

Company Registration No. 08062065 (England and Wales)

ST BEDE'S CATHOLIC ACADEMY (LANCHESTER)

(A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' REPORT AND AUDITED ACCOUNTS

FOR THE PERIOD ENDED 31 AUGUST 2013

ST BEDE'S CATHOLIC ACADEMY (LANCHESTER)

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ST BEDE'S CATHOLIC ACADEMY (LANCHESTER)

REFERENCE AND ADMINISTRATIVE DETAILS

Trustees

Mrs J McBride (Appointed 28 June 2012)
Mr H Biasi (Appointed 28 June 2012)
Rev D Westgarth (Appointed 28 June 2012)
Mr R Christon (Chair) (Appointed 9 May 2012) *
Fr J Park (Appointed 9 May 2012) *
Canon R Spence (Vice Chair) (Appointed 9 May 2012)
Mr S Isles (Appointed 3 December 2012)
Mrs J Leech (Appointed 3 December 2012) *
Dr F Keenan (Appointed 28 June 2012)
Mrs M Robinson (Appointed 9 May 2012) *
Mrs J Watson (Appointed 28 June 2012)
Mrs G Roberts (Appointed 28 June 2012) *
Miss L A Hall (Appointed 9 May 2012) *
Mr D Batty (Appointed 28 June 2012)
Mrs M Gray (Appointed 28 June 2012) *
Mrs K McKenna (Appointed 28 June 2012 and resigned 14 December 2012) *
Miss S Mason (Appointed 28 June 2012 and resigned 17 February 2013)
Mrs M Matthews (Accounting Officer) (Appointed 9 May 2012 and retired 31 August 2013) *
Mr N Harrison (Accounting Officer) (Appointed 1 September 2013) *

* members of the finance and buildings committee (inc. audit)

Senior management team

- Headteacher	Mrs M Matthews
- Deputy Headteacher	Mr N Harrison
- Senior Assistant Headteacher	Mr R Purdy
- Senior Assistant Headteacher	Mr J Allen
- Assistant Headteacher	Mrs A Lawrance
- Assistant Headteacher	Mr A Guest
- Assistant Headteacher	Mrs H Windle
- Assistant Headteacher	Mrs G Kilburn
- School Business Manager	Mr I Merrington

Company registration number

08062065 (England and Wales)

Registered office

Consett Road
Lanchester
County Durham
DH7 0RD

Independent auditor

Evolution Business and Tax Advisors LLP
10 Evolution
Wynyard Park
Wynyard
TS22 5TB

ST BEDE'S CATHOLIC ACADEMY (LANCHESTER)

REFERENCE AND ADMINISTRATIVE DETAILS

Bankers

Lloyds TSB Commercial
5th Floor
102 Grey Street
Newcastle upon Tyne
NE1 6AG

Solicitors

Bond Dickinson LLP
St Ann's Wharf
112 Quayside
Newcastle upon Tyne
Tyne & Wear
NE1 3DX

ST BEDE'S CATHOLIC ACADEMY (LANCHESTER)

TRUSTEES' REPORT

FOR THE PERIOD ENDED 31 AUGUST 2013

The trustees present their annual report together with the accounts and independent auditor's reports of the charitable company for the period 9 May 2012 to 31 August 2013.

Structure, governance and management

Constitution

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's Memorandum and Articles of Association are the primary governing documents of the academy trust.

The charitable company is known as St Bede's Catholic Academy (Lancaster).

The Academy was incorporated on 09 May 2012, and commenced trading on 1 June 2012.

The trustees are also the directors of the charitable company for the purposes of company law. Details of the trustees who served during the period are included in the Reference and Administrative Details on page 1.

Members' liability

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

Trustees' indemnities

The academy has purchased insurance to protect Governors from claims arising against negligent acts, errors or omissions occurring whilst on academy business. Further details are provided in note 10.

Principal activities

The principal activity is the operation of St Bede's Catholic School and Sixth Form College. Further details are provided under 'Objectives and Activities'.

Method of recruitment and appointment or election of trustees

The term of office for any Governor shall be 4 years, save that this time limit shall not apply to the Headteacher or any post held ex officio. Subject to remaining eligible to be a particular type of Governor, any Governor may be re-appointed or re-elected.

Policies and procedures adopted for the induction and training of trustees

The training and induction provided for new Governors depends on their existing experience. Where necessary, induction and training is provided on charity, educational, legal and financial matters. The academy has a SLA with Durham LA to provide bespoke governor development and training packages. All new Governors are given a tour of the academy and a comprehensive induction file and Governor Toolkit. All Governors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Governors. As there are normally only one or two new Governors a year, induction tends to be undertaken as and when necessary and tailored specifically to the individual.

ST BEDE'S CATHOLIC ACADEMY (LANCHESTER)

TRUSTEES' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2013

Organisational structure

During the accounting period, the Academy operated with a Headteacher, Deputy Headteacher and an extended leadership team; comprising two Senior Assistant Headteachers and a School Business Manager. A succession model of leadership also provided for a further four Assistant Headteachers and aspiring Senior Leaders to be co-opted as and when necessary.

The structure consists of 3 levels: the Governors, the Senior Leadership Team and the Extended Leadership Team.

The aim of the structure is to devolve responsibility (distributed leadership) and encourage involvement in decision making at all levels, whilst also providing a means for succession planning.

The Governors are responsible for setting general policy, adopting an annual development plan and budget, monitoring the academy by the use of budgets and making major decisions about the direction of the academy, capital expenditure and senior staff appointments.

Risk management

The Leadership and Management Team (LMT) consists of 3 Senior Assistant Headteachers (including the School Business Manager) and a further 3 recently appointed Assistant Headteachers. The group is charged with making executive decisions, having applied the policies laid down by the Governors and reporting back to them. All have bespoke roles and link departments.

As a group, the LMT are responsible for monitoring their link departments and for the authorisation of spending within agreed budgets, as directed by the Finance Handbook, and the appointment of staff for posts within their link and specialist areas; again as directed by pre-determined terms of reference.

The Leadership and Management Team is supported by a middle leaders group, which includes Heads of Year and Subject Leaders. This group are responsible for day to day management of the academy and for practically progressing the policies of the Governing Body.

Connected organisations and related party relationships

The Academy does not work in federation with any other organisations but develops relationships with other schools and businesses where these assist in the achievement of the Academy's objectives. In particular, the Academy has strong primary cluster links and is an active member of the Hexham and Newcastle Catholic Partnership.

Trustees have declared no business interests to date and where any trustees should declare an interest, procedures are in place to address this. The school have adopted a policy that if there are any interests declared, the trustee would remove themselves from the decision making process.

Objectives and activities

Objects and aims

The principal object and activity of the Charitable Company is the operation of St Bede's Catholic Academy (Lanchester) to provide education for students of different abilities between the ages of 11 and 18 with an emphasis on an all-inclusive basis.

ST BEDE'S CATHOLIC ACADEMY (LANCHESTER)

TRUSTEES' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2013

The main objectives of the Academy during the period 9 May 2012 to 31 August 2013 are summarised below:

- to manage and develop a Catholic school, which shall offer a broad and balanced curriculum and shall be conducted in accordance with the principles, practises and tenets of the Catholic Church;
- to raise the standard of educational achievement of all students and provide education for pupils of different abilities;
- to improve the effectiveness of the Academy by keeping the curriculum and organisational structure under continual review;
- to provide value for money for the funds expended;
- to comply with all appropriate statutory and curriculum requirements; and
- to conduct the Academy's business in accordance with the highest standards of integrity, probity and openness.

Objectives, strategies and activities

The Academy's main strategies are encompassed in its Mission Statement:

The mission of St. Bede's school is to create an atmosphere of Catholic values, attitudes, practice and knowledge such that all children will have the opportunity for their faith to be nurtured. Thus they will be able to widen and deepen themselves as people in preparation for this life and for the life to come.

The aims of the Academy are:

- To foster in students a knowledge and understanding of the Catholic faith and a respect for the spiritual and moral values intrinsic to it;
- To develop and foster in our community a culture of lifelong learning so that students can acquire the life skills needed in a continuously changing world;
- To cultivate in our community curiosity, integrity, the seeking of truth, self-reflection and development of critical and analytical thinking skills;
- To prepare students for adult life and fit them for productive roles at work, in the community, at home and at leisure by providing them with the necessary knowledge, concepts, skills and attitudes;
- To use our specialism as a Language College to enable our students to communicate in more than one language and develop an awareness of other cultures and languages;
- To develop a challenging, engaging and safe environment for learning that encourages our students to achieve;
- To develop and sustain high academic standards of attainment and achievement;
- To help students appreciate the interdependence of individuals, groups and nations, provide them with an understanding of social, economic and political issues, thus enabling them to contribute to the advancement of a prosperous, fair and just world;
- To provide a broad range of opportunities for students to participate in aesthetic experiences;
- To empower students with knowledge, attitudes and skills which enable them to make the necessary responsible choices to resolve complex problems as world citizens;
- To develop literacy and numeracy across the curriculum;
- To provide students with the knowledge, support and opportunities to keep themselves fit and healthy and adopt healthier lifestyles;
- To instil mutual respect across our community and work towards a common understanding of the high standards of behaviour and good manners, practical and expected within our community; and
- To ensure the cultural, social, environmental and financial viability of the school.

The activities undertaken to achieve these objectives are all intended to provide the highest quality of education in the public sector for students between the ages of 11 and 18.

Public benefit

The charity's aims and achievements are set out within this report. The activities set out in this report have been undertaken to further the charity's charitable purposes for the public benefit. The trustees have complied with the duty under Section 4 of the Charities Act 2006 to have due regard to public benefit guidance published by the Charities Commission and the trustees have paid due regard to this guidance in deciding what activities the charity should undertake.

ST BEDE'S CATHOLIC ACADEMY (LANCHESTER)

TRUSTEES' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2013

Achievements and performance

Achievements in the period

St Bede's Catholic Academy delivers outstanding outcomes for pupils. In the last five years this has been particularly accentuated by over 70% year on year gaining 5 or more A* - C including English or Maths. This figure has been consistently above the national figures standing at 74% (2013), 70% (2012) and 81.5% (2011).

The breadth of academic study at GCSE is demonstrated by 41% of students achieving the English Baccalaureate, an increase of 11% on 2012 results. This year at KS4, 31% of students attained 5+A* --A and 46% 3A8 - A grades, (national figure 20% and 31%).

In English and Mathematics students make more progress than expected when compared to national figures and the overall value added for GCSE students is "significantly positive".

At KS5, students make very good progress with 51.4% of students with 2 or more A*-B and 98.6% with 2 or more A*-E; scores above national average. Students at St Bede's make outstanding progress from KS2 - KS5. Students enrolling into Sixth Form make positive value in the majority of subjects.

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.

ST BEDE'S CATHOLIC ACADEMY (LANCHESTER)

TRUSTEES' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2013

Financial review

Most of the Academy's income is obtained from the Department for Education (DfE) via the Education Funding Agency (EFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE/EFA during the period ended 31 August 2013 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The academy also receives grants for fixed assets from the DfE/EFA. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2005), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the accounting period ended 31 August 2013, total expenditure of £10,302,116 was more than covered by recurrent grant funding from the DfE/EFA together with other incoming resources of £10,528,658. The excess of income over expenditure for the period (before transfers and pension scheme deficits, and excluding restricted fixed asset funds) was £226,542.

All of the expenditure shown in the Statement of Financial Activities is in furtherance of the academy's objectives.

At 31 August 2013 the net book value of fixed assets was £178,429 and movements in tangible fixed assets are shown in note 11 to the Financial Statements. The assets were used exclusively for providing education and the associated support services to the students of the Academy.

The provisions of Financial Reporting Standard No. 17 'Retirement Benefits' (FRS 17) have been applied in full, resulting in a deficit of £1,614,000 recognised on the balance sheet.

The Academy held fund balances at 31 August 2013 of £747,268 comprising £218,251 of restricted funds and £529,017 of unrestricted funds.

Financial and risk management objectives and policies

The academy is subject to a number of risks and uncertainties in common with other academies. The Academy has in place procedures to identify and mitigate financial risks. These are discussed further in the Risk Management section of this report, and in the Governance Statement.

Principal risks and uncertainties

The principal risks and uncertainties are centred on changes in the level of funding from the DfE/EFA. In addition the academy is a member of the Local Government Pension Scheme (LGPS), which results in the recognition of a significant deficit on the academy balance sheet.

Reserves policy

The Governors review the reserve levels of the academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Governors have determined that the appropriate level of free reserves should be equivalent to 3 weeks' expenditure, approximately £200,000. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. The academy's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) are in surplus by £529,017.

Investment policy and powers

The academy intends to invest surplus funds through money market accounts. Interest rates will be reviewed prior to each investment. This policy maximises investment return whilst minimising risks to the principal sum.

ST BEDE'S CATHOLIC ACADEMY (LANCHESTER)

TRUSTEES' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2013

Plans for the future

The academy will look to set forecasted budgets for a minimum of 2 years ahead of the current financial year with the best information available, which is extremely difficult with turbulence expected as a result of changes to localised and proposed national formulas, for both main school and 6th form funding. This exercise is undertaken following submission of the Autumn Census.

The Headteacher, as Accounting Officer, and the Director of Academy Services will continually monitor staffing levels and reflect on the impact of actual and anticipated pupil numbers and curriculum offer, whilst re-assessing the whole school staffing structure for 2014 and 2015 as a result.

St Bede's Catholic Academy aims to remain an outstanding school and a leader of education in North West Durham. Evaluated as Outstanding by Ofsted inspectors in 2010, there is a clear strategy in place to improve further the quality of provision for all our pupils. There is a clear strategic plan with teaching and learning a priority area to produce consistent outstanding lessons for the benefit of pupils and students. Concentrated focus is and will continue to be given to providing students with care, love and attention in an education establishment that provides equal focus in allowing pupils to explore their faith and develop holistically.

Auditor

Each of the persons who are Governors at the time when this Governors' report is approved has confirmed that:

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Governors have taken all the steps that ought to have been taken as a Governor in order to be aware of any information needed by the charitable company's auditor in connection with preparing their report and to establish that the charitable company's auditors are aware of that information.

A resolution proposing that Evolution Business and Tax Advisors LLP be reappointed as auditor of the charitable company will be put to the members.

Approved by order of the board of trustees on 28 November 2013 and signed on its behalf by:

Mr R Christon
Chair

ST BEDE'S CATHOLIC ACADEMY (LANCHESTER)

GOVERNANCE STATEMENT

FOR THE PERIOD ENDED 31 AUGUST 2013

Scope of responsibility

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

The Governing Body/The Board of Trustees has delegated the day-to-day responsibility to the Headteacher as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between St Bede's Catholic Academy (Lancaster) and the Secretary of State for Education.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Governing Body (board of trustees) has formally met 6 times during the accounting period. Attendance during the period at meetings of the board of trustees was as follows:

Trustees	Meetings attended	Out of possible
Mrs J McBride (Appointed 28 June 2012)	4	6
Mr H Biasi (Appointed 28 June 2012)	3	6
Rev D Westgarth (Appointed 28 June 2012)	2	6
Mr R Christon (Chair) (Appointed 9 May 2012)	4	6
Fr J Park (Appointed 9 May 2012)	6	6
Canon R Spence (Vice Chair) (Appointed 9 May 2012)	4	6
Mr S Isles (Appointed 3 December 2012)	6	6
Mrs J Leech (Appointed 3 December 2012)	6	6
Dr F Keenan (Appointed 28 June 2012)	5	6
Mrs M Robinson (Appointed 9 May 2012)	5	6
Mrs J Watson (Appointed 28 June 2012)	3	6
Mrs G Roberts (Appointed 28 June 2012)	4	6
Miss L A Hall (Appointed 9 May 2012)	6	6
Mr D Batty (Appointed 28 June 2012)	6	6
Mrs M Gray (Appointed 28 June 2012)	6	6
Mrs K McKenna (Appointed 28 June 2012 and resigned 14 December 2012)	1	2
Miss S Mason (Appointed 28 June 2012 and resigned 17 February 2013)	2	3
Mrs M Matthews (Accounting Officer) (Appointed 9 May 2012 and retired 31 August 2013)	5	6
Mr N Harrison (Accounting Officer) (Appointed 1 September 2013)	0	0

ST BEDE'S CATHOLIC ACADEMY (LANCHESTER)

GOVERNANCE STATEMENT (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2013

The Finance and Buildings Committee is a committee of the main Governing Body (board of trustees). Its purpose is to assist the decision making of the Full Governing Body, by enabling more detailed consideration to be given to the best means of fulfilling the responsibility of the Governing Body to ensure sound management of the academy's finances and the secure management of the academy assets, its buildings and resources; including proper planning and probity.

During the accounting period the committee has faced uncertainty surrounding the turbulence of school finances, legislative changes, formula changes especially at Post 16 and an ageing school infrastructure with associated issues. Strategic capital investment has been secured to reduce business risk. The composition and membership of the committee has remained resolute.

Attendance at meetings in the period was as follows:

Trustees	Meetings attended	Out of possible
Mr R Christon (Chair) (Appointed 9 May 2012)	2	6
Fr J Park (Appointed 9 May 2012)	6	6
Mrs J Leech (Appointed 3 December 2012)	1	1
Mrs M Robinson (Appointed 9 May 2012)	2	6
Mrs G Roberts (Appointed 28 June 2012)	3	6
Miss L A Hall (Appointed 9 May 2012)	6	6
Mrs M Gray (Appointed 28 June 2012)	5	6
Mrs K McKenna (Appointed 28 June 2012 and resigned 14 December 2012)	2	3
Mrs M Matthews (Accounting Officer) (Appointed 9 May 2012 and retired 31 August 2013)	5	6
Mr N Harrison (Accounting Officer) (Appointed 1 September 2013)	0	0

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in St Bede's Catholic Academy for the accounting period and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Governing Body (board of trustees) has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Body (board of trustees) is 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 accounting period and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

ST BEDE'S CATHOLIC ACADEMY (LANCHESTER)

GOVERNANCE STATEMENT (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2013

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 governing body;
- regular monitoring and review by the Finance and Building Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- pupil number projections and trend analysis;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties; and
- identification and management of risks.

The Governing Body (board of trustees) has considered the need for a specific internal audit function and has decided:

- not to appoint an internal auditor. However the trustees appointed Canon R Spence, a trustee, as responsible officer (RO); and
- the trustees have appointed Evolution Business and Tax Advisors LLP, the external auditor, to perform RO checks and report same to the RO; and
- formation of an Audit Committee to receive RO reports and perform within their agreed terms of reference.

The auditor's/RO's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. On a termly basis, the auditor/RO reports to the Governing Body (board of trustees) on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

Review of effectiveness

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

- the work of the Responsible Officer;
- the work of the external auditor;
- the financial management and governance self-assessment process; and
- the work of the Senior Leaders 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 Finance and Buildings Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the board of trustees on 28 November 2013 and signed on its behalf by:

Mr R Christon
Chair

Mr N Harrison
Accounting Officer

ST BEDE'S CATHOLIC ACADEMY (LANCHESTER)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE FOR THE PERIOD ENDED 31 AUGUST 2013

As accounting officer of St Bede's Catholic Academy (Lancaster) I have considered my responsibility to notify the academy trust board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with Education Funding Agency terms and conditions of funding, under the funding agreement in place between the academy trust and Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

I was appointed as the Accounting Officer of the Academy on 1 September 2013 following the retirement of the previous Headteacher. Having made appropriate enquiries, I confirm that I and the academy trust's board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook.

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date.

Approved on 28 November 2013 and signed by:

Mr N Harrison
Accounting Officer

ST BEDE'S CATHOLIC ACADEMY (LANCHESTER)

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who also act as governors for St Bede's Catholic Academy (Lanchester) and are also the directors of St Bede's Catholic Academy (Lanchester) for the purposes of company law) are responsible for preparing the Trustees' Report and the accounts in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the trustees to prepare accounts for each financial year. Under company law the trustees must not approve the accounts 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 accounts, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts 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 accounts 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 that grants received from the EFA/DfE have been applied for the purposes intended.

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

Approved by order of the board of trustees on 28 November 2013 and signed on its behalf by:

Mr R Christon
Chair

ST BEDE'S CATHOLIC ACADEMY (LANCHESTER)

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ST BEDE'S CATHOLIC ACADEMY (LANCHESTER)

We have audited the accounts of St Bede's Catholic Academy (Lanchester) for the period ended 31 August 2013 set out on pages 18 to 39. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2013 issued by the EFA.

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 its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As explained more fully in the Trustees' Responsibilities Statement set out on page 13, the trustees, who are also the directors of St Bede's Catholic Academy (Lanchester) for the purposes of company law, are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view.

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

Scope of the audit of the accounts

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

Opinion on accounts

In our opinion the accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2013 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2013 issued by the EFA.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Report for the financial period for which the accounts are prepared is consistent with the accounts.

ST BEDE'S CATHOLIC ACADEMY (LANCHESTER)

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ST BEDE'S CATHOLIC ACADEMY (LANCHESTER)

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the accounts 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.

Joanne Regan FCA (Senior Statutory Auditor)

for and on behalf of Evolution Business and Tax Advisors LLP

Chartered Accountants

Statutory Auditor

10 Evolution
Wynyard Park
Wynyard
TS22 5TB

Dated: 16 December 2013

ST BEDE'S CATHOLIC ACADEMY (LANCHESTER)

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO ST BEDE'S CATHOLIC ACADEMY (LANCHESTER) AND THE EDUCATION FUNDING AGENCY

In accordance with the terms of our engagement letter dated 02 August 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by St Bede's Catholic Academy (Lanchester) during the period 9 May 2012 to 31 August 2013 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of St Bede's Catholic Academy (Lanchester)'s accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of St Bede's Catholic Academy (Lanchester)'s funding agreement with the Secretary of State for Education dated 01 May 2013 and the Academies Financial Handbook, extant from 1 September 2012, 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 2013. 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 9 May 2012 to 31 August 2013 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2013 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

- completion of self assessment questionnaire by Accounting Officer;
- discussions with the Accounting Officer and finance team;
- review of termly Internal Assurance reports;
- review of governing body and committee minutes;
- review of finance and other relevant policies;
- review of purchases and expenses on a sample basis;
- review of debit and credit card transactions;
- review of all leases in place; and
- review of register of business interests and consideration of related party transactions.

ST BEDE'S CATHOLIC ACADEMY (LANCHESTER)

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO ST BEDE'S CATHOLIC ACADEMY (LANCHESTER) AND THE EDUCATION FUNDING AGENCY (CONTINUED)

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 9 May 2012 to 31 August 2013 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Joanne Regan FCA (Senior Statutory Auditor)
for and on behalf of Evolution Business and Tax Advisors LLP

Dated: 16 December 2013

ST BEDE'S CATHOLIC ACADEMY (LANCHESTER)

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE PERIOD ENDED 31 AUGUST 2013

		Unrestricted funds £	Restricted funds £	Fixed Asset fund £	Total 2013 £
<u>Incoming resources</u>	Notes				
<i>Resources from generated funds</i>					
- Voluntary income	2	17,082	4,064	-	21,146
- Activities for generating funds	3	922,287	-	-	922,287
- Investment income	4	1,470	-	-	1,470
<i>Resources from charitable activities</i>					
- Funding for educational operations	5	74,615	9,084,711	424,429	9,583,755
Total incoming resources		1,015,454	9,088,775	424,429	10,528,658
<u>Resources expended</u>					
<i>Costs of generating funds</i>					
- Fundraising trading	6	1,010,813	-	-	1,010,813
<i>Charitable activities</i>					
- Educational operations	7	-	9,111,433	77,458	9,188,891
Governance costs	8	-	102,412	-	102,412
Deficit inherited on conversion	25	(539,723)	1,340,000	(195,900)	604,377
Total resources expended	6	471,090	10,553,845	(118,442)	10,906,493
Net incoming/(outgoing) resources before transfers		544,364	(1,465,070)	542,871	(377,835)
Gross transfers between funds		(15,347)	316,321	(300,974)	-
Net income/(expenditure) for the period		529,017	(1,148,749)	241,897	(377,835)
<u>Other recognised gains and losses</u>					
Actuarial gains/(losses) on defined benefit pension scheme	17	-	(247,000)	-	(247,000)
Net movement in funds		529,017	(1,395,749)	241,897	(624,835)
Fund balances at 9 May 2012		-	-	-	-
Fund balances at 31 August 2013		529,017	(1,395,749)	241,897	(624,835)

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006. A statement of total recognised gains and losses is not required as all gains and losses are included in the statement of financial activities.

All of the academy's activities derive from continuing operations during the financial period above.

ST BEDE'S CATHOLIC ACADEMY (LANCHESTER)

BALANCE SHEET

AS AT 31 AUGUST 2013

	Notes	2013 £	£
Fixed assets			
Tangible assets	11		178,429
Current assets			
Debtors	12	579,586	
Cash at bank and in hand		1,210,695	
		<u>1,790,281</u>	
Creditors: amounts falling due within one year	13	(979,545)	
		<u></u>	
Net current assets			810,736
			<u></u>
Total assets less current liabilities			989,165
Defined benefit pension liability	17	(1,614,000)	
		<u></u>	
Net assets			(624,835)
			<u></u>
Funds of the academy trust:			
Restricted income funds	15		
- Fixed asset funds			241,897
- General funds			218,251
- Pension reserve			(1,614,000)
			<u></u>
Total restricted funds			(1,153,852)
Unrestricted funds	15		529,017
			<u></u>
Total funds			(624,835)
			<u></u>

The accounts were approved by order of the board of trustees and authorised for issue on 28 November 2013.

Mr R Christon
Chair

Company Number 08062065

ST BEDE'S CATHOLIC ACADEMY (LANCHESTER)

CASH FLOW STATEMENT

FOR THE PERIOD ENDED 31 AUGUST 2013

	Notes	31 August 2013 £
Net cash inflow/(outflow) from operating activities	18	305,124
Cash funds transferred on conversion		539,723
Returns on investments and servicing of finance		
Investment income		1,470
Financing costs		(64)
		<hr/>
Net cash inflow/(outflow) from returns on investments and servicing of finance		1,406
		<hr/>
		846,253
Capital expenditure and financial investments		
Capital grants received		424,429
Payments to acquire tangible fixed assets		(59,987)
		<hr/>
Net cash flow from capital activities		364,442
		<hr/>
Increase/(decrease) in cash	19	1,210,695
		<hr/> <hr/>

ST BEDE'S CATHOLIC ACADEMY (LANCHESTER)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 AUGUST 2013

1 Accounting policies

1.1 Basis of preparation

The accounts have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice: Accounting and Reporting by Charities' ('SORP 2005'), the Academies Accounts Direction issued by the Education Funding Agency and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

1.2 Going concern

The trustees assess whether the use of going concern is appropriate, ie 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 one year from the date of approval of the accounts.

1.3 Incoming resources

All incoming resources are recognised when the academy trust has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

Grants receivable

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 entitlement of receipt its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the period for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund. Capital grants are recognised when receivable 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.

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 is certainty of receipt and the value of the donation is measurable.

Donations

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

Other income

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

Donated services and gifts in kind

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

ST BEDE'S CATHOLIC ACADEMY (LANCHESTER)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2013

1 Accounting policies

(Continued)

1.4 Resources expended

All expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

Costs of generating funds

These are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

Charitable activities

These are costs incurred on the academy trust's educational operations.

Governance costs

These include the costs attributable to the academy trust's compliance with constitutional and statutory requirements, including audit, strategic management and trustees' meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

1.5 Tangible fixed assets and depreciation

Assets costing £3,000 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 such assets is charged to the restricted fixed asset fund in the statement of financial activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the academy trust's depreciation policy.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost of each asset over its expected useful life, as follows:

Computer equipment	2 years
Fixtures, fittings & equipment	5 years

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

Fixtures, fittings and computer equipment transferred to the academy on 1 June 2012 have been valued on the basis of the estimated net book value at that point in time.

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.

ST BEDE'S CATHOLIC ACADEMY (LANCHESTER)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2013

1 Accounting policies

(Continued)

1.6 Leasing and hire purchase commitments

Rentals payable under operating leases are charged against income on a straight line basis over the period of the lease.

1.7 Taxation

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

1.8 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 and the assets are held separately from those of the academy trust.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy 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 quinquennial valuations using a prospective benefit method. As stated in Note 17, the TPS is a multi-employer scheme and the academy trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions are recognised as they are paid each period.

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 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 gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the statement of financial activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

1.9 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 the Education Funding Agency/Department for Education/sponsor/other funders where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received and include grants from the Education Funding Agency/Department for Education.

ST BEDE'S CATHOLIC ACADEMY (LANCHESTER)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2013

2 Voluntary income

	Unrestricted funds £	Restricted funds £	Total 2013 £
Private sponsorship	-	4,064	4,064
Other donations	17,082	-	17,082
	<u>17,082</u>	<u>4,064</u>	<u>21,146</u>

3 Activities for generating funds

	Unrestricted funds £	Restricted funds £	Total 2013 £
Catering income	419,060	-	419,060
School trips	241,281	-	241,281
Other income	261,946	-	261,946
	<u>922,287</u>	<u>-</u>	<u>922,287</u>

4 Investment income

	Unrestricted funds £	Restricted funds £	Total 2013 £
Short term deposits	1,470	-	1,470
	<u>1,470</u>	<u>-</u>	<u>1,470</u>

ST BEDE'S CATHOLIC ACADEMY (LANCHESTER)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2013

5 Funding for the academy trust's educational operations

	Unrestricted funds £	Restricted funds £	Total 2013 £
DfE / EFA grants			
General annual grant (GAG)	-	8,657,681	8,657,681
Start up grants	-	25,000	25,000
Capital grants	-	424,429	424,429
Other DfE / EFA grants	-	262,429	262,429
	-	9,369,539	9,369,539
Other government grants			
Local authority grants	-	65,983	65,983
Other grants	-	15,260	15,260
	-	81,243	81,243
Other funds			
Other incoming resources	74,615	58,358	132,973
Total funding	74,615	9,509,140	9,583,755

6 Resources expended

	Staff costs £	Premises & equipment £	Other costs £	Total 2013 £
Academy's educational operations				
- Direct costs	6,260,451	-	557,166	6,817,617
- Allocated support costs	911,741	595,114	864,419	2,371,274
	7,172,192	595,114	1,421,585	9,188,891
Other expenditure				
Costs of activities for generating funds	206,847	-	803,966	1,010,813
Governance costs	-	-	102,412	102,412
	206,847	-	906,378	1,113,225
Total expenditure	7,379,039	595,114	2,327,963	10,302,116

ST BEDE'S CATHOLIC ACADEMY (LANCHESTER)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2013

6 Resources expended (Continued)

Incoming/outgoing resources for the year include:	2013 £
Operating leases	23,447
Fees payable to auditor	
- Audit	7,000
- Other services	7,945

7 Charitable activities - the academy trust's educational operations

	Unrestricted funds £	Restricted funds £	Total 2013 £
Direct costs			
Teaching and educational support staff costs	-	6,260,451	6,260,451
Technology costs	-	105,707	105,707
Educational supplies and services	-	172,680	172,680
Examination fees	-	187,862	187,862
Staff development	-	62,985	62,985
Other direct costs	-	27,932	27,932
	-	6,817,617	6,817,617
Allocated support costs			
Support staff costs	-	911,741	911,741
Depreciation	-	77,458	77,458
Recruitment and support	-	30,459	30,459
Maintenance of premises and equipment	-	517,656	517,656
Cleaning	-	15,426	15,426
Energy costs	-	134,887	134,887
Rates and water	-	70,530	70,530
Insurance	-	165,468	165,468
Catering	-	64,305	64,305
Interest and finance costs	-	70,064	70,064
Other support costs	-	313,280	313,280
	-	2,371,274	2,371,274
Total costs	-	9,188,891	9,188,891

ST BEDE'S CATHOLIC ACADEMY (LANCHESTER)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2013

8 Governance costs

	Unrestricted funds £	Restricted funds £	Total 2013 £
Legal and professional fees	-	87,467	87,467
Auditor's remuneration			
- Audit of financial statements	-	7,000	7,000
- Other non-audit costs	-	7,945	7,945
	-	102,412	102,412

9 Staff costs

The average number of persons (including senior management team) employed by the academy trust during the period expressed as full time equivalents was as follows:

	2013 Number
Teachers	97
Administration and support	43
Management	9
	149

Costs included within the accounts:

	2013 £
Wages and salaries	5,875,241
Social security costs	454,383
Other pension costs	835,295
	7,164,919
Supply teacher costs	223,169
Total staff costs	7,388,088

The number of employees whose remuneration in the period fell within the following bands was:

	2013 Number
£60,001 - £70,000	1
£70,001 - £80,000	2
£80,001 - £90,000	1
£110,001 - £120,000	1

ST BEDE'S CATHOLIC ACADEMY (LANCHESTER)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2013

9 Staff costs

(Continued)

Of the employees above, the number participating in pension schemes and the employers' contributions paid on their behalf were as follows:

		2013
Teachers' Pension Scheme	Numbers	4
	£	48,493
Local Government Pension Scheme	Numbers	1
	£	9,946

10 Trustees' remuneration and expenses

The headteacher and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of headteacher and staff, and not in respect of their services as trustees. Other trustees did not receive any payments from the academy trust in respect of their role as trustees.

The value of trustees' remuneration was as follows:

Mrs M Matthews (Headteacher) £110,001 - £115,000

Miss L A Hall (Staff trustee) £30,001 - £35,000

Mr D Batty (Staff trustee) £40,001 - £45,000

Other related party transactions involving the trustees are set out within the related parties note.

Trustees' and officers' insurance

In accordance with normal commercial practice, the academy trust has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy trust business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the period ended 31 August 2013 was £1,384.

ST BEDE'S CATHOLIC ACADEMY (LANCHESTER)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2013

11 Tangible fixed assets

	Computer equipment £	Fixtures, fittings & equipment £	Total £
Cost			
At 9 May 2012	-	-	-
Additions	44,640	15,347	59,987
Transfers	21,300	174,600	195,900
At 31 August 2013	65,940	189,947	255,887
Depreciation			
At 9 May 2012	-	-	-
Charge for the period	29,146	48,312	77,458
At 31 August 2013	29,146	48,312	77,458
Net book value			
At 31 August 2013	36,794	141,635	178,429

12 Debtors

**2013
£**

Trade debtors	6,559
VAT recoverable	163,898
Other debtors	64,349
Prepayments and accrued income	344,780
	579,586

13 Creditors: amounts falling due within one year

**2013
£**

Trade creditors	344,784
Taxes and social security costs	192,202
Other creditors	10,000
Accruals	370,184
Deferred income	62,375
	979,545

ST BEDE'S CATHOLIC ACADEMY (LANCHESTER)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2013

14	Deferred income	2013
		£
	Deferred income is included within:	
	Creditors due within one year	62,375
	Total deferred income at 9 May 2012	-
	Amounts credited to the statement of financial activities	-
	Amounts deferred in the period	62,375
	Total deferred income at 31 August 2013	62,375

At 31 August 2013, the Academy was holding trip income and SEN funding in advance for the period to 31 August 2014.

15	Funds	Balance at 9 May 2012	Incoming resources	Resources Gains, losses expended and transfers	Balance at 31 August 2013
		£	£	£	£
	Restricted general funds				
	General Annual Grant	-	8,657,681	(8,771,484)	316,321
	Start up grants	-	25,000	(25,000)	-
	Other DfE / EFA grants	-	262,429	(262,429)	-
	Other government grants	-	81,243	(65,983)	15,260
	Other restricted funds	-	62,422	(61,949)	473
	Funds excluding pensions	-	9,088,775	(9,186,845)	316,321
	Pension reserve	-	-	(1,367,000)	(247,000)
		-	9,088,775	(10,553,845)	69,321
	Restricted fixed asset funds				
	DfE / EFA capital grants	-	424,429	(1,074)	(335,154)
	Inherited fixed asset fund	-	-	128,100	-
	Capital expenditure from GAG or other funds	-	-	(8,584)	34,180
		-	424,429	118,442	(300,974)
	Total restricted funds	-	9,513,204	(10,435,403)	(231,653)
	Unrestricted funds				
	General funds	-	1,015,454	(471,090)	(15,347)
	Total funds	-	10,528,658	(10,906,493)	(247,000)

ST BEDE'S CATHOLIC ACADEMY (LANCHESTER)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2013

15 Funds

(Continued)

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

General Annual Grant must be used for the normal running costs of the academy. Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2013.

The Start Up Grant was received to contribute towards the academy start up costs.

Other DfE/EFA grants include pupil premium.

Other grants include income from the Local Authority and NEET income. £15,260 of NEET is carried forward to cover costs expected to be incurred during the 2013/14 academic year.

Other restricted funds comprise Graduate Teacher funding, lottery income, income from training and private sponsorship. £473 of private sponsorship is carried forward against future costs.

The costs and income associated with the defined benefit pension scheme has been recorded in the restricted fund. Staff costs are paid from this fund, including contributions to the LGPS, and the pension liability has therefore been aligned with these funds.

The gross transfer from the restricted general fund to the restricted fixed asset fund of £316,321 represents the total capital expenditure from the GAG during the period.

DfE/EFA capital grants consist of a devolved capital grant of £28,653 which has been received for expenditure on acquisition and maintenance of fixed assets, and £395,776 funding against capital maintenance projects. £63,469 of capital maintenance funding is carried forward against costs incurred during late 2013.

Inherited fixed asset fund reflects the fixed assets acquired from Durham County Council on conversion. Depreciation on these assets is charged against this fund.

Unrestricted funds are available to be spent on any purpose, at the discretion of the trustees, within the objectives of the academy trust.

16 Analysis of net assets between funds

	Unrestricted funds £	Restricted funds £	Fixed asset funds £	Total funds £
Fund balances at 31 August 2013 are represented by:				
Tangible fixed assets	-	-	178,429	178,429
Current assets	601,882	750,164	438,235	1,790,281
Creditors: amounts falling due within one year	(72,865)	(531,913)	(374,767)	(979,545)
Defined benefit pension liability	-	(1,614,000)	-	(1,614,000)
	<u>529,017</u>	<u>(1,395,749)</u>	<u>241,897</u>	<u>(624,835)</u>

ST BEDE'S CATHOLIC ACADEMY (LANCHESTER)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2013

17 Pensions 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 the Durham County Council Pension Fund. Both are 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 2004 and of the LGPS 31 March 2010.

Contributions amounting to £66,108 were payable to the schemes at 31 August and are included within creditors.

Teachers' Pension Scheme

Introduction

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

The Teachers' Pension Scheme budgeting and valuation account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis - these contributions along with those made by employers are credited to the Exchequer under arrangements governed by the above Act.

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

Valuation of the Teachers' Pension Scheme

At the last valuation, the contribution rate to be paid into the TPS was assessed in two parts. First, a standard contribution rate ('SCR') was determined. This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service. Secondly, a supplementary contribution is payable if, as a result of the actuarial review, it is found that accumulated liabilities of the Account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions. The total contribution rate payable is the sum of the SCR and the supplementary contribution rate.

ST BEDE'S CATHOLIC ACADEMY (LANCHESTER)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2013

17 Pensions and similar obligations

(Continued)

The last valuation of the TPS related to the period 1 April 2001 to 31 March 2004. The Government Actuary's report of October 2006 revealed that the total liabilities of the Scheme (pensions in payment and the estimated cost of future benefits) amounted to £166,500 million. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at that valuation date) was £163,240 million. The assumed real rate of return was 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth was assumed to be 1.5%. The assumed gross rate of return was 6.5%. From 1 January 2007, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable.

Actuarial scheme valuations are dependent on assumptions about the value of future costs, the design of benefits and many other factors. Many of these assumptions are being considered as part of the work on the reformed TPS, as set out below. Scheme valuations therefore remain suspended. The Public Service Pensions Bill, which is being debated in the House of Commons, provides for future scheme valuations to be conducted in accordance with Treasury directions. The timing for the next valuation has still to be determined, but it is likely to be before the reformed schemes are introduced in 2015.

Teachers' Pension Scheme changes

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

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

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

In his interim report of October 2010, Lord Hutton recommended that short-term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the Spending Review 2010 the Government announced an average increase of 3.2 percentage points on the contribution rates by 2014-15. The increases were to be phased in from April 2012 on a 40:80:100 percent basis.

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The academy trust is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the academy trust has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy trust has set out above the information available on the scheme.

ST BEDE'S CATHOLIC ACADEMY (LANCHESTER)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2013

17 Pensions 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 contributions are as noted below. The agreed contribution rates for future years are 17.1% for employers and 5.5% - 7.5% for employees. The estimated value of employer contributions for the forthcoming year is £179,000.

As the LGPS is in deficit, the academy has agreed to make additional contribution over a 19 year period. The additional amount payable in the year ended 31 August 2014 will be £63,500.

	2013 £
Employer's contributions	199,000
Employees' contributions	55,000
	<hr/>
Total contributions	254,000
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Principal actuarial assumptions

	2013 %
Rate of increase in salaries	4.70
Rate of increase for pensions in payment	2.80
Discount rate for scheme liabilities	4.50
Inflation assumption (CPI)	2.80
	<hr/>

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

	2013 Years
Retiring today	
- Males	22
- Females	24
Retiring in 20 years	
- Males	24
- Females	26
	<hr/>

ST BEDE'S CATHOLIC ACADEMY (LANCHESTER)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2013

17 Pensions and similar obligations

(Continued)

The academy's share of the assets and liabilities in the scheme and the expected rates of return were:

	2013 Expected return %	2013 Fair value £
Equities	7.90	614,016
Government bonds	3.40	322,560
Corporate bonds	4.10	108,288
Cash	0.90	26,496
Property	7.40	80,640
Other assets	7.90	-
Total market value of assets		1,152,000
Present value of scheme liabilities - funded		(2,766,000)
Net pension asset / (liability)		(1,614,000)

St Bede's Catholic Academy (Lanchester) employs a building block approach in determining the rate of return on fund assets. Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles. The assumed rate of return on each asset class is set out within this note. The overall expected rate of return on assets is then derived by aggregating the expected return for each asset class over the asset allocation for the fund at 31 August 2013.

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.

ST BEDE'S CATHOLIC ACADEMY (LANCHESTER)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2013

17 Pensions and similar obligations

(Continued)

Operating costs and income recognised in the statement of financial activities

2013

£

Financial expenditure/(income)

Expected return on pension scheme assets

(58,000)

Interest on pension liabilities

128,000

70,000

Other expenditure/(income)

Current service cost

156,000

Past service cost

-

156,000

Total operating charge/(income)

226,000

Actuarial gains and losses recognised in the statement of financial activities

2013

£

Actuarial (gains)/losses on assets: actual return less expected

(65,000)

Experience (gains)/losses on liabilities

312,000

(Gains)/losses arising from changes in assumptions

-

Total (gains)/losses

247,000

Cumulative (gains)/losses to date

247,000

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

2013

£

Obligations acquired on conversion

(2,118,000)

Current service cost

(156,000)

Interest cost

(128,000)

Contributions by employees

(55,000)

Actuarial gains/(losses)

(312,000)

Benefits paid

3,000

(2,766,000)

ST BEDE'S CATHOLIC ACADEMY (LANCHESTER)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2013

17 Pensions and similar obligations

(Continued)

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

	2013 £
Assets acquired on conversion	778,000
Expected return on assets	58,000
Actuarial gains/(losses)	65,000
Contributions by employers	199,000
Contributions by employees	55,000
Benefits paid	(3,000)
	<u>1,152,000</u>

History of experience gains and losses:

	2013 £
Present value of defined benefit obligations	(2,766,000)
Fair value of share of scheme assets	<u>1,152,000</u>
Surplus / (deficit)	<u>(1,614,000)</u>
Experience adjustment on scheme liabilities	(312,000)
Experience adjustment on scheme assets	<u>65,000</u>

18 Reconciliation of net income to net cash inflow/(outflow) from operating activities

	2013 £
Net income	(377,835)
Capital grants and similar income	(424,429)
Net deficit/(surplus) transferred on conversion	604,377
Investment income	(1,470)
Financing costs	64
FRS17 pension costs less contributions payable	(43,000)
FRS17 pension finance charge	70,000
Depreciation of tangible fixed assets	77,458
(Increase)/decrease in debtors	(579,586)
Increase/(decrease) in creditors	<u>979,545</u>
Net cash inflow/(outflow) from operating activities	<u>305,124</u>

ST BEDE'S CATHOLIC ACADEMY (LANCHESTER)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2013

19	Reconciliation of net cash flow to movement in net funds	2013
		£
	Increase/(decrease) in cash	1,210,695
	Net funds at 9 May 2012	-
	Net funds at 31 August 2013	1,210,695

20	Analysis of net funds	At 9 May 2012	Transferred on conversion	Cash flows	Non-cash changes	At 31 August 2013
		£	£	£	£	£
	Cash at bank and in hand	-	539,723	670,972	-	1,210,695

21 Contingent liabilities

The Academy are currently in dispute over equal pay claims with 15 employees.

Although claims have been accepted at Tribunal, equal pay claims are notoriously complex, lengthy and time consuming. Therefore, at the time of approving these accounts there is a considerable amount of uncertainty surrounding the success of the claims and the amounts, if any, that should be provided.

The Academy believes that the maximum liability that may arise from these claims will be in the region of £30,000. No provision has been made in the accounts for this amount however sufficient funds are available from unrestricted funds to settle any liability if and when it arises.

22 Commitments under operating leases

At 31 August 2013 the academy trust had annual commitments under non-cancellable operating leases as follows:

	2013
	£
Expiry date:	
- Between two and five years	23,447

23 Capital commitments

At 31 August 2013 the company had capital commitments as follows:

	2013
	£
Expenditure contracted for but not provided in the accounts	31,477

ST BEDE'S CATHOLIC ACADEMY (LANCHESTER)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2013

24 Related parties

Owing to the nature of the academy trust's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which trustees have 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.

No related party transactions took place in the period of account.

25 Conversion to an academy

On 1 June 2012 the St Bede's Catholic Comprehensive School and Sixth Form College Lanchester converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to St Bede's Catholic Academy (Lanchester) from Durham County Council for £nil consideration.

The transfer has been accounted for using the acquisition method. 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 net resources expended in the statement of financial activities as other resources expended.

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

	Unrestricted funds £	Restricted funds £	Fixed asset funds £	Total 2013 £
Fixed assets transferred	-	-	195,900	195,900
Surplus/(deficit) on LA budget funds	391,796	-	-	391,796
School private fund	147,927	-	-	147,927
LGPS pension surplus/(deficit)	-	(1,340,000)	-	(1,340,000)
Net assets transferred	539,723	(1,340,000)	195,900	(604,377)

Net assets transferred include the following:

Cash	539,723
Tangible fixed assets apart from land and buildings	195,900

26 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 or she is a member, or within one year after he or she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he or she ceases to be a member.