

CARMEL EDUCATION TRUST
(A Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

CARMEL EDUCATION TRUST
(A Company Limited by Guarantee)

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE MULTI ACADEMY TRUST, ITS MEMBERS,
DIRECTORS AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2015**

Members

The Right Reverend S Cunningham
J Hughes
A Sales

Directors

C L Hughes, Chair¹
A Sales, Vice Chair¹
Fr J Butters
J M Cunningham²
J Edwards²
A J Frank
P M Frank
J Long²
F P Mackie (resigned 10 September 2014)¹
M Matthews²
M B McCollom¹
P A McTimoney¹
C Peacock¹
C A Powell¹
A Ramsey¹
M Regan, CEO¹
B Rizzi-Allan (appointed 10 September 2014)¹
Fr D Russell
M P Shorten¹
M Toth (appointed 16 September 2015)
C R Wiper²

¹ members of the Resources Committee

² members of the Audit Committee

Company registered number

07808732

Principal and registered office

The Headlands
Darlington
Co Durham
DL3 8RW

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DIRECTORS AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2015**

Company secretary

Prima Secretary Limited

Senior leadership team

M Regan, CEO
M P Shorten, Head of School
J V Gorlach, Head of Standards
C Peacock, Headteacher
F Stokeld/F P Mackie, Head of School
M B McCollom, Head of School
A Ramsey, Head of School
B Rizzi-Allan, Head of School
C Hammill, Head of School
J A Moorhouse, Business Manager
D C Leane, Finance Manager
J Kenshole, Governance Manager

Independent auditors

Clive Owen LLP
Chartered Accountants
Statutory Auditor
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

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DIRECTORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2015

The directors present their annual report together with the financial statements and auditor's report of the charitable company for the period 1 September 2014 to 31 August 2015. The annual report serves the purposes of both a Trustees' Report, and a Directors' Report under company law.

The trust operates four primary and three secondary academies in Darlington, Stockton & Billingham.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The multi-academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The directors of Carmel Education Trust are also the directors of the charitable company for the purposes of company law.

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 12.

Method of recruitment and appointment or election of directors

The term of office for any director shall be four years, save that this time limit shall not apply to the CEO or 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 depends on their existing experience. Where necessary induction and training is provided on charity, educational, legal and financial matters. All new directors of the trust meet with the Governance Manager and are provided with copies of the Articles of Association, Scheme of Delegation, schedule of meeting dates, Directors Code of Conduct and committee & organisational structure. All governors on Local Governing Bodies 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.

Organisational structure

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 trustees. Our Lady & St Bede Catholic Academy converted to academy status and joined the Trust on 1 February 2015.

Each academy within the Trust has its own Local Governing Body 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

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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015

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 has instigated a review of the Scheme of Delegation 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 has suspended the Local Governing Body and established an Interim Advisory Board in its place.

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

Connected organisations, including related party relationships

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

The members and directors of Carmel Education Trust note their following related parties:-

The Right Reverend Seamus Cunningham

Name of company/business:	Nature of business:	Nature of interest:	Date the interest began:
Diocese of Hexham & Newcastle	Catholic Faith	Bishop/Director (Chairman)	August 2011
Newcastle Council of Faiths Limited	Faith	Director	August 2014
The Churches' Regional Commission in the North East	Faith	Director	June 2009

Joseph Hughes

Name of company/business:	Nature of business:	Nature of interest:	Date the interest began:
Diocese of Hexham & Newcastle - Diocesan Education Service	Catholic Faith/Education Provider	Director of Education	September 2010

Cyndi Hughes

Name of company/business:	Nature of business:	Nature of interest:	Date the interest began:
Darlington Area Churches Youth Ministry	Community based youth initiative that helps & supports churches and schools	Trustee	April 2010
Darlington Borough Council	Local Authority	Elected Councillor and Lead Member for Children & Young People	May 2003
Darlington College	Post 16 Education provider	Governor to the Corporation	January 2014
Unite Union	Trade Union	Member	1989

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DIRECTORS' REPORT (continued)
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Maura Regan

Name of company/business:	Nature of business:	Nature of interest:	Date the interest began:
Carmel Community Services Limited	Support services to primary schools	Non-paid Director	February 2012
Good Shepherd Multi Academy Trust	Education provider	Non-paid Director	December 2014
North East Schools Trust	Education provider	Non-paid Director	September 2013
Hexham & Newcastle Catholic Partnership	Educational partnership and company limited by guarantee with charitable status	Non-paid Director	September 2012
HNCP Limited	100% subsidiary of Hexham & Newcastle Catholic Partnership	Non-paid Director	January 2014

Maria Matthews

Name of company/business:	Nature of business:	Nature of interest:	Date the interest began:
Youth Mission Team	Faith Formation delivering retreats	Trustee	September 2013
Joe Plum Mission, Peru	Charity	Trustee	2013

Martina McCollom

Name of company/business:	Nature of business:	Nature of interest:	Date the interest began:
None			

Adrian Frank

Name of company/business:	Nature of business:	Nature of interest:	Date the interest began:
Carmel College	Education provider	Spouse is an employee, two children are pupils	November 2011

Anne Sales

Name of company/business:	Nature of business:	Nature of interest:	Date the interest began:
None			

Michael Shorten

Name of company/business:	Nature of business:	Nature of interest:	Date the interest began:
Carmel Community Services Limited	Support services to primary schools	Non-paid Director	February 2012
Federation of Aycliffe Catholic Schools	Education provider	Governor	2008
Immersive Precision (formerly Peter Shorten Productions)	Supply of sound & light production	Father of proprietor	2007

Alison Powell

Name of company/business:	Nature of business:	Nature of interest:	Date the interest began:
None			

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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015

Janice Long

Name of company/business:	Nature of business:	Nature of interest:	Date the interest began:
Bond Dickinson	Legal & Wealth Management	Son is a trainee Wealth Analyst	July 2013
The Links Primary School	Education Provision	Spouse is Vice Chair of Governors & Chair of Resouce Committee	Elected Vice Chair October 2014. Governor since October 2011

Pat McTimoney

Name of company/business:	Nature of business:	Nature of interest:	Date the interest began:
None			

Rev David Russell

Name of company/business:	Nature of business:	Nature of interest:	Date the interest began:
St Bede's RC Primary School, Darlington	Education provider	Governor	September 2012

Chris Peacock

Name of company/business:	Nature of business:	Nature of interest:	Date the interest began:
None			

Malcolm Frank

Name of company/business:	Nature of business:	Nature of interest:	Date the interest began:
Carmel Education Trust	Education provider	Son (Dr Adrian Frank) is a Director of Carmel Education Trust & Chair of St Augustine's RC Primary School. Daughter-in-Law is employee of Carmel College. Grandchildren are pupils at Carmel college	November 2011
St Teresa's RC School, Darlington	Education provider	Chair of Governors	2010
St Cuthbert's First School, Berwick-upon-Tweed	Education provider	Chair of Governors	January 2014
Diocese of Hexham & Newcastle	Education provider	Recruitment Adviser Appeals Panel Member	

Bernadette Rizzi-Allan

Name of company/business:	Nature of business:	Nature of interest:	Date the interest began:
Bungalow Project	Mental health & wellbeing of children	Trustee	June 2014

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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015

James Cunningham

Name of company/business:	Nature of business:	Nature of interest:	Date the interest began:
None			

Chris Wiper

Name of company/business:	Nature of business:	Nature of interest:	Date the interest began:
Queen Elizabeth Sixth Form College	Education provider	Chair Governors	1995
Close Thornton LLP	Solicitors	LLP Designated Member	February 2009

Joan Edwards

Name of company/business:	Nature of business:	Nature of interest:	Date the interest began:
None			

Andrew Ramsey

Name of company/business:	Nature of business:	Nature of interest:	Date the interest began:
Hexham & Newcastle Catholic Partnership	Educational partnership and company limited by guarantee with charitable status	Non-paid Director	November 2013

Rev John Butters

Name of company/business:	Nature of business:	Nature of interest:	Date the interest began:
Diocese of Hexham & Newcastle	Catholic Faith	Director	August 2011
St Paul's RC Primary School, Billingham	Education Provider	Governor	1994
St Joseph's RC Primary School, Billingham	Education Provider	Governor	2004
St John's RC Primary School, Billingham	Education Provider	Governor	2004
The Northern Cross	Catholic Directory	Main Editor	July 2012

Mary Toth

Name of company/business:	Nature of business:	Nature of interest:	Date the interest began:
None			

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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015

OBJECTIVES AND ACTIVITIES

Objects and aims

The principal object and activity of the charitable company is the operation of Carmel Education Trust to provide education for students of different abilities between the ages of 2 – 19.

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

The main objectives of the trust during the year ended 31 August 2015 are summarised below:

- 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 November 2014. The plan sets out the trust's vision, values, outcomes and priorities:

OUR VISION FOR THE FUTURE

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

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

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

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

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

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

The activities undertaken to achieve these objectives are all intended to provide the highest quality of education in the public sector for our young people.

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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015

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.

ACHIEVEMENTS AND PERFORMANCE

Review of activities

St Augustine's RC Primary School achieved excellent results yet again. In Early Years Foundation Stage (EYFS) results were outstanding, with 87% of pupils achieving a 'good level of development', maintaining their performance from 2014. In the phonics screening check, 83% of pupils achieved the expected standard, which is 9% higher than national. At Key Stage 1, performance was lower across all areas (with the exception of writing at L2B+), although prior attainment data at EYFS and phonics does show this cohort to be of a lower ability than previous cohorts. The attainment gap between disadvantaged pupils to other pupils at both the school and nationally is closing. Key Stage 2 results were again outstanding in all areas at L4+, L4B+ and L5+. 87% of pupils were Secondary Ready, well above national performance, with nearly two thirds of pupils achieving L5+ in Reading. Crucially, all pupils made expected progress in reading, writing and maths. Maths continues to have strong performance with over half of pupils reaching L5+ again, although performance at L5+ in writing fell again by 4%.

St Bede's Catholic Academy saw a very good improvement in their Early Years Foundation Stage performance, with 63% of children achieving a 'good level of development', an 11% increase on 2014, and 48% rise since 2013, with performance now above national. Furthermore the gap between disadvantaged pupils and other pupils has closed to 0%. In the phonics screening check, strong performance from 2014 was maintained with 78% of pupils again achieving the expected standard, which is above national. Key Stage 1 results were good, with performance maintained from 2014 in reading and in maths, and continuing to rise in writing. A third of Year 2 pupils had support for SEN, which did impact on KS1 performance, although the SEN pupils did perform well compared to National SEN children. The gap between disadvantaged pupils and others also continues to close. Progress from EYFS was extremely high too. Performance improved in most areas at Key Stage 2, with L4+ performance improving by 10% or more in all subjects. Performance in Grammar, Punctuation and Spelling was significantly higher than national. Pupils making expected progress was very good too, with all pupils doing so in writing, with all but 1 doing so in maths, and all but 2 doing so in reading. 55% of pupils made more than expected progress in writing and in maths, which is significantly higher than national and past performance, although only 18% of pupils made more than expected progress in reading, which was impacted on by the low percentage of pupils reaching L5, which was well below national average. Again, Disadvantage pupils performed very well, with gaps closing in most areas.

St Gregory's Catholic Academy results were extremely high and show excellent progress being made by pupils. At Early Years Foundation Stage, 80% of children achieved a 'good level of development', a 32% increase on 2014, and 62% rise since 2013, with performance now significantly higher than national. Furthermore the gap between Disadvantaged pupils and Other pupils continues to be small. Performance was again above national in the phonics screening check, with 80% of pupils meeting the expected standard. At Key Stage 1, high L2+ and L2B+ performance was maintained from 2014, with performance continuing to improve at L2B+ in writing and in maths. Pupils attaining L2A+ continues to increase in all subjects. Disadvantaged children performed well in both the phonics screening and at Key Stage 1, with the gap to Other pupils continuing to close. Progress from EYFS was extremely high too. Key Stage 2 performance was outstanding, with all pupils making at least expected progress from KS1, and a significantly large proportion of pupil making more than expected progress. 83% of pupils achieved L4+ in reading, writing and maths, which was higher than national and represents the school's highest ever performance, with large improvements made across all subjects from 2014. L4B+ and L5+ show a similar picture, with large improvements made on historical performance. Disadvantaged pupils performed well, especially when compared to national other pupils.

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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015

Review of activities (continued)

Holy Family RC Primary School achieved excellent results at Early Years Foundation Stage, with 77% of children achieving a 'good level of development', a 14% increase on 2014, and 24% rise since 2013, with performance again above national. Despite a small dip in the number of pupils meeting the expected standard of phonic decoding, performance was over 10% higher than national. At Key Stage 1, performance continues to improve all areas, with 20% more pupils attaining L2B+ in reading and in writing since 2013, and 13% more in maths. All Disadvantaged pupils met the phonics standard and reached at least Level 2+ at Key Stage 1, with all Disadvantaged pupils performing on average better than other pupils both at the school and nationally. Progress from EYFS was extremely high, with all pupils making at least the typical progress, and over 40% making better progress. At Key Stage 2, results were mixed with L4+ and L4B+ performance continuing to be higher than national whereas performance was lower than national at L5+, with performance decreasing in reading, grammar and maths tests – maths fell by 26% on 2014 performance, with grammar falling by 22% since 2013. L5+ performance did continue to improve in writing. Progress in reading was higher than national although in both writing and maths progress was below national and down on historical performance. Pupils making more than expected progress was significantly below national in writing (by 22%), and 16% below national in maths. These variances were partly due to Disadvantage pupils not making enough progress from L2 at KS1. Furthermore, across Key Stage 2, Disadvantaged children have not performed as well as Other pupils causing gaps to open.

Carmel College GCSE: Results were again significantly higher than national, with 81% of students achieving 5 or more GCSE or equivalent grades at A* to C, including English and maths. 99% of pupils achieved 5 A*-G with English and maths. Performance in both English and in maths was extremely high. In English 90% of pupils achieved A*-C at GCSE, with 87% making at least expected progress from Key Stage 2 and 50% exceeding expected progress. In maths, 86% of pupils achieved GCSE grades A*-C, with 84% making at least expected progress from Key Stage 2 and 47% exceeding expected progress. Performance in the English Baccalaureate fell to 26%, which was due to low attainment in modern languages, with less than half of students studying a language at GCSE, and only two thirds of these students reaching A*-C, a drop of 16% on 2014's performance. Thirty five pupils were supported by the pupil premium, with 66% of these pupils achieving 5+ A*-C including English and maths, which is higher than National Other pupils, although their achievement was 19% lower than Other pupils at Carmel. There were 5 students with a Statement or EHCP, with 3 of these students achieving 5+ A*-C including English and Maths – all achieved 5 A*-G with English and maths. Given the extreme needs of many of these pupils their achievements were outstanding.

Carmel Sixth Form: Results for Upper Sixth were excellent with 59% A*-B grades for A Level, and 65% for Vocational subjects, giving an overall 60% A* to B equivalent grades. Furthermore 31% of A Level entries were graded A*-A, 5% higher than the national figure of 26%. The average points score per entry was slightly higher than last year at 223.7 points. Results for the Lower Sixth were also good with the average points per entry at 205, and 40% of A to B grades at As. As normal there were a number of disappointments, but a great deal of work has been done to sort out new timetables with students, so that they can progress forwards, albeit in some cases, on a different pathway.

Our Lady & St Bede Catholic Academy achieved outstanding results at GCSE with 72% of students achieving 5 or more GCSE or equivalent grades at A* to C, including English and maths, which is an 18% increase on 2014 performance, and is significantly higher than national performance.

Achievement in both English and in maths was significantly higher than national, with 80% of students achieving GCSE grades A*-C in English, and 83% doing so in maths. 82% of students made at least expected progress from Key Stage 2 in English, which is significantly better than national, however only 24% of students exceeded expected progress. In maths, 79% of students made expected progress from Key Stage 2 and 37% exceeded expected progress, with both figures well above national averages.

30% of students achieved the English Baccalaureate, which is OLSB's highest ever performance. Here performance was affected by less than half of pupils studying two Sciences at GCSE as well as less than half of students studying a modern language. Attainment in Science was high with 97% of GCSE entries achieving two A*-C grades. In languages 73% of GCSE entries achieved A*-C, which is a 22% improvement on 2014's performance.

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DIRECTORS' REPORT (continued)
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Review of activities (continued)

Over a third of students (54) were supported by the pupil premium, with 57% of these pupil achieving 5+ A*-C including English and Maths, which is only slightly below National Other pupils. Within the school there was a 22% gap between pupil premium pupils and other pupils, which is narrower than the national gap. There were 4 students with a Statement or EHCP, with 2 of these students achieving 5+ A*-C including English and maths – all achieved 5 A*-G with English and maths.

St Michael's Catholic Academy GCSE results were much improved on 2014, with 66% of students achieving 5 or more GCSE or equivalent grades at A* to C, including English and maths, which is a 14% increase on last year, with performance now significantly higher than national.

Achievement in both English and in maths was significantly higher than national, with 79% of students achieving GCSE grades A*-C in English, and 77% doing so in maths. 78% of students made at least expected progress from Key Stage 2 in English, with 36% exceeding expected progress. In maths, 67% made at least expected progress from Key Stage 2 and 32% exceed expected progress. All progress figures are now higher than national, and much improved on last year's figures.

Performance continues to improve in the English Baccalaureate with 26% of students achieving this. Here performance was affected by only 36% of students studying a modern language. Of the 61 students entering a language at GCSE, 77% achieved a grade of C or higher, which is an 8% drop on 2014's figure. Furthermore only 66% of Geography entries achieved A*-C, with only 63% of History entries reaching A*-C, resulting in a Humanities average of 65% for a second consecutive year.

Thirty nine students were supported by the pupil premium, with 51% of these pupil achieving 5+ A*-C including English and Maths, which is 20% lower than other pupils at St Michael's. This gap has closed on last year's gap of 26%, and is narrower than the national gap. There were 2 students with a Statement or EHCP, with one of these students achieving 5+ A*-C including English and maths – both achieved 5 A*-G with English and maths.

Key financial performance indicators

As detailed in the objectives, strategies and activities section of this Directors' Report, 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. The key education performance indicators relating to this are detailed for each academy in the review of activities section of this Directors' Report.

In order to support our young people achieve their full potential, the directors also acknowledge the importance of key financial performance indicators. Benchmarking data was provided by Clive Owen LLP in their Academies Benchmark Report 2015 that contains the results for the previous academic year to 31 August 2014 of nearly 300 academy trusts, which include over 400 schools, audited by the Kreston Academies Group. The directors have used the multi-academy trusts data from this most recent report to benchmark the key financial performance indicators for the previous academic year to 31 August 2014 for Carmel Education Trust as a whole.

Other income per pupil for Carmel Education Trust is slightly higher than the average multi-academy trust. This reflects the excellent work done by the trust in supporting teaching and learning in Darlington, Stockton, Billingham, the north east and nationally. Directors are mindful that generating additional other income is increasingly important in the current economic climate.

Staff costs per pupil for Carmel Education Trust are also slightly higher than the average multi-academy trust. This reflects the importance placed by the trust on providing the best teachers for our young people and ensuring capacity to support teaching and learning in the wider environment. We also strive to provide the best support staff for the wide range of non-teaching activities that supplement the teaching team. Directors are mindful that staff costs represent the largest expense to the trust and keep these costs under constant review.

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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015

Key financial performance indicators (continued)

Total pupil numbers for Carmel Education Trust are significantly higher than the average multi-academy trust. This reflects St Bede's and St Michael's joining the trust in 2013/14, with Our Lady & St Bede joining the trust in 2014/15. Directors carry out full capacity reviews when schools or academies express an interest in joining the trust and do not believe in increasing the number of academies for growth's sake.

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

Financial and risk management objectives and policies

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

Most of the trust's income is obtained from the Department for Education (DfE) via the Education Funding Agency (EFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE/EFA during the year ended 31 August 2015 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

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

In addition, the trust receives income from the National College for its activities as a Teaching School. During the year ended 31 August 2015, the trust received total income of £467,000 relating to this activity.

During the year ended 31 August 2015, total expenditure of £23,032,000 was exceeded by recurrent grant funding from the DfE/EFA together with other incoming resources. After excluding transactions posted directly to the restricted fixed asset fund and pension reserve, the excess of income over expenditure was £869,000 before transfers. Capital expenditure of £459,000 was funded by this.

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

At 31 August 2015 the net book value of fixed assets was £37,280,000 and movements in tangible fixed assets are shown in note 13 to the Financial Statements. The assets were used exclusively for providing education and the associated support services to the students of the academy.

The provisions of Financial Reporting Standard No.17 'Retirement Benefits' (FRS 17) have been applied in full, resulting in a deficit of £3,285,000 recognised on the balance sheet.

The academy held fund balances at 31 August 2015 of £38,687,000 comprising £35,998,000 of restricted funds and £2,689,000 of unrestricted funds.

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DIRECTORS' REPORT (continued)
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Reserves policy

Unrestricted funds of £2,689,000 include £3,000 that is ring-fenced and shown separately in the accounts in respect of Darlington Leadership College. The remaining balance of £2,686,000 is available to allocate.

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 £2,686,000 which has been allocated to cover specific risks identified in relation to the:

- Carmel Teaching School Alliance and Carmel Teacher Training Partnership (£374,000)
- Trust's risk register following reviews of the risks associated with each academy and the trust as a whole (£877,000)
- Increase in employer's national insurance expected in April 2016 (£265,000)

In addition to these specific risks, the directors have allocated reserves of £1,135,000 to school improvement and capital project priorities, including funding:

- An Early Years Play Area at St Gregory's identified by Ofsted as critical
- A chapel and fitting out St Michael's new build scheduled to be completed through the Priority Schools Building Programme in 2016
- A synthetic turf pitch, fitting out the science/music Condition Improvement Fund project and improving the Sports Hall at Carmel College
- Focused school improvement priorities at Holy Family
- The realisation of capital projects identified in the trust's estate strategy

The directors consider the £35,000 total level of unallocated reserves to be acceptable.

Investments policy

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

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

Interest rates are fully investigated prior to each investment.

CARMEL EDUCATION TRUST
(A Company Limited by Guarantee)

DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015

Principal risks and uncertainties

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

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

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

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

PLANS FOR THE FUTURE

Future developments

Detailed below are the trust's planned priorities for the future.

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

Priorities:

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

Outcome 2 - Our schools provide safe, stimulating and aspirational environments where children access the best resources and technologies

Priorities:

1. Develop and implement a trust-wide ICT strategy and programme of renewal bringing IT hardware and software up to latest specifications and standards
2. Audit capital projects and prioritise needs across Trust schools
3. Establish a trust-wide pool for Devolved Formula Capital monies and develop an overall capital programme

CARMEL EDUCATION TRUST
(A Company Limited by Guarantee)

DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015

Future developments (continued)

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

Priorities:

1. Develop MAT teaching teams across schools to share expertise and skills
2. Create Trust-wide networks with meetings at least termly and for Heads of Year/subject leaders/Key Stage teachers in Primary Schools Develop and deliver Trust-wide Joint INSET for staff and sporting/cultural opportunities for pupils

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

Priorities:

1. Develop a MAT network/working party to explore solutions to bringing families/youth to regular worship in local parishes
2. Prioritise opportunities for trust schools, staff and/or pupils and students to join together for liturgies/faith events/Mass/youth festivals
3. Develop a Trust-Wide 'prospectus'.

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

Priorities:

1. Develop and deliver a training programme to meet professional development needs of Directors
2. Organise a programme of director visits to different trust schools together with opportunities for peer review
3. Develop an effective 'Value for Money' comparison system to be used in financial reporting

Disclosure of information to auditors

Insofar as the directors are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

This report, incorporating the Strategic Report, was approved by order of the Board of Directors, as the company directors, on 18 November 2015 and signed on the board's behalf by:

Cynthia L Hughes

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

Governance

The information on governance included here supplements that described in the Directors' Report and in the Statement of Directors' Responsibilities. The Board of Directors has formally met 6 times during the year. Attendance during the year at meetings of the Board of Directors was as follows:

Director	Meetings attended	Out of a possible
C L Hughes, Chair	6	6
A Sales, Vice Chair	6	6
Fr J Butters	5	6
J M Cunningham	5	6
J Edwards	5	6
A J Frank	5	6
P M Frank	5	6
J Long	6	6
F P Mackie	1	1
M Matthews	6	6
M B McCollom	6	6
P A McTimoney	6	6
C Peacock	6	6
C A Powell	4	6
A Ramsey	6	6
M Regan	6	6
B Rizzi-Allan	5	5
Fr D Russell	5	6
M P Shorten	5	6
C R Wiper	3	6

During the year the Board of Directors convened a working group to perform the following tasks:

1. To review current governance structures to ensure that they are fit for purpose with clear lines of accountability which allow for the efficient discharge of trust business
2. To review the Scheme of Delegation to ensure that it is relevant, supports decision-making, is easily understood and delineates roles and responsibilities
3. To review the Articles of Association to ensure that they support the governance of an enlarged Company

The working group reported the following recommendations to the Board of Directors that were approved:

1. That the structure of the Board remain unchanged but reviewed again on any proposed enlargement of the trust.
2. That the Articles of Association remain unchanged but reviewed again on any proposed enlargement of the trust.
3. That the term Local Governing Body be replaced with Local Management Board in order to better clarify the responsibilities of directors who as trustees are also governors.

CARMEL EDUCATION TRUST
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (continued)

Governance (continued)

4. That the concept of 'earned autonomy' which refers to the operation of a tiered approach to the delegation of responsibilities to Local Management Boards be introduced as part of the annual review of the Scheme of Delegation.
5. That a revised Scheme of Delegation be approved.
6. That a new approach to school improvement planning including school categorisation and peer review be approved
7. That officers be instructed to implement the approach to school improvement evaluation, planning, categorisation and support and to report their recommendations to directors.

The Board of Directors will undertake 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.

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

- 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.

Attendance at meetings in the year was as follows:

Director	Meetings attended	Out of a possible
C L Hughes	4	4
M Regan	4	4
A Sales	4	4
C Peacock	4	4
A Ramsey	4	4
F P Mackie	1	1
M B McCollom	3	4
P A McTimoney	4	4
M P Shorten	2	4
C A Powell	3	4
B Rizzi-Allan	2	3

The Audit Committee is also a committee of the main Board of Directors. Its purpose is to:

- i. To advise Board of Directors on the adequacy and effectiveness of the Trust's systems of internal control and its arrangements for risk management, control and governance processes, and securing economy, efficiency and effectiveness (value for money) and that the systems are rigorous and constantly reviewed.

Attendance at meetings in the year was as follows:

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

CARMEL EDUCATION TRUST
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (continued)

Review of Value for Money

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

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

- Reviewing and costing the provision of catering across the trust and as a consequence rationalising the provision of catering to in-house provision in all seven academies within the trust.
- Undertaking one combined tendering exercise to appoint a main contractor following the notification from the EFA that four Condition Improvement Fund bids had been successful in three of the trust schools.
- Introducing a programme to phase out small printers with higher running costs and replacing with follow me photocopiers which use more cost effective toner.

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 2014 to 31 August 2015 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 2014 to 31 August 2015 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.

CARMEL EDUCATION TRUST
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (continued)

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 on the operation of the systems of control and on the discharge of the Board of Directors' financial responsibilities.

The external auditors have delivered their schedule of work as planned and no material control issues have arisen as a result of their work.

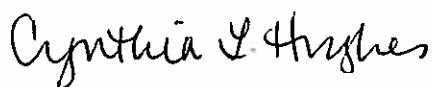
Review of Effectiveness

As Accounting Officer, the Chief Executive 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 18 November 2015 and signed on its behalf, by:



C L Hughes
Chair



M Regan
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 multi academy trust Board of Directors and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the multi academy trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook (2014).

I confirm that I and the multi academy trust Board of Directors are able to identify any material, irregular or improper use of funds by the multi academy trust, or material non-compliance with the terms and conditions of funding under the multi academy trust's funding agreement and the Academies Financial Handbook (2014).

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



M Regan
Accounting Officer

Date: 18 November 2015

CARMEL EDUCATION TRUST
(A Company Limited by Guarantee)

DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2015

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 (including the Strategic Report) and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

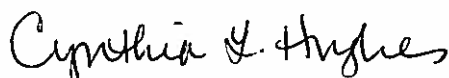
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material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

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

The directors are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from DfE/EFA 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 18 November 2015 and signed on its behalf by:



C L Hughes
Chair

CARMEL EDUCATION TRUST
(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CARMEL EDUCATION TRUST

We have audited the financial statements of Carmel Education Trust for the year ended 31 August 2015 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

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

Respective responsibilities of Directors and auditors

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

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the multi academy trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable multi academy trust's affairs as at 31 August 2015 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 and the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

Opinion on other matter prescribed by the Companies Act 2006

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

CARMEL EDUCATION TRUST
(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CARMEL EDUCATION TRUST

Matters on which we are required to report by exception

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

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

Clive Owen WP

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

for and on behalf of

Clive Owen LLP

Chartered Accountants
Statutory Auditor

140 Coniscliffe Road
Darlington
Co Durham
DL3 7RT
18 November 2015

CARMEL EDUCATION TRUST
(A Company Limited by Guarantee)

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

In accordance with the terms of our engagement letter dated 14 September 2015 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2014 to 2015, 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 2014 to 31 August 2015 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 EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Carmel Education Trust and EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Carmel Education Trust and EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Carmel Education Trust's accounting officer and the reporting 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 2014, 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 2014 to 2015. 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 2014 to 31 August 2015 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 2014 to 2015 issued by EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

CARMEL EDUCATION TRUST
(A Company Limited by Guarantee)

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO CARMEL
EDUCATION TRUST AND THE EDUCATION FUNDING AGENCY (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 2014 to 31 August 2015 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Christopher Beaumont BA(Hons) FCA DChA

Clive Owen LLP

Reporting Accountant
Statutory Auditor

140 Coniscliffe Road
Darlington
Co Durham
DL3 7RT

18 November 2015

CARMEL EDUCATION TRUST
(A Company Limited by Guarantee)

STATEMENT OF FINANCIAL ACTIVITIES
(Incorporating Income and Expenditure Account and Statement of Total Recognised Gains and Losses)
FOR THE YEAR ENDED 31 AUGUST 2015

	Note	Unrestricted funds 2015 £000	Restricted funds 2015 £000	Restricted fixed asset funds 2015 £000	Total funds 2015 £000	Total funds 2014 £000
INCOMING RESOURCES						
Incoming resources from generated funds:						
Transfer on conversion	2, 24	95	(1,036)	5,715	4,774	14,851
Other voluntary income	2	69	10	35	114	168
Activities for generating funds	3	3,158	-	-	3,158	2,131
Investment income	4	36	25	-	61	35
Incoming resources from charitable activities	5	-	17,946	1,253	19,199	15,288
TOTAL INCOMING RESOURCES		3,358	16,945	7,003	27,306	32,473
RESOURCES EXPENDED						
Charitable activities	7	2,739	17,434	2,420	22,593	20,660
Governance costs	6	-	439	-	439	314
TOTAL RESOURCES EXPENDED	7	2,739	17,873	2,420	23,032	20,974
NET INCOMING / (OUTGOING) RESOURCES BEFORE TRANSFERS						
		619	(928)	4,583	4,274	11,499
Transfers between Funds	18	-	(459)	459	-	-
NET INCOME FOR THE YEAR		619	(1,387)	5,042	4,274	11,499
Actuarial gains and losses on defined benefit pension schemes		-	(57)	-	(57)	10
NET MOVEMENT IN FUNDS FOR THE YEAR		619	(1,444)	5,042	4,217	11,509
Total funds at 1 September 2014		2,070	(726)	33,126	34,470	22,961
TOTAL FUNDS AT 31 AUGUST 2015		2,689	(2,170)	38,168	38,687	34,470

All activities relate to continuing operations.

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

The notes on pages 29 to 54 form part of these financial statements.

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

BALANCE SHEET
AS AT 31 AUGUST 2015

	Note	£000	2015 £000	2014 £000
FIXED ASSETS				
Tangible assets	13		37,280	33,005
CURRENT ASSETS				
Debtors	15	1,670		861
Cash at bank		3,968		3,401
		<u>5,638</u>		<u>4,262</u>
CREDITORS: amounts falling due within one year	16	(907)		(749)
NET CURRENT ASSETS			4,731	3,513
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>42,011</u>	<u>36,518</u>
CREDITORS: amounts falling due after more than one year	17		(39)	-
NET ASSETS EXCLUDING PENSION SCHEME LIABILITY			41,972	36,518
Durham County Council Pension Fund	27		(1,467)	(1,339)
Teesside Pension Fund	27		(1,818)	(709)
NET ASSETS INCLUDING PENSION SCHEME LIABILITY			<u>38,687</u>	<u>34,470</u>
FUNDS OF THE ACADEMY				
Restricted funds:				
Restricted funds	18	1,115		1,322
Restricted fixed asset funds	18	38,168		33,126
		<u>39,283</u>		<u>34,448</u>
Restricted funds excluding pension liability				
Pension reserve		(3,285)		(2,048)
Total restricted funds			35,998	32,400
Unrestricted funds	18		2,689	2,070
TOTAL FUNDS			<u>38,687</u>	<u>34,470</u>

The financial statements were approved by the Directors, and authorised for issue, on 18 November 2015 and are signed on their behalf, by:

Cynthia L. Hughes

C L Hughes, Chair

The notes on pages 29 to 54 form part of these financial statements.

CARMEL EDUCATION TRUST
(A Company Limited by Guarantee)

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2015

	Note	2015 £000	2014 £000
Net cash flow from operating activities	21	236	1,650
Returns on investments and servicing of finance	22	36	35
Capital expenditure and financial investment	22	190	(275)
Cash transferred on conversion to an academy trust		105	55
INCREASE IN CASH IN THE YEAR		567	1,465

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS
FOR THE YEAR ENDED 31 AUGUST 2015

	2015 £000	2014 £000
Increase in cash in the year	567	1,465
MOVEMENT IN NET FUNDS IN THE YEAR	567	1,465
Net funds at 1 September 2014	3,401	1,936
NET FUNDS AT 31 AUGUST 2015	3,968	3,401

CARMEL EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, the Academies Accounts Direction 2014 to 2015 issued by EFA, applicable accounting standards and the Companies Act 2006.

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 and include grants from the Department for Education.

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

1.3 Incoming resources

All incoming resources are included in the Statement of Financial Activities when the multi academy trust has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability. For legacies, entitlement is the earlier of the multi academy trust being notified of an impending distribution or the legacy being received.

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

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund.

Capital grants are recognised when receivable 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 in the period in which it is receivable, where there is certainty of receipt and it is measurable.

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

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

CARMEL EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

1. ACCOUNTING POLICIES (continued)

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

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.

1.4 Resources expended

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

Charitable activities are costs incurred in the multi academy trust's educational operations.

Governance costs include the costs attributable to the multi academy trust's compliance with constitutional and statutory requirements, including audit, strategic management and Directors' meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

1.5 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 one year from the date of approval of the financial statements.

1.6 Tangible fixed assets and depreciation

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

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and are carried forward in the Balance Sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the multi academy trust's depreciation policy.

Premises that are held on 125 year leases from Darlington Borough Council and Stockton Borough Council are recognised within tangible fixed assets, as the risks and rewards have transferred to the multi academy trust. The initial acquisition was recognised at existing use valuation by DTZ, on behalf of the Education Funding Agency. The directors consider that the cost of obtaining an additional valuation would outweigh the benefit.

Premises where the Diocese of Hexham & Newcastle has an interest are recognised within tangible fixed assets, in line with the Academies Accounts Direction 2014 to 2015. The directors are aware of ongoing discussions between the Education Funding Agency and the Catholic Education Service regarding the accounting treatment of land and buildings in church academies. These discussions are expected to conclude and disclosures be confirmed in time for the 31 August 2016 financial statements.

CARMEL EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

1. ACCOUNTING POLICIES (continued)

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

Long leasehold property	-	between 10-27 years straight line
Leasehold Land	-	over 125 years straight line
Motor vehicles	-	over 4 years straight line
Fixtures and fittings	-	over 7 years straight line
Computer equipment	-	over 3 years straight line

1.7 Investments

Investments are stated at cost at the balance sheet date. The Statement of Financial Activities includes the net gains and losses arising on revaluations and disposals throughout the year.

1.8 Operating leases

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

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 2015

1. ACCOUNTING POLICIES (continued)

1.10 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the multi academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in note 27, the TPS is a multi-employer scheme and the multi academy trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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

1.11 Conversion to an academy trust

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

The assets and liabilities transferred on conversion from Our Lady & St Bede to the multi academy trust have been valued at their fair value, being a reasonable estimate of the current market value that the directors would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for Carmel Education Trust. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

ICT equipment with depreciated values of £50,000 were transferred on conversion and have been included in tangible fixed assets. The land and buildings have been included at £5,359,000 based on a review by an independent valuer.

School fund balances totalling £105,000 have been included in voluntary income.

Pension deficits of £1,036,000 have been transferred from Stockton Local Authority's during the year and are included within other resources expended.

Further details of the transaction are set out in note 24.

CARMEL EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

1. ACCOUNTING POLICIES (continued)

1.12 Agency Arrangements

The academy trust acts as an agent in distributing 16-19 bursary funds from EFA. Payments received from EFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The funds received and paid and any balances held are disclosed in note 29.

2. VOLUNTARY INCOME

	Unrestricted funds 2015 £000	Restricted funds 2015 £000	Total funds 2015 £000	Total funds 2014 £000
Transfer from Local Authority on conversion	95	4,679	4,774	14,851
Donations	69	45	114	168
Voluntary income	164	4,724	4,888	15,019

3. ACTIVITIES FOR GENERATING FUNDS

	Unrestricted funds 2015 £000	Restricted funds 2015 £000	Total funds 2015 £000	Total funds 2014 £000
Sundry Income	185	-	185	91
Lettings	53	-	53	30
School Trips	328	-	328	338
Supply Teacher Insurance	183	-	183	47
Catering	539	-	539	413
Darlington Leadership College	3	-	3	259
Carmel Teacher Training Partnership	1,784	-	1,784	871
Pupil Transport	83	-	83	82
	3,158	-	3,158	2,131

4. INVESTMENT INCOME

	Unrestricted funds 2015 £000	Restricted funds 2015 £000	Total funds 2015 £000	Total funds 2014 £000
Bank interest	36	-	36	35
Net finance income on pension scheme	-	25	25	-
	36	25	61	35

CARMEL EDUCATION TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2015 £000	Restricted funds 2015 £000	Total funds 2015 £000	Total funds 2014 £000
DfE/EFA grants				
Devolved Formula Capital	-	74	74	53
Academy Capital Maintenance Fund	-	159	159	136
Condition Improvement Fund	-	947	947	-
General Annual Grant (GAG)	-	16,010	16,010	13,687
Pupil Premium	-	836	836	578
16-19 Bursary	-	-	-	22
PE Teacher grant	-	33	33	30
National College Teaching Schools	-	467	467	244
Other DfE/EFA grants	-	196	196	25
St Michael's Environment Improvement Grant	-	-	-	100
St Michael's Start Up Grant	-	-	-	124
	-	18,722	18,722	14,999
Other Government grants				
SEN	-	198	198	106
Other government grants	-	279	279	183
	-	477	477	289
	-	19,199	19,199	15,288

6. GOVERNANCE COSTS

	Unrestricted funds 2015 £000	Restricted funds 2015 £000	Total funds 2015 £000	Total funds 2014 £000
Governance Auditors' remuneration	-	19	19	17
Governance Auditors' non audit costs	-	24	24	13
Finance and Human Resources	-	239	239	203
Legal, Professional fees and Consultancy	-	114	114	43
Governance expense - wages and salaries	-	35	35	31
Governance expense - National Insurance	-	3	3	2
Governance expense - pension costs	-	5	5	5
	-	439	439	314

CARMEL EDUCATION TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

7. RESOURCES EXPENDED

	Staff costs	Non Pay Premises	Expenditure Other costs	Total	Total
	2015 £000	2015 £000	2015 £000	2015 £000	2014 £000
Direct costs	10,707	-	1,380	12,087	9,544
Allocated support costs	3,551	4,069	2,886	10,506	11,116
Charitable activities	14,258	4,069	4,266	22,593	20,660
Governance	43	-	396	439	314
	14,301	4,069	4,662	23,032	20,974

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

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

8. NET INCOMING / (OUTGOING) RESOURCES

This is stated after charging:

	2015 £000	2014 £000
Depreciation of tangible fixed assets:		
- owned by the charity	2,420	5,085
Operating lease rentals:		
Auditors' remuneration	19	17
Auditors' remuneration - non-audit	24	13

CARMEL EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

9. CHARITABLE ACTIVITIES

	Total funds 2015 £000	Total funds 2014 £000
DIRECT COSTS - EDUCATIONAL OPERATIONS		
Wages and salaries	8,734	7,164
National insurance	671	576
Pension cost	1,302	1,057
Educational supplies	609	236
Examination fees	242	169
Staff development	87	84
Educational consultancy	34	116
Other direct costs	408	142
	<hr/> 12,087	<hr/> 9,544
SUPPORT COSTS - EDUCATIONAL OPERATIONS		
Wages and salaries	3,022	2,102
National insurance	138	95
Pension cost	391	319
Depreciation	2,420	5,085
Net interest cost on pension scheme	-	25
Technology costs	114	187
Recruitment and support	62	29
Maintenance of premises and equipment	360	225
Cleaning	126	112
Rates	196	173
Energy	291	240
Insurance	307	211
Security	8	5
Transport	118	34
Catering	793	538
Occupancy costs	362	303
Bank interest and charges	4	-
Other support costs	1,794	1,433
	<hr/> 10,506	<hr/> 11,116
	<hr/> <hr/> 22,593	<hr/> <hr/> 20,660

CARMEL EDUCATION TRUST
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

10. STAFF

a. Staff costs

Staff costs were as follows:

	2015 £000	2014 £000
Wages and salaries	11,217	9,120
Social security costs	812	673
Other pension costs (Note 27)	1,698	1,381
	<hr/>	<hr/>
Supply staff costs	13,727	11,174
Staff restructuring costs	459	147
	115	30
	<hr/>	<hr/>
	14,301	11,351
	<hr/>	<hr/>

Included within other pension costs is a LGPS deficit payment of £25,000 and a debit of £169,000 relating to the pension deficit actuarial adjustment.

b. Staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £96,000 (2014: £30,000). Five (2014: two) of the non-statutory/non-contractual payments exceeded £5,000 individually, and these were £25,000, £24,000, £23,000, £12,500 and £11,500 (2014: £18,000 and £10,000).

c. Staff numbers

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

	2015 No.	2014 No.
Leadership	12	16
Teachers	218	164
Education & Administration Support, including premises & cleaning	193	135
	<hr/>	<hr/>
	423	315
	<hr/>	<hr/>

d. Higher paid staff

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

	2015 No.	2014 No.
In the band £60,001 - £70,000	2	4
In the band £70,001 - £80,000	5	4
In the band £80,001 - £90,000	1	0
In the band £130,001 - £140,000	0	1
In the band £150,001 - £160,000	1	0
	<hr/>	<hr/>
	9	9
	<hr/>	<hr/>

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

CARMEL EDUCATION TRUST
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

11. DIRECTORS' REMUNERATION AND EXPENSES

The CEO and other staff directors only receive remuneration in respect of services they provide undertaking the roles of CEO and staff, and not in respect of their services as directors. Other directors did not receive any payments, other than expenses, from the multi academy trust in respect of their role as directors. The value of directors' remuneration and other benefits was as follows:

M Regan (CEO):	
Remuneration	£155,000 - £160,000 (2014: £130,000 - £135,000)
Employer's pension contributions	£20,000 - £25,000 (2014: £15,000 - £20,000)
A Ramsey:	
Remuneration	£80,000 - £85,000 (2014: £65,000 - £70,000)
Employer's pension contributions	£10,000 - £15,000 (2014: £5,000 - £10,000)
M P Shorten:	
Remuneration	£70,000 - £75,000 (2014: £70,000 - £75,000)
Employer's pension contributions	£10,000 - £15,000 (2014: £10,000 - £15,000)
M McCollom:	
Remuneration	£55,000 - £60,000 (2014: £55,000 - £60,000)
Employer's pension contributions	£5,000 - £10,000 (2014: £5,000 - £10,000)
B Rizzi-Allan:	
Remuneration	£50,000 - £55,000 (2014: £Nil)
Employer's pension contributions	£5,000 - £10,000 (2014: £Nil)
C Peacock:	
Remuneration	£50,000 - £55,000 (2014: £50,000 - £55,000)
Employer's pension contributions	£5,000 - £10,000 (2014: £5,000 - £10,000)
M Matthews:	
Remuneration	£35,000 - £40,000 (2014: £30,000 - £35,000)
Employer's pension contributions	£0 - £5,000 (2014: £Nil)
A J Frank:	
Remuneration	£Nil (2014: £35,000 - £40,000)
Employer's pension contributions	£Nil (2014: £5,000 - £10,000)
F P Mackie:	
Remuneration	£Nil (2014: £65,000 - £70,000)
Employer's pension contributions	£Nil (2014: £5,000 - £10,000)
J Moorhouse:	
Remuneration	£Nil (2014: £15,000 - £20,000)
Employer's pension contributions	£Nil (2014: £0 - £5,000)

During the year, no directors received any benefits in kind (2014 - £Nil).

During the year, two directors received £4,000 (2014: £Nil) for reimbursement of expenses.

Other related party transactions involving the directors are set out in Note 25.

CARMEL EDUCATION TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

12. DIRECTORS' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the multi academy trust has purchased insurance to protect directors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5 million on any one claim and the cost for the year ended 31 August 2015 was £3,000 (2014 - £2,000). The cost of this insurance is included in the total insurance cost.

13. TANGIBLE FIXED ASSETS

	Long leasehold property £000	Fixtures and fittings £000	Computer equipment £000	Motor vehicles £000	Total £000
Cost					
At 1 September 2014	37,886	344	923	24	39,177
Additions	639	108	202	31	980
Transfer on conversion	5,665	-	50	-	5,715
At 31 August 2015	44,190	452	1,175	55	45,872
Depreciation					
At 1 September 2014	5,749	66	345	12	6,172
Charge for the year	2,042	59	312	7	2,420
At 31 August 2015	7,791	125	657	19	8,592
Net book value					
At 31 August 2015	36,399	327	518	36	37,280
At 31 August 2014	32,137	278	578	12	33,005

CARMEL EDUCATION TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

14. FIXED ASSET INVESTMENTS

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Holding
Carmel Community Services Limited	100%

The aggregate of the share capital and reserves as at 31 August 2015 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

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

15. DEBTORS

	2015 £000	2014 £000
Trade debtors	43	11
Amounts owed by group undertakings	18	3
VAT recoverable	223	111
Other debtors	97	74
Prepayments and accrued income	1,289	662
	<u>1,670</u>	<u>861</u>
	<u>1,670</u>	<u>861</u>

CARMEL EDUCATION TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

16. CREDITORS:
Amounts falling due within one year

	2015 £000	2014 £000
Trade creditors	387	442
Other creditors	20	3
Accruals and deferred income	500	304
	<u>907</u>	<u>749</u>
Deferred income		£000
Deferred income at 1 September 2014		217
Resources deferred during the year		302
Amounts released from previous years		(217)
Deferred income at 31 August 2015		<u>302</u>

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

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

	2015 £000	2014 £000
Other creditors	<u>39</u>	<u>-</u>

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

	2015 £000	2014 £000
Repayable by instalments	<u>13</u>	<u>-</u>

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

Interest free loan repayable over 7 years.

CARMEL EDUCATION TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

18. STATEMENT OF FUNDS

	Brought Forward £000	Incoming resources £000	Resources Expended £000	Transfers in/out £000	Gains/ (Losses) £000	Carried Forward £000
Unrestricted funds						
Unrestricted general funds	916	3,243	(2,517)	-	-	1,642
School Funds	949	95	-	-	-	1,044
Darlington Leadership College	205	20	(222)	-	-	3
	<u>2,070</u>	<u>3,358</u>	<u>(2,739)</u>	<u>-</u>	<u>-</u>	<u>2,689</u>
Restricted funds						
	Brought Forward £000	Incoming resources £000	Resources Expended £000	Transfers in/out £000	Gains/ (Losses) £000	Carried Forward £000
General Annual Grant (GAG)	980	16,035	(16,140)	(459)	-	416
Pupil Premium	-	836	(836)	-	-	-
National College Teaching Schools	206	467	(120)	-	-	553
Other DfE/EFA grants	-	229	(229)	-	-	-
SEN	-	198	(198)	-	-	-
Other Government grants	-	206	(206)	-	-	-
Carmel College Development Fund	136	10	-	-	-	146
Pension reserve	(2,048)	(1,036)	(144)	-	(57)	(3,285)
	<u>(726)</u>	<u>16,945</u>	<u>(17,873)</u>	<u>(459)</u>	<u>(57)</u>	<u>(2,170)</u>

CARMEL EDUCATION TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

18. STATEMENT OF FUNDS (continued)

Restricted fixed asset funds

	Brought Forward £000	Incoming resources £000	Resources Expended £000	Transfers in/out £000	Gains/ (Losses) £000	Carried Forward £000
Devolved Formula Capital	82	74	(15)	-	-	141
Academy Capital Maintenance Fund	1,104	159	(64)	-	-	1,199
Capital expenditure from GAG	378	-	(176)	459	-	661
Legacy assets	31,292	5,715	(2,043)	-	-	34,964
Donations	71	35	(36)	-	-	70
Other capital funds	199	-	(86)	-	-	113
Condition Improvement Fund	-	947	-	-	-	947
Other Government grants	-	73	-	-	-	73
	<u>33,126</u>	<u>7,003</u>	<u>(2,420)</u>	<u>459</u>	<u>-</u>	<u>38,168</u>
Total restricted funds	<u>32,400</u>	<u>23,948</u>	<u>(20,293)</u>	<u>-</u>	<u>(57)</u>	<u>35,998</u>
Total of funds	<u>34,470</u>	<u>27,306</u>	<u>(23,032)</u>	<u>-</u>	<u>(57)</u>	<u>38,687</u>

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

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

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

The Carmel College Development Fund, a restricted fund which is intended to support the premises development at the college, has a carry forward balance of £146,000.

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

SEN Funding is towards improving behaviour and attendance.

Other government grants are Early Years Funding and Darlington Borough Council behaviour and attendance.

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

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

CARMEL EDUCATION TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

18. STATEMENT OF FUNDS (continued)

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 £459,000 has been made to Capital expenditure from GAG to reflect those items included within fixed assets which have been purchased using GAG monies.

Under the funding agreement with the Secretary of State, the multi academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2015.

Analysis of academies by fund balance

Fund balances at 31 August 2015 were allocated as follows:

	Total £000
Carmel College	3,211
St Augustine's	101
St Gregory's	212
Holy Family	139
St Michael's	182
St Bede's	125
Our Lady & St Bede	(166)
	<hr/>
Total before fixed asset fund and pension reserve	3,804
Restricted fixed asset fund	38,168
Pension reserve	(3,285)
	<hr/>
Total	38,687
	<hr/>

In addition to the Darlington Leadership College (£3,000), Carmel Teaching School Alliance (£553,000) and Carmel College Development Fund (£146,000) balances detailed earlier in this Note 18, the Carmel College balance above also includes £25,000 in respect of Carmel Teacher Training Partnership funds.

The fund balance for Our Lady & St Bede is overdrawn. This represents a deliberate attempt by the trust to make a rapid impact at the academy by frontloading expenditure. The success of this strategy is shown by the outstanding results at GCSE explained in more detail in the review of activities section of the Directors' Report.

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

Analysis of academies by cost

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

	Teaching and educational support staff costs £000	Other support staff costs £000	Educational supplies £000	Other costs excluding depreciation £000	Total £000
Carmel College	4,824	1,242	241	3,429	9,736
St Augustine's	380	251	27	143	801
St Gregory's	446	366	20	289	1,121
Holy Family	414	214	25	169	822
St Michael's	2,717	486	173	791	4,167
St Bede's	440	1,367	37	204	2,048
Our Lady & St Bede	1,486	684	57	519	2,746
Carmel Education Trust	-	-	-	205	205
	<u>10,707</u>	<u>4,610</u>	<u>580</u>	<u>5,749</u>	<u>21,646</u>

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2015 £000	Restricted funds 2015 £000	Restricted fixed asset funds 2015 £000	Total funds 2015 £000	Total funds 2014 £000
Tangible fixed assets	-	-	37,280	37,280	33,005
Current assets	3,471	1,277	888	5,636	4,262
Creditors due within one year	(782)	(123)	-	(905)	(749)
Creditors due in more than one year	-	(39)	-	(39)	-
Provisions for liabilities and charges	-	(3,285)	-	(3,285)	(2,048)
	<u>2,689</u>	<u>(2,170)</u>	<u>38,168</u>	<u>38,687</u>	<u>34,470</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

20. 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.

In addition, insurance and audit fees have been borne by the multi academy trust centrally and then recharged to its academies.

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 and Family Support and Attendance Lead who work across the MAT.

The actual amounts charged during the year were as follows:

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

21. NET CASH FLOW FROM OPERATING ACTIVITIES

	2015 £000	2014 £000
Net incoming resources before revaluations	4,274	11,499
Returns on investments and servicing of finance	(36)	(35)
Cash received on conversion	(105)	(55)
Assets inherited on conversion	(5,715)	(15,102)
Depreciation of tangible fixed assets	2,420	5,085
Capital grants from DfE	(1,170)	(189)
Increase in debtors	(809)	(406)
Increase in creditors	197	419
Pension deficit inherited on conversion	1,036	306
FRS 17 adjustments	144	128
	<hr/>	<hr/>
Net cash inflow from operations	236	1,650
	<hr/> <hr/>	<hr/> <hr/>

CARMEL EDUCATION TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

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

	2015 £000	2014 £000
Returns on investments and servicing of finance		
Interest received	36	35
	<u>36</u>	<u>35</u>
	2015 £000	2014 £000
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(980)	(464)
Capital grants from DfE	1,170	189
	<u>190</u>	<u>(275)</u>
Net cash inflow/(outflow) capital expenditure	<u>190</u>	<u>(275)</u>

23. ANALYSIS OF CHANGES IN NET FUNDS

	1 September 2014 £000	Cash flow £000	Other non-cash changes £000	31 August 2015 £000
Cash at bank and in hand:	3,401	567	-	3,968
Net funds	<u>3,401</u>	<u>567</u>	<u>-</u>	<u>3,968</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

24. CONVERSION TO AN ACADEMY TRUST

On 1 February 2015 Our Lady & St Bede converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Carmel Education Trust from Stockton Borough Council for £NIL consideration.

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

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

	Unrestricted funds £000	Restricted funds £000	Restricted fixed asset funds £000	Total funds £000
Tangible fixed assets				
- Leasehold land and buildings	-	-	5,665	5,665
- Other tangible fixed assets	-	-	50	50
Other assets	105	-	-	105
LGPS pension surplus/(deficit)	-	(1,036)	-	(1,036)
Net assets/(liabilities)	<u>105</u>	<u>(1,036)</u>	<u>5,715</u>	<u>4,784</u>

The above net assets include £105,000 that were transferred as cash.

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**NOTES TO THE FINANCIAL STATEMENTS
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25. 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 a director 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 (2014: £18,000) were purchased from Diocese of Hexham and Newcastle, a company in which Rev J Butters is also a director. As at 31 August 2015 £Nil (2014: £1,000) was owed to Diocese of Hexham and Newcastle.

During the period procurement of event sound and lighting services of £1,000 (2014: £1,000) were purchased from Immersive Precision (previously Peter Shorten Productions), a company in which M P Shorten's son has a controlling interest. As at 31 August 2015 £Nil (2014: £1,000) was owed to Peter Shorten Productions.

During the period procurement of IT equipment and IT services of £4,000 (2014: £5,000) were purchased from GKM Technical Services, a company in which J A Moorhouse's husband has a controlling interest. As at 31 August 2015 there was no balance outstanding (2014: £Nil).

During the period annual contributions were paid amounting to £29,000 (2014: £31,000) to Hexham & Newcastle Catholic Partnership, a company in which M Regan & A Ramsey are also directors. As at 31 August 2015 £1,000 (2014: £Nil) was owed from Hexham & Newcastle Catholic Partnership.

During the period procurement of event services of £32,000 (2014: £27,000) were purchased from Youth Ministry Trust, a company in which M Matthews is also a director. As at 31 August 2015 £nil (2014: £Nil) was owed from the Youth Ministry Trust.

During the period teacher training was provided to the value of £16,000 (2014: £12,000) from St Bede's R C Primary School, Darlington, a school in which D Russell is a governor. As at 31 August 2015 there was no balance outstanding (2014: £Nil).

During the period teacher training was provided to the value of £7,000 (2014: £Nil) from St Paul's R C Primary School, a school in which Rev J Butters is a governor. As at 31 August 2015 there was no balance outstanding (2014: £Nil).

During the period song-writing lessons to the value of £3,000 (2014 - £Nil) were purchased from J Hammill, the brother of C Hammill. As at 31 August 2015 £Nil (2014 - £Nil) was owed to J Hammill.

During the period support services to the value of £20,000 (2014: £Nil) were provided to the primary schools by Carmel Community Services Limited, a wholly owned subsidiary of Carmel Education Trust. As at 31 August 2015 £12,000 (2014: £3,000) was owed from Carmel Community Services Limited.

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

26. CAPITAL COMMITMENTS

At 31 August 2015 the multi academy trust had capital commitments as follows:

	2015 £000	2014 £000
Contracted for but not provided in these financial statements	1,359	179

CARMEL EDUCATION TRUST
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NOTES TO THE FINANCIAL STATEMENTS
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27. 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 defined benefit schemes.

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

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

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%);
- 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 year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4% from September 2015, which will be payable during the implementation period until the next valuation as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

27. PENSION COMMITMENTS (continued)

The total contribution made to the TPS in the period amounted to £1,808,000 (2014: £1,492,000) of which employer's contributions totalled £1,075,000 (2014: £869,000) and employees' contributions totalled £733,000 (2014: £623,000).

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

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, 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 2015 was £631,000 (2014: £542,000), of which employer's contributions totalled £451,000 (2014: £409,000) and employees' contributions totalled £180,000 (2014: £133,000). The agreed contribution rates for future years are 13.9% and 14.6% for employers and 5.5-12.5% for employees.

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

The amounts recognised in the Balance Sheet are as follows:

	2015 £000	2014 £000
Present value of funded obligations	(9,191)	(6,169)
Fair value of scheme assets	5,906	4,121
Net liability	<u>(3,285)</u>	<u>(2,048)</u>

The amounts recognised in the Statement of Financial Activities are as follows:

	2015 £000	2014 £000
Current service cost	(620)	(512)
Interest on obligation	(290)	(245)
Expected return on scheme assets	315	220
Total	<u>(595)</u>	<u>(537)</u>
Actual return on scheme assets	<u>(70)</u>	<u>278</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

27. PENSION COMMITMENTS (continued)

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

	2015 £000	2014 £000
Opening defined benefit obligation	6,169	3,975
Current service cost	620	512
Interest cost	290	245
Contributions by scheme participants	180	133
Actuarial (Gains)/losses	(328)	48
Benefits paid	(127)	(58)
Transferred from Local Authority	2,387	1,314
	<u>9,191</u>	<u>6,169</u>
Closing defined benefit obligation	<u>9,191</u>	<u>6,169</u>

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

	2015 £000	2014 £000
Opening fair value of scheme assets	4,121	2,351
Expected return on assets	315	220
Actuarial (losses) and gains	(385)	58
Contributions by employer	451	409
Contributions by employees	180	133
Benefits paid	(127)	(58)
Transferred from Local Authority	1,351	1,008
	<u>5,906</u>	<u>4,121</u>

The cumulative amount of actuarial gains and losses recognised in the Statement of Total Recognised Gains and Losses was £388,000 loss (2014 - £331,000 loss).

The multi academy trust expects to contribute £466,000 to its Defined Benefit Pension Scheme in 2016.

Durham County Council Pension Fund

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

	2015	2014
Discount rate for scheme liabilities	3.80 %	3.70 %
Rate of increase in salaries	3.60 %	3.60 %
Rate of increase for pensions in payment / inflation	2.10 %	2.10 %
Inflation assumption (CPI)	2.10 %	2.10 %
Commutation of pensions to lump sums	80.00 %	80.00 %

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**NOTES TO THE FINANCIAL STATEMENTS
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27. 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:

	2015	2014
Retiring today		
Males	22.6	24.7
Females	25.1	27.3
Retiring in 20 years		
Males	24.8	22.5
Females	27.4	25.0
Equities	2015	2014
Property	49.10%	55.40%
Government bonds	6.10%	6.60%
Corporate bonds	28.30%	26.00%
Cash	8.90%	8.60%
	7.60%	3.40%

Teesside Pension Fund

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

	2015	2014
Discount rate for scheme liabilities	3.80 %	3.70 %
Rate of increase in salaries	3.50 %	3.60 %
Rate of increase for pensions in payment / inflation	2.00 %	2.10 %
Inflation assumption (CPI)	2.10 %	2.10 %
Commutation of pensions to lump sums	80.00 %	80.00 %

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

	2015	2014
Retiring today		
Males	23.0	22.9
Females	25.5	25.4
Retiring in 20 years		
Males	25.2	25.1
Females	27.8	27.7
Equities	2015	2014
Property	82.3%	82.1%
Government bonds	6.2%	5.4%
Corporate bonds	1.7%	1.9%
Cash	1.6%	4.4%
Other	6.4%	3.9%
	1.8%	2.3%

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NOTES TO THE FINANCIAL STATEMENTS
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27. PENSION COMMITMENTS (continued)

Amounts for the current and previous three periods are as follows:

Defined benefit pension schemes

	2015 £000	2014 £000	2013 £000	2012 £000
Defined benefit obligation	(9,191)	(6,169)	(3,975)	(2,058)
Scheme assets	5,906	4,121	2,351	1,042
Deficit	(3,285)	(2,048)	(1,624)	(1,016)
Experience adjustments on scheme liabilities	328	(48)	(15)	(306)
Experience adjustments on scheme assets	(385)	58	20	20

28. OPERATING LEASE COMMITMENTS

At 31 August 2015 the multi academy trust had annual commitments under non-cancellable operating leases as follows:

	Other	
	2015 £000	2014 £000
Expiry date:		
Within 1 year	1	24
Between 2 and 5 years	3	4
After more than 5 years	3	2

29. AGENCY ARRANGEMENTS

The academy distributes 16-19 bursary funds to students as an agent for the EFA. In the accounting period 31 August 2015 the trust received £18,000 and disbursed £17,000 from the fund, with £1,000 carried forward to distribute to students in the next academic year.