

Company Registration No. 08559647 (England and Wales)

ST JOSEPH'S CATHOLIC EDUCATION TRUST
(A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' REPORT AND AUDITED ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2017

ST JOSEPH'S CATHOLIC EDUCATION TRUST

CONTENTS

	Page
Reference and administrative details	1 - 2
Trustees' report	3 - 9
Governance statement	10 - 15
Statement on regularity, propriety and compliance	16
Statement of trustees' responsibilities	17
Independent auditor's report on the accounts	18 - 20
Independent reporting accountant's report on regularity	21 - 22
Statement of financial activities including income and expenditure account	23 - 24
Balance sheet	25
Statement of cash flows	26
Notes to the accounts including accounting policies	27 - 46

ST JOSEPH'S CATHOLIC EDUCATION TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Trustees

Mr T Carney (Resigned 11 December 2017)
Mr F O'Neill (Resigned 31 March 2017)
Mrs E E Dunn (Resigned 11 December 2017)
Mr P H Robinson (Resigned 16 November 2016)
Mr T B Tapping (Accounting Officer) (Appointed 1 April 2017)
Mr M Clephane (Appointed 11 December 2017)
Fr A Dixon (Appointed 11 December 2017)
Mr J Hughes (Chair) (Appointed 11 December 2017)
Mrs G Kilgour (Vice Chair) (Appointed 11 December 2017)
Mr M McDonagh (Appointed 11 December 2017)
Mrs V Wiblin (Appointed 11 December 2017)
Mrs T Fairweather (Appointed 11 December 2017)
Mrs S Gallant (Appointed 11 December 2017)

Members

Bishop S Cunningham
Mrs D Fox
Mr T Carney

Senior management team

- Headteacher / Accounting Officer	Mr F O'Neill (until 31 March 2017)
- Head of School	Mr M Farrell
- Executive Headteacher	Mr T B Tapping (from 1 April 2017)
- Assistant Headteacher	Mrs H Barras
- Senior Assistant Headteacher	Mr I Perkins
- Assistant Headteacher	Mrs M Ford
- Senior Assistant Headteacher	Mrs B Smith
- Assistant Headteacher	Mr M Carling
- Assistant Headteacher	Mr A Logan
- Assistant Headteacher (Temp)	Mrs C Scudder
- Assistant Headteacher (Temp)	Mrs H Hall
- Chief Financial Officer	Mrs J Gardner
- Director of Vocational Studies	Mr R Gibson

Company secretary

Mrs J Daglish

Company registration number

08559647 (England and Wales)

Registered office

Mill Lane
Hebburn
Tyne & Wear
NE31 2ET

Independent auditor

Baldwins Audit Services Limited
Wynyard Park House
Wynyard Avenue
Wynyard
TS22 5TB

ST JOSEPH'S CATHOLIC EDUCATION TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Bankers

Lloyds Bank plc
Grey Street
Newcastle Business Centre
PO Box 1000
BX1 1LT

ST JOSEPH'S CATHOLIC EDUCATION TRUST

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2017

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 1 September 2016 to 31 August 2017. The annual report serves the purpose of both a trustees' report, and a directors' report under company law.

The trust operates an academy for students aged 11 – 16 serving a catchment area of Jarrow, Hebburn and Gateshead within the Parish boundaries of St Matthews, St Aloysius and St James, St Joseph's, and St Albans and a 6th form academy for students 16 -18. The number on roll for the academy is 1345 in the school census dated October 17.

Structure, governance and management

Constitution

The 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 trustees of St Joseph's Catholic Education Trust are also the directors of the charitable company for the purposes of company law. The charitable company is known as St Joseph's Catholic Academy.

The trust trades under the name of St Joseph's Catholic Academy.

Details of the trustees 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.

Trustees' indemnities

The Academy has joined the Education Funding Agency's Risk Protection Arrangement (RPA) to protect Governors from claims which may arise from any negligence or errors which may occur whilst on Academy business. The Insurance provides Governors with cover up to £5,000,000 on any one claim.

Method of recruitment and appointment or election of trustees

The membership of the trustees comprises of the following.

- 9 Foundation Trustees
- Staff Trustees must not exceed more than one third of the number of Trustees.

Trustees are appointed or elected in accordance with the Articles of Association. Appointment of additional trustees, or replacement of trustees who resign their post, is by such process as the members determine. The trustees also have the right to co-opt additional trustees in accordance with the Articles of Association.

Policies and procedures adopted for the induction and training of trustees

At the point of conversion, the academy established a new Finance policy appropriate for the functions of an academy rather than a maintained school. Other policies from St Joseph's RC Comprehensive School were also adopted and academised as part of a regular review cycle.

Trustees are aware of their responsibilities relating to the academy as opposed to governors of a maintained school.

The academy trustees have the benefit of Diocesan training opportunities as well as LA training accessed by virtue of the Governor Support SLA.

ST JOSEPH'S CATHOLIC EDUCATION TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Organisational structure

St Joseph's Catholic Academy is a Multi Academy Trust (MAT). Currently, St Joseph's is the only academy in the MAT. The organisational structure is as follows:

- Members (x3) – the Bishop, the Diocesan Education Advisor, Chair of Board of Directors
- Directors (x5) – Chair of Board of Directors, Vice-chair of Directors, Headteacher, 2 foundation directors
- Local Governing Body – 19 Governors who are organised into the following committee structure:
 - Finance and Audit
 - Staffing and Students
 - Curriculum and Standards
 - Ethos, Community and Premises
 - Full Governing Body

The Finance and Audit committee meets 4 times a year. All other meetings take place once per term.

Arrangements for setting pay and remuneration of key management personnel

A clear structure for key leadership and management personnel is in place. Following a review of the structure in 2014, it was agreed to gradually move to a more cost effective structure. As posts become vacant or are re-structured, new appointees are remunerated according to the new structure so that savings can be achieved over time. Performance management and Appraisal policies set out clearly the procedures and conditions for movement up the pay structure. Records evidence that these policies and procedures are being carried out effectively.

Related parties and other connected charities and organisations

The Academy does not work in federation with any other organisation; however, informal relationships exist with a variety of organisations including: other schools, the Hexham and Newcastle Catholic Partnership, the Hexham and Newcastle Diocese, universities, ITT providers, South Tyneside Local Authority and local businesses. Such partnerships assist in the achievement of the Academy's objectives. The Hexham & Newcastle Catholic Partnership (HNCP) has provided services to St Joseph's Academy in the year from 1 September 2016 to 31 August 2017. As an Academy Trust, St Joseph's Academy must comply with the Academies Financial Handbook issued by the Education and Skills Funding Agency (ESFA). There is no element of profit in the services that HNCP has provided to St Joseph's.

Objectives and activities

Objects and aims

The Aims and Objectives of St Joseph's Catholic Academy are summarised in the school mission statement which is based on the school prayer:-

"Lord help us to be the people you want us to be. In our school may there be prayer, learning and humour, hard work, faith and friendship. May we respect everyone we meet, use our gifts and encourage each other. Send your angels to guide us and let your peace be with us and our families always. We ask all these things through Christ our Lord Amen.

ST JOSEPH'S CATHOLIC EDUCATION TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Objectives, strategies and activities

To achieve the aims and objectives above, St Joseph's Catholic Academy will aim to:

- Create within an extension of traditional Catholic family values based on the Gospels, and to encourage the full and active participation of the school community in living out these values.
- Make prayer, worship and liturgy real educational experiences and contribute successfully to the development of the faith of each individual within the school community.
- Promote self-discipline and a sense of responsibility in order to create a disciplined, orderly, respectful community within a loving, caring and forgiving framework.
- Recognise and accept differences among our students. Recognise and encourage ability of all kinds and educate our students in the broadest and deepest sense of the word by ensuring:
 - that the curriculum provides a Catholic setting so that our students can grow in understanding and the acquisition of skills, attitudes and values
 - that the curriculum offers breadth, balance, relevance, differentiation, progression and continuity
 - that all students are offered a comparable range of educational opportunities and resources appropriate to their age, ability and physical maturation without discrimination as to sex, social background, physical ability, race or religion
 - that all students are taught in ways which are exacting, stimulating and enjoyable and, wherever possible, exploit the differences of the student
- Promote within the school community an understanding of each person's role with regard to the needs, aspirations and problems of others and encourage a moral and social responsibility for the world around them
- Involve and develop the co-operation of all concerned with the welfare of the school: promote continuity and progression with primary schools, tertiary and higher institutions and provide an effective staff development programme.
- Create a school community which is ordered and well-disciplined in which our children aim for the highest possible standards in spiritual and moral attitudes.
- Establish the highest possible expectations for all students with an emphasis on achievement at all levels.
- Establish an ethos of hard work and learning, making maximum use of the strong support we receive from parents, governors, local employers and clergy.
- Make a commitment to the future of our children by investing in high quality staff, modern equipment and information technology which we view as an essential resource to support and develop teaching and learning in every area of the modern curriculum.

Public benefit

The Articles of Association for St Joseph's Catholic Academy state that:

"The Company's object is specifically restricted to the following: to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing Catholic schools designated as such which shall offer a broad and balanced curriculum and shall be conducted in accordance with the principles, practices and tenets of the Catholic Church and all Catholic canon law applying thereto including any trust deed governing the use of land used by an Academy both generally and in particular in relation to arranging for religious education and daily acts of worship and having regard to any advice and following directives issued by the Diocesan Bishop." (p.4)

ST JOSEPH'S CATHOLIC EDUCATION TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Strategic report

Achievements and performance

- In St Joseph's Catholic Academy, progress of students was significantly below the national average at KS4 and KS5. Achievement in some subjects was good but overall was disappointing.
- In order to boost the performance of students, a range of intervention strategies have been put in place to make sure they have very good opportunities to attain high standards. School to school support from St Wilfrid's has been used to support these interventions. An Executive Headteacher has been appointed and more rigorous systems and processes put in place to ensure that progress of students is more closely monitored to allow for more effective interventions. Accountability will be clearer and support will be provided for staff if needed.
- Students are well prepared for their future. They have a thorough and extensive careers programme including work experience. At KS5 students have the opportunity to opt for the 'Future Ready' programme
- Specific areas for development are:
 - Continue to develop modules and give support to staff in implementing them.
 - Ensure that teachers' marking makes clear what students have achieved well and what they need to do to improve
 - Differentiate effectively so that all students make at least expected progress, closing the gap between disadvantaged students and other students against national comparators.

Key performance indicators

- Attainment on entry for last year's Year 11 was significantly above the national average.
- The percentage of students who attained 4+ English and mathematics was 63.6% and 5+ 43.5%. Comparisons with previous years are difficult due to changes in grading. The Attainment 8 score was 44.84 and the Progress 8 score -0.448. Progress 8 is a particular concern as it approaching the floor level of -0.5. The school recognises this is as an area for development.
- In 2013 the school achieved its best ever results. In 2014, results dipped due to the industrial action that affected identification and intervention with key students. Results have failed to improve significantly since and this resulted in the changes to the leadership of the school during the past year with the appointment of a Head of School and Executive Headteacher. New policies and procedures have been introduced and school to school support implemented.
- Early indications are that these policies are having an impact particularly on behaviour.
- The school has changed the curriculum with increased emphasis on core and ebac subjects. Support has been put in place following reviews of the Mathematics, English and Science departments.
- Ebacc results are at 22.8 and are a priority for improvement through ensuring that students follow appropriate curriculum offers.
- The school is concentrating on middle ability underachievement, closing the gap for disadvantaged students and stretch for the most able in the current academic year.
- KS5 results in 2016/17 gave the score an ALPS t-score of 6 the same as the previous year. There were departments in the top 25% nationally but too many were in the bottom 15%.

The school underwent an Ofsted inspection in May 2015 and achieved a 'Good' judgement overall with an 'Outstanding' judgement for Behaviour and Safety. In May 2014 the school's Section 48 inspection saw the school achieve an 'Outstanding' judgement overall.

ST JOSEPH'S CATHOLIC EDUCATION TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Going concern

After making appropriate enquiries, the board of trustees has a reasonable expectation that the 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.

The Academy currently holds net liabilities on its balance sheet of £1,590,348. This is a direct result of the reported share of the LGPS deficit at the balance sheet date of £2,562,000 and the fact that, as a faith school, the Academy does not recognise its interest in the land and buildings it occupies.

The Academy is reporting an in year surplus of £301,317 before LGSP adjustments. Free reserves carried forward amount to £416,090. The trustees are monitoring budgets and taking the necessary precautions to ensure the Academy operates within its means. The trustees consider free reserves to be sufficient to assist the academy to be in operational existence for the foreseeable future.

Financial review

The Academy's financial objectives are:

- To support the education activities of the academy.
- To source additional funding streams to support the budget and any additional activities.
- To plan improvements to and maintain the standard of the learning environment through capital investment when budget allows.

In order to achieve these objectives this year our budget was allocated 82% Staffing, 6% Premises Costs, 4% Learning Resources and 8% Other Supplies and Services.

Most of the academy's income is obtained from the Department for Education (DfE) via the Education and Skills Funding Agency (ESFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants and the associated expenditure for the period ending 31 August 2017 are shown as restricted funds in the Statement of Financial Activities.

The academy also receives grants for fixed assets from the DfE/ESFA. Such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the accounting period ending 31 August 2017, total expenditure (including depreciation) of £7,585,952 was covered by total income of £7,643,269. The operating surplus is £301,317 before accounting for LGPS pension liabilities.

The Academy held fund balances at 31 August 2017 of £416,090 comprising £12,495 of restricted general funds and £403,595 of unrestricted general funds.

Reserves policy

The governors aim to ensure the stability of the academy's organisational operations by holding reserves which are considered prudent to maintain a level of funding available to cover unexpected and unplanned events. The governors review the reserves levels of the academy annually. This review involves consideration of income and expenditure streams. The academy's current level of free reserves are £416,000. The trustees will endeavour to build on this current level of reserves however this will not be to the detriment of the requirements for in year operational activities.

ST JOSEPH'S CATHOLIC EDUCATION TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Investment policy and powers

The Academy's Treasury Management Policy includes the following aims:

- the management of the Academy's cash flows, banking and investment transactions,
- the management of the risks associated with these activities,
- the pursuit of optimal returns consistent with those risks.

The objectives of this policy are to ensure the academy:

- maintains sufficient cash balances in its current account to meet its day to day commitments
- invests surplus cash to earn an acceptable rate of return without undue risk
- consider spreading risk between differing types of investment and institutions to reduce credit risk

In the year to 31 August 2017 there were no additional investments.

Principal risks and uncertainties

- The main risk in the Academy is reduced funding due to a fall in student numbers, however other factors such as reduced per pupil funding and increased pension costs also have a major impact. In the next 3 years these issues will all put a strain on the school budget.
- Due to other local schools and colleges offering increased 6th form provision numbers of students has and likely will continue to drop.
- The Education Service Grant for 16/17 reduced from £87 per pupil to £77 which is out of the control of the Academy.

Plans for future periods

- Raising student numbers is key to securing the financial future of St Joseph's. The priorities outlined below will be targeted to secure increased student numbers:
 - Catholic feeder Primary schools – ensure maximum first-choice from Y6 children
 - Develop positive relationships with non-feeder primary schools
- Sixth Form:
 - Aim to continually attract more students in to Y12
 - Increase number of St Joseph's own students entering sixth form
 - Increase number of external students (see Recruitment Strategies)
 - Continue to develop 'Future Ready' preparing students for Higher and Degree Apprenticeships in partnership with Sunderland university
- Branding/Publicity:
 - Refreshed school branding and house-style (website, publications, etc)
 - Increase good news stories promoting the school in the local press
- Achievement:
 - The priority in 2017-18 is for students to achieve at national average levels. The school will, therefore, seek to achieve outcomes in line with the aspirational targets set in 2017-18 academic year for KS4 and KS5, making SJCA a more attractive option for prospective students.
 - We will continue to develop our curriculum to provide a broad and balanced range of courses. We will work with other schools in the Teaching Schools Alliance to improve the quality of teaching and learning.

ST JOSEPH'S CATHOLIC EDUCATION TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017


Auditor

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees 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.

A resolution proposing that Baldwins Audit Services Limited be reappointed as auditor of the charitable company will be put to the members.

The trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 18/12/17 and signed on its behalf by:



Mr J Hughes

Chair

ST JOSEPH'S CATHOLIC EDUCATION TRUST

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2017

Scope of responsibility

As trustees we acknowledge we have overall responsibility for ensuring that St Joseph's Catholic 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 trustees has delegated the day-to-day responsibility to the Principal, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

Governance

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

Trustees	Meetings attended	Out of possible
Mr T Carney (Resigned 11 December 2017)	6	6
Mr F O'Neill (Resigned 31 March 2017)	3	3
Mrs E E Dunn (Resigned 11 December 2017)	6	6
Mr P H Robinson (Resigned 16 November 2016)	0	1
Mr T B Tapping (Accounting Officer) (Appointed 1 April 2017)	1	1
Mr M Clephane (Appointed 11 December 2017)	0	0
Fr A Dixon (Appointed 11 December 2017)	0	0
Mr J Hughes (Chair) (Appointed 11 December 2017)	0	0
Mrs G Kilgour (Vice Chair) (Appointed 11 December 2017)	0	0
Mr M McDonagh (Appointed 11 December 2017)	0	0
Mrs V Wiblin (Appointed 11 December 2017)	0	0
Mrs T Fairweather (Appointed 11 December 2017)	0	0
Mrs S Gallant (Appointed 11 December 2017)	0	0

Trustees who have joined during the year have been invited to join committees which have been deemed most suited to their strengths. Current governors have been given the opportunity to increase their knowledge by further training offered by the LEA and Diocese a self-assessment of the committee skills is on-going.

The impact and effectiveness of the board of trustees was assessed during the Ofsted inspection which took place in May 2015. The Ofsted report says the following about the governance of the school: "The governing body of this multi-academy trust is highly committed to continuous and sustained improvement. It is well aware of past shortcomings in the level of challenge it presented to senior leaders. As a consequence, governors play a strong role in addressing funding challenges and ensuring financial viability and sustainability. They display an accurate grasp of the quality of teaching, check performance data and closely monitor the impact of pupil premium funding. Governors ensure that performance management is rigorous. Since the headteacher's appointment, the governing body has given him total support when challenging decisions needed to be made about the academy's effectiveness."

ST JOSEPH'S CATHOLIC EDUCATION TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

The Finance and Audit committee is a sub-committee of the main board of trustees. Its purpose is to:

Finance

- To approve the annual Academy budget.
- To be responsible for all matters relevant to the financial management of the Academy, including budgetary control and development planning in accordance with the scheme of delegation.
- To decide the financial priorities of all matters referred to this Committee by other Committees of the Governors.
- To carry out the monitoring and evaluation of the Academy's financial matters in accordance with the agreed development plan i.e. the Preliminary Analysis Stage, the Budget Construction Stage, Monitoring and Control Stage and Evaluation Stage.

Audit

- Advise the Board/Governing Body and Internal Auditor on the adequacy and effectiveness of the Academy's governance, risk management, internal control and vfm systems and frameworks.
- Advise the Board/Governing Body on the appointment, re-appointment, dismissal and remuneration of the external, regularity and internal auditor.
- Advise the Board/Governing Body on the need for and then, where appropriate, the appointment, reappointment, dismissal and remuneration of an internal auditor or other assurance provider.
- Advise the Board/Governing Body on an appropriate programme of work to be delivered by independent assurance providers [internal audit /external audit/internal assurance/other]. This programme of work should be to be derived from the key risks faced by the Academy, the assurance framework in place and its duty to report to the Board/Governing Body.
- Ensure that where a full internal audit service is commissioned the service provider complies with the standards set by the Chartered Institute of Internal Auditors. Review the external auditor's annual planning document and approve the planned audit approach.
- Receive reports (assignment reports, annual reports, management letters etc) from the external auditor, internal auditor and other bodies, for example the ESFA and NAO, and consider any issues raised, the associated management response and action plans. Where deemed appropriate, reports should be referred to the Board/Governing Body or other committee for information or action.
- Regularly monitor outstanding audit recommendations from whatever source and ensure any delays to agreed implementation dates are reasonable.
- Establish and monitor KPIs with regard to the performance of the external auditor, internal auditor or other assurance provider.
- Meet with the external auditor and internal auditor or other assurance provider, without management present, at least annually.

The members of the Finance and Audit Committee and attendance at meetings during the period are:

Trustees	Meetings attended	Out of possible
Mr T Carney (Resigned 11 December 2017)	3	4
Mr F O'Neill (Resigned 31 March 2017)	3	3
Mrs E E Dunn (Resigned 11 December 2017)	4	4
Mr T B Tapping (Accounting Officer) (Appointed 1 April 2017)	1	1

ST JOSEPH'S CATHOLIC EDUCATION TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Review of value for money

As accounting officer the head teacher 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 of St Joseph's Catholic Academy has exercised responsibility for ensuring that the academy trust delivered good value in the use of public resources during 2016 - 17 as set out below:

Targeted improvement

The school curriculum has been kept under constant review to ensure that it creates opportunities for students to follow appropriate learning pathways in the current educational landscape. Additional time has been allocated to English, Maths, Science and RE at Key Stage 3 and the Key Stage 4 Option Blocks allow choice for students while at the same time enabling them to study for subjects which contribute towards the English Baccalaureate and will meet the new performance measures.

The school has kept abreast of curriculum changes at national level. Schemes of work have been adapted as a result of the move away from modular examinations in favour of terminal examinations at the end of KS4 and KS5. Most recently, the school took the decision to stop entering students for AS Level qualifications as a result of the decoupling of AS from A Levels.

Clear strategies are in place to improve overall performance at KS4 and KS5, especially for disadvantaged students. These are evidenced in the 2016-17 School Development Plan.

Focus on individual pupils

There has been a continued focus on SEN students many students of whom throughout the school are achieving above expectation. A variety of intervention and integration methods are used and individualised programmes are put in place for students to develop literacy, numeracy and social skills.

Liaison with outside agencies is positive and we have developed excellent links with other schools (secondary, feeder and special). All feeder schools have been visited by the SENCO who has retrieved all SEN information to help with long term planning.

Collaboration

The academy has been a member of the Hexham and Newcastle Catholic Partnership since January 2013. This is a partnership of 11 secondary schools in the diocese which aims to provide quality learning and enrichment opportunities for students and staff. As a result, the school has taken part in an extensive range of activities including a joint professional development day, music evenings at the Sage, Photography exhibitions at Sunderland Glass works, Art exhibitions in Durham Cathedral as well as an ongoing programme of subject specific Heads of department and Pastoral meetings.

The school maintains positive working relationships with other schools in South Tyneside through the local secondary partnership (STAPHS) and is playing a full part in shaping educational provision in the borough. The school has joined the Northern Saints Teaching School Alliance and has developed close working relationships with St Wilfrid's and St Bede's Peterlee as a result of the appointment of Mr Tapping as Executive Head Teacher. Extensive support has been provided by staff from St Wilfrid's and St Bede's, and shared curriculum opportunities have been created as a result for the benefit of students.

ST JOSEPH'S CATHOLIC EDUCATION TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

The Academy has formalised a relationship with Sunderland University to support curriculum development, enhance teacher training and development, deliver collaborative research projects, support the students skills/employability agenda, establish clear paths of progression from FE to HE in identified subject areas and support the development of alternative progression routes such as apprenticeships. At the current time, a blended learning programme called Future Ready is being co-designed and will be co-delivered by staff from the school and Sunderland University, preparing students for new apprenticeship opportunities. This will be launched in September 2017.

A member of the school's leadership team was seconded by the Gatsby Foundation to lead a 2 year national pilot aimed at revolutionising the delivery of careers education in schools this has now been extended.

Quantifying improvements

The school aims to build upon the success of the 2 recent inspections so that, when the next round of inspections comes around, the school maintains the 'Outstanding' judgement for Section 48 and reclaims the 'Outstanding' Ofsted judgement. The priorities set out above in the 'Key Performance Indicators' section will help to ensure that this aim is achieved.

Financial governance and oversight

The Directors approved the annual budget forecast of the academy trust including a review of student admissions / forecasts, the medium term financial plan (3 years) and a rolling 12 month cash flow statement to ensure the long term sustainability of the academy and thus that the academy remains a 'going concern'.

On a termly basis the Finance Committee review the budget monitoring reports and updated cash flow forecasts, approve additional expenditure requirements or reductions, and ensure compliance with the academy trusts procurement regulations.

Following the annual audit, the Finance Committee receive and review the financial statements and the external auditors' management report prior to forwarding these to the Governing Body for approval.

Value for money and efficient use of resources

The Academy has a focus on value for money and understands the value of our assets and how they can be used to increase students' progress. Existing service delivery is proactively challenged and alternative provision is evaluated.

The academy promotes fair competition through quotations and tenders in accordance with its Financial Regulations thus ensuring that goods and service are secured in the most economic, efficient and effective way, including working collaboratively with other academies to reduce the administration and procurement costs. For example the school's payroll contract and cashless catering contract has been reviewed to achieve savings and better value for money.

Fitness for purpose

The business manager reviews and authorises all invoices over £1,000 on behalf of the academy and regularly challenges these for efficiency and effectiveness. In turn, the Governing Body reviews the functions of the school, challenging how services are provided and setting targets and performance indicators for improvement.

It has been the responsibility of one of the caretakers for a number of years now to carry out the majority of the repairs and general maintenance to the school buildings and surrounding premises wherever possible. These repairs have ranged from minor electrical repairs, minor and in some cases major plumbing repairs and all of the woodwork and structural repairs if practical. This year we have included refurbishment of the new reception area and painting in order to reduce expenditure This has saved a lot of both time and money in that a caretaker on site can repair most small damage immediately and any issue which comes under health and safety can be prioritised rather than waiting for a contractor. After reviewing this practice in 2016-17, it has again shown to be good value for money and use of resources.

ST JOSEPH'S CATHOLIC EDUCATION TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Maximising income generation

The academy explores all opportunities to generate additional income including internal catering provision, the hire of academy facilities, offering support to other schools and academies and the submission of appropriate grant applications. In 16/17 we have again had a successful CIF application which has provided funds to help replace all of the old metal windows in blocks C and D. At the end of 16/17 a number of organisations applied for a letting with the Academy to use sports fields and sports halls and they have being accepted on a trial period from September 17.

Reviewing controls and managing risks

The Academy has a Finance and Audit committee that maintains oversight of its risk management, value for money framework and governance arrangements.

The Academy appointed Baldwins Audit Services to provide internal assurance reporting. They undertake systems and accounting checks and report these findings back to the Finance and Audit Committee.

The Finance and Audit Committee consider the strategic risks facing the academy including how these risks are managed via a termly review of the risk register. Significant risks are then delegated to the appropriate committee to ensure appropriate action is taken and progress monitored.

The Head Teacher and SBM review budget monitoring reports on a monthly basis addressing any significant variances against budget. Capitation budgets are delegated to each department and HOD's monitor the expenditure and spend in accordance with their annual development plans.

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 on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place for the period 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

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

The risk and control framework

The 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 trustees;
- regular reviews by the finance and general purposes committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

ST JOSEPH'S CATHOLIC EDUCATION TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

The board of trustees has considered the need for a specific internal audit function and has decided:

- not to appoint an internal auditor. However the trustees have appointed Baldwin Audit Services Limited, the external auditor, to perform checks and report on our financial systems and processes;
- and formation of an Audit Committee to receive the Internal Assurance reports and perform within their agreed terms of reference.

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

- testing of payroll services
- testing of purchase systems
- testing of control account/bank reconciliations
- testing of creditor and debtor aged listings
- monitoring of the Academy's Finance Handbook, ensuring it reflects current systems and practice
- monitoring of corporate governance

On a termly basis, the internal assurance reports are shared with the board of trustees through the Finance and Audit Committee on the operation of the systems of control and on the discharge of the board of trustee's financial responsibilities.

There have been termly reviews throughout the period and the external auditors have fully delivered their schedule of work as planned in line with the ESFA's requirements. There have been no material control issues arising as a result of the external auditor's work.

Review of effectiveness

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

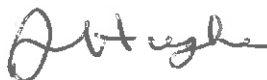
- the work of the internal assurance service;
- the work of the external auditor;
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance and Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the board of trustees on 18/12/17 and signed on its behalf by:



Mr T B Tapping
Accounting Officer



Mr J Hughes
Chair

ST JOSEPH'S CATHOLIC EDUCATION TRUST

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

FOR THE YEAR ENDED 31 AUGUST 2017

As accounting officer of St Joseph's Catholic Education Trust I have considered my responsibility to notify the academy trust board of trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016.

I was appointed as the Accounting Officer of the academy trust on 1 April 2017 following the retirement of the previous Headteacher. Having made appropriate enquiries, I confirm that I and the academy trust's board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2016.

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



Mr T B Tapping
Accounting Officer

181217

ST JOSEPH'S CATHOLIC EDUCATION TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2017

The trustees (who also act as governors for St Joseph's Catholic Education Trust and are also the directors of St Joseph's Catholic Education Trust for the purposes of company law) are responsible for preparing the Trustees' Report and the accounts in accordance with the Annual Accounts Direction issued by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the trustees to prepare accounts for each financial year. Under company law the trustees must not approve the accounts 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 accounts, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgements 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 accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees 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 accounts 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 trustees 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 that grants received from ESFA/DfE have been applied for the purposes intended.

The trustees 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 accounts may differ from legislation in other jurisdictions.

Approved by order of the board of trustees on 18/12/17 and signed on its behalf by:



Mr J Hughes
Chair

ST JOSEPH'S CATHOLIC EDUCATION TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ST JOSEPH'S CATHOLIC EDUCATION TRUST

Opinion

We have audited the accounts of St Joseph's Catholic Education Trust for the year ended 31 August 2017 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the notes to the accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice), the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

In our opinion the accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2017 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The other information comprises the information included in the annual report, other than the accounts and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the accounts does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

ST JOSEPH'S CATHOLIC EDUCATION TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ST JOSEPH'S CATHOLIC EDUCATION TRUST (CONTINUED)

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report including the incorporated strategic report for the financial year for which the accounts are prepared is consistent with the accounts; and
- the Trustees' Report including the incorporated strategic report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the academy trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report, including the incorporated strategic report.

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

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

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities, the trustees are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of accounts that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the accounts is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

ST JOSEPH'S CATHOLIC EDUCATION TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ST JOSEPH'S CATHOLIC EDUCATION TRUST (CONTINUED)

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act. Our audit work has been undertaken so that we might state to the charitable company'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 company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Joanne Regan FCA (Senior Statutory Auditor)
for and on behalf of Baldwins Audit Services Limited

20 December 2017

Chartered Accountants
Statutory Auditor

Wynyard Park House
Wynyard Avenue
Wynyard
TS22 5TB

ST JOSEPH'S CATHOLIC EDUCATION TRUST

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO ST JOSEPH'S CATHOLIC EDUCATION TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 15 September 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by St Joseph's Catholic Education Trust during the period 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to St Joseph's Catholic Education Trust and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the St Joseph's Catholic Education Trust and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than St Joseph's Catholic Education Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of St Joseph's Catholic Education Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of St Joseph's Catholic Education Trust's funding agreement with the Secretary of State for Education dated 1 July 2013 and the Academies Financial Handbook, extant from 1 September 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance, and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2016 to 2017. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2016 to 2017 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

ST JOSEPH'S CATHOLIC EDUCATION TRUST

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO ST JOSEPH'S CATHOLIC EDUCATION TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY (CONTINUED)

The work undertaken to draw to our conclusion includes:

- completion of self assessment questionnaire by Accounting Officer
- discussions with the Accounting Officer and finance team
- review of Internal Assurance report
- review of trustee and committee meeting minutes
- review of finance and other relevant policies
- review of purchases, expenses and expense claims on a sample basis including the application of controls and tendering processes where applicable
- review of gifts and hospitality transactions including the application of controls
- review of credit and debit card transactions including the application of controls
- review of payroll transactions on a sample bases including the application of controls
- review of potential special payments to staff
- review of leases and consideration of areas where borrowing may have been incurred
- consideration of transactions with related and connected parties
- review of register of business interests for completeness and compliance with regulations
- enquiries into transactions that may require disclosure under ESFA delegated authority rules
- consideration of value for money and appropriateness of transactions

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2016 to 31 August 2017 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Baldwins

Reporting Accountant

Baldwins Audit Services Limited

Dated: 20 December 2017

ST JOSEPH'S CATHOLIC EDUCATION TRUST

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2017

	Notes	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total 2017 £	Total 2016 £
Income and endowments from:						
Donations and capital grants	3	-	-	179,889	179,889	315,913
Charitable activities:						
- Funding for educational operations	4	369,441	6,936,025	-	7,305,466	7,362,304
Other trading activities	5	137,384	-	-	137,384	184,195
Investments	6	530	-	-	530	744
Total income and endowments		507,355	6,936,025	179,889	7,623,269	7,863,156
Expenditure on:						
Raising funds	7	338,702	-	-	338,702	285,633
Charitable activities:						
- Educational operations	8	153,246	7,060,734	33,269	7,247,249	7,382,112
Total expenditure	7	491,948	7,060,734	33,269	7,585,951	7,667,745
Net income/(expenditure)		15,407	(124,709)	146,620	37,318	195,411
Other recognised gains and losses						
Actuarial gains/(losses) on defined benefit pension schemes	19	-	1,837,000	-	1,837,000	(2,343,000)
Net movement in funds		15,407	1,712,291	146,620	1,874,318	(2,147,589)
Reconciliation of funds						
Total funds brought forward		259,661	(4,153,268)	408,942	(3,484,665)	(1,337,076)
Total funds carried forward		275,068	(2,440,977)	555,562	(1,610,347)	(3,484,665)

ST JOSEPH'S CATHOLIC EDUCATION TRUST

STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2017

Comparative year information Year ended 31 August 2016	Notes	Unrestricted Funds £	General £	Restricted funds: Fixed asset £	Total 2016 £
Income and endowments from:					
Donations and capital grants	3	-	-	315,913	315,913
Charitable activities:					
- Funding for educational operations	4	349,776	7,012,528	-	7,362,304
Other trading activities	5	184,195	-	-	184,195
Investments	6	744	-	-	744
Total income and endowments		534,715	7,012,528	315,913	7,863,156
Expenditure on:					
Raising funds	7	285,633	-	-	285,633
Charitable activities:					
- Educational operations	8	249,338	7,097,342	35,432	7,382,112
Total expenditure	7	534,971	7,097,342	35,432	7,667,745
Net income/(expenditure)		(256)	(84,814)	280,481	195,411
Other recognised gains and losses					
Actuarial losses on defined benefit pension schemes	19	-	(2,343,000)	-	(2,343,000)
Net movement in funds		(256)	(2,427,814)	280,481	(2,147,589)
Reconciliation of funds					
Total funds brought forward		259,917	(1,725,454)	128,461	(1,337,076)
Total funds carried forward		259,661	(4,153,268)	408,942	(3,484,665)


ST JOSEPH'S CATHOLIC EDUCATION TRUST

BALANCE SHEET

AS AT 31 AUGUST 2017

	Notes	2017 £	2016 £
Fixed assets			
Tangible assets	12	452,050	242,074
Current assets			
Stocks	13	2,553	1,710
Debtors	14	251,922	258,008
Cash at bank and in hand		837,961	758,828
		1,092,436	1,018,546
Current liabilities			
Creditors: amounts falling due within one year	15	(592,833)	(590,285)
Net current assets		499,603	428,261
Net assets excluding pension liability		951,653	670,335
Defined benefit pension liability	19	(2,562,000)	(4,155,000)
Net assets		(1,610,347)	(3,484,665)
Funds of the academy trust:			
Restricted funds	17		
- Fixed asset funds		555,562	408,942
- Restricted income funds		121,023	1,732
- Pension reserve		(2,562,000)	(4,155,000)
Total restricted funds		(1,885,415)	(3,744,326)
Unrestricted income funds	17	275,068	259,661
Total funds		(1,610,347)	(3,484,665)

The accounts set out on pages 23 to 46 were approved by the board of trustees and authorised for issue on 18/2/18 and are signed on its behalf by:



 Mr J Hughes
 Chair

Company Number 08559647

ST JOSEPH'S CATHOLIC EDUCATION TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2017

	Notes	2017 £	£	2016 £	£
Cash flows from operating activities					
Net cash provided by operating activities	20		141,959		73,539
Cash flows from investing activities					
Dividends, interest and rents from investments		530		744	
Capital grants from DfE and ESFA		179,889		315,913	
Payments to acquire tangible fixed assets		(243,245)		(179,168)	
			(62,826)		137,489
Change in cash and cash equivalents in the reporting period			79,133		211,028
Cash and cash equivalents at 1 September 2016			758,828		547,800
Cash and cash equivalents at 31 August 2017			<u>837,961</u>		<u>758,828</u>

ST JOSEPH'S CATHOLIC EDUCATION TRUST

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

1 Accounting policies

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

1.1 Basis of preparation

The accounts of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

St Joseph's Catholic Education Trust meets the definition of a public benefit entity under FRS 102.

1.2 Going concern

The trustees assess whether the use of going concern is appropriate, ie whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charitable company to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the accounts and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern. Thus they continue to adopt the going concern basis of accounting in preparing the accounts.

The reported share of the LGPS deficit at the balance sheet date has a significant impact on our restricted funds, however we draw your attention to the cash reserves held by the academy as well as the balances held in unrestricted and restricted general reserves. Also, being a faith school, the land and buildings occupied are not reflected on the balance sheet as described further under accounting policy 1.5. This has a direct impact on the academy's reported net asset position.

1.3 Income

All incoming resources are recognised when the academy trust has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

Grants receivable

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 meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the statement of financial activities in the period for which it is receivable, and any abatement in respect of the period is deducted from income and recognised as a liability.

Capital grants are recognised in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grants are reflected in the balance sheet in the restricted fixed asset fund. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

ST JOSEPH'S CATHOLIC EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

(Continued)

Sponsorship income

Sponsorship income provided to the 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 are no performance-related conditions), where the receipt is probable and it can be measured reliably.

Donations

Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable and the amount can be reliably measured.

Other income

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

Donated goods, facilities and services

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

Donated fixed assets

Donated fixed assets are measured at fair value unless it is impractical to measure this reliably, in which case the cost of the item to the donor is used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's accounting policies.

1.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

This includes all expenditure incurred by the academy trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

Charitable activities

This includes all expenditure incurred by the academy trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

ST JOSEPH'S CATHOLIC EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

(Continued)

Governance costs

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

1.5 Tangible fixed assets and depreciation

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding that require the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the statement of financial activities and carried forward in the balance sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the statement of financial activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Building improvements	50 years
Assets under construction	not depreciated
Fixtures, fittings & equipment	7 years

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

The academy trust occupies the footprint of the school building which is owned by its trustees, the Diocese of Hexham and Newcastle. The Diocese are the providers of the land and buildings on the same basis as when the academy was a maintained school. The academy trust occupies the land and buildings under a mere licence. This continuing permission of the trustees is pursuant to, and subject to, the trustees' charitable objects, and is part of the Catholic Church's contribution since 1847 to provide State funded education in partnership with the State. The licence delegates aspects of the management of the land and buildings to the academy trust for the time being, but does not vest any rights over the land in the academy trust. The trustees have given an undertaking to the Secretary of State that they will not give the academy trust less than two years notice to terminate the occupation of the land and buildings. Having considered the factual matrix under which the academy trust is occupying the land and buildings the trustees have concluded that the value of the land and buildings occupied by the academy trust will not be recognised on the balance sheet of the academy.

Because the use of the land is made available to the academy trust under a Supplemental Agreement, the academy has been donated the right to use the buildings and under accounting standards a donation and expense representing the use of the facilities should be reflected in the financial statements. The trustees are of the opinion that obtaining a reliable estimate of this value would be onerous and the expense of obtaining such a valuation would outweigh any benefits derived. Therefore no such adjustment has been reflected in these financial statements.

The remaining land is owned by Durham County Council and leased to the academy for 125 years. Building improvements funded by the academy have been capitalised at cost.

ST JOSEPH'S CATHOLIC EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

(Continued)

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the statement of financial activities.

1.6 Liabilities

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

1.7 Leasing and hire purchase commitments

Rentals payable under operating leases are charged against income on a straight line basis over the period of the lease.

1.8 Financial instruments

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

Financial assets

Trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments.

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

Financial liabilities

Trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost. Taxation and social security are not included in the financial instruments disclosure definition.

Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

1.9 Stock

Catering stocks and stocks of educational supplies are valued at the lower of cost and net realisable value.

1.10 Taxation

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

1.11 Pensions benefits

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

ST JOSEPH'S CATHOLIC EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

(Continued)

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 19, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions are recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the statement of financial activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses. Actuarial gains and losses are recognised immediately in other recognised gains and losses.

1.12 Fund accounting

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

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

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the Education and Skills Funding Agency/Department for Education.

1.13 Agency arrangements

The academy trust acts as an agent in distributing 16-19 bursary funds from the ESFA. Payments received from the ESFA 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 the notes to the accounts.

ST JOSEPH'S CATHOLIC EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

2 Critical accounting estimates and areas of judgement

Accounting estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The academy trust makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 19, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

3 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
Capital grants	-	179,889	179,889	315,913

4 Funding for the academy trust's educational operations

	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
DfE / ESFA grants				
General annual grant (GAG)	-	6,651,740	6,651,740	6,726,511
Other DfE / ESFA grants	-	250,086	250,086	254,266
	-	6,901,826	6,901,826	6,980,777
Other government grants				
Local authority grants	-	14,199	14,199	31,751
Other funds				
Catering income	248,358	-	248,358	249,338
Other incoming resources	121,083	20,000	141,083	100,438
	369,441	20,000	389,441	349,776
Total funding	369,441	6,936,025	7,305,466	7,362,304

ST JOSEPH'S CATHOLIC EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

5 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
Hire of facilities	2,500	-	2,500	2,500
Catering income	18,443	-	18,443	33,911
Trips income	55,863	-	55,863	59,937
Other income	60,578	-	60,578	87,847
	<u>137,384</u>	<u>-</u>	<u>137,384</u>	<u>184,195</u>

6 Investment income

	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
Short term deposits	<u>530</u>	<u>-</u>	<u>530</u>	<u>744</u>

7 Expenditure

	Staff costs £	Premises & equipment £	Other costs £	Total 2017 £	Total 2016 £
Expenditure on raising funds	223,581	-	115,121	338,702	285,633
Academy's educational operations					
- Direct costs	4,938,578	-	313,314	5,251,892	5,411,894
- Allocated support costs	1,193,426	365,745	436,186	1,995,357	1,970,218
	<u>6,355,585</u>	<u>365,745</u>	<u>864,621</u>	<u>7,585,951</u>	<u>7,667,745</u>

Net income/(expenditure) for the year includes:

	2017 £	2016 £
Fees payable to auditor for:		
- Audit	6,500	6,500
- Other services	8,375	6,675
Operating lease rentals	16,589	18,164
Depreciation of tangible fixed assets	33,269	35,432
Net interest on defined benefit pension liability	<u>80,000</u>	<u>61,000</u>

ST JOSEPH'S CATHOLIC EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

8 Charitable activities

	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
Direct costs - educational operations	-	5,251,892	5,251,892	5,411,894
Support costs - educational operations	153,246	1,842,111	1,995,357	1,970,218
	<u>153,246</u>	<u>7,094,003</u>	<u>7,247,249</u>	<u>7,382,112</u>

	2017 £	2016 £
Analysis of support costs		
Support staff costs	1,193,426	1,121,210
Depreciation and amortisation	33,269	35,432
Technology costs	94,929	112,035
Premises costs	301,823	283,561
Other support costs	312,784	353,280
Governance costs	59,126	64,700
	<u>1,995,357</u>	<u>1,970,218</u>

9 Staff costs

	2017 £	2016 £
Wages and salaries	4,556,324	4,830,782
Social security costs	460,907	419,278
Operating costs of defined benefit pension schemes	943,584	837,917
Staff costs	<u>5,960,815</u>	<u>6,087,977</u>
Supply staff costs	246,354	97,568
Staff restructuring costs	105,579	94,426
Staff development and other staff costs	42,837	35,589
Total staff expenditure	<u>6,355,585</u>	<u>6,315,560</u>

Staff numbers

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

	2017 Number	2016 Number
Teachers	80	97
Administration and support	66	59
Management	14	12
	<u>160</u>	<u>168</u>

ST JOSEPH'S CATHOLIC EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

9 Staff costs

(Continued)

Higher paid staff

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

	2017 Number	2016 Number
£60,001 - £70,000	3	3
£80,001 - £90,000	-	1
£90,001 - £100,000	1	1
£100,001 - £110,000	1	-

Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £105,579 (2016: £94,426). Individually, the payments were: £41,000, £22,006, £23,392 and £19,181.

Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer national insurance and pension contributions) received by key management personnel for their services to the academy trust was £1,094,181 (2016 - £948,824).

One member of key management was seconded to another school in the period and generated income for the academy of £65,609 (2016 - £65,749).

10 Trustees' remuneration and expenses

The head teacher and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of head teacher and staff, and not in respect of their services as trustees. Other trustees did not receive any payments, other than expenses, from the academy trust in respect of their role as trustees. During the year, no travel and subsistence payments were made to trustees.

The value of trustees' remuneration was as follows:

F O'Neill (Headteacher and trustee) - resigned 31 March 2017:

Remuneration	£105,001 - £110,000 (2016: £95,001 - £100,000)
Employer's pension contributions	£10,001 - £15,000 (2016: £10,001 - £15,000)

Mr T B Tapping was appointed as trustee, head teacher and accounting officer from 1 April 2017 by the Diocese. He provides his services through Diocesan school to school support therefore the academy trust did not pay for this service in the accounting period.

Other related party transactions involving the trustees are set out within the related parties note.

11 Trustees and officers insurance

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

ST JOSEPH'S CATHOLIC EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

12 Tangible fixed assets

	Building improvements	Assets under construction	Computer equipment	Fixtures, fittings & equipment	Total
	£	£	£	£	£
Cost					
At 1 September 2016	-	166,895	127,921	191,146	485,962
Additions	5,707	226,487	-	11,051	243,245
Transfer	290,922	(290,922)	-	-	-
At 31 August 2017	296,629	102,460	127,921	202,197	729,207
Depreciation					
At 1 September 2016	-	-	127,921	115,967	243,888
Charge for the year	5,818	-	-	27,451	33,269
At 31 August 2017	5,818	-	127,921	143,418	277,157
Net book value					
At 31 August 2017	290,811	102,460	-	58,779	452,050
At 31 August 2016	-	166,895	-	75,179	242,074

13 Stocks

	2017 £	2016 £
Catering stock	1,863	1,710
Educational supplies	690	-
	2,553	1,710

14 Debtors

	2017 £	2016 £
Trade debtors	19,772	632
VAT recoverable	68,349	73,205
Prepayments and accrued income	163,801	184,171
	251,922	258,008

ST JOSEPH'S CATHOLIC EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

15	Creditors: amounts falling due within one year	2017 £	2016 £
	Trade creditors	196,577	266,628
	Other taxation and social security	115,867	120,882
	Other creditors	187,726	103,762
	Accruals and deferred income	92,663	99,013
		<u>592,833</u>	<u>590,285</u>
16	Deferred income	2017 £	2016 £
	Deferred income is included within:		
	Creditors due within one year	<u>53,028</u>	<u>55,040</u>
	Deferred income at 1 September 2016	55,040	70,344
	Released from previous years	(55,040)	(70,344)
	Amounts deferred in the year	<u>53,028</u>	<u>55,040</u>
	Deferred income at 31 August 2017	<u><u>53,028</u></u>	<u><u>55,040</u></u>

Deferred income includes trip income and rates relief received in advance for the next academic year.

ST JOSEPH'S CATHOLIC EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

17 Funds

	Balance at 1 September 2016 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2017 £
Restricted general funds					
General Annual Grant	1,732	6,651,740	(6,532,449)	-	121,023
Other DfE / ESFA grants	-	250,086	(250,086)	-	-
Other government grants	-	14,199	(14,199)	-	-
Other restricted funds	-	20,000	(20,000)	-	-
	<u>1,732</u>	<u>6,936,025</u>	<u>(6,816,734)</u>	<u>-</u>	<u>121,023</u>
Funds excluding pensions	1,732	6,936,025	(6,816,734)	-	121,023
Pension reserve	(4,155,000)	-	(244,000)	1,837,000	(2,562,000)
	<u>(4,153,268)</u>	<u>6,936,025</u>	<u>(7,060,734)</u>	<u>1,837,000</u>	<u>(2,440,977)</u>
Restricted fixed asset funds					
Transferred on conversion	58,276	-	(24,194)	-	34,082
DfE / ESFA capital grants	345,901	179,889	(6,287)	-	519,503
Capital expenditure from GAG	4,765	-	(2,788)	-	1,977
	<u>408,942</u>	<u>179,889</u>	<u>(33,269)</u>	<u>-</u>	<u>555,562</u>
Total restricted funds	<u>(3,744,326)</u>	<u>7,115,914</u>	<u>(7,094,003)</u>	<u>1,837,000</u>	<u>(1,885,415)</u>
Unrestricted funds					
General funds	<u>259,661</u>	<u>507,355</u>	<u>(491,948)</u>	<u>-</u>	<u>275,068</u>
Total funds	<u>(3,484,665)</u>	<u>7,623,269</u>	<u>(7,585,951)</u>	<u>1,837,000</u>	<u>(1,610,347)</u>

ST JOSEPH'S CATHOLIC EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

17 Funds

(Continued)

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

General Annual Grant must be used for the normal running costs of the academy. Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2017.

Other DfE/ESFA grants include pupil premium and summer school funding.

Other government grants comprise funding for pupils with special educational needs.

DfE/ESFA capital grants consist of a devolved capital grant of £29,009 which has been received for expenditure on acquisition and maintenance of fixed assets, and £150,880 Condition Improvement Fund monies received for a capital maintenance project. At 31 August 2017 the academy is carrying forward £48,420 of capital maintenance grant and £55,092 of devolved capital grant to fund expenditure expected to be incurred in 2017/18.

The pension reserve reflects the LGPS transactions. The costs and income associated with the defined benefit pension scheme have been recorded in the restricted fund. Staff costs are paid from this fund, including contributions to the LGPS, and the pension liability has therefore been aligned with these funds.

The Inherited Fixed Asset Fund reflects the fixed assets acquired on conversion. Depreciation on these assets is charged against this fund.

Unrestricted funds may be used for any purpose, at the discretion of the trustees, within the objects of the academy trust.

The academy's general restricted and unrestricted funds total £396,091 at 31 August 2017.

ST JOSEPH'S CATHOLIC EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

17 Funds

(Continued)

Movements in funds - previous year

	Balance at 1 September 2015 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2016 £
Restricted general funds					
General Annual Grant	11,546	6,726,511	(6,736,325)	-	1,732
Other DfE / ESFA grants	-	254,266	(254,266)	-	-
Other government grants	-	31,751	(31,751)	-	-
	<u>11,546</u>	<u>7,012,528</u>	<u>(7,022,342)</u>	<u>-</u>	<u>1,732</u>
Funds excluding pensions	11,546	7,012,528	(7,022,342)	-	1,732
Pension reserve	(1,737,000)	-	(75,000)	(2,343,000)	(4,155,000)
	<u>(1,725,454)</u>	<u>7,012,528</u>	<u>(7,097,342)</u>	<u>(2,343,000)</u>	<u>(4,153,268)</u>
Restricted fixed asset funds					
Transferred on conversion	89,956	-	(31,680)	-	58,276
DfE / ESFA capital grants	30,123	315,913	(135)	-	345,901
Capital expenditure from GAG	8,382	-	(3,617)	-	4,765
	<u>128,461</u>	<u>315,913</u>	<u>(35,432)</u>	<u>-</u>	<u>408,942</u>
Total restricted funds	<u>(1,596,993)</u>	<u>7,328,441</u>	<u>(7,132,774)</u>	<u>(2,343,000)</u>	<u>(3,744,326)</u>
Unrestricted funds					
General funds	<u>259,917</u>	<u>534,715</u>	<u>(534,971)</u>	<u>-</u>	<u>259,661</u>
Total funds	<u>(1,337,076)</u>	<u>7,863,156</u>	<u>(7,667,745)</u>	<u>(2,343,000)</u>	<u>(3,484,665)</u>

18 Analysis of net assets between funds

	Unrestricted Funds £	General £	Restricted funds: Fixed asset £	Total 2017 £
Fund balances at 31 August 2017 are represented by:				
Tangible fixed assets	-	-	452,050	452,050
Current assets	275,068	709,271	108,097	1,092,436
Creditors falling due within one year	-	(588,248)	(4,585)	(592,833)
Defined benefit pension liability	-	(2,562,000)	-	(2,562,000)
	<u>275,068</u>	<u>(2,440,977)</u>	<u>555,562</u>	<u>(1,610,347)</u>

ST JOSEPH'S CATHOLIC EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

18 Analysis of net assets between funds

(Continued)

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total 2016 £
Fund balances at 31 August 2016 are represented by:				
Tangible fixed assets	-	-	242,074	242,074
Current assets	285,079	559,291	174,176	1,018,546
Creditors falling due within one year	(25,418)	(557,559)	(7,308)	(590,285)
Defined benefit pension liability	-	(4,155,000)	-	(4,155,000)
	<u>259,661</u>	<u>(4,153,268)</u>	<u>408,942</u>	<u>(3,484,665)</u>

19 Pensions and similar obligations

The academy trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by South Tyneside Council. Both are multi-employer 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 that of the LGPS related to the period ended 31 March 2016.

Contributions amounting to £100,019 (2016: £98,272) were payable to the schemes at 31 August 2017 and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014.

ST JOSEPH'S CATHOLIC EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

19 Pensions and similar obligations

(Continued)

The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%

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

The employer's pension costs paid to the TPS in the period amounted to £525,466 (2016: £555,941).

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

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

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 25.2% 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.

Total contributions made	2017 £	2016 £
Employer's contributions	256,000	268,000
Employees' contributions	77,000	82,000
Total contributions	333,000	350,000
Principal actuarial assumptions	2017 %	2016 %
Rate of increases in salaries	3.5	3.4
Rate of increase for pensions in payment	2.0	1.9
Discount rate	2.5	2.0
Inflation assumption (CPI)	2.0	1.9

ST JOSEPH'S CATHOLIC EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

19 Pensions and similar obligations

(Continued)

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

	2017 Years	2016 Years
Retiring today		
- Males	22.8	23.2
- Females	26.3	24.8
Retiring in 20 years		
- Males	25.0	25.3
- Females	28.6	27.1

Scheme liabilities would have been affected by changes in assumptions as follows:

	2017 £	2016 £
Discount rate + 0.1%	7,731,000	8,300,000
Discount rate - 0.1%	8,112,000	8,708,000
Mortality assumption + 1 year	7,686,000	8,227,000
Mortality assumption - 1 year	8,153,000	8,780,000
CPI rate + 0.1%	8,031,000	8,609,000
CPI rate - 0.1%	7,809,000	8,397,000

The academy trust's share of the assets in the scheme

	2017 Fair value £	2016 Fair value £
Equities	3,540,977	2,882,061
Government bonds	208,923	165,186
Corporate bonds	616,055	499,905
Cash	208,923	130,410
Property	482,130	434,700
Other assets	299,992	234,738
Total market value of assets	5,357,000	4,347,000
Actual return on scheme assets - gain/(loss)	752,000	648,000

ST JOSEPH'S CATHOLIC EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

19 Pensions and similar obligations

(Continued)

Amounts recognised in the statement of financial activities

	2017 £	2016 £
Current service cost	420,000	282,000
Interest income	(90,000)	(134,000)
Interest cost	170,000	195,000
Total operating charge	500,000	343,000

Changes in the present value of defined benefit obligations

	2017 £	2016 £
Obligations at 1 September 2016	8,502,000	5,109,000
Current service cost	420,000	282,000
Interest cost	170,000	195,000
Employee contributions	77,000	82,000
Actuarial (gain)/loss	(1,175,000)	2,857,000
Benefits paid	(75,000)	(23,000)
At 31 August 2017	7,919,000	8,502,000

Changes in the fair value of the academy trust's share of scheme assets

	2017 £	2016 £
Assets at 1 September 2016	4,347,000	3,372,000
Interest income	90,000	134,000
Actuarial gain	662,000	514,000
Employer contributions	256,000	268,000
Employee contributions	77,000	82,000
Benefits paid	(75,000)	(23,000)
At 31 August 2017	5,357,000	4,347,000

ST JOSEPH'S CATHOLIC EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

20 Reconciliation of net income to net cash flows from operating activities

	2017 £	2016 £
Net income for the reporting period	37,318	195,411
Adjusted for:		
Capital grants from DfE/ESFA and other capital income	(179,889)	(315,913)
Investment income receivable	(530)	(744)
Defined benefit pension costs less contributions payable	164,000	14,000
Defined benefit pension net finance cost	80,000	61,000
Depreciation of tangible fixed assets	33,269	35,432
(Increase)/decrease in stocks	(843)	1,641
Decrease/(increase) in debtors	6,086	(60,617)
Increase in creditors	2,548	143,329
Net cash provided by operating activities	141,959	73,539

21 Commitments under operating leases

At 31 August 2017 the total future minimum lease payments under non-cancellable operating leases were as follows:

	2017 £	2016 £
Amounts due within one year	16,589	16,589
Amounts due in two and five years	33,178	49,767
	49,767	66,356

22 Capital commitments

	2017 £	2016 £
Expenditure contracted for but not provided in the accounts	48,420	120,099

ST JOSEPH'S CATHOLIC EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

23 Related party transactions

Owing to the nature of the academy trust's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the academy trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy trust's financial regulations and normal procurement procedures. The following related party transactions took place in the period of account:

Hexham and Newcastle Catholic Partnership - a charitable organisation in which St Joseph's Catholic Education Trust is a member:

- The trust contributed £15,226 (2016: £15,778) towards the running costs of the Catholic Partnership as part of it's membership.
- In entering into the transaction, the trust has complied with the requirements of the ESFA's Academies Financial Handbook.

The academy trust occupies the footprint of the school building which is owned by its trustees, the Diocese of Hexham and Newcastle. The Diocese are the providers of the land and buildings on the same basis as when the academy was a maintained school. The academy trust occupies the land and buildings under a mere licence. This continuing permission of the trustees is pursuant to, and subject to, the trustees' charitable objects, and is part of the Catholic Church's contribution since 1847 to provide State funded education in partnership with the State. The licence delegates aspects of the management of the land and buildings to the academy trust for the time being, but does not vest any rights over the land in the academy trust. The trustees have given an undertaking to the Secretary of State that they will not give the academy trust less than two years notice to terminate the occupation of the land and buildings. Having considered the factual matrix under which the academy trust is occupying the land and buildings the trustees have concluded that the value of the land and buildings occupied by the academy trust will not be recognised on the balance sheet of the academy.

24 Members' liability

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he or she is a member, or within one year after he or she ceases to be a member, such amount as may be required, not exceeding £10 as stated in memorandum and articles of association for the debts and liabilities contracted before he or she ceases to be a member.

25 Agency arrangements

The academy trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2017 the trust brought forward £5,241 unspent, received £39,695 and disbursed £35,108 from the fund. An amount of £9,828 is included in other creditors relating to undistributed funds carried forward.