

ST MICHAEL'S CATHOLIC COLLEGE
(A Company Limited by Guarantee)

GOVERNORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

ST MICHAEL'S CATHOLIC COLLEGE
(A Company Limited by Guarantee)

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ST MICHAEL'S CATHOLIC COLLEGE
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REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY TRUST, ITS GOVERNORS AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2017

Members	Ms Majorie Bannister Monsignor Matthew John Dickens Mr Paul McCallum
Governors	Ms Marjorie Bannister, Chair Mrs Grainne Grabowski, Principal (resigned 31 August 2017) Ms Janice Babb Mr Anthony Boakye-Ansah Ms Catherine Bryan Mr Bassey Bassey Mr Ben Ogden Ms Tania Rughooputh Mrs Grainne Bellenie Mrs Ilaria English Ms Rosie Compton Ms Veronica Quinn Mrs Benedicte Gercke (appointed 23 November 2016) Ms Anne Luckman (appointed 28 September 2016) Miss Bolane Coker (appointed 23 November 2016) Ms Felicity Corcoran, Principal (appointed 1 September 2017)
Company registered number	08160034
Company name	St Michael's Catholic College
Principal and registered office	Llewellyn Street London SE16 4UN
Senior management team	Mrs Grainne Grabowski, Principal Mr John Buckley, Vice Principal Mr Connor Mahon, Vice Principal Ms Felicity Corcoran, Assistant Principal Mr Allan Daly, Assistant Principal Mr John Deane, Assistant Principal Mr Gerard McCaughan, Assistant Principal Ms Tania Rughooputh, Assistant Principal Ms Charlotte Sayed, Assistant Principal Mr Gary Smith, Assistant Principal
Independent auditor	MHA MacIntyre Hudson Chartered Accountants New Bridge Street House 30-34 New Bridge Street London EC4V 6BJ

ST MICHAEL'S CATHOLIC COLLEGE
(A Company Limited by Guarantee)

GOVERNORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2017

The Governors present their annual report together with the financial statements and auditor's report of the charitable company for the 1 September 2016 to 31 August 2017. The Annual Report serves the purposes of both a Governors' Report, and a Directors' report under company law.

The Trust operates an Academy for pupils aged 11 to 18 serving catchment area in Southwark. It had a roll of 862 in the school census on 5 October 2017. The capacity was recently increased to 750 in the age range of 11 to 16 years plus a sixth form of 250 - 300 places to reflect the expansion plans.

Structure, governance and management

CONSTITUTION

The Academy 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 academy trust.

The Governors act as the Governors for the charitable activities of St Michael's Catholic College and are also the directors of the charitable company for the purposes of company law. The charitable company is known as St Michael's Catholic College.

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

MEMBERS' LIABILITY

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

GOVERNORS' INDEMNITIES

Governors benefit from indemnity insurance to cover the liability of the Governors which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of duty of which they may be guilty in relation to the Academy Trust. The cost of this insurance during the year was £1,342 (2016 - £1,314).

METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF GOVERNORS

The management of the College is the responsibility of the Governors who are elected and co-opted under the terms of the Academy deed. The Governors are directors of the charitable company for the purposes of the Companies Act 2006 and Governors for the purposes of charity legislation.

The Governing Body may appoint up to 16 Governors, whose term of office shall be four years, save that this time limit shall not apply to the Principal who shall be treated for all purposes as being an ex officio Governor. Subject to remaining eligible to be a particular type of Governor, any Governor may be re-appointed or re-elected. The Governors who were in office at 31 August 2017 and who served during the year are listed on page 1 of this report.

GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF GOVERNORS

The training and induction procedures for new Governors will depend on their existing experience. Where necessary induction will include training on educational, legal and financial and safeguarding matters. All new Governors will be given the opportunity of a tour of the school, have the chance to meet with staff and students and are provided with copies of key documents, such as policies, procedures, accounts, budgets, plans and other documents they need to adequately to fulfil their role as Governors. As there is expected to be only a small number of new Governors each year, induction will be carried out informally and will be tailored specifically to the individual. All Governors are required to have a CRB enhanced disclosure.

ORGANISATIONAL STRUCTURE

The Academy's organisational structure consists of three levels: the Members, the Governors, and the Senior Leadership Team (SLT).

The Members meet on an annual basis to receive the annual accounts, note any Governor appointments or re-appointments, and review the overall operation of the Academy.

The Governors are responsible for setting general policy, adopting an annual plan and budget, monitoring its financial and operational performance and making strategic decisions about the direction of the Academy, approving major items of expenditure and making senior staff appointments. There is an extensive committee structure reporting into the main Governing Body. This includes Curriculum and Student, Resources and Finance and Premises committees, which meet in a cycle normally at least three times a year. All have approved terms of reference set out in the Governing Body Standing Orders. A Governor is appointed to the role of Responsible Officer.

Following the resignation of Mrs Grainne Grabowski as the Principal of the school on 31 August 2017, Ms Felicity Corcoran was appointed as the new Principal on 1 September 2017.

During the year in question the full Governing Body met on 5 occasions.

The SLT controls the College at an executive level, implements the policies laid down by the Governors and reports back to them. Members of the SLT are responsible for developing and implementing College plans which seek to deliver the best possible education for its students within the agreed budget and scheme of delegation approved by the Governing Body. They are responsible for managing the day to day operation of the College, specifically staff, facilities and students.

CONNECTED ORGANISATIONS, INCLUDING RELATED PARTY RELATIONSHIPS

The College leads on the Catholic Teaching School Alliance and this includes a group of Primary and Secondary Schools, Sixth Form Colleges in South East London and Kent, and St Mary's University College. The Alliance is key in transforming CPD, research and initial teacher training. The schools are in Southwark, Lewisham, Kent and London. The College also works in partnership with the Southwark Diocese.

The College is part of Southwark Schools Learning Partnership (SSLP), a collaboration between local maintained and independent schools based in the London Borough of Southwark, to exchange ideas and good practice and to bring pupils of different schools together to enhance their learning.

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

OBJECTIVES AND ACTIVITIES

OBJECTS AND AIMS

The Academy's objective is set out in its Articles of Association. This is to establish, maintain, manage and develop a school offering a broad curriculum with an emphasis on, but in no way limited to, the Humanities. St Michael's Catholic College converted to an Academy on 1 November 2012 and occupies premises formerly owned by the London Borough of Southwark.

In accordance with the Articles of Association the Academy has adopted a Funding Agreement approved by the Secretary of State for Education. The Funding Agreement specifies, amongst other things, the basis for admitting students to the Academy, the catchment area from which students are drawn and that the curriculum should comply with the substance of the National Curriculum.

OBJECTIVES, STRATEGIES AND ACTIVITIES

The distinctive mission of the college has been to find a balance between rigour and care. As a result the College has aimed to be efficient through doing things right, and effective through doing the right things. Leaders at all levels are committed to:

- Students achieving their potential and beyond as a result of a curriculum that meets the needs of all learners. Outstanding provision and outcomes in the sixth form.
- Sustaining and enhancing the authentic Catholic ethos of the college so that students feel valued and loved giving them a self-belief and ability to aspire to academic excellence.
- Outstanding teaching and learning as a result of effective CPD that ensures staff are fully supported in their professional development, hence the College is able to grow its own leaders.
- The College leading innovation through its creative response to government and self-generated initiatives and playing a lead role in the development of the CTA/Diocese new model of teacher training. As a result, excellent practice is regularly shared with other schools.
- All stakeholders, governors, parents, students and staff working together as full partners to realise the goals of the College.

As a Catholic College our mission is to allow the Holy Spirit, or 'spiritual', to articulate all that takes place in the school. Indeed, it is our faith which gives shape and meaning to our educational Christian ministry, so that pupils feel valued and loved, while reconciliation is at the heart of all our human relationships. Spiritual, moral, social and cultural values are central to the College's mission. Our philosophy therefore is that a school is shaped by people who:

- Learn together in a Catholic community.
- Aspire to academic excellence and success.
- Believe that there are no limits to a child's potential.
- Provide opportunities and challenges to encourage confidence, self-esteem and nurture individual talent.
- Promote a love of learning; a love of Christ and finally a love of each other.

PUBLIC BENEFIT

The Governors of the Academy Trust have complied with their duty to have due regard to the guidance on Public Benefit published by the Charity Commission in exercising their powers and duties.

St Michael's Catholic College aims to be an outstanding and inclusive school for the local community, specifically the 11-18 year olds who attend the school but also the wider community including local primary schools. The priority is a high quality education for its students in a safe and caring community.

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

STRATEGIC REPORT

Achievements and Performance

Students study a broad curriculum. Key Stage 4 results are detailed below and summarise the College's achievements.

FFT aspire 2017 Key Stage 4 Performance Summary

KS4 performance summary

	Actual results			Pupil progress		
	2015	2016	2017	2015	2016	2017
Number of Pupils / % Matched	123	120	119	99%	99%	97%
Attainment / Progress 8 (Overall)	5.2	5.2	5.3	+0.49	+0.07	+0.45
Attainment / Progress 8 (English)	5.2	5.4	5.7	+0.22	+0.09	+0.47
Attainment / Progress 8 (Maths)	5.1	4.9	4.9	+0.41	-0.11	+0.25
Attainment / Progress 8 (Ebacc)	4.8	4.9	4.8	+0.62	+0.16	+0.45
Attainment / Progress 8 (Open)	5.6	5.5	5.7	+0.61	+0.09	+0.58
Attainment / Progress 8 (Overall, 1-8 pts)	5.6	5.6	-	+0.42	+0.04	-
% English & Maths (Grade 4+)	79%	81%	81%	+7%	+3%	+10%
% English & Maths (Grade 5+)	-	-	53%	-	-	+6%
% Ebacc (Grade 4+)	50%	52%	34%	+22%	+20%	+9%
% Ebacc (Grade 5+)	-	-	32%	-	-	+10%
% 5+ GCSEs (Grade 7+)	23%	24%	14%	+5%	+4%	+1%

KEY PERFORMANCE INDICATORS

In addition to the examination results listed above the following statistics are considered to be the College's key performance indicators.

School Absence

	Number of pupils	% Authorised absence	% Unauthorised absence	% Total absence
All Pupils	881	1.1%	0.5%	1.6%

GOING CONCERN

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

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

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The College also receives capital grants for fixed assets from the ESFA. In accordance with the Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2015), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the relevant assets.

During the year ended 31 August 2017, education-related restricted income was £9,994,427 and related restricted expenditure was £7,279,105. Unrestricted income was £10,225 and unrestricted expenditure was £12,604.

At 31 August 2017 the net book value of fixed assets was £22,047,205 and the movements in fixed assets are shown in note 13. Net assets at 31 August 2017 were £26,040,479.

RESERVES POLICY

At 31 August 2017 the total funds comprised restricted funds of £25,995,863 analysed into restricted fixed assets funds £26,505,866, GAG £1,027,997 and the pension reserve deficit of £1,538,000. Unrestricted reserves total £44,616.

The restricted funds will be spent in accordance with the terms of the particular funds. Unrestricted funds are the 'free reserves', for use on the general purposes of the College at the discretion of the Governors. The aim of the Governors is to increase this reserve to meet future working capital requirements.

The deficit on the pension reserve relates to the non-teaching staff, where, unlike the teachers' scheme, separate assets are held to fund future liabilities as discussed in note 20. This deficit can be met in the longer term from any combination of increased employer and employee contributions, increased government funding or changes to scheme benefits.

INVESTMENTS POLICY

During the year the College held all its liquid funds in an interest bearing account at a major UK clearing bank with an A1, P1 short-term credit rating. There are no plans to generate a higher return on any future cash balances unless this can be achieved without increasing counterparty credit risk.

PRINCIPAL RISKS AND UNCERTAINTIES

As with all schools/providers of education, the principal risks facing the College are:

Reputational risk - mitigated by maintaining good relations with local stakeholders, improving standards in learning and behaviour, and providing a broad-based and relevant curriculum.

Performance risk - mitigated by monitoring each student's progress at each Key Stage and providing additional resources as necessary.

Financial risk - the principal risks here are a reduction in student numbers, reductions in central government funding, unbudgeted increases in teaching or support staff costs or unbudgeted major capital repairs. The risks here are mitigated by careful budget planning and monitoring and by holding sufficient reserves to cover challenging financial circumstances.

Risks associated with personnel - mitigated by ensuring that the school has correct recruitment and performance management procedures, and that all staff are supported, motivated and valued.

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

PLANS FOR FUTURE

The key strategic priorities for future years are:

- Re-scoping the building maintenance contract and reach an agreement on heating and ventilation.
- Building a new sixth form block and improving the sixth form to a grading of 'outstanding'.
- Sustaining a grading of 'outstanding' by Ofsted for a third time.
- Building and developing a real Catholic Teaching School for new teachers.

PAY POLICY FOR KEY MANAGEMENT PERSONNEL

The Academy has a pay policy that specifically details Headteacher and leadership pay scale arrangements. All pay decisions are a reflection of a performance review.

FUNDS HELD AS CUSTODIAN

At the year end the Academy was holding funds of £29,846 (2016 - £49,642) on behalf of the Southwark Schools Learning Partnership and £94,687 (2016 - £121,591) on behalf of the Catholic Teaching School Alliance. These funds are included within other creditors.

Strategic report

The Governors' Report, incorporating a strategic report, was approved by order of the Board of Governors, as the company directors, on 4 December 2017 and signed on its behalf by:



Marjorie Bannister
Chair of Governors

ST MICHAEL'S CATHOLIC COLLEGE
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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As Governors, we acknowledge we have overall responsibility for ensuring that St Michael's Catholic College 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 Principal, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between St Michael's Catholic College 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 Governors' Responsibilities. The Board of Trustees has formally met 5 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Governor	Meetings attended	Out of a possible
Ms Marjorie Bannister, Chair	5	5
Mrs Grainne Grabowski, Principal	4	4
Ms Janice Babb	4	5
Mr Anthony Boakye-Ansah	2	5
Ms Catherine Bryan	4	5
Mr Bassey Bassey	5	5
Mr Ben Ogden	3	5
Ms Tania Rughooputh	3	5
Mrs Grainne Bellenie	5	5
Mrs Ilaria English	3	5
Ms Veronica Quinn	3	5
Mrs Benedicte Gercke	4	4
Ms Anne Luckman	4	4
Miss Bolane Coker	1	4
Ms Rosie Compton	5	5

The Resources Committee is a sub-committee of the main Governing Body. Its purpose is to ensure that the College's finances and resources are managed responsibly, paying particular attention to planning, monitoring and financial probity. This Committee contributes to the formulation of the School Development Plan through consideration of financial proposals and priorities within the stated and agreed aims and objectives of the College. The main agenda items during the year included monitoring and evaluation of the revenue income and expenditure, review and monitoring of the building work and ongoing issues with heating and ventilation in the main building, consideration and approval of spending proposals from other Committees, review of contracts, consideration of Responsible Officer reports and endorsement of policy and process.

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
Ben Ogden, Chair	4	4
Marjorie Bannister	4	4
Veronica Quinn	2	4
Grainne Grabowski, Principal	4	4

GOVERNANCE STATEMENT (continued)

REVIEW OF VALUE FOR MONEY

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

The Accounting Officer considers how the Academy 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 Accounting Officer for the Academy Trust has delivered improved value for money during the year by:

Improving educational results:

- St Michael's academy regularly reviews its staffing structure on an annual basis to meet the needs of both the rapidly expanding sixth Form and years 7-11. It is heavily involved in capital funding for excellence.
- Overstaffing to meet the needs of the new GCSEs and A-levels.
- The rapid expansion of the sixth form has incurred increased staffing costs and all teaching appointments include fully qualified teachers while there is a new block being built which is due to open in spring 2018.
- Throughout the year the college provides extra support for all students at KS4 and 5 through after school study clubs, all day Saturday Schools and revision classes for every holiday.
- The college was awarded the transpiring and professional development accreditation by SSAT for the quality of the CPD programme delivered in house by lead practitioners and senior staff. All staff are members of teacher learning communities and carry out research which is used to sustain and further improve the quality of teaching and learning across the college.
- The Academy has been judged outstanding twice, both in March 2011 and July 2013 and the inspectors thought the college provided outstanding value for money. An external review by a consultant put our sixth form on the cusp of outstanding too.
- To ensure our continued improvement, the college buys in external evaluation through regular inspection and support.

New initiatives:

- Pupil premium monies have been allocated to optimal effect. See website.
- Partnerships with Bryanston Square, Ince and Co, Bloomberg, PWC, Prudential and Kings College are also used to drive up standards through a collaborative approach to education.
- The Academy's governance arrangements include regular monitoring by the Governing Body and its committees, including Finance and Resources, Curriculum Community and Standards Committee and Premises BSF and H&S Committee.
- Financial controls include the Governing Body approving a Scheme of Financial Delegation which clearly sets out the levels of delegated authority and requirements for the Finance Staff.
- The Finance and Resources Trustees and Accounting Officer meet regularly every half term to discuss financial procedures and protocols and value for money. Each meeting is provided with management accounts for monitoring purposes.

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GOVERNANCE STATEMENT (continued)

- The Accounting Officer is consistently held to account by the academy trustees for financial decisions.
- MHA Macintyre Hudson has just completed a full financial audit and advises the college Business Manager on a regular basis.
- The Responsible Officer audit reviews key systems and procedures and presents a report to the Resources Committee.
- An annual budget is agreed by the Resources Committee which sets out clear lines of accountability. Budget holders receive regular budget monitoring reports.
- The College has clear budget headings and defined spending amounts. All services and contracts are negotiated and this ensures that fitness for purpose is obtained. We purchase good quality products in order that they have a longer time life but also consider overall value for money.
- The College Financial Procedures have clear guidelines outlining the way we select goods and services to display good value for money. Each member of staff is aware of the cost of the resources and the budget they are spending against. The College also views alternative purchasing options online to find best value for smaller purchases.
- Benchmarking has taken place with other Converter Academies that have a similar level of funding to compare Income per pupil, Staff Cost per pupil, Education costs per pupil and Premises cost per pupil.

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 Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in St Michael's Catholic College for the year 1 September 2016 to 31 August 2017 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 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 Academy Trust's significant risks, that has been in place for the year 1 September 2016 to 31 August 2017 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 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.

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GOVERNANCE STATEMENT (continued)

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

The Board of Governors has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Governors have appointed MHA MacIntyre Hudson, the external auditor, to perform additional checks.

The auditor's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. On a quarterly basis, the auditor reports to the Board of Trustees through the Audit Committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

REVIEW OF EFFECTIVENESS

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

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

Approved by order of the members of the Board of Governors on 4 December 2017 and signed on their behalf, by:



Marjorie Bannister
Chair of Governors



Felicity Corcoran
Accounting Officer

ST MICHAEL'S CATHOLIC COLLEGE
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of St Michael's Catholic College I have considered my responsibility to notify the Academy Trust Board of Trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016.

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 2016.

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.



Felicity Corcoran
Accounting Officer

Date: 4 December 2017

ST MICHAEL'S CATHOLIC COLLEGE
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STATEMENT OF GOVERNORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2017

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) 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 Governors are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

Approved by order of the members of the Board of Governors and signed on its behalf by:



Marjorie Bannister
Chair of Governors

Date: 4 December 2017

ST MICHAEL'S CATHOLIC COLLEGE
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INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF ST MICHAEL'S CATHOLIC COLLEGE

OPINION

We have audited the financial statements of St Michael's Catholic College for the year ended 31 August 2017 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 FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

This report is made solely to the Academy Trust'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 Trust's members those matters we are required to state to them in an Auditor's 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 Trust and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

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 2017 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

BASIS OF OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Academy Trust in accordance with the ethical requirements that are relevant to our audit of the 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 Governors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Governors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Academy Trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

ST MICHAEL'S CATHOLIC COLLEGE
(A Company Limited by Guarantee)

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF ST MICHAEL'S CATHOLIC COLLEGE

OTHER INFORMATION

The Governors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the 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 Governors' Report including the Strategic Report for which the financial statements are prepared is consistent with the financial statements.
- the Governors' 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 Academy Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Governors' Report including the Strategic Report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Governors' remunerations specified by law 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 Governors' Responsibilities, the Governors (who are also the directors of the Academy 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 Governors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

ST MICHAEL'S CATHOLIC COLLEGE
(A Company Limited by Guarantee)

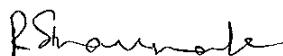
INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF ST MICHAEL'S CATHOLIC COLLEGE

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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



Rakesh Shaunak FCA (Senior Statutory Auditor)
for and on behalf of

MHA MacIntyre Hudson
Chartered Accountants
New Bridge Street House
30-34 New Bridge Street
London
EC4V 6BJ

Date: 7/12/17

ST MICHAEL'S CATHOLIC COLLEGE
(A Company Limited by Guarantee)

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO ST MICHAEL'S CATHOLIC COLLEGE AND THE EDUCATION FUNDING AGENCY

In accordance with the terms of our engagement letter dated 25 October 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by St Michael's Catholic College during the year 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to St Michael's Catholic College and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to St Michael's Catholic College and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than St Michael's Catholic College and the ESFA, for our work, for this report, or for the conclusion we have formed.

RESPECTIVE RESPONSIBILITIES OF ST MICHAEL'S CATHOLIC COLLEGE'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT

The Accounting Officer is responsible, under the requirements of St Michael's Catholic College's funding agreement with the Secretary of State for Education dated 5 March 2015, and the Academies Financial Handbook extant from 1 September 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2016 to 2017. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

APPROACH

We conducted our engagement in accordance with the Academies Accounts Direction 2016 to 2017 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

ST MICHAEL'S CATHOLIC COLLEGE
(A Company Limited by Guarantee)

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO ST MICHAEL'S CATHOLIC COLLEGE AND THE EDUCATION FUNDING AGENCY (continued)

The work undertaken to draw to our conclusion includes:

- Reviewing the minutes of the meetings of the Governing Body and other evidence made available to us, relevant to our consideration of regularity.
- Review of the objectives and activities of the Academy, with reference to the income streams and other information available to us as auditors of the Academy.
- Testing of a sample of payroll payments to staff.
- Testing of a sample of payments to suppliers and other third parties.
- Testing of a sample of grants received and other income streams.

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 2016 to 31 August 2017 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

MHA MacIntyre Hudson

MHA MacIntyre Hudson
Chartered Accountants
New Bridge Street House
30-34 New Bridge Street
London
EC4V 6BJ

Date: 2/12/17

ST MICHAEL'S CATHOLIC COLLEGE
(A Company Limited by Guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2017**

	Note	Unrestricted funds 2017 £	Restricted general funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
INCOME FROM:						
Donations and capital grants	2	7,206	-	3,294,439	3,301,645	3,828,783
Charitable activities	3	-	6,699,988	-	6,699,988	6,826,913
Investments	4	3,019	-	-	3,019	3,580
TOTAL INCOME		10,225	6,699,988	3,294,439	10,004,652	10,659,276
EXPENDITURE ON:						
Charitable activities		12,604	6,833,835	445,270	7,291,709	7,044,451
TOTAL EXPENDITURE	5	12,604	6,833,835	445,270	7,291,709	7,044,451
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS						
Transfers between Funds	16	(2,379)	(133,847)	2,849,169	2,712,943	3,614,825
		-	(215,486)	215,486	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES						
		(2,379)	(349,333)	3,064,655	2,712,943	3,614,825
Actuarial gains/(losses) on defined benefit pension schemes	20	-	588,000	-	588,000	(1,012,000)
NET MOVEMENT IN FUNDS		(2,379)	238,667	3,064,655	3,300,943	2,602,825
RECONCILIATION OF FUNDS:						
Total funds brought forward		46,995	(748,670)	23,441,211	22,739,536	20,136,711
TOTAL FUNDS CARRIED FORWARD		44,616	(510,003)	26,505,866	26,040,479	22,739,536

The notes on pages 22 to 41 form part of these financial statements.

ST MICHAEL'S CATHOLIC COLLEGE
(A Company Limited by Guarantee)
REGISTERED NUMBER: 08160034

BALANCE SHEET
AS AT 31 AUGUST 2017

	Note	£	2017 £	£	2016 £
FIXED ASSETS					
Tangible assets	13		22,047,205		20,150,877
CURRENT ASSETS					
Debtors	14	360,029		226,525	
Cash at bank and in hand		5,438,750		4,660,449	
		5,798,779		4,886,974	
CREDITORS: amounts falling due within one year	15	(267,505)		(375,315)	
NET CURRENT ASSETS			5,531,274		4,511,659
TOTAL ASSETS LESS CURRENT LIABILITIES			27,578,479		24,662,536
Defined benefit pension scheme liability	20		(1,538,000)		(1,923,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			26,040,479		22,739,536
FUNDS OF THE ACADEMY					
Restricted income funds:					
Restricted income funds	16	1,027,997		1,174,330	
Restricted fixed asset funds	16	26,505,866		23,441,211	
Restricted income funds excluding pension liability		27,533,863		24,615,541	
Pension reserve		(1,538,000)		(1,923,000)	
Total restricted income funds			25,995,863		22,692,541
Unrestricted income funds	16		44,616		46,995
TOTAL FUNDS			26,040,479		22,739,536

The financial statements on pages 19 to 41 were approved by the Governors, and authorised for issue, on 4 December 2017 and are signed on their behalf, by:



Marjorie Bannister
Chair of Governors



Felicity Corcoran
Principal

The notes on pages 22 to 41 form part of these financial statements.

ST MICHAEL'S CATHOLIC COLLEGE
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2017

	Note	2017 £	2016 £
Cash flows from operating activities			
Net cash used in operating activities	18	(177,559)	(1,183,691)
Cash flows from investing activities:			
Dividends, interest and rents from investments		3,019	3,580
Purchase of tangible fixed assets		(2,341,598)	(590,094)
Capital grants from DfE and other capital income		3,294,439	3,818,531
Net cash provided by investing activities		955,860	3,232,017
Change in cash and cash equivalents in the year		778,301	2,048,326
Cash and cash equivalents brought forward		4,660,449	2,612,123
Cash and cash equivalents carried forward		5,438,750	4,660,449

ST MICHAEL'S CATHOLIC COLLEGE
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES

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

1.1 Basis of preparation of financial statements

The financial statements of the Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

St Michael's Catholic College constitutes a public benefit entity as defined by FRS 102. The financial statements are prepared in sterling which is the functional currency of the Academy Trust and rounded to the nearest pound.

St Michael's Catholic College is a company limited by guarantee, incorporated in England and Wales. The address of the registered office and principal place of operation is detailed on page 1.

1.2 Going concern

The Governors 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 Governors 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.

1.3 Fund accounting

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

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 Department for Education.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

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 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.

1.5 Expenditure

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

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

All expenditure is inclusive of irrecoverable VAT.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.6 Tangible fixed assets and depreciation

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

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

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:

Long-term leasehold property	-	40 years straight line
Fixtures and fittings	-	10 years straight line
Computer equipment	-	3 years straight line

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

1.7 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 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.10 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 14. Prepayments are not financial instruments. Amounts due to the Academy Trust's wholly owned subsidiary are held at face value less any impairment. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in note 15. 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 Academy Trust's wholly owned subsidiary are held at face value less any impairment.

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 Pensions

Retirement benefits to employees of the Academy 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 Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 20, 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.12 Pensions (continued)

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.

1.13 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 Academy 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 20, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

ST MICHAEL'S CATHOLIC COLLEGE
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2017 £	Restricted general funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
Donations	7,206	-	-	7,206	10,252
Capital grants	-	-	3,294,439	3,294,439	3,818,531
	<u>7,206</u>	<u>-</u>	<u>3,294,439</u>	<u>3,301,645</u>	<u>3,828,783</u>
<i>Total 2016</i>	<u>10,252</u>	<u>-</u>	<u>3,818,531</u>	<u>3,828,783</u>	

3. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2017 £	Restricted general funds 2017 £	Total funds 2017 £	Total funds 2016 £
DfE/ESFA grants				
General annual grant (GAG)	-	5,965,714	5,965,714	5,923,727
Pupil premium	-	295,928	295,928	439,120
DfE/ESFA revenue grants	-	55,517	55,517	58,182
	<u>-</u>	<u>6,317,159</u>	<u>6,317,159</u>	<u>6,421,029</u>
Other Government Grants				
Local authority income	-	193,104	193,104	197,864
	<u>-</u>	<u>193,104</u>	<u>193,104</u>	<u>197,864</u>
Other Income				
Trips and sundry income	-	189,725	189,725	208,020
	<u>-</u>	<u>189,725</u>	<u>189,725</u>	<u>208,020</u>
	<u>-</u>	<u>6,699,988</u>	<u>6,699,988</u>	<u>6,826,913</u>
<i>Total 2016</i>	<u>-</u>	<u>6,826,913</u>	<u>6,826,913</u>	

ST MICHAEL'S CATHOLIC COLLEGE
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

4. INVESTMENT INCOME

	Unrestricted funds 2017 £	Restricted general funds 2017 £	Total funds 2017 £	Total funds 2016 £
Bank interest receivable	3,019	-	3,019	3,580
<i>Total 2016</i>	3,580	-	3,580	

5. EXPENDITURE

	Staff costs 2017 £	Premises 2017 £	Other costs 2017 £	Total 2017 £	Total 2016 £
Educational Operations:					
Direct costs	4,797,892	-	555,129	5,353,021	5,158,042
Support costs	780,708	301,389	856,591	1,938,688	1,886,409
	5,578,600	301,389	1,411,720	7,291,709	7,044,451
<i>Total 2016</i>	5,292,801	320,227	1,431,423	7,044,451	

In 2016, of the total expenditure of £7,044,451, £12,679 was from unrestricted funds, £6,582,799 was from restricted general funds and £448,973 was from restricted fixed asset funds.

6. ANALYSIS OF EXPENDITURE BY ACTIVITIES

	Activities undertaken directly 2017 £	Support costs 2017 £	Total 2017 £	Total 2016 £
Education	5,353,021	1,938,688	7,291,709	7,044,451
<i>Total 2016</i>	5,158,042	1,886,409	7,044,451	

ST MICHAEL'S CATHOLIC COLLEGE
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

7. SUPPORT COSTS

	Educational operations £	Total 2017 £	Total 2016 £
Pension finance cost	43,000	43,000	32,000
Technology costs	93,009	93,009	88,433
Premises costs	301,389	301,389	320,227
Other support costs	305,711	305,711	352,137
Governance costs	12,601	12,601	10,669
Wages and salaries	737,708	737,708	633,970
Depreciation	445,270	445,270	448,973
	1,938,688	1,938,688	1,886,409
<i>At 31 August 2016</i>	1,886,409	1,886,409	

During the year ended 31 August 2017, the Academy Trust incurred the following Governance costs: £12,601 (2016 - £10,669) for Auditor's remuneration including non-audit services.

8. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets:		
- owned by the charity	445,270	448,973
Auditor's remuneration - audit	9,000	9,000
Auditor's remuneration - other services	3,601	1,669
Operating lease rentals	100,570	131,396

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9. STAFF COSTS

Staff costs were as follows:

	2017	2016
	£	£
Wages and salaries	4,258,268	4,155,561
Social security costs	450,430	394,968
Operating costs of defined benefit pension schemes	778,146	689,962
	5,486,844	5,240,491
Supply teacher costs	46,221	20,310
Apprenticeship levy	2,535	-
Pension finance cost	43,000	32,000
	5,578,600	5,292,801

Included in wages and salaries is a settlement payment of £10,954 (2016 - £18,940), of which £Nil (2016 - £12,207) was statutory redundancy pay and £10,954 (2016 - 6,733) was non statutory pay.

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

	2017	2016
	No.	No.
Teachers	81	79
Administration and support	38	42
	119	121

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

	2017	2016
	No.	No.
In the band £60,001 - £70,000	3	4
In the band £70,001 - £80,000	2	2
In the band £110,001 - £120,000	1	1

In respect of the above employer's pension contributions, £76,086 (2016 - £86,283) were made to 6 (2016 - 7) members of the Teachers Pension Scheme.

The Key Management Personnel of the Academy comprise the Governors and the Senior Management 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 was £824,083 (2016 - £852,104).

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NOTES TO THE FINANCIAL STATEMENTS
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10. GOVERNORS' REMUNERATION AND EXPENSES

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

		2017	2016
		£	£
Mrs G Grabowski (Principal and Accounting Officer)	Remuneration	115,000-120,000	110,000-115,000
	Pension contributions paid	15,000-20,000	10,000-15,000
Ms R Compton	Remuneration	55,000-60,000	55,000-60,000
	Pension contributions paid	5,000-10,000	5,000-10,000
Ms T Rughooputh (Staff Governor)	Remuneration	55,000-60,000	55,000-60,000
	Pension contributions paid	5,000-10,000	5,000-10,000

During the year ended 31 August 2017, no Trustees received any reimbursement of expenses (2016 - £Nil).

11. GOVERNORS' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the Academy has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £1,000,000 on any one claim and the cost for the year ended 31 August 2017 was £1,342 (2016 - £1,314).

12. OTHER FINANCE INCOME

	2017	2016
	£	£
Interest income on pension scheme assets	39,000	69,000
Interest on pension scheme liabilities	(82,000)	(101,000)
	(43,000)	(32,000)

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**NOTES TO THE FINANCIAL STATEMENTS
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13. TANGIBLE FIXED ASSETS

	Long-term leasehold property £	Assets under construction £	Fixtures and fittings £	Computer equipment £	Total £
Cost					
At 1 September 2016	20,672,139	594,997	403,563	272,051	21,942,750
Additions	-	2,178,112	2,700	160,786	2,341,598
Disposals	-	-	-	(6,919)	(6,919)
At 31 August 2017	20,672,139	2,773,109	406,263	425,918	24,277,429
Depreciation					
At 1 September 2016	1,453,663	-	147,682	190,528	1,791,873
Charge for the year	345,667	-	40,459	59,144	445,270
On disposals	-	-	-	(6,919)	(6,919)
At 31 August 2017	1,799,330	-	188,141	242,753	2,230,224
Net book value					
At 31 August 2017	18,872,809	2,773,109	218,122	183,165	22,047,205
At 31 August 2016	19,218,476	594,997	255,881	81,523	20,150,877

14. DEBTORS

	2017 £	2016 £
Other debtors	95,959	58,941
Prepayments and accrued income	264,070	167,584
	<u>360,029</u>	<u>226,525</u>

15. CREDITORS: Amounts falling due within one year

	2017 £	2016 £
Trade creditors	68,669	105,677
Other creditors	124,569	171,233
Accruals and deferred income	74,267	98,405
	<u>267,505</u>	<u>375,315</u>

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15. CREDITORS: Amounts falling due within one year (continued)

	2017 £	2016 £
Deferred income		
Deferred income at 1 September 2016	70,679	973,660
Resources deferred during the year	50,254	70,679
Amounts released from previous years	(70,679)	(973,660)
	<u>50,254</u>	<u>70,679</u>
Deferred income at 31 August 2017	<u>50,254</u>	<u>70,679</u>

At the balance sheet date the Academy was holding funds in respect of school trips that are to commence in the 2017-18 academic year, and funding received in advance of the 2017-18 academic year.

16. STATEMENT OF FUNDS

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
Unrestricted funds						
General Funds	46,995	10,225	(12,604)	-	-	44,616
Restricted general funds						
Restricted Funds	1,174,330	6,699,988	(6,630,835)	(215,486)	-	1,027,997
Pension Reserve	(1,923,000)	-	(203,000)	-	588,000	(1,538,000)
	<u>(748,670)</u>	<u>6,699,988</u>	<u>(6,833,835)</u>	<u>(215,486)</u>	<u>588,000</u>	<u>(510,003)</u>
Restricted fixed asset funds						
NBV of Fixed Assets	20,150,877	-	(445,270)	2,341,598	-	22,047,205
Capital Grants	3,290,334	3,294,439	-	(2,126,112)	-	4,458,661
	<u>23,441,211</u>	<u>3,294,439</u>	<u>(445,270)</u>	<u>215,486</u>	<u>-</u>	<u>26,505,866</u>
Total restricted funds	<u>22,692,541</u>	<u>9,994,427</u>	<u>(7,279,105)</u>	<u>-</u>	<u>588,000</u>	<u>25,995,863</u>
Total of funds	<u>22,739,536</u>	<u>10,004,652</u>	<u>(7,291,709)</u>	<u>-</u>	<u>588,000</u>	<u>26,040,479</u>

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16. STATEMENT OF FUNDS (continued)

STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 1 September 2015 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2016 £
Unrestricted funds						
General Funds	45,842	13,832	(12,679)	-	-	46,995
	<u>45,842</u>	<u>13,832</u>	<u>(12,679)</u>	<u>-</u>	<u>-</u>	<u>46,995</u>
Restricted general funds						
Restricted Funds	877,113	6,826,913	(6,467,799)	(61,897)	-	1,174,330
Pension Reserve	(796,000)	-	(115,000)	-	(1,012,000)	(1,923,000)
	<u>81,113</u>	<u>6,826,913</u>	<u>(6,582,799)</u>	<u>(61,897)</u>	<u>(1,012,000)</u>	<u>(748,670)</u>
Restricted fixed asset funds						
NBV of Fixed Assets	20,009,756	-	(448,973)	590,094	-	20,150,877
Capital Grants	-	3,818,531	-	(528,197)	-	3,290,334
	<u>20,009,756</u>	<u>3,818,531</u>	<u>(448,973)</u>	<u>61,897</u>	<u>-</u>	<u>23,441,211</u>
Total restricted funds	<u>20,090,869</u>	<u>10,645,444</u>	<u>(7,031,772)</u>	<u>-</u>	<u>(1,012,000)</u>	<u>22,692,541</u>
Total of funds	<u>20,136,711</u>	<u>10,659,276</u>	<u>(7,044,451)</u>	<u>-</u>	<u>(1,012,000)</u>	<u>22,739,536</u>

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

Restricted Fixed Asset Fund - the land and buildings element relates to the asset transferred from Southwark LEA and which is being released in line with the depreciation charged on land and buildings. This fund represents the Trust's investment in fixed assets, net of any depreciation. Any unspent capital grants are held in this fund to be applied for the purpose intended by the grantor.

Restricted general funds will be used for educational purposes in line with the Academy's objects and its funding agreement with the EFA.

Restricted funds in respect of the defined benefit relate to the movement on the Local Government Pension Scheme liability.

Unrestricted funds relate to donations and other income given without restriction to its purpose and can be used for the general purpose of the Academy Trust.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

16. STATEMENT OF FUNDS (continued)

Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2017.

17. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2017 £	Restricted general funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	22,047,205	22,047,205
Current assets	44,616	1,295,502	4,458,661	5,798,779
Creditors due within one year	-	(267,505)	-	(267,505)
Provisions for liabilities and charges	-	(1,538,000)	-	(1,538,000)
	<u>44,616</u>	<u>(510,003)</u>	<u>26,505,866</u>	<u>26,040,479</u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds 2016 £	Restricted general funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £
Tangible fixed assets	-	-	20,150,877	20,150,877
Current assets	46,995	1,549,645	3,290,334	4,886,974
Creditors due within one year	-	(375,315)	-	(375,315)
Provisions for liabilities and charges	-	(1,923,000)	-	(1,923,000)
	<u>46,995</u>	<u>(748,670)</u>	<u>23,441,211</u>	<u>22,739,536</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

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

	2017 £	2016 £
Net income for the year (as per Statement of Financial Activities)	2,712,943	3,614,825
Adjustment for:		
Depreciation charges	445,270	448,973
Dividends, interest and rents from investments	(3,019)	(3,580)
(Increase)/decrease in debtors	(133,504)	67,620
Decrease in creditors	(107,810)	(1,607,998)
Capital grants from DfE and other capital income	(3,294,439)	(3,818,531)
Defined benefit pension scheme cost less contributions payable	160,000	83,000
Defined benefit pension scheme finance cost	43,000	32,000
Net cash used in operating activities	(177,559)	(1,183,691)

19. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2017 £	2016 £
Cash in hand	5,438,750	4,660,449
Total	5,438,750	4,660,449

20. PENSION COMMITMENTS

The Academy 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 the London Pension Fund Authority. Both are Multi-Employer Defined Benefit Pension Schemes.

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

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

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, unfunded, defined benefit scheme, governed by the Teachers' Pensions Regulations 2010, and the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

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

The Teachers' Pension Budgeting And Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and Public Service Pensions Act (2013) and are paid by public funds provided by Parliament. 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 under arrangements governed by the above Act.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pension Scheme

The latest actuarial review 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 on 9 June 2014. The key results of the valuation are:

- employer contribution rates were set at 16.4% of pensionable pay; in line with current regulations, not including the additional 0.08% employers pay for the cost of Scheme administration;
- total scheme liabilities for service to the effective date of £191.5 billion, and notional assets of £176.6 billion, giving a notional past service deficit of £15.0 billion;
- an employer cost cap of 10.9% of pensionable pay;
- actuarial assessments are undertaken in intervening years between formal valuations for financial reporting purposes, using updated membership data.

The new employer contribution rate and administration levy for the TPS were implemented in September 2015.

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website at the following location:

<https://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuationreport.aspx>

Scheme Changes

Lord Hutton, who chaired the Independent Public Service Pensions Commission, published his final report in March 2011 and made recommendations about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation and Ministers engaged in extensive discussions with trade unions and other representative bodies on reform of the TPS. Those discussions concluded on 9 March 2012, and the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

20. PENSION COMMITMENTS (continued)

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Importantly, pension benefits built up before 1 April 2015 will be fully protected.

In addition, the Proposed Final Agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall up to three and a half years outside of the 10 year protection.

In his interim report of October 2010, Lord Hutton recommended that short-term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the Spending Review 2010 the Government announced an average increase of 3.2 percentage points on the contribution rates by 2014-15. The increases have been phased in since April 2012.

The arrangements for a reformed Teachers' Pension Scheme, in line with the remainder of the recommendations made by Lord Hutton, have now been implemented. The Career Average Revalued Earnings (CARE) scheme was implemented from 1 April 2015, whereby benefits will accrue on a career average basis and there is a normal pension age aligned to the state pension age.

The employer's pension costs paid to TPS in the period amounted to £538,330 (2016 - £504,993).

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 2017 was £123,000 (2016 - £145,000), of which employer's contributions totalled £84,000 (2016 - £101,000) and employees' contributions totalled £39,000 (2016 - £44,000). The agreed contribution rates for future years are 15.2% for employers and 5.5 to 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.

Principal actuarial assumptions:

	2017	2016
Discount rate for scheme liabilities	2.60 %	2.10 %
Rate of increase in salaries	4.20 %	4.10 %
Rate of increase for pensions in payment / inflation	2.70 %	2.30 %
Inflation assumption (RPI)	3.60 %	3.20 %
Inflation assumption (CPI)	2.70 %	2.30 %

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20. 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:

	2017	2016
Retiring today		
Males	21.4	21.8
Females	24.1	25.1
Retiring in 20 years		
Males	23.8	24.2
Females	26.4	27.4

	At 31 August 2017 £'000	At 31 August 2016 £'000
Sensitivity analysis		
Discount rate +0.1%	(81)	-
Discount rate -0.1%	83	-
Mortality assumption - 1 year increase	138	-
Mortality assumption - 1 year decrease	(133)	-
CPI rate +0.1%	10	-
CPI rate -0.1%	(10)	-

The above table reflects the movement in the present value of total obligation. Comparative figures have not been provided by the Actuary.

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

	Fair value at 31 August 2017 £	Fair value at 31 August 2016 £
Equities	1,435,000	1,122,000
Commodities	-	12,000
LDI/cashflow matching	-	117,000
Property	152,000	94,000
Cash and infrastructure	267,000	195,000
Target return portfolio	485,000	447,000
Total market value of assets	2,339,000	1,987,000

The actual return on scheme assets was £372,000 (2016 - £104,000).

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20. PENSION COMMITMENTS (continued)

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

	2017 £	2016 £
Current service cost	(244,000)	(184,000)
Interest income	39,000	69,000
Interest cost	(82,000)	(101,000)
	<hr/>	<hr/>
Total	(287,000)	(216,000)
	<hr/>	<hr/>

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

	2017 £	2016 £
Opening defined benefit obligation	3,910,000	2,582,000
Current service cost	244,000	184,000
Interest cost	82,000	101,000
Employee contributions	39,000	44,000
Actuarial (gains)/losses	(311,000)	1,044,000
Benefits paid	(87,000)	(45,000)
	<hr/>	<hr/>
Closing defined benefit obligation	3,877,000	3,910,000
	<hr/>	<hr/>

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

	2017 £	2016 £
Opening fair value of scheme assets	1,987,000	1,786,000
Interest income	39,000	69,000
Actuarial losses	277,000	32,000
Employer contributions	84,000	101,000
Employee contributions	39,000	44,000
Benefits paid	(87,000)	(45,000)
	<hr/>	<hr/>
Closing fair value of scheme assets	2,339,000	1,987,000
	<hr/>	<hr/>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

21. OPERATING LEASE COMMITMENTS

At 31 August 2017 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2017 £	2016 £
Amounts payable:		
Within 1 year	62,470	131,396
Between 1 and 5 years	7,291	122,259
Total	<u>69,761</u>	<u>253,655</u>

22. 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.

23. RELATED PARTY TRANSACTIONS

No related party transactions took place in the period of account, other than certain Trustees' remuneration and expenses already disclosed in note 10.

24. CONTROLLING PARTY

There is no ultimate controlling party.