

**CARMEL EDUCATION TRUST**

**(A Company Limited by Guarantee)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 AUGUST 2018**

**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 2018**

**Members**

The Right Reverend S Cunningham  
D Fox (appointed 15 January 2018)  
J Hughes (resigned 18 January 2018)  
J Ledger

**Directors**

C L Hughes, Chair<sup>1</sup>  
J M Cunningham, Vice Chair<sup>2</sup>  
Fr J Butters  
J M Edwards (resigned 7 February 2018)  
P M Frank  
J Long<sup>2</sup>  
M Matthews<sup>2</sup>  
M B McCollom (resigned 11 July 2018)<sup>1</sup>  
P A McTimoney<sup>1</sup>  
C A Powell<sup>1</sup>  
A Ramsey (resigned 11 July 2018)<sup>1</sup>  
M Regan OBE, DL, Chief Executive Officer and Accounting Officer<sup>1</sup>  
M M Shorten (resigned 11 July 2018)<sup>1</sup>  
M B Toth (resigned 11 July 2018)  
C R Wiper<sup>2</sup>

<sup>1</sup> members of the Resources Committee

<sup>2</sup> 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 2018**

**Company secretary**

Prima Secretary Limited

**Senior management team**

M Regan OBE, DL, Chief Executive Officer  
M P Shorten, Deputy CEO and Principal, Carmel College  
J Wilson, 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  
M Tate, 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  
County Durham  
DL3 7RT

**Bankers**

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

**Solicitors**

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



**CARMEL EDUCATION TRUST**  
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**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

The Directors present their annual report together with the financial statements and auditor's report of the charitable company for the 1 September 2017 to 31 August 2018. 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-on-Tees. Its academies have a combined pupil capacity of 3,899 and had a roll of 3,882 in the school census on 17 May 2018.

## **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.

### **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.

### **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 2018**

**STRUCTURE, GOVERNANCE AND MANAGEMENT (Continued)**

**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 Directors. 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. Jeff Ledger
- c. Deborah Fox

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 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. During induction Director and Governors are provided access to the NGA Learning link which provides online learning resources including induction.

**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.

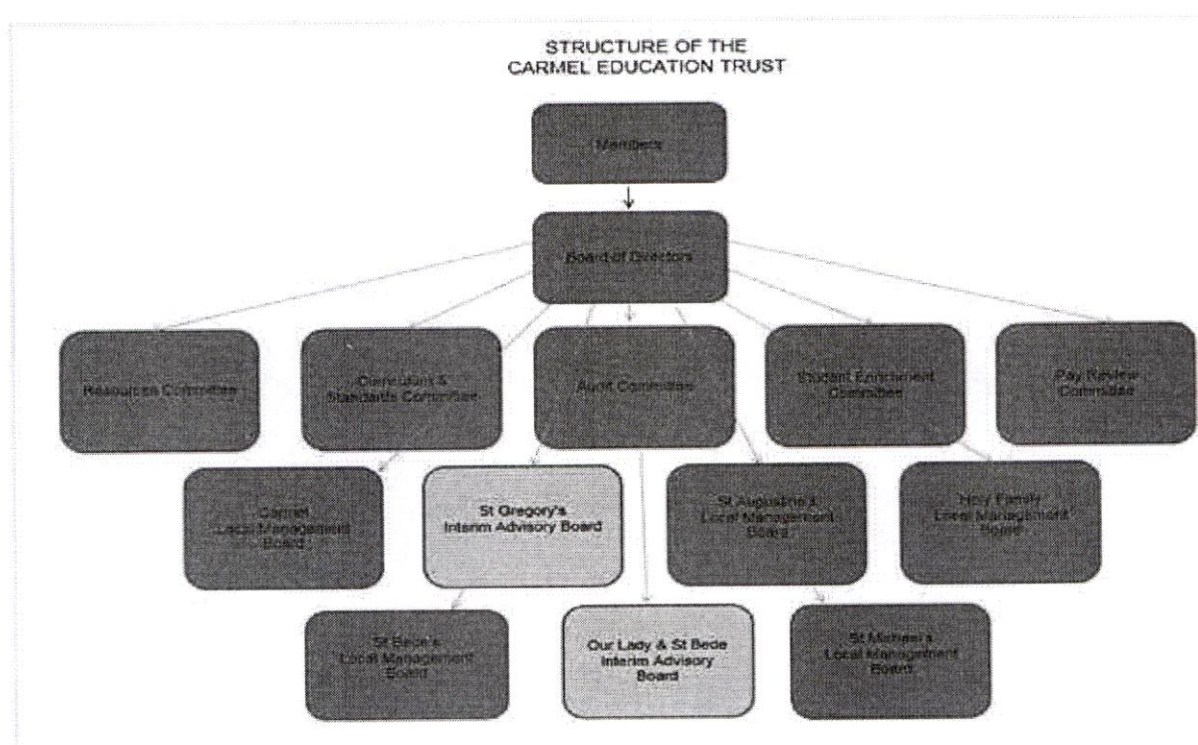
Each academy within the trust has its own Local Management Board to which the trust governing body (the Board of Directors) delegates functions to (through the Scheme of Delegation). Local Governing Bodies are committees of the trust's governing body and are accountable to the Board of Directors. Members 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 St Gregory's Local Governing Body was dissolved in 2015 and replaced by an Interim Advisory Board. The diagram below describes the structure of a Multi-academy trust.



**CARMEL EDUCATION TRUST**  
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**DIRECTORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

**STRUCTURE, GOVERNANCE AND MANAGEMENT (Continued)**



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.

**Pay policy for key management personnel**

The pay policy for all staff, including key management personnel, is governed by the Pay Policy 2017-18 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.

**CARMEL EDUCATION TRUST**  
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**DIRECTORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

**STRUCTURE, GOVERNANCE AND MANAGEMENT (Continued)**

**Trade union facility time**

**Relevant union officials**

Number of employees who were relevant union officials during the year	-
Full-time equivalent employee number	-

**Percentage of time spent on facility time**

Percentage of time	Number of employees
0%	-
1%-50%	-
51%-99%	-
100%	-

<b>Percentage of pay bill spent on facility time</b>	<b>£000</b>
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Total cost of facility time	-
Total pay bill	-
Percentage of total pay bill spent on facility time	- %

**Paid trade union activities**

Time spent on paid trade union activities as a percentage of total paid facility time hours	- %
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**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.

**CARMEL EDUCATION TRUST**  
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**DIRECTORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

**OBJECTIVES AND ACTIVITIES**

**Objects and aims**

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 May 2017. The plan sets out the trust's vision, values, outcomes and priorities for the year as follows:

**Outcome 1 - Teaching & Learning**

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. Our staff feel valued and can access opportunities for professional and career development and to share their skills and expertise across the trust and with other schools.

**Priorities:**

1. Improve the progress made by all pupils so that the standards reached are outstanding across the trust.
2. Establish common assessments and MAT- wide moderation (including cross –phase) to verify standards.
3. Identify shared CPD needs for schools - to strengthen further the quality of teaching and its impact on pupils progress
4. Enhance opportunities for pupil and parental consultation and feedback
5. Develop opportunities for School to School Support through teaching teams across schools to share expertise and skills

**Outcome 2 - Fulfilling Pupil Potential**

Our students feel they belong to a wider community and are supported to fulfil their personal potential through access to extra-curricular activities and opportunities that promote their resilience and builds character.

1. To develop a student entitlement for extra-curricular activities and opportunities that promote their resilience and builds character.

**Outcome 3 - Quality Learning Environment & Resources**

Our schools provide safe, stimulating and aspirational environments where children & staff have access to the best resources.

**Priorities:**

1. Develop and implement a trust-wide ICT strategy and programme of renewal bringing IT hardware and software up to latest specifications and standards
2. Audit capital projects and prioritise needs across trust schools
3. Further refine and implement the Estates Strategy

**Outcome 4 - Catholic Life**

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



**CARMEL EDUCATION TRUST**  
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**DIRECTORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

**OBJECTIVES AND ACTIVITIES (continued)**

**Objectives, strategies and activities (continued)**

**Priorities:**

1. Develop opportunities to encourage families/young to participate in regular worship within parishes and for trust schools, staff and students to join together for liturgies/faith events/Mass/youth festivals
2. Enhance the image and the work of the trust through communication, media and marketing.

**Outcome 5 - Governors & Resources**

Our accountability and decision-making frameworks maximise value for money for the benefit of children and their families.

**Priorities:**

1. Develop and deliver a joint training programme to meet professional development needs of Governors and Directors.
2. Investigate processes and options to improve financial efficiency of the trust.
3. Ensure that the trusts arrangements for performance management and school development planning result in clear lines of accountability and raise standards.
4. The trust has management capacity to deliver sustained Improvement and potential growth.

**Public benefit**

The academy'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 RC Primary**

69% of pupils achieved at least the expected standard in reading, writing and mathematics at the end of KS2, which is a 9% increase on 2017, and is 5% above national and 4% above local performance. Holy Family continues to perform well above national at the end of early years, in the phonics screening check and for end of Key Stage 1 results.

**St Augustine's RC Primary**

71% of pupils achieved at least the expected standard in reading, writing and mathematics at the end of KS2, which is similar to previous years, and keeps performance above both national and local averages. Progress at KS2 continues to be above national in both reading and writing. Attainment at the end of Key Stage 1 was below both national and local averages, with not enough pupils making at least expected progress.

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**DIRECTORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

**ACHIEVEMENT AND PERFORMANCE (continued)**

**Key performance indicators (continued)**

**St Bede's Catholic Academy**

St Bede's continues to achieve progress scores well above national, with reading and writing particularly strong. As a result, combined attainment at the end of KS2 continues to be high, with 73% of pupils achieving at least the expected standard in reading, writing and mathematics, which is 9% higher than national and 3% higher than the Stockton average. Furthermore, combined attainment at the high standard was up 8% on 2017, with 12% of pupils achieving this, which is above both national and local averages. Key Stage 1 attainment continues to improve, with performance above both local and national performance in all subjects, with reading particularly strong.

**St Gregory's Catholic Academy**

68% of pupils achieved at least the expected standard in reading, writing and mathematics at the end of KS2, which is above national, but slightly below the local average. KS2 progress was above national in both reading and mathematics, with reading progress continuing to improve, and mathematics again ranked in the top 25% of schools. At KS1, attainment was in line with local and national averages in both reading and writing, and above in both mathematics and science.

**Carmel College**

Progress and attainment at the end of KS4 continues to be well above national. The College's Attainment 8 average was 56.5, indicating that students are, on average, attaining grades of 5 and 6. 66% of students achieved at least a strong pass (grade 9-5) in both English and mathematics, with 84% achieving at least a standard pass (grade 9-4 – what was A\*-C) in these subjects. National attainment is currently 43% at 9-5 and 64% at 9-4. Three quarters of pupils were entered for the English Baccalaureate (EBacc), which is well above the national rate of 42%. 57% of entrants attained the EBacc at 9-4, which represents 42% of the total cohort, with national performance only 24%. Finally, 7.2% (123) of entries in the reformed GCSEs were graded 9, which is well above the national average of 4.5%. A Level exam achievement was again above both national and north east averages, with all vocational entries passed; 52% graded Distinction or Distinction\*.

**Our Lady & St Bede Catholic Academy**

Progress at the end of KS4 continues to be well above national, with the school's Attainment 8 average also higher than national at 51.2, indicating that students are, on average, attaining grade 5. 66% of students achieved at least a strong pass in both English and mathematics, which is up 6% on 2017, and 23% higher than national. 78% of students achieved at least a standard pass in English and maths, which is 14% above national. Finally, pupil absence has significantly reduced this year (by 1.3%) to bring performance close to national average.



**CARMEL EDUCATION TRUST**  
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**DIRECTORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

**ACHIEVEMENT AND PERFORMANCE (continued)**

**Key performance indicators (continued)**

St Michael's Catholic Academy

Progress at the end of KS4 has fallen this year, and is likely to be well below national. Despite this, attainment remains higher than national, with the school's Attainment 8 average at 48.8, indicating that students are, on average, attaining grade 5. 49% of students achieved at least a strong pass in both English and mathematics, which is up 4% on 2017, and 6% higher than national. 72% of students achieved at least a standard pass in English and maths, which is up 6% since 2016, and 8% above national. 68% of entries attained the EBacc at 9-4, which represents 14% of the total cohort, with national at 24%.

**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.

**FINANCIAL REVIEW**

**Principal risks and uncertainties**

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

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

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

**CARMEL EDUCATION TRUST**  
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**DIRECTORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

**FINANCIAL REVIEW (continued)**

**Principal funding**

Most of the trust's income is obtained from the Department for Education (DfE) via the Education and Skills Funding Agency (ESFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE/ESFA during the year ended 31 August 2018 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The academy trust also receives grants for fixed assets from the DfE/ESFA. 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 DfE/ESFA for its activities as a Teaching School. During the year ended 31 August 2018, the trust received total income of £249,000 relating to this activity.

During the year ended 31 August 2018, total expenditure of £24,027,000 was exceeded by recurrent grant funding from the DfE/ESFA together with other incoming resources. The excess of income over expenditure for the year (before transfers and LGPS movements, and excluding restricted fixed asset funds) was £662,000.

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

At 31 August 2018 the net book value of fixed assets was £8,111,000 and movements in tangible fixed assets are shown in note 13 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, resulting in a deficit of £5,206,000 recognised on the balance sheet.

The academy held fund balances at 31 August 2018 of £7,146,000 comprising £75,000 of restricted general funds, £8,382,000 of restricted fixed asset funds, £(5,206,000) of restricted pension fund and £3,895,000 of unrestricted funds.

**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 unrestricted reserves in the general fund in the form of free reserves (total funds less the amount held in fixed assets and restricted funds) of £3,895,000.

Part of these unrestricted funds are held to cover specific revenue risks identified in relation to:

- Implementation of the national funding formula including the soft formulae in 2019/20 and 2020/21 where the calculation of school budget shares will remain with local authorities
- Future government funding restrictions
- Increases in employer contribution rates for pension (teachers and support staff)
- Leadership and management capacity for potential trust expansion as a result of Diocesan proposals for academisation and multi-academy trusts
- An academy within the trust receives an unsatisfactory Ofsted judgement
- Management capacity for large-scale procurement exercises and to implement efficiency programme / contract management
- Information governance/ information security
- Business continuity planning
- Sustainability of faith and associated school transport policy for Carmel College and Stockton schools



**CARMEL EDUCATION TRUST**  
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**DIRECTORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

**FINANCIAL REVIEW (continued)**

**Reserves policy (continued)**

Part of these unrestricted funds are held to cover specific capital risks identified in relation to:

- Fire alarm system upgrades
- Evacuation route upgrades
- School entrance upgrades
- School playground upgrades
- Tarmac projects
- Boiler replacements
- Window replacements
- Sports hall roof
- Outdoor canopy
- Sports hall flooring
- Extension to kitchen to provide store
- PC / laptop compliance with Windows 10 operating platform
- iPad compliance with IOS 11 operating platform

The individual school balances of £3,970,000 detailed in note 18 form the academy trust's reserves. The trust's current level of reserves are therefore considered to be higher than 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 regular updating of the Trust Estate Strategy that reviews and prioritises projects at all trust schools.

**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 reviewed prior to each investment. This policy maximises investment return whilst minimising risks to the principal sum.

**Fundraising**

The Directors are aware of their duties in respect of fundraising, including the following areas covered in section 13 of the Charities (Protection and Social Investment) Act 2016 in respect of the academy trust's:

- approach to fundraising
- work with, and oversight of, any commercial participators / professional fundraisers
- fundraising conforming to recognised standards
- monitoring of fundraising carried out on its behalf
- fundraising complaints
- protection of the public, including vulnerable people, from unreasonably intrusive or persistent fundraising approaches, and undue pressure to donate.

**CARMEL EDUCATION TRUST**  
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**DIRECTORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

**FINANCIAL REVIEW (continued)**

**Fundraising (continued)**

Directors are also mindful of the Charity Commission publication "Charity fundraising: a guide to Director duties (CC20)" which has been updated to reflect new requirements, including the following 6 principles that underpin the academy trust's responsibility for fundraising:

1. Planning effectively
2. Supervising your fundraisers
3. Protecting your charity's reputation, money and other assets
4. Identifying and ensuring compliance with the laws or regulations that apply specifically to your charity's fundraising
5. Identifying and following any recognised standards that apply to your charity's fundraising
6. Being open and accountable

**PLANS FOR THE FUTURE**

**Future developments**

The trust is committed to being an active partner in improving the life chances for an increasing number of pupils in the communities that it serves. The trust stands ready to support formally schools and academies identified with the Diocese of Hexham & Newcastle, including the opportunities offered by trust expansion. Through the Carmel College Teaching School Alliance, the trust will also continue to promote school improvement with other partner schools. The trust carefully manages the resources required for the school improvement work it carries out and carries out regular capacity reviews.

The Directors welcomed St Bede's RC Primary School to the academy trust on 1 September 2018 and expects a number of other schools to join over the course of the next 12 months.

**Employee involvement and employment of the disabled**

Employees have been consulted on issues of concern to them by means of regular consultative committee and staff meetings and have been kept informed on specific matters directly by management. The multi academy trust carries out exit interviews for all staff leaving the organisation and has adopted a procedure of upward feedback for senior management and the Directors.

The multi academy trust has implemented a number of detailed policies in relation to all aspects of personnel matters including:

- Equal Opportunities Policy
- Volunteers' Policy
- Health & Safety Policy

In accordance with the multi academy trust's Equal Opportunities Policy, the multi academy trust has long established fair employment practices in the recruitment, selection, retention and training of disabled staff.

Full details of these policies are available from the multi academy trust's offices.

**CARMEL EDUCATION TRUST**  
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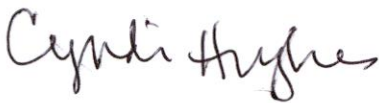
**DIRECTORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

**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, and
- that Directors have taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

The Directors' Report was approved by order of the Board of Directors, as the company directors, on 17 December 2018 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 6 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	6	6
J M Cunningham, Vice Chair	6	6
Fr J Butters	3	6
J M Edwards (resigned 7 February 2018)	3	3
P M Frank	5	6
J Long	4	6
M Matthews	5	6
M B McCollom (resigned 11 July 2018)	5	5
P A McTimoney	5	6
C A Powell	4	6
A Ramsey (resigned 11 July 2018)	5	5
M Regan OBE, DL, Chief Executive Officer and Accounting Officer	6	6
M M Shorten (resigned 11 July 2018)	5	5
M B Toth (resigned 11 July 2018)	5	5
C R Wiper	5	6

The Trust undertakes a rolling programme of Governance during the last year the trust undertook a review of governance at St Augustine's RC Primary School.

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
C L Hughes	4	6
M B McCollom	5	6
P A McTimoney	6	6
C A Powell	5	6
A Ramsey	4	6
M Regan	4	6
M P Shorten	5	6

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
J M Cunningham	2	2
J M Edwards (resigned 07 February 2018)	1	1
J Long	2	2
M Matthews	2	2
C R Wiper	2	2

**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:

- Detailed engagement with Crown Commercial Service with a Short Form Further Competition for the Trust's broadband procurement.
- Using the Crown Commercial Service direct award as part of a large scale renewal of PCs across the Trust.
- Development of central processing of transactional finance services to ensure efficient use of staff time.
- Creation of a Trust supply pool to improve the quality of supply teaching and reduce the need to engage expensive agency supply.

**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 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.



**CARMEL EDUCATION TRUST**  
**(A Company Limited by Guarantee)**

**GOVERNANCE STATEMENT (continued)**

**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 2017 to 31 August 2018 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 reviewer's role includes giving advice on financial matters and performing a range of checks on the multi academy trust's financial systems. In particular the checks carried out in the current period included:

- Regularity
- Payroll
- Purchases
- Accounting system
- Expenses
- Petty cash
- Financial procedures manual
- Governors meeting minutes
- Income streams of the academy trust and its trading subsidiary

On a termly basis, the external auditors report to the Board of Directors through the audit committee on the operation of the systems of control and on the discharge of the Board of Directors' financial responsibilities.

**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 17 December 2018 and signed on their behalf, by:



**C L Hughes**  
**Chair**



**M Regan OBE, DL**  
**Accounting Officer**

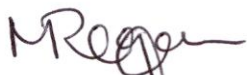
**CARMEL EDUCATION TRUST**  
**(A Company Limited by Guarantee)**

**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 & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

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 2017.

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 ESFA.



**M Regan OBE, DL**  
**Accounting Officer**

Date: 17 December 2018



**CARMEL EDUCATION TRUST**  
**(A Company Limited by Guarantee)**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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 & Skills 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:

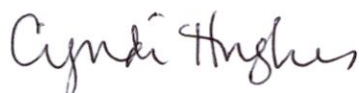
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the 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 ESFA/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 17 December 2018 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**

**Opinion**

We have audited the financial statements of Carmel Education Trust (the 'multi academy trust') for the year ended 31 August 2018 which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the multi academy trust's affairs as at 31 August 2018 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 2017 to 2018 issued by the Education and Skills Funding Agency.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the multi academy trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the multi academy trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.



**CARMEL EDUCATION TRUST**  
**(A Company Limited by Guarantee)**

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

**Other information**

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Opinion on other matters prescribed by the Companies Act 2006**

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

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Directors' Report and the Strategic Report have been prepared in accordance with applicable legal requirements.

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

In the light of our knowledge and understanding of the multi academy trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

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

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

**Responsibilities of Directors**

As explained more fully in the Statement of Directors' Responsibilities, the Directors (who are also the directors of the 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, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

**CARMEL EDUCATION TRUST**  
**(A Company Limited by Guarantee)**

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

**Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' Report.



Christopher Beaumont BA(Hons) FCA DChA (Senior Statutory Auditor)

for and on behalf of

**Clive Owen LLP**

Chartered Accountants  
Statutory Auditors

140 Coniscliffe Road  
Darlington  
County Durham  
DL3 7RT  
17 December 2018



**CARMEL EDUCATION TRUST**  
**(A Company Limited by Guarantee)**

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

In accordance with the terms of our engagement letter dated 14 September 2015 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, 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 2017 to 31 August 2018 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 ESFA 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 ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Carmel Education Trust and the ESFA, 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 accountant**

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 2017, 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 2017 to 2018. 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 2017 to 31 August 2018 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 2017 to 2018 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

**CARMEL EDUCATION TRUST**  
**(A Company Limited by Guarantee)**

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO CARMEL  
EDUCATION TRUST AND THE EDUCATION & SKILLS 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 2017 to 31 August 2018 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 Accountants

140 Coniscliffe Road  
Darlington  
County Durham  
DL3 7RT

17 December 2018



**CARMEL EDUCATION TRUST**  
(A Company Limited by Guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 AUGUST 2018**

	Note	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Restricted fixed asset funds 2018 £000	Total funds 2018 £000	Total funds 2017 £000
<b>INCOME FROM:</b>						
Donations and capital grants	2	54	-	983	1,037	1,317
Charitable activities:	5					
Funding for the academy trust's educational operations		-	19,250	-	19,250	18,358
Teaching schools		-	1,178	-	1,178	1,193
Other trading activities	3	3,016	-	-	3,016	2,859
Investments	4	6	-	-	6	10
<b>TOTAL INCOME</b>		<u>3,076</u>	<u>20,428</u>	<u>983</u>	<u>24,487</u>	<u>23,737</u>
<b>EXPENDITURE ON:</b>						
Charitable activities:						
Funding for the academy trust's educational operations		2,428	19,794	686	22,908	22,396
Teaching schools		-	1,119	-	1,119	1,209
<b>TOTAL EXPENDITURE</b>	6	<u>2,428</u>	<u>20,913</u>	<u>686</u>	<u>24,027</u>	<u>23,605</u>
<b>NET INCOME / (EXPENDITURE) BEFORE TRANSFERS</b>		648	(485)	297	460	132
Transfers between Funds	18	-	(156)	156	-	-
<b>NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES</b>		648	(641)	453	460	132
Actuarial gains on defined benefit pension schemes	25	-	1,295	-	1,295	2,726
<b>NET MOVEMENT IN FUNDS</b>		<u>648</u>	<u>654</u>	<u>453</u>	<u>1,755</u>	<u>2,858</u>
<b>RECONCILIATION OF FUNDS:</b>						
Total funds brought forward		3,247	(5,785)	7,929	5,391	2,533
<b>TOTAL FUNDS CARRIED FORWARD</b>		<u>3,895</u>	<u>(5,131)</u>	<u>8,382</u>	<u>7,146</u>	<u>5,391</u>

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

**BALANCE SHEET**  
**AS AT 31 AUGUST 2018**

	Note	£000	2018 £000	2017 £000
<b>FIXED ASSETS</b>				
Tangible assets	13		8,111	7,853
<b>CURRENT ASSETS</b>				
Debtors	15	792	802	
Cash at bank and in hand		4,391	4,187	
		<u>5,183</u>	<u>4,989</u>	
<b>CREDITORS:</b> amounts falling due within one year	16	(873)	(1,521)	
<b>NET CURRENT ASSETS</b>			<u>4,310</u>	<u>3,468</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>12,421</u>	<u>11,321</u>
<b>CREDITORS:</b> amounts falling due after more than one year	17		(69)	(84)
<b>NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES</b>			<u>12,352</u>	<u>11,237</u>
Durham County Council Pension Fund	25		(2,999)	(3,282)
Teesside Pension Fund	25		(2,207)	(2,564)
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITIES</b>			<u><u>7,146</u></u>	<u><u>5,391</u></u>
<b>FUNDS OF THE ACADEMY</b>				
Restricted income funds:				
Restricted income funds	18	75	61	
Restricted fixed asset funds	18	8,382	7,929	
Restricted income funds excluding pension liability		<u>8,457</u>	<u>7,990</u>	
Pension reserve		(5,206)	(5,846)	
Total restricted income funds			<u>3,251</u>	<u>2,144</u>
Unrestricted income funds	18		<u>3,895</u>	<u>3,247</u>
<b>TOTAL FUNDS</b>			<u><u>7,146</u></u>	<u><u>5,391</u></u>

The financial statements on pages 26 to 60 were approved by the Directors, and authorised for issue, on 17 December 2018 and are signed on their behalf, by:



**C L Hughes, Chair**

**CARMEL EDUCATION TRUST**  
**(A Company Limited by Guarantee)**

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

	Note	2018 £000	2017 £000
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities	20	159	584
<b>Cash flows from investing activities:</b>			
Dividends, interest and rents from investments		6	10
Purchase of tangible fixed assets		(944)	(1,464)
DfE Group and other grants		983	1,133
<b>Net cash provided by/(used in) investing activities</b>		45	(321)
<b>Change in cash and cash equivalents in the year</b>		204	263
Cash and cash equivalents brought forward		4,187	3,924
<b>Cash and cash equivalents carried forward</b>	21	4,391	4,187

**CARMEL EDUCATION TRUST**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

**1. ACCOUNTING POLICIES**

A summary of the principal accounting policies adopted (which have been applied consistently, except where noted), judgments 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 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

**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 funders where the asset acquired or created is held for a specific purpose.

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

**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 2018**

**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 receipt is probable and it is measurable.

Donations are recognised on a receivable basis where receipt is probable 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.

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

All expenditure is inclusive of irrecoverable VAT.



**CARMEL EDUCATION TRUST**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

**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.

**1.7 Tangible fixed assets and depreciation**

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

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of these 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
Fixtures and fittings	-	over 7 years straight line
Motor vehicles	-	over 4 years straight line
Computer equipment	-	over 3 years straight line

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.

**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.

**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.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

**1. ACCOUNTING POLICIES (continued)**

**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 academy trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Governments Pension Scheme ("LGPS"). These are defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the 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. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded multi-employer 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.



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**1. ACCOUNTING POLICIES (continued)**

**1.14 Liabilities and provisions**

Liabilities and provisions 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 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 Financial instruments**

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

*Financial assets* - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 15. Prepayments are not financial instruments. Amounts due to the multi academy trust's wholly owned subsidiary are held at face value less any impairment.

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

*Financial liabilities* - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in notes 16 and 17. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments.

**1.16 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 27.



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**NOTES TO THE FINANCIAL STATEMENTS**  
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**1. ACCOUNTING POLICIES (continued)**

**1.17 Critical accounting estimates and areas of judgment**

Estimates and judgments 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 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 25, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. 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 judgment:

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 £686,000.

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.

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**2. INCOME FROM DONATIONS AND CAPITAL GRANTS**

	Unrestricted funds	Restricted funds	Restricted fixed asset funds	Total funds 2017/18	Total funds 2016/17
	£000	£000	£000	£000	£000
Donations	54	-	-	54	125
Capital Grants	-	-	983	983	1,192
	<u>54</u>	<u>-</u>	<u>983</u>	<u>1,037</u>	<u>1,317</u>
Total 2017	<u>102</u>	<u>23</u>	<u>1,192</u>	<u>1,317</u>	

**3. OTHER TRADING ACTIVITIES**

	Unrestricted funds	Restricted funds	Total funds 2017/18	Total funds 2016/17
	£000	£000	£000	£000
Sundry Income	200	-	200	256
Lettings	69	-	69	76
School Trips	552	-	552	423
Supply Teacher Insurance	89	-	89	154
Catering	928	-	928	824
Carmel Teacher Training Programme	928	-	928	973
Pupil Transport	250	-	250	153
	<u>3,016</u>	<u>-</u>	<u>3,016</u>	<u>2,859</u>
Total 2017	<u>2,859</u>	<u>-</u>	<u>2,859</u>	

**4. INVESTMENT INCOME**

	Unrestricted funds	Restricted funds	Total funds 2017/18	Total funds 2016/17
	£000	£000	£000	£000
Bank interest	6	-	6	10
	<u>6</u>	<u>-</u>	<u>6</u>	<u>10</u>
Total 2017	<u>10</u>	<u>-</u>	<u>10</u>	

**CARMEL EDUCATION TRUST**  
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**NOTES TO THE FINANCIAL STATEMENTS  
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**5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS**

	Unrestricted funds	Restricted funds	Total funds 2017/18 £000	Total funds 2016/17 £000
	£000	£000		
<b>DfE/ESFA grants</b>				
General Annual Grant (GAG)	-	17,377	17,377	17,183
Pupil Premium	-	897	897	853
National College Teaching Schools	-	1,166	1,166	705
Other DfE/ESFA Grants	-	355	355	324
	-	19,795	19,795	19,065
<b>Other government grants</b>				
SEN	-	268	268	247
Other government grants	-	288	288	239
	-	556	556	486
<b>Other funding</b>				
Other Grant	-	77	77	-
	-	77	77	-
	-	20,428	20,428	19,551
Total 2017	-	19,551	19,551	



**CARMEL EDUCATION TRUST**  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2018**

**6. EXPENDITURE**

	Staff costs 2018 £000	Premises 2018 £000	Other costs 2018 £000	Total 2018 £000	Total 2017 £000
Academy's educational ope:					
Direct costs	12,872	-	1,559	14,431	14,053
Support costs	4,487	1,616	2,374	8,477	8,343
Teaching schools:					
Direct costs	206	-	699	905	1,004
Support costs	87	-	127	214	205
	<u>17,652</u>	<u>1,616</u>	<u>4,759</u>	<u>24,027</u>	<u>23,605</u>
Total 2017	<u>17,774</u>	<u>1,375</u>	<u>4,456</u>	<u>23,605</u>	

In 2018 of the total expenditure, £2,428,000 (2017 - £3,002,000) was to unrestricted funds and £21,599,000 (2017 - £20,603,000) was to restricted funds.

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

- Compensation payments
- Gifts made by the academy
- Fixed asset losses
- Stock losses
- Unrecoverable debts
- Cash losses

There were no ex-gratia payments in the year.

**CARMEL EDUCATION TRUST**  
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**NOTES TO THE FINANCIAL STATEMENTS  
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**7. CHARITABLE ACTIVITIES**

	2018 £000	2017 £000
<b>DIRECT COSTS</b>		
Wages and salaries	10,018	9,904
National insurance	1,005	1,006
Pension cost	2,055	2,252
Educational supplies	663	673
Examination fees	249	290
Staff development	104	107
Educational consultancy	-	2
Travel and subsistence	867	638
Other direct costs	314	185
	<hr/> 15,275	<hr/> 15,057
<b>SUPPORT COSTS</b>		
Wages and salaries	3,722	3,854
National insurance	293	243
Pension costs	559	515
Depreciation	686	591
Net interest cost on pension scheme	139	147
Technology costs	202	164
Travel and subsistence	23	20
Recruitment and support	45	51
Maintenance of premises and equipment	317	196
Cleaning	69	60
Rates	202	185
Energy	309	306
Insurance	255	259
Security	16	14
Transport	15	6
Catering	645	557
Occupancy costs	228	240
Bank interest and charges	23	14
Other support costs	770	841
Governance costs	234	285
	<hr/> 8,752	<hr/> 8,548
	<hr/> <hr/> 24,027	<hr/> <hr/> 23,605

**CARMEL EDUCATION TRUST**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

**8. NET INCOME/(EXPENDITURE)**

This is stated after charging:

	2018 £000	2017 £000
Depreciation of tangible fixed assets:		
- owned by the charity	686	591
Auditors' remuneration - audit	19	21
Auditors' remuneration - other services	9	11
Operating lease rentals	5	6
	<u>          </u>	<u>          </u>



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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2018**

**9. STAFF COSTS**

**a. Staff costs**

Staff costs were as follows:

	2018 £000	2017 £000
Wages and salaries	13,158	12,804
Social security costs	1,298	1,249
Operating costs of defined benefit pension schemes	2,614	2,767
	<hr/> 17,070	<hr/> 16,820
Supply staff costs	568	816
Staff restructuring costs	14	138
	<hr/> <hr/> 17,652	<hr/> <hr/> 17,774

Included in operating costs of defined pension schemes is a debit of £516,000 (2017: £748,000) relating to the pension deficit actuarial adjustment. Supply staff costs includes £nil (2017: £26,000) for operating costs of defined benefit pension schemes.

Staff restructuring costs comprise:

	2018 £000	2017 £000
Redundancy payments	-	46
Severance payments	14	92
	<hr/> 14	<hr/> 138

**b. Non-statutory/non-contractual staff severance payments**

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £14,000 (2017: £92,000). Individually, the payments were: £13,000 and £1,000.

**c. Staff numbers**

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

	2018 No.	2017 No.
Leadership	11	12
Teachers	241	241
Education & Administration Support, including premises & cleaning	304	304
	<hr/> 556	<hr/> 557

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

**9. STAFF COSTS (continued)**

**d. Higher paid staff**

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

	2018 No.	2017 No.
In the band £60,001 - £70,000	6	6
In the band £70,001 - £80,000	2	3
In the band £80,001 - £90,000	3	3
In the band £100,001 - £110,000	2	0
In the band £130,001 - £140,000	0	1

Ten of the above employees participated in the Teachers' Pension Scheme. Two employees participated in the Local Government Pension Scheme.

**e. Key management personnel**

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 national insurance and employer pension contributions) received by key management personnel for their services to the multi academy trust was £971,000 (2017: £1,049,000).

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**NOTES TO THE FINANCIAL STATEMENTS  
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**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:

		2018 £000	2017 £000
M Matthews	Remuneration	40-45	45-50
	Pension contributions paid	0-5	0-5
M B McCollom	Remuneration	60-65	60-65
	Pension contributions paid	10-15	10-15
C Peacock	Remuneration	-	55-60
	Pension contributions paid	-	5-10
A Ramsey	Remuneration	85-90	85-90
	Pension contributions paid	10-15	10-15
M Regan OBE, DL	Remuneration	100-105	130-135
	Pension contributions paid	0-5	20-25
B Rizzi-Allan	Remuneration	55-60	55-60
	Pension contributions paid	5-10	5-10
M P Shorten	Remuneration	105-110	85-90
	Pension contributions paid	15-20	10-15

During the year, no Directors received any benefits in kind (2017 - £NIL).

During the year ended 31 August 2018, expenses totalling £3,000 (2017 - £6,000) were reimbursed to 3 Directors (2017 - 7).

**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 2018**

**12. 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, IT Manager, Catering Manager and Family Support and Attendance Lead who work across the MAT.

The actual amounts charged during the year were as follows:

	2018	2017
	£000	£000
Carmel College	253	252
Holy Family	73	71
Our Lady & St Bede	229	220
St Augustine's	73	72
St Bede's	76	75
St Gregory's	85	84
St Michael's	229	226
	<hr/>	<hr/>
Total	1,018	1,000
	<hr/>	<hr/>

**CARMEL EDUCATION TRUST**  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2018**

**13. TANGIBLE FIXED ASSETS**

	Long leasehold improvement £000	Long leasehold land £000	Fixtures and fittings £000
<b>Cost</b>			
At 1 September 2017	5,162	2,162	850
Additions	703	-	50
At 31 August 2018	5,865	2,162	900
<b>Depreciation</b>			
At 1 September 2017	464	72	321
Charge for the year	266	17	119
At 31 August 2018	730	89	440
<b>Net book value</b>			
At 31 August 2018	5,135	2,073	460
At 31 August 2017	4,698	2,090	529
	Computer equipment £000	Motor vehicles £000	Total £000
<b>Cost</b>			
At 1 September 2017	1,777	80	10,031
Additions	191	-	944
At 31 August 2018	1,968	80	10,975
<b>Depreciation</b>			
At 1 September 2017	1,281	40	2,178
Charge for the year	270	14	686
At 31 August 2018	1,551	54	2,864
<b>Net book value</b>			
At 31 August 2018	417	26	8,111
At 31 August 2017	496	40	7,853

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2018**

**14. 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 2018 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
-	-
-	-
-	-

**15. DEBTORS**

	2018 £000	2017 £000
Trade debtors	160	34
VAT recoverable	112	163
Other debtors	9	12
Prepayments and accrued income	511	593
	792	802

**16. CREDITORS: Amounts falling due within one year**

	2018 £000	2017 £000
Trade creditors	149	121
Other creditors	121	160
Accruals and deferred income	603	1,240
	873	1,521

	2018 £000	2017 £000
<b>Deferred income</b>		
Deferred income at 1 September 2017	371	377
Resources deferred during the year	475	371
Amounts released from previous years	(371)	(377)
Deferred income at 31 August 2018	475	371



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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2018**

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

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

**17. CREDITORS: Amounts falling due after more than one year**

	2018 £000	2017 £000
Other creditors	69	84

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

	2018 £000	2017 £000
Repayable by instalments	7	22

Included within other creditors is a loan of £84,000 (2017:£100,000) from the ESFA which is provided on the following terms:

Interest free loan repayable over 7 years.

**18. STATEMENT OF FUNDS**

	Balance at 1 September 2017 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2018 £000
<b>Unrestricted funds</b>						
Unrestricted general funds	3,247	3,076	(2,428)	-	-	3,895
<b>Restricted funds</b>						
General Annual Grant (GAG)	-	17,377	(17,221)	(156)	-	-
Pupil Premium	-	897	(897)	-	-	-
National College for Teaching and Leadership	-	1,166	(1,166)	-	-	-
Other DfE/ESFA grants	-	355	(355)	-	-	-
SEN	-	268	(268)	-	-	-
Other Government grants	-	288	(288)	-	-	-
CET University Bursary	30	-	(8)	-	-	22
Other grants	31	77	(55)	-	-	53
Pension reserve	(5,846)	-	(655)	-	1,295	(5,206)
	(5,785)	20,428	(20,913)	(156)	1,295	(5,131)

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

**Restricted fixed asset funds**

Devolved Formula Capital	235	86	(50)	-	-	271
Academy Capital						
Maintenance Fund	1,365	-	(78)	-	-	1,287
Capital expenditure from						
GAG	1,297	-	(292)	156	-	1,161
Legacy assets	2,153	-	(42)	-	-	2,111
Donations	41	-	(1)	-	-	40
Other DfE/ESFA capital						
grants	10	-	-	-	-	10
Condition Improvement						
Fund	1,284	-	(100)	-	-	1,184
Other Government Grants	279	337	(33)	-	-	583
Uplift funding	72	-	(34)	-	-	38
SCA funding	722	325	(33)	-	-	1,014
Other capital funds	130	-	(5)	-	-	125
Carmel College						
Development Fund	146	-	(5)	-	-	141
England Hockey Funding	45	-	(2)	-	-	43
Unrestricted funds	150	200	(11)	-	-	339
Health pupil capital fund	-	35	-	-	-	35
	<u>7,929</u>	<u>983</u>	<u>(686)</u>	<u>156</u>	<u>-</u>	<u>8,382</u>
Total restricted funds	<u>2,144</u>	<u>21,411</u>	<u>(21,599)</u>	<u>-</u>	<u>1,295</u>	<u>3,251</u>
Total of funds	<u>5,391</u>	<u>24,487</u>	<u>(24,027)</u>	<u>-</u>	<u>1,295</u>	<u>7,146</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/ESFA 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 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.

The pension reserve is the liability due to the deficit on the Local Government Pension Scheme. Further details are shown in note 24.

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

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

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 £151,000 (2017: £569,000) has been made to Capital expenditure from GAG to reflect those items included within fixed assets which have been purchased using GAG monies.

A transfer of £nil (2017: £146,000) has been made to Capital expenditure from the Carmel College Development Fund to reflect those items included within fixed assets which have been purchased using these 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 2018.

**ANALYSIS OF ACADEMIES BY FUND BALANCE**

Fund balances at 31 August 2018 were allocated as follows:

	Total 2018 £000	Total 2017 £000
Carmel College	3,914	3,407
Holy Family	17	51
Our Lady & St Bede	(56)	(324)
St Augustine's	17	43
St Bede's	13	52
St Gregory's	241	192
St Michael's	(176)	(166)
Carmel Education Trust	-	53
	<hr/>	<hr/>
Total before fixed asset fund and pension reserve	3,970	3,308
Restricted fixed asset fund	8,382	7,929
Pension reserve	(5,206)	(5,846)
	<hr/>	<hr/>
Total	7,146	5,391
	<hr/> <hr/>	<hr/> <hr/>

The following academy is carrying a net deficit on its portion of the funds as follows:

Name of academy	Amount of deficit £000
Our Lady & St Bede	56
St Michael's	176

The deficits represent a deliberate attempt by the trust to make a rapid impact at the academy. The success of this strategy is shown by the outstanding results explained in more detail in the review of activities in the Directors' Report.

The multi academy trust is taking the following action to return the academies to surplus:

Working with both schools to manage the funding receivable from increasing pupil numbers, focusing on two key areas. The first priority is allocating sufficient resources to enable the needs of pupils continue to be fully met, enabling the excellent academic results to continue. The second priority is to use the increased funding, and other savings made through the Efficiency Programme, to repay the deficits.



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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2018**

**18. 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 2018 £000	Total 2017 £000
Carmel College	4,999	1,064	384	2,368	8,815	8,512
Carmel EducationTrust	351	1,206	23	207	1,787	1,942
Holy Family	430	249	35	129	843	856
Our Lady & St Bede	2,424	845	236	728	4,233	4,044
St Augustine's	431	282	48	121	882	894
St Bede's	501	370	59	129	1,059	1,034
St Gregory's	457	426	43	173	1,099	1,135
St Michael's	3,012	692	188	731	4,623	4,597
	<u>12,605</u>	<u>5,134</u>	<u>1,016</u>	<u>4,586</u>	<u>23,341</u>	<u>23,014</u>

**COMPARATIVE INFORMATION IN RESPECT OF THE PRECEEDING PERIOD IS AS FOLLOWS:**

	Balance at 1 September 2016 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2017 £000
<b>General funds</b>						
Unrestricted general funds	<u>3,278</u>	<u>2,971</u>	<u>(3,002)</u>	<u>-</u>	<u>-</u>	<u>3,247</u>
<b>Restricted funds</b>						
General Annual Grant (GAG)	-	17,183	(16,614)	(569)	-	-
Pupil Premium	-	853	(853)	-	-	-
National College for Teaching and Leadership	28	705	(733)	-	-	-
Other DfE/ESFA grants	100	324	(424)	-	-	-
SEN	-	247	(247)	-	-	-
Other Government grants	-	239	(239)	-	-	-
Carmel college Development Fund	146	-	-	(146)	-	-
CET University Bursary	14	23	(7)	-	-	30
Other grants	31	-	-	-	-	31
Pension reserve	(7,677)	-	(895)	-	2,726	(5,846)
	<u>(7,358)</u>	<u>19,574</u>	<u>(20,012)</u>	<u>(715)</u>	<u>2,726</u>	<u>(5,785)</u>

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

**Restricted fixed asset funds**

Devolved Formula Capital	200	86	(51)	-	-	235
Academy Capital						
Maintenance Fund	1,439	-	(74)	-	-	1,365
Capital expenditure from						
GAG	931	-	(203)	569	-	1,297
Legacy assets	2,222	-	(69)	-	-	2,153
Donations	52	-	(11)	-	-	41
Other DfE/ESFA capital						
grants	40	-	(30)	-	-	10
Condition Improvement						
Fund	1,323	49	(88)	-	-	1,284
Other Government Grants	102	200	(23)	-	-	279
Uplift funding	106	-	(34)	-	-	72
SCA funding	162	567	(7)	-	-	722
Other capital funds	36	95	(1)	-	-	130
Carmel College						
Development Fund	-	-	-	146	-	146
England Hockey Funding	-	45	-	-	-	45
Unrestricted funds	-	150	-	-	-	150
	<u>6,613</u>	<u>1,192</u>	<u>(591)</u>	<u>715</u>	<u>-</u>	<u>7,929</u>
Total restricted funds	<u>(745)</u>	<u>20,766</u>	<u>(20,603)</u>	<u>-</u>	<u>2,726</u>	<u>2,144</u>
Total of funds	<u>2,533</u>	<u>23,737</u>	<u>(23,605)</u>	<u>-</u>	<u>2,726</u>	<u>5,391</u>

**A CURRENT YEAR 12 MONTHS AND PRIOR YEAR 12 MONTHS COMBINED POSITION IS AS FOLLOWS:**

	Balance at 1 September 2016 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2018 £000
<b>Unrestricted funds</b>						
Unrestricted general funds	3,278	6,047	(5,430)	-	-	3,895

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

**Restricted funds**

General Annual Grant (GAG)	-	34,560	(33,835)	(725)	-	-
Pupil Premium	-	1,750	(1,750)	-	-	-
National College for Teaching and Leadership	28	1,871	(1,899)	-	-	-
Other DfE/ESFA grants	100	679	(779)	-	-	-
SEN	-	515	(515)	-	-	-
Other Government grants	-	527	(527)	-	-	-
Carmel college Development Fund	146	-	-	(146)	-	-
CET University Bursary	14	23	(15)	-	-	22
Other grants	31	77	(55)	-	-	53
Pension reserve	(7,677)	-	(1,550)	-	4,021	(5,206)
	<u>(7,358)</u>	<u>40,002</u>	<u>(40,925)</u>	<u>(871)</u>	<u>4,021</u>	<u>(5,131)</u>

**Restricted fixed asset funds**

Devolved Formula Capital	200	172	(101)	-	-	271
Academy Capital						
Maintenance Fund	1,439	-	(152)	-	-	1,287
Capital expenditure from						
GAG	931	-	(495)	725	-	1,161
Legacy assets	2,222	-	(111)	-	-	2,111
Donations	52	-	(12)	-	-	40
Other DfE/ESFA capital grants	40	-	(30)	-	-	10
Condition Improvement Fund	1,323	49	(188)	-	-	1,184
Other Government Grants	102	537	(56)	-	-	583
Uplift funding	106	-	(68)	-	-	38
SCA funding	162	892	(40)	-	-	1,014
Other capital funds	36	95	(6)	-	-	125
Carmel College						
Development Fund	-	-	(5)	146	-	141
England Hockey Funding	-	45	(2)	-	-	43
Unrestricted funds	-	350	(11)	-	-	339
Health pupil capital fund	-	35	-	-	-	35
	<u>6,613</u>	<u>2,175</u>	<u>(1,277)</u>	<u>871</u>	<u>-</u>	<u>8,382</u>
	<u>(745)</u>	<u>42,177</u>	<u>(42,202)</u>	<u>-</u>	<u>4,021</u>	<u>3,251</u>
Total of funds	<u>2,533</u>	<u>48,224</u>	<u>(47,632)</u>	<u>-</u>	<u>4,021</u>	<u>7,146</u>



**CARMEL EDUCATION TRUST**  
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**NOTES TO THE FINANCIAL STATEMENTS  
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**19. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Restricted fixed asset funds 2018 £000	Total funds 2018 £000
Tangible fixed assets	-	-	8,111	8,111
Current assets	4,837	75	271	5,183
Creditors due within one year	(873)	-	-	(873)
Creditors due in more than one year	(69)	-	-	(69)
Provisions for liabilities and charges	-	(5,206)	-	(5,206)
	<u>3,895</u>	<u>(5,131)</u>	<u>8,382</u>	<u>7,146</u>

**COMPARATIVE INFORMATION IN RESPECT OF THE PRECEEDING PERIOD IS AS FOLLOWS:**

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Restricted fixed asset funds 2017 £000	Total funds 2017 £000
Tangible fixed assets	-	-	7,853	7,853
Current assets	3,247	1,666	76	4,989
Creditors due within one year	-	(1,521)	-	(1,521)
Creditors due in more than one year	-	(84)	-	(84)
Provisions for liabilities and charges	-	(5,846)	-	(5,846)
	<u>3,247</u>	<u>(5,785)</u>	<u>7,929</u>	<u>5,391</u>

**CARMEL EDUCATION TRUST**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
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**20. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES**

	2018 £000	2017 £000
Net income for the year (as per Statement of Financial Activities)	460	132
<b>Adjustment for:</b>		
Depreciation charges	686	591
Dividends, interest and rents from investments	(6)	(10)
Decrease in debtors	10	69
(Decrease)/increase in creditors	(663)	40
Capital grants from DfE and other capital income	(983)	(1,133)
Defined benefit pension scheme finance cost	655	895
	<hr/>	<hr/>
<b>Net cash provided by operating activities</b>	<b>159</b>	<b>584</b>
	<hr/> <hr/>	<hr/> <hr/>

**21. ANALYSIS OF CASH AND CASH EQUIVALENTS**

	2018 £000	2017 £000
Cash in hand	4,391	4,187
	<hr/>	<hr/>
Total	4,391	4,187
	<hr/> <hr/>	<hr/> <hr/>

**CARMEL EDUCATION TRUST**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

**22. RELATED PARTY TRANSACTIONS**

Owing to the nature of the academy trust 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 Directors have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH and with the trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

Expenditure Related Party Transactions

Diocese of Hexham and Newcastle - appoints the members.

The academy trust purchased Catholic education support services of £35,000 (2017: £34,000) during the period. There were no amounts outstanding at 31 August 2018 (2017: £nil).

The academy trust made the purchase at arms' length following a competitive tendering exercise in accordance with its financial regulations, which representatives of the Diocese of Hexham and Newcastle neither participated in, nor influenced.

In entering into the transaction the academy trust has complied with the requirements of the Academies Financial Handbook 2017.

The element above £2,500 has been provided 'at no more than cost' and Diocese of Hexham and Newcastle has provided a statement of assurance confirming this.

Hexham and Newcastle Catholic Partnership - a company in which C Hammill, A Ramsay and M Shorten are also directors.

The academy trust paid contributions amounting to £nil (2017: £33,000) during the period. There were no amounts outstanding at 31 August 2018 (2017: £11,000).

Youth Ministry Trust - a company in which M Matthews is also a director.

The academy trust purchased event services of £48,000 (2017: £51,000) during the period. £1,000 was outstanding at 31 August 2018 (2017: £nil).

The academy trust made the purchase at arms' length following a competitive tendering exercise in accordance with its financial regulations, which M Matthews neither participated in, nor influenced.

In entering into the transaction the academy trust has complied with the requirements of the Academies Financial Handbook 2017.

The element above £2,500 has been provided 'at no more than cost' and Youth Ministry Trust has provided a statement of assurance confirming this.

St Thomas of Canterbury Catholic Multi Academy Trust - a school in which Rev J Butters is a trustee.

Teacher training was provided by St Thomas of Canterbury Catholic Multi Academy Trust to the value of £5,000 (2017: £4,000). There were no amounts outstanding at 31 August 2018 (2017: £nil).

The academy trust made the purchase at arms' length following a competitive tendering exercise in accordance with its financial regulations, which Rev J Butters neither participated in, nor influenced.

In entering into the transaction the academy trust has complied with the requirements of the Academies Financial Handbook 2017.

The element above £2,500 has been provided 'at no more than cost' and St Thomas of Canterbury Catholic Multi Academy Trust School has provided a statement of assurance confirming this.



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**NOTES TO THE FINANCIAL STATEMENTS  
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**22. RELATED PARTY TRANSACTIONS (continued)**

The Bungalow Project - a charity in which B Rizzi-Allan is also a trustee.

Support services were purchased from The Bungalow Project of £13,000 (2017: £6,000). There were no amounts outstanding at 31 August 2018 (2017: £nil).

The academy trust made the purchase at arms' length following a competitive tendering exercise in accordance with its financial regulations, which B Rizz-Allan neither participated in, nor influenced.

In entering into the transaction the academy trust has complied with the requirements of the Academies Financial Handbook 2017.

The element above £2,500 has been provided 'at no more than cost' and The Bungalow Project has provided a statement of assurance confirming this.

**23. NET INTEREST COST ON PENSION SCHEME**

	2018 £000	2017 £000
Interest income on pension scheme assets	250	161
Interest on pension scheme liabilities	(389)	(308)
	<u>(139)</u>	<u>(147)</u>

**24. CAPITAL COMMITMENTS**

At 31 August 2018 the multi academy trust had capital commitments as follows:

	2018 £000	2017 £000
Contracted for but not provided in these financial statements	<u>-</u>	<u>455</u>

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**25. 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 2016.

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

**Teachers' Pension Scheme**

**Introduction**

The Teachers' Pension Scheme (TPS) 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**

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%.

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 September 2019.

The employer's pension costs paid to TPS in the period amounted to £1,451,000 (2017 - £1,456,000).

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](http://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx)).



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**NOTES TO THE FINANCIAL STATEMENTS  
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**25. PENSION COMMITMENTS (continued)**

Under the definitions set out in FRS 102, the TPS is an unfunded 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 2018 was £869,000 (2017 - £818,000), of which employer's contributions totalled £642,000 (2017 - £589,000) and employees' contributions totalled £246,000 (2017 - £229,000). The agreed contribution rates for future years are 13.9% and 19.6% 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:

	2018	2017
Discount rate for scheme liabilities	2.80 %	2.50 %
Rate of increase in salaries	3.00 %	3.50 %
Rate of increase for pensions in payment / inflation	2.00 %	2.00 %
Inflation assumption (CPI)	2.00 %	2.00 %
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:

	2018	2017
Retiring today		
Males	23.3	23.2
Females	25.0	24.9
Retiring in 20 years		
Males	25.0	25.4
Females	27.3	27.2

**Teesside Pension Fund**

Principal actuarial assumptions:

	2018	2017
Discount rate for scheme liabilities	2.80 %	2.50 %
Rate of increase in salaries	3.00 %	3.00 %
Rate of increase for pensions in payment / inflation	2.00 %	2.00 %
Inflation assumption (CPI)	2.00 %	2.00 %
Commutation of pensions to lump sums	80.00 %	80.00 %



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**NOTES TO THE FINANCIAL STATEMENTS  
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**25. 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:

	2018	2017
Retiring today		
Males	22.9	22.8
Females	25.0	24.9
Retiring in 20 years		
Males	25.1	25.0
Females	27.3	27.2

<b>Sensitivity analysis</b>	At 31 August 2018 £000	At 31 August 2017 £000
Discount rate +0.1%	15,646	15,112
Discount rate -0.1%	16,392	15,832
Mortality assumption - 1 year increase	15,556	15,004
Mortality assumption - 1 year decrease	16,476	15,935
CPI rate +0.1%	16,247	15,692
CPI rate -0.1%	15,787	15,248

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

	Fair value at 31 August 2018 £000	Fair value at 31 August 2017 £000
Equities	6,692	6,322
Property	788	650
Government bonds	1,223	1,323
Corporate bonds	641	375
Cash	1,388	867
Other	77	85
<b>Total market value of assets</b>	<b>10,809</b>	<b>9,622</b>

The actual return on scheme assets was £479,000 (2017 - £1,240,000).

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

	2018 £000	2017 £000
Current service cost	(1,129)	(1,337)
Interest income	250	161
Interest cost	(389)	(308)
<b>Total</b>	<b>(1,268)</b>	<b>(1,484)</b>

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**25. PENSION COMMITMENTS (continued)**

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

	2018 £000	2017 £000
Opening defined benefit obligation	15,468	15,351
Current service cost	1,129	1,337
Interest cost	389	308
Employee contributions	220	229
Actuarial gains	(1,066)	(1,647)
Benefits paid	(125)	(110)
	<hr/>	<hr/>
Closing defined benefit obligation	16,015	15,468
	<hr/>	<hr/>

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

	2018 £000	2017 £000
Opening fair value of scheme assets	9,622	7,674
Expected return on assets	250	161
Actuarial gains/(losses)	229	1,079
Employer contributions	613	589
Employee contributions	220	229
Benefits paid	(125)	(110)
	<hr/>	<hr/>
Closing fair value of scheme assets	10,809	9,622
	<hr/>	<hr/>

**26. OPERATING LEASE COMMITMENTS**

At 31 August 2018 the total of the academy trust's future minimum lease payments under non-cancellable operating leases was:

	2018 £000	2017 £000
<b>Amounts payable:</b>		
Within one year	3	5
Between one and five years	1	4
	<hr/>	<hr/>
Total	4	9
	<hr/>	<hr/>

**CARMEL EDUCATION TRUST**  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2018**

**27. 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 2018 the trust received £882,000 (2017: £974,000) and disbursed £919,000 (2017: £889,000) from the fund. An amount of £102,000 (2017: £139,000) is included in other creditors relating to undistributed funds that is repayable to the National College for Teaching and Leadership.

The academy trust distributes 16-19 Bursary funds as an agent for the ESFA. In the accounting period ending 31 August 2018 the trust received £20,000 (2017: £18,000) and disbursed £21,000 (2017: £15,000) from the fund.

**28. TEACHING SCHOOL TRADING ACCOUNT**

	2018 £000	2018 £000	2017 £000	2017 £000
<b>INCOME</b>				
<b>DIRECT INCOME</b>				
Grant funding	248		215	
Other direct income	923		962	
<b>TOTAL DIRECT INCOME</b>	<u>1,171</u>		<u>1,177</u>	
<b>OTHER INCOME</b>				
Other income	7		16	
<b>TOTAL INCOME</b>		1,178		1,193
<b>EXPENDITURE</b>				
<b>DIRECT EXPENDITURE</b>				
Direct staff costs	206		217	
Other direct costs	699		787	
<b>TOTAL DIRECT EXPENDITURE</b>	<u>905</u>		<u>1,004</u>	
<b>OTHER EXPENDITURE</b>				
Other staff costs	87		58	
Other support costs	127		147	
<b>TOTAL OTHER EXPENDITURE</b>	<u>214</u>		<u>205</u>	
<b>TOTAL EXPENDITURE</b>		1,119		1,209
<b>SURPLUS / (DEFICIT) FROM ALL SOURCES</b>		<u>59</u>		<u>(16)</u>
<b>TEACHING SCHOOL BALANCES AT 1 SEPTEMBER 2017</b>		7		23
<b>TEACHING SCHOOL BALANCES AT 31 AUGUST 2018</b>		<u>66</u>		<u>7</u>



**CARMEL EDUCATION TRUST**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**