Registered number: 07808732

CARMEL COLLEGE

(A company limited by guarantee)

GOVERNORS' REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 AUGUST 2012

CARMEL COLLEGE
(A company limited by guarantee)

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CARMEL COLLEGE

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REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS GOVERNORS AND ADVISERS FOR THE PERIOD ENDED 31 AUGUST 2012

Governors

GV Wiper, Chair (appointed 13 October 2011)[1]
CR Wiper, Vice Chair (appointed 13 October 2011)[1]
JM Cunningham (appointed 1 November 2011)
Fr. S A J Doyle (appointed 1 November 2011)[1]
KG Gee (appointed 1 November 2011, resigned 7 June 2012)
S Heywood (appointed 1 November 2011)
CL Hughes (appointed 1 November 2011)
JP Humphrey (appointed 1 November 2011)
M Kane (appointed 1 November 2011)
R McGovern (appointed 1 November 2011)
C O'Neill (appointed 1 November 2011)
G Price (appointed 1 November 2011)
M Regan, Principal (appointed 13 October 2011)[1]
A Sales, Responsible Officer (appointed 1 November 2011)
M Smyth (appointed 20 June 2012)
SL Thornton (appointed 1 November 2011)[1]
JA Wilkes (appointed 1 November 2011)

[1] members of the Finance, Premises, Health & Safety, and General Purposes Committee

Company registered number

07808732

Registered office

The Headlands, Darlington, Co Durham, DL3 8RW

Company secretary

WB Company Secretaries Limited

Senior Statutory Auditor

Christopher Beaumont BA (Hons) FCA DChA

Principal

M Regan

Auditors

Clive Owen & Co LLP, Chartered Accountants & Statutory Auditors, 140 Coniscliffe Road, Darlington, Co Durham, DL3 7RT

Bankers

NatWest Bank plc, 25 High Row, Darlington, Co Durham, DL3 7QP

Solicitors

Watson Burton LLP, 1 St James' Gate, Newcastle upon Tyne, NE99 1YQ

Solicitors

Dickinson Dees LLP, St Ann's Wharf, 112 Quayside, Newcastle Upon Tyne, NE1 3DX

CARMEL COLLEGE

(A company limited by guarantee)

GOVERNORS' REPORT
FOR THE PERIOD ENDED 31 AUGUST 2012

The Governors (who are also directors of the charity for the purposes of the Companies Act) present their annual report together with the audited financial statements of Carmel College (the Academy) for the period ended 31 August 2012. The Governors confirm that the Annual report and financial statements of the Academy comply with the current statutory requirements, the requirements of the Academy's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academy is a company limited by guarantee and an exempt charity. The Charitable Company's Memorandum and Articles are the primary governing documents of the Academy.

The Academy was incorporated on 13 October 2011, and commenced trading on 1 November 2011.

The Governors act as the trustees for the charitable activities of the Academy and are also the directors of the Charitable Company for the purposes of company law.

Details of the Governors who served throughout the period except as noted are included in the Reference and Administrative Information on page 1.

During the period under review the Governors held 3 meetings.

Method of recruitment and appointment or election of Governors

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

The make up of the Governing Body is as follows:-

9 Foundation Governors - appointed by the Bishop of Hexham & Newcastle and in the majority over all other of Governors (there are currently two vacant positions)
1 Principal
2 Parent Governors
2 Community Governors
3 Staff Governors

Policies and procedures adopted for the induction and training of Governors

The training and induction provided for new Governors depends on their existing experience. Where necessary induction and training is provided on charity, educational, legal and financial matters. All new Governors are given a tour of the Academy and the chance to meet with staff and students. All Governors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Governors. As there are normally only one or two new Governors a year, induction tends to be done informally and is tailored specifically to the individual.

Organisational structure

During the period the Academy operated a unified leadership structure. The structure consists of two levels: the Governors and the Senior Leadership Team. The Leadership Team work closely with middle leaders through the Link Leader Programme ensuring that leadership and management is devolved to all within the College.

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

The Senior Leadership team consists of the Principal, four Vice Principals, four Assistant Vice Principals and a Business Manager who control the Academy implementing the policies laid down by the Governors and reporting back to them. As a group the Senior Leadership Team are responsible for the authorisation of spending within agreed budgets and the appointment of staff through interview panels which may contain a Governor.

Connected organisations, including related party relationships

Further details are stated in Note 26 to the Financial Statements.

Risk management

The Governors have assessed the major risks to which the Academy is exposed, in particular those relating specifically to teaching, provision of facilities and other operational areas of the Academy, and its finances. The Governors have implemented a number of systems to assess risks that the school faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school visits) and in relation to the control of finance. Where significant financial risk still remains they have ensured they have adequate insurance cover. The Academy has an effective system of internal financial controls and this is explained in more detail in the Governance Statement.

The Academy has fully implemented the requirements of the Safer Recruitment procedures and all staff have received training in this area in addition to training on Child Protection.

Governors' indemnities

The Academy has purchased insurance to protect Governors from claims arising against negligent acts, errors or omissions occurring whilst on Academy business. Further details are provided in note 16.

Principal activities

The principal activity is the operation of Carmel College. Further details are provided under 'Objectives and Activities'.

OBJECTIVES AND ACTIVITIES

Objects and aims

The principal object and activity of the Charitable Company is the operation of Carmel College to provide education for students of different abilities between the ages of 11 and 19 conducted in accordance with the principles, practices and tenets of the Catholic Church.

In accordance with the articles of association the Charitable Company has adopted a "Scheme of Government" approved by the Secretary of State for Education. The Scheme of Government specifies, amongst other things, the basis for admitting students to the Academy, the catchment area from which the students are drawn, and that the curriculum should comply with the substance of the national curriculum.

The main objectives of the Academy during the Period 13 October 2011 to 31 August 2012 are summarised below:

- to raise the standard of educational achievement of all students;
- to improve the effectiveness of the Academy by keeping the curriculum and organisational structure under continual review
- to provide value for money for the funds expended;
- to comply with all appropriate statutory and curriculum requirements;
- to maintain close links with industry and commerce; and
- to conduct the Academy's business in accordance with the highest standards of integrity, probity and openness.

Objectives, strategies and activities

The Academy's main objectives are encompassed in its mission statement:-

We shall endeavour to be a community which witnesses to the Gospel and the values contained therein.

'I came that you may have life in abundance.' John Ch10 v10

We shall endeavour to be a worshipping community and celebrate this in daily prayer and liturgy.

Our community must be characterised by supportiveness, a welcoming approach, a caring ethos with justice given to all within it.

We shall strive to provide opportunities and an environment in which all pupils develop according to their full potential.

We must seek to ensure that all members of our community experience and find hope, joy and fulfilment and a sense of their own worth and that of others, by participating as fully as possible in College life.

We shall strive to maintain fruitful links with parents, parishes, Primary feeder Schools and the local community in the recognition that the College is dependent on the interaction and support of many agencies to achieve the aims embodied in this Mission Statement.

We shall regularly evaluate our organisational and management structures to ensure that they reflect the spirit of this Mission Statement, especially through the effectiveness of the College's communication systems.

'Where there is no vision, the people perish.' Proverbs Ch 29 v 18

Activities for achieving objectives

To this end the objectives and the strategies used to achieve them include:

- Leadership intervention to raise standards in lower performing subjects
- Formal analysis of the impact of intervention/additional support on pupil achievement
- Development of a formal work scrutiny methodology
- Review and develop further the procedure for VI Form concerns
- Key Stage 3 Literacy plan to be reviewed, updated and rigorously monitored
- Redevelopment of observation forms and documentation to link to the new Ofsted framework
- Ensure provision meets the needs of individuals in particular those with special educational needs and/or disabilities
- Further develop strategies to ensure that students are aware of how to keep themselves safe when using new and emerging technologies.
- Development of Spiritual, Moral, Social & Cultural (SMSC) and Citizenship through the Curriculum.
- Further development of career planning
- Increase engagement with hard to reach parents
- Development of Academy Governance and Leadership
- Leadership development through Leadership College and Teaching School

The activities undertaken to achieve these objectives are all intended to provide the highest quality of education in the public sector for students between the ages of 11 and 19.

Public benefit

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

ACHIEVEMENTS AND PERFORMANCE

Going concern

After making appropriate enquiries, the governing body has a good expectation that the Academy 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 Accounting Policies.

Review of activities

In November 2011 Carmel RC College converted to Academy status and was the first to do so in the Diocese of Hexham & Newcastle becoming Carmel College A Catholic Academy.

In January 2012 the Carmel Teacher Training Partnership was inspected by Ofsted and received an overall Grade 1 'Outstanding' for its provision of employment based initial teacher training. Lead Inspector Katrina Gueli (HMI) noted the following key strengths:-

- The passion and significant contribution of all those involved in the partnership in creating a culture and ethos in which trainees' attributes and their commitment to ongoing continuing professional development are nurtured extremely well.
- The high levels of training quality, coherence and consistency across the partnership which secure good or better outcomes for the overwhelming majority of trainees.

Review of activities (continued)

- The very effective use of robust and incisive quality assurance procedures to drive improvements in training quality and outcomes for trainees across the partnership.
- Extremely effective, personalised training for all trainees that meets their needs very successfully.
- Trainees' determination to become high quality teachers who can make a significant contribution to the all-round development of learners.
- The effectiveness of leaders in embracing innovation and ensuring the partnership is strategically very well placed to respond to national and regional changes in relation to education and initial teacher training.

In April 2012 Carmel College became a Teaching School, 'Teaching schools give outstanding schools a leading role in the training and professional development of teachers, support staff and headteachers, as well as contributing to the raising of standards through school-to-school support' DfE. A strategic alliance was formed with other successful schools within the region, namely St John's Academy, Framwellgate School, the Durham Federation and St Bede's RC School Lanchester.

Work began in June 2012 to repair the dining room roof and provide a refurbished dining room and additional classrooms following a successful bid to the DfE for Academies Capital Maintenance Funding in the sum of £1.1M.

Summer 2012 saw Carmel A Level students achieve their best ever results with a staggering overall pass rate of 100% at A2 with 52% achieving the highest grades of A*, A/B. The average point score per candidate was an extraordinary 1030, well above the national average, which places Carmel VI form as one of the highest performing Colleges. Students are able to progress to Universities across the country, including many of the prestigious Russell Group Universities.

At GCSE 95% of our students achieved 5 or more A* - C including English and maths and 100% of students achieved 5 or more A* - C. These results place us 5th in the country overall!

Achievement is across the board as can be seen by the closure of both the gender gap, with boys and girls achieving the same ie 5 A* to C including English & maths, and the Free School Meal (FSM) gap where students achieved 88% 5 A* to C including English and maths.

Progress of students has also been successful with 98% of all students making 3 levels of progress in English (99% girls, 97% boys, 100% FSM) and 94% of all students making 3 levels of progress in Maths (94% girls, 93% boys, 88% FSM)

Our Looked After Children all achieved 100% 5 A* to C and two thirds achieved 5 A* to C including English and maths. All have progressed into sixth from study which is a testament to their development and progress, particularly in the face of the level of difficulties each has met.

FINANCIAL REVIEW

Financial and risk management objectives and policies

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

Principal risks and uncertainties

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

Reserves policy

The Governors review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Governors have determined that the appropriate level of free reserves should be equivalent to 6% to 9% of 'total incoming resources less restricted fixed asset income', and ideally 7.5% of this income (equivalent to 4 weeks' expenditure, approximately £545,000). The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. The Academy's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) are in surplus by £884,000 (see note 20). The surplus on the free reserves as at 31 August 2012 consists of £678,000 School funds transferred on conversion, £76,000 relating to the Darlington Virtual Leadership College, and £130,000 of unrestricted general funds.

Financial report for the period

Most of the Academy's income is obtained from the Department for Education (DfE) via the Education Funding Agency (EFA) formerly the Young People's Learning Agency (YPLA), in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE/EFA during the Period 13 October 2011 to 31 August 2012 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

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

During the Period 13 October 2011 to 31 August 2012, total expenditure of £6,618,000 was exceeded by recurrent grant funding from the DfE/EFA together with other incoming resources. The excess of income over expenditure for the period (before transfers and actuarial gains, and excluding restricted fixed asset funds) was £10,687,000.

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

At 31 August 2012 the net book value of fixed assets was £10,422,000 and movements in tangible fixed assets are shown in note 17 to the Financial Statements. The assets were used exclusively for providing education and the associated support services to the students of the Academy.

The provisions of Financial Reporting Standard No. 17 'Retirement Benefits' (FRS 17) have been applied in full, resulting in a deficit of £1,016,000 recognised on the balance sheet.

The Academy held fund balances at 31 August 2012 of £10,687,000 comprising £9,803,000 of restricted funds and £884,000 of unrestricted funds. Unrestricted funds consist of £678,000 School funds transferred on conversion, £76,000 relating to the Darlington Virtual Leadership College, and £130,000 of unrestricted general funds.

Investments policy

The Academy invests surplus funds through money market accounts. Interest rates are reviewed prior to each investment. This policy maximises investment return whilst minimising risks to the principal sum.

PLANS FOR THE FUTURE

Future developments

As an Outstanding School, Teaching School and Academy Trust Carmel College is well placed to offer support to other schools and indeed the DfE acknowledged this by its recognition of the College as an Accredited Provider for both primary and secondary schools in 2010. The College is currently in discussions with the DfE, the Diocese of Hexham & Newcastle, Local Authorities, Headteachers and Governing Bodies to discuss the formation of a Carmel Multi Academy Trust.

Following the successful Ofsted Inspection in January 2012, the Carmel Teacher Training Partnership has been trialling a School Centred Initial Teacher Training (SCITT) programme alongside the Graduate Teacher Programme (GT) and Schools Direct teacher training programmes. In the academic year 2012-2013 there are 47 trainees across both primary and secondary phases which is a significant increase on previous numbers. Student numbers for the academic year 2013-2014 may mean a requirement for additional capital expenditure to accommodate trainees.

Members' liability

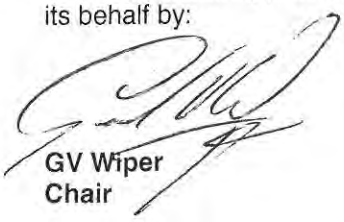
Each member of the Charitable Company undertakes to contribute to the assets of the Charitable Company in the event of it being wound up while they are a member, or within one year after they cease to be a member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted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

Provision of information to auditors

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

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

This report was approved by order of the members of the governing body on 18 December 2012 and signed on its behalf by:



GV Wiper
Chair

GOVERNANCE STATEMENT

Scope of Responsibility

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

The governing body has delegated the day-to-day responsibility to the Principal, as Accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Carmel College and the Secretary of State for Education. They are also responsible for reporting to the governing body any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Governors' report and in the Governors' responsibilities statement. The governing body has formally met 3 times during the year. Attendance during the year at meetings of the governing body was as follows:

Governor	Meetings attended	Out of a possible
GV Wiper, Chair	3	3
CR Wiper, Vice Chair	3	3
JM Cunningham	2	3
Fr. S A J Doyle	2	3
KG Gee	0	3
S Heywood	3	3
CL Hughes	3	3
JP Humphrey	3	3
M Kane	2	3
R McGovern	1	3
C O'Neill	3	3
G Price	3	3
M Regan, Principal	3	3
A Sales, Responsible Officer	3	3
M Smyth	1	1
SL Thornton	3	3
JA Wilkes	3	3

On 7 June 2012 Mr KG Gee resigned from the governing body, however he had not attended any meetings in the period to 31 August 2012.

The **Finance, Premises, Health & Safety, and General Purposes Committee** is a sub-committee of the main governing body. Its purpose is to oversee the management of the College's finances, to review all aspects of health and safety, oversee premises developments and any other matter which falls outside the remit of other committees.

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
GV Wiper, Chair	2	2
CR Wiper, Vice Chair	2	2
Fr. S A J Doyle	1	2
M Regan, Principal	2	2
SL Thornton	2	2

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Carmel College for the period ended 31 August 2012 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The governing body has reviewed the key risks to which the Academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The governing body is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy's significant risks that has been in place for the period ending 31 August 2012 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the governing body.

The Risk and Control Framework

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

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

The governing body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the governors have appointed Miss A Sales, a Governor, as Responsible Officer ('RO'). The RO's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. On a termly basis, the RO reports to the governing body on the operation of the systems of control and on the discharge of the governing body's financial responsibilities.

The RO's function has been fully delivered in line with the EFA's requirements. All recommendations have been or are in the process of being addressed.

GOVERNANCE STATEMENT (continued)

Review of Effectiveness

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

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

The Accounting officer has been advised of the implications of the result of their review of the system of internal control by the Finance, Premises, Health & Safety, and General Purposes Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the governing body on 18 December 2012 and signed on their behalf, by:

GV Wiper
Chair

CARMEL COLLEGE

(A company limited by guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting officer of Carmel College I have considered my responsibility to notify the Academy governing body 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 and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

I confirm that I and the Academy governing body 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.

M Regan
Accounting Officer

18 December 2012

CARMEL COLLEGE

(A company limited by guarantee)

GOVERNORS' RESPONSIBILITIES STATEMENT FOR THE PERIOD ENDED 31 AUGUST 2012

The Governors (who act as trustees for charitable activities of Carmel College and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Governors' report and the financial statements in accordance with the Annual Accounts Requirements issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

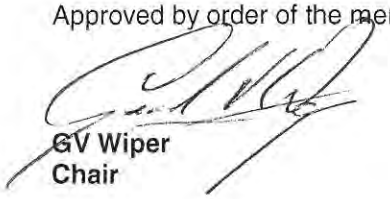
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

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

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

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

Approved by order of the members of the governing body on 18 December 2012 and signed on its behalf by:



GV Wiper
Chair

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CARMEL COLLEGE

We have audited the financial statements of Carmel College for the period ended 31 August 2012 which comprise the Statement of financial activities, the Balance sheet, the Cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Annual Accounts Direction 2011/12 issued by the Education Funding Agency.

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

Respective responsibilities of Governors and auditors

As explained more fully in the Governors' responsibilities statement, the Governors (who are also the directors of the Academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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 Auditing Practices Board'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 Academy's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Governors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Governors' report to identify material inconsistencies with the audited financial statements. 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 Academy's affairs as at 31 August 2012 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Annual Accounts Direction 2011/12 issued by the Education Funding Agency.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Governors' report for the financial period for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CARMEL COLLEGE

Matters on which we are required to report by exception

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

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

Clive Owen & Co LLP

Christopher Beaumont BA (Hons) FCA DChA (Senior statutory auditor)

for and on behalf of

Clive Owen & Co LLP, Chartered Accountants & Statutory Auditors

140 Coniscliffe Road
Darlington
Co Durham
DL3 7RT
18 December 2012

INDEPENDENT AUDITORS' ASSURANCE REPORT ON REGULARITY TO CARMEL COLLEGE AND THE EDUCATION FUNDING AGENCY

In accordance with the terms of our engagement letter dated 7 November 2012 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies: Accounts Direction 2011/12, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Carmel College during the period 13 October 2011 to 31 August 2012 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 Carmel College and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Carmel College 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 Carmel College and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Carmel College's Accounting officer and the auditors

The Accounting officer is responsible, under the requirements of Carmel College's funding agreement with the Secretary of State for Education dated 31 October 2011, and the Academies Financial Handbook as published by DfES in 2012, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies: Accounts Direction 2011/12. 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 13 October 2011 to 31 August 2012 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies: Accounts Direction 2011/12 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's income and expenditure.

INDEPENDENT AUDITORS' ASSURANCE REPORT ON REGULARITY TO CARMEL COLLEGE AND THE EDUCATION FUNDING AGENCY (continued)

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 13 October 2011 to 31 August 2012 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Clive Owen & Co LLP, Chartered Accountants & Statutory Auditors

140 Coniscliffe Road
Darlington
Co Durham
DL3 7RT

18 December 2012

CARMEL COLLEGE

(A company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES
(incorporating income and expenditure account and statement of recognised gains and losses)
FOR THE PERIOD ENDED 31 AUGUST 2012

	Note	Unrestricted funds 2012 £000	Restricted funds 2012 £000	Restricted fixed asset funds 2012 £000	Total funds 2012 £000
INCOMING RESOURCES					
Incoming resources from generated funds:					
Voluntary income - Transfer from Local Authority on conversion	3	754	72	10,565	11,391
Other voluntary income	3	12	14	2	28
Activities for generating funds	4	312	-	-	312
Investment income	5	13	-	-	13
Incoming resources from charitable activities	6	-	5,599	248	5,847
TOTAL INCOMING RESOURCES		1,091	5,685	10,815	17,591
RESOURCES EXPENDED					
Charitable activities	12	207	5,229	325	5,761
Governance costs	7	-	142	-	142
Other resources expended - transfer from Local Authority on conversion	8	-	715	-	715
TOTAL RESOURCES EXPENDED	11	207	6,086	325	6,618
NET INCOMING RESOURCES / (RESOURCES EXPENDED) BEFORE TRANSFERS		884	(401)	10,490	10,973
Transfers between Funds	20	-	(122)	122	-
NET INCOME FOR THE YEAR		884	(523)	10,612	10,973
Actuarial gains and losses on defined benefit pension schemes		-	(286)	-	(286)
NET MOVEMENT IN FUNDS FOR THE YEAR		884	(809)	10,612	10,687
Total funds at 13 October 2011		-	-	-	-
TOTAL FUNDS AT 31 AUGUST 2012		884	(809)	10,612	10,687

All of the Academy's activities derive from acquisitions in the current financial period.

The Statement of Financial Activities includes all gains and losses recognised in the period.

The notes on pages 21 to 41 form part of these financial statements.

CARMEL COLLEGE

(A company limited by guarantee)
REGISTERED NUMBER: 07808732

BALANCE SHEET
AS AT 31 AUGUST 2012

	Note	£000	2012 £000
FIXED ASSETS			
Tangible assets	17		10,422
CURRENT ASSETS			
Debtors	18	198	
Cash at bank		2,029	
		2,227	
CREDITORS: amounts falling due within one year	19	(946)	
NET CURRENT ASSETS			1,281
TOTAL ASSETS LESS CURRENT LIABILITIES			11,703
Defined benefit pension scheme liability	28		(1,016)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			10,687
FUNDS OF THE ACADEMY			
Restricted funds:			
Restricted funds	20	207	
Restricted fixed asset funds	20	10,612	
Restricted funds excluding pension liability		10,819	
Pension reserve		(1,016)	
Total restricted funds			9,803
Unrestricted funds	20		884
TOTAL FUNDS			10,687

The financial statements were approved by the Governors, and authorised for issue, on 18 December 2012 and are signed on their behalf, by:

GV Wiper, Chair

The notes on pages 21 to 41 form part of these financial statements.

CARMEL COLLEGE

(A company limited by guarantee)

CASH FLOW STATEMENT
FOR THE PERIOD ENDED 31 AUGUST 2012

	Note	Period ended 31 August 2012 £000
Net cash flow from operating activities	22	1,114
Returns on investments and servicing of finance	23	9
Capital expenditure and financial investment	23	80
Cash transferred on conversion to an academy trust		826
INCREASE IN CASH IN THE PERIOD		2,029

All of the cash flows are derived from acquisitions in the current financial period.

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS
FOR THE PERIOD ENDED 31 AUGUST 2012

	Period ended 31 August 2012 £000
Increase in cash in the period	2,029
MOVEMENT IN NET FUNDS IN THE PERIOD	2,029
NET FUNDS AT 31 AUGUST 2012	2,029

STATEMENT OF CHANGES IN RESOURCES APPLIED FOR FIXED ASSETS FOR CHARITY USE
FOR THE PERIOD ENDED 31 AUGUST 2012

	Unrestricted funds 2012 £000	Restricted funds 2012 £000	Restricted fixed asset funds 2012 £000	Total funds 2012 £000
Net movement in funds for the year	884	(809)	10,612	10,687
Resources used for net acquisitions of tangible fixed assets	-	-	(10,747)	(10,747)
NET MOVEMENT IN FUNDS AVAILABLE FOR FUTURE ACTIVITIES	884	(809)	(135)	(60)

The notes on pages 21 to 41 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2012

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, the Academies Accounts Direction issued by the EFA, applicable accounting standards and the Companies Act 2006.

1.2 Company status

The Academy is a company limited by guarantee. There are 3 members of the company. In the event of the Academy being wound up, the liability in respect of the guarantee is limited to £10 per member of the Academy.

1.3 Fund accounting

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

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

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

Investment income, gains and losses are allocated to the appropriate fund.

1. ACCOUNTING POLICIES (continued)

1.4 Incoming resources

All incoming resources are included in the Statement of financial activities when the Academy is legally entitled to the income and the amount can be quantified with reasonable accuracy. For legacies, entitlement is the earlier of the Academy being notified of an impending distribution or the legacy being received.

Grants are included in the Statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

Sponsorship income provided to the Academy which amounts to a donation is recognised in the Statement of financial activities in the period in which it is receivable, where there is certainty of receipt.

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

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

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

1.5 Resources expended

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

Charitable activities are costs incurred in the Academy's educational operations.

Governance costs include the costs attributable to the Academy's compliance with constitutional and statutory requirements, including audit, strategic management and Governors' meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

1.6 Going concern

The Governors assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The Governors make this assessment in respect of a period one year from the date of approval of the financial statements.

1. ACCOUNTING POLICIES (continued)

1.7 Tangible fixed assets and depreciation

All assets costing more than £1,000 are capitalised.

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 are carried forward in the Balance sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of financial activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy's depreciation policy.

'The premises are held on a 125 year lease from Darlington Borough Council. As the risks and rewards have transferred to the Academy, the asset has been recognised within tangible fixed assets. The initial acquisition was recognised at existing use valuation by DTZ, on behalf of the Education Funding Agency. The Governors consider that the cost of obtaining an additional valuation would outweigh the benefit.

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Long Leasehold Property	-	over 27 years straight line
Motor vehicles	-	over 4 years straight line
Fixtures and fittings	-	over 7 years straight line
Computer equipment	-	over 3 years straight line

1.8 Taxation

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

1.9 Pensions

Retirement benefits to employees of the Academy are provided by the Teachers' Pension Scheme ("TPS") and the Local Government Pension Scheme ("LGPS"). These are defined benefit schemes, are contracted out of the State Earnings-Related Pension Scheme ("SERPS"), and the assets are held separately from those of the Academy.

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 in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in note 28, the TPS is a multi-employer scheme and the Academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

1. ACCOUNTING POLICIES (continued)

The LGPS is a funded scheme and the assets are held separately from those of the Academy in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on the settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of financial activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

1.10 Conversion to an academy trust

The conversion from a state maintained school to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for £NIL consideration and has been accounted for under the acquisition accounting method.

The assets and liabilities transferred on conversion from Carmel RC College to an academy trust have been valued at their fair value, being a reasonable estimate of the current market value that the Governors would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for Academy. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in the Statement of financial activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Furniture and equipment and ICT equipment with depreciated values of £50,000 and £22,000 respectively were transferred on conversion and have been included in tangible fixed assets. The land and buildings have been included at £10,493,000 based on a review by an independent valuer.

School fund balances totalling £754,000, including £76,000 for the Darlington Virtual Leadership College, and the Carmel College Development Fund of £72,000 have been included within voluntary income.

A pension deficit of £715,000 as at 1 November 2011 has been transferred from the Local Authority and is included within other resources expended.

Further details of the transaction are set out in note 25.

2. GENERAL ANNUAL GRANT (GAG)

	2012 £000
Result and Carry Forward for the Year	
GAG Allocation for current year	5,315
Total GAG Available to spend	5,315
Recurrent expenditure from GAG	(5,072)
Fixed assets purchased from GAG	(122)
GAG Carried forward to next year	121
Maximum permitted GAG carried forward at end of current year (12% allocation for current year)	(638)
GAG to surrender to DfE	(517)
(12% rule breached if result is positive)	No breach

The Academy has a carry forward balance of £121,000, which is within the maximum permitted amount of £638,000.

3. VOLUNTARY INCOME

	Unrestricted funds 2012 £000	Restricted funds 2012 £000	Total funds 2012 £000
Transfer from Local Authority on conversion	754	10,637	11,391
Donations	12	2	14
Carmel College Development Fund	-	14	14
Subtotal	12	16	28
Voluntary income	766	10,653	11,419

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2012

4. ACTIVITIES FOR GENERATING FUNDS

	Unrestricted funds 2012 £000	Restricted funds 2012 £000	Total funds 2012 £000
Lettings	23	-	23
Primary SLA	33	-	33
Training Courses	20	-	20
Darlington Virtual Leadership College	26	-	26
Supply Teacher Insurance	16	-	16
School Trips	145	-	145
Other Income	49	-	49
	312	-	312

5. INVESTMENT INCOME

	Unrestricted funds 2012 £000	Restricted funds 2012 £000	Total funds 2012 £000
Investment income	13	-	13

6. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2012 £000	Restricted funds 2012 £000	Total funds 2012 £000
Educational operations	-	5,847	5,847

FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2012 £000	Restricted funds 2012 £000	Total funds 2012 £000
DfE/EFA capital grant			
Devolved Formula Capital	-	10	10
Capital Maintenance Fund	-	238	238
	-	248	248
DfE/EFA revenue grant			
General Annual Grant (GAG)	-	5,315	5,315
Pupil Premium	-	47	47
National College Teaching Schools	-	49	49
Academy Conversion grant	-	25	25
16-19 Bursary	-	14	14
Other DfE/EFA grants	-	15	15
	-	5,465	5,465
Other government grants			
Carmel Teacher Training Partnership	-	83	83
Other government grants	-	51	51
	-	134	134
	-	5,847	5,847

7. GOVERNANCE COSTS

	Unrestricted funds 2012 £000	Restricted funds 2012 £000	Total funds 2012 £000
Governance Auditors' remuneration	-	6	6
Governance Auditors' non audit costs	-	6	6
Finance and Human Resources	-	34	34
Legal, Professional fees and Consultancy	-	96	96
	-	142	142

8. OTHER RESOURCES EXPENDED

	Unrestricted funds 2012 £000	Restricted funds 2012 £000	Total funds 2012 £000
Transfer from Local Authority on conversion	-	715	715

9. DIRECT COSTS

	Educational operations £000	Total 2012 £000
Educational supplies	90	90
Examination fees	122	122
Educational consultancy	37	37
Wages and salaries	2,865	2,865
National insurance	231	231
Pension cost	391	391
	3,736	3,736

10. SUPPORT COSTS

	Educational operations £000	Total 2012 £000
Pension deficit adjustments	25	25
Staff development	22	22
Technology costs	90	90
Recruitment and support	15	15
Maintenance of premises and equipment	80	80
Cleaning	18	18
Utilities	130	130
Insurance	80	80
Security	7	7
Transport	8	8
Catering	54	54
Occupancy costs	59	59
Other costs	415	415
Wages and salaries	570	570
National insurance	31	31
Pension cost	96	96
Depreciation	325	325
	2,025	2,025

11. ANALYSIS OF RESOURCES EXPENDED BY EXPENDITURE TYPE

	Staff costs 2012 £000	Depreciation 2012 £000	Other costs 2012 £000	Total 2012 £000
Educational operations	4,184	325	1,252	5,761
Governance	-	-	142	142
Other resources expended	-	-	715	715
	4,184	325	2,109	6,618

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2012

12. ANALYSIS OF RESOURCES EXPENDED BY ACTIVITIES

	Activities undertaken directly 2012 £000	Support costs 2012 £000	Total 2012 £000
Educational operations	3,736	2,025	5,761

13. NET INCOMING RESOURCES / (RESOURCES EXPENDED)

This is stated after charging:

	Period ended 31 August 2012 £000
Depreciation of tangible fixed assets:	
- owned by the charity	325
Auditors' remuneration	6

During the period, no Governors received any benefits in kind.
During the period, no Governors received any reimbursement of expenses.

14. STAFF COSTS

Staff costs were as follows:

	Period ended 31 August 2012 £000
Wages and salaries	3,434
Social security costs	262
Other pension costs (Note 28)	487
	4,183

Included within Other pension costs is £15,000 recognised in the Statement of financial activities in respect of movements in the LGPS deficit as described in note 28.

The average number of persons (including the senior management team) employed by the Academy during the period was as follows:

	Period ended 31 August 2012 No.
Leadership	9
Teachers	84
Education and Administration Support, including premises and cleaning	73
	166

The number of employees whose annualised emoluments fell within the following bands was:

	Period ended 31 August 2012 No.
In the band £60,001 - £70,000	2
In the band £70,001 - £80,000	3
In the band £110,001 - £120,000	1
	6

The amounts above represent gross salaries for an annual period. All of the above employees participated in the Teachers' Pension Scheme. During the period ended 31 August 2012, pension contributions for these staff amounted to £53,000.

15. GOVERNORS' REMUNERATION AND EXPENSES

Principal and governors who are staff, only receive remuneration in respect of services they provide undertaking the roles of Principal and staff and not in respect of their services as governors. Other governors did not receive any payments, other than expenses, from the Academy in respect of their role as governors. The value of governors' gross salaries and employers' pension contributions for the period 1 November 2011 to 31 August 2012 was as follows:

M Regan, Principal and trustee	£105k - £110k
S Heywood, foundation governor and trustee	£0k - £5k
M Kane, staff governor and trustee	£45k - £50k
M Smyth, staff governor and trustee	£10k - £15k
S L Thornton, staff governor and trustee	£40k - £45k
JA Wilkes, community governor and trustee	£55k - £60k

Other related party transactions involving the trustees are set out in note 26.

16. GOVERNORS' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the Academy has purchased insurance to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5 million on any one claim and the cost for the period ended 31 August 2012 was £2,000

The cost of this insurance is included in the total insurance cost.

17. TANGIBLE FIXED ASSETS

	Long Leasehold Property £000	Fixtures and fittings £000	Computer equipment £000	Motor vehicles £000	Total £000
Cost					
Additions	51	10	118	3	182
Transfer on conversion	10,493	50	22	-	10,565
At 31 August 2012	10,544	60	140	3	10,747
Depreciation					
Charge for the period	304	6	14	1	325
At 31 August 2012	304	6	14	1	325
Net book value					
At 31 August 2012	10,240	54	126	2	10,422

18. DEBTORS

	2012 £000
Trade debtors	19
VAT debtor	41
Prepayments and accrued income	138
	198

19. CREDITORS:
Amounts falling due within one year

	2012 £000
Trade creditors	221
Social security and other taxes	102
Other creditors	74
Accruals and deferred income	549
	946

Other creditors represents the amounts due to the TPS and the LGPS as at 31 August in respect of employers and employees pension contributions.

	£000
Deferred income	
Resources deferred during the year	521

At the balance sheet date the Academy was holding £350,000 of funds towards the Darlington Virtual Leadership College for the academic year 2012/13. Deferred Income also includes Insurance, Devolved Formula Capital income, Teaching Schools income and School Trips income which straddle the academic year end.

20. STATEMENT OF FUNDS

	Brought Forward £000	Incoming resources £000	Resources Expended £000	Transfers in/out £000	Gains/ (Losses) £000	Carried Forward £000
Unrestricted funds						
Unrestricted general funds	-	311	(181)	-	-	130
School Funds	-	678	-	-	-	678
Darlington Virtual Leadership College	-	102	(26)	-	-	76
	-	1,091	(207)	-	-	884

20. STATEMENT OF FUNDS (continued)

Restricted funds

	Brought Forward £000	Incoming resources £000	Resources Expended £000	Transfers in/out £000	Gains/ (Losses) £000	Carried Forward £000
General Annual Grant (GAG)	-	5,315	(5,072)	(122)	-	121
Pupil Premium	-	47	(47)	-	-	-
National College Teaching School	-	49	(49)	-	-	-
Academy Conversion Grant	-	25	(25)	-	-	-
GTP Income	-	15	(15)	-	-	-
16-19 Bursary	-	14	(14)	-	-	-
Carmel Teacher Training Partnership	-	83	(83)	-	-	-
Other government grants	-	51	(51)	-	-	-
Carmel College Development Fund	-	86	-	-	-	86
Pension reserve	-	-	(730)	-	(286)	(1,016)
	-	5,685	(6,086)	(122)	(286)	(809)

Restricted fixed asset funds

Other EFA capital expenditure	-	248	-	-	-	248
GAG capital expenditure	-	-	(8)	122	-	114
Other capital funds	-	74	(13)	-	-	61
Long leasehold buildings	-	10,493	(304)	-	-	10,189
	-	10,815	(325)	122	-	10,612
Total restricted funds	-	16,500	(6,411)	-	(286)	9,803
Total of funds	-	17,591	(6,618)	-	(286)	10,687

General annual grant (GAG) must be used for the normal running costs of the Academy including salaries and related costs, overheads, repairs and maintenance and insurance. The Academy is allowed to carry forward a total at 31 August 2012 of up to £638,000, being equal to 12% of the current years GAG. Of the carried forward amount up to 2% of GAG can be used for general purposes at the discretion of the Academy, but any balance over 2% must be used for capital purposes. The carried forward balance available for future use is £121,000.

Other DfE/EFA grants include Pupil Premium, National College Teaching School, Academy Conversion grant and GTP income. The Pupil Premium is additional funding to be spent as the school sees fit to support deprived students and the National College monies are towards the running of a teaching school. The Academy conversion grant was to cover legal and other administration costs of the conversion process.

20. STATEMENT OF FUNDS (continued)

The Carmel Teacher Training Partnership income comes from The Teaching Agency for Schools out of funds made available by the Secretary of State for Education and Skills. The monies are for the provision of teacher training and towards the facilities and services necessary for such activity.

Other government grants are received from Darlington Borough Council to cover Golden Hello payments, the Principal acting as Executive Head to St Augustine's Primary School, NQT funding, and a rates refund.

The Carmel College Development Fund, a restricted fund which is intended to support the premises development at the College, has a carry forward balance of £86,000.

The pension reserve is the liability due to the deficit on the Local Government Pension Scheme. Further details are shown in note 27.

The restricted fixed asset funds represent monies received to purchase fixed assets. Depreciation is charged against each fund over the useful life of the associated assets.

Unrestricted funds includes the income from premises hire, school trips and staff absences insurance and other sundry income streams, with the relevant costs allocated accordingly.

21. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2012 £000	Restricted funds 2012 £000	Restricted fixed asset funds 2012 £000	Total funds 2012 £000
Tangible fixed assets	-	-	10,422	10,422
Current assets	884	1,156	190	2,230
Creditors due within one year	-	(949)	-	(949)
Provisions for liabilities and charges	-	(1,016)	-	(1,016)
	884	(809)	10,612	10,687

22. NET CASH FLOW FROM OPERATING ACTIVITIES

	Period ended 31 August 2012 £000
Net incoming resources before revaluations	10,973
Returns on investments and servicing of finance	(9)
Cash received on conversion	(826)
Assets inherited on conversion	(10,565)
Depreciation of tangible fixed assets	325
Capital grants from DfE	(262)
Increase in debtors	(198)
Increase in creditors	946
Pension deficit inherited on conversion	715
FRS 17 adjustments	15
Net cash inflow from operations	1,114

23. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	Period ended 31 August 2012 £000
Returns on investments and servicing of finance	
Interest received	9

	Period ended 31 August 2012 £000
Capital expenditure and financial investment	
Purchase of tangible fixed assets	(182)
Capital grants from DfE	262
Net cash inflow capital expenditure	80

24. ANALYSIS OF CHANGES IN NET DEBT

	13 October 2011 £000	Cash flow £000	Other non-cash changes £000	31 August 2012 £000
Cash at bank and in hand:	-	2,029	-	2,029
Net funds	-	2,029	-	2,029

25. CONVERSION TO AN ACADEMY TRUST

On 1 November 2011 Carmel RC College converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Carmel College from Darlington Borough Council for £NIL consideration.

The transfer has been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the Balance sheet under the appropriate headings with a corresponding net amount recognised in the Statement of financial activities as voluntary income.

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

	Unrestricted funds £000	Restricted funds £000	Restricted fixed asset funds £000	Total funds £000
Tangible fixed assets				
- Freehold/leasehold land and buildings	-	-	10,493	10,493
- Other tangible fixed assets	-	-	72	72
Other assets	-	72	-	72
Budget surplus/(deficit) on LA funds	678	-	-	678
Budget surplus/(deficit) on other school funds	76	-	-	76
LGPS pension surplus/(deficit)	-	(715)	-	(715)
Net assets/(liabilities)	754	(643)	10,565	10,676

The above net assets/liabilities include £826,000 that were transferred as cash.

26. RELATED PARTY TRANSACTIONS

During the period procurement of IT equipment and IT services of £9,000 were purchased from GKM Technical Services, a company in which JA Wilkes' partner has a controlling interest. As at 31 August 2012 £3,000 was owed to GKM Technical Services.

During the period a £2,500 charitable donation was received towards the cost of a new mini-bus from Tyne Tees Packaging Limited, a company in which GV Wiper has a controlling interest.

27. CAPITAL COMMITMENTS

At 31 August 2012 the Academy had capital commitments as follows:

	2012 £000
Contracted for but not provided in these financial statements	20,000

28. PENSION COMMITMENTS

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2004 and of the LGPS 31 March 2010.

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

Teachers' Pension Scheme

The Teachers' Pension Scheme ("TPS") is a statutory, contributory, defined benefit scheme. The regulations under which the TPS operates are the Teachers' Pensions Regulations 2010.

The TPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2012 was £541,000, of which employer's contributions totalled £361,000.

Although teachers and lecturers are employed by various bodies, their retirement and other pension benefits, including annual increases payable under the Pensions (Increase) Acts are, as provided for in the Superannuation Act 1972, paid out of monies provided by Parliament. Under the unfunded TPS, teachers' contributions on a 'pay as you go' basis, and employers' contributions are credited to the Exchequer under arrangements governed by the above Act.

The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the Account has been credited with a real rate of return (in excess of price increases and currently set at 3.5%), which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

The Government Actuary ('GA'), using normal actuarial principles, conducts formal actuarial reviews of the TPS. The aim of the reviews is to specify the level of future contributions.

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

The last valuation of the TPS related to the period 1 April 2001 - 31 March 2004. The GA's report of October 2006 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £166,500 millions. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £163,240 millions. The assumed real rate of return is 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 1.5%. The assumed gross rate of return is 6.5%.

As from 1 January 2007, and as part of the cost sharing agreement between employers' and teachers' representatives, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years).

28. PENSION COMMITMENTS (continued)

This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable. The cost-sharing agreement also introduced - effective for the first time for the 2008 valuation - a 14% cap on employer contributions payable.

From 1 April 2012 to 31 March 2013, the employee contribution rate will range between 6.4% and 8.8%, depending on a member's Full Time Equivalent salary. Further changes to the employee contribution rate will be applied in 2013-14 and 2014-15.

Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. Many of these are being discussed in the context of the design for a reformed TPS and scheme valuations are, therefore, currently suspended. The Government, however, has set out a future process for determining the employer contribution rate under the new scheme, and this process will involve a full actuarial valuation.

Under the definitions set out in Financial Reporting Standard (FRS17) Retirement Benefits, the TPS is a multi-employer pension scheme. The Academy is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the Academy has taken advantage of the exemption in FRS17 and 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 the scheme and the implications for the Academy in terms of the anticipated contribution rates.

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2012 was £153,000, of which employer's contributions totalled £111,000. The agreed contribution rate for future years are 16.4% for employers and 5.5-7.5% for employees.

As described in note 25 the LGPS obligation relates to the employees of the Academy, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the Academy at the balance sheet date.

The amounts recognised in the Balance sheet are as follows:

	Period ended 31 August 2012 £000
Present value of funded obligations	(2,058)
Fair value of scheme assets	1,042
Net liability	(1,016)

28. PENSION COMMITMENTS (continued)

The amounts recognised in the Statement of financial activities are as follows:

	Period ended 31 August 2012 £000
Current service cost	(127)
Interest on obligation	(65)
Expected return on scheme assets	40
Total	(152)
Actual return on scheme assets	60

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

	Period ended 31 August 2012 £000
Current service cost	127
Interest cost	65
Contributions by scheme participants	42
Actuarial losses	306
Benefits paid	(2)
Transferred from Local Authority	1,520
Closing defined benefit obligation	2,058

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

	Period ended 31 August 2012 £000
Expected return on assets	40
Actuarial gains and (losses)	20
Contributions by employees	42
Benefits paid	(2)
Transferred from Local Authority	805
Contributions by employer	137
	1,042

The cumulative amount of actuarial gains and losses recognised in the Statement of total recognised gains and losses was £286,000.

The Academy expects to contribute £172,000 to its Defined benefit pension scheme in 2013.

28. PENSION COMMITMENTS (continued)

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	2012
Equities	51.70 %
Cash	1.20 %
Government bonds	29.30 %
Corporate bonds	10.80 %
Property	6.90 %
Other	0.10 %

Principal actuarial assumptions at the Balance sheet date (expressed as weighted averages):

	2012
Discount rate for scheme liabilities	4.20 %
Rate of increase in salaries	4.70 %
Rate of increase for pensions in payment / inflation	2.20 %
Inflation assumption (CPI)	2.20 %
Inflation assumption (RPI)	3.20 %

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

	2012
Retiring today	
Males	22.0
Females	24.1
Retiring in 20 years	
Males	23.8
Females	26.1

Amounts for the current period are as follows:

Defined benefit pension schemes

	2012 £000
Defined benefit obligation	(2,058)
Scheme assets	1,042
Deficit	(1,016)
Experience adjustments on scheme liabilities	(306)
Experience adjustments on scheme assets	20

29. OPERATING LEASE COMMITMENTS

At 31 August 2012 the Academy had annual commitments under non-cancellable operating leases as follows:

	Land and buildings 2012 £000	Other 2012 £000
Expiry date:		
Between 2 and 5 years	-	23