

**Company Registration Number: 07808732 (England and Wales)**

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

**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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

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**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 2017**

**Members**

The Right Reverend S Cunningham  
J Hughes  
J Ledger (appointed 25 May 2017)  
K Smith (resigned 25 May 2017)

**Directors**

C L Hughes, Chair<sup>1</sup>  
J M Cunningham, Vice Chair<sup>2</sup>  
Fr J Butters  
J M Edwards<sup>2</sup>  
P M Frank  
J Long<sup>2</sup>  
M Matthews<sup>2</sup>  
M B McCollom<sup>1</sup>  
P A McTimoney<sup>1</sup>  
C Peacock (resigned 8 February 2017)<sup>1</sup>  
C A Powell<sup>1</sup>  
A Ramsey<sup>1</sup>  
M Regan OBE, DL, Chief Executive Officer and Accounting Officer<sup>1</sup>  
B Rizzi-Allan (resigned 8 February 2017)<sup>1</sup>  
M P Shorten<sup>1</sup>  
M B Toth  
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 2017**

**Company secretary**

Prima Secretary Limited

**Senior management team**

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

**Independent auditors**

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

**Bankers**

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

**Solicitors**

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

**CARMEL EDUCATION TRUST**  
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**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

The Directors present their annual report together with the financial statements and auditor's report of the charitable company for the 1 September 2016 to 31 August 2017. 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 3,600 and had a roll of 3,753 in the school census on 19 January 2017.

## **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.

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**DIRECTORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**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 Governors. Members of the company form the first governing body and are its first Directors (Trustees). They appoint to a governing body to which they delegate their duties (in our case the MAT Directors). The Members of the Carmel Education Trust are as follows:

- a. The Right Reverend Seamus Cunningham, Bishop of Hexham and Newcastle
- b. Mr Joseph Hughes, Director Diocesan Spirituality, Formation and Education Service
- c. Kathleen Smith, Chief Operating Officer, Diocese of Hexham & Newcastle (resigned 25 May 2017)
- d. Jeff Ledger (appointed 25 May 2017)

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 Directors 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 Local Governing Body was dissolved in 2015 and replaced by an Interim Advisory Board.

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

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**DIRECTORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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

**Pay policy for key management personnel**

The pay policy for all staff, including key management personnel, is governed by the Pay Policy 2016-17 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.

**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.

**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:

**Our vision for the future**

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

**CARMEL EDUCATION TRUST**  
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**DIRECTORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**OBJECTIVES AND ACTIVITIES (continued)**

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

**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 for the year ahead:**

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.

**Priorities for the year ahead:**

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 for the year ahead:**

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.

**Priorities for the year ahead:**

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 for the year ahead:**

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.



**CARMEL EDUCATION TRUST**  
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**DIRECTORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**OBJECTIVES AND ACTIVITIES (continued)**

**Public benefit**

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

**STRATEGIC REPORT**

**ACHIEVEMENTS AND PERFORMANCE**

**Key performance indicators**

**Holy Family's** 2017 results show improvement has been made since the school was judged by Ofsted as 'Requires Improvement' in January 2016, however Key Stage 2 (KS2) Maths results were lower than expected, and some disadvantaged pupils continued to perform below their peers at KS2.

The percentage of pupils attaining the expected standard or higher at the end of KS2 was in-line with national averages for the reading and grammar SATs, but below national in the mathematics SAT, with performance in the writing teacher assessment above national. This resulted in combined attainment in reading, writing and maths being in-line with national. Attainment at the higher standard at KS2 was above national for each subject and for combined attainment except for mathematics where attainment trailed national by 6%. Progress from KS1 reflects the attainment figures, with reading in-line with national at +0.05, writing significantly higher than national at +2.21, and maths slightly below national at -0.29. Progress averages were up on 2016 scores in all three subjects, with disadvantaged pupils and boys achieving much better averages this year, although middle attaining disadvantaged pupils still need to be making much better rates of progress in reading and mathematics to close the attainment gap. Attainment at Key Stage 1 was excellent with attainment at both the expected standard and greater depth well above latest national averages. Attainment was also excellent at Early Years Foundation Stage, with 80% of children again achieving a 'good level of development', which is 10% higher than national. Performance in the Phonic Screening Check was also very strong with all Year 1 pupils passing the check, and all six re-takes in Year 2 meeting the standard.

**St Augustine's** yet again achieved excellent results although there were areas where performance needs to improve. Early Years Foundation Stage (EYFS) results were again well above national with 85% of pupils achieving a 'good level of development'. Performance at Key Stage 1 was hugely improved on 2016's results, with attainment at the expected standard significantly higher than latest national figures, and well above for attainment at greater depth. In the Phonics Screening Check, the one pupil re-taking the check in Year 2 passed, however the percentage of pupils passing the screening in Year 1 fell this year to 81% - the same as national average.

At Key Stage 2, attainment was again outstanding, especially in reading and writing, with 70% of pupils reaching the expected standard in reading, writing and maths (RWM), which is 9% higher than national average. Furthermore, a fifth of pupils attained a higher standard in RWM, which is double the national rate. Progress from KS1 was very strong in reading and writing, with an average of +2.22 in reading (putting the school in the top 25% nationally) and +0.93 in writing (top 40% of schools), however progress in Maths dropped below national this year with an average of -0.68 (bottom 40% of schools). One of the factors behind low progress in mathematics could be due to the cohort being very girl heavy (4:1 ratio), as nationally girls do make below national progress in maths. Another factor could be the Y6 class teacher (a maths specialist) leaving at Christmas and being replaced by a temporary teacher, whose specialism was in English. The Y6 class teacher this year is again a maths specialist. Disadvantaged pupils also underperformed for a second year running at KS2, especially those with poor attendance.

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**DIRECTORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**ACHIEVEMENT AND PERFORMANCE (continued)**

**Key performance indicators (continued)**

Pupils with poor attendance also impacted on performance in the Year 1 phonics. Absence at the school is high at 4.8% (national average is 3.9%), especially for pupils who are eligible for free school meals, which is almost double the national average at 7.7%. Reducing absence will be a major focus for the school this year.

**St Bede's** was rated Good by Ofsted in October 2016, and has again delivered exceptionally high outcomes for their pupils, which is made even more remarkable given the extremely high levels of deprivation in their intake. Progress of pupils at Early Years Foundation Stage (EYFS) continues to be strong, with attainment at the end of reception again above national with 74% of children achieving a 'good level of development'. In the phonics screening check, performance was in-line with previous years and national, with 82% of pupils meeting the expected standard in the check. All but one of the six pupils re-taking the check in Year 2 passed; the pupil who didn't pass only joined the school at the end of January 2017.

Key Stage 1 results were again very good, with performance above national for attainment at both the expected standard and greater depth. Progress in maths from EYFS was particularly strong with half of middle ability pupils from EYFS achieving Greater Depth at KS1. The percentage of disadvantaged pupils attaining the expected standard was better than other pupils nationally, but a focus for the school is now to get more disadvantaged pupils to greater depth so that they attain in-line with other pupils nationally.

Key Stage 2 results were again fantastic, which is reflected in the school's progress scores of +3.12 in reading (ranking the school in the top 25% of schools nationally), +1.38 in writing (top 40% of schools) and +1.80 in mathematics (top 25% of schools). Furthermore, progress was above national across all pupil groups, with disadvantaged pupils making outstanding progress, with scores of +4.53 in reading, +2.27 in writing, and +1.69 in mathematics. The percentage of pupils attaining at least the expected standard was well above national in each subject individually, and for combined attainment in reading, writing and maths (RWM) too. 78% of pupils were at the expected standard or higher in RWM, which is 17% higher than national. Attainment at the higher standard at KS2 was again above national average for each subject separately, but below for combined RWM attainment, which will be a focus for the school in the coming year, especially for disadvantaged pupils.

**St Gregory's** was rated Good by Ofsted in April 2017, and on the back of this have achieved a strong set of results in 2017, after some disappointing KS2 results in 2016. The school's intake is very deprived, with pupils coming into nursery and reception at a very low ability. Pupils have again made good progress during Early Years Foundation Stage, with 71% of children achieving a 'good level of development', which is in-line with national. Furthermore, the gap between the lowest performing children in reception and the rest of the cohort is 10% narrower than national at 21%. Performance was again above national in the phonics screening check, with 97% of Year 1 pupils meeting the expected standard, which is the school's highest ever performance.

Key Stage 1 results were strong, with attainment comparing very well to national. KS1 performance was especially good in maths, and for girls in particular, with 87% of all pupils reaching at least the expected standard, and a third of girls reaching greater depth. Disadvantaged pupils' attainment at the expected standard was very strong, but more need to reach greater depth.

At Key Stage 2, results were excellent, especially in maths. Progress averages were above national in all three subjects, with reading at +0.57, writing at +1.25 (top 40% nationally), and maths at +2.86 (top 25% nationally). Progress scores for disadvantaged pupils were also all above national at +1.05 in reading, +2.66 in writing and +3.12 in maths. The percentage of pupils attaining at least the expected standard was well above national in each subject individually, with combined attainment in reading, writing and maths above national, with 67% reaching this (6% above national). Attainment at the higher standard at KS2 was below national average in reading and maths, but only reading was a concern, with not enough high attaining pupils from KS1 staying at this level. Reading will be a focus for the schools this year, as the attainment of boys in reading was low at both Early Years Foundation Stage and Key Stage 1 this year.

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**DIRECTORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**ACHIEVEMENT AND PERFORMANCE (continued)**

**Key performance indicators (continued)**

None of the four primary schools are below the floor standard, as all are above on progress, with St Augustine's, St Bede's and St Gregory's also above on attainment.

**Trust averages** for the percentage of pupils reaching the expected standard were well above national for all subjects, with 68% of pupils achieving at least the expected standard in RWM. 11% of Trust pupils achieved a higher standard in RWM, which is 2% higher than national. Furthermore, progress scores for the Trust were positive in all three subjects and up on 2016 scores: +1.3 in reading, +1.5 in writing, and +0.9 in Maths.

**Carmel GCSE:** Results were again significantly higher than national. Carmel's progress 8 score is significantly higher than national at +0.52, which is up 0.28 on 2016 and 0.29 on 2015. This is particularly pleasing given that this was the first year group to go through the newly reformed GCSEs in English and mathematics, with the College making even stronger progress this year, when compared to national, in these two elements. Carmel's Attainment 8 score is significantly above national at 56.73, which equates to all pupils, on average, attaining B grades across their eight eligible qualifications.

Performance in English and in maths continues to be outstanding, with 88% of students attaining 9-4 (equivalent to what was A\*-C) in English, and 85% attaining this in Maths, which are both well above national. The reformed GCSEs break the old C and B grades into 3 grades of 4, 5 and 6, with grade 5 being the top of the old C grade, and bottom of a B, with 5 deemed a strong pass by DfE, and 4 a standard pass. 9-5 attainment was well above national with 84% of pupils attaining this in English, and 76% in mathematics – nationally around half of students reached the new grade 5; highlighting that these departments have never just aimed for the grade C grade boundary. Progress 8 figures for the English and Maths elements indicate that students at Carmel have made, on average, two thirds of a grade more progress than national in English, and almost three quarters of a grade more progress in maths.

16% of entries (29 students) attained grade 9 in mathematics, with 30 entries graded 9 in English; 6% of entries in language and 10% in literature. This is outstanding when compared to national attainment of 2% in language, 3% in literature, and just under 4% in mathematics.

Overall, 84% of students attained at least a standard pass (9-4) in both English and maths, with 73% of students achieving a strong pass or higher (9-5) in both these subjects. Performance improved in the English Baccalaureate, with a third of Year 11 students achieving this compared to just under a quarter of students nationally.

The progress 8 score for disadvantage pupils was +0.29, indicating that these pupils have made progress above national average, although other pupils at Carmel made nearly twice as much progress, with a score of +0.57. Progress of Boys and SEN continues to be a focus for the school, with SEN, on average, making progress below national and their peers, and Boys, although positive at +0.12, trail Girls by 0.82, who have a score of +0.94. The progress 8 score for SEN was -0.39.

**Carmel Sixth Form:** Outcomes in the Upper sixth form were again excellent with 58% of A2 entries graded A\*-B grades, and 32% graded A\*-A. National performance in these measures were 53% and 26% respectively. The average points score per A Level entry was above national at 34.68 points, which equates to an average grade of C+. For applied general results, 88% of entries were graded Distinction\* to Distinction, with an average point score per entry well above national at 43.46, which equates to an average grade of a low Distinction\* grade.

Initial Progress scores for Year 13 shows progress has improved this summer after a disappointing set of results in 2016, with progress in A Level results now in-line with national, and back above national for applied general results. Furthermore, there is no gap between disadvantaged pupils and other, with disadvantaged making progress above national.

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**DIRECTORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**ACHIEVEMENT AND PERFORMANCE (continued)**

**Key performance indicators (continued)**

**Our Lady & St Bede** has continued to achieved outstanding results at GCSE, with their high progress 8 score from 2016 (+0.69) maintained this year, with progress 8 at +0.72. Given that this was the first-year group to go through the new reformed GCSEs in English and mathematics, it shows the strength of the school to be able to continue to make progress significantly higher than national in these two elements. The attainment 8 score for the school is significantly above national at 53.73, which equates to all pupils, on average, attaining B grades across their eight eligible qualifications. This is an outstanding achievement when considering that the KS2 prior attainment of this year group on entry was only in-line with national.

Another real strength of the school is that it has continued to ensure all pupil groups have made progress above national, with the following Progress 8 scores: +0.62 for boys, +0.84 for girls, +0.54 for disadvantaged, +0.78 for non-disadvantaged, +0.72 for non-SEN, and +0.67 for SEN.

Performance in English and in maths was extremely high, with 83% of students attaining 9-4 (equivalent to what was A\*-C) in English at GCSE, with the same proportion of students doing so in mathematics. Overall 77% of students attained 9-4 (deemed by DfE as a standard pass) in both English and mathematics.

Attainment at the strong pass (grades at 9-5) was high too, with 71% of students attaining this in English and 65% in mathematics, giving a combined figure of 60%. This shows the strength of their English and mathematics departments, as nationally only around half of pupils reached grade 5 or higher in these subjects. Progress 8 figures for the English and Maths elements indicate that students have, on average, made nearly half a grade more progress than national in English, and two thirds of a grade more progress in maths.

31% of entries (35 students) attained grade 9-7 (what was A\*-A) in mathematics, with 53 entries graded 9-7 in English; 24% of entries in language and 23% in literature. This is exceptional performance when compared to national attainment of 15% in language, 19% in literature, and 19% in mathematics.

Performance in the English Baccalaureate fell this year to 18%, which is below the latest national figure of 24%, and due to fewer students opting to study a foreign language, with only 28% of students doing so.

**St Michael's GCSE** progress at GCSE from KS2 is above national at +0.13, which represents a 0.40 increase on their 2016 score. Progress in the English, Maths and Open elements have improved in 2017, with both English and Open positive at +0.32 in English and +0.68 in Open; all four elements were negative in 2016. Progress in mathematics and the EBacc elements continue to be negative at -0.27 in mathematics and -0.29 in EBacc, with all EBacc subjects, apart from Geography, below national for progress. EBacc progress was -0.27 in 2016.

The attainment 8 score for the school is above national at 49.70, which equates to all pupils, on average, attaining between C to B grades across their eight eligible qualifications. Performance in the English Baccalaureate continues to fall with just under 10% of the cohort achieving this, compared to 27% of pupils in 2015, and 18% in 2016. Performance has been hindered by only 20% of pupils opting to study a foreign language, and low attainment/progress in science and modern foreign languages.

English results were outstanding, building on the improvement made in 2016, with 87% of students attaining 9-4 (what was A\*-C and now deemed to be a standard pass) and 71% attaining 9-5 (deemed a strong pass), which are both significantly higher than expected national figures for these measures. 22 English exam entries were graded 9, 7% in language and 7% in literature, which is exceptional when compared to national attainment of 2% in language, 3% in literature.

73% of pupils (75% of entries) were graded 9-4 in mathematics which is higher than the national average of just under 70%. 52% of pupils (53% of entries) reached 9-5, which is again above the national figure of around 48%. Attainment at grade 6 or higher is where attainment drops below national. A new curriculum leader has recently been appointed to raise progress in mathematics.

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**DIRECTORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**ACHIEVEMENT AND PERFORMANCE (continued)**

**Key performance indicators (continued)**

Overall, 71% of students attained at least a standard pass (9-4) in both English and maths, with 45% of students achieving a strong pass or higher (9-5) in both these subjects.

Boys and disadvantaged pupils continue to be a focus for the school, with the gender gap continuing to increase. This year boys have achieved a progress 8 score of  $-0.21$  whereas girls are  $+0.43$ , giving a gender gap of  $-0.64$ , which is  $0.33$  wider than 2016. Thirty-five students (22%) were supported by the pupil premium, who, as a group, continue to make low progress on average, with a progress 8 score of  $-0.36$  compared to  $+0.27$  for other pupils, which gives a slightly wider gap (by  $0.09$ ) this year of  $0.63$ . It is worth noting that both Boys and Disadvantaged have, on average, made better progress this year than they did back in 2016.

A positive this year is the progress of the eight pupils on the SEN register, who, on average, made progress above national at  $+0.15$  (in 2016 SEN pupils had a progress score of  $-0.88$ ).

**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 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 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 has an effective system of internal financial controls and this is explained in more detail in the Governance Statement.

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

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

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

**DIRECTORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**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 2017 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The academy also receives grants for fixed assets from the DfE/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 National College for its activities as a Teaching School. During the year ended 31 August 2017, the trust received total income of £214,000 relating to this activity.

During the year ended 31 August 2017, total expenditure of £23,605,000 was exceeded by recurrent grant funding from the DfE/ESFA together with other incoming resources. The excess of expenditure over income for the year (before transfers and actuarial gains, and excluding restricted fixed asset funds) was £469,000.

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

At 31 August 2017 the net book value of fixed assets was £7,853,000 and movements in tangible fixed assets are shown in note 12 to the Financial Statements. The assets were used exclusively for providing education and the associated support services to the students of the academy.

The provisions of Financial Reporting Standard (FRS) 102 have been applied in full in respect of the LGPS, resulting in a deficit of £5,846,000 recognised on the balance sheet.

The academy held fund balances at 31 August 2017 of £5,391,000 comprising £7,990,000 of restricted funds, £(5,846,000) of restricted pension fund and £3,247,000 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 the balance of £3,148,000. The revenue element totals £1,849,000 allocated to cover specific risks identified in relation to:

- New national funding formula, potential phasing out of ESG , Government funding restrictions and increase in NI and pension costs
- Leadership and management capacity for potential Trust expansion as a result of Diocesan proposals for academisation and MAT
- An Academy within the Trust receives an unsatisfactory Ofsted judgement
- Management capacity for large-scale procurement exercises and to implement efficiency programme
- 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 2017**

**FINANCIAL REVIEW (continued)**

**Reserves policy (continued)**

The capital element totals £1,299,000 allocated to cover specific risks identified in relation to:

- DDA Compliant Evacuation Route
- Boiler 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 £3,308,000 detailed in Note 17 form the 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.

**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.

**CARMEL EDUCATION TRUST**  
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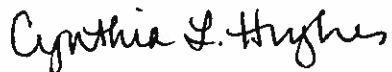
**DIRECTORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**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, incorporating a strategic report, was approved by order of the Board of Directors, as the company directors, on 22 November 2017 and signed on its behalf by:



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



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

**GOVERNANCE STATEMENT**

**Scope of Responsibility**

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

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

**Governance**

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

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

The Board of Directors undertook a self-evaluation of its effectiveness in December 2015 through reference to the Twenty-one Questions for Multi-academy Trust Boards published by the All Party Parliamentary Group for Governance and Leadership.

Governance reviews for the Local Management Boards of Holy Family RC Primary School and St Michael's Catholic Academy were completed during the year and action plans prepared in response. Reviews of the governance arrangements for other trust schools will be priorities in 2017-18. The ESFA completed a fact-finding review of the trust, which took place at Carmel College over the period 28-29 November 2016. Feedback from the review demonstrated 'that governance arrangements and procedures reviewed on site suggested strong control with efficient and effective procedures and minutes of governing body meetings were readily available, sufficiently detailed and transparent'.

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	6	6
M B McCollom	4	6
P A McTimoney	5	6
C Peacock	1	1
C A Powell	4	6
A Ramsey	5	6
M Regan	6	6
B Rizzi-Allan	1	1
M P Shorten	4	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	3
J M Edwards	2	3
J Long	3	3
M Matthews	2	3
C R Wiper	3	3

**Review of Value for Money**

As Accounting Officer, the Chief Executive Officer has responsibility for ensuring that the multi academy trust delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

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

Instigating an Efficiency Programme including the following four strands:

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

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

Transactional Procurement - joining with Diocesan business manager colleagues in a collective water management review of future savings and historic recovery of overcharges.

Strategic Procurement - working with procurement partners to run a trust wide procurement exercise to provide catering supplies, resulting in savings from economies of scale and time savings from more efficient administration of purchase orders and invoices.

Business Reviews - identifying an opportunity from the need for consistent education psychology support across the trust to contract directly with an education psychologist.

Income Maximisation - identifying and bidding for a variety of partnership funding opportunities that allowed investment in an artificial grass pitch and hockey equipment at Carmel College.

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

**GOVERNANCE STATEMENT (continued)**

**The Purpose of the System of Internal Control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of multi academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Carmel Education Trust for the year 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements.

**Capacity to Handle Risk**

The Board of Directors has reviewed the key risks to which the multi academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Directors is of the view that there is a formal ongoing process for identifying, evaluating and managing the multi academy trust's significant risks, that has been in place for the year 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Directors.

**The Risk and Control Framework**

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

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

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

The auditors' role includes giving advice on financial matters and performing a range of checks on the multi academy trust's financial systems. In particular the checks carried out in the current period included:

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

On a termly basis, the 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.

No material control issues have arisen as a result of the work of the internal audits.

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

**GOVERNANCE STATEMENT (continued)**

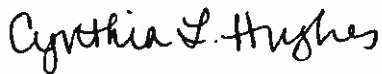
**Review of Effectiveness**

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 22 November 2017 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 and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016.

I confirm that I and the academy trust 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 2016.

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: 22 Novemeber 2017

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

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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 and 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 2016 to 2017;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

The Directors are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from 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 22 November 2017 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 for the year ended 31 August 2017 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 FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

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

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 2017 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 2016 to 2017 issued by the Education and Skills Funding Agency.

**Basis of opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the 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.

**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 Auditor's report thereon. Our opinion on the financial statements does not cover the information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

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

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 including the Strategic Report 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 including the Strategic Report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remunerations specified by law 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's or to cease operations, or have no realistic alternative but to do so.



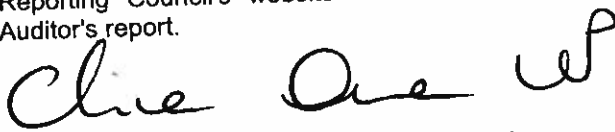
**CARMEL EDUCATION TRUST**  
**(A Company Limited by Guarantee)**

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

**Auditor's 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 Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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). The description forms part of our Auditor's report.



Christopher Beaumont BA (Hons) FCA DChA  
**Clive Owen LLP**

Chartered Accountants  
Statutory Auditors

140 Coniscliffe Road  
Darlington  
Co Durham  
DL3 7RT  
22 November 2017

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

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

In accordance with the terms of our engagement letter dated 14 September 2015 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, 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 2016 to 31 August 2017 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 2016, 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 2016 to 2017. 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 2016 to 31 August 2017 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 2016 to 2017 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 AND SKILLS FUNDING AGENCY (continued)**

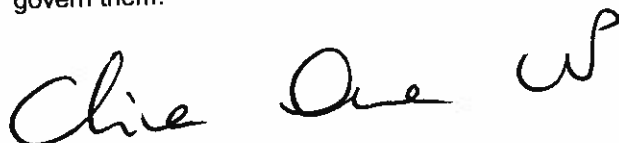
**Approach (continued)**

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 2016 to 31 August 2017 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  
Co Durham  
DL3 7RT

22 November 2017

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

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 AUGUST 2017**

	Note	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Restricted fixed asset funds 2017 £000	Total funds 2017 £000	Total funds 2016 £000
<b>INCOME FROM:</b>						
Donations and capital grants	2	102	23	1,192	1,317	1,000
Charitable activities:	5					
Funding for the academy trust's educational operations		-	19,336	-	19,336	19,389
Teaching schools		-	215	-	215	169
Other trading activities	3	2,859	-	-	2,859	2,902
Investments	4	10	-	-	10	23
<b>TOTAL INCOME</b>		<u>2,971</u>	<u>19,574</u>	<u>1,192</u>	<u>23,737</u>	<u>23,483</u>
<b>EXPENDITURE ON:</b>						
Charitable activities:						
Funding for the academy trust's educational operations		3,002	19,781	591	23,374	23,060
Teaching schools		-	231	-	231	227
<b>TOTAL EXPENDITURE</b>	6	<u>3,002</u>	<u>20,012</u>	<u>591</u>	<u>23,605</u>	<u>23,287</u>
<b>NET INCOME / (EXPENDITURE) BEFORE TRANSFERS</b>		(31)	(438)	601	132	196
Transfers between Funds	17	<u>-</u>	<u>(715)</u>	<u>715</u>	<u>-</u>	<u>-</u>
<b>NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES</b>		(31)	(1,153)	1,316	132	196
Actuarial gains/(losses) on defined benefit pension schemes	24	<u>-</u>	<u>2,726</u>	<u>-</u>	<u>2,726</u>	<u>(4,068)</u>
<b>NET MOVEMENT IN FUNDS</b>		<u>(31)</u>	<u>1,573</u>	<u>1,316</u>	<u>2,858</u>	<u>(3,872)</u>
<b>RECONCILIATION OF FUNDS:</b>						
Total funds brought forward		<u>3,278</u>	<u>(7,358)</u>	<u>6,613</u>	<u>2,533</u>	<u>6,405</u>
<b>TOTAL FUNDS CARRIED FORWARD</b>		<u><u>3,247</u></u>	<u><u>(5,785)</u></u>	<u><u>7,929</u></u>	<u><u>5,391</u></u>	<u><u>2,533</u></u>

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

**BALANCE SHEET**  
**AS AT 31 AUGUST 2017**

	Note	£000	2017 £000	2016 £000
<b>FIXED ASSETS</b>				
Tangible assets	12		7,853	6,559
<b>CURRENT ASSETS</b>				
Debtors	14	802	871	
Cash at bank and in hand		4,187	3,924	
		<u>4,989</u>	<u>4,795</u>	
<b>CREDITORS: amounts falling due within one year</b>	15	<u>(1,521)</u>	<u>(1,058)</u>	
<b>NET CURRENT ASSETS</b>			<u>3,468</u>	<u>3,737</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>11,321</u>	<u>10,296</u>
<b>CREDITORS: amounts falling due after more than one year</b>	16		<u>(84)</u>	<u>(86)</u>
<b>NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES</b>			<u>11,237</u>	<u>10,210</u>
Durham County Council Pension Fund	24		(3,282)	(3,467)
Teesside Pension Fund	24		<u>(2,564)</u>	<u>(4,210)</u>
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITIES</b>			<u><u>5,391</u></u>	<u><u>2,533</u></u>
<b>FUNDS OF THE ACADEMY</b>				
Restricted income funds:				
Restricted income funds	17	61	319	
Restricted fixed asset funds	17	7,929	6,613	
		<u>7,990</u>	<u>6,932</u>	
Restricted income funds excluding pension liability		(5,846)	(7,677)	
Pension reserve				
			<u>2,144</u>	<u>(745)</u>
Total restricted income funds			<u>3,247</u>	<u>3,278</u>
Unrestricted income funds	17			
			<u>5,391</u>	<u>2,533</u>
<b>TOTAL FUNDS</b>			<u><u>5,391</u></u>	<u><u>2,533</u></u>

The financial statements on pages 26 to 56 were approved by the Directors, and authorised for issue, on 22 November 2017 and are signed on their behalf, by:

*Cynthia L. Hughes*

**C L Hughes, Chair**

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

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

	Note	2017 £000	2016 £000
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities	19	584	1,137
<b>Cash flows from investing activities:</b>			
Dividends, interest and rents from investments		10	23
Purchase of tangible fixed assets		(1,464)	(2,169)
Capital grants from DfE/ESFA		1,133	910
<b>Net cash used in investing activities</b>		(321)	(1,236)
<b>Cash flows from financing activities:</b>			
Cash inflows from new borrowing		-	55
<b>Net cash provided by financing activities</b>		-	55
<b>Change in cash and cash equivalents in the year</b>		263	(44)
Cash and cash equivalents brought forward		3,924	3,968
<b>Cash and cash equivalents carried forward</b>	20	4,187	3,924

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**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 2016 to 2017 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 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 2017**

**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 2017**

**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
Motor vehicles	-	over 4 years straight line
Fixtures and fittings	-	over 7 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.

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**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. As stated in note 24, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each Balance Sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities 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.

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**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 14. 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 15 and 16. 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.

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**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 24, 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 2017. 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 £591,000.

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.

**CARMEL EDUCATION TRUST**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**2. INCOME FROM DONATIONS AND CAPITAL GRANTS**

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Restricted fixed asset funds 2017 £000	Total funds 2017 £000	Total funds 2016 £000
Donations	102	23	-	125	127
Capital Grants	-	-	1,192	1,192	873
	<u>102</u>	<u>23</u>	<u>1,192</u>	<u>1,317</u>	<u>1,000</u>
<i>Total 2016</i>	<u>88</u>	<u>14</u>	<u>898</u>	<u>1,000</u>	

**3. OTHER TRADING ACTIVITIES**

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Total funds 2017 £000	Total funds 2016 £000
Sundry Income	256	-	256	236
Lettings	76	-	76	76
School Trips	423	-	423	383
Supply Teacher Insurance	154	-	154	157
Catering	824	-	824	745
Carmel Teacher Training Programme	973	-	973	1,142
Pupil Transport	153	-	153	163
	<u>2,859</u>	<u>-</u>	<u>2,859</u>	<u>2,902</u>
<i>Total 2016</i>	<u>2,871</u>	<u>31</u>	<u>2,902</u>	

**4. INVESTMENT INCOME**

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Total funds 2017 £000	Total funds 2016 £000
Bank interest	10	-	10	23
<i>Total 2016</i>	<u>23</u>	<u>-</u>	<u>23</u>	

**CARMEL EDUCATION TRUST**  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2017**

**5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS**

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Total funds 2017 £000	Total funds 2016 £000
<b>DfE/ESFA grants</b>				
General Annual Grant (GAG)	-	17,183	17,183	17,541
Pupil Premium	-	853	853	834
National College Teaching Schools	-	705	705	366
Other DfE/ESFA grants	-	324	324	389
	-	19,065	19,065	19,130
<b>Other government grants</b>				
SEN	-	247	247	206
Other government grants	-	239	239	222
	-	486	486	428
	-	19,551	19,551	19,558
<b>Total 2016</b>	-	19,558	19,558	

**6. EXPENDITURE**

	Staff costs 2017 £000	Premises 2017 £000	Other costs 2017 £000	Total 2017 £000	Total 2016 £000
<b>Academy's educational operations:</b>					
Direct costs	13,162	-	1,895	15,057	14,360
Support costs	4,612	1,375	2,561	8,548	8,927
	17,774	1,375	4,456	23,605	23,287
<b>Total 2016</b>	16,826	1,820	4,641	23,287	

In 2017 of the total expenditure, £3,002,000 (2016 - £2,390,000) was to unrestricted funds and £20,603,000 (2016 - £20,897,000) 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**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**7. CHARITABLE ACTIVITIES**

	2017 £000	2016 £000
<b>DIRECT COSTS</b>		
Wages and salaries	9,900	9,890
National insurance	993	852
Pension cost	2,269	1,703
Educational supplies	673	833
Examination fees	290	263
Staff development	107	114
Educational consultancy	2	6
Travel and subsistence	638	555
Other direct costs	185	144
	<hr/> 15,057	<hr/> 14,360
<b>SUPPORT COSTS</b>		
Wages and salaries	3,880	3,721
National insurance	234	191
Pension costs	498	469
Depreciation	591	608
Net interest cost on pension scheme	147	115
Technology costs	164	152
Travel and subsistence	20	21
Recruitment and support	51	46
Maintenance of premises and equipment	196	373
Cleaning	60	166
Rates	185	188
Energy	306	326
Insurance	259	301
Security	14	12
Transport	6	2
Catering	557	583
Occupancy costs	240	297
Bank interest and charges	14	13
Other support costs	841	1,034
Governance costs	285	309
	<hr/> 8,548	<hr/> 8,927
	<hr/> <hr/> 23,605	<hr/> <hr/> 23,287

**CARMEL EDUCATION TRUST**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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

This is stated after charging:

	2017 £000	2016 £000
Depreciation of tangible fixed assets:		
- owned by the charity	591	608
Auditors' remuneration - audit	21	21
Auditors' remuneration - other services	11	6
Operating lease rentals	6	5
	<u>629</u>	<u>630</u>



**CARMEL EDUCATION TRUST**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**9. STAFF COSTS**

Staff costs were as follows:

	2017 £000	2016 £000
Wages and salaries	12,804	12,938
Social security costs	1,227	1,043
Operating costs of defined benefit pension schemes	2,767	2,172
	<u>16,798</u>	<u>16,153</u>
Apprenticeship levy	22	-
Supply staff costs	816	645
Staff restructuring costs	138	28
	<u>17,774</u>	<u>16,826</u>

Included in operating costs of defined pension schemes is a debit of £748,000 (2016: £209,000) relating to the pension deficit actuarial adjustment. Supply staff costs includes £26,000 for operating costs of defined benefit pension schemes.

Staff restructuring costs comprise:

	2017 £000	2016 £000
Redundancy payments	46	28
Severance payments	92	-
	<u>138</u>	<u>28</u>

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £92,000 (2016: £nil). Individually, the payments were: £9,000, £12,000, £30,000, £20,000, £10,000 and £11,000.

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

	2017 No.	2016 No.
Leadership	12	11
Teachers	241	243
Education & Administration Support, including premises & cleaning	304	322
	<u>557</u>	<u>576</u>

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

	2017 No.	2016 No.
In the band £60,001 - £70,000	6	5
In the band £70,001 - £80,000	3	4
In the band £80,001 - £90,000	3	2
In the band £130,001 - £140,000	1	0
In the band £150,001 - £160,000	0	1

**CARMEL EDUCATION TRUST**  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2017**

**9. STAFF COSTS (continued)**

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

The key management personnel of the multi academy trust comprise the directors and the senior management team. The total amount of employee benefits (including employer national insurance and employer pension contributions) received by key management personnel for their services to the multi academy trust was £1,049,000 (2016: £1,056,000).

**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:

		2017 £000	2016 £000
M Matthews	Remuneration	45-50	35-40
	Pension contributions paid	0-5	0-5
M B McCollom	Remuneration	60-65	55-60
	Pension contributions paid	10-15	5-10
C Peacock	Remuneration	55-60	55-60
	Pension contributions paid	5-10	5-10
A Ramsey	Remuneration	85-90	80-85
	Pension contributions paid	10-15	10-15
M Regan OBE,DL	Remuneration	130-135	150-155
	Pension contributions paid	20-25	25-30
B Rizzi-Allan	Remuneration	55-60	50-55
	Pension contributions paid	5-10	5-10
M P Shorten	Remuneration	85-90	80-85
	Pension contributions paid	10-15	10-15

During the year, no Directors received any benefits in kind (2016 - £NIL).

During the year ended 31 August 2017, expenses totalling £6,000 (2016 - £6,000) were reimbursed to 7 Directors (2016 - 6).

**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.

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**12. TANGIBLE FIXED ASSETS**

	Long leasehold improvement £000	Long leasehold land £000	Fixtures and fittings £000
<b>Cost</b>			
At 1 September 2016	3,689	2,162	753
Additions	1,473	-	97
At 31 August 2017	5,162	2,162	850
<b>Depreciation</b>			
At 1 September 2016	281	55	208
Charge for the year	183	17	113
At 31 August 2017	464	72	321
<b>Net book value</b>			
At 31 August 2017	4,698	2,090	529
At 31 August 2016	3,408	2,107	545
	Computer equipment £000	Motor vehicles £000	Total £000
<b>Cost</b>			
At 1 September 2016	1,487	55	8,146
Additions	290	25	1,885
At 31 August 2017	1,777	80	10,031
<b>Depreciation</b>			
At 1 September 2016	1,011	32	1,587
Charge for the year	270	8	591
At 31 August 2017	1,281	40	2,178
<b>Net book value</b>			
At 31 August 2017	496	40	7,853
At 31 August 2016	476	23	6,559

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**13. FIXED ASSET INVESTMENTS**

**Subsidiary undertakings**

The following were subsidiary undertakings of the company:

Name	Holding
Carmel Community Services Limited	100%

The aggregate of the share capital and reserves as at 31 August 2017 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
-	-
<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>

**14. DEBTORS**

	2017 £000	2016 £000
Trade debtors	34	46
VAT recoverable	163	175
Other debtors	12	57
Prepayments and accrued income	593	593
	<u>802</u>	<u>871</u>
	<u>802</u>	<u>871</u>

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

	2017 £000	2016 £000
Trade creditors	121	209
Other creditors	160	74
Accruals and deferred income	1,240	775
	<u>1,521</u>	<u>1,058</u>
	<u>1,521</u>	<u>1,058</u>
<b>Deferred income</b>		
Deferred income at 1 September 2016	377	302
Resources deferred during the year	371	377
Amounts released from previous years	(377)	(302)
	<u>371</u>	<u>377</u>
Deferred income at 31 August 2017	<u>371</u>	<u>377</u>

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**15. 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.

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

	2017 £000	2016 £000
Other creditors	84	86
	<u>84</u>	<u>86</u>

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

	2017 £000	2016 £000
Repayable by instalments	22	29
	<u>22</u>	<u>29</u>

Included within other creditors is a loan of £100,000 (2016:£100,000) from the ESFA which is provided on the following terms:

Interest free loan repayable over 7 years.

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**17. STATEMENT OF FUNDS**

	Balance at 1 September 2016 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2017 £000
<b>Unrestricted funds</b>						
Unrestricted general funds	3,278	2,971	(3,002)	-	-	3,247
<b>Restricted funds</b>						
	Balance at 1 September 2016 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2017 £000
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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**17. STATEMENT OF FUNDS (continued)**

**Restricted fixed asset funds**

	Balance at 1 September 2016 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2017 £000
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>

**STATEMENT OF FUNDS - PRIOR YEAR**

	Balance at 1 September 2015 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2016 £000
<b>Unrestricted funds</b>						
Unrestricted general funds	2,686	2,982	(2,390)	-	-	3,278
Darlington Leadership						
College	3	-	(3)	-	-	-
	<u>2,689</u>	<u>2,982</u>	<u>(2,393)</u>	<u>-</u>	<u>-</u>	<u>3,278</u>

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**17. STATEMENT OF FUNDS (continued)**

**Restricted funds**

	Balance at 1 September 2015 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2016 £000
General Annual Grant (GAG)	416	17,541	(17,520)	(437)	-	-
Pupil Premium	-	834	(834)	-	-	-
National College for Teaching and Leadership	553	366	(891)	-	-	28
Other DfE/ESFA grants	-	389	(289)	-	-	100
SEN	-	206	(206)	-	-	-
Other Government grants	-	222	(222)	-	-	-
Carmel College Development Fund	146	-	-	-	-	146
CET University Bursary	-	14	-	-	-	14
Other grants	-	31	-	-	-	31
Pension reserve	(3,285)	-	(324)	-	(4,068)	(7,677)
	<u>(2,170)</u>	<u>19,603</u>	<u>(20,286)</u>	<u>(437)</u>	<u>(4,068)</u>	<u>(7,358)</u>

**Restricted fixed asset funds**

	Balance at 1 September 2015 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2016 £000
Devolved Formula Capital	141	86	(27)	-	-	200
Academy Capital Maintenance Fund	1,570	-	(84)	(47)	-	1,439
Capital expenditure from GAG	661	-	(214)	484	-	931
Legacy assets	2,311	-	(89)	-	-	2,222
Donations	70	25	(43)	-	-	52
Other DfE/ESFA capital grants	113	-	(73)	-	-	40
Condition Improvement Fund	947	432	(56)	-	-	1,323
Other Government Grants	73	40	(11)	-	-	102
Uplift funding	-	117	(11)	-	-	106
SCA funding	-	162	-	-	-	162
Other capital funds	-	36	-	-	-	36
	<u>5,886</u>	<u>898</u>	<u>(608)</u>	<u>437</u>	<u>-</u>	<u>6,613</u>
Total restricted funds	<u>3,716</u>	<u>20,501</u>	<u>(20,894)</u>	<u>-</u>	<u>(4,068)</u>	<u>(745)</u>
Total of funds	<u>6,405</u>	<u>23,483</u>	<u>(23,287)</u>	<u>-</u>	<u>(4,068)</u>	<u>2,533</u>



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**17. STATEMENT OF FUNDS (continued)**

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 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 £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 £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 2017.

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

**ANALYSIS OF ACADEMIES BY FUND BALANCE**

Fund balances at 31 August 2017 were allocated as follows:

	Total 2017 £000	Total 2016 £000
Carmel College	3,407	3,531
Holy Family	51	153
Our Lady & St Bede	(324)	(353)
St Augustine's	43	97
St Bede's	52	68
St Gregory's	192	142
St Michael's	(166)	(41)
Carmel Education Trust	53	-
	<hr/>	<hr/>
Total before fixed asset fund and pension reserve	3,308	3,597
Restricted fixed asset fund	7,929	6,613
Pension reserve	(5,846)	(7,677)
	<hr/>	<hr/>
Total	5,391	2,533
	<hr/> <hr/>	<hr/> <hr/>

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

Name of academy	Amount of deficit £000
Our Lady & St Bede	324
St Michael's	166

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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**17. STATEMENT OF FUNDS (continued)**

**ANALYSIS OF ACADEMIES BY COST**

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

	Teaching and educational support staff costs £000	Other support staff costs £000	Educational supplies £000	Other costs excluding depreciation £000	Total 2017 £000	Total 2016 £000
Carmel College	5,105	1,722	233	1,452	8,512	7,791
Carmel Education Trust	749	-	1	1,192	1,942	1,215
Holy Family	405	281	31	139	856	961
Our Lady & St Bede	2,313	860	117	754	4,044	4,673
St Augustine's	447	286	39	122	894	912
St Bede's	506	358	45	125	1,034	1,150
St Gregory's	461	431	57	186	1,135	1,212
St Michael's	3,176	674	150	597	4,597	4,765
	<u>13,162</u>	<u>4,612</u>	<u>673</u>	<u>4,567</u>	<u>23,014</u>	<u>22,679</u>

**18. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	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>

**ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR**

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

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

	2017 £000	2016 £000
Net income for the year (as per Statement of Financial Activities)	132	196
<b>Adjustment for:</b>		
Depreciation charges	591	608
Dividends, interest and rents from investments	(10)	(23)
Decrease in debtors	69	799
Increase in creditors	40	143
Capital grants from DfE and other capital income	(1,133)	(910)
Defined benefit pension scheme finance cost	895	324
	<u>584</u>	<u>1,137</u>
<b>Net cash provided by operating activities</b>	<u><u>584</u></u>	<u><u>1,137</u></u>

**20. ANALYSIS OF CASH AND CASH EQUIVALENTS**

	2017 £000	2016 £000
Cash in hand	<u>4,187</u>	<u>3,924</u>
Total	<u><u>4,187</u></u>	<u><u>3,924</u></u>

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**NOTES TO THE FINANCIAL STATEMENTS  
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**21. RELATED PARTY TRANSACTIONS**

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

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

During the period annual contributions were paid amounting to £33,000 (2016: £32,000) to Hexham & Newcastle Catholic Partnership, a company in which C Hammill, A Ramsey and M Shorten are also directors. As at 31 August 2017 £11,000 (2016: £14,000) was owed from Hexham & Newcastle Catholic Partnership.

During the period procurement of event services of £51,000 (2016: £44,000) were purchased from Youth Ministry Trust, a company in which M Matthews is also a director.

During the period teacher training was provided to the value of £4,000 (2016: £4,000) to St Paul's R C Primary School, a school in which Rev J Butters is a governor.

During the period support services to the value of £Nil (2016: £Nil) were provided to the primary schools by Carmel Community Services Limited, a wholly owned subsidiary of Carmel Education Trust. As at 31 August 2017 £Nil (2016: £4,000) was owed to Carmel Community Services Limited. Gift aid donations as at 31 August 2017 totalling £Nil (2016: £41,000) was owed from Carmel Community Services Limited.

During the period support services to the value of £6,000 (2016: £10,000) were provided by The Bungalow Project, a charity in which B Rizzi-Allan is also a trustee.

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

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

	2017 £000	2016 £000
Interest income on pension scheme assets	161	238
Interest on pension scheme liabilities	(308)	(353)
	<u>(147)</u>	<u>(115)</u>

**23. CAPITAL COMMITMENTS**

At 31 August 2017 the multi academy trust had capital commitments as follows:

	2017 £000	2016 £000
Contracted for but not provided in these financial statements	455	-

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**24. 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%.

During the previous year the employer contribution rate was 16.48%. 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 April 2019.

The employer's pension costs paid to TPS in the period amounted to £1,456,000 (2016 - £1,403,000).

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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**24. PENSION COMMITMENTS (continued)**

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

**Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £818,000 (2016 - £784,000), of which employer's contributions totalled £589,000 (2016 - £560,000) and employees' contributions totalled £229,000 (2016 - £224,000). The agreed contribution rates for future years are 13.9% and 14.6% from April 2017 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:

	2017	2016
Discount rate for scheme liabilities	2.50 %	2.00 %
Rate of increase in salaries	3.50 %	3.40 %
Rate of increase for pensions in payment / inflation	2.00 %	1.90 %
Inflation assumption (CPI)	2.00 %	1.90 %
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:

	2017	2016
Retiring today		
Males	23.2	22.7
Females	24.9	25.2
Retiring in 20 years		
Males	25.4	24.9
Females	27.2	27.5

**Teesside Pension Fund**

Principal actuarial assumptions:

	2017	2016
Discount rate for scheme liabilities	2.50 %	2.00 %
Rate of increase in salaries	3.00 %	3.40 %
Rate of increase for pensions in payment / inflation	2.00 %	1.90 %
Inflation assumption (CPI)	2.00 %	1.90 %
Commutation of pensions to lump sums	80.00 %	80.00 %

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**24. 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:

	2017	2016
Retiring today		
Males	22.8	23.1
Females	24.9	25.6
Retiring in 20 years		
Males	25.0	25.3
Females	27.2	28.0

	At 31 August 2017 £000	At 31 August 2016 £000
<b>Sensitivity analysis</b>		
Discount rate +0.1%	15,112	14,988
Discount rate -0.1%	15,832	15,722
Mortality assumption - 1 year increase	15,004	14,868
Mortality assumption - 1 year decrease	15,935	15,839
CPI rate +0.1%	15,692	15,578
CPI rate -0.1%	15,248	15,127

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

	Fair value at 31 August 2017 £000	Fair value at 31 August 2016 £000
Equities	6,322	5,112
Property	650	584
Government bonds	1,323	1,150
Corporate bonds	-	-
Corporate bonds	375	327
Cash	867	501
Other	85	-
<b>Total market value of assets</b>	<b>9,622</b>	<b>7,674</b>

The actual return on scheme assets was £1,240,000 (2016 - £1,038,000).

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

	2017 £000	2016 £000
Current service cost	(1,337)	(769)
Interest income	161	238
Interest cost	(308)	(353)
<b>Total</b>	<b>(1,484)</b>	<b>(884)</b>



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**24. PENSION COMMITMENTS (continued)**

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

	2017 £000	2016 £000
Opening defined benefit obligation	15,351	9,191
Current service cost	1,337	769
Interest cost	308	353
Employee contributions	229	224
Actuarial (gains)/losses	(1,647)	4,868
Benefits paid	(110)	(54)
	<hr/>	<hr/>
Closing defined benefit obligation	15,468	15,351
	<hr/>	<hr/>

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

	2017 £000	2016 £000
Opening fair value of scheme assets	7,674	5,906
Expected return on assets	161	238
Actuarial gains/(losses)	1,079	800
Employer contributions	589	560
Employee contributions	229	224
Benefits paid	(110)	(54)
	<hr/>	<hr/>
Closing fair value of scheme assets	9,622	7,674
	<hr/>	<hr/>

**25. OPERATING LEASE COMMITMENTS**

At 31 August 2017 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2017 £000	2016 £000
<b>Amounts payable:</b>		
Within one year	5	6
Between one and five years	4	8
	<hr/>	<hr/>
Total	9	14
	<hr/>	<hr/>

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**NOTES TO THE FINANCIAL STATEMENTS  
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**26. 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:

	2017 £000	2016 £000
Carmel College	252	230
Holy Family	71	67
Our Lady & St Bede	220	187
St Augustine's	72	67
St Bede's	75	71
St Gregory's	84	79
St Michael's	226	187
	<hr/> 1,000 <hr/>	<hr/> 888 <hr/>
Total		

**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 2017 the trust received £974,000 (2016: £817,000) and disbursed £889,000 (2016: £763,000) from the fund. An amount of £139,000 (2016: £54,000) 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 2017 the trust received £18,000 and disbursed £15,000 from the fund.