

Cathedral Schools Trust
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

Year ended 31 August 2017

Cathedral Schools Trust

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Cathedral Schools Trust

REFERENCE AND ADMINISTRATIVE DETAILS

Company Limited by Guarantee Number: 06516626 (England and Wales).

REGISTERED OFFICE AND PRINCIPAL ADDRESS

College Square
Bristol
BS1 5TS

MEMBERS

Dr D Hoyle MA PhD, Dean of Bristol
Mr S R Parsons LIB MBE DL
Mr C Martin
Prof W J Browne
Mr S l'Anson

TRUSTEES

Mr S R Parsons LIB MBE DL (Chairman)
Dr D Hoyle MA PhD, Dean of Bristol
Mr N Blundell (Executive Principal and Accounting Officer)
Mr E Benzecry
Mr I M Robinson FCA (resigned 31st December 2016)
Mrs M Ipinson-Fleming
Mr S Atkinson
Mr M Lea FCA (appointed 12 September 2016)
Mrs S Yates (appointed 9th January 2017)

Clerk to the Trustees: Mrs A R Williams

KEY MANAGEMENT PERSONNEL (IN ADDITION TO TRUSTEES)

Executive Principal – Mr N Blundell (appointed 1 September 2016)
Heads of School - Mr P Atkins (appointed 1 September 2016), Mrs S Yarnold, Mr J Lacey (from 1st August 2017) and
Ms M Fredrickson (from 1st August 2017)

SENIOR LEADERSHIP TEAM MEMBERS (IN ADDITION TO PRINCIPALS AND HEADS OF SCHOOL)

Director of Specialism – Mr E Bailey (appointed 1st September 2017)
Director of Learning – Mr A Steward (appointed 1st September 2017)
Trust Finance Director – Mr S Eakins (appointed 31st August 2017)
Trust Operations Manager – Mrs A R Williams (appointed 1 September 2016)
Trust Strategic Manager – Mrs A Calvert (seconded from RSC with effect from 20 September 2016)

Cathedral Schools Trust

REFERENCE AND ADMINISTRATIVE DETAILS

BANKERS

Allied Irish Bank
19 Whiteladies Road
Clifton
Bristol
BS8 1PB

Barclays Bank PLC
Bristol Broadmead
Business Banking
Leicester
LE87 2BB

SOLICITORS

Veale Wasborough Vizards
Narrow Quay House
Narrow Quay
Bristol
BS1 4QA

INDEPENDENT AUDITOR

Crowe Clark Whitehill LLP
Carrick House
Lypiatt Road
Cheltenham
GL50 2QJ

ACADEMIES

Bristol Cathedral Choir School
Cathedral Primary School
Headley Park Primary School (Joined 1 August 2017)
Victoria Park Primary School (Joined 1 August 2017)

Cathedral Schools Trust

TRUSTEES' REPORT

The Trustees present their annual report together with the financial statements and auditor's report of Cathedral Schools Trust, the "Academy Trust" and also the "Charitable Company" for the period 1 September 2016 to 31 August 2017. The annual report serves the purposes of both a Trustees' report and a Directors' report under company law.

On 1st August 2017 Headley Park Primary School and Victoria Park Primary School converted to be Academies and joined Cathedral Schools Trust (CST) and the Trust became responsible for those Academy's operations and management.

The Academy Trust operates 1 Secondary Academy (Bristol Cathedral Choir School (BCCS)) and 3 Primary Academy (Cathedral Primary School (CPS), Headley Park Primary School (HPPS) and Victoria Park Primary School ("VPPS")) for students in the Bristol area.

In the January 2017 census, the Academies had the following student numbers:

Bristol Cathedral Choir School	834	(598 pupils in Years 7 to 11 and 236 pupils in years 12 and 13)
Cathedral Primary School	154	
Headley Park Primary	417	
Victoria Park Primary	429	

Structure, Governance and Management

Constitution

The Academy Trust is a Company limited by guarantee and is an exempt charity.

The Charitable Company's Memorandum and Articles of Association are the primary governing documents of the Academy Trust. All references in this Trustees' Report refer to the Articles of the Trust, for example in relation to method of appointment of Trustees.

The Trustees of Cathedral Schools Trust are also the Directors of the Charitable Company for the purposes of company law. The Charitable Company operates Academies which are set out above.

Details of the Trustees who served during the year are included in the Reference and Administrative Details on page 2.

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.

Trustees' Indemnities

As disclosed in note 12, professional indemnity insurance is paid on behalf of the Trustees and officers of the Academy Trust.

Cathedral Schools Trust

TRUSTEES' REPORT

Method of Recruitment and Appointment or Election of Members

The Articles of Association adopted on 29 February 2016 state that the Members should comprise the Dean of the Cathedral of the Holy and Undivided Trinity in Bristol plus additional persons appointed by the Members by special resolution. There are currently 4 additional Members appointed in this way. Employees of the Academy Trust are not permitted to be Members of the Academy Trust.

Method of Recruitment and Appointment or Election of Trustees

The Articles of Association adopted 29 February 2016 state that the number of Trustees shall be at least 3 but is not subject to a maximum. Other than the Dean of Bristol Cathedral and the Executive Principal who are Trustees acting *ex officio*, all other Trustees are either appointed by Members or co-opted by Trustees who were not themselves co-opted. Trustees are subject to retirement by rotation. Trustees are eligible for re-election at the meeting at which they retire. The Trustees to retire are those who have served the longest in office since their appointment or re-election. The term of office for any Trustee is 4 years, although this time limit does not apply to the Executive Principal or to the Dean of Bristol Cathedral.

Policies and Procedures Adopted for the Induction and Training of Trustees

The training and induction provided for new Trustees will depend on their existing experience. Where necessary induction will provide training on charity and educational, legal and financial matters. All new Trustees will be given a tour of the Academy and the chance to meet with staff and students. 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. As there will normally only be two or three new Trustees a year, induction will be done informally and will be tailored specifically to the individual. Mentoring of new Trustees will also be offered, as appropriate, during the first year following appointment.

Organisational Structure

The management structure consists of three levels: the Trustees, the Local Governing Bodies (LGBs) and the Senior Management Team. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

The Academy Trust's elected and nominated Trustees are appointed at a meeting of the Trustees. The composition of the Trustees is specified in the Articles of Association of the Trust. Whilst there are a number of provisions to appoint Trustees in varying circumstances the normal membership will be:-

- Up to seven Trustees appointed by the Members;
- The Dean of the Cathedral Church of the Holy and Undivided Trinity in Bristol
- The Executive Principal (ex-officio) (subject to appointment as a Trustee by the Members);
- At least two parent Trustees elected or appointed under Articles 53-56, unless there is a minimum of one Parent Local Governor serving on each LGB (and in all other cases, such number of parent Trustees as may be confirmed by the Members);
- Co-opted Trustees (appointed by those Trustees who are not themselves co-opted Trustees).

The Articles include the provision that there will be a minimum of 3 Trustees and that the proportion of Trustees who are Academy Trust employees must not exceed one third. The number of Trustees is not subject to a maximum.

The Trustees are responsible for setting the Academy Trust's policies, adopting the Academy Improvement Plans and budget, monitoring academic and financial performance against these plans and making major decisions about the direction of the Academy Trust including the Academies' curriculums, the achievement and welfare of students and staffing.

Currently all business of the Academy Trust is carried out by the full Trustee group whilst the Trustees determine a sub-committee structure.

Cathedral Schools Trust

TRUSTEES' REPORT

The Local Governing Bodies (LGBs) for the Academies within the Trust are also committees of the Trustees. The LGBs operate at the Academy level and have been operational since the new Articles were adopted. The LGBs have delegated responsibilities for setting policies applicable to individual Academies and for monitoring performance at the individual Academy level. Their principal focus is Teaching and Learning. The LGB of each Academy within the Academy Trust is permitted a maximum of 12 members to include:

- Headteacher
- At least 1 elected Parent
- Up to 2 elected Staff (one Teaching/one Non-Teaching)
- Local Governors

Day to day management is delegated to the senior management team of each individual Academy - including the Headteacher and Deputy Headteacher assisted by Academy Trust staff including the Trust Operations Manager and the Trust Finance Director.

Arrangements for setting pay and remuneration of key management personnel

The setting of pay and remuneration for all key management excluding the Principal and Heads of School is delegated by the Trustees to the Senior Leadership Team (SLT). Previously all job roles at the Trust had been assigned a pay scale spanning, typically, 5 pay scale points. In setting the pay and remuneration for key management personnel in the period, the SLT took into account the assumed pay scale for the role, the advertised salary for similar roles in the market place and the pay policy. All staff, including key management personnel, engage annually in a process of Performance Management overseen by the SLT, to determine whether it is appropriate, where applicable, for progression to the next scale point. The Principal's salary for the year ended 31 August 2017 was consistent with the historically set pay grade banding for the role of Principal and was approved directly by the Trustees who Performance Manage the Principal.

For key management personnel undertaking promoted roles within the MAT, the Trustees took into account the increased responsibility and demands arising from the change of job description and, having benchmarked against the marketplace, awarded moderate pay rises for some but not all roles effective from 1 September 2016.

The Trustees intend to establish a Human Resources Committee which will be authorised by Trustees to determine all matters relating to pay and related performance of staff and to monitor and review the pay policy as necessary.

Related Parties and other Connected Charities and Organisations

The Academy Trust leased land and buildings at a peppercorn rent from Bristol Cathedral School (BCS) and also provided administrative assistance to BCS. Two Trustees acted for both CST and BCS during the period (S Parsons and M Lea).

Bristol Cathedral is a related party. The Academy Trust leases buildings from Bristol Cathedral at an agreed rent of £228,230 in 2016/17, which is subject to an annual increase in line with CPI. During 2015/16, work was undertaken by the Cathedral on a shared boiler system and during this year a payment plan was drawn up whereby the Academy Trust agreed to pay Bristol Cathedral a total of £83,681 for its share of the work. There are smaller transactions between the two parties during the year including for provision of gas by the Cathedral and a recharge of musician costs. Three of the Trustees are also related parties of Bristol Cathedral; the Dean is the Dean of Bristol Cathedral and Mr S Parsons and Mr M Lea are Directors of Bristol Cathedral Trust. In addition, a donation of £200,000 was made by BCS to CST to use for its educational activities.

Cathedral Schools Trust

TRUSTEES' REPORT

Objectives and Activities

Objects and Aims

The Academy Trust's objects as set out in the Company's Articles of Association are: *"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 and carrying on, managing and developing a school offering a broad and balanced curriculum with a strong emphasis on, but not limited to, music and choral singing (including the provision of choristers for Bristol Cathedral) and which will provide religious instruction to its pupils in accordance with the tenets of the Church of England."*

Objectives, Strategies and Activities

The main objectives for the year have been to maintain the excellence of the teaching and results within the Trust, and to further the music specialism. One to one tuition targets those who can benefit most from this approach, and there is every opportunity for students to engage in musical activity, whether individually or as part of a group. In addition the successful integration of two new schools into the Trust was undertaken.

Public Benefit

In setting objectives and planning the Academy Trust's activities, the Trustees have paid due regard to the published guidance from the Charity Commission regarding the principle of public benefit in exercising their duties.

Strategic Report

Achievements and Performance

Key Performance Indicators

The trust has made a number of significant achievements in the year under review. Key achievements include:

- Approval of a new 11-18 free school (Enterprise School) which will have an intake of 180 pupils per year group. It is planned that Enterprise School and BCCS will operate a joint 16 -19 provision and due to issues with site acquisition, the likely opening date will now be September 2019 (rather than September 2018).
- Strong academic performance at BCCS and CPS (see below for detail on performance).
- Successful integration of Victoria Park Primary School and Headley Park Primary School into the trust.
- Increased demand for places in schools across the trust. For example, year 7 applications for BCCS were heavily oversubscribed with 1087 on-time applications for 150 places.
- Award of £43,500 from the Wolfson Foundation towards music ICT facilities at BCCS.
- First year of operation of the Teaching School Alliance and establishment of middle leaders course and successful school to school work. The number of activities has increased throughout the year and currently the alliance is supporting two secondary schools who are facing challenging circumstances. They are also working with a number of other teaching schools as part of an application to the Strategic School Improvement Fund (SSIF) led by Bristol City Council.

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TRUSTEES' REPORT

A summary of the performance for schools in the trust is below:

KS1 and KS2

	EYFS GLD	Phonics Screening Y1	KS1	KS2 combined scores (National average: 61%)
Headley Park Primary School	71%	84%	Reading 76% Writing 69% Maths 74%	57%
Victoria Park Primary School	68%	90%	Reading 75% Writing 63% Maths 67%	76%
Cathedral Primary School	80%	84%	Reading 90% Writing 67% Maths 80%	No data yet available

KS4 and KS5

Bristol Cathedral Choir School had another successful year with some strong results. At A-level, 64% of students achieved A*-B which makes BCCS one of the highest performing state-funded sixth forms in the region. This has resulted in another upsurge in applications with an additional 225 sixth form students arriving in year 12.

GCSE results

	BCCS
A*-C or 4-9 including Eng & Maths	82%
5 A*-C or 5-9 including Eng & Maths	55%
A*-A or 7-9	36%
A*-C or 4-9	87%
Attainment 8	54.2%
Progress 8	+0.07

16-19 progress and A Level results

	BCCS
A*-A	32%
A*-B	64%
A*-C	82%
A*-E	100%

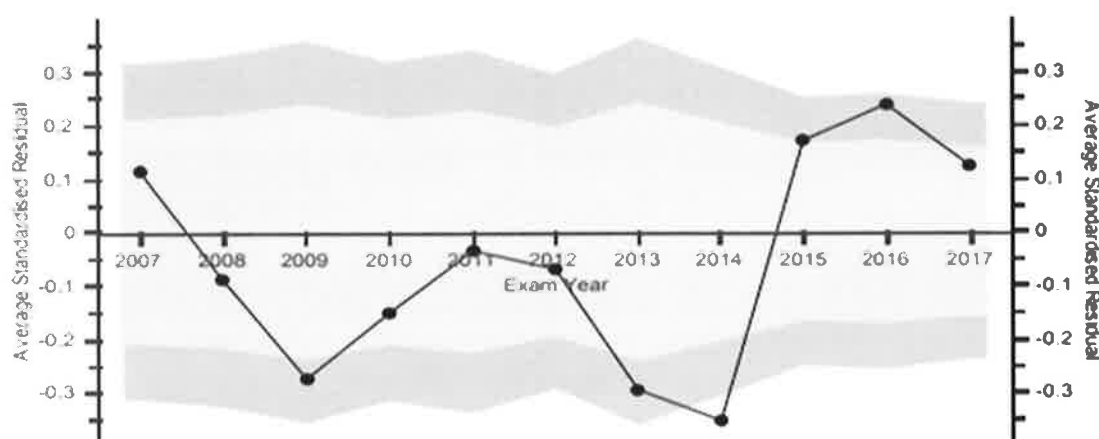
Cathedral Schools Trust

TRUSTEES' REPORT

Alls Value-Added Analysis 2017 BRISTOL CATHEDRAL CHOIR SCHOOL (1317)

A-Level

Chart 2.0a SPC Chart - Results from A-Level qualifications only.



Going concern

After making appropriate enquiries, the Board of Trustees 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

On 1 August 2017, £5,236,000 of Net Assets (not including pension deficits) were transferred into the Academy Trust from HPPS and VPPS in return for nil consideration. This included £287,000 of general reserves excluding the pension reserve. The total is shown as donated income in the Statement of Financial Activities.

Other than this, most of the Academy Trust's income is obtained from the Education and Skills Funding Agency ("ESFA") in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the year ended 31 August 2017 and the associated expenditure supporting the key objectives of the Academy Trust are shown as restricted funds in the Statement of Financial Activities.

The Academy Trust's restricted funds and unrestricted funds (excluding fixed assets and pension reserve) generated a combined surplus for the year of 176,000.

At 31 August 2017, the Academy Trust held £350,000 in restricted general funds and unrestricted funds, excluding the pension reserve.

The Trustees have reviewed the financial position of the Academy Trust and consider it satisfactory but recognise that careful management will be required. It is anticipated that growth of the MAT to the target 6 schools will, once fully operational, lead to economies of scale which will strengthen the financial position of the Academy Trust.

Reserves Policy

The Trustees review annually the reserves policy and the level of reserves of the Academy Trust. This review encompassed 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 reserves which are not invested in tangible fixed assets or held back to meet the LGPS liability should be equivalent to two weeks expenditure, being estimated as £350,000 - £400,000. The reason for this reserve is to provide sufficient working capital and to provide a cushion to deal with unexpected emergencies.

Cathedral Schools Trust

TRUSTEES' REPORT

Reserves Policy (continued)

At 31 August 2017, such reserves totalled £350,000 (2016: £174,000).

The Academy identifies that the value of free reserves available for non-educational purposes is £496,000 (2016: £63,000).

Reserves include a pension deficit in respect of the Local Government Pension Scheme (LGPS) of £2,047,000 (2016: £888,000). The significant increase over last year is due to the additional schools joining the Trust. The Academy Trust will continue to make contributions to the LGPS with actuarial advice and has no plans to make contributions above the recommended level.

Investment Policy

Investment vehicles are approved by Trustees. The Academy currently uses low risk bank deposits in line with Trustees' policy.

Principal Risks and Uncertainties

The Trustees have a risk management process to identify, monitor, and manage the risks faced by the Academy. The principal risks identified include governance, statutory compliance, finance, insurance, attainment, attendance, behaviour, health and safety, organisation, operations, safeguarding, reputation, HR and ICT. A risk rating mechanism is in place with greater emphasis directed towards those identified higher risk areas.

The Trustees consider there to be minimal risk from exposure to financial instruments, as all the monetary assets are retained in cash or short-term deposits. Credit risk is immaterial.

Plans for Future Periods

The Academy Trust's key aims are:

- to grow the Academy Trust to circa 6-8 schools in the first instance to include a mixture of primary and secondary academies;
- to secure a site for Cathedral Enterprise School, to appoint a Principal Designate and to work towards opening in September 2019;
- to develop BCCS as a Teaching School including securing opportunities to share best practice with other schools;
- to build on the Academy Trust's reputation in music to establish BCCS and the wider Academy Trust as a centre of musical excellence for the people of Bristol and the surrounding area;
- to continue to improve the Academy Trust's infrastructure and learning environment;
- to increase pupil numbers particularly in the sixth form;
- to make available to pupils from a wide variety of backgrounds and abilities the opportunities the Academy Trust has to offer; and
- to maintain and improve the Academy Trust's academic achievement as measured by external public examinations and related data.

Funds Held as Custodian Trustee on Behalf of Others

Neither the Trust nor the Trustees are acting as third party custodial Trustees.

Cathedral Schools Trust

TRUSTEES' REPORT

Auditor

In so far as the Trustees are aware:

- there is no relevant audit information of which the Charitable Company's auditor is unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The auditor, Crowe Clark Whitehill LLP, is willing to continue in office and a resolution to appoint them will be proposed at the Annual General Meeting.

The Trustees' report, incorporating a strategic report, was approved by the Board of the Trustees, as the Company's Directors, on 4 December 2017 and signed on the board's behalf by:



.....
Stephen Parsons
Chairman

Cathedral Schools Trust

GOVERNANCE STATEMENT

Scope of Responsibility

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

The Trustees have 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 are in accordance with the requirements and responsibilities assigned to it in the funding agreement between the Academy Trust and the Secretary of State for Education. The Principal is also responsible for reporting to the Trustees any material weaknesses or breakdowns in internal control.

Governance

The information included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities.

The Trustees met 8 times during the year. Attendance during the year at meetings of the Trustees was as follows:

Trustee	Meetings Attended	Out of a Possible
Stephen Parsons LIB MBE DL, (Chair of Trustees)	8	8
Mr Neil Blundell, (Executive Principal and Accounting Officer)	8	8
Mr Ian Robinson	2	3
Mr Stephen Atkinson	7	8
Dr David Hoyle	7	8
Mr Edward Benzecry	7	8
Mr Mike Lea	6	7
Mrs M Ipinson-Fleming	6	8
Mrs S Yates	4	5

A full review of Governance was carried out last year as part of the process of establishing the MAT Trustee Board and the associated Local Governing Bodies (which are deemed sub-committees of the Trustee Board). The review comprised a full skills audit for all Governors with skill level classified as none, basic, moderate or extensive. As a result of this review, Mr M Lea and Mr S Atkinson were co-opted onto the Trustee Board.

The Trust did not have a separate finance committee and the Trustees meetings incorporated the role of the finance committee within its responsibilities. A finance committee will be set up for 2017/18.

Cathedral Schools Trust

GOVERNANCE STATEMENT

Review of Value for Money

As accounting officer the Executive 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 Trustees where value for money can be improved, including the use of benchmarking data where available. The accounting officer for the Academy Trust has delivered improved value for money during the year by continuing to develop the Multi Academy Trust which is expected to deliver economies of scale going forward. This will be achieved by earning additional income for the Academy Trust through the Teaching School as well as looking for economies of scale within the Trust now that we are four schools, getting the best value for procured contracts through the experience of all schools.

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 its policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the Academy Trust's policies, aims and objectives, to evaluate the likelihood of those risks being realised, to consider the impact should they be realised, and to manage them effectively, efficiently and economically. The system of internal control has been in place at the Cathedral Schools Trust for the year ended 31 August 2017 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Trustees have 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 Trustees are of the view that there is a formal on-going process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the year ending 31 August 2017 and up to the date of the approval of the Annual Report and Financial Statements. This process is regularly reviewed by the 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. In particular it includes:

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Trustees;
- regular reviews by the Trustees of reports which indicate financial performance against 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.

Cathedral Schools Trust

GOVERNANCE STATEMENT

The Trustees have considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed Mr Mike Lea, a co-opted Trustee of the Trust, to carry out a programme of internal checks. The reviewer's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. In particular the checks carried out in the current period included:

- Testing of payroll systems
- Testing of control accounts /bank reconciliations
- Testing of purchase systems.

On a quarterly basis, the reviewer reports to the Trustee on the operation of the systems of control and on the discharge of the Trustees' financial responsibilities. Mr M Lea has delivered the schedule of work as planned and there are no material control issues resulting from any of these reviews. This process is being continually reviewed and as the Trust grows we will consider whether we need to have a different internal audit function.

Review of Effectiveness

As Accounting Officer, the Executive 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 reviewer
- the work of the external auditor
- 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 Trustees 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 Trustees on 4 December 2017 and signed on its behalf by:

.....
Stephen Parsons
Chairman

.....
Neil Blundell
Accounting Officer

Cathedral Schools Trust

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Cathedral Schools Trust I have considered my responsibility to notify the Academy Trust's 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's 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'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.



Neil Blundell
Accounting Officer

4 December 2017

Cathedral Schools Trust

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees (who act as Governors of Cathedral Schools Trust and are also the Directors of the Charitable Company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction published 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 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 in 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 [FRS102] have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in business.

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

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

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

Approved by order of the members of the Trustees on 4 December 2017 and signed on its behalf by:



Stephen Parsons
Chairman

Cathedral Schools Trust

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CATHEDRAL SCHOOLS TRUST

We have audited the financial statements of Cathedral Schools Trust for the year ended 31 August 2017 which comprise the Statement of Financial Activities, Balance Sheet, Statement of Cash Flows and the Notes to the Financial Statements. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2017 and of its incoming resources and application of resources 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.

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

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

Cathedral Schools Trust

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CATHEDRAL SCHOOLS TRUST

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

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

- the information given in the trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the trustees' 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
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 16, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company 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.

Cathedral Schools Trust

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CATHEDRAL SCHOOLS TRUST

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



Guy Biggin

Senior Statutory Auditor

For and on behalf of

Crowe Clark Whitehill LLP

Statutory Auditor

Carrick House,

Lypiatt Road,

Cheltenham,

GL50 2QJ

DATE: 14 December 2017

Cathedral Schools Trust

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO CATHEDRAL SCHOOLS TRUST AND THE EDUCATION FUNDING AGENCY

In accordance with the terms of our engagement letter dated 18 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 Cathedral Schools Trust during the period 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of the Cathedral Schools Trust's Accounting Officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of the Academy Trust's funding agreement with the Secretary of State for Education dated 28 January 2016 (which superseded the previous funding agreement dated 3 March 2008 for 'Bristol Cathedral Choir School') and the Academies Financial Handbook, extant from 1 September 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2016 to 2017. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament and 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. The work undertaken to draw to our conclusion includes a review of the design and implementation of the Trust's internal controls and review processes on regularity, supported by detailed tests on samples of costs incurred by the Trust and specific transactions identified from our review.

Cathedral Schools Trust

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO CATHEDRAL SCHOOLS TRUST AND THE EDUCATION FUNDING AGENCY

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 period 1 September 2016 to 31 August 2017 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Crowe Clark Whitehill LLP

Statutory Auditor

Carrick House

Lypiatt Road

Cheltenham

Gloucestershire

GL50 2QJ

DATE: 14 December 2017

Cathedral Schools Trust

STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT AND STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES) for the year ended 31 August 2017

		Unrestricted Funds £000	Restricted Funds £000	Restricted Fixed Asset Funds £000	Total Funds 2017 £000	Total Funds 2016 £000
	Notes					
Income and endowments from:						
Donations and capital grants	3	200	15	4,507	4,722	641
Transfer from local authority on conversion	2, 3	287	(1,136)	4,949	4,100	-
Transfer of net assets from CPS on joining MAT		-	-	-	-	1,456
Charitable activities	4	-	6,717	-	6,717	4,747
Other trading activities	5	295	-	-	295	243
Investments	6	-	-	-	-	1
Total		782	5,596	9,456	15,834	7,088
Expenditure on:						
Raising funds	7	149	-	-	149	193
Charitable activities	8	-	7,367	612	7,979	5,331
Total	7	149	7,367	612	8,128	5,524
Net income / (expenditure)		633	(1,771)	8,844	7,706	1,564
Transfers between funds		-	(7)	7	-	-
Net (expenditure)/income for the year		633	(1,778)	8,851	7,706	1,564
Other recognised gains / (losses):						
Actuarial (losses) / gains on defined benefit pension schemes	28	-	162	-	162	(567)
Net movement in funds		633	(1,616)	8,851	7,868	997
Reconciliation of funds:						
Total funds brought forward	19	63	(777)	14,342	13,628	12,631
Total funds carried forward	19	696	(2,393)	23,193	21,496	13,628

The notes on pages 25 to 48 form part of these financial statements.

Cathedral Schools Trust

BALANCE SHEET
as at 31 August 2017

Company number 06516626

		2017	2016
	Notes	£000	£000
FIXED ASSETS			
Tangible fixed assets	14	<u>23,079</u>	<u>14,342</u>
CURRENT ASSETS			
Stock	15	-	3
Debtors	16	1,103	579
Cash at bank and in hand	26	<u>636</u>	<u>729</u>
		1,739	1,311
LIABILITIES:			
Creditors: Amounts falling due within one year	17	<u>(1,234)</u>	<u>(1,075)</u>
NET CURRENT ASSETS		<u>505</u>	<u>236</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		23,584	14,578
Creditors: Amounts falling due after more than one year	18	(41)	(62)
NET ASSETS EXCLUDING PENSION LIABILITY		<u>23,543</u>	<u>14,516</u>
Defined benefit pension scheme liability	28	(2,047)	(888)
TOTAL NET ASSETS		<u>21,496</u>	<u>13,628</u>
FUNDS OF THE ACADEMY TRUST:			
Restricted funds			
Fixed asset fund		23,193	14,342
Restricted income fund		(346)	111
Pension reserve		<u>(2,047)</u>	<u>(888)</u>
TOTAL RESTRICTED FUNDS		20,800	13,565
TOTAL UNRESTRICTED FUNDS		696	63
TOTAL FUNDS	19	<u>21,496</u>	<u>13,628</u>

The notes on pages 25 to 48 form part of these financial statements.

The financial statements on pages 22 to 48 were approved by the Trustees, and authorised for issue on 4 December 2017 and are signed on their behalf by:

Stephen Parsons
Chairman

Cathedral Schools Trust

CASH FLOW STATEMENT

for the year ended 31 August 2017

	Notes	2017 £000	2016 £000
Cash flows from operating activities			
Net cash provided by (used in) operating activities	23	(200)	1,686
Cash flows from financing activities	24	-	1
Cash flows from investing activities	25	107	(1,246)
Change in cash in the reporting period		(93)	441
Cash at 1 September 2016		729	288
Cash at 31 August 2017	26	636	729

The notes on pages 25 to 48 form part of these financial statements.

Cathedral Schools Trust

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2017

1 STATEMENT OF 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.

Basis of Preparation

The financial statements of the Academy Trust, which is a public benefit entity under FRS102, 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.

Cathedral Schools Trust meets the definition of a public benefit entity under FRS 102.

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 company to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the Academy 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.

Income

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

- **Grants**

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

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

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

Grants received for a specific purpose are matched with corresponding expenditure as far as possible and carried forward as restricted funds insofar as received before corresponding expenditure is incurred.

- **Sponsorship income**

Sponsorship income provided to the Academy Trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it is measured reliably.

Cathedral Schools Trust

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2017

1 STATEMENT OF ACCOUNTING POLICIES (continued)

- **Donations**

Donations are recognised on a receivable basis (where there are no performance-related conditions), where the receipt is probable and the amount can be reliably measured.

- **Other income**

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the Academy Trust has provided the goods or services.

- **Donated goods, facilities and services**

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the Academy Trust's accounting policies.

- **Transferred net assets on Academy joining the Academy Trust**

Where an Academy joins the Academy Trust, the net assets of the joining Academy at the date of transfer are recognised in the Statement of Financial Activity as donated assets on transfer. The value of the net assets is measured at fair value, which is ordinarily deemed as the Net Book Value of the assets in the Academy's own accounts immediately prior to the point of transfer.

- **Transfer on conversion**

Where assets are received by the trust on conversion to an academy, the transferred assets are measured at fair value and recognised in the balance sheet at the point when the risks and rewards of ownership pass to the trust. An equal amount of income is recognised as Transfer on conversion within Donations and capital grant income.

- **Agency Arrangements**

The Trust acts as an agent in distributing 16-19 bursary funds from the ESFA. Payments received from the ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the Trust does not have control over the charitable application of the funds. The Trust can use up to 5% of the allocation towards its own administrative costs and this is recognised in the statement of financial activities. The funds received and paid and any balances held are disclosed in note 30.

Cathedral Schools Trust

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2017

1 STATEMENT OF ACCOUNTING POLICIES (continued)

Expenditure

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

- **Expenditure on Raising Funds**

This includes all expenditure incurred by the Academy Trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

- **Charitable Activities**

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

All resources expended are inclusive of irrecoverable VAT.

Tangible Fixed Assets

Assets costing £500 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows: A full year of depreciation is charged in the year in which the asset is brought into use.

Long leasehold land and buildings	Over the period of the lease or 50 years whichever is shorter
Furniture, fixtures and equipment	Over 5 years
ICT equipment	Over 3 years
Motor vehicles	Over 4 years
Minor building works	Over 10 years (with the exception of works related to temporarily accommodating CPS which are depreciated over 3 years).

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

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

Cathedral Schools Trust

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2017

1 STATEMENT OF ACCOUNTING POLICIES (continued)

Liabilities

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the 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

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

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

Interest receivable

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

Financial instruments

The 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 16. Prepayments are not financial instruments. Amounts due to the charity'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 cost as detailed in notes 17 and 18. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

Leased Assets

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

Stock

Unsold uniforms are valued at the lower of cost or net realisable value.

Taxation

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

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

Cathedral Schools Trust

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2017

1 STATEMENT OF ACCOUNTING POLICIES (continued)

Pensions Benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 28, 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 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.

Fund Accounting

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

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

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

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.

Cathedral Schools Trust

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2017

1 STATEMENT OF ACCOUNTING POLICIES (continued)

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 28, 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 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.

2 TRANSFER FROM LOCAL AUTHORITY ON CONVERSION

On 1st August 2017 Headley Park Primary School converted to academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Cathedral Schools Trust Limited from the Bristol City Council Local Authority for £nil consideration on a 125 year lease.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the Statement of Financial Activities as Transfer from local authority on conversion.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the SOFA.

	Unrestricted Funds £000	Restricted Funds £000	Restricted Fixed Asset Funds £000	Total Funds £000
Tangible fixed assets				
- Leasehold land and buildings	-	-	2,407	2,407
Budget surplus on LA Funds	3	-	-	3
LGPS pension deficit	-	(594)	-	(594)
Net assets	3	(594)	2,407	1,816

On 1st August 2017 Victoria Park Primary School converted to academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Cathedral Schools Trust Limited from the Bristol City Council Local Authority for £nil consideration on a 125 year lease.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the Statement of Financial Activities as Transfer from local authority on conversion.

Cathedral Schools Trust

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2017

2 TRANSFER FROM LOCAL AUTHORITY ON CONVERSION (continued)

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the SOFA.

	Unrestricted Funds £000	Restricted Funds £000	Restricted Fixed Asset Funds £000	Total Funds £000
Tangible fixed assets				
- Leasehold land and buildings	-	-	2,542	2,542
Budget surplus on LA Funds	284	-	-	284
LGPS pension deficit	-	(542)	-	(542)
Net assets	284	(542)	2,542	2,284

3 DONATIONS AND CAPITAL GRANTS

	Unrestricted Funds £000	Restricted Funds £000	Total 2017 £000	Total 2016 £000
Capital grants	-	4,507	4,507	638
Transfer of net assets from CPS on joining the Academy Trust	-	-	-	1,456
Transfer from local authority on conversion (see note 2)	287	3,813	4,100	-
Other donations	200	15	215	3
	487	8,335	8,822	2,097

In 2016, of the total income from donations and capital grants, £12,000 was to unrestricted funds and £2,085,000 was to restricted funds.

Cathedral Schools Trust

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2017

4 CHARITABLE ACTIVITIES: FUNDING FOR THE ACADEMY TRUST'S EDUCATIONAL OPERATIONS

	Unrestricted Funds £000	Restricted Funds £000	Total 2017 £000	Total 2016 £000
DfE/ESFA grants				
General Annual Grant ('GAG')	-	4,757	4,757	4,052
Other DfE/ESFA grants	-	1,858	1,858	579
	-	6,615	6,615	4,631
Other Government grants				
Local authority grants	-	102	102	116
	-	102	102	116
Total	-	6,717	6,717	4,747

In 2016, of the total income from charitable activities, £nil was to unrestricted funds and £4,747,000 was to restricted funds.

5 OTHER TRADING ACTIVITIES

	Unrestricted Funds £000	Restricted Funds £000	Total 2017 £000	Total 2016 £000
Catering income	18	-	18	3
Music tuition income	43	-	43	31
Uniform sales	1	-	1	-
Hire of facilities	38	-	38	48
External salary recharges	24	-	24	50
Educational trips and events	104	-	104	69
Other income	67	-	67	42
	295	-	295	243

In 2016, of the total income from other trading activities, £243,000 was to unrestricted funds and £nil was to restricted funds.

6 INVESTMENT INCOME

	Unrestricted Funds £000	Restricted Funds £000	Total 2017 £000	Total 2016 £000
Short term deposits	-	-	-	1

In 2016, of the total investment income, £1,000 was to unrestricted funds and £nil was to restricted funds.

Cathedral Schools Trust

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2017

7 EXPENDITURE

	Staff Costs £000	Premises £000	Other £000	Total 2017 £000	Total 2016 £000
Expenditure on raising funds	25	1	123	149	193
Academy's educational operations:					
Direct costs	3,978	152	461	4,591	3,415
Support costs	924	2,029	435	3,388	1,916
	4,927	2,182	1,019	8,128	5,524

8 CHARITABLE ACTIVITIES – ACADEMY'S EDUCATIONAL OPERATIONS

	Total 2017 £000	Total 2016 £000
Direct costs – educational operations	4,591	3,415
Support cost- educational operations	3,388	1,916
	7,979	5,331

Analysis of support costs

Support staff costs	924	596
Depreciation	464	358
Technology costs	37	20
Premises costs	1,565	632
Other support costs	300	286
Governance costs	98	24
Total support costs	3,388	1,916

9 NET INCOMING RESOURCES

	2017 £000	2016 £000
Net income for the period includes:		
Operating lease rentals		
- Plant and machinery	11	8
- Land and buildings	320	228
Depreciation	612	438
Fees payable to auditor for		
- Audit	14	11
- Other services	-	-

Cathedral Schools Trust

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2017

10 STAFF

a. Staff costs

Staff costs during the period were:

	2017 £000	2016 £000
Wages & salaries	3,701	2,866
Social security costs	338	228
Apprenticeship Levy	4	-
Operating costs of defined benefit pension schemes	748	497
	4,791	3,591
Salaries recharged to Cathedral Primary School (CPS) prior to CPS joining the Academy Trust	-	(35)
	4,791	3,556
Supply staff costs	136	98
Staff restructuring costs	-	-
	4,927	3,654

b. Staff numbers

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

	Period from 1 August 2017 No.	Period up to 31 July 2017 No.	2016 No.
Teachers	109	66	61
Administration & support	168	51	54
Management	21	14	9
	298	131	124

c. Higher paid staff

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

	2017 No.	2016 No.
£ 60,001 - £ 70,000	2	2
£ 70,001 - £ 80,000	1	-
£100,001 - £110,000	-	1
£120,001 - £130,000	1	-

The above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2017, pension contributions for these members of staff amounted to 52,609 (2016: £38,548).

d. Key management personnel

The key management personnel of the Academy Trust comprise the Trustees and those serving the Academy Trust as Principals and Heads of Schools during the year (as listed on page 2). The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £371,414 (2016: £313,000).

Cathedral Schools Trust

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2017

11 RELATED PARTY TRANSACTIONS – 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 Principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Principal and staff members under their contracts of employment, and not in respect of their role as Trustees. Other Trustees did not receive any payments from the Academy in respect of their role as Trustees. The value of Trustees' remuneration and other benefits was as follows:

- Mr N Blundell (Principal and Trustee):
Remuneration: £120,001 - £125,000 (2016: £105,000 - £110,000)
Employer's pension contributions: £15,000 - £20,000 (2016: 15,000 - £20,000)

During the period ended 31 August 2017, travel and subsistence expenses totalling £nil (2016: £nil) were reimbursed or paid directly to Trustees.

Other related party transactions involving the Trustees are set out in note 29.

12 TRUSTEES' AND OFFICERS' LIABILITY COVER

The Academy is a member of the ESFA's Risk Protection Arrangement which is a voluntary arrangement of pooled risk for academies and schools. It is an alternative to insurance through which the costs of risks that materialise will be covered by government funds. Cover includes Governors Liability to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business. The cover extends to defence costs and legal liability to pay damages but does not extend to fines, penalties, punitive or exemplary damages. Cover is limited to £5,000,000 on any one claim and in aggregate per annum per Trust member. The cost is part of a larger premium and not identifiable separately.

13 CENTRAL SERVICES

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

- temporary accommodation
- recruitment and human resources
- financial services
- payroll
- HR services
- estates management
- admissions services
- IT services
- governance

The Academy Trust charges for these services on the following basis:

- Temporary accommodation is charged at the rate pre-agreed with the ESFA being the rate also funded to CPS;
- All other services are recharged in aggregate at an annual level agreed by both parties. This annual level is derived by applying the proportion of time each department reports spends on the schools related matters to the total salaries with on-costs for that department.
- As Victoria Park and Headley Park only joined on 1st August 2017 they were not charged for any of these services during the year.

The Trust has set up a central services function for 2017/18 which will charge each Academy a % of their General Annual Grant to pay for these services.

Cathedral Schools Trust

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2017

14 FIXED ASSETS

	Long leasehold land & buildings £000	Assets in the course of construction £000	Minor building works £000	Furniture & equipment £000	ICT equipment £000	Motor vehicles £000	Total £000
COST:							
At 1 September 2016	14,275	1,564	573	828	1,399	18	18,657
Acquired on transfer from the LA on conversion	4,949	-	-	-	-	-	4,949
Additions	-	4,094	51	96	159	-	4,400
Disposals/Transfers	5,658	(5,658)	-	-	-	-	-
At 31 August 2017	24,882	-	624	924	1,558	18	28,006
DEPRECIATION:							
At 1 September 2016	2,086	-	183	709	1,319	18	4,315
Disposals	-	-	-	-	-	-	-
Charged in year	403	-	60	51	98	-	612
At 31 August 2017	2,489	-	243	760	1,417	18	4,927
NET BOOK VALUE:							
At 31 August 2016	12,189	1,564	390	119	80	-	14,342
At 31 August 2017	22,393	-	381	164	141	-	23,079

15 STOCKS

	2017 £000	2016 £000
Uniform stock	-	3

16 DEBTORS

	2017 £000	2016 £000
Trade debtors	37	95
VAT recoverable	171	102
Other debtors	3	41
Prepayments and Accrued Income	892	341
	1,103	579

Cathedral Schools Trust

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2017

17 CREDITORS: amounts falling due within one year

	2017 £000	2016 £000	2015 £000
Trade creditors	587	603	154
Other tax and social security	132	66	57
ESFA creditor: abatement of GAG	47	63	-
ESFA creditor: VAT advancement	28	40	-
Other creditors	145	162	103
Accruals and deferred income	295	141	134
	1,234	1,075	448

Deferred income

	2017 £000	2016 £000	2015 £000
Deferred income at 1 September 2016	31	30	154
Amounts released from previous year	(31)	(30)	57
Resources deferred in the year	162	31	-
Deferred income at 31 August 2017	162	31	103

At the balance sheet date, the Academy Trust was holding funds of £2,621 received for a BCCS school trip in the 2017/18 academic year and £906 received for lettings events after year end. Deferred income also includes £96,614 of UIFSM funding for the 2017/18 academic year plus advanced grant funding by the ESFA totalling £61,500.

18 CREDITORS: amounts falling due in greater than one year

	2017 £000	2016 £000
Accruals and deferred income	41	62

Included within accruals is an amount of £41,000 due to Bristol Cathedral for the replacement of the school boiler.

During 2015/16 a payment plan was agreed to settle the balance over 4 years. The balance of £62,250 is due to be paid back over the next 2 years and the amount due after more than one year is therefore accounted for as falling due in greater than one year.

Cathedral Schools Trust
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2017

19 RESTRICTED AND UNRESTRICTED FUNDS

	Balance at 1 September 2016 £000	Incoming Resources £000	Resources Expended £000	Actuarial Gains and Transfers £000	Balance at 31 August 2017 £000
Restricted General Funds					
General Annual Grant (GAG)	111	4,757	(5,207)	(7)	(346)
Other DfE/ESSFA grants	-	1,858	(1,858)	-	-
Other Government grants	-	102	(102)	-	-
Private sector revenue donations	-	15	(15)	-	-
Pension reserve	(888)	-	(185)	(974)	(2,047)
	(777)	6,732	(7,367)	(981)	(2,393)
Restricted Fixed Asset Funds					
DfE/EFA capital grants	1,915	9,456	(279)	-	11,092
Capital expenditure from GAG	236	-	(42)	7	201
Private sector capital sponsorship	12,191	-	(291)	-	11,900
	14,342	9,456	(612)	7	23,193
Total Restricted Funds	13,565	16,188	(7,979)	(974)	20,800
Unrestricted funds	63	782	(149)	-	696
Total Unrestricted Funds	63	782	(149)	-	696
Total Funds	13,628	16,970	(8,128)	(974)	21,496

Cathedral Schools Trust

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2017

19 RESTRICTED AND UNRESTRICTED FUNDS (continued)

	Balance at 1 September 2015 £000	Transfer from CPS on 1 February 2016 £000	Incoming Resources £000	Resources Expended £000	Actuarial Gains and Transfers £000	Balance at 31 August 2016 £000
Restricted General Funds						
General Annual Grant (GAG)	(6)	232	4,052	(4,143)	(24)	111
Other DfE/EFA grants	-	-	579	(579)	-	-
Other Government grants	-	-	116	(116)	-	-
Private sector revenue donations	-	-	3	(3)	-	-
Pension reserve	(259)	(10)	-	(52)	(567)	(888)
	(265)	222	4,750	(4,893)	(591)	(777)
Restricted Fixed Asset Funds						
DfE/EFA capital grants	165	1,222	638	(110)	-	1,915
Capital expenditure from GAG	247	-	-	(35)	24	236
Private sector capital sponsorship	12,484	-	-	(293)	-	12,191
	12,896	1,222	638	(438)	24	14,342
Total Restricted Funds	12,631	1,444	5,388	(5,331)	(567)	13,565
Unrestricted funds	-	12	244	(193)	-	63
Total Unrestricted Funds	-	12	244	(193)	-	63
Total Funds	12,631	1,456	5,632	(5,524)	(567)	13,628

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

Restricted Fixed Asset Funds:

These grants relate to funding received from the DfE, ESFA and private sponsors to carry out works of a capital nature on land, buildings and other fixed assets of the Academy Trust.

Restricted General Funds:

These funds represent grants received for the Academy Trust's operational activities and development and the related expenditure. The pension reserve relates to the Academy Trust's share of the deficit to the Local Government Pension Scheme administered by Avon Pensions Fund. The General Annual Grant (GAG) represents the core educational funding for the Academy from the ESFA.

Also included within this fund is pupil premium and other government grants which are to be spent on various restricted purposes as detailed on the original grant letter.

Cathedral Schools Trust

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2017

19 RESTRICTED AND UNRESTRICTED FUNDS (continued)

Unrestricted Funds:

The unrestricted funds represent funds which are not restricted for any specific purpose and can be spent as determined by the Trustees.

Transfer between restricted funds

An amount of £7,000 has been transferred from restricted general funds to restricted fixed asset funds to facilitate the purchase of capital assets.

General reserves

The Academy Trust has a net surplus of £350,000 on restricted general funds and unrestricted funds, excluding the pension reserve.

Analysis of academies by fund balance

Fund balances at 31 August 2017 were allocated as follows:

	2017 £000	2016 £000
Cathedral Primary School	302	284
Bristol Cathedral Choir School	(156)	(110)
Headley Park Primary School	(46)	-
Victoria Park Primary School	250	-
Total before fixed asset fund and pension reserve	350	174
Restricted fixed asset fund	23,193	14,342
Pension reserve	(2,047)	(888)
Total	21,496	13,628

Bristol Cathedral Choir School is carrying a net deficit of £156,000 (2016: £110,000) primarily due to the development of the multi academy trust during the year and it has recognised in full the £117,000 cost for essential replacement of its boiler system in 2015/16.

The Trust has taken the following action to return the academy to surplus:

- Working to grow the MAT which it is anticipated will deliver cost savings through economies of scale
- Increased in PAN In Year 7 from 120 to 150
- Successful application to the ESFA for real-time funding for 2017/18 for the exceptional increase in sixth form student numbers in the 2017-18 year

Headley Park Primary School is carrying a net deficit of £46,000 primarily due to the cost of conversion to an Academy. The projections for next year suggest that the Academy will move towards a break even position.

Cathedral Schools Trust

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2017

19 RESTRICTED AND UNRESTRICTED FUNDS (continued)

Analysis of academies by cost

Expenditure incurred by the Trust was as follows:

	Teaching and educational support staff costs	Other support staff costs	Educational supplies	Other costs excluding depreciation	Total 2017
	£000	£000	£000	£000	£000
Cathedral Primary School	614	47	162	427	1,250
Bristol Cathedral Choir School	3,165	664	406	1,740	5,975
Victoria Park Primary School (from 1 st August 2017)	116	13	8	16	153
Headley Park Primary School (from 1 st August 2017)	108	15	6	9	138
	4,003	739	582	2,192	7,516

20 ANALYSIS OF NET ASSETS BETWEEN FUNDS

Fund balances at 31 August 2017 are represented by:

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total Funds
	£000	£000	£000	£000
Tangible fixed assets	-	-	23,079	23,079
Current assets	696	929	114	1,739
Current liabilities	-	(1,234)	-	(1,234)
Non-current liabilities	-	(41)	-	(41)
Pension scheme liability	-	(2,047)	-	(2,047)
Total Net Assets	696	(2,393)	23,193	21,496

Fund balances at 31 August 2016 are represented by:

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total Funds
	£000	£000	£000	£000
Tangible fixed assets	-	-	14,342	14,342
Current assets	63	1,248	-	1,311
Current liabilities	-	(1,075)	-	(1,075)
Non-current liabilities	-	(62)	-	(62)
Pension scheme liability	-	(888)	-	(888)
Total Net Assets	63	(777)	14,342	13,628

Cathedral Schools Trust

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2017

21 CAPITAL COMMITMENTS

	2017	2016
	£000	£000
Contracted for, but not provided in the financial statements	63	4,157

The Academy Trust and the ESFA have contracted with Kier to design and refurbish the permanent CPS site, which is in a Grade one listed building.

The full contracted cost is £5,121,000 of which £5,058,000 has been recognised as at 31 August 2017.

22 COMMITMENTS UNDER OPERATING LEASES

Land and buildings leased from Bristol Cathedral are accounted for as an operating lease with a 75 year lease from 1 September 2008. As at 31 August 2017, there will be 66 years remaining on the lease at an annual cost of £228,230 (reviewed annually in line with CPI).

In addition to the land and buildings, the Academy Trust has future minimum lease payments under non-cancellable operating leases of:

	2017	2016
	£000	£000
Other		
Amounts due within one year	12	11
Amounts due between one and five years	32	42
Amounts due after five years	-	1

23 RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2017	2016
	£000	£000
Net income/(expenditure) for the reporting period (as per the SOFA)	7,706	1,564
Depreciation (note 14)	612	438
Capital grants from DfE and other capital income	(4,507)	(638)
Transfer from local authority on conversion	(3,813)	-
Interest receivable (note 6)	-	(1)
Defined benefit pension cost less contributions payable	185	52
Defined benefit pension scheme obligation inherited	-	10
(Increase)/decrease in stocks	3	-
(Increase)/decrease in debtors	(524)	(428)
Increase/(decrease) in creditors	138	689
Net cash provided by/(used in) Operating Activities	(200)	1,686

Cathedral Schools Trust

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2017

24 CASH FLOWS FROM FINANCING ACTIVITIES	2017	2016
	£000	£000
Repayments of borrowing	-	-
Cash inflows from new borrowing	-	-
Interest received	-	1
Net cash inflow from returns on investment and servicing of finance	-	1

25 CASH FLOWS FROM INVESTING ACTIVITIES	2017	2016
	£000	£000
Purchase of tangible fixed assets	(4,400)	(662)
Value of tangible fixed assets transferred from CPS (note 2)	-	(1,222)
Capital grants from DfE/ESFA	4,507	638
Capital funding received from sponsors and others	-	-
Net cash provided by/(used in) investing activities	107	(1,246)

26 ANALYSIS OF CASH AND CASH EQUIVALENTS

	At 31	At 31
	August 2017	August 2016
	£000	£000
Cash in hand and at bank	636	729
Total cash and cash equivalents	636	729

27 MEMBERS' LIABILITY

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

28 PENSION AND SIMILAR OBLIGATIONS

The Academy Trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Avon Pension Fund. Both are multi-employer defined-benefit schemes.

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

Contributions amounting to £114,770 (2016: £59,698) were payable to the schemes at 31 August 2017 and are included within creditors. These amounts were due for payment after 31 August 2017.

Cathedral Schools Trust

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2017

28 PENSION AND SIMILAR OBLIGATIONS (continued)

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pensions 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)
- total scheme liabilities (pensions currently in payment and the estimated cost for 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 is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £423,558 (2016: £329,779).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

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

Cathedral Schools Trust

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2017

28 PENSION AND SIMILAR OBLIGATIONS (continued)

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with the assets held in separate Trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £168,000 (2016: £158,000), of which employer's contributions totalled £119,000 (2016: £112,000) and employees' contributions totalled £49,000 (2016: £46,000). The agreed contribution rates for future years are 13.8% for employers and between 5.5% and 9.9% for employees depending on salary banding.

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.

The LGPS is in deficit and the Trust has entered into an agreement with the LGPS Trustees to make additional contributions of £73,600 in addition to normal funding levels for the year from 1 April 2017 to 31 March 2018 and then a further £155,400 in total over the 2 years to 31 March 2020.

Principal actuarial assumptions	At 31 August 2017	At 31 August 2016
Rate of increase in salaries	3.7%	3.3%
Rate of increase for pensions in payment /inflation	2.2%	1.9%
Discount rate for scheme liabilities	2.4%	2.1%
Inflation assumption (CPI)	2.2%	1.8%

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

	At 31 August 2017	At 31 August 2016
Retiring today - females	26.0	26.0
Retiring today - males	23.5	23.5
Retiring in 20 years - females	28.7	28.9
Retiring in 20 years - males	26.0	25.9

	Fair value at 31 August 2017	Fair value at 31 August 2016
	£000	£000
Equity instruments	1,397	980
Government bonds	317	237
Other bonds	217	186
Property	249	188
Cash/liquidity	102	(10)
Other	543	359
Total market value of assets	2,825	1,940

The Actual return on scheme assets was a loss of £9,000 (2016: gain of £248,000).

Cathedral Schools Trust

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2017

28 PENSION AND SIMILAR OBLIGATIONS (continued)

Amounts recognised in the statement of financial activities:

	2017	2016
	£000	£000
Current service cost	(163)	(153)
Net interest cost	(18)	(8)
Administration expenses	(4)	(3)
Total operating charge	(185)	(164)

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

	2017	2016
	£000	£000
At 1 September	2,828	1,813
Transfer in from converting academies	1,885	28
Current service cost	282	153
Interest cost	60	72
Employee contributions	49	46
Actuarial losses/(gains)	(213)	751
Benefits paid	(19)	(35)
At 31 August	4,872	2,828

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

	2017	2016
	£000	£000
At 1 September	1,940	1,554
Transfer in from converting academies	749	18
Interest income	42	64
Actuarial (losses)/gains on assets	(51)	184
Member contributions	49	46
Employer contributions	119	112
Benefits/transfers paid	(19)	(35)
Administration expenses	(4)	(3)
At 31 August	2,825	1,940

Cathedral Schools Trust

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2017

29 RELATED PARTY TRANSACTIONS

Owing to the nature of the Academy Trust and the composition of the Board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the Academy Trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy Trust's financial regulations and normal procurement procedures.

The following related party transactions took place in the period of account.

- **Bristol Cathedral**
 - The Trust leases buildings from Bristol Cathedral at an agreed rent of £228,230 (2016: 227,700) subject to an annual increase in line with CPI. The balance owed at year end in relation to this was £70,227 (2016: £450).
 - Bristol Cathedral and the Trust have worked on a joint project to replace the shared boilers and these works were completed last year at a total cost of £83,680. The current balance owed is £62,199 which will be repaid over the next three years.
 - The Academy Trust was charged £4,722 (2016: £3,822) by the Cathedral for gas supplied and also an additional £6,232 (2016: £490) for educational events run by the Cathedral, the provision of a choir for an Academy Trust event and administration services.
 - During the year to 31 August 2017, the Academy Trust rented facilities to Bristol Cathedral and provided refreshments and musical expertise for key events to the value of £nil (2016: £410).
- **Bristol Cathedral School** - During the year to 31 August 2017, Bristol Cathedral School donated £200,000 to the Trust. This donation came about as the Trustees of the School begin to wind the charity up. There is expected to be one further donation received in 2017/18.
- **Garage Gospel and UK Churches** – During the year to 31 August 2017, Garage Gospel (UK Churches) invoiced the Academy Trust a net amount of £720 for the provision of rehearsals for the Trust's Gospel Choir (2016: £1,350). Ms M Ipinson-Fleming, a Trustee of the Academy Trust is a co-owner of both Garage Gospel and UK Churches. These transactions were at arm's length.
- **University of Bristol** – During the year to 31 August 2017, the University of Bristol invoiced the Trust £700 (2016: £nil) for provision of training. I Robinson, a Trustee of the Academy Trust is a member of the University's audit committee. These transactions were at arm's length.

30 AGENCY ARRANGEMENTS

The Academy distributes 16-19 bursary funds to students as an agent for the ESFA. In the accounting period ending 31 August 2017 the Academy received £8,076 and disbursed £11,349 from the fund. An amount of £1,991 (2016: £5,204) is included in other creditors relating to the undistributed funds that is repayable to ESFA.

Cathedral Schools Trust

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2017

31 SIGNIFICANT EVENTS DURING THE YEAR

During the year the Trust suffered from substantial damage to The Deanery building as a result of a flood. The building is occupied by the Trust under an operating lease and as such there is no asset which requires impairing as a result of the damage.

The cost of repair and other associated costs incurred in the year have been fully expensed and have been covered by the insurance policy.

The financial impact of this event during the year can be summarised as:

	£'000
Insurance income	864
Structural repairs	750
Rent costs for alternative buildings	37
Staff & agency costs for additional hours worked	<u>77</u>
Net impact on SOFA	<u>-</u>

32 ULTIMATE CONTROLLING PARTY

It is the opinion of the Board of Trustees that there is no ultimate controlling party.