Deferred income at 31 August 2016	45,728	43,953

The majority of resources deferred at the period end relate contributions towards free school meals.

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**16. PRIOR YEAR ADJUSTMENT**

A prior year adjustment has been made following extensive discussions about the nature of the carrying values of faith school properties with the EFA. Property improvements and additions to church owned premises offer no further rights to occupation than those conferred by the Church Supplemental Agreement and as such the value of property improvements have already been taken into account via the notional donation in kind of the right to occupy. The opening reserves at 1 September 2014 have been reduced by £57,502 to reflect this.

**17. STATEMENT OF FUNDS**

	Brought forward as restated £	Income £	Resources expended £	Transfers in/out £	Gains/ (losses) £	Carried forward £
<b>Unrestricted funds</b>						
Fixed assets	35,771	-	-	(35,771)	-	-
Unrestricted funds	(70,444)	123,020	(31,241)	-	-	21,335
	<u>(34,673)</u>	<u>123,020</u>	<u>(31,241)</u>	<u>(35,771)</u>	<u>-</u>	<u>21,335</u>
<b>Restricted funds</b>						
General Annual Grant (GAG)	-	1,362,342	(1,362,342)	-	-	-
Other DfE/EFA grants	-	59,356	(59,356)	-	-	-
Other government grants	-	37,162	(37,162)	-	-	-
Restricted trip donations	-	37,426	(37,426)	-	-	-
Donation in kind (see note 23)	153,000	51,000	(51,000)	-	-	153,000
Pension reserve	(348,000)	-	(46,000)	-	(314,000)	(708,000)
	<u>(195,000)</u>	<u>1,547,286</u>	<u>(1,593,286)</u>	<u>-</u>	<u>(314,000)</u>	<u>(555,000)</u>
<b>Restricted fixed asset funds</b>						
	Brought forward as restated £	Income £	Resources expended £	Transfers in/out £	Gains/ (losses) £	Carried forward £
Restricted fixed asset fund	103,966	55,508	(33,937)	35,771	-	161,308
Total restricted funds	<u>(91,034)</u>	<u>1,602,794</u>	<u>(1,627,223)</u>	<u>35,771</u>	<u>(314,000)</u>	<u>(393,692)</u>
Total of funds	<u>(125,707)</u>	<u>1,725,814</u>	<u>(1,658,464)</u>	<u>-</u>	<u>(314,000)</u>	<u>(372,357)</u>

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

**General Annual Grant (GAG)**

This represents funding from the EFA to cover the costs of recurrent expenditure.

**Other Government Grants**

This represents various grants from local and national government bodies for the provision of specific services to pupils of the Academy.



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

**Pension Reserve**

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

**Restricted Fixed Asset Fund**

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

**Donation in kind**

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

**Unrestricted funds**

This represents income received that does not have restrictions on its use.

**Other DfE/EFA grants**

Transfers represent net fixed asset movements from restricted and unrestricted funds.

**Restricted trip donations**

This represents contributions made by parents towards the running costs of trips for the pupils of the School and the associated costs.

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

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	As restated Total funds 2015 £
Tangible fixed assets	-	-	161,308	161,308	196,037
Debtors due after more than 1 year	-	102,000	-	102,000	102,000
Current assets	123,072	51,000	-	174,072	193,553
Creditors due within one year	(101,737)	-	-	(101,737)	(212,997)
Provisions for liabilities and charges	-	(708,000)	-	(708,000)	(348,000)
	<u>21,335</u>	<u>(555,000)</u>	<u>161,308</u>	<u>(372,357)</u>	<u>(125,707)</u>

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

	2016 £	2015 £
Net income for the year (as per Statement of Financial Activities)	67,350	24,077
<b>Adjustment for:</b>		
Depreciation charges	28,732	16,630
Dividends, interest and rents from investments	(154)	(86)
Loss on the sale of fixed assets	1,967	-
Increase in stocks	(495)	(1,602)
Decrease/(increase) in debtors	50,742	(51,845)
(Decrease)/increase in creditors	(111,260)	9,186
Defined benefit pension adjustment	46,000	40,000
<b>Net cash provided by operating activities</b>	<u>82,882</u>	<u>36,360</u>

**20. ANALYSIS OF CASH AND CASH EQUIVALENTS**

	2016 £	2015 £
Cash in hand	70,160	39,394
<b>Total</b>	<u>70,160</u>	<u>39,394</u>

**21. MEMBERS' LIABILITY**

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

**22. PENSION COMMITMENTS**

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

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

Contributions amounting to £17,635 were payable to the schemes at 31 August 2016 (2015 - 13,268) 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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**22. PENSION COMMITMENTS (continued)**

**Valuation of the Teachers' Pension Scheme**

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

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

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS will be as at March 2016, 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 £77,000 (2015 - £54,000).

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

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

**Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £85,000 (2015 - £78,000), of which employer's contributions totalled £63,000 (2015 - £58,000) and employees' contributions totalled £22,000 (2015 - £20,000). The agreed contribution rates for future years are 12.3% for employers and between 5.5% and 7.5% for employees.

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

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	2016	2015
Discount rate for scheme liabilities	2.20 %	4.00 %
Expected return on scheme assets at 31 August	2.20 %	5.30 %
Rate of increase in salaries	4.10 %	4.50 %
Rate of increase for pensions in payment / inflation	2.30 %	2.70 %
Inflation assumption (CPI)	2.30 %	2.70 %
Inflation assumption (RPI)	3.20 %	3.60 %

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**22. PENSION COMMITMENTS (continued)**

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

	2016	2015
Retiring today		
Males	22.9	22.8
Females	25.3	25.2
Retiring in 20 years		
Males	25.2	25.1
Females	27.7	27.6

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

	Fair value at 31 August 2016 £	Fair value at 31 August 2015 £
Equities	301,000	199,000
Cash	13,000	6,000
Property	49,000	36,000
Bonds / Gilts	36,000	42,000
Alternative assets	20,000	21,000
Other managed funds	21,000	-
	<u>440,000</u>	<u>304,000</u>
Total market value of assets	<u>440,000</u>	<u>304,000</u>

The actual return on scheme assets was £52,000 (2015 - £12,000).

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

	2016 £	2015 £
Current service cost (net of employee contributions)	(97,000)	(85,000)
Net interest cost	(12,000)	(13,000)
	<u>(109,000)</u>	<u>(98,000)</u>
Total	<u>(109,000)</u>	<u>(98,000)</u>
Actual return on scheme assets	<u>52,000</u>	<u>12,000</u>

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

	2016 £	2015 £
Opening defined benefit obligation	652,000	525,000
Current service cost	97,000	85,000
Interest cost	26,000	23,000
Contributions by employees	22,000	20,000
Actuarial losses	352,000	-
Benefits paid	(1,000)	(1,000)
	<u>1,148,000</u>	<u>652,000</u>
Closing defined benefit obligation	<u>1,148,000</u>	<u>652,000</u>

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**22. PENSION COMMITMENTS (continued)**

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

	2016 £	2015 £
Opening fair value of scheme assets	304,000	215,000
Return on plan assets (excluding net interest on the net defined pension liability)	14,000	10,000
Actuarial gains and (losses)	38,000	2,000
Contributions by employer	63,000	58,000
Contributions by employees	22,000	20,000
Benefits paid	(1,000)	(1,000)
	<hr/>	<hr/>
Closing fair value of scheme assets	440,000	304,000
	<hr/> <hr/>	<hr/> <hr/>

**23. OPERATING LEASE COMMITMENTS**

At 31 August 2016 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2016 £	2015 £
<b>Amounts payable:</b>		
Within 1 year	5,998	9,063
Between 1 and 5 years	10,140	16,138
	<hr/>	<hr/>
Total	16,138	25,201
	<hr/> <hr/>	<hr/> <hr/>

**24. RELATED PARTY TRANSACTIONS**

Owing to the nature of the Academy's operations 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 the trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy's financial regulations and normal procurement procedures.

Any transaction where the Trustee has a pecuniary interest is only undertaken in accordance with the 'at cost' principle stated in the Academies Financial Handbook.

The Academy operates from land and buildings provided rent free by the Diocese of Brentwood. Under an agreement between the Dioceses, the Academy and the Secretary of State the Diocese would be required to give 24 months notice from the year end if it wished to terminate this agreement. No such notice had been given at the year end and the Diocese is therefore committed to providing the land and buildings rent free for a further 36 months from the year end. The trustees estimate that the cost of renting equivalent buildings would be £51,000 per annum, on this basis a donation from the Diocese of £51,000 is shown in the accounts together with a notional expense of the same amount. In addition, included within debtors is a donation in kind receivable of £153,000 representing the commitment by the Diocese to provide the land and buildings rent free for a further 36 months.

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**25. FIRST TIME ADOPTION OF FRS 102**

It is the first year that the Academy Trust has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 1 September 2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

The policies applied under the Academy's previous accounting framework are not materially different to FRS 102 and have not impacted on funds or net income/expenditure.