

THE HOLY FAMILY EDUCATION TRUST
(A Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

THE HOLY FAMILY EDUCATION TRUST
(A Company Limited by Guarantee)

CONTENTS

	Page
Reference and Administrative Details	1 - 2
Trustees' Report	3 - 10
Governance Statement	11 - 13
Statement on Regularity, Propriety and Compliance	14
Statement of Trustees' Responsibilities	15
Independent Auditors' Report on the Financial Statements	16 - 18
Independent Reporting Accountant's Assurance Report on Regularity	19 - 20
Statement of Financial Activities Incorporating Income and Expenditure Account	21
Balance Sheet	22
Statement of Cash Flows	23
Notes to the Financial Statements	24 - 47

THE HOLY FAMILY EDUCATION TRUST
(A Company Limited by Guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2018

Members

Bishop S Cunningham - Diocesan Bishop
D Fox - Director of Education Service of the Diocese
G Proudlock - Chair of Trustees
J Hughes (resigned 31 December 2017)

Trustees

G Proudlock, Chair¹
P Connor¹
J Dolphin
Father M Griffiths¹
S Hammond, Accounting Officer¹
S Harrison¹
D Jeffery¹
J Relton¹

¹ Member of the Finance, Staffing and Resources Committee

Company registered number

08962417

Company name

The Holy Family Education Trust

Principal and registered office

The Holy Family Education Trust
The English Martyrs School and Sixth Form College
Catecote Road
Hartlepool
TS25 4HA

Company secretary

S Tait

Senior leadership team

S Hammond, Head Teacher
J Hughes, Head Teacher until 31 December 2017
P Dickson, Deputy Head Teacher
P McMahon, Deputy Head Teacher
M Chapman, Assistant Head Teacher
P Clark, Assistant Head Teacher
J Devenney, Assistant Head Teacher
C Hogarth, Assistant Head Teacher
L Ward, Assistant Head Teacher
S Tait, Director of Finance and Corporate Services
D Roberts, Acting Assistant Headteacher

**THE HOLY FAMILY EDUCATION TRUST
(A Company Limited by Guarantee)**

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY TRUST, ITS TRUSTEES AND
ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2018**

Advisers (continued)

Independent auditors

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

Bankers

Lloyds Bank Plc
128 - 132 York Road
Hartlepool
TS26 9DD

Solicitors

North Yorkshire County Council
County Hall
Northallerton
North Yorkshire
DL7 8AD

THE HOLY FAMILY EDUCATION TRUST
(A Company Limited by Guarantee)

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 period 1st September 2017 to 31 August 2018. The annual report serves the purposes of both a Trustees' report, and a Directors' report under company law.

The academy trust operates an academy for pupils aged 11 to 19 serving a catchment area of the Diocese of Hexham and Newcastle. It has a pupil capacity of 1634 and had a roll of 1457 in the school census on October 2017.

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 The Holy Family Education Trust are also the Directors of the charitable company for the purposes of company law. The charitable company is known as The Holy Family Education Trust. At present the only academy within the academy trust is the English Martyrs School and Sixth Form College.

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 trust is a member of the Risk Protection Arrangements (RPA) to protect Trustees from claims arising against negligent acts, errors or omissions occurring whilst on academy business. Further details are provided in note 11.

Method of recruitment and appointment or election of Trustees

The Trustees comprise of the signatories to the original memorandum of the academy trust, the Diocesan Bishop, the Director of the Education Services of the Diocese, the Chair of Trustees and any other such person as the members agree unanimously in writing to appoint.

The term of office for any Trustee shall be four years, save that this time limit shall not apply to the Head Teacher or any post held ex officio. Subject to remaining eligible to be a particular type of Trustee, any Trustee may be re-appointed or re-elected. The Trustees are able to appoint additional Trustees under the Articles should their skills and expertise be deemed beneficial to academy trust's operations or if further schools should join the academy trust in the future. A due diligence process will be undertaken to ensure any future board members share the ethos and values of the trust and ensure that their appointment will bring added value to the trust board. In the event that it proves necessary to recruit new Trustees, the recruitment process will follow best practice and the seven principles of the public life, known as the Nolan Principles.

Trustees will determine for schools joining the trust that are 'good' or 'outstanding' that they will be entitled to appoint Trustees to represent their respective schools; one of which maybe the Head Teacher.

THE HOLY FAMILY EDUCATION TRUST
(A Company Limited by Guarantee)

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

Policies and procedures adopted for the induction and training of Trustees

The training and induction provided for new Trustees depends on their existing experience. Where necessary induction and training is provided on charity, ethos, educational, legal and financial matters. All new Trustees are given a tour of the academy and the chance to meet with staff and students. All Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Trustees. As there are normally only one or two Trustees a year, induction tends to be done informally and is tailored specifically to the individual.

Organisational structure

The Trustees, both individually and as a Board, are responsible for the proper conduct and financial operation of the trust. They are responsible for ensuring that the academy trust's funds are used only in accordance with the law, its articles of association, its funding agreement and the Education and Skills Funding Agency (ESFA) guidance. The Board of Trustees has wide discretion over its use of the academy trust's funds, which it must discharge reasonably and in a way that commands broad public support. It is responsible for the proper stewardship of those funds, including regularity and propriety, and for ensuring economy, efficiency and effectiveness in their use – the three key elements of value for money.

The Board of Trustees is subject to the duties and responsibilities of charitable trustees and company directors as well as any other conditions that the Secretary of State agrees with them. These responsibilities are mutually reinforcing and are there to ensure the proper governance and conduct of the academy trust. The key requirements are reflected in the articles of association, the funding agreement, and the ESFA guidance. The Trustees also have statutory duties to fulfil as company Directors.

The Board of Trustees in turn has appointed the Head Teacher, Stephen Hammond, as the Accounting Officer which includes specific responsibilities for financial matters. It includes a personal responsibility to Parliament, and to the Education and Skills Funding Agency's Accounting Officer, for the financial resources under the academy trust's control. Accounting Officers must be able to assure Parliament, and the public, of high standards of probity in the management of public funds, particularly:

Regularity – dealing with all items of income and expenditure in accordance with legislation, the terms of the academy trust's funding agreement and compliance with the trust's internal procedures.

Propriety – the requirement that expenditure and receipts should be dealt with in accordance with Parliament's intentions and the principles of parliamentary control. This covers standards of conduct, behaviour and corporate governance; and

Whilst the academy trust's Accounting Officer is accountable for the trust's financial affairs, for keeping proper financial records, and for the management of opportunities and risks, the delivery of the academy trust's detailed accounting processes has been delegated to the chief financial officer, the Director of Finance.

The Board of Trustees has reserved to themselves all matters not explicitly delegated to other authorities within the academy trust. The principle ones retained being regarding the ability to borrow, grant security against assets, and the appointment, dismissal and level of remuneration of the Head Teacher. This is reflected in the scheme of delegation and terms of reference so that there are clear lines of accountability to the academy trust.

The Board of Trustees has delegated to the Finance, Staffing and Resources Committee the responsibility for reviewing the annual accounts, governance statement and value for money statements for the academy trust. The oversight and approval of the financial policies and procedures that have been implemented in the academy trust, making recommendations to the Board of Trustees as regards the annual budget, ongoing financial activity of the academy trust and the oversight of the medium term financial plan.

THE HOLY FAMILY EDUCATION TRUST
(A Company Limited by Guarantee)

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

Organisation structure (continued)

The Head Teacher supported by the Senior Leadership Team is responsible for the day to day operation of the academy. Regular progress reports are made to the Local Governing Body (LGB) which has oversight of operational activities. This is achieved by means of four committees dealing mainly with finance, safeguarding and the curriculum.

Arrangements for setting pay and remuneration of key management personnel

The Holy Family Education Trust must assign its school to a Head Teacher group for the purposes of determining a pay range for its senior leadership team. The pay ranges for the Head Teacher, deputy Head Teacher(s) and Assistant Head Teacher(s) will be determined in accordance with the criteria specified in the STPCD and ensuring fair pay relativities.

The Holy Family Education Trust will establish pay ranges for the Senior Leadership Team:

Leadership	England and Wales
Executive Head Teacher / Head Teacher	7 Point Range
Deputy Head Teacher	5 Point Range
Assistant Head Teacher	5 Point Range

The Holy Family Education Trust will normally appoint new leadership teachers at the bottom point of the relevant pay range.

Trade union facility time

Relevant union officials

Number of employees who were relevant union officials during the year	3
Full-time equivalent employee number	3

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	-
1%-50%	3
51%-99%	-
100%	-

Percentage of pay bill spent on facility time	£000	
Total cost of facility time	6	
Total pay bill	6,493	
Percentage of total pay bill spent on facility time	0.09	%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	6.34	%
---	------	---

THE HOLY FAMILY EDUCATION TRUST
(A Company Limited by Guarantee)

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

Related parties and co-operation with other organisations

The academy trust is not part of any wider organisation and as such is an independent legal entity. The ethos of the trust, its background and inherent values do by necessity mean that it works closely with both Hartlepool Borough Council and the Diocese of Hexham and Newcastle.

The academy trust is also part of the Hexham and Newcastle Catholic Partnership. The partnership offers support, training and resources for the development of our Catholic/Christian ethos.

A number of Trustees are also Governors to other schools in which the academy trust makes sales to by way of recharges for support provided.

Further details are stated in note 21 to the Financial Statements.

OBJECTIVES AND ACTIVITIES

Objects and aims

Currently only one academy (The English Martyrs School and Sixth Form College) operates within The Holy Family Education Trust.

The trust works in close partnership with the Hexham and Newcastle Catholic Diocese Education Service and with local Schools and Academies.

The trust currently provides education for students of different abilities between the ages of 11 and 18. The trust roots its activities in the teachings of the Roman Catholic faith. The main objectives of the trust are:

- to provide an outstanding education, rooted in the values of the Gospel of Jesus Christ, for our young people so that they will achieve their full potential;
- to ensure that each young person enjoys the same high quality education in terms of resourcing, tuition and care;
- to ensure that trust funding is utilised effectively to secure outstanding provision and to provide value for money;
- to ensure that its academies comply with all statutory and canonical requirements; and
- to foster and maintain close and productive working links with our educational, faith and community partners.

Public benefit

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

THE HOLY FAMILY EDUCATION TRUST
(A Company Limited by Guarantee)

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

STRATEGIC REPORT

Achievements and performance

The Holy Family Education Trust has continued to operate one school (The English Martyrs School and Sixth Form College).

Key performance indicators

The English Martyrs School and Sixth Form College was rated as Requires Improvement at its Ofsted inspection in May 2017.

Academic results in 2018 showed an improvement in attainment at both GCSE and A Level.

Our GCSE Progress 8 score of -0.15 is now in line with national average with our upper confidence level being above zero. All attainment measures were well above national and local averages at GCSE level. The Attainment 8 score of 47.9 was significantly above national averages.

The overall pass rate at A Level was 99% across all 28 subjects offering examinations with 25 securing a pass rate of 100%. The number of students gaining an A*-C grade was 72%. The APS per A Level entry equated to an average C+ grade. 96% of students who applied to university were accepted with almost a third of them progressing to Russell Group institutions.

Going concern

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the 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.

In addition the academy trust operates a Leisure Centre facility and provide staff services to a number of our feeder schools. Although we receive SEN funding via the ESFA, top up funding is provided by the Local Authority for children where it has been assessed that their need is such that it warrants one to one support for a teaching assistant.

During the year ended 31 August 2018, total expenditure of £8,790,000 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 (before LGPS adjustments, and excluding restricted fixed asset funds) was £21,000.

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

THE HOLY FAMILY EDUCATION TRUST
(A Company Limited by Guarantee)

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

Financial review (continued)

At 31 August 2018 the net book value of fixed assets was £7,400,000 and movements in tangible fixed assets are shown in note 12 to the Financial Statements. The assets were used exclusively for providing education and the associated support services to the students of the academy.

The provisions of Financial Reporting Standard (FRS) 102 have been applied in full in respect of the LGPS pensions scheme, resulting in a deficit of £1,454,000 recognised on the balance sheet.

The academy held fund balances at 31 August 2018 of £6,660,000 comprising £7,445,000 of restricted fixed asset funds, £(1,454,000) of pension reserve and £669,000 of unrestricted funds.

Reserves policy

The academy trust holds restricted and unrestricted funds (the attached financial statements details these funds).

Unrestricted funds are held:

- To provide funds which can be designated to specific areas such as out of school activities.
- To cover ongoing costs in relation to the running of the academy including educational visits, school uniform and catering costs.

The level of reserves is reviewed by the Trustees regularly throughout the year. The minimum level of reserves for the ongoing needs of the academy trust is reviewed by the Trustees on an annual basis. This review encompasses the nature of the income and expenditure streams, the need to match income with commitments and the nature of reserves.

The academy trust believes that the general restricted funding received in any one year should be used to support the children on roll at the time unless there is a specific project which will require the accumulation of funding over more than one year.

The main financial risk to the trust is that of managing its short-term cash flow effectively. To mitigate the risk it has been agreed that an appropriate minimum general reserves balance would equate to 4 weeks worth of expenditure, both in terms of salaries and purchases. In broad terms this would equate to approximately £600,000.

The academy trust's current level of free reserves are in surplus by £669,000 and therefore are considered to be above the level of reserves required for the ongoing needs of the academy trust. The Trustees continue to consider additional activities related to the academy trust's objectives to which the excess reserves may be applied including additional capital expenditure.

Investments policy

The trust invests surplus funds through money market accounts. Interest rates are reviewed prior to each investment. This policy maximises investment return whilst minimising risks to the principal sum.

The academy trust's current investment policy is to maximise income through a low risk strategy. All funds can be accessed within 32 days so that they can be appropriately utilised.

THE HOLY FAMILY EDUCATION TRUST
(A Company Limited by Guarantee)

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

Principal risks and uncertainties

The principal risks and uncertainties are centred on changes in the level of funding from the DfE/ESFA. In addition the 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.

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

The academy trust has fully implemented the requirements of the Safer Recruitment procedures and all relevant staff have received training in this area in addition to training in safeguarding.

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

Academy trust staff are members of one of two pension schemes, both of which are defined benefit schemes, the Teachers' Pension Scheme and the Local Government Pension Scheme. Further details of both schemes are provided in the Notes to the Accounts. Due to the nature of the Teachers' Pension Scheme it is not possible to identify the academy trust's share of the underlying (notional) assets and has accounted for the contributions to the scheme as if it were a defined contribution scheme. For the Local Government Pension Scheme, it has been possible to identify the trust's share of the pension assets and liabilities of the scheme. The net of these two balances has been identified on the trust's Balance sheet as a liability and associated reserve.

Plans for future periods

A monitoring group has been established and an action plan responding to the areas identified by Ofsted as requiring improvement has been compiled.

Our priorities for the next academic year can be summarised as follows:

FOUNDED ON TRUTH- to learn to live the Gospel in which our faith is rooted

- Enhancing spiritual development of our community (S48)
- Empowering students to make a difference (ODP 2,3) (S48)
- Strengthening community amongst staff (ODP1) (S48)

BUILT ON JUSTICE - whereby we judge with integrity and wisdom and ask with mercy and compassion

- Improving academic outcomes for all students especially the disadvantaged (ODP 2)
- Improving teaching and learning (ODP 1)
- Developing the impact of student voice on teaching and learning (ODP1)
- Enriching student leadership opportunities (ODP3) (S48)

ANIMATED BY LOVE - living in community with each other in fairness and equality as Jesus teaches us

- Strengthening the leadership of staff teams (ODP 2)
- Identifying and sharing best practice across our school community (ODP 1)
- Nurturing partnerships with other schools (ODP 1,2,3)

**THE HOLY FAMILY EDUCATION TRUST
(A Company Limited by Guarantee)**

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

Disclosure of information to auditors

In so far 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 5 December 2018 and signed on its behalf by:

**G Proudlock
Chair**

THE HOLY FAMILY EDUCATION TRUST
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT

Scope of Responsibility

As Trustees, we acknowledge we have overall responsibility for ensuring that The Holy Family 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 Head Teacher, 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 The Holy Family 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 3 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
G Proudlock, Chair	3	3
P Connor	3	3
J Dolphin	3	3
Father M Griffiths	2	3
S Hammond	3	3
S Harrison	3	3
D Jeffery	0	3
J Relton	3	3

The Finance, Staffing and Resources committee is a sub-committee of the main Board of Trustees. The committee is responsible for reviewing the annual accounts, governance statement and value for money statements for the trust. The oversight and approval of the financial policies and procedures that have been implemented in the trust, making recommendations to the Board as regards the annual budget, ongoing financial activity of the trust and the oversight of the medium term financial plan.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
G Proudlock, Chair	5	6
P Connor	6	6
Father M Griffiths	1	6
S Hammond	6	6
S Harrison	6	6
D Jeffery	5	6
J Relton	6	6

THE HOLY FAMILY EDUCATION TRUST
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (continued)

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

- Taking steps to ensure examination results are in the 'outstanding' category;
- Ensuring purchasing decisions are taken by the finance department;
- Comparing prices through Internet suppliers;
- Using collaboration on staff training to ensure standards are driven up for least cost;
- Discussing with other academies to source best value pricing;
- Tender and bid processed for major purchases; and
- School spend benchmarked by the finance department using the DfE tool on the financial benchmarking website.

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 trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Holy Family 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 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 ongoing process for identifying, evaluating and managing the academy trust's significant risks, that has been in place for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of 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.

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 Clive Owen LLP, the external auditors, to perform additional checks.

THE HOLY FAMILY EDUCATION TRUST
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (continued)

The Risk and Control Framework (continued)

The reviewer' role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. On a periodic basis, the external auditor reports to the Board of Trustees on the operation of the systems of control and the discharge of the Board of Trustees' financial responsibilities. In particular the checks carried out in the current period included:

- Regularity
- Payroll and HR
- Purchases
- Income
- Expenses
- Accounting system
- Financial Regulations Manual
- Governors declarations of interest
- Personnel Data Security
- Staff Absence Procedures

The internal assurance reports state there were no material control issues identified. Advice has been given regarding;

- Terms of 16-19 Bursary Funding to be reviewed, and an appropriate spending plan formulated to reduce unspent amounts.
- Appropriate right to work evidence to be retained on personnel files.
- Advisable for more staff to undertake 'safer recruiting training' so there can always be at least one member of staff trained on recruitment panels.
- Purchase cards to be stored in safe rather than locked drawers.
- All petty cash transactions to be signed and authorised prior to payment.
- Following the introduction of GDPR, IT systems to be encrypted.

All advice has been considered and taken on board.

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

Review of Effectiveness

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

- the work of the external auditors;
- the work of the executive managers within the 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 external auditors and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees on 5 December 2018 and signed on their behalf, by:

G Proudlock
Chair

S Hammond
Accounting Officer

THE HOLY FAMILY EDUCATION TRUST
(A Company Limited by Guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of The Holy Family 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.

S Hammond
Accounting Officer

5 December 2018

THE HOLY FAMILY EDUCATION TRUST
(A Company Limited by Guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2018

The Trustees (who are also the Directors of the charitable company 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 5 December 2018 and signed on its behalf by:

G Proudlock
Chair

THE HOLY FAMILY EDUCATION TRUST
(A Company Limited by Guarantee)

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

Opinion

We have audited the financial statements of The Holy Family 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 & 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 & 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.

THE HOLY FAMILY EDUCATION TRUST
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
HOLY FAMILY 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 have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the 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 trust or to cease operations, or have no realistic alternative but to do so.

THE HOLY FAMILY EDUCATION TRUST
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
HOLY FAMILY 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.

Kevin Shotton BA FCA (Senior Statutory Auditor)

for and on behalf of

Clive Owen LLP

Chartered Accountants and Statutory Auditors

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

THE HOLY FAMILY EDUCATION TRUST
(A Company Limited by Guarantee)

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO THE HOLY FAMILY 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 The Holy Family 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 The Holy Family 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 The Holy Family 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 The Holy Family Education Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of The Holy Family Education Trust's accounting officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of The Holy Family Education Trust's funding agreement with the Secretary of State for Education dated 29 April 2014, 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.

THE HOLY FAMILY EDUCATION TRUST
(A Company Limited by Guarantee)

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO THE HOLY
FAMILY EDUCATION TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY (continued)**

Approach (continued)

The work undertaken to draw our conclusion includes:

- Review of governing body and committee minutes;
- Review of termly internal assurance reports;
- Completion of self assessment questionnaire by Accounting Officer;
- Discussions with the Accounting Officer and finance team;
- Review documentation provided to Governors and Accounting Officer setting out responsibilities;
- Obtained formal letter of representation detailing the responsibilities of Governors;
- Review of payroll, purchases and expenses claims on a sample basis;
- Confirmation that the lines of delegation and limits set have been adhered to;
- Evaluation of internal control procedures and reporting lines;
- Review cash payments for unusual transactions;
- Review of credit card transactions;
- Review of registers of interests;
- Review related party transactions;
- Review of borrowing agreements;
- Review of land and building transactions;
- Review of potential and actual bad debts; and
- Review an instance of gifts/hospitality to ensure in line with policy.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Clive Owen LLP

Reporting Accountants

140 Coniscliffe Road
Darlington
County Durham
DL3 7RT

5 December 2018

THE HOLY FAMILY 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	5	-	48	53	15
Charitable activities	3	-	7,757	-	7,757	7,950
Other trading activities	4	291	145	-	436	554
Investments	5	5	-	-	5	4
Total income		<u>301</u>	<u>7,902</u>	<u>48</u>	<u>8,251</u>	<u>8,523</u>
Expenditure on:						
Charitable activities		<u>322</u>	<u>8,098</u>	<u>370</u>	<u>8,790</u>	<u>9,109</u>
Total expenditure	7	<u>322</u>	<u>8,098</u>	<u>370</u>	<u>8,790</u>	<u>9,109</u>
Net income / (expenditure)		(21)	(196)	(322)	(539)	(586)
Actuarial gains on defined benefit pension schemes	17	-	465	-	465	1,420
Net movement in funds		<u>(21)</u>	<u>269</u>	<u>(322)</u>	<u>(74)</u>	<u>834</u>
Reconciliation of funds:						
Total funds brought forward		<u>690</u>	<u>(1,723)</u>	<u>7,767</u>	<u>6,734</u>	<u>5,900</u>
Total funds carried forward		<u><u>669</u></u>	<u><u>(1,454)</u></u>	<u><u>7,445</u></u>	<u><u>6,660</u></u>	<u><u>6,734</u></u>

THE HOLY FAMILY EDUCATION TRUST
(A Company Limited by Guarantee)
REGISTERED NUMBER: 08962417

BALANCE SHEET
AS AT 31 AUGUST 2018

	Note	£000	2018 £000	2017 £000
Fixed assets				
Tangible assets	12		7,400	7,735
Current assets				
Debtors	13	220		137
Cash at bank and in hand		787		888
		1,007		1,025
Creditors: amounts falling due within one year	14	(293)		(303)
Net current assets			714	722
Total assets less current liabilities			8,114	8,457
Defined benefit pension scheme liability	17		(1,454)	(1,723)
Net assets including pension scheme liabilities			6,660	6,734
Funds of the academy				
Restricted income funds:				
Restricted fixed asset fund		7,445		7,767
Pension reserve		(1,454)		(1,723)
Total restricted income funds			5,991	6,044
Unrestricted income funds	15		669	690
Total funds			6,660	6,734

The financial statements on pages 21 to 47 were approved by the Trustees, and authorised for issue, on 5 December 2018 and are signed on their behalf, by:

G Proudlock
Chair

THE HOLY FAMILY 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	19	(101)	177
Cash flows from investing activities:			
Interest receivable		5	4
Purchase of tangible fixed assets		(35)	(8)
Capital grants from DfE Group		30	31
Net cash provided by investing activities		<u>-</u>	<u>27</u>
Cash flows from financing activities:			
Capital element of hire purchase and finance leases		-	(4)
Net cash used in financing activities		<u>-</u>	<u>(4)</u>
Change in cash and cash equivalents in the year		(101)	200
Cash and cash equivalents brought forward		888	688
Cash and cash equivalents carried forward	20	<u><u>787</u></u>	<u><u>888</u></u>

THE HOLY FAMILY EDUCATION TRUST
(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES

The Holy Family Education Trust (formerly The English Martyrs Educational Trust) is a charitable company. The address of its principal place of business is given on page 1 and the nature of its operations are set out in the trustees' report.

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.

The Holy Family Education Trust (Formerly The English Martyrs Educational 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, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the academy trust 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 financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements

THE HOLY FAMILY EDUCATION TRUST
(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.3 Income

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

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

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

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

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

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

1.4 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.

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

All expenditure is inclusive of irrecoverable VAT.

THE HOLY FAMILY EDUCATION TRUST
(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.5 Tangible fixed assets and depreciation

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

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

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

Leasehold buildings	-	Straight line over 50 years
Furniture and fixtures	-	Straight line over 5 years
Motor vehicles	-	Straight line over 5 years
Computer equipment	-	Straight line over 3-5 years

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

1.6 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the academy trust; this is normally upon notification of the interest paid or payable by the Bank.

1.7 Operating leases

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

1.8 Liabilities and provisions

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. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that effects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

THE HOLY FAMILY EDUCATION TRUST
(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.9 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the academy trust. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Statement of Financial Activities incorporating Income and Expenditure Account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

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 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. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded 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.

THE HOLY FAMILY EDUCATION TRUST
(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES (continued)

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 ESFA. Payments received from 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 trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid and any balances held are disclosed in note 22.

1.14 Financial instruments

The academy trust only holds basic financial instruments as defined in FRS102. 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 13. 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 costs as detailed in note 14. 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.

THE HOLY FAMILY EDUCATION TRUST
(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.15 Critical accounting estimates and areas of judgment

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 17, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgment:

Depreciation – Depreciation is calculated so as to write off the cost of an asset, less its residual value, over the economic life of that asset. An estimate of the useful life of assets is detailed in the depreciation accounting policy. The value of depreciation charge during the year was £370,000.

Land – Land is held under a 125 year lease from Hartlepool Borough Council. These assets are included on the balance sheet of the academy trust due to the significant risks and rewards of ownership belonging to the academy, the lease term being the major part of the economic life of the assets and the assets being of such a specialised nature that only the academy trust could use them without major modification.

The academy trust buildings are owned by the Diocese of Hexham and Newcastle. The Academy Trust occupies the buildings under a mere licence. The licence delegates aspects of the management of the buildings to the Academy Trust for the time being, but does not vest any rights over the buildings to the academy trust. The Diocese of Hexham and Newcastle has given an undertaking to the Secretary of State that they will not give academy trust less than two years notice to terminate the occupation of the buildings. Having considered the factual matrix under which the academy trust is occupying the buildings the Directors have concluded that the value of the buildings occupied by the academy trust at the date of conversion to an academy trust will be recognised on the balance sheet of the academy trust.

The academy trust has in place a lease arrangement, whereby substance of the arrangement is partially financing of tangible fixed assets and partially servicing. In accounting for this arrangement, judgements have been made in identifying the substance of the arrangement, in calculating the split of these elements and to estimate the applicable financing charge.

THE HOLY FAMILY EDUCATION TRUST
(A Company Limited by Guarantee)

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
Donations	5	-	5	2
Capital Grants	-	48	48	13
	<u>5</u>	<u>48</u>	<u>53</u>	<u>15</u>
Total 2017	<u>2</u>	<u>13</u>	<u>15</u>	

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)	-	7,253	7,253	7,507
Pupil Premium	-	366	366	303
Other DfE/ESFA Grants	-	51	51	51
	<u>-</u>	<u>7,670</u>	<u>7,670</u>	<u>7,861</u>
Other government grants				
Other government grants	-	87	87	89
	<u>-</u>	<u>87</u>	<u>87</u>	<u>89</u>
	<u>-</u>	<u>7,757</u>	<u>7,757</u>	<u>7,950</u>
Total 2017	<u>-</u>	<u>7,950</u>	<u>7,950</u>	

THE HOLY FAMILY EDUCATION TRUST
(A Company Limited by Guarantee)

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
Hire of facilities	63	-	63	71
Income from recharge of services	-	145	145	242
Sale of goods and services	19	-	19	19
Other income	55	-	55	24
School Trips	132	-	132	168
Uniform	4	-	4	4
Catering	18	-	18	26
	<u>291</u>	<u>145</u>	<u>436</u>	<u>554</u>
Total 2017	<u>312</u>	<u>242</u>	<u>554</u>	

5. INVESTMENT INCOME

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Total funds 2018 £000	Total funds 2017 £000
Short term deposits	5	-	5	4
Total 2017	<u>4</u>	<u>-</u>	<u>4</u>	

THE HOLY FAMILY EDUCATION TRUST
(A Company Limited by Guarantee)

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

6. CHARITABLE ACTIVITIES

	2018	2017
	£000	£000
DIRECT COSTS - EDUCATIONAL OPERATIONS		
Wages and salaries	4,703	4,868
National insurance	480	469
Pension cost	880	942
Educational supplies	314	254
Examination fees	141	141
Staff development	17	17
Travel and subsistence	144	185
Technology costs	10	-
Other direct costs	47	11
	6,736	6,887
SUPPORT COSTS - EDUCATIONAL OPERATIONS		
Wages and salaries	611	597
National insurance	44	69
Pension cost	82	77
Depreciation	370	359
Net interest cost on pension scheme	41	56
Technology costs	40	138
Recruitment and support	9	11
Maintenance of premises and equipment	60	48
Cleaning	186	187
Rates	74	70
Energy	149	157
Insurance	38	36
Security	11	14
Transport	17	13
Catering	83	70
Occupancy costs	5	27
Other support costs	163	219
Governance costs	71	74
	2,054	2,222
Sub total	2,054	2,222
	8,790	9,109
Total	8,790	9,109

THE HOLY FAMILY EDUCATION TRUST
(A Company Limited by Guarantee)

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

7. EXPENDITURE

	Staff costs 2018 £000	Premises 2018 £000	Other costs 2018 £000	Total 2018 £000	Total 2017 £000
Academy's educational operations:					
Direct costs	6,063	-	673	6,736	6,887
Support costs	737	489	828	2,054	2,222
	<u>6,800</u>	<u>489</u>	<u>1,501</u>	<u>8,790</u>	<u>9,109</u>
Total 2017	<u>7,022</u>	<u>704</u>	<u>1,383</u>	<u>9,109</u>	

In 2018, of the total expenditure £322,000 (2017 - £220,000) was to unrestricted funds, £8,098,000 (2017 - £8,530,000) was to restricted funds and £370,000 (2017 - £359,000) was to restricted fixed asset funds.

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

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

There were no ex-gratia payments.

8. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2018 £000	2017 £000
Depreciation of tangible fixed assets:		
- owned by the charity	370	359
Auditors' remuneration - audit	9	9
Auditors' remuneration - other services	3	7
Operating lease rentals	93	103
	<u> </u>	<u> </u>

THE HOLY FAMILY EDUCATION TRUST
(A Company Limited by Guarantee)

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

9. STAFF COSTS

a. Staff costs

Staff costs were as follows:

	2018 £000	2017 £000
Wages and salaries	5,207	5,266
Social security costs	524	543
Operating costs of defined benefit pension schemes	962	1,019
	6,693	6,828
Agency staff costs	71	186
Staff restructuring costs	36	8
	6,800	7,022

Staff restructuring costs comprise:

Redundancy payments	33	-
Severance payments	3	8
	36	8

Included within the operating costs of defined benefit pension scheme is £155,000 (2017: £199,000) in respect of movement in the LGPS pension deficit.

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

Included in staff restructuring costs are eight non-statutory/non-contractual severance payments totalling £3,000 (2017: £8,000). Individually, the payments were: £3,000 made on 30 September 2017.

c. Staff numbers

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

	2018 No.	2017 No.
Teachers	89	81
Administration and support	143	142
Management	9	9
	241	232

THE HOLY FAMILY EDUCATION TRUST
(A Company Limited by Guarantee)

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

9. STAFF COSTS (continued)

d. Higher paid staff

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

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

e. Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior leadership 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 £769,000 (2017: £722,000) for the period.

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 Head Teacher 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	2017
		£000	£000
S Hammond, Head Teacher and Accounting Officer	Remuneration	100-105	95-100
	Pension contributions paid	15-20	15-20
J Hughes, Head Teacher until 31 December 2017	Remuneration	30-35	100-105
	Pension contributions paid	5-10	15-20

Remuneration relating to J Hughes is reimbursed to the trust as a result of a secondment. During the year ended 31 August 2018, no Trustees received any reimbursement of travel and subsistence expenses (2017 - £Nil).

11. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy trust business. The insurance 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.

THE HOLY FAMILY EDUCATION TRUST
(A Company Limited by Guarantee)

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

12. TANGIBLE FIXED ASSETS

	Leasehold buildings £000	Motor vehicles £000	Furniture and fixtures £000	Computer equipment £000	Total £000
Cost					
At 1 September 2017	7,836	28	98	824	8,786
Additions	-	-	9	26	35
At 31 August 2018	<u>7,836</u>	<u>28</u>	<u>107</u>	<u>850</u>	<u>8,821</u>
Depreciation					
At 1 September 2017	491	14	36	510	1,051
Charge for the year	152	5	19	194	370
At 31 August 2018	<u>643</u>	<u>19</u>	<u>55</u>	<u>704</u>	<u>1,421</u>
Net book value					
At 31 August 2018	<u>7,193</u>	<u>9</u>	<u>52</u>	<u>146</u>	<u>7,400</u>
At 31 August 2017	<u>7,345</u>	<u>14</u>	<u>62</u>	<u>314</u>	<u>7,735</u>

13. DEBTORS

	2018 £000	2017 £000
Trade debtors	21	11
VAT repayable	19	53
Prepayments and accrued income	180	73
	<u>220</u>	<u>137</u>

14. CREDITORS: Amounts falling due within one year

	2018 £000	2017 £000
Trade creditors	139	140
Other creditors	20	23
Accruals and deferred income	134	140
	<u>293</u>	<u>303</u>

THE HOLY FAMILY EDUCATION TRUST
(A Company Limited by Guarantee)

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

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

	2018 £000	2017 £000
Deferred income		
Deferred income at 1 September 2017	68	33
Resources deferred during the year	99	68
Amounts released from previous years	(68)	(33)
	99	68
Deferred income at 31 August 2018	99	68

At the balance sheet date, the academy trust was holding funds received in advance for rates relief, school human resource services recharges and school trips booked for the following year.

15. STATEMENT OF FUNDS

	Balance at 1 September 2017 £000	Income £000	Expenditure £000	Gains/ (Losses) £000	Balance at 31 August 2018 £000
Unrestricted funds					
General funds	690	301	(322)	-	669
	690	301	(322)	-	669
Restricted funds					
General Annual Grant (GAG)	-	7,253	(7,253)	-	-
Pupil Premium	-	366	(366)	-	-
Other DfE / ESFA grants	-	51	(51)	-	-
Other Government grants	-	87	(87)	-	-
Income from recharge of services	-	145	(145)	-	-
Pension reserve	(1,723)	-	(196)	465	(1,454)
	(1,723)	7,902	(8,098)	465	(1,454)
Restricted fixed asset funds					
DfE / ESFA capital grants	471	48	(34)	-	485
Inherited funds	7,269	-	(329)	-	6,940
Capital expenditure from GAG	27	-	(7)	-	20
	7,767	48	(370)	-	7,445
Total restricted funds	6,044	7,950	(8,468)	465	5,991
Total of funds	6,734	8,251	(8,790)	465	6,660

THE HOLY FAMILY EDUCATION TRUST
(A Company Limited by Guarantee)

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

15. STATEMENT OF FUNDS (continued)

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

General Annual Grant (GAG) must be used for the normal running costs of the academy trust. The funding agreement does not include a limit on the GAG available to carry forward.

Other DfE / ESFA includes Pupil Premium, year 7 catch up grant and rates relief.

Pupil Premium relates to additional funding to be spent as the school sees fit to support deprived students.

Other Government grants includes SEN. SEN funding was provided to cover the costs of supporting students with additional learning requirements.

Other restricted funds includes the recharge of the academy trust's services, including the administration of an Initial Teacher Training course, music tuition and other staff services.

The pension reserve is the liability due to the deficit on the Local Government Pension Scheme. Further details are shown in note 17.

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

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.

Transfer between funds represents fixed asset additions funded by General Annual Grant (GAG).

THE HOLY FAMILY EDUCATION TRUST
(A Company Limited by Guarantee)

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

15. 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 funds	592	318	(220)	-	-	690
Restricted funds						
General Annual Grant (GAG)	58	7,507	(7,565)	-	-	-
Pupil Premium	-	303	(303)	-	-	-
Other DfE / ESFA grants	-	51	(51)	-	-	-
Other Government grants	-	89	(89)	-	-	-
Income from recharge of services	-	242	(242)	-	-	-
Pension reserve	(2,863)	-	(280)	-	1,420	(1,723)
	<u>(2,805)</u>	<u>8,192</u>	<u>(8,530)</u>	<u>-</u>	<u>1,420</u>	<u>(1,723)</u>
Restricted fixed asset funds						
DfE / ESFA capital grants	413	13	(20)	65	-	471
Inherited funds	7,666	-	(332)	(65)	-	7,269
Capital expenditure from GAG	34	-	(7)	-	-	27
	<u>8,113</u>	<u>13</u>	<u>(359)</u>	<u>-</u>	<u>-</u>	<u>7,767</u>
Total restricted funds	<u>5,308</u>	<u>8,205</u>	<u>(8,889)</u>	<u>-</u>	<u>1,420</u>	<u>6,044</u>
Total of funds	<u><u>5,900</u></u>	<u><u>8,523</u></u>	<u><u>(9,109)</u></u>	<u><u>-</u></u>	<u><u>1,420</u></u>	<u><u>6,734</u></u>

THE HOLY FAMILY EDUCATION TRUST
(A Company Limited by Guarantee)

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 funds	592	619	(542)	-	-	669
Restricted funds						
General Annual Grant (GAG)	58	14,760	(14,818)	-	-	-
Pupil Premium	-	669	(669)	-	-	-
Other DfE / ESFA grants	-	102	(102)	-	-	-
Other Government grants	-	176	(176)	-	-	-
Income from recharge of services	-	387	(387)	-	-	-
Pension reserve	(2,863)	-	(476)	-	1,885	(1,454)
	<u>(2,805)</u>	<u>16,094</u>	<u>(16,628)</u>	<u>-</u>	<u>1,885</u>	<u>(1,454)</u>
Restricted fixed asset funds						
DfE / ESFA capital grants	413	61	(54)	65	-	485
Inherited funds	7,666	-	(661)	(65)	-	6,940
Capital expenditure from GAG	34	-	(14)	-	-	20
	<u>8,113</u>	<u>61</u>	<u>(729)</u>	<u>-</u>	<u>-</u>	<u>7,445</u>
	<u>5,308</u>	<u>16,155</u>	<u>(17,357)</u>	<u>-</u>	<u>1,885</u>	<u>5,991</u>
Total of funds	<u><u>5,900</u></u>	<u><u>16,774</u></u>	<u><u>(17,899)</u></u>	<u><u>-</u></u>	<u><u>1,885</u></u>	<u><u>6,660</u></u>

THE HOLY FAMILY EDUCATION TRUST
(A Company Limited by Guarantee)

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

16. 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	-	-	7,400	7,400
Current assets	749	213	45	1,007
Creditors due within one year	(80)	(213)	-	(293)
Provisions for liabilities and charges	-	(1,454)	-	(1,454)
	<u>669</u>	<u>(1,454)</u>	<u>7,445</u>	<u>6,660</u>

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	-	-	7,735	7,735
Current assets	993	-	32	1,025
Creditors due within one year	(303)	-	-	(303)
Provisions for liabilities and charges	-	(1,723)	-	(1,723)
	<u>690</u>	<u>(1,723)</u>	<u>7,767</u>	<u>6,734</u>

THE HOLY FAMILY EDUCATION TRUST
(A Company Limited by Guarantee)

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

17. 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 Middlesbrough Borough Council. Both are Multi-Employer Defined Benefit Pension Schemes.

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

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

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

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

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

The employer's pension costs paid to TPS in the period amounted to £629,000 (2017 - £627,000).

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 an unfunded multi-employer pension scheme. The trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The

THE HOLY FAMILY EDUCATION TRUST
(A Company Limited by Guarantee)

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

17. PENSION COMMITMENTS (continued)

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 £222,000 (2017 - £260,000), of which employer's contributions totalled £161,000 (2017 - £193,000) and employees' contributions totalled £61,000 (2017 - £67,000). The agreed contribution rates for future years are 14.6% for employers and 5.5-12.5% for employees.

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

Principal actuarial assumptions:

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

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

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

	At 31 August 2018	At 31 August 2017
Sensitivity analysis	£000	£000
Discount rate +0.1%	5,452	5,282
Discount rate -0.1%	5,707	5,529
Mortality assumption - 1 year increase	5,418	5,242
Mortality assumption - 1 year decrease	5,739	5,567
CPI rate +0.1%	5,658	5,451
CPI rate -0.1%	5,499	5,358

THE HOLY FAMILY EDUCATION TRUST
(A Company Limited by Guarantee)

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

17. PENSION COMMITMENTS (continued)

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	3,011	2,912
Corporate bonds	-	4
Property	317	236
Cash and other liquid assets	742	471
Other	54	58
	<u>4,124</u>	<u>3,681</u>
Total market value of assets	<u><u>4,124</u></u>	<u><u>3,681</u></u>

The actual return on scheme assets was £207,000 (2017 - £541,000).

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

	2018 £000	2017 £000
Current service cost	(333)	(392)
Past service cost	-	(25)
Interest income	95	61
Interest cost	(136)	(117)
	<u>(374)</u>	<u>(473)</u>
Total	<u><u>(374)</u></u>	<u><u>(473)</u></u>

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

	2018 £000	2017 £000
Opening defined benefit obligation	5,404	5,853
Current service cost	333	392
Interest cost	136	117
Employee contributions	67	67
Actuarial gains	(353)	(940)
Benefits paid	(9)	(110)
Past service costs	-	25
	<u>5,578</u>	<u>5,404</u>
Closing defined benefit obligation	<u><u>5,578</u></u>	<u><u>5,404</u></u>

THE HOLY FAMILY EDUCATION TRUST
(A Company Limited by Guarantee)

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

17. PENSION COMMITMENTS (continued)

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

	2018 £000	2017 £000
Opening fair value of scheme assets	3,681	2,990
Interest income	95	61
Actuarial losses	112	480
Employer contributions	178	193
Employee contributions	67	67
Benefits paid	(9)	(110)
	<hr/>	<hr/>
Closing fair value of scheme assets	4,124	3,681
	<hr/> <hr/>	<hr/> <hr/>

18. 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	56	90
Between 1 and 5 years	22	82
	<hr/>	<hr/>
Total	78	172
	<hr/> <hr/>	<hr/> <hr/>

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

	2018 £000	2017 £000
Net expenditure for the year (as per Statement of Financial Activities)	(539)	(586)
Adjustment for:		
Depreciation charges	370	359
Interest receivable	(5)	(4)
(Increase)/decrease in debtors	(83)	188
Decrease in creditors	(10)	(29)
Capital grants from DfE and other capital income	(30)	(31)
Defined benefit pension scheme cost less contributions payable	155	224
Defined benefit pension scheme finance cost	41	56
	<hr/>	<hr/>
Net cash (used in)/provided by operating activities	(101)	177
	<hr/> <hr/>	<hr/> <hr/>

THE HOLY FAMILY EDUCATION TRUST
(A Company Limited by Guarantee)

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

20. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2018 £000	2017 £000
Cash in hand	787	888
Total	<u>787</u>	<u>888</u>

THE HOLY FAMILY EDUCATION TRUST
(A Company Limited by Guarantee)

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

21. 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

Hexham and Newcastle Catholic Partnership - a Charity in which S Hammond is a Trustee

- The academy trust paid annual contributions of £25,000 (2017: £17,000) to Hexham and Newcastle Catholic Partnership during the year.
- The academy trust made the purchase on an arms' length basis.
- In entering into the transaction the academy trust has complied with the requirements of the Academies Financial Handbook 2017.
- The elements above £2,500 have been provided 'at no more than cost'.

The Diocese of Hexham and Newcastle - a company in which Bishop S Cunningham (a member of the academy trust) is a director.

- The academy trust paid annual contributions of £13,000 (2017: £nil) to The Diocese of Hexham and Newcastle during the year.
- The academy trust made the purchase on an arms' length basis.
- In entering into the transaction the academy trust has complied with the requirements of the Academies Financial Handbook 2017.
- The elements above £2,500 have been provided 'at no more than cost'.

Income Related Party Transactions

St John Vianney School - a school in which G Proudlock is a Governor

- During the year St John Vianney School paid recharges of £3,000 (2017: £nil) for staff recharges and other support from the academy trust.

St Bega's Primary School - a school in which J Dolphin is a Governor

- During the year St Bega's Primary School paid recharges of £7,000 (2017: £nil) for staff recharges and other support from the academy trust.

Sacred Heart Primary School - a school in which M J Griffiths is a Governor

- During the year Sacred Heart Primary School paid recharges of £7,000 (2017: £nil) for staff recharges and other support from the academy trust.

St Josephs Primary School - a school in which M J Griffiths is a Governor

- During the year St Josephs Primary School paid recharges of £7,000 (2017: £nil) for staff recharges and other support from the academy trust.

The Diocese of Hexham and Newcastle - a company in which Bishop S Cunningham (a member of the academy trust) is a director.

- During the year The Diocese of Hexham and Newcastle paid recharges of £45,000 (2017: £134,000) for staff recharges and other support from the academy trust.

22. 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 trust received £26,000 (2017: £27,000) and spent £27,000 (2017: £11,000) from the fund. An amount of £20,000 (2017: £21,000) is included in other creditors relating to undistributed funds that is repayable to ESFA.

**THE HOLY FAMILY EDUCATION TRUST
(A Company Limited by Guarantee)**

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