Company Registration Number: 08559647 (England and Wales)

ST. JOSEPH'S CATHOLIC EDUCATION TRUST

(A Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the Year Ended 31 August 2018

ST. JOSEPH'S CATHOLIC EDUCATION TRUST
(A Company Limited by Guarantee)

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ST. JOSEPH'S CATHOLIC EDUCATION TRUST
(A Company Limited by Guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS
For the Year Ended 31 August 2018

Members

Mr T Carney (resigned 10 December 2017)
Bishop S Cunningham
Mrs D Fox (appointed 1 January 2018)
Mr J Ledger
Rev M Stempczyk
Rev S Lerche
Mr J Hughes (resigned 31 December 2017)

Trustees

Mr J Hughes, Chair (until 7 September 2018) (appointed 11 December 2017, resigned 7 September 2018)[1]
Mrs G Kilgour, Vice Chair, Chair (from 7 September 2018) (appointed 5 January 2018)[1]
Mr T B Tapping, Accounting Officer[1]
Mr T Carney (resigned 10 December 2017)
Mr M Clephane (appointed 11 December 2017)[1]
Rev A Dixon (appointed 11 December 2017)
Mrs E Dunn (resigned 10 December 2017)
Mrs T Fairweather (appointed 12 February 2018)[1]
Mr M McDonagh (appointed 11 December 2017)
Mrs A Harrison (appointed 1 January 2018)
Mr S Jobling (appointed 1 January 2018)[1]
Ms D Phippen (appointed 5 January 2018)[1]
Ms L Thompson (appointed 5 January 2018)
Mrs V Wiblin (appointed 11 December 2017)

[1] Finance and General Purposes Committee

Company registered number

08559647

Company name

St. Joseph's Catholic Education Trust

Principal and registered office

Mill Lane
Hebburn
Tyne & Wear
NE31 2ET

Company secretary

G Hodgson

Senior Leadership Team

Mr T B Tapping, Executive Headteacher/Accounting Officer
M Farrell, Head of School (resigned 31 August 2018)
Mr I Perkins, Senior Assistant Headteacher
Mrs B Smith, Senior Assistant Headteacher (resigned 31 August 2018)
Mrs H Barrass, Assistant Headteacher (resigned 31 August 2018)
Mrs M Ford, Assistant Headteacher (resigned 31 August 2018)
Mr M Carling, Assistant headteacher

REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
For the Year Ended 31 August 2018

Senior Leadership Team (continued)

Mr A Logan, Assistant Headteacher
Mrs C Scudder, Assistant Headteacher (Temporary until 31 August 2018)
Mrs H Hall, Assistant Headteacher (Temp until 31 August 2018)
Mrs J Gardner, Chief Financial Officer (resigned 30 june 2018)
Mr R Gibson, Director of Vocational Studies
Miss E Harrison, Chief Financial Officer (appointed 1 July 2018)

Independent auditors

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

Bankers

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

TRUSTEES' REPORT
For the Year Ended 31 August 2018

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the 1 September 2017 to 31 August 2018. The Annual Report serves the purposes of both a Trustees' Report, and a Directors' report under company law.

St Joseph's Catholic Education operates as an academy (St Joseph's Catholic Academy) which caters for students between the ages of 11 – 19 years within the area of South Tyneside. The number on roll for the academy was 1267 in the October 2017 census.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The academy is a charitable company limited by guarantee and an exempt charity. The charitable company's Memorandum of Association is the primary governing document of the academy trust. The Trustees of St. Joseph's Catholic Education Trust are also the directors of the charitable company for the purpose of company law. The charitable company is known as St Joseph's Catholic Education Trust .

Details of the Trustees who served during the 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 trust has purchased insurance to protect Trustees from claims arising against negligent acts, errors or omissions occurring whilst on academy business. This is via the Risk Protection Arrangement (RPA).

Method of recruitment and appointment or election of Trustees

The Trust has a set of rules and procedures setting out how it is run and how it conducts its business and meetings. These are known as the Articles of Association and set out the Trust's charitable objects. The articles detail the constitution of the company and the rules for the appointment and removal of its Members, Trustees and Governors. Members approve its Trustees (Trustees). Trustees appoint a Governing Body to which they delegate their duties, where necessary.

The Diocesan Bishop shall appoint such number of Foundation Trustees as shall ensure that at all times the number of Foundation Trustees exceeds the other Trustees (including any Co-opted Trustees) by two.

The CEO/Headteacher shall be treated for all purposes as being an ex officio Trustee.

The term of office for any Trustee shall be 4 years or a shorter period if specified at the time of appointment by the person or body appointing, save that this time limit shall not apply to the Co-opted Trustees or to any post which is held ex officio. Co-opted Trustees shall be appointed for a period of one year. Subject to remaining eligible to be a particular type of Trustee, any Trustee may be re-appointed or re-elected.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Policies and procedures adopted for the induction and training of Trustees

Governing Body Membership Update is an item on the agenda for all termly meetings. At these meetings the Clerk to the Board of Trustees will highlight any vacancies. The Governors service offers Trustee induction training. New Trustees are also supported by experienced Trustees.

Organisational structure

The structure consists of Trustees of the Trust, sub committees and Senior Leadership Team. The aim of the structure is to delegate responsibility appropriately and encourage involvement in decision making at all levels. There is a scheme of delegation in place.

Trustees and sub committees – upon conversion the governance framework was established via a scheme of delegation. Meetings are convened by the Clerk to the Trustees with the chair and CEO/Headteacher. An agenda is prepared by the Clerk to the Trustees/Committee and distributed together with any supporting papers.

The Chief Executive Officer/Headteacher is the Accounting Officer. In addition, the Senior Leadership Team for the period consists of a Head of School, two Senior Assistant Headteachers, four Assistant Headteachers, two temporary Assistant Headteachers, Chief Financial Officer and Trustee of Vocational Services.

Pay policy for key management personnel

The pay policy for all staff, including key management personnel, is governed by the pay policy, which is reviewed annually.

The Chief Executive Officer/Headteacher is the Accounting Officer. The Chief Executive Officer/Headteacher is not employed by the academy trust.

The salaries of the Senior Leadership Team are agreed by the Trustees.

Trade union facility time

The academy trust does not employ any trade union officials. Instead the trust pays into a local authority scheme that provides this service.

Related parties and other connected charities and organisations

Related party relationships are detailed in note 23.

OBJECTIVES AND ACTIVITIES

Objects and aims

The principal activity is the operation of St Joseph's Catholic Academy is to provide free education for young people aged 11 – 19 of all abilities, based on an inclusive, balanced and broad curriculum.

The aims and objectives of St Joseph's Catholic Academy are summarized 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."

OBJECTIVES AND ACTIVITIES (continued)

Objects and aims (continued)

The Trustees and staff of the academy trust are committed to providing an outstanding education to all students.

Objectives, strategies and activities

The academy trust has a rolling programme of self evaluation and this is summarised in the academy self evaluation form. Action points from the evaluation are then pursued in the school development plan. The school development plan is broken down into areas relating to Ofsted criteria.

Public benefit

In setting our objectives and planning our activities, the Trustees have given careful consideration to the Charity Commission's general guidance on public benefit.

STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

GCSE Results 2018

- Overall attainment is up on 2017 with an Attainment 8 average of 46.06 points and 37.9% of the year group achieving the new grade 5 or better in English and Maths.
- 65% of pupils achieved a standard pass of 4 or better in English and Maths.
- 16.4% of pupils achieved the EBacc standard pass with an average point score of 3.89.
- The Progress 8 Score, subject to validation, is -0.31.
- Our sixth form provision is rated as 'Very Good' by the Alps performance measure.
- ALPS score of 3.
- 70% of our departments are rate as Good or better by the same measure.
- 39.5% of grade were a grade B or better.
- 61% of our pupils achieved one or more grades at (A*-B) and 35% achieved two or more grades at (A*-B).
- Almost 10% of students achieved a very impressive 3 grade A's or better.
- 7.5% of students achieved A Levels at grades AAB or higher in at least 2 "facilitating subjects" and students achieving A Levels at grades AAB or higher in at least 3 "facilitating subjects" is at 17%.

Key performance indicators

Results from 2018 showed an improvement overall when compared to 2017. P8 showed an improvement of 25% and KS5 results were the best for a number of years in terms of progress.

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 Accounting Policies.

FINANCIAL REVIEW

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

The academy trust also receives grants for fixed assets from the DfE/ESFA. In accordance with The Charities SORP (FRS102), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the year ended 31 August 2018, total expenditure of £7,967,000 was in excess of recurrent grant funding from the DfE/ESFA together with other incoming resources. The excess of expenditure over income for the year (excluding pension reserve movements and restricted fixed asset funds) was £(472,000).

All of the expenditure shown in the Statement of Financial Activities is in furtherance of the academy's objectives.

At 31 August 2018 the net book value of fixed assets was £467,000 and movements in tangible fixed assets are shown in note 12 to the Financial Statements. The assets were used exclusively for providing education and the associated support services to the students of the academy trust.

The provisions of Financial Reporting Standard (FRS) 102 have been applied in full in respect of the LGPS pensions scheme, resulting in a deficit of £1,954,000 recognised on the balance sheet.

The academy held fund balances at 31 August 2018 of £(1,480,000) comprising £550,000 of restricted fixed asset funds, £(1,954,000) pension reserve, £(76,000) restricted general funds and £nil of unrestricted funds.

Reserves policy

A reserves policy was set upon conversion to an academy trust. The minimum level of reserves for the ongoing needs of the academy trust is reviewed annually. The financial risks have been reviewed in terms of impact and likelihood as part of the strategic risk management process. The main financial risk to the academy trust is that of managing its short-term cash flow effectively. To mitigate this risk the Trustees consider it prudent to hold unrestricted funds in the general fund in the form of free reserves (total funds less amount held in fixed assets and restricted funds) of £416,000. Currently the academy trust has negative reserves as a result of a significant staffing restructure. Future forecasts show the academy trust will begin to build reserves back towards the reserves policy.

Investment policy

The objectives of this policy are to ensure that the academy trust maintains sufficient cash balances in its current account to meet its day to day commitments and invests surplus cash to earn an acceptable rate of return without undue risk.

The Headteacher and Board of Trustees have overall responsibility for the security and management of funds. The day to day management of the treasury function is controlled by the Chief Financial Officer. The Chief Financial Officer will liaise with the Headteacher and Board of Trustees in relation to investment decisions.

The academy trust maintains funds in a current account. In the year to 31 August 2018 there were no additional investments.

FINANCIAL REVIEW (continued)

Principal risks and uncertainties

The principal risks and uncertainites are centred on the current level of uncertainity of the school funding formula via the DfE/ESFA. This must be carefully monitored. Additionally, a risk to the academy is reduced funding due to a fall in student numbers in the sixth form.

In addition, the academy trust is a member of the Local Government Pension Scheme (LGPS), which results in the recognition of a significant deficit on the academy trust balance sheet.

PLANS FOR FUTURE PERIODS

Future developments

The key objective of St Joseph's Catholic Academy is to continue to improve progress and attainment levels of all pupils within the school.

The School Development Plan includes the detail relating to St Joseph's Catholic Academy whole school future plans. Each Curriculum Leader also completes a departmental self evaluation document to ensure departmental priorities feed into the whole school plan.

Additionally, St Joseph's Catholic Academy intends to join Northern Saints Catholic Education Trust in the next financial year. This will allow for great economies of scale and further collaboration.

Disclosure of information to auditors

Insofar as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Trustees have taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

The Trustees' Report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 10 December 2018 and signed on its behalf by:

Mrs G Kilgour
Chair

GOVERNANCE STATEMENT

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 Headteacher, 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 St. Joseph's Catholic Education Trust 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 13 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
Mr J Hughes, Chair (until 7 September 2018)	9	13
Mrs G Kilgour, Vice Chair, Chair (from 7 September 2018)	13	13
Mr T B Tapping, Accounting Officer	13	13
Mr T Carney	4	13
Mr M Clephane	5	13
Rev A Dixon	5	13
Mrs E Dunn	4	13
Mrs T Fairweather	12	13
Mr M McDonagh	6	13
Mrs A Harrison	7	13
Mr S Jobling	11	13
Ms D Phippen	9	13
Ms L Thompson	7	13
Mrs V Wiblin	9	13

The Finance and General Purposes Committee is a sub-committee of the main Board of Trustees. Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mr J Hughes	2	2
Mr M Clephane	0	2
Mrs T Fairweather	2	2
Mr S Jobling	2	2
Mrs G Kilgour	2	2
Ms D Phippen	2	2
Mr T B Tapping	2	2

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

Review of Value for Money

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

The Accounting Officer considers how the academy's use of its resources has provided good value for money during each academic year, and reports to the Board of Trustees where value for money can be improved,

GOVERNANCE STATEMENT (continued)

Review of Value for Money (continued)

including the use of benchmarking data where appropriate. The Accounting Officer for the academy has delivered improved value for money during the year by:

A detailed curriculum model is produced each year in order to operate the school, this takes into account student group sizes and staffing associated with this.

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. At the end of 17/18 a number of organisations utilised the academy for lettings of the academy to use sports fields and sports halls and they have been accepted .

Reviewing controls and managing risks

TheaAcademy has a Finance and General Purposes 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 General Purposes 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 Headteacher and CFO review budget monitoring reports on a monthly basis addressing any significant variances against budget. Capitation budgets are delegated to each department and Curriculum Leaders 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 ongoing process designed to identify and prioritise the risks to the achievement of academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in St. Joseph's Catholic Education Trust for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Board of Trustees has reviewed the key risks to which the academy 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 ongoing process for identifying, evaluating and managing the academy's significant risks, that has been in place for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

GOVERNANCE STATEMENT (continued)

The Risk and Control Framework

The academy'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.

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 Baldwins Audit Services 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 auditors 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 external auditors report to the Board of Trustees through the Finance and General Purposes Committee on the operation of the systems of control and on the discharge of the Board of Trustees' 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 Headteacher has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the external auditors;
- the work of the internal assurance service;
- 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 General Purposes Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

GOVERNANCE STATEMENT (continued)

Approved by order of the members of the Board of Trustees on 10 December 2018 and signed on their behalf, by:

Mrs G Kilgour
Chair

Mr T B Tapping
Accounting Officer

ST. JOSEPH'S CATHOLIC EDUCATION TRUST

(A Company Limited by Guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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

I confirm that I and the academy trust Board of 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 2017.

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

Mr T B Tapping
Accounting Officer

10 December 2018

STATEMENT OF TRUSTEES' RESPONSIBILITIES
For the Year Ended 31 August 2018

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

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

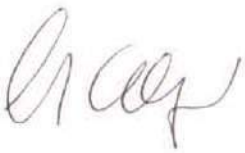
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The 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 financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The 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 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 financial statements may differ from legislation in other jurisdictions.

Approved by order of the members of the Board of Trustees on 10 December 2018 and signed on its behalf by:



Mrs G Kilgour
Chair

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF ST. JOSEPH'S CATHOLIC EDUCATION TRUST

Opinion

We have audited the financial statements of St. Joseph's Catholic Education Trust (the 'academy trust') for the year ended 31 August 2018 which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the academy trust's affairs as at 31 August 2018 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency.

Basis for opinion

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

Conclusions relating to going concern

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

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements 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 financial statements are authorised for issue.

Other information

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

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF ST. JOSEPH'S CATHOLIC EDUCATION TRUST

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of 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 (who are also the directors of the academy trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the 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 academy or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF ST. JOSEPH'S CATHOLIC EDUCATION TRUST

Auditors' responsibilities for the audit of the financial statements

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

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

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 2006. 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 and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

Clive Owen LLP

Kevin Shotton BA FCA (Senior Statutory Auditor)

for and on behalf of

Clive Owen LLP

Chartered Accountants
Statutory Auditors

140 Coniscliffe Road
Darlington
Co Durham
DL3 7RT
10 December 2018

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

In accordance with the terms of our engagement letter dated 1 October 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by St. Joseph's Catholic Education Trust during the year 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to St. Joseph's Catholic Education Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to St. Joseph's Catholic Education Trust and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than St. Joseph's Catholic Education Trust and the 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 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2017 to 2018. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2017 to 2018 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO ST. JOSEPH'S CATHOLIC EDUCATION TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY (continued)

Approach (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 reports
- 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 year 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Clive Owen LLP

Clive Owen LLP

Reporting accountants

140 Coniscliffe Road
Darlington
Co Durham
DL3 7RT

10 December 2018

ST. JOSEPH'S CATHOLIC EDUCATION TRUST
(A Company Limited by Guarantee)

STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
For the Year Ended 31 August 2018

	Note	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Restricted fixed asset funds 2018 £000	Total funds 2018 £000	*Total funds 2017 £000*
Income from:						
Donations and capital grants	2	-	-	28	28	*180*
Charitable activities	3	-	6,843	-	6,843	*7,057*
Other trading activities	4	447	-	-	447	*385*
Investments	5	-	-	-	-	*1*
Total income		447	6,843	28	7,318	*7,623*
Expenditure on:						
Raising funds		-	-	-	-	*339*
Charitable activities		722	7,208	37	7,967	*7,247*
Total expenditure	6	722	7,208	37	7,967	*7,586*
Net expenditure before transfers		(275)	(365)	(9)	(649)	*37*
Transfers between Funds	16	-	(3)	3	-	*-*
Net income / (expenditure) before other recognised gains and losses		(275)	(368)	(6)	(649)	*37*
Actuarial gains on defined benefit pension schemes	21	-	779	-	779	*1,837*
Net movement in funds		(275)	411	(6)	130	*1,874*
Reconciliation of funds:						
Total funds brought forward		275	(2,441)	556	(1,610)	*(3,484)*
Total funds carried forward		-	(2,030)	550	(1,480)	*(1,610)*

ST. JOSEPH'S CATHOLIC EDUCATION TRUST

(A Company Limited by Guarantee)
Registered number: 08559647

BALANCE SHEET
As at 31 August 2018

	Note	£000	2018 £000	£000	2017 £000
Fixed assets					
Tangible assets	12		467		452
Current assets					
Stocks	13	2		3	
Debtors	14	235		252	
Cash at bank and in hand		292		838	
		529		1,093	
Creditors: amounts falling due within one year	15	(522)		(593)	
Net current assets			7		500
Total assets less current liabilities			474		952
Defined benefit pension scheme liability	21		(1,954)		(2,562)
Net liabilities including pension scheme liabilities			(1,480)		(1,610)
Funds of the academy					
Restricted income funds:					
Restricted income funds	16	(76)		121	
Restricted fixed asset funds	16	550		556	
Restricted income funds excluding pension liability		474		677	
Pension reserve		(1,954)		(2,562)	
Total restricted income funds			(1,480)		(1,885)
Unrestricted income funds	16		-		275
Total deficit			(1,480)		(1,610)

The financial statements on pages 19 to 45 were approved by the Trustees, and authorised for issue, on 10 December 2018 and are signed on their behalf, by:

Mrs G Kilgour
Chair

ST. JOSEPH'S CATHOLIC EDUCATION TRUST
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
For the Year Ended 31 August 2018

	Note	2018 £000	*2017 £000*
Cash flows from operating activities			
Net cash (used in)/provided by operating activities	18	(522)	*141*
Cash flows from investing activities:			
Dividends, interest and rents from investments		-	*1*
Purchase of tangible fixed assets		(52)	*(243)*
Capital grants from DfE Group		28	*180*
Net cash used in investing activities		(24)	*(62)*
Change in cash and cash equivalents in the year		(546)	*79*
Cash and cash equivalents brought forward		838	*759*
Cash and cash equivalents carried forward	19	292	*838*

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 August 2018

1. ACCOUNTING POLICIES

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

1.1 Basis of preparation of financial statements

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

St. Joseph's Catholic Education Trust constitutes a public benefit entity as defined by 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 trust. Also being a faith school, the land and buildings occupied are not reflected on the Balance Sheet as described further under accounting policy 1.7. This has a direct impact on the academy trust's reported net asset position.

The revenue reserves of the academy trust are in deficit by £76,000 as at 31 August 2018. This is a result of a significant staff restructure which resulted in redundancy and severance payments of £459,000. As a result of this restructure the academy trust is now forecasting a surplus for this coming year. Cashflow forecasts prepared by the academy trust do not demonstrate any periods where the academy trust could not be able to pay its debts as they fall due.

In addition the trust is being supported, where required, by Northern Saints Catholic Education Trust as part of a longer term plan to join their trust.

1. ACCOUNTING POLICIES (continued)

1.3 Income

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

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

General Annual Grant is recognised in full in the Statement of Financial Activities incorporating Income and Expenditure Account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

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

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

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
Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be 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.

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

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

1. ACCOUNTING POLICIES (continued)

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 allocated on the portion of the asset's use.

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

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 Liabilities and provisions

Liabilities and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods of services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, teh provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.6 Leasing commitments

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

1. ACCOUNTING POLICIES (continued)

1.7 Tangible fixed assets and depreciation

All assets costing more than £1,000 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities incorporating Income and Expenditure Account and carried forward in the Balance Sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities incorporating Income and Expenditure Account. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets other than freehold land and assets under construction, at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives on the following bases:

Building improvements	-	50 years
Fixtures and fittings	-	7 years
Computer equipment	-	3 years
Assets under construction	-	not depreciated

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 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 licence. This continuing permission of the Diocese is pursuant to, and subject to, the Diocese 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 Diocese 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 trust.

Because the use of the land is made available to the academy trust under a Supplemental Agreement, the academy trust 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 South Tyneside Council and leased to the academy trust for 125 years. Building improvements funded by the academy trust have been capitalised at cost.

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. ACCOUNTING POLICIES (continued)

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 as detailed in note 14. 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 as detailed in note 15. 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

Stock is valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

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

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Governments Pension Scheme ("LGPS"). These are defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the 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 21, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

1. ACCOUNTING POLICIES (continued)

Pensions (continued)

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

1.12 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 Department for Education Group.

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 academy trust does not have control over the charitable application of the funds. The funds received and paid and any balances held are disclosed in note 24.

1. ACCOUNTING POLICIES (continued)

1.14 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement:

Depreciation - Depreciation is calculated so as to write off the cost of an asset, less its residual value, over the economic life of that asset. An estimate of the useful life of assets is detailed in the depreciation accounting policy. The value of depreciation charge during the year was £37,000.

Land - The academy trust land is partly owned by the Diocese of Hexham and Newcastle and South Tyneside Council. The asset is not included on the balance sheet of the academy trust as it occupies the land under a licence.

Buildings - The academy trust buildings are owned by the Diocese of Hexham and Newcastle. The academy trust occupies the buildings under a licence. The licence delegates aspects of the management of the buildings to the academy trust for the time being, but does not vest any rights over the buildings in the academy trust. The Diocese of Hexham and Newcastle has 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 buildings. Having considered the factual matrix under which the buildings are occupied by the academy trust, the buildings will not be recognised on the balance sheet of the academy trust. In addition, whilst the occupation constitutes a donation in kind to the academy trust, the directors consider the cost of obtaining a valuation for such a donation outweighs the benefit and therefore no such donation and related expense are included in the Statement of Financial Activities. Building improvements funded by the academy trust have been capitalised at cost.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 August 2018

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2018 £000	Restricted fixed asset funds 2018 £000	Total funds 2018 £000	*Total funds 2017 £000*
Capital Grants	-	28	28	*180*
Total 2017	-	*180*	*180*	

3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Total funds 2018 £000	*Total funds 2017 £000*
DfE/ESFA grants				
General Annual Grant (GAG)	-	6,460	6,460	*6,652*
Pupil Premium	-	236	236	*-*
Other DfE/ESFA grants	-	72	72	*250*
	-	6,768	6,768	*6,902*
Other Government grants				
Local Authority grants	-	42	42	*14*
	-	42	42	*14*
Other funding				
Other grants	-	33	33	*141*
	-	33	33	*141*
Total funding	-	6,843	6,843	*7,057*
Total 2017	*141*	*6,916*	*7,057*	

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 August 2018

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Total funds 2018 £000	*Total funds 2017 £000*
Other income	95	-	95	*61*
Hire of facilities	7	-	7	*2*
Trips income	59	-	59	*56*
Catering income	258	-	258	*266*
School Fund Income	28	-	28	-
	447	-	447	*385*
Total 2017	*385*	-	*385*	

5. INVESTMENT INCOME

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Total funds 2018 £000	*Total funds 2017 £000*
Short term deposits	-	-	-	*1*
Total 2017	*1*	-	*1*	

6. EXPENDITURE

	Staff costs 2018 £000	Premises 2018 £000	Other costs 2018 £000	Total 2018 £000	*Total 2017 £000*
Academy's educational operations:					
Direct costs	5,170	-	465	5,635	*5,634*
Support costs	1,408	388	536	2,332	*1,952*
	6,578	388	1,001	7,967	*7,586*
Total 2017	*6,270*	*366*	*950*	*7,586*	

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 August 2018

7. Analysis of support costs

	Total 2018 £000	*Total 2017 £000*
Technology costs	110	*95*
Recruitment and support	7	*-*
Maintenance of premises and equipment	84	*71*
Cleaning	18	*18*
Rates	87	*98*
Energy	119	*143*
Insurance	28	*31*
Security	13	*17*
Transport	11	*9*
Catering	141	*148*
Occupancy costs	4	*7*
Other support costs	121	*73*
Governance costs	144	*59*
Wages and salaries	1,024	*825*
National insurance	57	*48*
Pension cost	327	*277*
Depreciation	37	*33*
	2,332	*1,952*
Total 2017	*1,952*	

8. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2018 £000	*2017 £000*
Depreciation of tangible fixed assets:		
- owned by the charity	37	*33*
Auditors' remuneration - audit	8	*7*
Auditors' remuneration - other services	7	*8*
Operating lease rentals	17	*17*

9. STAFF COSTS

a. Staff costs

Staff costs were as follows:

	2018 £000	*2017 £000*
Wages and salaries	4,416	*4,513*
Social security costs	450	*461*
Operating costs of defined benefit pension schemes	1,069	*944*
	5,935	*5,918*
Supply staff costs	184	*246*
Staff restructuring costs	459	*106*
	6,578	*6,270*

Included in operating costs of defined benefit pension scheme is a charge of £68,000 (2017:£164,000).

Staff restructuring costs comprise:

	2018 £000	*2017 £000*
Redundancy payments	47	-
Severance payments	412	*106*
	459	*106*

Non statutory/non-contractual staff severance payments
Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £459,419 (2017: £105,579). Individually, the payments were: £42,733 on 31 August 2018, £35,705 on 31 August 2018, £52,549 on 31 August 2018, £4,259 on 30 June 2018, £38,578 on 30 June 2018, £42,358 on 30 June 2018, £8,248 on 30 June 2018, £6,357 on 30 June 2018, £30,841 on 30 June 2018, £16,190 on 30 June 2018, £14,614 on 30 June 2018, £25,262 on 30 June 2018, £21,315 on 30 June 2018, £18,904 on 30 June 2018, £4,681 on 30 June 2018, £12,500 on 30 June 2018, £18,724 on 31 May 2018, £10,262 on 31 May 2018, £26,356 on 31 May 2018, £10,683 on 31 May 2018, £11,300 on 30 April 2018, £3,100 on 31 March 2018 and £3,900 on 31 January 2018.

b. Staff numbers

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

	2018 No.	*2017 No.*
Teachers	76	*80*
Administration and support	62	*66*
Management	10	*14*
	148	*160*

9. STAFF COSTS (continued)

c. Higher paid staff

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

	2018 No.	*2017* *No.*
In the band £60,001 - £70,000	3	*3*
In the band £90,001 - £100,000	1	*1*
In the band £100,001 - £110,000	0	*1*

d. 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 £874,000 (2017 - £1,094,000).

One member of key management was seconded to another organisation in the period and generated income for the academy of £67,000 (2017 - £66,000).

10. TRUSTEES' REMUNERATION AND EXPENSES

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

		2018 £000	*2017* *£000*
Mr F O'Neill, Headteacher (resigned 31 March 2017)	Remuneration	-	*105-110*
	Pension contributions paid	-	*10-15*
Ms D Phippen	Remuneration	30-35	-
	Pension contributions paid	5-10	-

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 trust 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.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 August 2018

12. TANGIBLE FIXED ASSETS

	Building improvements £000	Assets under construction £000	Computer equipment £000	Fixtures and fittings £000	Total £000
Cost					
At 1 September 2017	297	102	128	202	729
Additions	52	-	-	-	52
Transfer	102	(102)	-	-	-
At 31 August 2018	451	-	128	202	781
Depreciation					
At 1 September 2017	6	-	128	143	277
Charge for the year	8	-	-	29	37
At 31 August 2018	14	-	128	172	314
Net book value					
At 31 August 2018	437	-	-	30	467
At 31 August 2017	*291*	*102*	-	*59*	*452*

13. STOCKS

	2018 £000	*2017 £000*
Catering stock	1	*2*
Educational supplies	1	*1*
	2	*3*

14. DEBTORS

	2018 £000	*2017 £000*
Trade debtors	23	*20*
VAT recoverable	43	*68*
Prepayments and accrued income	169	*164*
	235	*252*

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 August 2018

15. CREDITORS: Amounts falling due within one year

	2018 £000	*2017 £000*
Trade creditors	92	*196*
Other taxation and social security	115	*116*
Other creditors	171	*188*
Accruals and deferred income	144	*93*
	522	*593*

	2018 £000	*2017 £000*
Deferred income		
Deferred income at 1 September 2017	53	*55*
Resources deferred during the year	49	*53*
Amounts released from previous years	(53)	*(55)*
Deferred income at 31 August 2018	49	*53*

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

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 August 2018

16. STATEMENT OF FUNDS

	Balance at 1 September 2017 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2018 £000
Unrestricted funds						
General Fund	275	447	(722)	-	-	-
Restricted funds						
General Annual Grant (GAG)	121	6,460	(6,654)	(3)	-	(76)
Pupil Premium	-	236	(236)	-	-	-
Other DfE/ESFA grants	-	72	(72)	-	-	-
Other grants	-	33	(33)	-	-	-
Other Government grants	-	42	(42)	-	-	-
Pension reserve	(2,562)	-	(171)	-	779	(1,954)
	(2,441)	6,843	(7,208)	(3)	779	(2,030)
Restricted fixed asset funds						
DfE / ESFA capital grants	520	28	(10)	-	-	538
Transferred on conversion	34	-	(24)	-	-	10
Capital expenditure from GAG	2	-	(3)	3	-	2
	556	28	(37)	3	-	550
Total restricted funds	(1,885)	6,871	(7,245)	-	779	(1,480)
Total of funds	(1,610)	7,318	(7,967)	-	779	(1,480)

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 2018.

Pupil Premium is additional funding to be spent as the school sees fit to support deproved students.

Other DfE/ESFA grants include rates relief and year 7 catch up to be spent on educational needs.

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

Other grants include funding for teacher mentoring.

The pension reserve is the liability due to the deficit on the Local Government Pension Scheme. Further detaisl are shown in note 21.

The restricted fixed asset funds represent monies received to purchase fixed assets. Depreciation is charged against each fund over the useful economic life of the associated assets.

16. STATEMENT OF FUNDS (continued)

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

The academy trust's general restricted and unrestricted funds total (£76,000) (2017 : £396,091) at 31 August 2018.

A transfer of £3,000 has been made to capital expenditure from GAG funding to reflect those items included within fixed assets which have been purchased using restricted monies.

The academy is carrying a net deficit of £76,000 on restricted general funds (excluding pension reserve) plus unrestricted funds for the following reason.

The revenue reserves of the academy trust are in deficit by £76,000 as at 31 August 2018. This is a result of a significant staff restructure which resulted in redundancy and severance payments of £459,000. As a result of this restructure the academy trust is now forecasting a surplus for the coming year. Cashflow forecasts prepared by the academy trust do not demonstrate any periods where the academy trust could not be able to pay its debts as they fall due.

The academy is taking the following action to return these funds to surplus:

There is no staff restructuring planned for the current year and therefore the academy trust is forecasting a surplus in the coming year.

16. STATEMENT OF FUNDS (continued)

STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 1 September 2016 £000	*Income £000*	*Expenditure £000*	*Transfers in/out £000*	*Gains/ (Losses) £000*	*Balance at 31 August 2017 £000*
General funds						
General Fund	*260*	*507*	*(492)*	-	-	*275*
Restricted funds						
General Annual Grant (GAG)	*2*	*6,652*	*(6,533)*	-	-	*121*
Other DfE / ESFA grants	-	*250*	*(250)*	-	-	-
Other Government grants	-	*14*	*(14)*	-	-	-
Other grants	-	*20*	*(20)*	-	-	-
Pension reserve	*(4,155)*	-	*(244)*	-	*1,837*	*(2,562)*
	(4,153)	*6,936*	*(7,061)*	-	*1,837*	*(2,441)*
Restricted fixed asset funds						
DfE / ESFA capital grants	*346*	*180*	*(6)*	-	-	*520*
Transferred on conversion	*58*	-	*(24)*	-	-	*34*
Capital expenditure from GAG	*5*	-	*(3)*	-	-	*2*
	409	*180*	*(33)*	-	-	*556*
Total restricted funds	*(3,744)*	*7,116*	*(7,094)*	-	*1,837*	*(1,885)*
Total of funds	*(3,484)*	*7,623*	*(7,586)*	-	*1,837*	*(1,610)*

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 August 2018

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

	Balance at 1 September 2016 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2018 £000
Unrestricted funds						
General Fund	260	954	(1,214)	-	-	-
Restricted funds						
General Annual Grant (GAG)	2	13,112	(13,187)	(3)	-	(76)
Other DfE / ESFA grants	-	486	(486)	-	-	-
Other Government grants	-	86	(86)	-	-	-
Other grants	-	53	(53)	-	-	-
	-	42	(42)	-	-	-
Pension reserve	(4,155)	-	(415)	-	2,616	(1,954)
	(4,153)	13,779	(14,269)	(3)	2,616	(2,030)
Restricted fixed asset funds						
DfE / ESFA capital grants	346	208	(16)	-	-	538
Transferred on conversion	58	-	(48)	-	-	10
Capital expenditure from GAG	5	-	(6)	3	-	2
	409	208	(70)	3	-	550
	(3,744)	13,987	(14,339)	-	2,616	(1,480)
Total of funds	(3,484)	14,941	(15,553)	-	2,616	(1,480)

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 August 2018

17. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Restricted fixed asset funds 2018 £000	Total funds 2018 £000
Tangible fixed assets	-	-	467	467
Current assets	-	446	83	529
Creditors due within one year	-	(522)	-	(522)
Provisions for liabilities and charges	-	(1,954)	-	(1,954)
	-	(2,030)	550	(1,480)

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds 2017 £000	*Restricted funds 2017 £000*	*Restricted fixed asset funds 2017 £000*	*Total funds 2017 £000*
Tangible fixed assets	-	-	*452*	*452*
Current assets	*275*	*709*	*109*	*1,093*
Creditors due within one year	-	*(588)*	*(5)*	*(593)*
Provisions for liabilities and charges	-	*(2,562)*	-	*(2,562)*
	275	*(2,441)*	*556*	*(1,610)*

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

	2018 £000	*2017 £000*
Net (expenditure)/income for the year (as per Statement of Financial Activities)	(649)	*37*
Adjustment for:		
Depreciation charges	37	*33*
Dividends, interest and rents from investments	-	*(1)*
Decrease/(increase) in stocks	1	*(1)*
Decrease in debtors	17	*6*
(Decrease)/increase in creditors	(71)	*3*
Capital grants from DfE and other capital income	(28)	*(180)*
Defined benefit pension scheme cost less contributions payable	111	*164*
Defined benefit pension scheme finance cost	60	*80*
Net cash (used in)/provided by operating activities	(522)	*141*

19. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2018 £000	*2017 £000*
Cash in hand	292	*838*
Total	292	*838*

20. CAPITAL COMMITMENTS

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

	2018 £000	*2017 £000*
Contracted for but not provided in these financial statements	-	*48*

21. PENSION COMMITMENTS

The academy trust's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by South Tyneside Council. Both are Multi-Employer Defined Benefit Pension Schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

Contributions amounting to £nil were payable to the schemes at 31 August 2018 *(2017 - £100,000)* 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.

21. PENSION COMMITMENTS (continued)

Valuation of the Teachers' Pension Scheme

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

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

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

The employer's pension costs paid to TPS in the period amounted to £531,000 *(2017 - £525,000)*.

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £543,000 *(2017 - £333,000)*, of which employer's contributions totalled £470,000 *(2017 - £256,000)* and employees' contributions totalled £73,000 *(2017 - £77,000)*. 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.

Principal actuarial assumptions:

	2018	*2017*
Discount rate for scheme liabilities	2.80 %	*2.50 %*
Rate of increase in salaries	3.50 %	*3.50 %*
Rate of increase for pensions in payment / inflation	2.00 %	*2.00 %*
Inflation assumption (CPI)	2.00 %	*2.00 %*
Commutation of pensions to lump sums	80.00 %	*80.00 %*

21. PENSION COMMITMENTS (continued)

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

	2018	*2017*
Retiring today		
Males	22.9	*22.8*
Females	26.4	*26.3*
Retiring in 20 years		
Males	25.1	*25.0*
Females	28.7	*28.6*

Sensitivity analysis	At 31 August 2018 £000	*At 31 August 2017 £000*
Discount rate +0.1%	7,937	*7,731*
Discount rate -0.1%	8,328	*8,112*
Mortality assumption - 1 year increase	7,901	*7,686*
Mortality assumption - 1 year decrease	8,360	*8,153*
CPI rate +0.1%	8,245	*8,031*
CPI rate -0.1%	8,017	*7,809*

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

	Fair value at 31 August 2018 £000	*Fair value at 31 August 2017 £000*
Equities	4,169	*3,541*
Government bonds	247	*209*
Corporate bonds	692	*616*
Property	525	*482*
Cash and other liquid assets	136	*209*
Other assets	407	*300*
Total market value of assets	6,176	*5,357*

The actual return on scheme assets was £356,000 *(2017 - £752,000)*.

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

	2018 £000	*2017 £000*
Current service cost	(369)	*(420)*
Past service cost	(43)	-
Interest income	140	*90*
Interest cost	(200)	*(170)*
Total	(472)	*(500)*

21. PENSION COMMITMENTS (continued)

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

	2018 £000	*2017 £000*
Opening defined benefit obligation	7,919	*8,502*
Current service cost	369	*420*
Interest cost	200	*170*
Employee contributions	75	*77*
Actuarial gains	(563)	*(1,175)*
Benefits paid	87	*(75)*
Past service costs	43	-
Closing defined benefit obligation	8,130	*7,919*

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

	2018 £000	*2017 £000*
Opening fair value of scheme assets	5,357	*4,347*
Interest income	140	*90*
Actuarial gains	216	*662*
Employer contributions	301	*256*
Employee contributions	75	*77*
Benefits paid	87	*(75)*
Closing fair value of scheme assets	6,176	*5,357*

22. OPERATING LEASE COMMITMENTS

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

	2018 £000	*2017 £000*
Amounts payable:		
Within 1 year	17	*17*
Between 1 and 5 years	16	*33*
Total	33	*50*

23. RELATED PARTY TRANSACTIONS

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

Expenditure Related Party Transactions

Northern Saints Catholic Education Trust - an organisation in which T B Tapping is a director:

- The academy trust paid £124,000 (2017: £nil) for recharges of costs relating to staffing, leadership and resources. At 31 August 2018, £50,000 is outstanding to the trust (2017: £nil).
- In entering into the transaction, the academy trust has complied with the requirements of the Academies Financial Handbook 2017.

24. AGENCY ARRANGEMENTS

The academy trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2018 the academy trust brought forward £10,000 unspent, received £31,000 (2017 :£40,000) and disbursed £30,000 (2017: £35,000) from the fund. An amount of £11,000 is included in other creditors relating to undistributed funds carried forward.