

Cathedral Schools Trust
formerly
Bristol Cathedral Choir School
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

Year ended 31 August 2016

Cathedral Schools Trust

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Cathedral Schools Trust

REFERENCE AND ADMINISTRATIVE DETAILS

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

REGISTERED OFFICE AND PRINCIPAL ADDRESS

College Square
Bristol
BS1 5TS

MEMBERS until 31 January 2016

Bristol Cathedral School (a corporate Member)
Mr S R Parsons LIB MBE DL

MEMBERS from 1 February 2016

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

TRUSTEES

Mr S R Parsons LIB MBE DL (Chairman)
Dr D Hoyle MA PhD, Dean of Bristol
Mr N Blundell (Executive Principal and Accounting Officer)
Mr E Benzecry
Mr I M Robinson FCA
Mrs M Ipinson-Fleming
Mr S Atkinson (resigned 1 February 2016 and reappointed 23 March 2016)
Mr M Lea FCA (resigned 1 February 2016 and reappointed 12 September 2016)
Dr R Kennedy (resigned 1 February 2016)
Mrs G Pilgrim (resigned 1 February 2016)
Mr I Pearse (resigned 1 February 2016)
Mr J Caddy (resigned 1 February 2016)
Mr K J Norton (resigned 1 February 2016)
Mrs S Rolt (resigned 2 September 2015)
Mrs M Farmer (resigned 1 February 2016)
Canon N V Stanley (resigned 1 February 2016)

Clerk to the Trustees: Mrs A R Williams

COMPANY SECRETARY

Mr I M Robinson FCA

KEY MANAGEMENT PERSONNEL (IN ADDITION TO TRUSTEES)

Executive Principal – Mr N Blundell (appointed 1 September 2016)
Principals - Mr N Blundell (until 31 August 2016), Mr P Atkins (appointed 1 September 2016), Mrs S Yarnold (from 1 February 2016)
Deputy Principals – Mr P Atkins (until 31 August 2016), Mr R Moreton, Mrs L Gerolemou (appointed 1 September 2016)

SENIOR LEADERSHIP TEAM MEMBERS (IN ADDITION TO PRINCIPALS AND DEPUTY PRINCIPALS)

Assistant Principals – Mr M Gunn, Mr A Steward, Mr D Bugler
Director of Specialism – Mr E Bailey
Finance Manager – Mrs H Watson (until 31 August 2016)
Trust Finance Director – Mrs H Watson (appointed 1 September 2016)
Trust Operations Manager – Mrs A R Williams (appointed 1 September 2016)
Trust Strategic Manager – Mrs A Calvert (seconded from RSC with effect from 20 September 2016)

Cathedral Schools Trust

REFERENCE AND ADMINISTRATIVE DETAILS

BANKERS

Allied Irish Bank
19 Whiteladies Road
Clifton
Bristol
BS8 1PB

Barclays Bank PLC
Bristol Broadmead
Business Banking
Leicester
LE87 2BB

SOLICITORS

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

INDEPENDENT AUDITOR

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

ACADEMIES

Bristol Cathedral Choir School
Cathedral Primary School

Cathedral Schools Trust

TRUSTEES' REPORT

The Trustees present their annual report together with the financial statements and auditor's report of Cathedral Schools Trust, the "Academy Trust" and also the "Charitable Company" for the period 1 September 2015 to 31 August 2016. The annual report serves the purposes of both a Trustees' report and a Directors' report under company law.

During the year, the Trustees passed a special resolution to change the registered name of the Charitable Company from Bristol Cathedral Choir School to Cathedral Schools Trust on 1 February 2016. Contemporaneously permission was successfully sought from the Secretary of State for Education for the Academy Trust to operate as a Multi Academy Trust and a new funding agreement with the Secretary of State for Education came into effect on 28 January 2016. On 1 February 2016, Cathedral Primary School, a standalone Academy (Company number 08189748), transferred all of its assets and liabilities to Cathedral Schools Trust and the Academy Trust became responsible for that Academy's operations and management.

The Academy Trust operates 1 Secondary Academy (Bristol Cathedral Choir School) and 1 Primary Academy (Cathedral Primary School) for students in the Bristol area. As detailed above, the Academy Trust operated the Primary school with effect from 1 February 2016.

In the January 2016 census, the Secondary Academy had a roll of 587 pupils in years 7 to 11 and 200 pupils in the sixth form (years 12 and 13). In the same census, the Primary Academy had 107 pupils on roll from reception up to and including year 2. The Primary Academy opened in September 2013 with one reception class and since then has been growing by a year group with each academic year. The Academies are mixed schools specialising in music and choral singing. The Secondary school also specialises in mathematics.

Structure, Governance and Management

Constitution

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

The Charitable Company's Memorandum and Articles of Association are the primary governing documents of the Academy Trust. During the year a special resolution was passed by the Trustees to adopt revised Articles of Association for Cathedral Schools Trust. These revised Articles became effective from 29 February 2016. All references in this Trustees' Report from this point onwards refer to the revised Articles, for example in relation to method of appointment of Trustees.

The Trustees of Cathedral Schools Trust are also the Directors of the Charitable Company for the purposes of company law. The Charitable Company operates Academies which are known as Bristol Cathedral Choir School and Cathedral Primary School.

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

Members' Liability

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

Trustees' Indemnities

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

Cathedral Schools Trust

TRUSTEES' REPORT

Method of Recruitment and Appointment or Election of Members

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

Method of Recruitment and Appointment or Election of Trustees

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

Policies and Procedures Adopted for the Induction and Training of Trustees

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

Organisational Structure

For the period ending 28 February 2016 prior to adoption of new Articles

The management structure consisted of two levels: the Trustees and the Senior Management Team. The aim of the management structure was to devolve responsibility and encourage involvement in decision making at all levels.

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

A minimum of 3 Trustees but not subject to a maximum – made up as follows:-

Sponsor Trustees	13 (of whom 5 are nominated by Dean and Chapter)
Parent Trustee	1
Staff Trustee	1
The Principal	(acting ex-officio)
The Dean	(acting ex-officio)
Local Authority Trustee	1
Co-opted	2

The role of the sponsor, Bristol Cathedral School, was to oversee the academic and financial performance of the Academy, and to appoint eight of the Trustees. The Trustees were responsible for setting the Academy's policies, adopting the Academy Improvement Plan and budget, monitoring performance against these plans and making major decisions about the direction of the Academy including its curriculum, the achievement and welfare of students and staffing.

The Trustees had established four sub-committees. Each sub-committee had its own terms of reference. The terms of reference and meeting frequency for each sub-committee was reviewed and approved by the Trustees annually.

Cathedral Schools Trust

TRUSTEES' REPORT

The sub-committees of the Trustees were as follows:

- General Purpose and Finance;
- Staffing;
- Education; and
- Fabric.

Day to day management was delegated to the senior management team, which included the Principal, Vice Principals and the Finance Manager.

Organisational Structure

For the period beginning 29 February 2016

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

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

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

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

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

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

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

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

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

Cathedral Schools Trust

TRUSTEES' REPORT

Arrangements for setting pay and remuneration of key management personnel

During the year, the setting of pay and remuneration for all key management excluding the Principal, was delegated by the Trustees to the Senior Leadership Team (SLT). Previously all job roles at the Academy had been assigned a pay scale spanning, typically, 5 pay scale points. In setting the pay and remuneration for key management personnel in the period, the SLT took into account the assumed pay scale for the role, the advertised salary for similar roles in the market place and the pay policy. All staff, including key management personnel, engage annually in a process of Performance Management overseen by the SLT, to determine whether it is appropriate, where applicable, for progression to the next scale point. The Principal's salary for the year ended 31 August 2016 was consistent with the historically set pay grade banding for the role of Principal and was approved directly by the Trustees who Performance Manage the Principal.

For key management personnel undertaking promoted roles within the MAT, the Trustees took into account the increased responsibility and demands arising from the change of job description and, having benchmarked against the marketplace, awarded moderate pay rises for some but not all roles effective from 1 September 2016. The Executive Principal's salary for the year beginning 1 September 2016 is consistent with the historically set pay grade banding for the role of Principal and was approved directly by the Trustees who Performance Manage the Executive Principal.

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

Related Parties and other Connected Charities and Organisations

Until 1 February 2016, Bristol Cathedral Choir School and Cathedral Primary School were separate Academy Trusts but shared the same sponsor/Member, Bristol Cathedral School (BCS), and as such all 3 were related parties. During the period, transactions between these related parties did take place. The Academy Trust (from 1 February 2016 and in the name of BCCS prior to that date) leased land and buildings at a peppercorn rent from BCS and also provided administrative assistance to BCS. Three Trustees acted for both BCCS and BCS during the period (S Parsons, I Robinson and M Lea). In addition related party transactions occurred between the 2 Academies – they shared some facilities and also the services of the Principal and of the educational, administrative and financial functions as appropriate. However, from 1 February 2016, both schools became part of the same Academy Trust and BCS was removed as a Member and, whilst these transactions have continued, the related and connected party status ceased to be applicable.

Bristol Cathedral is a related party. The Academy Trust leases buildings from Bristol Cathedral at an agreed rent of £227,700 in 2015/16 which is subject to an annual increase in line with CPI. During the period, work was undertaken by the Cathedral on a shared boiler system and post year end a payment plan has been drawn up whereby the Academy Trust has agreed to pay Bristol Cathedral £83,681 for its share of the work. There are other smaller transactions between the two parties in the year including for provision of gas by the Cathedral and a recharge of musician costs. Three of the Trustees are also related parties of Bristol Cathedral; the Dean is the Dean of Bristol Cathedral and Mr S Parsons and Mr M Lea are Directors of Bristol Cathedral Trust.

The University of Bristol is a connected party as one of the Trustees, I Robinson, is a member of the University's Audit Committee. The Academy Trust does have transactions with the University of Bristol but these are less material and all at arm's length.

Objectives and Activities

Objects and Aims

The Academy Trust's objects as set out in the Company's Articles of Association are: *"to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining and carrying on, managing and developing a school offering a broad and balanced curriculum with a strong emphasis on, but not limited to, music and choral singing (including the provision of choristers for Bristol Cathedral) and which will provide religious instruction to its pupils in accordance with the tenets of the Church of England."*

Cathedral Schools Trust

TRUSTEES' REPORT

Objectives, Strategies and Activities

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

Public Benefit

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

Strategic Report

Achievements and Performance

Key Performance Indicators

Bristol Cathedral Choir School (BCCS)

The Secondary Academy has had another highly successful year with exceptional results, an Outstanding Ofsted inspection in January 2016 and successful application for Teaching School status in May 2016. The Academy continues to be heavily oversubscribed at the Year 7 intake with 1087 applications for 120 places. The school was featured in The Times newspaper as ranked as the 155th highest performing state school, ranked 23rd not including grammar schools. The measure included A level A*-B and GCSE A*-A outcomes.

11-16 progress and GCSE results

84% of students gained at least five GCSEs at grades A*-C including Mathematics and English with 39.1% of students achieving A*/A grades in all subjects.

87% of students obtained a grade C or above in both English and Maths which was the highest in Bristol state schools.

The Academy obtained an Attainment-8 score of 58.55 out of maximum of 80. The national average score was 49.34. Based on the summer 2016 exam results, the Progress-8 score is +0.26 which is significantly above national average and places BCCS in the top 25% of schools.

16-19 progress and A Level results

70% of A-level results were at grades A*-B and 35% of all results were at grades A*/A.

The Academy has also delivered significantly above average value added for this age group with a score of +0.28. 2 students took up places at Oxbridge. All Year 13 leavers were accepted onto Higher Education courses.

Ofsted inspection

The Academy was the subject of an Ofsted inspection in January 2016 achieving an overall Outstanding rating with Outstanding in 4 out of the 5 inspection areas and Good in relation to the 16-19 study programme which was noted as 'improving rapidly'. The report states that 'The academy is a great place to learn, develop and grow up' and that 'Pupils achievements by the end of Year 11 is exceptional. It is outstanding in all aspects and for all groups of pupils.' The provision of Music was described as 'Exceptional'.

Teaching School

The Academy was recently awarded Teaching School status and the middle and senior leadership development programmes have been awarded accredited status by the University of Bristol. The Academy Trust is currently looking at ways to best develop the programme's stated objectives including school improvement offerings to external schools and the external supply of subject specialist teachers building on existing relationships in Mathematics and Music.

Cathedral Schools Trust

TRUSTEES' REPORT

Demand for places

Each year 7 intake continues to be heavily oversubscribed with 1087 on-time applications for 120 places. In September 2016 the applications for the 16-19 programme saw significant growth and there are currently 236 students in the Sixth Form compared with 197 in September 2015. The school, with capital investment from the Local Authority, hopes to raise the Planned Admission Number "PAN" from 2017.

Cathedral Primary School (CPS)

The Primary Academy joined the Academy Trust on 1 February 2016. The Headteacher has remained in post and continues to effectively develop the school.

Key Stage 1 results

Summer 2016 saw the school's first set of Key Stage 1 results which evidences that pupils are performing well above their peers both in Bristol as a whole and at a National level.

	Cathedral Primary school % working at expected or above	Bristol % working at expected or above	National % working at expected or above
Reading	93%	72%	74%
Writing	73%	62%	65%
Maths	90%	70%	73%

Emphasis on music

The school continues to have a strong emphasis on music with 54% of the pupils from Year 1 to Year 3 learning a musical instrument. Alongside this each class has a music specialist teacher working with them once a week for 30 minutes. Currently this is for recorders, violin and African drumming. Children from year 2 upwards are also given the opportunity of joining an after school choir. The choir perform at Bristol Cathedral and school events. Close links are made with BCCS and most recently BCCS's Gospel choir performed alongside Cathedral Primary School in a musical achievement evening.

The school continues to plan ways in which music can be developed and in particular this has been with the introduction of musicianship skills.

Key personnel

A deputy head was appointed to join Cathedral Primary School from September 2016. The deputy has worked closely with the Head to plan targets for the School Development Plan.

Demand for places

The school continues to be very oversubscribed with 262 applications for the 45 places available in the September 2015 reception intake.

Buildings

The school continues to function in temporary accommodation but is looking forward to moving into permanent accommodation in June 2017. The school are working closely with Keir and the architects in the development of the school.

It is hoped to increase the PAN to 60 for new reception groups once the school moves to the permanent site (the PAN in September 2015 was 45 and in September 2016 was 50).

Cathedral Enterprise School (CES)

The Academy Trust has successfully applied to open a new 11-18 Free School Academy which will have an intake of 180 pupils per year group and is scheduled to open in September 2018. It is planned that CES and BCCS will operate a joint 16-19 provision.

Cathedral Schools Trust

TRUSTEES' REPORT

Going concern

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

Financial Review

On 1 February 2016, £1,456,000 of Net Assets were transferred into the Academy Trust from Cathedral Primary School (Company number 08189748) in return for nil consideration. This included £244,000 of general reserves excluding the pension reserve. The total is shown as donated income in the Statement of Financial Activities.

Other than this, most of the Academy Trust's income is obtained from the Education Funding Agency ("EFA") in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFA during the year ended 31 August 2016 and the associated expenditure supporting the key objectives of the Academy Trust are shown as restricted funds in the Statement of Financial Activities.

The Academy Trust's restricted funds and unrestricted funds (excluding fixed assets) generated a combined surplus for the year of £142,000 of which £24,000 was transferred to fixed assets to enable the purchase of capital assets in excess of capital funding. This £24,000 is the net of:

- £86,000 for a new boiler system

- £19,000 upfront payment for the cost of assets subsequently refunded by EFA capital grants after year end (see below)

- £(62,000) for assets paid for upfront in the previous period and refunded by EFA capital grants in the current period

- £(19,000) for capital grant funding in relation to items which have been expensed as below the £500 capitalisation threshold.

At 31 August 2016, the Academy Trust held £174,000 in restricted general funds and unrestricted funds, excluding the pension reserve. As noted above, a successful capital claim was made post year end for £19,000 in relation to fixed assets which had been capitalised in the period plus a further £4,000 in relation to smaller items which had been expensed in the period and a further claim for £6,000 of expensed items has also been approved in principal but not yet finalised. The income was not accrued in the period as the claims were made after year end, but if an adjustment were made to reflect this income, this would increase general reserves to £203,000. This additional £29,000 of income will actually be recorded in the year to 31 August 2017. As also noted above, the movement in general reserves is after funding £86,000 for a new boiler system which came into operation during the period. £2,000 of this was settled at the start of the year and the remaining £84,000 is the subject of an agreed 4 year payment plan.

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

Reserves Policy

The Trustees review annually the reserves policy and the level of reserves of the Academy Trust. This review encompassed the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Trustees have determined that the appropriate level of reserves which are not invested in tangible fixed assets or held back to meet the LGPS liability should be equivalent to two weeks expenditure, being estimated as £175,000-£225,000. The reason for this reserve is to provide sufficient working capital and to provide a cushion to deal with unexpected emergencies.

At 31 August 2016, such reserves totalled £174,000 (2014: deficit of £6,000). As noted above, this is before an additional £23,000 of income received post year end to refund items charged to reserves in the year and a further £6,000 which is expected to be recovered. Adjusting for these would give reserves of £203,000. The reported reserves of £174,000 are after accruing £84,000 for a new boiler although a 4 year payment plan is in place for this so the working capital impact for the next year is only £21,000.

Cathedral Schools Trust

TRUSTEES' REPORT

The Academy identifies that the value of free reserves available for non-educational purposes is £63,000 (2015: £nil).

Reserves include a pension deficit in respect of the Local Government Pension Scheme (LGPS) of £888,000. The Academy Trust will continue to make contributions to the LGPS with actuarial advice and has no plans to make contributions above the recommended level.

Investment Policy

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

Principal Risks and Uncertainties

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

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

Plans for Future Periods

The Academy Trust's key aims are:

- to grow the Academy Trust to circa 6 schools in the first instance to include a mixed of primary and secondary academies;
- to secure a site for Cathedral Enterprise School, to appoint a Principal Designate and to work towards opening in September 2018;
- to develop BCCS as a Teaching School including securing opportunities to share best practice with other schools;
- to build on the Academy Trust's reputation in music to establish BCCS and the wider Academy Trust as a centre of musical excellence for the people of Bristol and the surrounding area;
- to continue to improve the Academy Trust's infrastructure and learning environment;
- to increase pupil numbers particularly in the sixth form;
- to make available to pupils from a wide variety of backgrounds and abilities the opportunities the Academy Trust has to offer; and
- to maintain and improve the Academy Trust's academic achievement as measured by external public examinations and related data.

Funds Held as Custodian Trustee on Behalf of Others

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

Cathedral Schools Trust

TRUSTEES' REPORT


Auditor

In so far as the Trustees are aware:

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

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

The Trustees' report, incorporating a strategic report, was approved by the Board of the Trustees, as the Company's Directors, on 16 December 2016 and signed on the board's behalf by:



.....
Stephen Parsons
Chairman

Cathedral Schools Trust

GOVERNANCE STATEMENT

Scope of Responsibility

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

The Trustees have delegated the day-to-day responsibility to the Principal, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and are in accordance with the requirements and responsibilities assigned to it in the funding agreement between the Academy Trust and the Secretary of State for Education. The Principal is also responsible for reporting to the Trustees any material weaknesses or breakdowns in internal control.

Governance

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

The Trustees met 12 times during the year (6 prior to the change in organisational structure following conversion to a Multi Academy Trust), including 4 Extraordinary General Meetings (3 prior to the change in organisational structure). Attendance during the year at meetings of the Trustees was as follows:

Trustee	Meetings Attended	Out of a Possible
Stephen Parsons LIB MBE DL, (Chair of Trustees)	11	12
Mr Neil Blundell, (Executive Principal and Accounting Officer)	12	12
Mr Ian Robinson	7	12
Mr Stephen Atkinson	6	9
Dr David Hoyle	8	12
Mr Edward Benzecry	9	12
Mr Mike Lea	3	6
Mrs M Ipinson-Fleming	10	12
Dr. Ros Kennedy	6	6
Mr Keith Norton	6	6
Mrs S Rolt	0	0
Canon Nicola Stanley	4	6
Mrs Gabrielle F. Pilgrim	3	6
Mrs M Farmer, (LA Trustee)	0	6
Mr James Caddy, (Parent Trustee)	4	6
Mr Ieuan Pearse, (Staff Trustee)	4	6

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

Cathedral Schools Trust

GOVERNANCE STATEMENT

Prior to the revision of organisational structure, a separate General Purpose & Finance Committee operated as a sub-committee of the main Trustees. Its principal purpose was to monitor the financial performance of the Academy Trust, receive and respond to reports from the Responsible Officer and external auditors, and to consider and recommend the budget for the forthcoming year. Since the revision of organisational structure, this business has been absorbed within the full Trustee Board meetings – however work is underway to establish sub committees with these delegated responsibilities going forward. Attendance at meetings of the General Purpose & Finance Committee during the year was as follows:

Trustee	Meetings Attended	Out of a Possible
Stephen Parsons LIB MBE DL (Chair of Trustees)	2	2
Dr. Ros Kennedy	1	2
Mr Ian Robinson, (Chair of General Purpose & Finance Committee)	2	2
Mr Neil Blundell, (Executive Principal & Accounting Officer)	2	2
Mr Mike Lea, (Responsible Officer - in attendance when required)	2	2
Mr James Caddy	1	2

Review of Value for Money

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

The accounting officer considers how the Academy Trust's use of its resources has provided good value for money during each academic year, and reports to the Trustees where value for money can be improved, including the use of benchmarking data where available. The accounting officer for the Academy Trust has delivered improved value for money during the year by establishing a Multi Academy Trust which is expected to deliver economies of scale going forward, by successfully applying for Teaching School status to earn additional income for the Academy Trust and by introducing a bidding process across BCCS for funding of non-core resources to ensure money is targeted to meet greatest need.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level, rather than to eliminate all risk of failure to achieve its policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the Academy Trust's policies, aims and objectives, to evaluate the likelihood of those risks being realised, to consider the impact should they be realised, and to manage them effectively, efficiently and economically. The system of internal control has been in place at the Cathedral Schools Trust for the year ended 31 August 2016 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Trustees have reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Trustees are of the view that there is a formal on-going process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the year ending 31 August 2016 and up to the date of the approval of the Annual Report and Financial Statements. This process is regularly reviewed by the Trustees.

Cathedral Schools Trust

GOVERNANCE STATEMENT

The Risk and Control Framework

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

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

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

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

On a quarterly basis, the reviewer reports to the Trustee on the operation of the systems of control and on the discharge of the Trustees' financial responsibilities. Mr M Lea has delivered the schedule of work as planned and there are no material control issues resulting from any of these reviews.

Review of Effectiveness

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

- the work of the reviewer
- the work of the external auditor
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the Board of Trustees on 16 December 2016 and signed on its behalf by:

.....
Stephen Parsons
Chairman

.....
Neil Blundell
Accounting Officer

Cathedral Schools Trust

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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

I confirm that I and the Academy Trust's Trustees are able to identify any material irregular or improper use of funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy's funding agreement and the Academies Financial Handbook.

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the board of Trustees and EFA.



Neil Blundell
Accounting Officer

16 December 2016

Cathedral Schools Trust

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees (who act as Governors of Cathedral Schools Trust and are also the Directors of the Charitable Company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction published by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

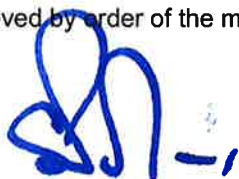
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2005;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards [FRS102] have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in business.

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

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

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

Approved by order of the members of the Trustees on 16 December 2016 and signed on its behalf by:



.....
Stephen Parsons
Chairman

Cathedral Schools Trust

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

We have audited the financial statements of Cathedral Schools Trust for the year ended 31 August 2016 set out on pages 22 to 45. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice) and the Academies' Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

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

Respective responsibilities of Trustees and auditor

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

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Strategic report and the Trustees' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including the Academies' Accounts Direction 2015 to 2016 issued by the Education Funding Agency; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Cathedral Schools Trust

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit



Guy Biggin

Senior Statutory Auditor

For and on behalf of

Crowe Clark Whitehill LLP

Statutory Auditor

Carrick House,

Lypiatt Road,

Cheltenham,

GL50 2QJ

20 December 2016

Cathedral Schools Trust

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

In accordance with the terms of our engagement letter dated 12 November 2012 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Cathedral Schools Trust (formerly Bristol Cathedral Choir School) during the period 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

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

The Accounting Officer is responsible, under the requirements of the Academy Trust's funding agreement with the Secretary of State for Education dated 28 January 2016 (which superseded the previous funding agreement dated 3 March 2008 for 'Bristol Cathedral Choir School') and the Academies Financial Handbook, extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2015 to 2016. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament and that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2015 to 2016 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter. The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity.

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

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the Academy Trust's income and expenditure. The work undertaken to draw to our conclusion includes a review of the design and implementation of the Academy's internal controls and review processes on regularity, supported by detailed tests on samples of costs incurred by the Academy and specific transactions identified from our review.

Cathedral Schools Trust

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

Conclusion

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



Crowe Clark Whitehill LLP

Statutory Auditor
Carrick House
Lypiatt Road
Cheltenham
Gloucestershire
GL50 2QJ

Date: 20 December 2016

Cathedral Schools Trust

STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT AND STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES) for the year ended 31 August 2016

		Unrestricted Funds £000	Restricted Funds £000	Restricted Fixed Asset Funds £000	Total Funds 2016 £000	Total Funds 2015 £000
	Notes					
Income and endowments from:						
Donations and capital grants	3	-	3	638	641	40
Transfer of net assets from CPS on joining MAT	2,3	12	222	1,222	1,456	-
Charitable activities	4	-	4,747	-	4,747	4,339
Other trading activities	5	243	-	-	243	502
Investments	6	1	-	-	1	2
Total		256	4,972	1,860	7,088	4,883
Expenditure on:						
Raising funds	7	193	-	-	193	350
Charitable activities	8	-	4,893	438	5,331	5,032
Total	7	193	4,893	438	5,524	5,382
Net income / (expenditure)		63	79	1,422	1,564	(499)
Transfers between funds		-	(24)	24	-	-
Net (expenditure)/income for the year		63	55	1,446	1,564	(499)
Other recognised gains / (losses):						
Actuarial (losses) / gains on defined benefit pension schemes	28	-	(567)	-	(567)	(97)
Net movement in funds		63	(512)	1,446	997	(596)
Reconciliation of funds:						
Total funds brought forward	19	-	(265)	12,896	12,631	13,227
Total funds carried forward	19	63	(777)	14,342	13,628	12,631

The notes on pages 25 to 45 form part of these financial statements.

Cathedral Schools Trust

BALANCE SHEET
as at 31 August 2016

Company number 06516626

		2016	2015
	Notes	£000	£000
FIXED ASSETS			
Tangible fixed assets	14	<u>14,342</u>	<u>12,896</u>
CURRENT ASSETS			
Stock	15	3	3
Debtors	16	579	151
Cash at bank and in hand	26	<u>729</u>	<u>288</u>
		1,311	442
LIABILITIES:			
Creditors: Amounts falling due within one year	17	<u>(1,075)</u>	<u>(448)</u>
NET CURRENT ASSETS		<u>236</u>	<u>(6)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		14,578	12,890
Creditors: Amounts falling due after more than one year	18	<u>(62)</u>	<u>-</u>
NET ASSETS EXCLUDING PENSION LIABILITY		<u>14,516</u>	<u>12,890</u>
Defined benefit pension scheme liability	28	<u>(888)</u>	<u>(259)</u>
TOTAL NET ASSETS		<u>13,628</u>	<u>12,631</u>
FUNDS OF THE ACADEMY TRUST:			
Restricted funds			
Fixed asset fund		14,342	12,896
Restricted income fund		111	(6)
Pension reserve		<u>(888)</u>	<u>(259)</u>
TOTAL RESTRICTED FUNDS		<u>13,565</u>	<u>12,631</u>
TOTAL UNRESTRICTED FUNDS		63	-
TOTAL FUNDS	19	<u>13,628</u>	<u>12,631</u>

The notes on pages 25 to 45 form part of these financial statements.

The financial statements on pages 22 to 45 were approved by the Trustees, and authorised for issue on 16 December 2016 and are signed on their behalf by:

.....
Stephen Parsons
Chairman

Cathedral Schools Trust

CASH FLOW STATEMENT

for the year ended 31 August 2016

	Notes	2016 £000	2015 £000
Cash flows from operating activities			
Net cash provided by (used in) operating activities	23	1,686	91
Cash flows from investing activities	24	1	2
Cash flows from financing activities	25	(1,246)	(290)
Change in cash in the reporting period		441	(197)
Cash at 1 September 2015		288	485
Cash at 31 August 2016	26	729	288

The notes on pages 25 to 45 form part of these financial statements.

Cathedral Schools Trust

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2016

1 STATEMENT OF ACCOUNTING POLICIES

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

Basis of Preparation

The financial statements of the Academy Trust, which is a public benefit entity under FRS102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

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

First time adoption of FRS 102

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

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

Reconciliations to previous UK GAAP for the comparative figures are included in note 32.

Going Concern

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

Income

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

- **Grants**

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

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

Cathedral Schools Trust

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2016

1 STATEMENT OF ACCOUNTING POLICIES (continued)

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

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

- **Sponsorship income**

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

- **Donations**

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

- **Other income**

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

- **Donated goods, facilities and services**

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

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

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

Where an Academy joins the Academy Trust, the net assets of the joining Academy at the date of transfer are recognised in the Statement of Financial Activity as donated assets on transfer. The value of the net assets is measured at fair value, which is ordinarily deemed as the Net Book Value of the assets in the Academy's own accounts immediately prior to the point of transfer. Further details are disclosed in note 2.

- **Agency Arrangements**

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

Cathedral Schools Trust

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2016

1 STATEMENT OF ACCOUNTING POLICIES (continued)

Expenditure

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

- **Expenditure on Raising Funds**

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

- **Charitable Activities**

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

All resources expended are inclusive of irrecoverable VAT.

Tangible Fixed Assets

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

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

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

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

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

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

Cathedral Schools Trust

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2016

1 STATEMENT OF ACCOUNTING POLICIES (continued)

Liabilities

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Academy Trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Provisions

Provisions are recognised when the Academy Trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

Interest receivable

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

Debtors

Trade and other debtors are recognised at the settlement amount after any discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

Cash at Bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar amount.

Financial instruments

The academy only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Leased Assets

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

Stock

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

Taxation

The 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 part 11, chapter 3 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Cathedral Schools Trust

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2016

1 STATEMENT OF ACCOUNTING POLICIES (continued)

Pensions Benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 28, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the Academy Trust in separate Trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

Actuarial gains and losses are recognised immediately in other recognised gains and losses.

Fund Accounting

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

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

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

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

Cathedral Schools Trust

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2016

1 STATEMENT OF ACCOUNTING POLICIES (continued)

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 28, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2 TRANSFER OF CATHEDRAL PRIMARY SCHOOL

On 1 February 2016, the Cathedral Primary School (registered company number 08189748) was transferred into Cathedral Schools Trust on the formation of a Multi Academy Trust. The net assets of the Cathedral Primary School at the date of transfer are recognised in the Statement of Financial Activity as donated assets on transfer. The net assets can be summarised as:

	31 Jan 2016
	£000
Tangible Fixed Assets	1,222
Debtors	124
Cash at bank and in hand	380
Creditors (amounts falling due within one year)	(260)
Pension scheme liability	(10)
Net Assets	<u>1,456</u>

On 1 February 2016, Cathedral Schools Trust assumed ownership and responsibility for the above net assets and as such, they are incorporated into the balance sheet of the Multi Academy Trust at 31 August 2016.

3 DONATIONS AND CAPITAL GRANTS

	Unrestricted Funds £000	Restricted Funds £000	Total 2016 £000	Total 2015 £000
Capital grants	-	638	638	7
Transfer of net assets from CPS on joining the Academy Trust (see note 2)	12	1,444	1,456	
Other donations	-	3	3	33
	<u>12</u>	<u>2,085</u>	<u>2,097</u>	<u>40</u>

In 2015, of the total income from donations and capital grants, £nil was to unrestricted funds and £40,000 was to restricted funds.

Cathedral Schools Trust

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2016

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

	Unrestricted Funds £000	Restricted Funds £000	Total 2016 £000	Total 2015 £000
DfE/EFA grants				
General Annual Grant ('GAG')	-	4,052	4,052	3,855
Other DfE/EFA grants	-	579	579	352
	-	4,631	4,631	4,207
Other Government grants				
Local authority grants	-	116	116	132
	-	116	116	132
Total	-	4,747	4,747	4,339

In 2015, of the total income from charitable activities, £nil was to unrestricted funds and £4,339,000 was to restricted funds.

5 OTHER TRADING ACTIVITIES

	Unrestricted Funds £000	Restricted Funds £000	Total 2016 £000	Total 2015 £000
Catering income	3	-	3	146
Music tuition income	31	-	31	32
Uniform sales	-	-	-	9
Hire of facilities	48	-	48	57
External salary recharges	50	-	50	124
Educational trips and events	69	-	69	68
Other income	42	-	42	66
	243	-	243	502

In 2015, of the total income from other trading activities, £502,000 was to unrestricted funds and £nil was to restricted funds.

6 INVESTMENT INCOME

	Unrestricted Funds £000	Restricted Funds £000	Total 2016 £000	Total 2015 £000
Short term deposits	1	-	1	2

In 2015, of the total investment income, £2,000 was to unrestricted funds and £nil was to restricted funds.

Cathedral Schools Trust

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2016

7 EXPENDITURE

	Staff Costs £000	Premises £000	Other £000	Total 2016 £000	Total 2015 £000
Expenditure on raising funds	65	6	122	193	350
Academy's educational operations:					
Direct costs	3,028	79	308	3,415	3,192
Allocated support costs	596	990	330	1,916	1,840
	3,689	1,075	760	5,524	5,382

In 2016, of the total expenditure, £193,000 (2015: £629,000) was to unrestricted funds and £5,331,000 (2015: £4,753,000) was to restricted funds.

8 CHARITABLE ACTIVITIES – ACADEMY'S EDUCATIONAL OPERATIONS

	Total 2016 £000	Total 2015 £000
Direct costs – educational operations	3,415	3,192
Support cost- educational operations	1,916	1,840
	5,331	5,032

Analysis of support costs

Support staff costs	596	610
Depreciation	358	333
Technology costs	20	18
Premises costs	632	489
Other support costs	286	350
Governance costs	24	40
Total support costs	1,916	1,840

9 NET INCOMING RESOURCES (2015: NET RESOURCES EXPENDED)

Net income (2015: expenditure) for the period includes:	2016 £000	2015 £000
Operating lease rentals		
- Plant and machinery	8	8
- Land and buildings	228	227
Depreciation	438	457
Fees payable to auditor for		
- Audit	11	11
- Other services	-	2

Cathedral Schools Trust

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2016

10 STAFF

a. Staff costs

Staff costs during the period were:

	2016 £000	2015 £000
Wages & salaries	2,866	2,852
Social security costs	228	202
Operating costs of defined benefit pension schemes	497	410
	3,591	3,464
Salaries recharged to Cathedral Primary School (CPS) prior to CPS joining the Academy Trust	(35)	(98)
	3,556	3,366
Supply staff costs	98	71
Staff restructuring costs	-	11
	3,654	3,448

Staff restructuring costs in the prior year reflect contractual severance payments only.

b. Staff numbers

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

	Period from 1 February 2016 No.	Period up to 31 January 2016 No.	2015 No.
Teachers	61	54	48
Administration & support	54	42	53
Management	9	8	7
	124	104	108

c. Higher paid staff

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

	2016 No.	2015 No.
£ 60,001 - £ 70,000	2	1
£100,001 - £110,000	1	-
£110,001 - £120,000	-	1

The above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2016, pension contributions for these members of staff amounted to £38,548 (2015: £25,608).

d. Key management personnel

The key management personnel of the Academy Trust comprise the Trustees and those serving the Academy Trust as Principals and Deputy Principals during the year (as listed on page 2). The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £313,000 (2015: £274,000). Trustees receive no remuneration for their services to the Academy Trust.

Cathedral Schools Trust

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2016

11 RELATED PARTY TRANSACTIONS – Trustees' remuneration and expenses

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

- Mr N Blundell (Principal and Trustee):
Remuneration: £105,000 - £110,000 (2015: £115,000 - £120,000)
Employer's pension contributions: £15,000 - £20,000 (2015: 15,000 - £20,000)
- Mr I Pearse (Staff Trustee until 1 February 2016):
Remuneration for period to 1 February 2016:
£15,000 - £20,000 (2015 full year: £35,000 - £40,000)
Employer's pension contributions for period to 1 February 2016:
£0 - £5,000 (2015 full year: £5,000 - £10,000)

During the period ended 31 August 2016, travel and subsistence expenses totalling £nil (2015: £nil) were reimbursed or paid directly to Trustees.

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

12 TRUSTEES' AND OFFICERS' LIABILITY COVER

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

13 CENTRAL SERVICES

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

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

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

- Temporary accommodation is charged at the rate pre-agreed with the EFA being the rate also funded to CPS;
- All other services are recharged in aggregate at an annual level agreed by both parties. This annual level is derived by applying the proportion of time each department reports spending on CPS related matters to the total salaries with on-costs for that department.

The actual amounts since the conversion to a Multi Academy Trust on 1 February 2016 are £84,583 of which £35,000 is in relation to temporary accommodation and £49,583 is a recharge for services.

Cathedral Schools Trust

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2016

14 FIXED ASSETS

	Long leasehold land & buildings £000	Assets in the course of construction £000	Minor building works £000	Furniture & equipment £000	ICT equipment £000	Motor vehicles £000	Total £000
COST:							
At 1 September 2015	14,275	-	374	711	1,279	18	16,657
Transferred from CPS on 1 Feb 2016	-	1,087	81	103	67	-	1,338
Additions	-	477	118	14	53	-	662
Disposals	-	-	-	-	-	-	-
At 31 August 2016	14,275	1,564	573	828	1,399	18	18,657
DEPRECIATION:							
At 1 September 2015	1,793	-	58	688	1,204	18	3,761
Transferred from CPS on 1 Feb 2016	-	-	60	11	45	-	116
Disposals	-	-	-	-	-	-	-
Charged in year	293	-	65	10	70	-	438
At 31 August 2016	2,086	-	183	709	1,319	18	4,315
NET BOOK VALUE:							
At 31 August 2015	12,482	-	316	23	75	-	12,896
At 31 August 2016	12,189	1,564	390	119	80	-	14,342

15 STOCKS

	2016 £000	2015 £000
Uniform stock	3	3

16 DEBTORS

	2016 £000	2015 £000
Trade debtors	95	13
VAT recoverable	102	38
Other debtors	41	23
Prepayments	341	77
	579	151

Cathedral Schools Trust

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2016

17 CREDITORS: amounts falling due within one year

	2016	2015
	£000	£000
Trade creditors	603	154
Other tax and social security	66	57
EFA creditor: abatement of GAG	63	-
EFA creditor: VAT advancement	40	-
Other creditors	162	103
Accruals and deferred income	141	134
	<u>1,075</u>	<u>448</u>

Deferred income

	£000
Deferred income at 1 September 2015	30
Amounts released from previous year	(30)
Resources deferred in the year	31
Deferred income at 31 August 2016	<u>31</u>

At the balance sheet date, the Academy Trust was holding funds of £750 received for a BCCS school trip in the 2016/17 academic year and £883 received for lettings events after year end. Deferred income also includes £23,070 of UIFSM funding for the 2016/17 academic year plus advance rental funding by the EFA totalling £6,530.

18 CREDITORS: amounts falling due in greater than one year

	2016	2015
	£000	£000
Accruals and deferred income	<u>62</u>	<u>-</u>

Included within accruals is an amount of £83,681 due to Bristol Cathedral for the replacement of the school boiler, which had not been invoiced as at 31 August 2016.

Subsequent to the year end, a payment plan has been agreed to settle the balance over 4 years. £21,431 was paid on 2 December 2016 and is therefore included in note 17 (amounts falling due within one year). The remainder of £62,250 is due in December 2017 and beyond and is therefore accounted for as falling due in greater than one year.

Cathedral Schools Trust

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2016

19 RESTRICTED AND UNRESTRICTED FUNDS

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

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

Restricted Fixed Asset Funds:

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

Restricted General Funds:

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

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

Cathedral Schools Trust

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2016

19 RESTRICTED AND UNRESTRICTED FUNDS (continued)

Unrestricted Funds:

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

Transfer between restricted funds

An amount of £24,000 has been transferred from restricted general funds to restricted fixed asset funds to facilitate the purchase of capital assets. This reflects the shortfall between total capital additions in the year of £668,000 and the capital funding for the year of £638,000. The £24,000 shortfall is the net of:

- £84,000 shortfall in capital funding relating to the replacement of the school boilers which was funded from reserves
- £19,000 shortfall in capital funding relating to assets capitalised in the period in relation to the CPS build project for which a grant claim was submitted and settled in full post year end (timing difference only)
- £17,000 excess of funding over assets meeting the capitalisation threshold as smaller asset purchases relating to the CPS build will have been expensed and
- £62,000 excess of funding over capital additions relating to a grant claim in the current year for assets capitalised at the end of the prior year (timing difference only).

General reserves

The Academy Trust has a net surplus of £174,000 on restricted general funds and unrestricted funds, excluding the pension reserve.

Analysis of academies by fund balance

Fund balances at 31 August 2016 were allocated as follows:

	2016 £000
Cathedral Primary School	284
Bristol Cathedral Choir School	(110)
Total before fixed asset fund and pension reserve	174
Restricted fixed asset fund	14,342
Pension reserve	(888)
Total	13,628

Bristol Cathedral Choir School is carrying a net deficit of £110,000 because it has recognised in full the £117,000 cost for essential replacement of its boiler system. An application for capital funding of this project was unsuccessful meaning that the project has had to be funded from elsewhere. £31,000 of the cost was capitalised in the prior year, and a further £86,000 of costs have been incurred in the current year. A payment plan is in place to settle the outstanding balance of £84,000 over the next 4 years, meaning that despite the impact on the deficit for the period, the impact on working capital is reduced.

The Academy Trust is taking the following action to return the academy to surplus:

- Working to grow the MAT which it is anticipated will deliver cost savings through economies of scale
- Working with stakeholders to secure an increase in PAN from 2017
- Applying to the EFA for real-time funding for the exceptional increase in sixth form student numbers in the 2016-17 year (up 22%)
- Establishing a corporate partnership programme with a view to sponsorship

Cathedral Schools Trust

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2016

19 RESTRICTED AND UNRESTRICTED FUNDS (continued)

Analysis of academies by cost

Expenditure incurred by BCCS during the full year and by CPS for the period since joining the Multi Academy Trust on 1 February 2016 was as follows:

	Teaching and educational support staff costs	Other support staff costs	Educational supplies	Other costs excluding depreciation	Total 2016
	£000	£000	£000	£000	£000
Cathedral Primary School	245	55	23	119	442
Bristol Cathedral Choir School	2,799	590	379	876	4,644
	<u>3,044</u>	<u>645</u>	<u>402</u>	<u>995</u>	<u>5,086</u>

20 ANALYSIS OF NET ASSETS BETWEEN FUNDS

Fund balances at 31 August 2016 are represented by:

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

21 CAPITAL COMMITMENTS

	2016	2015
	£000	£000
Contracted for, but not provided in the financial statements	<u>4,157</u>	-

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

The full contracted cost is £5,121,000 of which £964,000 has been recognised as at 31 August 2016.

Cathedral Schools Trust

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2016

22 COMMITMENTS UNDER OPERATING LEASES

Land and buildings leased from Bristol Cathedral are accounted for as an operating lease with a 75 year lease from 1 September 2008. As at 31 August 2016, there will be 67 years remaining on the lease at an annual cost of £228,000 (reviewed annually in line with CPI).

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

	2016 £000	2015 £000
Other		
Amounts due within one year	11	8
Amounts due between one and five years	42	-
Amounts due after five years	1	-

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

	2016 £000	2015 £000
Net income/(expenditure) for the reporting period (as per the SOFA)	1,564	(499)
Depreciation (note 14)	438	457
Capital grants from DfE and other capital income	(638)	(12)
Interest receivable (note 6)	(1)	(2)
Defined Benefit Pension cost less contributions payable	52	37
Value of pension liability transferred from CPS	10	-
(Increase)/decrease in stocks	-	7
(Increase)/decrease in debtors	(428)	109
Increase/(decrease) in creditors	689	(6)
Net cash provided by/(used in) Operating Activities	1,686	91

24 CASH FLOWS FROM FINANCING ACTIVITIES

	2016 £000	2015 £000
Repayments of borrowing	-	-
Cash inflows from new borrowing	-	-
Interest received	1	2
Net cash inflow from returns on investment and servicing of finance	1	2

Cathedral Schools Trust

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2016

25 CAPITAL EXPENDITURE

	2016 £000	2015 £000
Purchase of tangible fixed assets	(662)	(302)
Value of tangible fixed assets transferred from CPS (note 2)	(1,222)	-
Capital grants from DfE/EFA	638	7
Capital funding received from sponsors and others	-	5
Net cash provided by/(used in) investing activities	(1,246)	(290)

26 ANALYSIS OF CASH AND CASH EQUIVALENTS

	At 31 August 2016 £000	At 31 August 2015 £000
Cash in hand and at bank	729	288
Total cash and cash equivalents	729	288

27 MEMBERS' LIABILITY

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

28 PENSION AND SIMILAR OBLIGATIONS

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

Contributions amounting to £59,698 (2015: £48,536) were payable to the schemes at 31 August 2016 and are included within creditors. These amounts were due for payment after 31 August 2016.

Cathedral Schools Trust

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2016

28 PENSION AND SIMILAR OBLIGATIONS (continued)

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pensions Scheme

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

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

During the year the employer contribution was 16.48%. The TPS valuation for 2012 determined an employer rate of 16.48% from September 2015, which will be payable during the implementation period until the next valuation as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £329,779 (2015: £264,519).

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

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

Cathedral Schools Trust

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2016

28 PENSION AND SIMILAR OBLIGATIONS (continued)

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with the assets held in separate Trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £158,000 (2015: £149,000), of which employer's contributions totalled £112,000 (2015: £104,000) and employees' contributions totalled £46,000 (2015: £45,000). The agreed contribution rates for future years are 13.8% for employers and between 5.5% and 8.5% for employees depending on salary banding.

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

The LGPS is in deficit and the Academy has entered into an agreement with the LGPS Trustees to make additional contributions of £2,800 in addition to normal funding levels for the year from 1 April 2016 to 31 March 2017 and then a further £9,000 in total over the 3 years to 31 March 2020.

Principal actuarial assumptions	At 31 August 2016	At 31 August 2015
Rate of increase in salaries	3.3%	3.7%
Rate of increase for pensions in payment /inflation	1.9%	2.2%
Discount rate for scheme liabilities	2.1%	3.7%
Inflation assumption (CPI)	1.8%	2.2%

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

	At 31 August 2016	At 31 August 2015
Retiring today - females	26.0	25.9
Retiring today - males	23.5	23.4
Retiring in 20 years - females	28.9	28.8
Retiring in 20 years - males	25.9	25.8

	Fair value at 31 August 2016	Fair value at 31 August 2015
	£000	£000
Equity instruments	980	864
Government bonds	237	140
Other bonds	186	176
Property	188	126
Cash/liquidity	(10)	34
Other	359	214
Total market value of assets	1,940	1,554

Cathedral Schools Trust

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2016

28 PENSION AND SIMILAR OBLIGATIONS (continued)

The fair value of assets at 31 August 2015 includes £18,000 in relation to CPS assets which were added to the CST assets on transfer on 1 February 2016.

The actual return on scheme assets was £248,000 (2015: £19,000)

Amounts recognised in the statement of financial activities:

	2016	2015
	£000	£000
Current service cost (net of employee contributions)	(153)	(158)
Net interest cost	(8)	17
Administration expenses	(3)	-
Total operating charge	164	141

The total amount recognised in the statement of financial activities is a charge of £141,000 (2015: £141,000).

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

	2016	2015
	£000	£000
At 1 September	1,813	1,452
Transfer in of CPS liability	28	-
Current service cost	153	158
Interest cost	72	61
Employee contributions	46	45
Actuarial losses/(gains)	751	37
Benefits paid	(35)	60
At 31 August	2,828	1,813

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

	2016	2015
	£000	£000
At 1 September	1,554	1,327
Transfer in of CPS asset	18	-
Interest income	64	78
Actuarial (losses)/gains on assets	184	(60)
Member contributions	46	45
Employer contributions	112	104
Benefits/transfers paid	(35)	60
Administration expenses	(3)	-
At 31 August	1,940	1,554

Cathedral Schools Trust

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2016

29 RELATED PARTY TRANSACTIONS

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

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

- Bristol Cathedral School ('BCS') - BCS was a corporate Member until the conversion to a MAT and the resultant change in governance structure effective from 1 February 2016. During the period to 31 January 2016, the Academy provided administrative assistance to BCS to the value of £200 (2015: £1,432 full year).
- Bristol Cathedral - The Academy Trust leases buildings from Bristol Cathedral at an agreed rent of £227,700 (2015: 227,016) subject to an annual increase in line with CPI. Bristol Cathedral and the Academy Trust have worked on a joint project to replace the shared boilers and these works were completed in the period. Arising from this, The Academy Trust owes Bristol Cathedral £83,680 which will be repaid over the next 4 years. The Academy Trust was charged £3,822 by the Cathedral for gas supplied and also an additional £340 for educational events run by the Cathedral and £150 for the provision of a choir for an Academy Trust event (2015: total invoiced by Cathedral excluding rent £19,556). During the year to 31 August 2016, the Academy Trust rented facilities to Bristol Cathedral and provided refreshments and musical expertise for key events to the value of £410 (2015: £2,625). During the year to 31 August 2016, Bristol Cathedral donated £120 (2015: £150) to the Academy for prizes for students.
- Cathedral Primary School ('CPS') - The Academy Trust incurred costs and carried out project work on behalf of CPS up until the point of transfer. The total net amount invoiced to CPS during the period to 31 January 2016 was £89,127 (2015: £160,841 full year).
- Garage Gospel and UK Churches – During the year to 31 August 2016, Garage Gospel (UK Churches) invoiced the Academy Trust a net amount of £1,350 for the provision of rehearsals for the Trust's Gospel Choir (2015: £2,025). Ms M Ipinson-Fleming, a Trustee of the Academy Trust is a co-owner of both Garage Gospel and UK Churches.

30 AGENCY ARRANGEMENTS

The Academy distributes 16-19 bursary funds to students as an agent for the EFA. In the accounting period ending 31 August 2016 the Academy received £7,785 and disbursed £4,740 from the fund. An amount of £5,204 (2015: £2,159) is included in other creditors relating to the undistributed funds that is repayable to EFA.

31 ULTIMATE CONTROLLING PARTY

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

32 FIRST TIME ADOPTION OF FRS 102

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

The policies applied under the Academy Trust's previous accounting framework are not materially different to FRS 102. As a result, the surplus for the year ended 31 August 2015 and the total equity as at 1 September 2014 and 1 August 2015 have not changed as a result of the transition from UK GAAP to FRS 102 and the Charities SORP 2015.