

Registered number: 07808732 (England and Wales)

CARMEL EDUCATION TRUST
(A Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2016

CARMEL EDUCATION TRUST
(A Company Limited by Guarantee)

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CARMEL EDUCATION TRUST
(A Company Limited by Guarantee)

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE MULTI ACADEMY TRUST, ITS MEMBERS,
DIRECTORS AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2016**

Members

The Right Reverend S Cunningham
J Hughes
A Sales (resigned 4 July 2016)
K Smith (appointed 4 July 2016)

Directors

C L Hughes, Chair¹
Fr J Butters
J M Cunningham, Vice Chair²
J M Edwards²
A J Frank (resigned 13 June 2016)
P M Frank
J Long²
M Matthews²
M B McCollom¹
P A McTimoney¹
C Peacock¹
C A Powell¹
A Ramsey¹
M Regan OBE, DL, Chief Executive Officer and Accounting Officer¹
B Rizzi-Allan¹
Fr D Russell (resigned 31 August 2016)
A Sales (resigned 10 March 2016)¹
M P Shorten¹
M Toth (appointed 16 September 2015)
C R Wiper²

¹ members of the Resources Committee

² members of the Audit Committee

Company registered number

07808732

Company name

Carmel Education Trust

Principal and registered office

The Headlands
Darlington
Co Durham
DL3 8RW

CARMEL EDUCATION TRUST
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE MULTI ACADEMY TRUST, ITS MEMBERS,
DIRECTORS AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2016**

Company secretary

Prima Secretary Limited

Senior management team

M Regan OBE, DL, Chief Executive Officer
M P Shorten, Principal, Carmel College
C Peacock, Headteacher, Holy Family RC Primary School
C Hammill, Principal, Our Lady & St Bede Catholic Academy
M McCollom, Headteacher, St Augustine's RC Primary School
B Rizzi-Allan, Headteacher, St Bede's Catholic Academy
F Stokeld, Headteacher, St Gregory's Catholic Academy
A Ramsey, Principal, St Michael's Catholic Academy
J Moorhouse, Business Manager
D Leane, Finance Manager
J Kenshole, Governance Manager

Independent auditors

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

Bankers

National Westminster Bank plc
25 High Row
Darlington
Co Durham
DL3 7QP

Solicitors

Bond Dickinson LLP
St Ann's Wharf
Newcastle upon Tyne
NE1 3DX

CARMEL EDUCATION TRUST
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DIRECTORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2016

The Directors present their annual report together with the financial statements and auditor's report of the charitable company for the year 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.

The trust operates three secondary and four primary academies in Darlington and Stockton. Its academies have a combined pupil capacity of 3,600 and had a roll of 3,665 in the school census on 19th May 2016.

OBJECTIVES AND ACTIVITIES

Objects and aims

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 objects and activities of the trust are:

- a) To advance for public benefit education in the UK by establishing, maintaining, carrying on, managing and developing Catholic Schools which offer a broad and balanced curriculum and conducted in accordance with Catholic Church and canon law principles and practices.
- b) Ancillary to the above, to promote for the benefit of residents the provision of facilities for recreation in the interests of social welfare and for improving the conditions of life.

Objectives, strategies and activities

The trust has set out the main objectives it wants to pursue in the Trust Development Plan that was approved by directors in February 2015. The plan sets out the trust's vision, values, outcomes and priorities:

OUR VISION FOR THE FUTURE

Our schools will be places of excellence – providing service and witness to children, their families and the wider Catholic community, adding value as a family of schools and enriching the learning and experience of all our young people so they may achieve their full potential.

OUTCOME 1 - Our schools are centres of excellence in teaching and learning where every child and young person makes outstanding progress and is ready for the next stage in their education and lives.

OUTCOME 2 - Our schools provide safe, stimulating and inspirational environments where children access the best resources and technologies.

OUTCOME 3 - Our staff and students know they belong to a wider community of schools where they feel valued and supported and able to access opportunities across the trust. Staff have opportunities for professional and career development and to share their skills and expertise across the trust and with other schools.

OUTCOME 4 - Our schools are centres of faith that engage with other trust schools, their local parishes and the wider Catholic communion disseminating Christ's teachings.

OUTCOME 5 - Our Directors and Governors have confidence in our decision-making, accountability and policy frameworks and maximise value for money for the benefit of children and their families.

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.

CARMEL EDUCATION TRUST
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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

Public benefit

The multi-academy trust's aims and achievements are set out within this report and have been undertaken to further its charitable purposes for the public benefit. The Directors have complied with the duty under Section 4 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission for England and Wales and the directors have considered this guidance in deciding what activities the academy should undertake.

STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

Key performance indicators

Holy Family was rated as requires Improvement at its Ofsted Inspection in January 2016, and their 2016 Key Stage 2 results continue to reflect Ofsted findings. The percentage of pupils attaining the expected standard was above national across all three subjects, with combined attainment in reading, writing and maths 15% above the national average of 53%. However KS1-2 progress scores were all below national; reading -1.0, writing -1.8, and maths -1.0. Progress scores, were especially low for Disadvantaged pupils, will all performing below national in writing, and all those who attained Level 2 at KS1, making progress below national in reading and in maths. Boys also underperformed in literacy (-3.1 progress scores in reading, and -4.8 in writing), with Maths progress low across all pupil groups. Furthermore, the percentage of pupils attaining a high standard was below national in both Writing and in Maths. At Key Stage 1, three quarters of pupils attained the expected standard in reading and in maths, with two thirds doing so in writing. Attainment was again excellent at Early Years Foundation Stage, with 80% of children achieving a 'good level of development', a 27% increase since 2013, with performance again above national. The percentage of pupils reaching the expected standard of phonic decoding was again down on past performance, with only 80% of Year 1 pupils meeting this; a decrease of 13% since 2015. This dip is partly due to the performance of girls, with only 69% of Year 1 girls meeting the threshold.

St Augustine's yet again achieved excellent results. In Early Years Foundation Stage (EYFS) results were outstanding with 90% of pupils achieving a 'good level of development', which is again an improvement on past performance. In the phonics screening check, more pupils than in previous years achieved the expected standard, with 97% of pupils reaching the threshold, which is 20% higher than national. At Key Stage 1, two thirds of pupils reached the expected standard in each subject. Key Stage 2 results were again outstanding too, with 74% of pupils reaching the expected standard in reading, writing and maths, which is significantly higher than the national average of 53%. Crucially, KS1-2 progress scores were above national across all subjects: +0.8 in reading, +1.9 in writing, and +0.3 in maths. A focus for the school will be closing the gap for Disadvantaged pupils, who attained lower at both KS1 and KS2, and who, as a group of pupils, had negative progress scores.

St Bede's again saw a very good improvement in their Early Years Foundation Stage performance, with 76% of children achieving a 'good level of development' (GLD), a 13% increase on 2015, and 44% rise since 2013, with performance now above national. Notably 79% of girls attained a GLD in 2016 to close the gender gap from 2015. In the phonics screening check, 88% of pupils met the expected standard in the check, which is the school's highest ever performance, and a 53% increase since 2012. Key Stage 1 results were good, with 75% of pupils working at the Expected Standard in each subject, with Disadvantage pupils performing in-line with Other pupils in the Year group. Key Stage 2 results were again fantastic, which is reflected in the progress scores for school of +1.2 in reading, +4.0 in writing, and +1.5 in maths, with progress scores above national across all pupil groups. The percentage of pupils working at the expected standard was above national in writing, and in maths, and also for combined attainment in reading, writing and maths. Reading attainment was below national, but this is due to the low starting points of the pupils at KS1 as well as the impact of four boys joining the cohort in Year 4 from abroad and not speaking a word of English.

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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

Key performance indicators (continued)

St Gregory's results were again extremely high at Early Years Foundation Stage, with 77% of children achieving a 'good level of development'. Performance was again above national in the phonics screening check, with 87% of Year 1 pupils meeting the expected standard, which is the school's highest ever performance. At Key Stage 1, 71% of pupils were working at the Expected Standard in each subject, with Disadvantage pupils performing exactly the same as Other pupils in the Year group. However, after outstanding Key Stage 2 results in 2015, performance is again a concern in 2016, especially in reading and maths, where the percentage of pupils working at the expected standard in these subjects was below national, resulting in a combined percentage for reading, writing and maths of 39%, which is 14% below national. Progress in writing was just above national, with a score of +0.3, with progress in maths just below national at -0.1, and reading below national by -1.4. Underperformance in reading was due to the progress made by boys and Disadvantaged pupils, especially those pupils who belong to both groups and who began KS2 at Level 2, which is also partly evident in writing too. In maths, progress was low across all pupil groups, with 60% of pupil making progress below national.

None of the four primary schools are below the 2016 Key Stage 2 floor standard, as all are above on progress, with Holy Family and St Augustine's also above on attainment.

Carmel GCSE: Results were again significantly higher than national. Using 2015 national data, Carmel's progress 8 score is likely to be significantly higher than national at +0.36, with progress scores significantly above national across all four elements (English, Maths, Ebacc and Open). Carmel's Attainment 8 score is significantly above national at 58.97, which equates to all pupils attaining a B grade on average across their eight eligible qualifications.

Performance in English and in maths was extremely high, with 97% of students attaining A*-C in English at GCSE, with 97% making at least expected progress from Key Stage 2 and 72% exceeding expected progress. In maths, 88% of students attained A*-C at GCSE, with 88% making at least expected progress from Key Stage 2 and 51% exceeding expected progress. Progress 8 figures for the English and Maths elements indicate that students at Carmel make on average half a grade more progress than national in English, and a third of grade more progress in maths.

Overall, 87% of students attained A*-C in both English and maths, with 84% of students achieving 5 or more GCSE or equivalent grades at A* to C, including English and maths. 100% of students achieved 5 A*-G with English and maths.

Performance in the English Baccalaureate was maintained at 26%, which is 2% above national. As with the national picture, students studying a foreign language was low, with only 42% of students opting to do this, which represents a 16% decrease since 2013. However, attainment in Languages improved in 2016, after a drop in 2015, with 79% of entries attaining A*-C (a 12% increase on 2015).

Twenty three students were supported by the Pupil Premium, with 65% of these pupils attaining A*-C in both English and maths, which is in line with National other pupils, although their attainment is 25% lower than other pupils at Carmel. The progress 8 score for Disadvantage pupils was 0.00, indicating that they make progress in line with national average, although other pupils at Carmel had a progress 8 score of +0.40. There were two students with a Statement or EHCP, with both making outstanding progress, with a progress 8 score of +0.98, and both students attaining A*-C in English and Maths as well as 5 A*-G with English and maths.

Carmel Sixth Form: Results for Upper sixth form were excellent with 53% A*-B grades for A Level, and 64% for Vocational subjects (Distinction* to Distinction), giving an overall 56% A* to B equivalent grades. 23% of A Level entries were graded A*-A. The average points score per A Level entry was above national at 31.94 points, which equates to an average grade of C+. Results for the Lower sixth form were also good with the average point score per entry at 14.7 (average grade of C), and 41% of As entries graded A to B. As normal there was a number of disappointments, but a great deal of work has been done to sort out new timetables with students, so that they can progress forwards, albeit in some cases, on a different pathway. Initial Progress scores for Year 13 show progress has fallen further below national this year, with progress also low in Year 12.

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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

Key performance indicators (continued)

Our Lady & St Bede achieved outstanding results at GCSE this summer, with their progress 8 score likely to be almost one full grade above national progress rates, at +0.83. Furthermore progress scores are significantly above national across all four elements (English, maths, Ebacc and Open), and across all pupil groups. Their Attainment 8 score is significantly above national at 58.85, which equates to all pupils attaining a B grade on average across their eight eligible qualifications.

Performance in English and in maths was extremely high, with 89% of students attaining A*-C in English at GCSE, with 93% making at least expected progress from Key Stage 2 and 71% exceeding expected progress. In maths, 90% of students attained A*-C at GCSE, with 90% making at least expected progress from Key Stage 2 and 56% exceeding expected progress. Progress 8 figures for the English and Maths elements indicate that students make on average half a grade more progress than national in English, and two thirds of a grade more progress in maths.

Overall, 86% of students attained A*-C in both English and maths, with 84% of students achieving 5 or more GCSE or equivalent grades at A* to C, including English and maths. 97% of students achieved 5 A*-G with English and maths. Performance in the English Baccalaureate was again improved, with 35% achieving this, which is significantly higher than national.

Across all benchmarks, progress made in 2015 has been built on, with the school showing significant improvement compared to 2014's results, with a 29% increase in pupils attaining A*-C in both English and maths since 2014, a 10% increase in Ebacc achievement, +1.06 grades improvement in the Progress 8 score, and the Attainment 8 score improving by over 12 points, which equates to all pupils on average attaining over one grade higher across all their subjects.

A third of students (41 out of 125) were supported by the Pupil Premium, with 73% of these pupils attaining A*-C in both English and maths, which is 8% above National other pupils, although their attainment is 19% lower than other pupils at the school. The progress 8 score for Disadvantage pupils was 0.78, indicating that they make better progress than national (by almost one grade across all their subjects), and make in-line with other pupils at Our Lady & St Bede. There was one student with a Statement or EHCP, and this student attained 5 or more GCSEs at A*-C, including English and maths, and had a progress 8 score of +1.08, indicating that this student made over one grade higher than national progress.

St Michael's GCSE progress was similar to 2015, with their progress 8 score likely to be below national again – but not significantly so at -0.16, and will be above the Floor standard of -0.5. Longstanding 'off site' students (those students who were educated elsewhere, long-term illness, school refusers or pregnant), of which there were 16 (out of 177 students) have had a detrimental impact of performance, with the school's progress 8 score likely to be above national (at +0.09) if these students were removed from the cohort.

However, even without these longstanding 'off site' students, progress in maths, especially for girls, and progress of boys in English, would still be below national rates.

Attainment at St Michael's is significantly above national, with an attainment 8 score of 52.22, which is similar to the score attained in 2015, and indicates that on average students are attaining grades of C+ on average.

Performance in English was significantly above national, with 79% of students attaining A*-C in English at GCSE, with 78% making at least expected progress from Key Stage 2 and 42% exceeding expected progress. In maths, 70% of students attained A*-C at GCSE, which is 3% above national, however only 61% of students made at least expected progress from Key Stage 2, with 28% exceeding expected progress – both figures are below national rates. Progress 8 scores for the English and maths elements indicate that students make on average a quarter of a grade less progress than national in English, and nearly half a grade less progress in maths. In English, girls progress was almost in-line with national at -0.03, whereas boys were half a grade below national (-0.46).

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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

Key performance indicators (continued)

Overall, 66% of students attained A*-C in both English and maths, with 64% of students achieving 5 or more GCSE or equivalent grades at A* to C, including English and maths, with both these figures significantly above national. However performance in the English Baccalaureate fell by 9% to 18%, which is significantly lower than national and the lowest the school has achieved in the past three years. This decrease is in part due to low number of students opting to studying a foreign language at GCSE, with only a third of students again doing so. Also fewer students this year attained A*-C in German, Maths and Science.

Thirty seven students were supported by the Pupil Premium, with 49% of these pupil achieving 5+ A*-C including English and maths, which is 22% lower than other pupils at St Michael's. The progress 8 score for disadvantaged is provisionally -0.47, indicating that this group of pupils make half a grade less progress than national, however removing longstanding 'off site' pupils from the group places the score almost in line with national at -0.04.

FINANCIAL REVIEW

Going concern

After making appropriate enquiries, the Board of Directors has a reasonable expectation that the multi-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.

Principal risks and uncertainties

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

The Directors have assessed the major risks, to which the multi-academy trust is exposed, in particular those relating specifically to teaching provision of facilities and other operational areas of the academies, and its finances. The Directors have implemented a number of systems to assess risks that the trust 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 multi-academy trust has an effective system of internal financial controls and this is explained in more detail in the Governance Statement.

The multi-academy trust has fully implemented the requirements of the Safe Recruitment procedures and all staff have received training in this area in addition to training on Child Protection.

The multi-academy trust is subject to a number of risks and uncertainties in common with other academies. The multi-academy trust has in place procedures to identify and mitigate financial risks.

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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

Reserves policy

The level of reserves is reviewed by the Directors regularly throughout the year. The minimum level of reserves for the ongoing needs of the trust is reviewed by the Directors on an annual basis. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Directors are particularly mindful of the uncertainty in both revenue and capital funding in the future and consider it prudent to hold the balance of £1,573,000 which has been allocated to cover specific risks identified in relation to:

- The Carmel Teaching School Alliance and Carmel Teacher Training Partnership (£242,000)
- The trust's risk register following reviews of the risks associated with each academy and the trust as a whole (£859,000)
- One year's estimated annual contribution to the Apprenticeship Levy expected to be payable from April 2017 (£64,000)
- One year's estimated annual increase in employer's pension contribution to the Teachers' Pension Scheme expected to be payable from September 2018 (£315,000)
- One year's estimated annual increase in employer's pension contribution to Local Government Pension Schemes expected to be payable from April 2017 (£93,000)

In addition to these specific risks and uncertainties, the Directors have allocated reserves of £1,368,000 to school improvement and capital project priorities, including contributions to:

- An artificial grass pitch and improving the sports hall at Carmel College
- A comprehensive refurbishment of Holy Family
- Focused school improvement priorities at Holy Family
- Wall repairs at St Bede's

The individual school balances of £3,601,000 detailed in Note 17 form the trust's reserves and include restricted funds of £319,000. The trust's current level of free reserves are in surplus by £3,278,000 and therefore are considered to be above the level of reserves required for the ongoing needs of the trust. The Directors continue to consider additional activities related to the trust's objectives to which the excess reserves may be applied. Central to this is the Trust Estate Strategy which has reviewed and prioritised projects at all trust schools. The following are some of the key priorities identified by the Trust Estate Strategy which are not currently funded by the trust's School Condition Allocation or other funding streams:

- DDA Compliant Evacuation Route at St Bede's
- Boiler Replacement at Carmel College
- Outdoor canopy at St Michael's
- Extension to kitchen to provide store at St Gregory's

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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

Principal funding

Most of the trust's income is obtained from the Department for Education (DfE) via the Education Funding Agency (EFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE/EFA during the year ended 31 August 2016 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 SORP (FRS102), 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.

In addition, the trust receives income from the National College for its activities as a Teaching School. During the year ended 31 August 2016, the trust received total income of £366,000 relating to this activity.

During the year ended 31 August 2016, total expenditure of £23,287,000 was in excess of recurrent grant funding from the DfE/EFA together with other incoming resources. The excess of expenditure over income for the year (before transfers and actuarial gains, and excluding restricted fixed asset funds) was £94,000.

All of the expenditure shown in the Statement of Financial Activities is in furtherance of the academies objectives.

At 31 August 2016 the net book value of fixed assets was £6,559,000 and movements in tangible fixed assets are shown in note 12 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 (FRS) 102 have been applied in full in respect of the LGPS pensions scheme, resulting in a deficit of £7,677,000 recognised on the balance sheet.

The academy held fund balances at 31 August 2016 of £2,533,000 comprising £6,932,000 of restricted funds, £(7,677,000) of restricted pension fund and £3,278,000 of unrestricted funds.

Investments policy

Where the cash flow identifies a base level of cash funds that will be surplus to requirements these may be invested only in the following:

- Interest bearing deposit accounts
- Fixed term deposits
- UK Registered Banks
- Banks registered with the Financial Services Compensation Scheme
- Credit Unions

Interest rates are fully investigated prior to each investment.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

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

The Directors of Carmel Education Trust are also the Directors of the charitable company for the purpose of company law. The charitable company is known as Carmel Education Trust. The terms Trustees and Directors refer to the same body of people. Details of the Directors who served during the year are included in the Reference and Administrative Details on page 1.

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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

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.

Method of recruitment and appointment or election of Directors

The trust has a set of rules and procedures setting out how it is run and how it conducts its business and meetings. These are known as the Articles of Association and set out the academy trust's charitable objects. The articles detail the constitution of the company and the rules for the appointment and removal of its Members and Governors. Members of the company form the first governing body and are its first Directors (Trustees). They appoint to a governing body to which they delegate their duties (in our case the MAT Directors). The Members of the Carmel Education Trust are as follows:

- a. The Right Reverend Seamus Cunningham, Bishop of Hexham and Newcastle
- b. Mr Joseph Hughes, Director Diocesan Spirituality, Formation and Education Service
- c. Anne Sales (resigned 4 July 2016)
- d. Kathleen Smith, Chief Operating Officer, Diocese of Hexham & Newcastle (appointed 4 July 2016)

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

Policies and procedures adopted for the induction and training of Directors

The training and induction provided for new Directors and Governors depends on their existing experience. Where necessary induction and training is provided on charity, educational, legal and financial matters. All new Directors of the trust meet with the Governance Manager and are provided with copies of the Articles of Association, Scheme of Delegation, schedule of meeting dates, Directors Code of Conduct and committee & organisational structure. 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 there are normally only one or two new Governors a year, induction tends to be done informally and is tailored specifically to the individual.

Pay policy for key management personnel

The pay policy for all staff, including key management personnel, is governed by the Pay Policy 2015-16 and Performance Appraisal Policy adopted by the trust. These policies include the trust's commitment that teachers are employed in accordance with the provisions of the School Teachers Pay and Conditions Document. The trust has also signed an undertaking with the Diocese of Hexham & Newcastle that it will abide by national pay and conditions.

The Pay Review Committee deals with all pay and performance matters relating to staff including the Chief Executive Officer, Principals, Headteachers and other members of key management personnel in accordance with the approved Pay Policy. At least three Directors are members of the committee none of whom are employees of the trust.

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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

Organisational structure

The Carmel Education Trust is a multi-academy trust and as such is a single legal entity with one governing body (the Board of Directors) which is accountable for all academies in the trust. The Directors are the Governors.

Each academy within the trust has its own Local Management Board to which the trust governing body (the Board of Directors) delegates functions to (through the Scheme of Delegation). Local Governing Bodies are committees of the trust's governing body and are accountable to the Board of Directors. Members of the Local Governing Bodies are not Governors (although they are referred to as) – unless they are also members of the trust's Board of Directors. The trust reviewed the Scheme of Delegation in 2015 and as part of this resolved not to award the Scheme of Delegation to the Governing Body of Our Lady & St Bede Catholic Academy and instead established an Interim Advisory Board in its place. In addition the Local Governing Body was dissolved in 2015 and replaced by an Interim Advisory Board.

Each academy has its own mission statement defining its overall purpose. On an annual basis, priorities for each Academy are defined within School development Plan.

Connected organisations, including related party relationships

Carmel Community Services Limited (CCS) is a 100% subsidiary company of Carmel Education Trust. The principal activity of CCS is the provision of support services to primary schools.

Directors' indemnities

The multi academy trust has purchased insurance to protect directors from claims arising against negligent acts, errors or omissions occurring whilst on academy business. Further details are provided in note 11.

Disabled persons

The trust complies with the requirements of the Equality Act 2010 which replaced all previous discrimination law. The specific duties require our schools:

- to publish information to demonstrate how they are complying with the Public Sector Equality Duty, and
- to prepare and publish equality objectives.

The Equality Information and objectives for each of our academies are published on their respective websites.

Our academies are required under the Equality Act 2010 to carry out accessibility planning for disabled pupils. As such they must prepare and implement accessibility plans which are aimed at:

- increasing the extent to which disabled pupils can participate in the curriculum;
- improving the physical environment of schools to enable disabled pupils to take better advantage of education, benefits, facilities and services provided; and
- improving the availability of accessible information to disabled pupils.

The Accessibility Plan may be a freestanding document or may be published as part of another document. Our academies include their accessibility plans as part of their SEN Information reports which are published on their websites.

CARMEL EDUCATION TRUST
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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

PLANS FOR THE FUTURE

Future developments

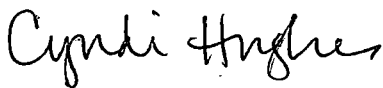
The main objectives of the trust are set out in the Trust Development Plan. This includes the trust's vision for the future as detailed on Page 3. The trust is committed to continuing to improve the life chances of every child and young person in its care and is enthused by the future opportunities to positively impact additional children and young people. The trust works closely with the EFA, the Regional Schools Commissioner for North of England and the Diocese of Hexham & Newcastle, as well as other key stakeholders to ensure that the trust is able to play its full part in the strategic future of education in the north east of England. The trust is actively participating with the Diocese on its initial consultation document Draft Diocesan Policy on Academies.

Disclosure of information to auditors

Insofar as the directors are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware
- the directors 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.

This report was approved by order of the Board of Directors as the company directors, on 23 November 2016 and signed on its behalf by:



C L Hughes
Chair

CARMEL EDUCATION TRUST
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT

Scope of Responsibility

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

The Board of Directors has delegated the day-to-day responsibility to the Chief Executive Officer, 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 Education Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Directors any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Directors' Report and in the Statement of Directors' Responsibilities. The Board of Directors has formally met 7 times during the year. Attendance during the year at meetings of the Board of Directors was as follows:

Director	Meetings attended	Out of a possible
C L Hughes, Chair	7	7
Fr J Butters	3	7
J M Cunningham, Vice Chair	7	7
J M Edwards	5	7
A J Frank	5	5
P M Frank	6	7
J Long	6	7
M Matthews	7	7
M B McCollom	7	7
P A McTimoney	7	7
C Peacock	6	7
C A Powell	5	7
A Ramsey	7	7
M Regan OBE,DL, Chief Executive Officer and Accounting Officer	7	7
B Rizzi-Allan	4	7
Fr D Russell	5	7
A Sales	4	4
M P Shorten	6	7
M Toth	6	7
C R Wiper	6	7

The Board of Directors undertook a self-evaluation of its effectiveness in December 2015 through reference to the Twenty-one Questions for Multi-academy Trust Boards published by the All Party Parliamentary Group for Governance and Leadership. For each question Directors collated evidence and identified actions to further develop the focus of the Board. These actions were prioritised for implementation within the Trust Development Plan that was approved by Directors at their meeting of 10 February 2016.

An external review of Governance within the trust was commissioned by the Diocese of Hexham and Newcastle during the year.

The Resources Committee is a sub-committee of the main Board of Directors. Its purpose is:

- i. To assist the decision making of the Board of Directors by enabling more detailed consideration to be given to the best means of fulfilling the Board of Director's responsibility to ensure sound management of the trust's finances, staffing and resources, including proper planning, monitoring and probity.
- ii. To make appropriate comments and recommendations on such matters to the Board of Directors on a regular basis. Major issues will be referred to the Board of Directors for ratification.

CARMEL EDUCATION TRUST
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (continued)

Attendance at meetings in the year was as follows:

Director	Meetings attended	Out of a possible
A Sales	1	2
C L Hughes	2	5
M Regan	5	5
C Peacock	4	5
A Ramsey	5	5
M B McCollom	5	5
P A McTimoney	4	5
M P Shorten	4	5
C A Powell	5	5
B Rizzi-Allan	2	5

The Audit Committee is also a sub-committee of the main Board of Directors. Its purpose is:
To advise Board of Directors on the adequacy and effectiveness of the trust's systems of internal control and its arrangements for risk management, control and governance processes, and securing economy, efficiency and effectiveness (value for money) and that the systems are rigorous and constantly reviewed.

Attendance at meetings in the year was as follows:

Director	Meetings attended	Out of a possible
C R Wiper	3	4
J M Cunningham	2	4
J Long	4	4
M Matthews	4	4
J M Edwards	4	4

Review of Value for money

As Accounting Officer, the Chief Executive Officer has responsibility for ensuring that the multi 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 multi academy trust's use of its resources has provided good value for money during each academic year, and reports to the Board of Directors where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the multi academy trust has delivered improved value for money during the year by:

Instigating an Efficiency Programme including the following four strands:

1. Transactional Procurement
2. Strategic Procurement
3. Business Reviews
4. Income Maximisation

During the year, the following activities advanced the Efficiency Programme:

- Strategic procurement - identifying and utilising relevant procurement frameworks for the purchase of new ICT equipment as part of St Michael's new build fit out
- Income maximisation - using the skills of the trust's Data Manager to create a data consultancy service that was sold to schools outside of the trust
- Income maximisation - identifying and bidding for partnership funding that allowed investment in pitch drainage improvements at Carmel College

CARMEL EDUCATION TRUST
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (continued)

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 multi 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 Education Trust for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Board of Directors has reviewed the key risks to which the multi academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Directors is of the view that there is a formal ongoing process for identifying, evaluating and managing the multi academy trust's significant risks, that has been in place for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Directors.

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Directors;
- regular reviews by the Resources 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 (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.

The Board of Directors has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the directors have appointed Clive Owen LLP, the external auditors, to perform additional checks.

The auditors' role includes giving advice on financial matters and performing a range of checks on the multi academy trust's financial systems. On a termly basis, the auditors report to the Board of Directors on the operation of the systems of control and on the discharge of the Board of Directors' financial responsibilities. Whilst the visits occurred as planned there were significant delays in the provision of client responses which has led to delays in finalising the reports.

In particular the checks carried out in the current period included:

- Testing of payroll systems;
- Testing of purchase systems;
- Testing of petty cash/expenses procedures;
- Testing of income;
- Testing of the accounting systems and management information produced;
- Review of governor appointments/resignations and declarations of interest;
- Review of gifts and hospitality & honorarium/ex-gratia payments;
- Review of information technology strategy;
- Review of fixed assets;
- Review of VAT and Corporation tax position

CARMEL EDUCATION TRUST
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (continued)

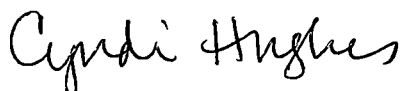
Review of Effectiveness

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

- the work of the external auditors;
- the work of the executive managers within the multi 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 Resources Committee and Audit Committee and a plan to address recommendations to ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Directors on 23 November 2016 and signed on their behalf, by:



C L Hughes
Chair



M Regan OBE, DL
Accounting Officer

CARMEL EDUCATION TRUST
(A Company Limited by Guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Carmel Education Trust I have considered my responsibility to notify the academy trust Board of Directors 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 2015.

I confirm that I and the academy trust Board of Directors are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2015.

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 Directors and EFA.



M Regan OBE, DL
Accounting Officer

Date: 23 November 2016

CARMEL EDUCATION TRUST
(A Company Limited by Guarantee)

STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2016

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

Company law requires the Directors to prepare financial statements for each financial year. Under company law the Directors 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 directors are required to:

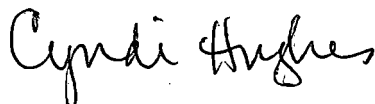
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies' Accounts Direction 2015 to 2016;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Directors 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 Directors 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 Directors 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 Board of Directors on 23 November 2016 and signed on its behalf by:



C L Hughes
Chair

CARMEL EDUCATION TRUST
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
CARMEL EDUCATION TRUST**

We have audited the financial statements of Carmel Education Trust for the year ended 31 August 2016 which comprise the Statement of Financial Activities Incorporating Income and Expenditure Account, the Balance Sheet, the Statement of Cash Flows 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) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

This report is made solely to the charitable multi academy trust'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 multi academy trust'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 charitable multi academy trust and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

Respective responsibilities of Directors and auditors

As explained more fully in the Directors' Responsibilities Statement, the directors (who are also the directors of the charitable multi academy trust 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 multi academy trust'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 Directors' 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 multi academy trust'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; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

Opinion on other matter prescribed by the Companies Act 2006

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

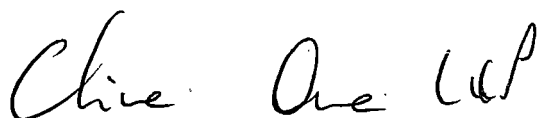
CARMEL EDUCATION TRUST
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
CARMEL EDUCATION 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 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Christopher Beaumont BA(Hons) FCA DChA
Clive Owen LLP

Chartered Accountants
Statutory Auditors

140 Coniscliffe Road
Darlington
Co Durham
DL3 7RT
23 November 2016

CARMEL EDUCATION TRUST
(A Company Limited by Guarantee)

**INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO CARMEL
EDUCATION TRUST AND THE EDUCATION FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 14 September 2015 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 Carmel Education Trust during the year 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 Carmel Education Trust and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Carmel Education 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 Carmel Education Trust and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Carmel Education Trust's accounting officer and the reporting auditors

The accounting officer is responsible, under the requirements of Carmel Education Trust's funding agreement with the Secretary of State for Education dated 28 February 2013, 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 year 1 September 2015 to 31 August 2016 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 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 multi academy trust's income and expenditure.

CARMEL EDUCATION TRUST
(A Company Limited by Guarantee)

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

Approach (continued)

The work undertaken to draw to our conclusion includes:

- Review of governing body and committee minutes;
- Review of termly Internal Assurance reports;
- Completion of self assessment questionnaire by Accounting Officer;
- Discussions with the Accounting Officer and finance team;
- Review documentation provided to governors and Accounting Officer setting out responsibilities;
- Obtained formal letter of representation detailing the responsibilities of directors;
- Review of payroll, purchases and expenses claims on a sample basis;
- Confirmation that the lines of delegation and limits set have been adhered to;
- Evaluation of internal control procedures and reporting lines;
- Review cash payments for unusual transactions;
- Review of credit card transactions;
- Review of registers of interests;
- Review related party transactions;
- Review of register of interests and consideration of related party transactions;
- Review of borrowing agreements;
- Review of land and building transactions;
- Review of potential and actual bad debts; and
- Review an instance of gifts/hospitality to ensure in line with policy.

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 year 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Clive Owen LLP

Reporting Accountant

140 Coniscliffe Road
Darlington
Co Durham
DL3 7RT

23 November 2016

CARMEL EDUCATION TRUST
(A Company Limited by Guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2016**

	Note	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Restricted fixed asset funds 2016 £000	Total funds 2016 £000	Total funds 2015 £000
INCOME FROM:						
Donations & capital grants:						
Transfer from Local Authority on conversion	2	-	-	-	-	(585)
Other donations and capital grants	2	88	14	898	1,000	1,294
Charitable activities	5	-	19,558	-	19,558	18,019
Other trading activities	3	2,871	31	-	2,902	3,158
Investments	4	23	-	-	23	36
TOTAL INCOME		<u>2,982</u>	<u>19,603</u>	<u>898</u>	<u>23,483</u>	<u>21,922</u>
EXPENDITURE ON:						
Charitable activities		<u>2,393</u>	<u>20,286</u>	<u>608</u>	<u>23,287</u>	<u>21,183</u>
TOTAL EXPENDITURE	6	<u>2,393</u>	<u>20,286</u>	<u>608</u>	<u>23,287</u>	<u>21,183</u>
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS						
		589	(683)	290	196	739
Transfers between Funds	17	-	(437)	437	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER GAINS AND LOSSES		<u>589</u>	<u>(1,120)</u>	<u>727</u>	<u>196</u>	<u>739</u>
Actuarial gains/(losses) on defined benefit pension schemes	23	-	(4,068)	-	(4,068)	78
NET MOVEMENT IN FUNDS		<u>589</u>	<u>(5,188)</u>	<u>727</u>	<u>(3,872)</u>	<u>817</u>
RECONCILIATION OF FUNDS:						
Total funds brought forward		<u>2,689</u>	<u>(2,170)</u>	<u>5,886</u>	<u>6,405</u>	<u>5,588</u>
TOTAL FUNDS CARRIED FORWARD		<u><u>3,278</u></u>	<u><u>(7,358)</u></u>	<u><u>6,613</u></u>	<u><u>2,533</u></u>	<u><u>6,405</u></u>

CARMEL EDUCATION TRUST
(A Company Limited by Guarantee)
REGISTERED NUMBER: 07808732

BALANCE SHEET
AS AT 31 AUGUST 2016

	Note	£000	2016 £000	2015 £000
FIXED ASSETS				
Tangible assets	12		6,559	4,998
CURRENT ASSETS				
Debtors	14	871		1,670
Cash at bank and in hand		3,924		3,968
		<u>4,795</u>		<u>5,638</u>
CREDITORS: amounts falling due within one year	15	<u>(1,058)</u>		<u>(907)</u>
NET CURRENT ASSETS			<u>3,737</u>	<u>4,731</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>10,296</u>	<u>9,729</u>
CREDITORS: amounts falling due after more than one year	16		<u>(86)</u>	<u>(39)</u>
NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES			<u>10,210</u>	<u>9,690</u>
Durham County Council Pension Fund	23		(3,467)	(1,467)
Teesside Pension Fund	23		<u>(4,210)</u>	<u>(1,818)</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u><u>2,533</u></u>	<u><u>6,405</u></u>
FUNDS OF THE ACADEMY				
Restricted funds:				
Restricted funds	17	319		1,115
Restricted fixed asset funds	17	6,613		5,886
		<u>6,932</u>		<u>7,001</u>
Restricted funds excluding pension liability				
Pension reserve		<u>(7,677)</u>		<u>(3,285)</u>
Total restricted funds			<u>(745)</u>	<u>3,716</u>
Unrestricted funds	17		<u>3,278</u>	<u>2,689</u>
TOTAL FUNDS			<u><u>2,533</u></u>	<u><u>6,405</u></u>

The financial statements were approved by the Directors, and authorised for issue, on 23 November 2016 and are signed on their behalf, by:

Cyndi Hughes

C L Hughes, Chair

The notes on pages 26 to 54 form part of these financial statements.

CARMEL EDUCATION TRUST
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2016

	Note	2016 £000	2015 £000
Cash flows from operating activities			
Net cash provided by operating activities	19	1,137	191
Cash flows from investing activities:			
Dividends, interest and rents from investments		23	36
Purchase of tangible fixed assets		(2,169)	(980)
Capital grants from DfE/EFA		910	1,170
Cash transferred on conversion		-	105
Net cash (used in)/provided by investing activities		(1,236)	331
Cash flows from financing activities:			
Cash inflows from new borrowing		55	45
Net cash provided by financing activities		55	45
Change in cash and cash equivalents in the year		(44)	567
Cash and cash equivalents brought forward		3,968	3,401
Cash and cash equivalents carried forward		3,924	3,968

CARMEL EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES

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

1.1 Basis of preparation of financial statements

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

Carmel Education Trust constitutes a public benefit entity as defined by FRS 102.

First time adoption of FRS 102

These financial statements are the first financial statements of Carmel Education 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 Carmel Education Trust for the year ended 31 August 2015 were prepared in accordance with previous 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 directors 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 28.

1.2 Fund accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the multi academy trust at the discretion of the directors.

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 with restrictions imposed by the funder and include grants from the Department for Education.

1.3 Consolidated accounts

The trust has not prepared consolidated financial statements as the results of the subsidiary, Carmel Community Services Limited, are not considered material to the financial statements.

CARMEL EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

1.4 Income

All income is recognised once the multi academy trust has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

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

General Annual Grant is recognised in full in the Statement of Financial Activities incorporating Income and Expenditure Account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

Sponsorship income provided to the multi academy trust which amounts to a donation is recognised in the Statement of Financial Activities incorporating Income and Expenditure Account in the period in which it is receivable, where there is certainty of receipt and it is measurable.

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

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

1.5 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.

Charitable activities are costs incurred on the multi academy trust's educational operations, including support costs and costs relating to the governance of the multi academy trust apportioned to charitable activities.

All resources expended are inclusive of irrecoverable VAT.

CARMEL EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

1.6 Going concern

The Directors 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 multi academy trust to continue as a going concern. The Directors 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. Whilst the balance sheet shows net liabilities this is a result of the deficit on the pension scheme (LGPS). This is not payable on demand and the trust therefore believes it is able to meet its liabilities as they fall due.

1.7 Tangible fixed assets and depreciation

All assets costing more than £1,000 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. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities Incorporating Income and Expenditure Account 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 Incorporating Income and Expenditure Account. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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 Incorporating Income and Expenditure Account.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. 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 improvements	-	between 10-27 years straight line
Leasehold Land	-	over 125 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 Operating leases

Rentals under operating leases are charged to the Statement of Financial Activities Incorporating Income and Expenditure Account on a straight line basis over the lease term.

CARMEL EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

1.9 Taxation

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

1.10 Interest receivable

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

1.11 Debtors

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

1.12 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 account.

1.13 Pensions

Retirement benefits to employees of the multi academy trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Government Pension Scheme ("LGPS"). These are defined benefit schemes and the assets are held separately from those of the multi academy trust.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the multi 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 23, 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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

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 Incorporating Income and Expenditure Account and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

1.14 Liabilities and provisions

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 multi 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 are recognised when the multi 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 estimate 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.

1.15 Agency arrangements

The academy trust acts as an agent in distributing Carmel Teacher Training Partnership bursary funds from the National College for Teaching and Leadership. Payments received from the National College for Teaching and Leadership and subsequent disbursements to trainee teachers are excluded from the Statement of Financial Activities as the trust does not have control over the charitable application of the funds. The funds are received and paid and any balances held are disclosed in the note.

CARMEL EDUCATION TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

1.16 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 multi academy trust 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.

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 23, 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.

Critical areas of judgement:

Depreciation - Depreciation is calculated so as to write off the cost of an asset, less its residual value, over the economic life of that asset. An estimate of the useful life of assets is detailed in the depreciation accounting policy. The value of depreciation charge during the year was £608,000.

Land - Land is held under a 125 year lease from Darlington Borough Council and Stockton Borough Council. These assets are included on the balance sheet of the academy due to the significant risks and rewards of ownership belonging to the academy, the lease term being the major part of the economic life of the assets and the assets being of such a specialised nature that only the academy could use them without major modification.

The academy buildings are owned by the Diocese of Hexham and Newcastle. The Academy Trust occupies the buildings under a mere licence. The licence delegates aspects of the management of the buildings to the Academy Trust for the time being, but does not vest any rights over the buildings to the Academy Trust. The Diocese of Hexham and Newcastle has given an undertaking to the Secretary of State that they will not give Academy Trust less than two years notice to terminate the occupation of the buildings. Having considered the factual matrix under which the Academy Trust is occupying the buildings the Directors have concluded that the value of the buildings occupied by the Academy Trust at the date of conversion to an academy will not be recognised on the balance sheet of the Academy Trust. In addition, whilst the occupation constitutes a donation in kind to the Academy Trust, the Trustees consider that the cost of obtaining a valuation for such a donation outweighs the expense and therefore no such donation and related expense are included in the Statement of Financial Activities. Additions since conversion funded by grant bids or from GAG have been capitalised as leasehold improvements and written off over their economic life.

CARMEL EDUCATION TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Restricted fixed asset funds 2016 £000	Total funds 2016 £000	Total funds 2015 £000
Transfer from Local Authority on conversion	-	-	-	-	(585)
Donations	88	14	25	127	114
Capital Grants	-	-	873	873	1,180
Subtotal	88	14	898	1,000	1,294
Total donations and capital grants	88	14	898	1,000	709

In 2015, of the total income from donations and capital grants, £164,000 was to unrestricted funds and £545,000 was to restricted funds

3. OTHER TRADING ACTIVITIES

	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Total funds 2016 £000	Total funds 2015 £000
Sundry Income	205	31	236	185
Lettings	76	-	76	53
School Trips	383	-	383	328
Supply Teacher Insurance	157	-	157	183
Catering	745	-	745	539
Darlington Leadership College	-	-	-	3
Carmel Teacher Training Programme	1,142	-	1,142	1,784
Pupil Transport	163	-	163	83
	2,871	31	2,902	3,158

In 2015, of the total income from other trading activities, £3,158,000 was to unrestricted funds and £ NIL was to restricted funds.

CARMEL EDUCATION TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

4. INVESTMENT INCOME

	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Total funds 2016 £000	Total funds 2015 £000
Bank interest	23	-	23	36
	<u>23</u>	<u>-</u>	<u>23</u>	<u>36</u>

In 2015, of the total investment income, £36,000 was to unrestricted funds and £ NIL was to restricted funds.

5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Total funds 2016 £000	Total funds 2015 £000
DfE/EFA grants				
General Annual Grant (GAG)	-	17,541	17,541	15,917
Pupil Premium	-	834	834	818
National College for Teaching and Leadership	-	366	366	467
Other DfE/EFA grants	-	389	389	340
	<u>-</u>	<u>19,130</u>	<u>19,130</u>	<u>17,542</u>
Other government grants				
SEN	-	206	206	198
Other government grants	-	222	222	279
	<u>-</u>	<u>428</u>	<u>428</u>	<u>477</u>
	<u>-</u>	<u>19,558</u>	<u>19,558</u>	<u>18,019</u>

In 2015, of the total income from charitable activities, £ NIL was to unrestricted funds and £18,019,000 was to restricted funds.

CARMEL EDUCATION TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

6. EXPENDITURE

	Staff costs 2016 £000	Premises 2016 £000	Other costs 2016 £000	Total 2016 £000	Total 2015 £000
Academy's educational operations:					
Direct costs	12,445	-	1,915	14,360	12,198
Support costs	4,381	1,820	2,726	8,927	8,985
	<u>16,826</u>	<u>1,820</u>	<u>4,641</u>	<u>23,287</u>	<u>21,183</u>

In 2016, of the total expenditure, £2,390,000 (2015 - £2,739,000) was to unrestricted funds and £20,897,000 (2015 - £18,444,000) was to restricted funds.

There were no individual transactions exceeding £5,000 for:

- Ex-gratia/compensation payments
- Gifts made by the academy
- Fixed asset losses
- Stock losses
- Unrecoverable debts
- Cash losses

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

7. CHARITABLE ACTIVITIES

	2016 £000	2015 £000
DIRECT COSTS		
Wages and salaries	9,890	8,742
National insurance	852	668
Pension cost	1,703	1,318
Educational supplies	833	609
Examination fees	263	242
Staff development	114	87
Technology costs	-	-
Educational consultancy	6	34
Travel and subsistence	555	344
Other direct costs	144	154
	<hr/> 14,360	<hr/> 12,198
SUPPORT COSTS		
Wages and salaries	3,721	3,071
National insurance	191	137
Pension costs	469	386
Depreciation	608	461
Net interest cost on pension scheme	115	89
Technology costs	152	114
Travel and subsistence	21	22
Recruitment and support	46	62
Maintenance of premises and equipment	373	360
Cleaning	166	155
Rates	188	167
Energy	326	291
Insurance	301	307
Security	12	8
Transport	2	6
Catering	583	793
Occupancy costs	297	362
Bank interest and charges	13	4
Other support costs	1,034	1,794
Governance costs	309	396
	<hr/> 8,927	<hr/> 8,985
	<hr/>	<hr/>
	<hr/> 23,287	<hr/> 21,183
	<hr/>	<hr/>

CARMEL EDUCATION TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

8. NET INCOMING RESOURCES/(RESOURCES EXPENDED)

This is stated after charging:

	2016 £000	2015 £000
Depreciation of tangible fixed assets:		
- owned by the charity	608	461
Auditors' remuneration - audit	21	19
Auditors' remuneration - other services	6	16
	<u> </u>	<u> </u>

CARMEL EDUCATION TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

9. STAFF COSTS

Staff costs were as follows:

	2016 £000	2015 £000
Wages and salaries	12,938	11,258
Social security costs	1,043	805
Operating costs of defined benefit pension schemes	2,172	1,704
	<hr/> 16,153	<hr/> 13,767
Supply staff costs	645	459
Staff restructuring costs	28	96
	<hr/> 16,826	<hr/> 14,322

Included in operating costs of defined benefit pension schemes is a debit of £209,000 (2015:£169,000) relating to the pension deficit actuarial adjustment.

Staff restructuring costs comprise of £28,000 severance payments.

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

	2016 No.	2015 No.
Leadership	11	12
Teachers	243	235
Education & Administration Support, including premises & cleaning	322	302
	<hr/> 576	<hr/> 549

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

	2016 No.	2015 No.
In the band £60,001 - £70,000	5	2
In the band £70,001 - £80,000	4	5
In the band £80,001 - £90,000	2	1
In the band £150,001 - £160,000	1	1

Eleven of the above employees participated in the Teachers' Pension Scheme. One employee participated in the Local Government Pension Scheme.

The key management personnel of the multi academy trust comprise the directors and the senior management team. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the multi academy trust was £919,000 (2015: £831,000).

CARMEL EDUCATION TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

10. DIRECTORS' REMUNERATION AND EXPENSES

One or more Directors has been paid remuneration or has received other benefits from an employment with the academy trust. The Principal and other staff Directors only receive remuneration in respect of services they provide undertaking the roles of principal and other staff members under their contracts of employment, and not in respect of their role as Directors. The value of Directors' remuneration and other benefits was as follows:

		2016 £000	2015 £000
M Regan OBE, DL	Remuneration	150-155	155-160
	Pension contributions paid	25-30	20-25
C Peacock	Remuneration	55-60	50-55
	Pension contributions paid	5-10	5-10
M P Shorten	Remuneration	80-85	70-75
	Pension contributions paid	10-15	10-15
M B McCollom	Remuneration	55-60	55-60
	Pension contributions paid	5-10	5-10
A Ramsey	Remuneration	80-85	80-85
	Pension contributions paid	10-15	10-15
M Matthews	Remuneration	35-40	35-40
	Pension contributions paid	-	0-5
B Rizzi-Allan	Remuneration	50-55	50-55
	Pension contributions paid	5-10	5-10

During the year, no Directors received any benefits in kind (2015 - £NIL).

During the year, Directors received reimbursement of expenses of £6,000 (2015 - £4,000).

11. DIRECTORS' AND OFFICERS' INSURANCE

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

CARMEL EDUCATION TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

12. TANGIBLE FIXED ASSETS

	Long leasehold improvement £000	Long leasehold land £000	Fixtures and fittings £000
Cost			
At 1 September 2015	2,133	2,162	452
Additions	1,556	-	301
At 31 August 2016	3,689	2,162	753
Depreciation			
At 1 September 2015	140	38	125
Charge for the year	141	17	83
At 31 August 2016	281	55	208
Net book value			
At 31 August 2016	3,408	2,107	545
At 31 August 2015	1,993	2,124	327
	Computer equipment £000	Motor vehicles £000	Total £000
Cost			
At 1 September 2015	1,175	55	5,977
Additions	312	-	2,169
At 31 August 2016	1,487	55	8,146
Depreciation			
At 1 September 2015	657	19	979
Charge for the year	354	13	608
At 31 August 2016	1,011	32	1,587
Net book value			
At 31 August 2016	476	23	6,559
At 31 August 2015	518	36	4,998

CARMEL EDUCATION TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

13. FIXED ASSET INVESTMENTS

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Holding
Carmel Community Services Limited	100%

The aggregate of the share capital and reserves as at 31 August 2016 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

	Aggregate of share capital and reserves £000	Profit/(loss) £000
Carmel Community Services Limited	-	-
	<u>-</u>	<u>-</u>

14. DEBTORS

	2016 £000	2015 £000
Trade debtors	46	43
Amounts owed by group undertakings	-	18
VAT recoverable	175	223
Other debtors	57	97
Prepayments and accrued income	593	1,289
	<u>871</u>	<u>1,670</u>

15. CREDITORS: Amounts falling due within one year

	2016 £000	2015 £000
Trade creditors	209	387
Other creditors	74	20
Accruals and deferred income	775	500
	<u>1,058</u>	<u>907</u>

CARMEL EDUCATION TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

15. CREDITORS: Amounts falling due within one year (continued)

	2016 £000	2015 £000
Deferred income		
Deferred income at 1 September 2015	302	217
Resources deferred during the year	377	302
Amounts released from previous years	(302)	(217)
Deferred income at 31 August 2016	<u>377</u>	<u>302</u>

Deferred income includes free school meals income and transport income received in advance and Devolved Formula Capital income, rates relief and school trips income which straddle the academic year end.

16. CREDITORS:
Amounts falling due after more than one year

	2016 £000	2015 £000
Other creditors	<u>86</u>	<u>39</u>

Creditors include amounts not wholly repayable within 5 years as follows:

	2016 £000	2015 £000
Repayable by instalments	<u>29</u>	<u>13</u>

Included within other creditors is a loan of £100,000 (2015:£45,000) from the EFA which is provided on the following terms:

Interest free loan repayable over 7 years.

17. STATEMENT OF FUNDS

	Brought Forward £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Carried Forward £000
Unrestricted funds						
Unrestricted general funds	2,686	2,982	(2,390)	-	-	3,278
Darlington Leadership College	3	-	(3)	-	-	-
	<u>2,689</u>	<u>2,982</u>	<u>(2,393)</u>	<u>-</u>	<u>-</u>	<u>3,278</u>

CARMEL EDUCATION TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

17. STATEMENT OF FUNDS (continued)

Restricted funds

	Brought Forward £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Carried Forward £000
General Annual Grant (GAG)	416	17,541	(17,520)	(437)	-	-
Pupil Premium	-	834	(834)	-	-	-
National College for Teaching and Leadership	553	366	(891)	-	-	28
Other DfE/EFA grants	-	389	(289)	-	-	100
SEN	-	206	(206)	-	-	-
Other Government grants	-	222	(222)	-	-	-
Carmel College Development Fund	146	-	-	-	-	146
CET University Bursary	-	14	-	-	-	14
Other grants	-	31	-	-	-	31
Pension reserve	(3,285)	-	(324)	-	(4,068)	(7,677)
	<u>(2,170)</u>	<u>19,603</u>	<u>(20,286)</u>	<u>(437)</u>	<u>(4,068)</u>	<u>(7,358)</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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17. STATEMENT OF FUNDS (continued)

Restricted fixed asset funds

	Brought Forward £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Carried Forward £000
Devolved Formula Capital	141	86	(27)	-	-	200
Academy Capital Maintenance Fund	1,570	-	(84)	(47)	-	1,439
Capital expenditure from GAG	661	-	(214)	484	-	931
Legacy assets	2,311	-	(89)	-	-	2,222
Donations	70	25	(43)	-	-	52
Other DfE/EFA capital grants	113	-	(73)	-	-	40
Condition Improvement Fund	947	432	(56)	-	-	1,323
Other Government Grants	73	40	(11)	-	-	102
Uplift funding	-	117	(11)	-	-	106
SCA funding	-	162	-	-	-	162
Other capital funds	-	36	-	-	-	36
	<u>5,886</u>	<u>898</u>	<u>(608)</u>	<u>437</u>	<u>-</u>	<u>6,613</u>
Total restricted funds	<u>3,716</u>	<u>20,501</u>	<u>(20,894)</u>	<u>-</u>	<u>(4,068)</u>	<u>(745)</u>
Total of funds	<u>6,405</u>	<u>23,483</u>	<u>(23,287)</u>	<u>-</u>	<u>(4,068)</u>	<u>2,533</u>

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

General Annual Grant (GAG) must be used for the normal running costs of the academy trust including salaries and related costs, overheads, repairs and maintenance and insurance.

Pupil Premium is additional funding to be spent as the academy trust sees fit to support deprived students. Other DfE/EFA grants also include National College for Teaching and Leadership, PE Teacher Grants, Year 7 catch up Grant, St Michael's Start up Grant and St Michael's Environment Improvement Grant. The National College monies are towards the running of a teaching school.

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 £146,000.

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.

SEN Funding is towards improving behaviour and attendance.

Other Government Grants are Early Years Funding and Darlington Borough Council behaviour and attendance.

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NOTES TO THE FINANCIAL STATEMENTS
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17. STATEMENT OF FUNDS (continued)

The pension reserve is the liability due to the deficit on the Local Government Pension Scheme. Further details are shown in note 23.

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

Unrestricted funds include the income from pupil transport, premises hire, school trips and staff absence insurances and other sundry income streams, with relevant costs allocated accordingly. Darlington Leadership College covers activities relating to school improvement, staff training and development of Advanced Skills Teachers and Newly Qualified Teachers.

A transfer of £277,000 has been made to Capital expenditure from GAG to reflect those items included within fixed assets which have been purchased using GAG monies.

Under the funding agreement with the Secretary of State, the multi academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2016.

ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2016 were allocated as follows:

	Total 2016 £000	Total 2015 £000
Carmel College	3,531	3,211
Holy Family	153	139
Our Lady & St Bede	(353)	(166)
St Augustine's	97	101
St Bede's	68	125
St Gregory's	142	212
St Michael's	(41)	182
Total before fixed asset fund and pension reserve	3,597	3,804
Restricted fixed asset fund	6,613	5,886
Pension reserve	(7,677)	(3,285)
Total	2,533	6,405

In addition to the National College for Teaching and Leadership (£28,000) and Carmel College Development Fund (£146,000) balances detailed earlier in this note, the Carmel College balance above also includes balances in respect of Carmel Teacher Training Partnership (£132,000) and Carmel Education Trust (£125,000).

The following academies are carrying net deficits on their portion of the funds as follows:

Name of academy	Amount of deficit £
Our Lady & St Bede	(353)
St Michael's	(41)

This represents a deliberate attempt by the trust to make a rapid impact at the academies by frontloading expenditure. The success of this strategy is shown by the outstanding results explained in more detail in the review of activities section of the Directors' Report.

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**NOTES TO THE FINANCIAL STATEMENTS
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17. STATEMENT OF FUNDS (continued)

ANALYSIS OF ACADEMIES BY COST

Expenditure incurred by each academy during the year was as follows:

	Teaching and educational support staff costs £000	Other support staff costs £000	Educational supplies £000	Other costs excluding depreciation £000	Total 2016 £000	Total 2015 £000
Carmel College	4,690	1,094	243	1,764	7,791	9,933
Carmel Education Trust	516	416	12	271	1,215	801
Holy Family	478	230	38	215	961	822
Our Lady & St Bede	2,530	957	150	1,036	4,673	4,167
St Augustine's	407	258	41	206	912	2,048
St Bede's	483	370	70	227	1,150	2,746
St Gregory's	423	441	70	278	1,212	205
St Michael's	2,918	615	209	1,023	4,765	-
	<u>12,445</u>	<u>4,381</u>	<u>833</u>	<u>5,020</u>	<u>22,679</u>	<u>20,722</u>

18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Restricted fixed asset funds 2016 £000	Total funds 2016 £000	Total funds 2015 £000
Tangible fixed assets	-	-	6,559	6,559	4,998
Current assets	3,332	1,300	163	4,795	5,638
Creditors due within one year	(54)	(981)	(23)	(1,058)	(907)
Creditors due in more than one year	-	-	(86)	(86)	(39)
Provisions for liabilities and charges	-	(7,677)	-	(7,677)	(3,285)
	<u>3,278</u>	<u>(7,358)</u>	<u>6,613</u>	<u>2,533</u>	<u>6,405</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

**19. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW
FROM OPERATING ACTIVITIES**

	2016 £000	2015 £000
Net income for the year (as per Statement of financial activities)	196	739
Adjustment for:		
Depreciation charges	608	461
Dividends, interest and rents from investments	(23)	(36)
Decrease/(increase) in debtors	799	(809)
Increase in creditors	143	152
Capital grants from DfE and other capital income	(910)	(1,170)
Defined benefit pension scheme obligation inherited	-	1,036
Defined benefit pension scheme	324	279
Net (loss) on assets and liabilities from local authority on conversion	-	(356)
Cash transferred on conversion	-	(105)
Net cash provided by operating activities	<u>1,137</u>	<u>191</u>

20. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2016 £000	2015 £000
Cash in hand	3,924	3,968
Total	<u>3,924</u>	<u>3,968</u>

CARMEL EDUCATION TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

21. RELATED PARTY TRANSACTIONS

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

During the period procurement of Catholic education support services of £39,000 (2015: £34,000) were purchased from Diocese of Hexham and Newcastle, a company in which Rev J Butters is also a director. As at 31 August 2016 £Nil (2015: £Nil) was owed to Diocese of Hexham and Newcastle.

During the period procurement of event sound and lighting services of £Nil (2015: £1,000) were purchased from Immersive Precision (previously Peter Shorten Productions), a company in which M P Shorten's son has a controlling interest. As at 31 August 2016 £Nil (2015: £Nil) was owed to Immersive Precision.

During the period procurement of IT equipment and IT services of £Nil (2015: £4,000) were purchased from GKM Technical Services, a company in which J A Moorhouse's husband has a controlling interest. As at 31 August 2016 there was no balance outstanding (2015: £Nil).

During the period annual contributions were paid amounting to £32,000 (2015: £29,000) to Hexham & Newcastle Catholic Partnership, a company in which M Regan, A Ramsey and M Shorten are also directors. As at 31 August 2016 £14,000 (2015: £1,000) was owed from Hexham & Newcastle Catholic Partnership.

During the period procurement of event services of £44,000 (2015: £32,000) were purchased from Youth Ministry Trust, a company in which M Matthews is also a director. As at 31 August 2016 £Nil (2015: £Nil) was owed to the Youth Ministry Trust.

During the period teacher training was provided to the value of £4,000 (2015: £16,000) to St Bede's R C Primary School, Darlington, a school in which D Russell is a governor. As at 31 August 2016 there was no balance outstanding (2015: £Nil).

During the period teacher training was provided to the value of £4,000 (2015: £7,000) to St Paul's R C Primary School, a school in which Rev J Butters is a governor. As at 31 August 2016 there was no balance outstanding (2015: £Nil).

During the period song-writing lessons to the value of £60 (2015: £3,000) were purchased from J Hammill, the brother of C Hammill. As at 31 August 2016 £Nil (2015: £Nil) was owed to J Hammill.

During the period support services to the value of £Nil (2015: £20,000) were provided to the primary schools by Carmel Community Services Limited, a wholly owned subsidiary of Carmel Education Trust. As at 31 August 2016 £4,000 (2015: £12,000 from) was owed to Carmel Community Services Limited. Gift aid donations as at 31 August 2016 totalling £41,000 (2015: £53,000) was owed from Carmel Community Services Limited.

During the period support services to the value of £10,000 (2015: £Nil) were provided by The Bungalow Project, a charity in which B Rizzi-Allan is also a trustee. As at 31 August 2016 £Nil (2015: £Nil) was owed to The Bungalow Project.

In entering into the above transactions the trust has complied with the requirements of the Academies Financial Handbook.

CARMEL EDUCATION TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

22. CAPITAL COMMITMENTS

At 31 August 2016 the multi academy trust had capital commitments as follows:

	2016 £000	2015 £000
Contracted for but not provided in these financial statements	-	1,359

CARMEL EDUCATION TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

23. PENSION COMMITMENTS

The multi academy trust'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 and Middlesbrough Borough Council. Both are Multi-Employer Defined Benefit Pension Schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

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

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) 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' Pension 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 of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS will be 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 £1,403,000 (2015 - £1,075,000).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx).

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

23. PENSION COMMITMENTS (continued)

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

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 year ended 31 August 2016 was £784,000 (2015 - £649,000), of which employer's contributions totalled £560,000 (2015 - £454,000) and employees' contributions totalled £224,000 (2015 - £194,000). The agreed contribution rates for future years are 13.9% and 14.6% for employers and 5.5-12.5% for employees.

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.

Durham County Council Pension Fund

Principal actuarial assumptions:

	2016	2015
Discount rate for scheme liabilities	2.00 %	3.80 %
Rate of increase in salaries	3.40 %	3.60 %
Rate of increase for pensions in payment / inflation	1.90 %	2.10 %
Inflation assumption (CPI)	1.90 %	2.10 %
Commutation of pensions to lump sums	80.00 %	80.00 %

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

	2016	2015
Retiring today		
Males	22.7	22.6
Females	25.2	25.1
Retiring in 20 years		
Males	24.9	24.8
Females	27.5	27.4

Teesside Pension Fund

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

	2016	2015
Discount rate for scheme liabilities	2.00 %	3.80 %
Rate of increase in salaries	3.40 %	3.50 %
Rate of increase for pensions in payment / inflation	1.90 %	2.00 %
Inflation assumption (CPI)	1.90 %	2.00 %
Commutation of pensions to lump sums	80.00 %	80.00 %

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

23. PENSION COMMITMENTS (continued)

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

	2016	2015
Retiring today		
Males	23.1	23.0
Females	25.6	25.5
Retiring in 20 years		
Males	25.3	25.2
Females	28.0	27.8

The multi academy trust's share of the assets in the scheme was:

	Fair value at 31 August 2016 £000	Fair value at 31 August 2015 £000
Equities	5,112	4,011
Property	584	364
Government bonds	1,150	781
Corporate bonds	327	281
Cash	501	409
Other	-	60
Total market value of assets	<u>7,674</u>	<u>5,906</u>

The actual return on scheme assets was £1,038,000 (2015 - £(60,000)).

The amounts recognised in the Statement of Financial Activities Incorporating Income and Expenditure Account are as follows:

	2016 £000	2015 £000
Current service cost (net of employee contributions)	(769)	(641)
Net interest cost	(115)	(89)
Total	<u>(884)</u>	<u>(730)</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

23. PENSION COMMITMENTS (continued)

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

	2016 £000	2015 £000
Opening defined benefit obligation	9,191	6,169
Upon conversion	-	2,387
Current service cost	769	641
Interest cost	353	279
Contributions by employees	224	180
Actuarial losses/(gains)	4,868	(328)
Benefits paid	(54)	(137)
	<hr/>	<hr/>
Closing defined benefit obligation	15,351	9,191
	<hr/>	<hr/>

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

	2016 £000	2015 £000
Opening fair value of scheme assets	5,906	4,121
Upon conversion	-	1,351
Interest income	238	190
Actuarial gains and (losses)	800	(250)
Contributions by employer	560	451
Contributions by employees	224	180
Benefits paid	(54)	(137)
	<hr/>	<hr/>
Closing fair value of scheme assets	7,674	5,906
	<hr/>	<hr/>

24. OPERATING LEASE COMMITMENTS

At 31 August 2016 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2016 £000	2015 £000
Amounts payable:		
Within one year	6	6
Between one and five years	8	9
	<hr/>	<hr/>
Total	14	15
	<hr/>	<hr/>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

25. CENTRAL SERVICES

The multi academy trust has provided the following central services to its academies during the year:

- Leadership and business management;
- Standards and data;
- Finance and governance.

The multi academy trust charges for these services on the following basis:

- Pupil numbers;
- The phases provided by the academy (including nursery and sixth form);
- The overall budget of the academy.

The multi academy trust provides support in relation to all its schools. This includes support from the MAT SLT and other teaching staff, as well as the finance and administrative teams at Carmel College. The academy trust also employs a Finance Manager, Governance Manager, Data Manager, HR & Payroll Manager, Catering Manager and Family Support and Attendance Lead who work across the MAT.

The actual amounts charged during the year were as follows:

	2016 £000	2015 £000
Carmel College	230	230
Holy Family	67	43
Our Lady & St Bede	187	76
St Augustine's	67	44
St Bede's	71	45
St Gregory's	79	53
St Michael's	187	135
	<hr/>	<hr/>
Total	888	626
	<hr/>	<hr/>

26. AGENCY ARRANGEMENTS

The academy trust distributes Carmel Teacher Training Partnership bursary funds to trainee teachers as an agent for the National College for Teaching and Leadership. In the accounting period ending 31 August 2016 the trust received £817,000 and disbursed £763,000 from the fund. An amount of £54,000 is included in other creditors relating to undistributed funds that is repayable to the National College for Teaching and Leadership.

27. PRIOR YEAR ADJUSTMENT

On conversion to academy status on 1 November 2011, buildings held on licence from the Diocese were recognised as a donation and included as an asset on the Academy Trust balance sheet for Carmel College. Subsequent convertor academies that joined the multi academy trust also recognised their buildings as a donation and an asset on the balance sheet. Following advice from The Catholic Education Service and the Diocese of Hexham and Newcastle, the Directors have taken the decision to remove these buildings from the balance sheet through a prior year adjustment. The effect of this on the comparative figures was a reduction in opening reserves at 1 September 2014 of £28,882,000, a decrease in income of £5,359,000, a decrease in expenditure of £1,959,000 and a reduction in tangible fixed assets of £32,282,000.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

28. 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.

Comparative figures have been restated to reflect the adjustments made, except to the extent that the Trustees have taken advantage of exemptions to retrospective application of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

Reconciliations and descriptions of the effect of the transition to FRS 102 and SORP 2015 on total funds and net income/(expenditure) for the comparative period reported under previous UK GAAP and SORP 2005 are given below. A prior year adjustment was made which has the effect of reducing the total funds brought forward at 1 September 2014 by £32,282,000 per note 27.

RECONCILIATION OF TOTAL FUNDS	Notes	1 September 2014 £000	31 August 2015 £000
Total funds under previous UK GAAP		2,188	6,405
Total funds reported under FRS 102		<u>2,188</u>	<u>6,405</u>

Reconciliation of net income	Notes	31 August 2015 £000
Net income previously reported under UK GAAP (as restated)		302
Change in recognition of LGPS interest cost	A	(135)
Actuarial gain/loss brought above the line	B	78
Net movement in funds reported under FRS 102		<u>245</u>

Explanation of changes to previously reported funds and net income/expenditure:

A Change of recognition of LGPS interest cost

Under previous UK GAAP the multi academy trust recognised an expected return on defined benefit plan assets in resources expended. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in resources expended. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to increase the debit to resources expended by £135,000 and increase the credit on other recognised gains and losses in the SoFA by an equivalent amount.

B Actuarial gain/loss brought above the line

Under SORP 2005 actuarial gains and losses did not form part of net expenditure for the year. Under SORP (FRS102) these gains form part of the net movements in funds for the year.