

**OUR LADY OF MERCY CATHOLIC EDUCATION TRUST**  
**(A COMPANY LIMITED BY GUARANTEE)**

**ANNUAL REPORT AND ACCOUNTS**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

# OUR LADY OF MERCY CATHOLIC EDUCATION TRUST

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# OUR LADY OF MERCY CATHOLIC EDUCATION TRUST

## REFERENCE AND ADMINISTRATIVE DETAILS

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### Members

Bishop Robert Byrne  
Mrs Deborah Fox  
Reverend Martin Stempczyk  
Reverend Simon Lerche  
Mr Jeff Ledger

### Trustees

Mrs A M Shanks (Chair)  
Miss J C Carlin (Resigned 1 September 2018)  
Mrs J M Adamson (Resigned 1 September 2018)  
Mrs K L Richardson-Dunn (Resigned 1 September 2018)  
Mrs M Forbes (Resigned 1 September 2018)  
Mrs M A Shepherd (Accounting Officer) (Resigned 11 November 2019)  
Mrs E J Ashton (Resigned 1 September 2018)  
Mrs A M Bashton (Resigned 1 September 2018)  
Mr M L Flores (Vice Chair)  
Fr M Lyden-Smith (Resigned 1 September 2018)  
Mrs A Machin (Resigned 1 September 2018)  
Mrs S Ward (Resigned 1 September 2018)  
Mrs M A Galbraith (Appointed 15 February 2019)  
Mr A McCourt (Appointed 9 November 2018)  
Mr S O'Keeffe (Appointed 9 November 2018)  
Mrs E H Schofield (Appointed 9 November 2018)  
Mrs J Ward (Appointed 1 September 2018)  
Miss A Gleeson (Resigned 1 September 2018)  
Fr M McCoy (Appointed 9 November 2018 and resigned 31 August 2019)

### Senior management team

- Headteacher	Mrs M Shepherd
- Deputy headteacher	Mr M McDonagh
- Deputy headteacher	Mrs M Lanaghan
- Senior assistant headteacher	Mrs F Collins

### Secretary

Mrs J Liddell

### Company registration number

07968898 (England and Wales)

### Registered office

Thornhill Terrace  
Sunderland  
Tyne & Wear  
SR2 7JN

### Independent auditor

Baldwins Audit Services  
Wynyard Park House  
Wynyard Avenue  
Wynyard  
TS22 5TB

# OUR LADY OF MERCY CATHOLIC EDUCATION TRUST

## REFERENCE AND ADMINISTRATIVE DETAILS

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### Bankers

Natwest  
Sunderland City Branch  
52 Fawcett Street  
Sunderland  
SR1 1SB

### Solicitors

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

# OUR LADY OF MERCY CATHOLIC EDUCATION TRUST

## TRUSTEES' REPORT

### FOR THE YEAR ENDED 31 AUGUST 2019

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The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 1 September 2018 to 31 August 2019. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

During the year ended 31 August 2019, the Trust operated an Academy for pupils aged 11-18 situated in the City of Sunderland. It has a pupil capacity of 1,350 and has a roll of 1,374 in the school census October 2019. A second academy, St Aidan's Catholic Academy, joined the Trust on 1 September 2019. As this academy joined post year-end, consideration of its performance (operationally and financially) is not included in this report.

#### **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 Academy was incorporated on 1 February 2012 as a company limited by guarantee with no share capital, registration number 07968898. The Company commenced operation as an Academy on 1 April 2012. The Charitable Company's memorandum and articles of association are the primary governing documents of the Academy.

The company changed its name on 8 November 2018.

The Directors act as the trustees for the charitable activities of Our Lady of Mercy Catholic Education Trust and are also the directors of the Charitable Company for the purposes of company law. During the year under review, the Charitable Company was known as St. Anthony's Girls' Catholic Academy.

Details of the Trustees who served throughout the year except as noted are included in the Reference and Administrative Details on page 1-2.

##### 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 as required in the Academy Trust's funding agreement, for the debts and liabilities contracted before they ceased to be a member.

##### Trustees' indemnities

Directors benefit from indemnity insurance purchased at the Academy Trust's expenses to cover the liability of the Directors which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Academy Trust, provided that any such insurance shall not extend to any claim arising from any act or omission which the Directors knew to be a breach of trust or breach of duty or which was committed by the Directors in reckless disregard to whether it was a breach of trust or breach of duty or not provide also that any such insurance shall not extend to the costs of any unsuccessful defence to a criminal prosecution brought against the Directors in their capacity as Directors of the Academy Trust. The limit of this indemnity is £5m.

##### Method of recruitment and appointment or election of trustees

Trustees are recruited and appointed by Members. Members are appointed by the Roman Catholic Diocese of Hexham and Newcastle. The Trustees recruit and appoint Foundation Governors. Foundation Governors are appointed by the Trustees to support the Mercy ethos of the Academy. No other body is entitled to appoint Governors. Parent Governors are nominated by the parent body and elected by parent ballot. Staff Governors are nominated by the staff body and elected by the staff ballot. This co-ordinated on behalf of the governing body by the Company Secretary. The count is witnessed by the Head Teacher and two members of staff. The Clerk to the Governing Body ensures all new Governors undergo all relevant checks such as DBS checks as well as receiving relevant papers and relevant training opportunities.

# OUR LADY OF MERCY CATHOLIC EDUCATION TRUST

## TRUSTEES' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2019

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#### Policies and procedures adopted for the induction and training of trustees

The member of the Senior Leadership Team with responsibility for training makes arrangements for all director and governor training. Training is available from the Local Authority, the Diocese and from a number of public service and commercial organisations. Training records for all staff, directors and governors are maintained by the Academy. Directors and Governors undertake required training e.g. Safeguarding, Safer Recruitment etc. Many directors and governors also undertake/have taken training as part of their professional role (past and present), which is of relevance to the work of the Academy e.g. finance, recruitment, HR, legal matters etc. The Academy has joined the National Governors Association and The Key to provide further training and information and the Academy links with other Academies via Diocesan Partnership, Hexham and Newcastle RC Partnership, the Specialist Schools and Academies Trust and Schools North East. Directors and Governors link with key Academy staff too, who undertake relevant training. The Academy, as a Teaching School, provides training for staff at all levels within and beyond the school community.

#### Organisational structure

The Academy's management structure consists of:

- The Directors
- The Governors
- The Senior Leadership Team (1 Head Teacher (who is CEO of the Trust), 2 Deputy Head Teachers, 1 Senior Assistant Head Teacher)
- The Leadership Group (1 Assistant Head Teacher, 1 Director Teaching School, 1 Deputy Director Teaching School, 2 Senior Pastoral Leaders and the Subject Leaders of English, Mathematics and Science)
- The Academy Business Manager (resigned 31 August 2019)
- The Academy Company Secretary

The Directors are responsible for setting general policy, adopting an annual plan and budget, monitoring the Academy and making decisions regarding the direction of the Academy.

The Senior Leadership Team controls the Academy at an executive level, implementing policy and reporting to Directors. The Head Teacher, Directors and Senior staff are responsible for the authorisation of spending within agreed budgets and the appointment of staff. Some spending and budgetary control is devolved to senior finance staff and members of the Senior Leadership Team/Leadership Group, with limits above which must be countersigned by a senior member of staff.

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

A Sub-Committee of the Governing Body is responsible for Head Teacher Performance Management, pay and remuneration. The Academy Pay Policy, reviewed and approved annually by the Personnel Sub-Committee details academy arrangements regarding pay and re-numeration for other staff.

# OUR LADY OF MERCY CATHOLIC EDUCATION TRUST

## TRUSTEES' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2019

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#### Trade union facility time

The Trade Union (Facility Time Publication Requirements) Regulations 2017, took effect from 1 April 2017 and requires employers in the public sector to publish information on facility time. Facility time is the provision of paid or unpaid time off from an employee's normal role to undertake trade union duties and activities as a trade union representative.

The Academy Trust had no (FTE equivalent: nil) employees who were trade union officials during the year ended 31 August 2019. The percentage of the Trust's total pay bill spent on paying employees who were relevant trade union officials for facility time during the relevant period was therefore 0%.

#### Related parties and other connected charities and organisations

The Education Trust and Academy is not part of any wider organisation and as such is an independent legal entity. The ethos of the Trust, its background and inherent values do by necessity mean that it works closely with both Sunderland City Council and the Diocese of Hexham and Newcastle (refer note 22 for details of related party transactions).

St. Anthony's Girls' Catholic Academy and St. Aidan's Catholic Academy have, over many decades, worked together to deliver a wide ranging post-16 curricula. From September 2018, this venture has been formalised with a joint offer made to all the young people within both schools and those who join us from other schools annually. Courses are taught by staff from both academies and an amount has been paid to St Anthony's by St Aidan's calculated as the share of 16-19 funding received by St Aidan's for which costs incurred by St Anthony's. St Aidan's Catholic Academy was transferred from St Aidan's Education Trust to Our Lady of Mercy Catholic Education Trust on 1 September 2019 as detailed per note 23.

#### **Objectives and activities**

##### Objects and aims

The principal objective and activity of the charitable Company, Our Lady of Mercy Catholic Education Trust, is the education of young people between the ages of 11-18.

##### Objectives, strategies and activities

In developing the Academy Development Plan the Directors and senior staff have given careful consideration to the Charity Commissions general guidance on public benefit. St. Anthony's Girls' Catholic Academy is a non-selective academy which offers a broad and balanced curriculum. The pupils who attend the Academy primarily live within the City of Sunderland with a minority of pupils travelling from neighbouring authorities. The Academy organises a large number of educational visits and activities beyond the school day to support pupil progress and develop the whole child. The Academy bases its educational provision upon the Roman Catholic Mercy ethos which aims at excellence and shows concern for the education of women and the poor.

##### Public benefit

The Academy Trust's objective is to advance the public benefit education in the United Kingdom, by maintaining the developing a Catholic school which offers a broad and balanced curriculum conducted in accordance with the principles, practices and tenets of the Catholic Church and all Catholic Canon Law and arranging for religious education and daily acts of worship.

# OUR LADY OF MERCY CATHOLIC EDUCATION TRUST

## TRUSTEES' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2019**

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### **Strategic report**

#### **Achievements and performance**

St Anthony's Girls' Catholic Academy has been recognised for its outstanding performance with a number of prestigious awards:

#### **2019**

- The British Council International School Award
- The Quality in Careers Standard (stage 2)
- The Sunday Times Parent Power (3rd place in the North East, 11th 2018)
- SSAT (Specialist Schools and Academies Trust) State School Award
- World Class School nomination

#### **2018**

- ISM (Incorporated Soc. Of Musicians) Bronze Music Award (3rd time in succession)
- Silver Sainsbury's National School Games Award
- Silver Active Sunderland Award
- Outstanding in all three categories Diocesan Inspection: Curriculum RE; Collective Worship; Catholic Life.

#### **2017**

- Top 100 state school for the English Baccalaureate (top 5% in the country)
- Gold Sainsbury's National School Games Award
- Gold Active Sunderland Award
- ISM (Incorporated Soc. Of Musicians) Bronze Music Award
- Licensed Centre for the Duke of Edinburgh Scheme



# OUR LADY OF MERCY CATHOLIC EDUCATION TRUST

## TRUSTEES' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2019

#### Key performance indicators

The following measures are considered key performance indicators for the academy:

#### **Key Stage 4**

	Level 5 + English and Maths	Level 4 + English and Maths	Attainment 8 Score	E-Bacc 5+	E-Bacc 4+
2019	58%	76%	52	36%	56%
2018	56%	71%	54	41%	55%
2017	53%	79%	51	40%	42%

#### **Key Stage 5**

At Key Stage 5, the key performance measure is the Average point score per A level entry expressed as a grade:

	Average
2019	C
2018	C
2017	C

The academy continues to have high levels of achievement in external examinations across all subject areas and all key stages over time. Directors, Governors and Leaders at all levels closely monitor progress internal and external progress and achievement data including the performance of disadvantaged.

#### 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 charitable 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. However, the Trustees anticipate joining 'Northern Saints Catholic Education Trust' within the academic year 2019-20 and therefore the financial statements are prepared on a basis other than going concern on the basis that the transaction occurs in 2019-20.

The assets and liabilities will be transferred as part of the transaction at their carrying value. No material adjustment arose as a result of ceasing to apply the going concern basis.

# OUR LADY OF MERCY CATHOLIC EDUCATION TRUST

## TRUSTEES' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2019

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#### Financial review

The majority of the Academy's income is obtained from the ESFA (Education and Skills Funding Agency) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the Period 1 September 2018 to 31 August 2019 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 ESFA. Such grants are shown in the statement of Financial Activities as restricted income in the Fixed Asset Fund

During the period 1 September 2018 to 31 August 2019 total expenditure of £7,090,034 (excluding depreciation and LGPS adjustments) was less than the recurrent grant funding from the ESFA together with other incoming resources. The excess of income over expenditure for the period (excluding depreciation and the FRS 102 pension charge) was £467,845.

At 31 August 2019 the net book value of fixed assets was £380,514. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

Under accounting Standard FRS102, it is necessary to charge projected deficits on the Local Government Pension Scheme, which is provided for support staff, to the Unrestricted Fund. This resulted in the pension fund showing a deficit of £1,009,000 which has been carried forward to 2019-2020. It should be noted that this does not present a liquidity problem for the Academy and that we are reviewing contributions to the pension scheme in order to see a reduction in the pension deficit in future years.

#### Reserves policy

The Directors review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure stream, the need to match income with commitments and the nature of reserves. The Academy's current level of general and unrestricted reserves is £1,133,953. Directors continue to use reserves to improve IT, this includes a new network which has recently been installed within the Academy. Routine maintenance on buildings and facilities is ongoing and there is future plans for a dining room extension due to substantial increases in student numbers.

There are a number of constraints placed upon academies in terms of financial management. One of these is the ability to borrow funds. This constraint may represent a risk to our academy in relation to financial planning and monitoring.

Through the effective management of reserves, this risk can be mitigated, by providing an alternative temporary funding stream should we be faced with sudden urgent large unbudgeted expenditure or a delay in grant receipts.

The purpose of the reserves policy for St. Anthony's Academy is to ensure the stability of the academy's organisational and financial operations.

#### Level of Reserves

1. The academy maintains a risk register consisting of financial and strategic risks, the register is reviewed and managed regularly.
2. The academy holds reserves in order to manage urgent unplanned expenditure. The level of reserves will be approved by governors annually. Directors have agreed that the academy should aim to have one month of expenditure held as a reserve.

#### Investment policy

The Directors have agreed to invest, when possible, a maximum sum of £100,000 per annum to plan financially for the replacement of capital items e.g. furniture, fittings and equipment including I.T. equipment. This is reviewed annually.

# OUR LADY OF MERCY CATHOLIC EDUCATION TRUST

## TRUSTEES' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2019

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#### Principal risks and uncertainties

Pupil numbers across all Key Stages are very positive. In KS3 the academy is 67 over P.A.N. (Pupil Admission Number).

The Directors and Head Teacher have implemented a number of systems to assess risks that the Academy faces, especially within operational areas e.g. in relation to teaching, health and safety and educational visits and in relation to finance, premises and staffing. Systems have been introduced, including operational procedures e.g. vetting of new staff and visitors, management of facilities and internal financial controls in order to minimise risk. Where significant financial risk still remains they have obtained insurance cover. The Academy has established effective systems of internal financial control. An external Risk Management Review was undertaken February 2019.

The impact at national and regional level of budget reductions, reductions in post-16 funding etc. are being monitored closely by Directors and Governors.

The impact of the proposed national funding formula is also being closely monitored by the Business Manager, Budget Officer and Finance Committee.

The impact of diocesan plans linked to multi-academy trusts upon the academy, and associated risks and uncertainties, are being closely monitored by Directors, Governors and senior staff.

The impact of multi-academy trust expansion to bring St. Aidan's Catholic Academy into the trust 1st September 2019.

#### **Fundraising**

The trustees are committed to relevant, and appropriate, fund raising to support the educational purposes of the academy. They ensure effective supervision of assets, reputational risk and compliance. All fund raising is planned and monitored at all levels. The Code of Fundraising Practice (Charity Commission) is followed.

#### **Plans for future periods**

The Bishop of the Diocese of Hexham and Newcastle has announced plans to expand existing Multi-Academy Trusts. The Bishop has announced that he would like St Aidan's Catholic Academy and St Anthony's Girls' Catholic Academy to transfer from Our Lady of Mercy Catholic Education Trust to Northern Saints Catholic Education Trust but this transfer has not yet been approved by the Regional Schools Commissioner.

There are plans for further expansion of S.C.I.T.T. (School Centred Initial Teacher Training) with 10 trainees on placement during the academic year 2019-2020.

The Trust intends to continue its N.L.E. and Teaching School work with partners and OneVision N.L.E. work.

#### **Funds held as custodian trustee on behalf of others**

There are no funds held as Custodian Trustee on behalf of others.

# OUR LADY OF MERCY CATHOLIC EDUCATION TRUST

## TRUSTEES' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2019**

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### Auditor

Insofar 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.

A resolution proposing that Baldwins Audit Services be reappointed as audit of the charitable company will be put to the members.

The trustees' report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 19<sup>th</sup> December 2019 and signed on its behalf by:



Mrs A M Shanks  
Chair

# OUR LADY OF MERCY CATHOLIC EDUCATION TRUST

## GOVERNANCE STATEMENT

**FOR THE YEAR ENDED 31 AUGUST 2019**

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### Scope of responsibility

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

The board of trustees has delegated the day-to-day responsibility to the head teacher, 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. Anthony's Girls' Catholic Academy and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

### Governance

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

Trustees	Meetings	Out of possible
Mrs A M Shanks (Chair)	6	6
Mrs M A Shepherd (Accounting Officer) (Resigned 11 November 2019)	5	6
Mr M L Flores (Vice Chair)	6	6
Mrs M A Galbraith (Appointed 15 February 2019)	2	2
Mr A McCourt (Appointed 9 November 2018)	6	6
Mr S O'Keeffe (Appointed 9 November 2018)	6	6
Mrs E H Schofield (Appointed 9 November 2018)	6	6
Mrs J Ward (Appointed 1 September 2018)	6	6
Fr M McCoy (Appointed 9 November 2018 and resigned 31 August 2019)	3	6

The following Trustees were not eligible to attend meetings during the year due to their resignation date:

Miss J C Carlin (Resigned 1 September 2018)  
Mrs J M Adamson (Resigned 1 September 2018)  
Mrs K L Richardson-Dunn (Resigned 1 September 2018)  
Mrs M Forbes (Resigned 1 September 2018)  
Mrs E J Ashton (Resigned 1 September 2018)  
Mrs A M Bashton (Resigned 1 September 2018)  
Fr M Lyden-Smith (Resigned 1 September 2018)  
Mrs A Machin (Resigned 1 September 2018)  
Mrs S Ward (Resigned 1 September 2018)  
Miss A Gleeson (Resigned 1 September 2018)

# **OUR LADY OF MERCY CATHOLIC EDUCATION TRUST**

## **GOVERNANCE STATEMENT (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2019**

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### **Governance Review**

The Chair of Governors and Chair of Trustees undertook a governance review during the academic year 2018-2019 including a review of the Board of Directors and Local Management Board as the trust prepared for the expansion of the trust with the addition of St. Aidan's Catholic Academy on 1st September 2019 working in conjunction with Womble Bond Dickinson.

The finance committee is a sub-committee of the main board of trustees. Its summary purpose is to:

Approve purchases of goods and services above agreed limits as identified in the "Finance Handbook".

Report to full Governing Body current financial position.

Draft budget with Head Teacher, Academy Business Manager and with advice from the Local Authority Budget Officer.

Monitor the progress of the budget at every Finance meeting via discussion and reports from Head Teacher, Local Authority Budget Office and Academy Business Manager.

The audit committee is also a sub-committee of the main board of trustees. Its summary purpose is to:

Advise the Academy trust on the appointment, re-appointment of the Internal Assurance Officer.

Consider the reports of the Internal Assurance/Responsible Officer and report to the Governing Body.

To monitor the implementation of agreed recommendations relating to the Internal Assurance/Responsible Officer reports.

As the finance and audit committees are sub-committees of the main board of trustees, attendance at these meetings is as shown for the board of trustees on page 11.

# **OUR LADY OF MERCY CATHOLIC EDUCATION TRUST**

## **GOVERNANCE STATEMENT (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2019**

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### **Review of value for money**

We consider ESFA guidance and we continue to operate a ten point plan for saving money, increasing income and ensuring value for money and financial stability for the academy in a climate of reducing school budgets.

The five key ways in which we reduce expenditure are as follows:

### **SOUND JUDGEMENT**

Much caution and sound judgement with regard to decision making linked to permanent, and temporary, staffing contracts and appointments, TLR's etc. by both senior staff and governors.

### **GRADUAL REDUCTION**

A gradual reduction in staffing across all areas, as people retire or move on. This includes both teaching and non-teaching staff. We try at all times, whilst undertaking this, to avoid adversely impacting upon the education of our students and the well-being of our staff by reviewing what is most necessary and the impact of our decisions upon outcomes and key performance indicators.

### **THRIFTY APPROACH**

We are very abstemious with academy expenditure, given the national and local picture regarding school funding. We brought in an internal, "bidding process" and on-going close monitoring by senior staff and governors sub-committee of all budget headings. This is combined with encouraging a culture of "saving money" across the school community e.g. papercut software, electronic communication via the VLE (Virtual Learning Environment) etc.

### **CLOSE MONITORING**

Very close monitoring of the teacher supply budget, which has also been gradually reduced year on year, and is also very closely monitored by senior staff. Strict adherence to return to work interviews, monitoring of staff absence etc. and a culture of professionalism with regard to staff attendance across the whole community which is accompanied by a culture of support for staff.

### **SUPPORT and DEVELOPMENT**

Increasing contact time for teaching staff at all levels, including senior staff. However, this is combined with strong peer to peer support and the fostering a collegiate approach amongst colleagues to support accompanying, staff well-being across the community. Ensuring that staff are strongly supported to take ownership of their area of responsibility and student outcomes, but with high level support and development from colleagues.

# **OUR LADY OF MERCY CATHOLIC EDUCATION TRUST**

## **GOVERNANCE STATEMENT (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2019**

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The five key ways in which we increase income are as follows:

### **QUALITY OUTCOMES**

Delivering high quality outcomes and consequently increasing the numbers of students who wish to attend the main school/family wishes their daughter to attend this school. There are year on year increases to the student population within Y7-Y11. We use advertising, social media and high quality information evenings to ensure stakeholders are very aware of the many and varied activities which support character education, the curriculum and the education of our girls. Ultimately the school stands or falls on the quality of the end product and the results achieved by the student.

### **HIGH QUALITY DESTINATIONS**

Actively promoting the quality of provision within the sixth form and the destinations achieved by students to ensure strong post-16 numbers and on-going post-16 performance. This provides up to one-quarter of academy income. Making cuts to courses which are not proving popular or alternatively considering shared provision to ensure the survival of minority subjects. Working in partnership with St. Aidan's Academy to deliver a broad offer ensures a broad choice of subjects and a wider pool of staff and students.

### **STAFF DEVELOPMENT**

Ensuring we keep good staff and ensuring quality training and development opportunities. Bidding for monies available for Teaching School projects to ensure quality provision both within our own institution and the wider community of schools, locally and regionally, within our Teaching School Alliance. Consequently providing high quality training (both initial teacher training and continuing professional development) to support staff and to enable them to fulfil their role with confidence, within a supportive environment, to achieve the very best personal and professional outcomes.

### **PARTNERSHIP WORKING**

Working collectively with one partner school to deliver jointly post-16 education across the two schools, in a gradual and timely manner, resulting in increased income for our academy and economies of scale and value for money for both schools.

### **BIDDING FOR FUNDS**

Bidding for monies available for development projects eg. Priority Schools Building Project, which has transformed the learning and teaching environment, and all other DfE initiatives. Being very active via partnership working to ensure we are very au fait with education policy and direction both locally, nationally and internationally. We do this by actively taking part in RSC (Regional Schools Commissioner) Forums, Schools North East Board, North East Teaching Schools Alliance, Diocesan and Catholic Partnership Forums, City of Sunderland Forums as well as using of "The Key", the NGA (National Governors Association) and webinars available from the DfE. If required we also seek external advice and guidance from accountants, auditors and other experts e.g. legal and Human Resources teams.

All of the above is shared with all staff, governors and directors regularly to ensure that the message is well communicated and that all stakeholders are very aware of the financial issues currently facing all schools and how we, at our school, are managing the situation to ensure both value for money, strong financial management, financial regularity and financial viability.

### **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 on internal control has been in place in St. Anthony's Girls' Catholic Academy for the period ended 31 August 2019 and up to the date of approval of the annual report and financial statements.



# OUR LADY OF MERCY CATHOLIC EDUCATION TRUST

## GOVERNANCE STATEMENT (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2019**

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### **Capacity to handle risk**

The Governors has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls which have been implemented to mitigate those risks. The Governing Body is of the view that there is a formal ongoing process identifying, evaluating and managing the Academy's significant risks that have been in place for the year ending 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is reviewed by the Governing Body.

### **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 board of trustees;
- regular reviews by the finance committee and audit committee 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 duties;
- identification and management of risk.
- benchmarking.

The 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 have appointed Baldwins Audit Services to perform additional checks and link with Trustees. The external auditor role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. The auditor reports to the Academy Business Manager who then reports to Governors Finance Sub-Committee and all Directors who reports directly to the full governing body, through the audit committee, on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities. The schedule of work has been delivered as planned. All issues arising were low/medium risk and have been addressed via an Action Plan.

# OUR LADY OF MERCY CATHOLIC EDUCATION TRUST

## GOVERNANCE STATEMENT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2019

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Independent Assurance visits took place on 4th and 5th February 2019 and 9th August 2019.

#### **Visit 4th and 5th February 2019:**

This review included a review of the previous report and discussion of progress made against recommendations made previously.

Key areas covered are listed below:

- Review of management reports presented to Directors and Governors.
- Review the fixed asset register and physically verify a sample of assets.
- Examine significant variances or changes to budget.
- Review strategic risk register.
- Confirm the trust has appropriate contingency and business continuity planning.
- Review controls over payment processing.
- Review of control over payroll changes and overtime/expense payments and executive pay decisions
- Review controls over cheques and credit cards.
- Confirm signatories and electronic authorises.
- Review mechanism for reporting financial information to the Governing body.
- Confirm the academy's current governance arrangements are published on website.
- Ensure register of business interests/pecuniary interests is maintained.
- Confirm the most recent financial statements are published on website.
- Confirm DFE has been notified of appointments or resignations of trustees / governing bodies / accounting or chief financial officer.
- Review gifts and hospitality.
- Review terms of reference.
- Review related party transactions.
- Review minutes of audit and finance governors' meetings.
- Review internal assurance reports have been discussed and minuted.
- Confirm the performance of auditors has been reviewed.

#### **Visit 9th August 2019.**

Review of previous report and discussion of progress with recommendations took place during these visits.

All reports were shared with Directors, Governors and Academy Business Manager.

Key areas covered are listed below:

- Review minutes of Trustees audit, finance and governors' meetings.
- Confirm IA reports have been discussed and minuted.
- Review gifts and hospitality.
- Review compliance of related party transactions.
- Confirm governance arrangements are published on website.
- Ensure register of business interests / pecuniary interests is up to date.
- Confirm DFE has been notified of the appointment of vacating positions of trustee/governor/accounting officer/chief finance officer.
- Ensure Academy has adequate back up of financial records.
- Ensure security controls over finance system. Confirm pupil census data and returns are accurate. Review fixed asset register and verify samples.
- Review ICT expenditure.
- Review income postings.
- Review procedures for the receipt and banking of income.
- Test check a sample of grant income.
- Test check non-grant income.
- Review purchases requiring quotes.
- Review management reports.
- Ensure bank reconciliations have been carried out. Review all monthly payroll control accounts. Review creditor and aged debtor listings. Review all purchases of high value.
- Check sample of payroll entries.

All reports were shared with Directors, Governors and Academy Business Manager.

# OUR LADY OF MERCY CATHOLIC EDUCATION TRUST

## GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

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### Review of effectiveness

As accounting officer, the Headteacher/CEO has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

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

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the audit committee and a plan to address weaknesses and ensure continuous improvement of the system in place.

Approved by order of the board of trustees on 18<sup>th</sup> December 2019 and signed on its behalf by:

  
Mrs A M Shanks  
Chair

Mrs M A Shepherd  
Accounting Officer



**OUR LADY OF MERCY CATHOLIC EDUCATION TRUST**  
**STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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As accounting officer of Our Lady of Mercy Catholic Education Trust I have considered my responsibility to notify the academy trust board of trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

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 2018.

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.

Mrs M A Shepherd  
Accounting Officer

*M. Shepherd*

# OUR LADY OF MERCY CATHOLIC EDUCATION TRUST

## STATEMENT OF TRUSTEES' RESPONSIBILITIES

**FOR THE YEAR ENDED 31 AUGUST 2019**

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The trustees (who are also the directors of Our Lady of Mercy Catholic Education Trust for the purposes of company law) are responsible for preparing the trustees' report and the accounts in accordance with the Academies Accounts Direction 2018 to 2019 published by the Education & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the trustees to prepare 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 2015 and the Academies Accounts Direction 2018 to 2019;
- 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 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 accounts may differ from legislation in other jurisdictions.

Approved by order of the members of the board of trustees on 18<sup>th</sup> December 2019 and signed on its behalf by:

  
Mrs A M Shanks  
Chair

# OUR LADY OF MERCY CATHOLIC EDUCATION TRUST

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OUR LADY OF MERCY CATHOLIC EDUCATION TRUST

**FOR THE YEAR ENDED 31 AUGUST 2019**

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### Opinion

We have audited the accounts of Our Lady of Mercy Catholic Education Trust for the year ended 31 August 2019 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and 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), the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

In our opinion the accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2019 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019.

### 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 accounts' section of our report. We are independent of the academy trust in accordance with the ethical requirements that are relevant to our audit of the accounts 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.

### Emphasis of matter – non-going concern basis

In forming our opinion on the financial statements which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements. As described in note 1, within 12 months of approval of the financial statements the Academy Trust intends to transfer its activities, assets and liabilities to Northern Saints Catholic Education Trust. The financial statements for the year ended 31 August 2019 have been drawn up on a basis other than that of going concern.

### Other information

The trustees are responsible for the other information, which comprises the information included in the annual report other than the accounts and our auditor's report thereon. Our opinion on the accounts 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 accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts 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 accounts or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

# **OUR LADY OF MERCY CATHOLIC EDUCATION TRUST**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OUR LADY OF MERCY CATHOLIC EDUCATION TRUST (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2019**

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### **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the trustees' report including the incorporated strategic report for the financial year for which the accounts are prepared is consistent with the accounts; and
- the trustees' report including the incorporated strategic report have been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the academy trust and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report, including the incorporated strategic report.

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

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

### **Responsibilities of trustees**

As explained more fully in the statement of trustees' responsibilities, the trustees are responsible for the preparation of the accounts 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 accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, the trustees are responsible for assessing the academy trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the accounts**

Our objectives are to obtain reasonable assurance about whether the accounts 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 accounts.

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

# OUR LADY OF MERCY CATHOLIC EDUCATION TRUST

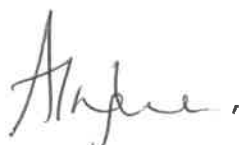
## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OUR LADY OF MERCY CATHOLIC EDUCATION TRUST (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2019**

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### Use of our report

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



Angela Ingham FCA (Senior Statutory Auditor)  
for and on behalf of Baldwins Audit Services

19/12/19

Statutory Auditor

Wynyard Park House  
Wynyard Avenue  
Wynyard



# OUR LADY OF MERCY CATHOLIC EDUCATION TRUST

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2019

	Notes	Unrestricted Funds £	General	Restricted funds: Fixed asset £	Total 2019 £	Total 2018 £
<b>Income and endowments from:</b>						
Donations and capital grants	3	4,480	-	94,753	99,233	29,081
Charitable activities:						
- Funding for educational operations	4	353,846	6,731,831	-	7,085,677	6,836,499
- Funding for teaching school	4,26	-	46,000	-	46,000	46,000
Other trading activities	5	322,409	-	-	322,409	308,823
Investments	6	4,560	-	-	4,560	1,612
<b>Total</b>		<b>685,295</b>	<b>6,777,831</b>	<b>94,753</b>	<b>7,557,879</b>	<b>7,222,015</b>
<b>Expenditure on:</b>						
Raising funds	7	345,868	-	-	345,868	523,814
Charitable activities:						
- Educational operations	8	266,732	6,588,767	115,448	6,970,947	6,668,480
- Teaching School	8	-	30,667	-	30,667	46,000
<b>Total</b>	7	<b>612,600</b>	<b>6,619,434</b>	<b>115,448</b>	<b>7,347,482</b>	<b>7,238,294</b>
<b>Net income/(expenditure)</b>		<b>72,695</b>	<b>158,397</b>	<b>(20,695)</b>	<b>210,397</b>	<b>(16,279)</b>
Transfers between funds	17	-	(20,013)	20,013	-	-
<b>Other recognised gains/(losses)</b>						
Actuarial (losses)/gains on defined benefit pension schemes	19	-	(423,000)	-	(423,000)	324,000
<b>Net movement in funds</b>		<b>72,695</b>	<b>(284,616)</b>	<b>(682)</b>	<b>(212,603)</b>	<b>307,721</b>
<b>Reconciliation of funds</b>						
Total funds brought forward		479,357	(142,483)	461,698	798,572	490,851
Total funds carried forward		552,052	(427,099)	461,016	585,969	798,572

# OUR LADY OF MERCY CATHOLIC EDUCATION TRUST

## STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2019

Comparative year information Year ended 31 August 2018	Notes	Unrestricted	Restricted funds:		Total
		Funds	General	Fixed asset	2018
		£	£	£	£
<b>Income and endowments from:</b>					
Donations and capital grants	3	2,362	-	26,719	29,081
Charitable activities:					
- Funding for educational operations	4	444,495	6,392,004	-	6,836,499
- Funding for teaching school	26	-	46,000	-	46,000
Other trading activities	5	308,823	-	-	308,823
Investments	6	1,612	-	-	1,612
<b>Total</b>		<b>757,292</b>	<b>6,438,004</b>	<b>26,719</b>	<b>7,222,015</b>
<b>Expenditure on:</b>					
Raising funds	7	523,814	-	-	523,814
Charitable activities:					
- Educational operations	8	186,900	6,335,327	146,253	6,668,480
- Teaching School		-	46,000	-	46,000
<b>Total</b>	<b>7</b>	<b>710,714</b>	<b>6,381,327</b>	<b>146,253</b>	<b>7,238,294</b>
<b>Net income/(expenditure)</b>		<b>46,578</b>	<b>56,677</b>	<b>(119,534)</b>	<b>(16,279)</b>
Transfers between funds	17	-	(13,497)	13,497	-
<b>Other recognised gains/(losses)</b>					
Actuarial gains on defined benefit pension schemes	19	-	324,000	-	324,000
<b>Net movement in funds</b>		<b>46,578</b>	<b>367,180</b>	<b>(106,037)</b>	<b>307,721</b>
<b>Reconciliation of funds</b>					
Total funds brought forward		432,779	(509,663)	567,735	490,851
Total funds carried forward		479,357	(142,483)	461,698	798,572

# OUR LADY OF MERCY CATHOLIC EDUCATION TRUST

## BALANCE SHEET

AS AT 31 AUGUST 2019

	Notes	2019 £	£	2018 £	£
<b>Fixed assets</b>					
Intangible assets	12		16,328		10,196
Tangible assets	13		364,186		441,110
			<u>380,514</u>		<u>451,306</u>
<b>Current assets</b>					
Debtors	14	195,025		178,921	
Cash at bank and in hand		1,220,461		794,948	
		<u>1,415,486</u>		<u>973,869</u>	
<b>Current liabilities</b>					
Creditors: amounts falling due within one year	15	(201,031)		(182,603)	
<b>Net current assets</b>			<u>1,214,455</u>		<u>791,266</u>
<b>Net assets excluding pension liability</b>			1,594,969		1,242,572
Defined benefit pension scheme liability	19		(1,009,000)		(444,000)
<b>Total net assets</b>			<u>585,969</u>		<u>798,572</u>
<b>Funds of the academy trust:</b>					
<b>Restricted funds</b>	17				
- Fixed asset funds			461,016		461,698
- Restricted income funds			581,901		301,517
- Pension reserve			(1,009,000)		(444,000)
<b>Total restricted funds</b>			<u>33,917</u>		<u>319,215</u>
<b>Unrestricted income funds</b>	17		<u>552,052</u>		<u>479,357</u>
<b>Total funds</b>			<u>585,969</u>		<u>798,572</u>

The accounts set out on pages 23 to 48 were approved by the board of trustees and authorised for issue on 18<sup>th</sup> December 2019 and are signed on its behalf by:



Mrs A M Shanks  
Chair

Company Number 07968898

# OUR LADY OF MERCY CATHOLIC EDUCATION TRUST

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2019

	Notes	2019 £	£	2018 £	£
<b>Cash flows from operating activities</b>					
Net cash provided by operating activities	20		370,856		129,464
<b>Cash flows from investing activities</b>					
Dividends, interest and rents from investments		4,560		1,612	
Capital grants from DfE Group		94,753		26,719	
Purchase of intangible fixed assets		(15,090)		(3,000)	
Purchase of tangible fixed assets		(29,566)		(76,824)	
<b>Net cash provided by/(used in) investing activities</b>			54,657		(51,493)
<b>Net increase in cash and cash equivalents in the reporting period</b>			425,513		77,971
Cash and cash equivalents at beginning of the year			794,948		716,977
<b>Cash and cash equivalents at end of the year</b>			1,220,461		794,948
<b>Comprising:</b>					
Bank and cash balances			21,863		6,295
Short term deposits			1,198,598		788,653

# OUR LADY OF MERCY CATHOLIC EDUCATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 AUGUST 2019

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#### 1 Accounting policies

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

##### 1.1 Basis of preparation

The accounts of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Our Lady of Mercy Catholic Education Trust meets the definition of a public benefit entity under FRS 102.

##### 1.2 Going concern

The Trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charitable 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.

However, the Trustees anticipate joining 'Northern Saints Catholic Education Trust' within the academic year 2019-20 and therefore the financial statements are prepared on a basis other than going concern on the basis that the transaction occurs in 2019-20.

The assets and liabilities will be transferred as part of the transaction at their carrying value. No material adjustment arose as a result of ceasing to apply the going concern basis.

##### 1.3 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 period 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.

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

###### 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 can be measured reliably.

# OUR LADY OF MERCY CATHOLIC EDUCATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

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### 1 Accounting policies

#### 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'.

#### Donated fixed assets

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.

### 1.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

#### 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.

### 1.5 Intangible fixed assets and amortisation

Intangible assets costing £2,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment. Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

- Purchased computer software - 3 years

# OUR LADY OF MERCY CATHOLIC EDUCATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

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### 1 Accounting policies

#### 1.6 Tangible fixed assets and depreciation

Assets costing £2,000 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 on a straight-line basis over its expected useful life, as follows:

Building improvements	50 years
Computer equipment	3 years
Fixtures, fittings and equipment	10 years

The academy trust occupies the footprint of the school building which is owned by the Diocese having been transferred from the Sisters of Mercy Oaklea Convent during the year ended 31 August 2018. The trustees are the providers of the land and buildings on the same basis as when the academy was a maintained school. The academy trust occupies the land and buildings under a mere licence. This continuing permission of the trustees is pursuant to, and subject to, the trustees' charitable objects, and is part of the Catholic Church's contribution since 1847 to provide State funded education in partnership with the State. The licence delegates aspects of the management of the land and buildings to the academy trust for the time being, but does not vest any rights over the land in the academy trust. The trustees have given an undertaking to the Secretary of State that they will not give the academy trust less than two years notice to terminate the occupation of the land and buildings. Having considered the factual matrix under which the academy trust is occupying the land and buildings the trustees have concluded that the value of the land and buildings occupied by the academy trust will not be recognised on the balance sheet of the academy. Subsequent expenditure funded by the trust has been capitalised at cost.

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.

Because the use of the land is made available to the academy trust under a Supplemental Agreement, the academy has been donated the right to use the buildings and under accounting standards a donation and expense representing the use of the facilities should be reflected in the financial statements. The trustees are of the opinion that obtaining a reliable estimate of this value would be onerous and the expense of obtaining such a valuation would outweigh any benefits derived. Therefore no such adjustment has been reflected in these financial statements.

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

# OUR LADY OF MERCY CATHOLIC EDUCATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

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### 1 Accounting policies

#### 1.8 Leased assets

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

#### 1.9 Financial instruments

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

##### Financial assets

Trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments.

Cash at bank is classified as a basic financial instrument and is measured at face value.

##### Financial liabilities

Trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost. 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.

#### 1.10 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.

#### 1.11 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 quadrennial valuations using a prospective unit credit method. As stated in note 36, 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 are recognised in the period to which they relate.



# OUR LADY OF MERCY CATHOLIC EDUCATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

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### 1 Accounting policies

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.

#### 1.12 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 and Skills Funding Agency/Department for Education.

#### 1.13 Agency arrangements

The academy trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from 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 funds received and paid and any balances held are disclosed in note 25.

### 2 Critical accounting estimates and areas of judgement

Accounting 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.

# OUR LADY OF MERCY CATHOLIC EDUCATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 2 Critical accounting estimates and areas of judgement (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 or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 19, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. 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.

#### McCloud

In 2015 the government introduced reforms to public sector pensions resulting in most public sector workers being transferred to a new scheme. In December 2018, the Court of Appeal ruled that the 'transitional protections' offered to some members of the judges and firefighter schemes as part of the reforms amounted to unlawful discrimination. While the judgement was not in relation to the LGPS it is reasonable to expect that it will need to be applied to this scheme by the government. Actuaries have estimated that the additional liabilities associated with this to be around 3-4% of active liabilities. As this has been considered to be potentially material to the financial statements the year end valuation performed by the actuary has included an approximate calculation of the McCloud valuation. This has increased the LGPS liability by £79,000 as at 31 August 2019.

#### GMP

GMP This case related to the equalisation for men and women of guaranteed minimum pension (GMP) for those who were contracted out of the State Second Pension between 6 April 1978 and 6 April 1997. In October 2018 the High Court ruled that equalisation of GMP was required. This case was in relation to Lloyds Bank and HM Treasury have since gone on record to state public sector schemes have a method to equalise GMP already. Although there is some judgement in how this equalisation works and is reflected in the LGPS valuations, actuaries have estimated that the impact of GMP indexation to be around 0.3% of total liabilities and they have included an approximate calculation of the GMP valuation. This has increased the LGPS liability by £4,000 as at 31 August 2019.

### 3 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
Capital grants	-	94,753	94,753	26,719
Other donations	4,480	-	4,480	2,362
	4,480	94,753	99,233	29,081

**OUR LADY OF MERCY CATHOLIC EDUCATION TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

**4 Funding for the academy trust's educational operations**

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
<b>DfE / ESFA grants</b>				
General annual grant (GAG)	-	6,162,713	6,162,713	6,147,392
Other DfE group grants	-	335,739	335,739	217,796
<b>Other government grants</b>				
Local authority grants	-	6,498,452	6,498,452	6,365,188
<b>Other funding</b>				
Teaching school	-	37,174	37,174	26,816
Catering income	-	46,000	46,000	46,000
Other incoming resources	303,779	-	303,779	280,313
	50,067	196,205	246,272	164,182
	353,846	242,205	596,051	490,495
<b>Total funding</b>	353,846	6,777,831	7,131,677	6,882,499

**5 Other trading activities**

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
Catering income	7,594	-	7,594	7,481
School trips	196,416	-	196,416	156,899
Other income	118,399	-	118,399	144,443
	322,409	-	322,409	308,823

**OUR LADY OF MERCY CATHOLIC EDUCATION TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

**6 Investment income**

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
Short term deposits	4,560	-	4,560	1,612

**7 Expenditure**

	Staff costs £	Non Pay Expenditure Premises £	Other £	Total 2019 £	Total 2018 £
Expenditure on raising funds					
- Direct costs	100,412	-	245,456	345,868	523,814
Academy's educational operations					
- Direct costs	4,892,113	-	531,984	5,424,097	5,291,509
- Allocated support costs	718,193	384,102	444,555	1,546,850	1,376,971
Teaching School					
- Direct costs	30,667	-	-	30,667	46,000
	5,741,385	384,102	1,221,995	7,347,482	7,238,294

**Net income/(expenditure) for the year includes:**

	2019 £	2018 £
Fees payable to auditor for:		
- Audit	7,700	6,995
- Other services	4,850	5,430
Operating lease rentals	16,259	16,157
Depreciation of tangible fixed assets	106,490	111,484
Amortisation of intangible fixed assets	8,958	5,768
Loss on disposal of fixed assets	-	29,001
Net interest on defined benefit pension liability	10,000	15,000

**8 Charitable activities**

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
<b>Direct costs</b>				
Educational operations	21,539	5,402,558	5,424,097	5,291,509
Teaching School	-	30,667	30,667	46,000
<b>Support costs</b>				
Educational operations	245,193	1,301,657	1,546,850	1,376,971
	266,732	6,734,882	7,001,614	6,714,480

# OUR LADY OF MERCY CATHOLIC EDUCATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 8 Charitable activities (continued)

	Educational operations £	Total 2019 £	Total 2018 £
<b>Analysis of support costs</b>			
Support staff costs	718,193	718,193	627,724
Depreciation and amortisation	115,448	115,448	146,253
Premises costs	268,654	268,654	243,909
Other support costs	367,130	367,130	295,606
Governance costs	77,425	77,425	63,479
	<u>1,546,850</u>	<u>1,546,850</u>	<u>1,376,971</u>

### 9 Staff

#### Staff costs

Staff costs during the year were:

	2019 £	2018 £
Wages and salaries	4,391,166	4,414,332
Social security costs	441,205	445,587
Pension costs	854,957	821,615
Amounts paid to employees	<u>5,687,328</u>	<u>5,681,534</u>
Agency staff costs	51,039	59,306
Staff restructuring costs	3,018	1,084
Amounts paid to staff	<u>5,741,385</u>	<u>5,741,924</u>
Staff development and other staff costs	22,888	24,821
Total staff expenditure	<u>5,764,273</u>	<u>5,766,745</u>
Staff restructuring costs comprise:		
Redundancy payments	<u>3,018</u>	<u>1,084</u>

# OUR LADY OF MERCY CATHOLIC EDUCATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 9 Staff (continued)

#### Staff numbers

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

	2019 Number	2018 Number
Teachers	97	94
Administration and support	54	57
Management	6	7
	<u>157</u>	<u>158</u>

#### Higher paid staff

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

	2019 Number	2018 Number
£60,001 - £70,000	2	2
£90,001 - £100,000	-	1
£100,000 - £110,000	1	-
	<u>3</u>	<u>3</u>

#### Key management personnel

The key management personnel of the Academy Trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension and national insurance contributions) received by key management personnel for their services to the Academy Trust was £374,683 (2018: £361,608).

# OUR LADY OF MERCY CATHOLIC EDUCATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2019**

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### **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, other than expenses, from the academy trust in respect of their role as trustees. During the year, travel and subsistence payments totalling £139 (2018: £337) were reimbursed to 1 trustee (2018: 1 trustee).

The value of trustees' remuneration was as follows:

M Shepherd (Headteacher and trustee)

Remuneration £100,001 - £105,000 (2018: £95,001 - £100,000)

Employer's pension contributions £15,001 - £20,000 (2018: £15,001 - £20,000)

S K Ward (Staff trustee)

Remuneration £50,001 - £55,000 (2018: £50,001 - £55,000)

Employer's pension contributions £5,001 - £10,000 (2018: £5,001 - £10,000)

J Adamson (Staff trustee)

Remuneration £50,001 - £55,000 (2018: £45,001 - £50,000)

Employer's pension contributions £5,001 - £10,000 (2018: £5,001 - £10,000)

K Richardson-Dunn (Staff trustee)

Remuneration £25,001 - £30,000 (2018: £25,001 - £30,000)

Employer's pension contributions £5,001 - £10,000 (2018: £5,001 - £10,000)

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

### **11 Trustees and officers insurance**

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

# OUR LADY OF MERCY CATHOLIC EDUCATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 12 Intangible fixed assets

	Software licences £
<b>Cost</b>	
At 1 September 2018	18,556
Additions	15,090
At 31 August 2019	33,646
<b>Amortisation</b>	
At 1 September 2018	8,360
Charge for year	8,958
At 31 August 2019	17,318
<b>Carrying amount</b>	
At 31 August 2019	16,328
At 31 August 2018	10,196

### 13 Tangible fixed assets

	Building improvements £	Computer equipment £	Fixtures, fittings and equipment £	Total £
<b>Cost</b>				
At 1 September 2018	41,063	327,964	445,580	814,607
Additions	-	8,861	20,705	29,566
At 31 August 2019	41,063	336,825	466,285	844,173
<b>Depreciation</b>				
At 1 September 2018	4,560	240,817	128,120	373,497
Charge for the year	821	60,011	45,658	106,490
At 31 August 2019	5,381	300,828	173,778	479,987
<b>Net book value</b>				
At 31 August 2019	35,682	35,997	292,507	364,186
At 31 August 2018	36,503	87,147	317,460	441,110



# OUR LADY OF MERCY CATHOLIC EDUCATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

<b>14 Debtors</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Trade debtors	-	3,538
VAT recoverable	48,423	28,676
Prepayments and accrued income	146,602	146,707
	<u>195,025</u>	<u>178,921</u>
<b>15 Creditors: amounts falling due within one year</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Trade creditors	73,771	38,162
Other creditors	64,260	48,466
Accruals and deferred income	63,000	95,975
	<u>201,031</u>	<u>182,603</u>
<b>16 Deferred income</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Deferred income is included within:		
Creditors due within one year	<u>49,993</u>	<u>52,228</u>
Deferred income at 1 September 2018	52,228	39,586
Released from previous years	(52,228)	(39,586)
Resources deferred in the year	<u>49,993</u>	<u>52,228</u>
<b>Deferred income at 31 August 2019</b>	<u>49,993</u>	<u>52,228</u>

At the balance sheet date the academy trust was holding funds received in advance for trips and rates funding in respect of 2019/20.

# OUR LADY OF MERCY CATHOLIC EDUCATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 17 Funds

	Balance at 1 September 2018 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2019 £
<b>Restricted general funds</b>					
General Annual Grant (GAG)	301,517	6,162,713	(5,886,687)	(20,013)	557,530
Other DfE / ESFA grants	-	335,739	(335,739)	-	-
Other government grants	-	37,174	(32,174)	-	5,000
Teaching School	-	46,000	(30,667)	-	15,333
Other restricted funds	-	196,205	(192,167)	-	4,038
Pension reserve	(444,000)	-	(142,000)	(423,000)	(1,009,000)
	<u>(142,483)</u>	<u>6,777,831</u>	<u>(6,619,434)</u>	<u>(443,013)</u>	<u>(427,099)</u>
<b>Restricted fixed asset funds</b>					
Inherited on conversion	16,424	-	(2,342)	(6,121)	7,961
DfE group capital grants	154,449	94,753	(39,353)	(33,585)	176,264
Capital expenditure from GAG	58,872	-	(39,363)	59,719	79,228
Other capital funds	231,953	-	(34,390)	-	197,563
	<u>461,698</u>	<u>94,753</u>	<u>(115,448)</u>	<u>20,013</u>	<u>461,016</u>
<b>Total restricted funds</b>	<u>319,215</u>	<u>6,872,584</u>	<u>(6,734,882)</u>	<u>(423,000)</u>	<u>33,917</u>
<b>Unrestricted funds</b>					
General funds	<u>479,357</u>	<u>685,295</u>	<u>(612,600)</u>	<u>-</u>	<u>552,052</u>
<b>Total funds</b>	<u>798,572</u>	<u>7,557,879</u>	<u>(7,347,482)</u>	<u>(423,000)</u>	<u>585,969</u>

# OUR LADY OF MERCY CATHOLIC EDUCATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2019**

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### 17 Funds

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 2019.

Other DfE/ESFA grants includes pupil premium funding targeted at disadvantaged pupils, year 7 catch up grant, Teachers Pay award, MAT grant and FSM supplement grant, all funds have been spent within the year.

Other government grants includes funding for pupils with special educational needs and other income from the local authorities.

Teaching schools' income from the ESFA relates to April 2019 to March 2020.

Other restricted income includes 6th form income and Teacher training income.

The pension reserve reflects the LGPS transactions. The costs and income associated with the defined benefit pension scheme have 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.

DfE/ESFA capital grants include devolved formula capital funding, some of which has been carried forward for future use.

The inherited fixed asset fund reflects the fixed assets acquired on conversion. Depreciation on these assets is charged against this fund.

Unrestricted funds can be used for any purpose at the discretion of the academy.

The academy's restricted general and unrestricted funds were £1,133,953 as at 31 August 2019.

# OUR LADY OF MERCY CATHOLIC EDUCATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 17 Funds

Comparative information in respect of the preceding period is as follows:

	Balance at 1 September 2017 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2018 £
<b>Restricted general funds</b>					
General Annual Grant (GAG)	170,367	6,147,392	(6,002,745)	(13,497)	301,517
Other DfE / ESFA grants	2,970	217,796	(220,766)	-	-
Other government grants	-	26,816	(26,816)	-	-
Teaching School	-	46,000	(46,000)	-	-
Pension reserve	(683,000)	-	(85,000)	324,000	(444,000)
	<u>(509,663)</u>	<u>6,438,004</u>	<u>(6,381,327)</u>	<u>310,503</u>	<u>(142,483)</u>
<b>Restricted fixed asset funds</b>					
Transfer on conversion	18,766	-	(2,342)	-	16,424
DfE group capital grants	193,427	26,719	(65,697)	-	154,449
Capital expenditure from GAG	79,570	-	(34,195)	13,497	58,872
Other capital funds	275,972	-	(44,019)	-	231,953
	<u>567,735</u>	<u>26,719</u>	<u>(146,253)</u>	<u>13,497</u>	<u>461,698</u>
<b>Total restricted funds</b>	<u>58,072</u>	<u>6,464,723</u>	<u>(6,527,580)</u>	<u>324,000</u>	<u>319,215</u>
<b>Unrestricted funds</b>					
General funds	<u>432,779</u>	<u>757,292</u>	<u>(710,714)</u>	<u>-</u>	<u>479,357</u>
<b>Total funds</b>	<u>490,851</u>	<u>7,222,015</u>	<u>(7,238,294)</u>	<u>324,000</u>	<u>798,572</u>

### 18 Analysis of net assets between funds

	Unrestricted Funds £	General £	Restricted funds: Fixed asset £	Total Funds £
<b>Fund balances at 31 August 2019 are represented by:</b>				
Intangible fixed assets	-	-	16,328	16,328
Tangible fixed assets	-	-	364,186	364,186
Current assets	578,524	756,460	80,502	1,415,486
Creditors falling due within one year	(26,472)	(174,559)	-	(201,031)
Defined benefit pension liability	-	(1,009,000)	-	(1,009,000)
<b>Total net assets</b>	<u>552,052</u>	<u>(427,099)</u>	<u>461,016</u>	<u>585,969</u>

# OUR LADY OF MERCY CATHOLIC EDUCATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 18 Analysis of net assets between funds

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total Funds £
<b>Fund balances at 31 August 2018 are represented by:</b>				
Intangible fixed assets	-	-	10,196	10,196
Tangible fixed assets	-	-	441,110	441,110
Current assets	479,357	484,120	10,392	973,869
Creditors falling due within one year	-	(182,603)	-	(182,603)
Defined benefit pension liability	-	(444,000)	-	(444,000)
<b>Total net assets</b>	<b>479,357</b>	<b>(142,483)</b>	<b>461,698</b>	<b>798,572</b>

### 19 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 South Tyneside Council. 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 that of the LGPS related to the period ended 31 March 2016.

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

#### Teachers' Pension Scheme

##### Introduction

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

#### The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and Public Service Pensions Act (2013) and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – contributions from members, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Acts.

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

# OUR LADY OF MERCY CATHOLIC EDUCATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

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### 19 Pension and similar obligations (continued)

#### Valuation of the Teachers' Pension Scheme

The latest valuation of the Teachers' Pension Scheme has now taken place, in line with directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation TPS employers will pay an increased contribution rate of 23.68% from September 2019 (this includes the administration levy of 0.8%). The timing of the implementation is to align its introduction with employers' budget planning cycles. Until then, employers will pay the current rate of 16.48%.

A copy of the latest valuation report can be found on the Teachers' Pension Scheme website.

#### Scheme Changes

The arrangements for a reformed Teachers' Pension Scheme, in line with the recommendations made by Lord Hutton, in particular the introduction of a Career Average Revalued Earnings (CARE) scheme, were implemented from 1 April 2015.

In December 2018, the Court of Appeal held that transitional protection provisions contained in the reformed judicial and firefighter pension schemes, introduced as part of public service pension reforms in 2015, gave rise to direct age discrimination and were therefore unlawful. The Supreme Court, in a decision made in June 2019, have rejected the Government's application for permission to appeal the Court of Appeal's ruling. The case will now be referred to an Employment Tribunal for a decision regarding the remedy which will need to be offered to those members of the two schemes who were subject of the age discrimination.

HM Treasury are clear that the ruling has implications for the other public service schemes, including the Teachers' Pension Scheme. Those implications are currently being considered and any impact on scheme costs is expected to be looked at within the next scheme valuation, which is currently scheduled to be based on April 2020 data and implemented in April 2023.

The employer's pension costs paid to the TPS in the period amounted to £583,671 (2018: £603,387).

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 an unfunded 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 trust has set out above the information available on the scheme.

#### 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 23.9% for employers and 5.5 - 12.5% for employees. The estimated value of employer contributions for the forthcoming year is £159,000 (2018: £167,000).

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.

# OUR LADY OF MERCY CATHOLIC EDUCATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 19 Pension and similar obligations (continued)

Total contributions made	2019 £	2018 £
Employer's contributions	154,000	159,000
Employees' contributions	34,000	36,000
Total contributions	188,000	195,000

Principal actuarial assumptions	2019 %	2018 %
Rate of increase in salaries	3.6	3.6
Rate of increase for pensions in payment/inflation	2.1	2.1
Discount rate for scheme liabilities	1.8	2.8
Inflation assumption (CPI)	2.1	2.1

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

	2019 Years	2018 Years
Retiring today		
- Males	21.9	22.9
- Females	25.1	26.4
Retiring in 20 years		
- Males	23.6	25.1
- Females	26.9	28.7

Scheme liabilities would have been affected by changes in assumptions as follows:

	2019 £	2018 £
Discount rate + 0.1%	4,272,000	3,366,000
Discount rate - 0.1%	4,438,000	3,497,000
Mortality assumption + 1 year	4,207,000	3,333,000
Mortality assumption - 1 year	4,503,000	3,529,000
CPI rate + 0.1%	4,409,000	3,474,000
CPI rate - 0.1%	4,300,000	3,389,000

**OUR LADY OF MERCY CATHOLIC EDUCATION TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

**19 Pension and similar obligations (continued)**

The academy trust's share of the assets in the scheme	2019 Fair value £	2018 Fair value £
Equities	2,190,975	2,016,225
Government bonds	137,145	119,480
Corporate bonds	381,330	334,544
Cash	70,245	65,714
Property	287,670	253,895
Other assets	277,635	197,142
Total market value of assets	<u>3,345,000</u>	<u>2,987,000</u>

The actual return on scheme assets was £210,000 (2018: £204,000).

Amount recognised in the Statement of Financial Activities	2019 £	2018 £
Current service cost	203,000	229,000
Past service cost	83,000	-
Interest income	(86,000)	(68,000)
Interest cost	96,000	83,000
Total operating charge	<u>296,000</u>	<u>244,000</u>

Changes in the present value of defined benefit obligations	2019 £	2018 £
At 1 September 2018	3,431,000	3,360,000
Current service cost	203,000	229,000
Interest cost	96,000	83,000
Employee contributions	34,000	36,000
Actuarial loss/(gain)	547,000	(188,000)
Benefits paid	(40,000)	(89,000)
Past service cost	83,000	-
At 31 August 2019	<u>4,354,000</u>	<u>3,431,000</u>

Changes in the fair value of the academy trust's share of scheme assets	2019 £	2018 £
At 1 September 2018	2,987,000	2,677,000
Interest income	86,000	68,000
Actuarial gain	124,000	136,000
Employer contributions	154,000	159,000
Employee contributions	34,000	36,000
Benefits paid	(40,000)	(89,000)
At 31 August 2019	<u>3,345,000</u>	<u>2,987,000</u>



# OUR LADY OF MERCY CATHOLIC EDUCATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 20 Reconciliation of net income/(expenditure) to net cash flow from operating activities

	2019 £	2018 £
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	210,397	(16,279)
Adjusted for:		
Capital grants from DfE and other capital income	(94,753)	(26,719)
Investment income receivable	(4,560)	(1,612)
Defined benefit pension costs less contributions payable	132,000	70,000
Defined benefit pension scheme finance cost	10,000	15,000
Depreciation of tangible fixed assets	106,490	111,484
Amortisation of intangible fixed assets	8,958	5,768
Loss on disposal of fixed assets	-	29,001
(Increase) in debtors	(16,104)	(46,507)
Increase/(decrease) in creditors	18,428	(10,672)
<b>Net cash provided by operating activities</b>	<b>370,856</b>	<b>129,464</b>

### 21 Commitments under operating leases

At 31 August 2019 the total of the academy trust's future minimum lease payments under non-cancellable operating leases was:

	2019 £	2018 £
Amounts due within one year	15,739	13,672
Amounts due in two and five years	26,181	32,262
	<b>41,920</b>	<b>45,934</b>

# OUR LADY OF MERCY CATHOLIC EDUCATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2019

#### 22 Related party transactions

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 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 academy trust occupies the footprint of the school building which is owned by the Diocese having been transferred from the Sisters of Mercy Oaklea Convent during the year. The trustees are the providers of the land and buildings on the same basis as when the academy was a maintained school. The academy trust occupies the land and buildings under a mere licence. This continuing permission of the trustees is pursuant to, and subject to, the trustees' charitable objects, and is part of the Catholic Church's contribution since 1847 to provide State funded education in partnership with the State. The licence delegates aspects of the management of the land and buildings to the academy trust for the time being, but does not vest any rights over the land in the academy trust. The trustees have given an undertaking to the Secretary of State that they will not give the academy trust less than two years notice to terminate the occupation of the land and buildings. Having considered the factual matrix under which the academy trust is occupying the land and buildings the trustees have concluded that the value of the land and buildings occupied by the academy trust will not be recognised on the balance sheet of the academy.

During the year, the academy made a contribution of £10,885 (2018: £10,615) to the Diocese of Hexham & Newcastle (Diocesan Department for Education), a company in which Bishop Robert Byrne is a Director. In entering into the transaction the academy trust has complied with the requirements of the Academies Financial Handbook 2018. The element above £2,500 has been provided 'at no more than cost' and the Diocesan Department for Education has provided a statement of assurance confirming this.

St. Anthony's Girls' Catholic Academy and St. Aidan's Catholic Academy have, over many decades, worked together to deliver a wide ranging post-16 curricula. From September 2018, this venture has been formalised with a joint offer made to all the young people within both schools and those who join us from other schools annually. Courses are taught by staff from both academies and an amount has been paid to St Anthony's by St Aidan's calculated as the share of 16-19 funding received by St Aidan's for which costs incurred by St Anthony's. St Aidan's Catholic Academy was transferred from St Aidan's Education Trust to Our Lady of Mercy Catholic Education Trust on 1 September 2019 as detailed per note 23.

#### 23 Post balance sheet events

After the year end, the following school joined Our Lady of Mercy Catholic Education Trust.

Academy	Location	Date of conversion
St Aidan's Education Trust	Sunderland	1 September 2019

The Bishop of the Diocese of Hexham and Newcastle has announced plans to expand existing Multi-Academy Trusts. The Bishop has announced that he would like St Aidan's Catholic Academy and St Anthony's Girls' Catholic Academy to transfer from Our Lady of Mercy Catholic Education Trust to Northern Saints Catholic Education Trust. The Trustees of both trusts are in the process of seeking approval for the trust merger from the Regional Schools' Commissioner.

#### 24 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.

#### 25 Agency arrangements

The academy trust distributes 16-19 bursary funds to students as an agent for the ESFA. In the accounting period ending 31 August 2019 the trust brought forward £48,453 (2018: £36,385), received £22,103 (2018: £22,983) and disbursed £6,309 (2018: £10,915) from the fund. An amount of £64,247 (2018: £48,453) is included in other creditors relating to undistributed funds.

# OUR LADY OF MERCY CATHOLIC EDUCATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

26 Teaching School trading account	2019		2018	
	£	£	£	£
<b>Direct income</b>				
External funding		46,000		46,000
<b>Direct costs</b>				
Direct staff costs	30,667		29,150	
Staff development	-		1,015	
Educational supplies and services	-		15,835	
	<u>30,667</u>		<u>46,000</u>	
<b>Total expenditure</b>		<u>(30,667)</u>		<u>(46,000)</u>
<b>Surplus from all sources</b>		15,333		-
Teaching School balances at 1 September 2018		-		-
<b>Teaching School balances at 31 August 2019</b>		<u>15,333</u>		<u>-</u>

# **OUR LADY OF MERCY CATHOLIC EDUCATION TRUST**

## **INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO OUR LADY OF MERCY CATHOLIC EDUCATION TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY**

**FOR THE YEAR ENDED 31 AUGUST 2019**

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In accordance with the terms of our engagement letter dated 26 September 2019 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Our Lady of Mercy Catholic Education Trust during the period 1 September 2018 to 31 August 2019 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 Our Lady of Mercy Catholic Education Trust and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Our Lady of Mercy Catholic Education Trust and 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 Our Lady of Mercy Catholic Education Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

### **Respective responsibilities of Our Lady of Mercy Catholic Education Trust's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of Our Lady of Mercy Catholic Education Trust's funding agreement with the Secretary of State for Education dated 1 April 2012 and the Academies Financial Handbook, extant from 1 September 2018, 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 2018 to 2019. 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 2018 to 31 August 2019 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 2018 to 2019 issued by 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.

# OUR LADY OF MERCY CATHOLIC EDUCATION TRUST

## INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO OUR LADY OF MERCY CATHOLIC EDUCATION TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY

**FOR THE YEAR ENDED 31 AUGUST 2019**

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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 Internal Assurance report
- review of trustee and committee meeting minutes
- review of finance and other relevant policies
- review of purchases, expenses and expense claims on a sample basis including the application of controls and tendering processes where applicable
- review of gifts and hospitality transactions including the application of controls
- review of credit and debit card transactions including the application of controls
- review of payroll transactions on a sample bases including the application of controls
- review of potential special payments to staff
- review of leases and consideration of areas where borrowing may have been incurred
- consideration of transactions with related and connected parties
- review of register of business interests for completeness and compliance with regulations
- enquiries into transactions that may require disclosure under ESFA delegated authority rules

### 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 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

*Baldwins Audit Services*

Reporting Accountant  
Baldwins Audit Services

Dated: 19/12/19

