

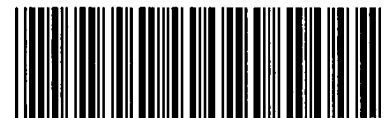
**BISHOP HOGARTH CATHOLIC EDUCATION TRUST (FORMERLY CARMEL
EDUCATION TRUST)**

(A Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2020

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BISHOP HOGARTH CATHOLIC EDUCATION TRUST (FORMERLY CARMEL EDUCATION TRUST)
(A Company Limited by Guarantee)

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BISHOP HOGARTH CATHOLIC EDUCATION TRUST (FORMERLY CARMEL EDUCATION TRUST)
(A Company Limited by Guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS

Members

The Right Reverend R Byrne
D Fox, Director of Education
J Ledger, Deputy Chief Operating Officer
Rev. Cannon P Leighton, Vicar General (appointed 31 March 2020)
Rev. S Lerche, Episcopal Vicar, Education (appointed 31 March 2020)

Directors

J Wilson, Chair (appointed 19 November 2019)
E E Bradshaw (appointed 18 December 2019)
Fr J Butters
Y R Coates¹
P M Frank²
C L Hughes (resigned 1 February 2020)¹
M Matthews²
A D Mitchell (appointed 31 October 2019)
C A Powell¹
M Regan OBE, DL, Chief Executive Officer and Accounting Officer (resigned 1 April 2020)^{1,2}
I M Sebastine¹
C R Wiper²

¹ members of the Resources Committee

² members of the Audit Committee

Company registered number

07808732

Company name

Bishop Hogarth Catholic Education Trust (formerly Carmel Education Trust)

Principal and registered office

The Headlands
Darlington
County Durham
DL3 8RW

Company secretary

Prima Secretary Limited

BISHOP HOGARTH CATHOLIC EDUCATION TRUST (FORMERLY CARMEL EDUCATION TRUST)
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REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Senior management team

M Regan OBE, DL, Chief Executive Officer
M P Shorten, Deputy CEO and Principal, Carmel College
J Moorhouse, Chief Operating Officer
D Leane, Finance Manager
J Kenshole, Governance Manager

Independent auditors

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

Bankers

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

Solicitors

Womble Bond Dickinson (UK) LLP
St Ann's Wharf
112 Quayside
Newcastle upon Tyne
NE1 3DX

BISHOP HOGARTH CATHOLIC EDUCATION TRUST (FORMERLY CARMEL EDUCATION TRUST)
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DIRECTORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2020

The Directors present their annual report together with the financial statements and auditors' report of the Charitable Company for the year 1 September 2019 to 31 August 2020. The annual report serves the purposes of both a Trustees' report and a Directors' report under company law.

The Academy Trust operates five secondary and thirteen primary Catholic academies in the Diocese of Hexham and Newcastle, covering Darlington, Durham, Hartlepool and Stockton-on-Tees. Its academies have a combined pupil capacity of 8,869 and had a roll of 9,188 in the school census on 1 October 2020.

The following schools joined the Academy Trust during the year:

- St Teresa's Catholic Primary School (Darlington) – joined 1 September 2019
- St William's Catholic Primary School (Trimdon) – joined 1 September 2019
- St John the Evangelist Catholic Primary School (Billingham) – joined 1 December 2019
- St Joseph's Catholic Primary School (Billingham) – joined 1 December 2019
- St Paul's Catholic Primary School (Billingham) – joined 1 December 2019
- English Martyrs Catholic School & Sixth Form College (Hartlepool) – joined 1 April 2020
- St John's Catholic School & Sixth Form College (Bishop Auckland) – joined 1 April 2020
- St Joseph's Catholic Primary School (Newton Aycliffe) – joined 1 April 2020

Structure, governance and management

Constitution

The Academy Trust is a Charitable Company limited by guarantee and an exempt charity.

The Charitable Company's Memorandum of Association is the primary governing document of the Academy Trust.

The Directors of Bishop Hogarth Catholic Education Trust (formerly Carmel Education Trust) are also the Directors of the Charitable Company for the purposes of company law. The Charitable Company operates as Bishop Hogarth Catholic Education Trust (formerly known as Carmel Education Trust).

Details of the Directors who served during the year, and to the date these accounts are approved are included in the Reference and Administrative Details on page 1.

Members' liability

Each member of the Charitable Company undertakes to contribute to the assets of the Charitable Company in the event of it being wound up while they are a member, or within one year after they cease to be a member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before they ceased to be a member.

Directors' indemnities

The Academy Trust has purchased insurance to protect Directors from claims arising against negligent acts, errors or omissions occurring whilst on Academy Trust business.

BISHOP HOGARTH CATHOLIC EDUCATION TRUST (FORMERLY CARMEL EDUCATION TRUST)
(A Company Limited by Guarantee)

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Structure, governance and management (continued)

Method of recruitment and appointment or election of Directors

The Academy Trust has a set of rules and procedures setting out how it is run and how it conducts its business and meetings. These are known as the Articles of Association and set out the Academy Trust's charitable objects. The Articles detail the constitution of the Company and the rules for the appointment and removal of its Members and Governors. Members of the Company form the first governing body and are its first Directors (Trustees). They appoint a governing body to which they delegate their duties (in our case the MAT Directors). The Members of the Bishop Hogarth Catholic Education Trust are as follows:

- a. The Right Reverend Robert Byrne, Bishop of Hexham and Newcastle
- b. Rev. Canon Peter Leighton, Vicar General
- c. Rev. Simon Lerche, Episcopal Vicar, Education
- d. Deborah Fox, Director of Education
- e. Jeff Ledger, Deputy Chief Operating Officer

The term of office for any Director shall be 4 years. Subject to remaining eligible to be a particular type of Director, any Director may be re-appointed or re-elected.

Policies adopted for the induction and training of Directors

The training and induction provided for new Directors and Governors depends on their existing experience. Where necessary induction and training is provided on charity, educational, legal and financial matters. All new Directors meet with the Governance Manager and are provided with copies of the Articles of Association, Scheme of Delegation, schedule of meeting dates, Directors Code of Conduct, committee & organisational structure. All Governors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role. Induction is tailored specifically to the individual. During induction Directors and Governors are provided access to the NGA Learning link which provides online learning resources including induction.

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DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

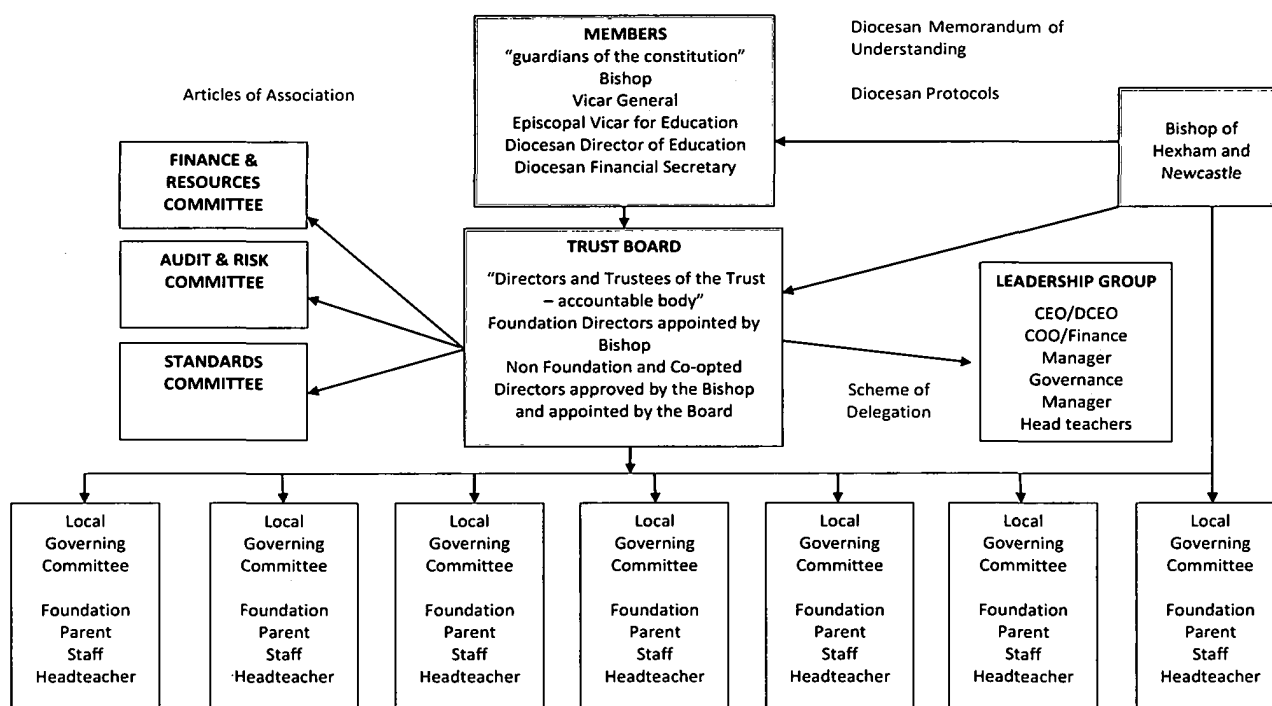
Structure, governance and management (continued)

Organisational structure

The Bishop Hogarth Catholic Education Trust is a Multi-Academy Trust and as such is a single legal entity with one governing body (the Board of Directors) which is accountable for all academies in the trust. The Directors are the governors.

Each Academy within the Academy Trust has its own Local Governing Committee to which the trust governing body (the Board of Directors) delegates functions to (through the Scheme of Delegation). Local Governing Committees are committees of the Academy Trust's governing body and are accountable to the Board of Directors. Members of the Local Governing Committees are not Governors (although they are referred to as such). The Governance Structure below includes seven Local Governing Committees as an example. In total, the eighteen schools currently in the Academy Trust are accountable to seventeen Local Governing Committees, with one school being overseen by an Interim Advisory Board to facilitate rapid improvement.

BISHOP HOGARTH CATHOLIC EDUCATION TRUST – GOVERNANCE STRUCTURE



BISHOP HOGARTH CATHOLIC EDUCATION TRUST (FORMERLY CARMEL EDUCATION TRUST)**(A Company Limited by Guarantee)****DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020****Structure, governance and management (continued)****Arrangements for setting pay and remuneration of key management personnel**

The Pay Policy for all staff, including key management personnel, is governed by the Pay Policy 2019-20 and Performance Appraisal Policy adopted by the Academy Trust. These policies include the Academy Trust's commitment that teachers are employed in accordance with the provisions of the School Teachers Pay and Conditions Document. The Academy Trust has also signed an undertaking with the Diocese of Hexham & Newcastle that it will abide by national pay and conditions. The Pay Review Committee deals with all pay and performance matters relating to staff including the Chief Executive Officer, Principals, Headteachers and other members of key management personnel in accordance with the approved Pay Policy. At least three Directors are members of the committee none of whom are employees of the Academy Trust.

Trade union facility time**Relevant union officials**

Number of employees who were relevant union officials during the year	4
Full-time equivalent employee number	3

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	4
1%-50%	-
51%-99%	-
100%	-

Percentage of pay bill spent on facility time	£000
Total cost of facility time	-
Total pay bill	33,512
Percentage of total pay bill spent on facility time	- %

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	- %
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BISHOP HOGARTH CATHOLIC EDUCATION TRUST (FORMERLY CARMEL EDUCATION TRUST)
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DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Structure, governance and management (continued)

Engagement with suppliers, customers and others in a business relationship with the Academy Trust

The overall vision of the Academy Trust is wider than the provision of education to our pupils. The Academy Trust and our schools recognise that we are part of a community of stakeholders and our vision reflects this ethos:

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

Directors and Governors have a crucial role to play in connecting their school with the wider community of business and other professional people in order to enhance the education and career aspirations of pupils. The Board encourages each secondary school to have a nominated individual who takes a strategic interest in careers education and guidance and encourages employer engagement. Additionally each Governing Committee is requested to have a link governor with responsibility for community engagement. The role includes:

- Reviewing staff / parent and student surveys and report issues to governing committee/relevant working groups.
- Monitoring school responses to issues raised in surveys.
- Attending meetings of the School Council and championing its voice on the Governing Committee.
- Undertaking periodic checks of website to ensure all statutory information is published on website.
- Promoting the work of the school and coordinating items for termly governor newsletter to parents.
- Developing a good understanding of the priorities of the school community including the business community.
- Representing the Governing Committee in any community forums or meetings.

Engagement with employees (including disabled persons)

In order to better engage with employees and their representatives the Academy Trust has established the Joint Consultative Committee to provide a forum for discussion, consultation and negotiation on the following:

- Employment relation matters
- Policy development
- Working arrangements
- Training and development
- Welfare
- Terms and conditions of employment
- Pay
- Pensions
- Health & Safety
- Equality issues
- Developments in the Trust

The JCC comprises the

- Chair of Directors
- Chief Executive Officer
- Deputy Chief Executive Officer
- Chief Operating Officer
- Governance Manager
- HR Advisors
- Representatives of the Trust's recognised trade unions

The committee considers key policies, procedures, strategic development issues and budget considerations prior to roll-out for individual and collective consultation with staff.

BISHOP HOGARTH CATHOLIC EDUCATION TRUST (FORMERLY CARMEL EDUCATION TRUST)
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DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Objectives and activities

Objects and aims

The main objectives of the Academy Trust during the year ended 31 August 2020 are as summarised below:

- a. The Company's objects ("the Objects") are specifically restricted to the advancement of the Catholic religion in the Diocese by such means as the Diocesan Bishop may think fit and proper by, but without prejudice to the generality of the foregoing the establishing, maintaining, carrying on, managing and developing of Catholic schools in the United Kingdom conducted in accordance with the principles, and subject to the regulations and discipline of the Catholic Church.
- b. Subject to the approval of the Diocesan Bishop, during the period that the objects in 4(a) are being fulfilled and form the majority of the activities of the Company, the advancement of education by the establishing, maintaining, carrying on, managing and developing of schools which are not Catholic in the United Kingdom.

Objectives, strategies and activities

The Academy Trust has set out the main objectives it wants to pursue in the Trust Development Plan that was approved by Directors in May 2019. The plan sets out the Academy Trust's vision, values, outcomes and priorities for the period 2019 -21 as follows:

DIMENSION OF SUCCESS - WIDER SKILLS AND EXPERIENCE

Outcome 1: To ensure that our students can develop their character and resilience through an exciting offer of opportunities

Improvement theme: To harness the interests of staff and volunteers to provide a wide interest in life beyond the classroom.

Key Priorities:

To establish a strong culture of virtue / character education across the Academy Trust.

To develop the culture, vision and values of each school through the exploration of key virtues.

To develop through collaborative practice how virtues form part of our unique Catholic curriculum.

DIMENSION OF SUCCESS - ACADEMIC SUCCESS

Outcome 2: To secure the highest standards of achievement for all through the provision of a broad and balanced curriculum

Improvement theme: Progression / transition between Key Stage 2 & Key Stage 3.

Our aim is to develop cohesion and continuity of a broad-based curriculum that focusses on progresses from Key Stage 1 to Key Stage 5.

Key Priorities:

To develop an all-through approach to transition from primary to secondary within Academy Trust schools.

To ensure continuity of progress & standards of expectations from Key Stage 2 to Key Stage 3.

To build progressive transition partnerships.

To develop greater understanding between staff of the Key Stage 2/3 interface and curricular expectations to ensure that progress is maximised for children in our care.

Review progression between Key Stage 2 and Key Stage 4/5 as part of a seamless curriculum for the Academy Trust.

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DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Objectives and activities (continued)

DIMENSION OF SUCCESS – A SAFE & SECURE LEARNING COMMUNITY

Outcome 3: Develop systems of support and a culture that nurtures resilience and promotes Agape

Improvement theme: Mental Health & Emotional Well-being

Key Priorities:

Designate a senior member of staff to be the mental health and well-being lead within each school.

To have a key member of staff trained in mental health first aid in each setting.

A clear commitment from each school to devote personnel and resources to support mental health and wellbeing in school

To review staff well-being using the evidence-based public mental health messages produced by the New Economics Foundation.

Outcome 4 – Our behaviour systems will be positive and reflect values of reconciliation

Improvement theme: Improve attendance of vulnerable pupils.

Key Priorities:

Short-term:

Parents/carers are clear about their responsibility to formally request absence.

Key pupil groups and absence trends are identified through data analysis.

Staff are trained in the correct use of attendance codes and the Academy Trust procedure pathway for attendance.

Adherence to the Academy Trust Policy and Procedures is monitored by the Project Team.

Medium-term:

Successful improvement and maintenance strategies are shared.

Strategies identified through shared practice and research are implemented.

Information is shared regarding pupils with attendance issues prior to phase transition.

The importance of good attendance is highlighted to new parents/carers.

Longer-term:

Parents/carers work with school to support good attendance.

Improved attendance impacts positively on pupil/student achievement.

Particularly on disproportionately affected groups.

DIMENSION OF SUCCESS – HIGH QUALITY STABLE TEACHING

Outcome 5: To have collaborative, purposeful, manageable and meaningful systems for staff effectiveness and well-being

Key Priorities:

To harness the benefits of the skills and experience across the academy trust to give specialised support & training for middle & senior leaders across the academy trust.

To maximise the expertise and opportunities afforded by the Teaching School.

To develop a Trust-wide approach of 'grow your own' through 'deep' involvement in ITT, NQT & RQT training programmes.

To develop a Trust-wide coherent Recruitment & Retention Strategy that incorporates:

- i) Marketing the benefits of working within the Academy Trust.
- ii) Having a strategic overview of reducing workload whilst maintaining and improving standards.
- iii) Embrace flexible working that is innovative and which creates benefits for both staff and students.
- iv) A progressive CPD programme that is purposeful and focused on career pathways.

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DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Objectives and activities (continued)

Outcome 6 - Teaching that is planned, resourced and delivered that engages in purposeful learning at all levels

Improvement theme: Closing the Reading & Vocabulary Gap.

Key Priorities:

To deliver training on "Repairing the text" and explicit teaching of reading skills via academy trust staff and specialists in literacy.

To raise the profile of importance of teaching vocabulary across all key stages in particular Tier 2 words.

To further close the gap in reading attainment and progress between disadvantaged and non-disadvantaged.

To ensure that the teaching of reading is of high quality across all Academy Trust schools.

To ensure that resources for reading are of high quality and relevant.

Public benefit

In setting our objectives and planning our activities the trustees have carefully considered the Charity Commission's general guidance on public benefit.

Strategic report

Achievements and performance

Successful schools across the board

Focused leadership and school improvement support from Bishop Hogarth Catholic Education Trust has continued to result in positive outcomes for students across the Academy Trust as recognised by the Ofsted inspection reports. Ofsted rates two of the five secondary schools that were part of the Academy Trust at 31 August 2020 outstanding, with a further two rated good.

- Carmel College (Darlington) – Outstanding
- English Martyrs Catholic School & Sixth Form (Hartlepool) – Requires improvement*
- Our Lady & St Bede Catholic Academy (Stockton) – Outstanding
- St John's Catholic School & Sixth Form College (Bishop Auckland) - Good*
- St Michael's Catholic Academy (Billingham) – Good

The Academy Trust is also proud of the achievements of the thirteen primary schools, with four rated outstanding by Ofsted at their latest inspection, and eight rated good.

- Holy Family RC Primary School (Darlington) – Good
- Our Lady of the Most Holy Rosary Catholic Academy (Billingham) – Outstanding
- St Augustine's RC Primary School (Darlington) – Outstanding
- St Bede's RC Primary School (Darlington) – Good
- St Bede's Catholic Academy (Stockton) – Good
- St Gregory's Catholic Academy (Stockton) – Good
- St John the Evangelist Catholic Primary School (Billingham) – Good
- St Joseph's Catholic Academy (Norton) – Good
- St Joseph's Catholic Primary School (Billingham) – Good
- St Joseph's Catholic Primary School (Newton Aycliffe) – Requires improvement*
- St Paul's Catholic Primary School (Billingham) – Outstanding
- St Teresa's Catholic Primary School (Darlington) – Good
- St William's Catholic Primary School (Trimdon) – Outstanding

* Joined the Academy Trust on 1 April 2020.

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DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Strategic report (continued)

Achievements and performance (continued)

Key performance indicators

Our key Academy Trust priorities are detailed in the Objectives, Strategies and Activities section of this report. These cover all aspects of school and student life. Our key performance indicators focus on the academic results of our students and are summarised below.

Progress 8 for all students across the five secondary schools continues to be high, with a score of +0.02 in 2019 (being higher than national) and +0.16 in 2020 (not from external examinations). Disadvantaged students across the Academy Trust made better progress than their national counterparts in 2019, although disadvantaged progress remains an area for improvement across the academy trust. The progress 8 score for disadvantaged students was -0.23 in 2019 and -0.22 in 2020 (not from external examinations).

Academy Trust attainment at GCSE exceeds national.

Key Stage 4 Headline Measures	2019		2020 *	
	Trust	National	Trust	National
Attainment 8 Score	50.3	46.7	52.4	50.2
% achieving grade 9-4 (standard pass) in English and Maths	74%	65%	77%	71%
% achieving grade 9-5 (strong pass) in English and Maths	50%	43%	56%	50%
EBacc Average Point Score	4.21	4.07	4.42	4.38

*Not from external examinations.

In Primary, Academy Trust attainment in 2019 Key Stage 2 SATs was above national, with attainment particularly strong at the expected standard. The gap between disadvantaged students within the Academy Trust and other pupils - both nationally and within the Academy Trust - has completely closed in four of the five primary schools who were with the Academy Trust throughout the 2018/19 academic year.

Key Stage 2 Measure	Trust	National
% at the expected standard in reading, writing and Maths	73%	65%
% at a higher standard in reading, writing and Maths	13%	11%

Key Stage 1 to 2 progress averages for the Trust remain above national in all subjects too:

Subject	Key Stage 1 to 2 Progress Score				
	2016	2017	2018	2019	National
Reading	-0.4	+1.3	+0.8	+0.5	+0.03
Writing	+0.7	+1.4	+1.1	+0.5	+0.03
Mathematics	0.0	+0.9	+0.5	+0.7	+0.03

BISHOP HOGARTH CATHOLIC EDUCATION TRUST (FORMERLY CARMEL EDUCATION TRUST)
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DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Strategic report (continued)

Achievements and performance (continued)

In 2019, nine of the thirteen Academy Trust primaries attained above national average at the expected standard, with eight doing so at a higher standard. 2019 progress scores for all thirteen Academy Trust schools were at least in-line with national average, with four school judged 'Above average' in writing.

In 2020, A Level performance for the Academy Trust continues to be above national, with students achieving an average grade per A Level entry of B and an A Level progress score of +0.39. Performance in applied general qualifications is also strong, with Academy Trust students achieving an average grade per entry of 'Dist+', and progress score of +0.37. Disadvantaged students achieve and progress strongly in sixth form too, particularly in applied general qualifications, with a progress score of +0.69.

2020 Cohort *	Trust		National
	All Students	Disadvantaged	All Students
A Level	40.14 (grade B)	35.79 (grade B-)	39.51 (grade B)
Applied General	36.69 (grade Dist+)	42.00 (grade Dist*-)	31.25 (grade Dist-)

* Not from external examinations.

35% of A Level entries in 2020 were graded A*-A, with 64% graded A*-B. The pass rate for the Academy Trust in 2020 was 100%.

Grade threshold	2020	
	Trust	National
A*	13%	14%
A*-A	35%	38%
A*-B	64%	65%
A*-C	87%	88%
A*-D	99%	97%
Pass Rate (A*-E)	100%	99.7%

* Not from external examinations.

Extending support to others

Directors believe that an additional key role of the Academy Trust is to extend support to other schools and students. This support can be through the Carmel Teaching School Alliance or by Academy Trust participation in local, regional, national and international projects.

Carmel Teacher Training Partnership (CTTP) continues to go from strength to strength with 91% of our trainees being awarded QTS. Of our successful trainees, 89% were judged to be 'Good or Outstanding'. CTTP was recognised as 'Outstanding' in its most recent Ofsted inspection.

During the year, Maths Hub worked with over 150 primary and secondary schools from across County Durham and the Tees Valley authority. A key focus has been primary mastery development, with 113 schools

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DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Strategic report (continued)

Achievements and performance (continued)

participating in this programme. Work Groups ranging from Mathematical Thinking for GCSE to EYFS Subject knowledge have ensured all practitioners can access free CPD with many funded opportunities to support their participation.

The School to School Support team worked with eight departments across two secondary schools in the year. In addition, the team supported 25 Early Career Teachers as part of the External Mentoring Programme. The Teaching School continues to deliver TSST training and moved to a blended learning model. This adaptation resulted in full recruitment for the cohort of 60 places. The remote model also allowed us to recruit from well beyond our traditional geographic boundaries. We were allocated additional places by the DfE from across the country. With recruitment ongoing, we understand we are the largest provider of such programmes nationally.

The Carmel Research School (RS) continues to develop and can now allocate Evidence Leader in Education (ELE) status. Carmel RS contributed significantly to the development of the RSN Improving Secondary Science programme redevelopment.

The Academy Trust also extends support to other schools and students through projects including the Science Learning Partnership, Computing Hub, Strategic School Improvement Fund, Leadership Lite and Sport England Teacher Training Project. We are committed to utilise the capacity of our staff to enable full active involvement in evidence-based research to improve outcomes for students. We look forward to working on these and other projects in 2020/21 and beyond.

Going concern

After making appropriate enquiries, the Board of Directors has a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

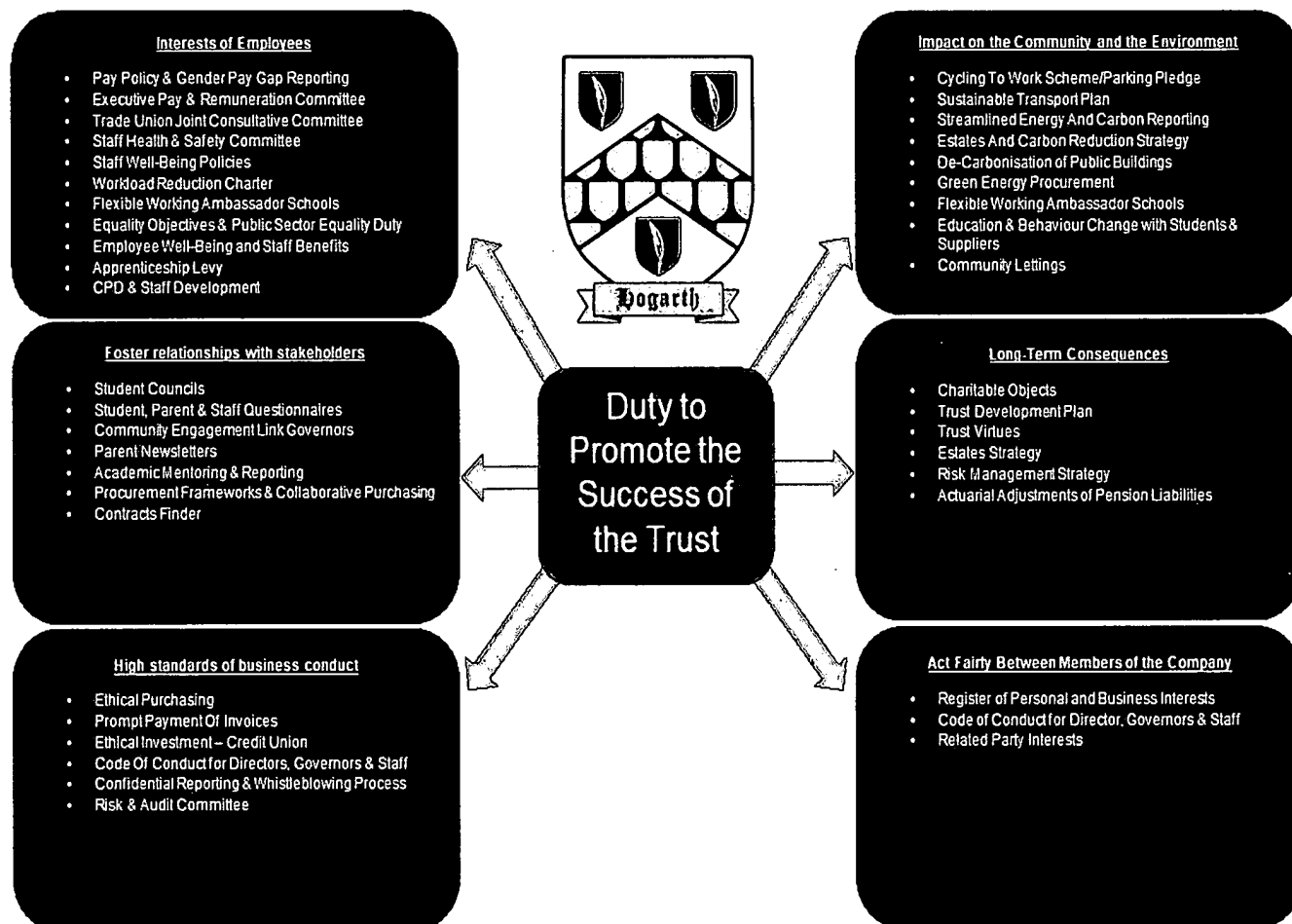
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DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Strategic report (continued)

Achievements and performance (continued)

Promoting the success of the company



BISHOP HOGARTH CATHOLIC EDUCATION TRUST (FORMERLY CARMEL EDUCATION TRUST)
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DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Strategic report (continued)

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 2020 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The Academy Trust also received grants for fixed assets from the DfE/ESFA. In accordance with the Charities SORP (FRS 102), such grants are shown under 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 receives income from DfE/ESFA for its activities as a Teaching School. During the year ended 31 August 2020, the Academy Trust received total income of £723,000 relating to this activity.

During the year ended 31 August 2020, total expenditure of £44,112,000 was exceeded by recurrent grant funding from DfE/ESFA together with other incoming resources. The excess of income over expenditure for the year (before transfers, inherited pension liabilities and actuarial gains, and excluding fixed asset funds) was £3,787,000.

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

The in-year surplus, excluding the pension reserve and restricted fixed asset funds, was £4,881,000.

At 31 August 2020 net book value of fixed assets was £37,230,000 and movements in tangible fixed assets are shown in note 14 to the Financial Statements. The assets were used exclusively for providing education and the associated support services to the students of the Academy Trust.

The provisions of Financial Reporting Standard (FRS) 102 have been applied in full in respect of LGPS pension scheme, resulting in a deficit of £24,743,000 recognised on the Balance Sheet.

The Academy Trust held fund balances as at 31 August 2020 of £23,323,000. This comprises the deficit pension reserve of £24,743,000, restricted fixed asset funds of £37,925,000, restricted income funds of £4,100,000 and unrestricted funds of £6,041,000.

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DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Reserves Policy

The level of reserves is reviewed by Directors regularly throughout the year. The minimum level of reserves for the ongoing needs of the Academy Trust is reviewed by the Directors on an annual basis. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Directors are particularly mindful of the uncertainty in both revenue and capital funding in the future and consider it prudent to hold unrestricted reserves in the general fund in the form of free reserves (total funds less the amount held in fixed assets and restricted funds) of £10,000,000 at this stage of the academy trust's expansion. Within the next two years, the Bishop Hogarth Catholic Education Trust is expected to grow from 18 to 35 schools. Directors have a deep commitment to ensuring that the trust is able to support all of its current pupils and schools, as well of those of its growing family of schools.

Part of these unrestricted funds are held to cover specific revenue risks identified in relation to:

- The Academy Trust growing to 35 schools within the next two years
- An academy within the Trust receiving an unsatisfactory Ofsted judgement
- Implementation of the national funding formula including the soft formulae where the calculation of school budget shares will remain with local authorities
- Future government funding restrictions
- Pay awards (teachers and support staff)
- Increases in employer contribution rates for national insurance and pension (teachers and support staff)
- Management capacity for large-scale procurement exercises and to implement efficiency programme / contract management
- Information governance/ information security
- Business continuity planning
- Sustainability of faith and associated school transport policy

Part of these unrestricted funds are held to cover specific capital risks identified in relation to:

- The Academy Trust growing to 35 schools within the next two years
- Expansion / refurbishment of existing school sites
- Fire alarm system upgrades
- Site safeguarding / car park projects
- Outdoor canopy
- Roofing / heating / lighting / other energy efficiency upgrades
- Window replacements / fascia upgrades
- Toilet upgrades
- Kitchen upgrades
- Sports hall upgrades
- PC / laptop / iPad / compliance with latest operating platforms.

The individual school balances detailed in note 18 form the Academy Trust's reserves of £10,141,000. After deducting the restricted income funds of £4,100,000, the Academy Trust's current level of reserves are £6,041,000 and therefore considered to be lower than the level of free reserves required for the ongoing needs of the expanding Academy Trust.

The Academy Trust keeps the level of reserves required under constant review. This includes working closely with all schools currently in the Trust to help them achieve the level of reserves required through in-year surpluses and new schools as they join the Trust.

BISHOP HOGARTH CATHOLIC EDUCATION TRUST (FORMERLY CARMEL EDUCATION TRUST)
(A Company Limited by Guarantee)

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Investment policy

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

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

Interest rates are reviewed prior to each investment. This policy maximises investment return whilst minimising risks to the principal sum.

Principal risks and uncertainties

The principal risks and uncertainties are centered on changes in the level of funding from DfE/ESFA. In addition, the Academy Trust is a member of the Local Government Pension Scheme (LGPS), which results in the recognition of a significant deficit on the academy trust Balance Sheet.

The Directors 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 Trust, and its finances. The Directors have implemented a number of systems to assess risks that the school faces, especially in the operational areas 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 Safe Recruitment procedures and all staff have received training in this area in addition to training on Child Protection.

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.

Fundraising

The Directors are aware of their duties in respect of fundraising, including the following areas covered in section 13 of the Charities (Protection and Social Investment) Act 2016 in respect of the Academy Trust's:

- approach to fundraising
- work with, and oversight of, any commercial participators / professional fundraisers
- fundraising conforming to recognised standards
- monitoring of fundraising carried out on its behalf
- fundraising complaints
- protection of the public, including vulnerable people, from unreasonably intrusive or persistent fundraising approaches, and undue pressure to donate.

Directors are also mindful of the Charity Commission publication "Charity fundraising: a guide to Director duties (CC20)" which has been updated to reflect new requirements, including the following 6 principles that underpin the Academy Trust's responsibility for fundraising:

1. Planning effectively
2. Supervising your fundraisers
3. Protecting your charity's reputation, money and other assets
4. Identifying and ensuring compliance with the laws or regulations that apply specifically to your charity's fundraising
5. Identifying and following any recognised standards that apply to your charity's fundraising
6. Being open and accountable.

BISHOP HOGARTH CATHOLIC EDUCATION TRUST (FORMERLY CARMEL EDUCATION TRUST)
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DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Streamlined energy and carbon reporting

The Academy Trust's greenhouse gas emissions and energy consumption are as follows:

	2020
Scope 1 emissions (in tonnes of CO2 equivalent):	
Gas consumption	1,154.39
Owned transport	28.46
Total scope 1	<u>1,182.85</u>
Scope 2 emissions (in tonnes of CO2 equivalent):	
Purchased electricity	<u>495.00</u>
Scope 3 emissions (in tonnes of CO2 equivalent):	
Business travel in employee-owned or rental vehicles	<u>13.59</u>
Total gross emissions (in tonnes of CO2 equivalent):	<u>1,691.44</u>
Intensity ratio	
Tonnes CO2e per pupil	0.19

The Academy Trust has followed and used the following quantification and reporting methodologies:

- the 2019 HM Government Environmental Reporting Guidelines;
- the GHG Reporting Protocol - Corporate Standard; and
- the 2020 UK Government's Conversion Factors for Company Reporting.

The chosen intensity ratio is total gross emissions in tonnes of CO2 equivalent per pupil, the recommended ratio for the sector.

We have increased video conferencing technology for meetings with staff to reduce the need for travel between sites.

Plans for future periods

The Academy Trust is committed to being an active partner in improving the life chances for an increasing number of pupils in the communities that it serves. The Academy Trust will implement the Diocesan Academy Plan. Within the next two years, the Bishop Hogarth Catholic Education Trust is expected to grow from 18 to 35 schools. Through the Carmel College Teaching School Alliance, the Academy Trust will also continue to promote school improvement with other partner schools. The Academy Trust carefully manages the resources required for the school improvement work it carries out and carries out regular capacity reviews.

Funds held as custodian on behalf of others

The Academy Trust does not hold any funds held as Custodian Trustee on behalf of others.

BISHOP HOGARTH CATHOLIC EDUCATION TRUST (FORMERLY CARMEL EDUCATION TRUST)
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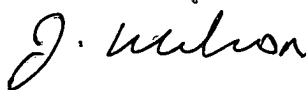
DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Disclosure of information to auditors

Insofar as the Directors are aware:

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

The Directors' Report, incorporating a strategic report, was approved by order of the Board of Directors, as the company directors, on 16 December 2020 and signed on its behalf by:



J Wilson
Chair

BISHOP HOGARTH CATHOLIC EDUCATION TRUST (FORMERLY CARMEL EDUCATION TRUST)
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT

Scope of responsibility

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

As Directors, we have reviewed and taken account of the guidance in DfE's Governance Handbook and competency framework for governance.

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

Governance

The information on governance included here supplements that described in the Directors' Report and in the Statement of Directors' Responsibilities. The Board of Directors has formally met 13 times during the year.

Attendance during the year at meetings of the Board of Directors was as follows:

Director	Meetings attended	Out of a possible
J Wilson (appointed 19 November 2019), Chair	11	11
E E Bradshaw	1	10
Fr J Butters *	2	13
Y R Coates	13	13
P M Frank	13	13
C L Hughes (resigned 1 February 2020)	4	4
M Matthews	12	13
A D Mitchell	4	12
C A Powell	12	13
M Regan OBE, DL, Chief Executive Officer and Accounting Officer (resigned 1 April 2020)	6	6
I M Sebastine	11	13
C R Wiper	8	13

*Unable to access online meetings.

The Academy Trust undertakes a rolling programme of Governance. During the last year the Academy Trust completed a self-review of the reporting arrangements to the Board using an assessment tool produced by the Chartered Governance Institute. The results indicate that the Board papers facilitate good decision-making and stimulate focused and productive board conversations. A key recommendation relates to moving away from the use of paper reports.

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

- i. To assist the decision making of the Board of Directors by enabling more detailed consideration to be given to the best means of fulfilling the Board of Director's responsibility to ensure sound management of the academy trust's finances, staffing and resources, including proper planning, monitoring and probity.
- ii. To make appropriate comments and recommendations on such matters to the Board of Directors on a regular basis. Key decisions will be referred to the Board of Directors for ratification.

BISHOP HOGARTH CATHOLIC EDUCATION TRUST (FORMERLY CARMEL EDUCATION TRUST)
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (CONTINUED)

Governance (continued)

Attendance during the year at meetings was as follows:

Director	Meetings attended	Out of a possible
Y R Coates	2	2
C L Hughes (resigned 1 February 2020)	1	1
C A Powell	2	2
M Regan OBE, DL	2	2
I M Sebastine	2	2

The Audit and Risk Committee is also a sub-committee of the main Board of Directors. Its purpose is to provide assurance to the Board of Directors on the suitability/adequacy of and effectiveness of the academy trust's systems of internal financial control and compliance with its financial systems and operational controls, to advise the Board on its arrangements for risk management and governance processes, and securing economy, efficiency and effectiveness (value for money) and that the systems are rigorous and constantly reviewed. This assurance extends to the financial controls and risks at individual schools.

Attendance during the year at meetings was as follows:

Director	Meetings attended	Out of a possible
P M Frank	0	1
M Matthews	1	1
M Regan OBE, DL	1	1
C Wiper	1	1

Review of value for money

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

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

- Driving forward the trust expansion programme enabling increased purchasing power and economies of scale.
- Increased use of video conferencing technology for staff meetings, reducing the need for travel between sites saving mileage costs.
- Stringent controls on recruitment through use of business cases for potential vacancies and standardised staffing schedules.
- Strict control of capital programmes including packaged building works.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Bishop Hogarth Catholic Education Trust (formerly Carmel Education Trust) for the year 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements.

BISHOP HOGARTH CATHOLIC EDUCATION TRUST (FORMERLY CARMEL EDUCATION TRUST)
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (CONTINUED)

Capacity to handle risk

The Board of Directors 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 Directors 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 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Directors.

The risk and control framework

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

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

The Board of Directors has decided not to appoint an internal auditor. However, the Directors have appointed Clive Owen LLP, the external auditors, to perform additional checks.

Due to the requirements of the newly revised FRC Ethical Standard for Auditors, effective from 15 March 2020 the Board of Directors have appointed Tait Walker LLP as internal auditor with effect from 1 September 2020.

The external auditors' role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. In particular, the checks carried out in the current period included a comprehensive review of the impact of trust expansion on the income streams of the academy trust.

The external auditors report to the Board of Directors through the Audit and Risk Committee on the operation of the systems of control and on the discharge of the Directors' financial responsibilities and annually prepares a summary report to the committee outlining the areas reviewed, key findings, recommendations and conclusions to help the committee consider actions and assess year on year progress.

During the year a large report was produced following a finance visit around issues with corporation tax and VAT. Various grant audits in different areas have also been carried out throughout the year.

BISHOP HOGARTH CATHOLIC EDUCATION TRUST (FORMERLY CARMEL EDUCATION TRUST)
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GOVERNANCE STATEMENT (CONTINUED)

Review of effectiveness

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

- on discharge of the Board of Directors financial decisions to help the committee consider actions and assess year on year progress
- 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 Audit and Risk committee and a plan to address recommendations to ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Directors on 16 December 2020 and signed on their behalf by:



J Wilson
Chair



M Regan OBE, DL
Accounting Officer

BISHOP HOGARTH CATHOLIC EDUCATION TRUST (FORMERLY CARMEL EDUCATION TRUST)
(A Company Limited by Guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer of Bishop Hogarth Catholic Education Trust (formerly Carmel Education Trust) I have considered my responsibility to notify the academy trust Board of Directors 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 2019.

I confirm that I and the academy trust Board of Directors are able to identify any material irregular or improper use of all 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 2019.

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



M Regan OBE, DL
Accounting Officer
Date: 16 December 2020

BISHOP HOGARTH CATHOLIC EDUCATION TRUST (FORMERLY CARMEL EDUCATION TRUST)
(A Company Limited by Guarantee)

STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2020

The Directors (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Directors' Report and the financial statements in accordance with the Academies Accounts Direction published by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

The Directors are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from DfE/ESFA have been applied for the purposes intended.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by order of the members of the Board of Directors on 16 December 2020 and signed on its behalf by:

J Wilson
Chair



BISHOP HOGARTH CATHOLIC EDUCATION TRUST (FORMERLY CARMEL EDUCATION TRUST)
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
BISHOP HOGARTH CATHOLIC EDUCATION TRUST (FORMERLY CARMEL EDUCATION TRUST)**

Opinion

We have audited the financial statements of Bishop Hogarth Catholic Education Trust (formerly Carmel Education Trust) (the 'Academy Trust') for the year ended 31 August 2020 which comprise the Statement of Financial Activities, 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 2019 and the Academies Accounts Direction 2019 to 2020 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy Trust's affairs as at 31 August 2020 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 2019 and the Academies Accounts Direction 2019 to 2020 issued by the Education and Skills Funding Agency.

Basis for opinion

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

Conclusions relating to going concern

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

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the 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.

BISHOP HOGARTH CATHOLIC EDUCATION TRUST (FORMERLY CARMEL EDUCATION TRUST)
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
BISHOP HOGARTH CATHOLIC EDUCATION TRUST (FORMERLY CARMEL EDUCATION TRUST)**
(CONTINUED)

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Other information includes the Reference and Administrative Details, the Directors' Report including the Strategic Report, and the Governance Statement. 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.

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

BISHOP HOGARTH CATHOLIC EDUCATION TRUST (FORMERLY CARMEL EDUCATION TRUST)
(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
BISHOP HOGARTH CATHOLIC EDUCATION TRUST (FORMERLY CARMEL EDUCATION TRUST)
(CONTINUED)

Responsibilities of trustees

As explained more fully in the Directors' Responsibilities Statement, the Directors (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 Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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.



Chris Beaumont BA(Hons) BFP FCA DChA (Senior Statutory Auditor)

for and on behalf of

Clive Owen LLP

Chartered Accountants

Statutory Auditors

140 Coniscliffe Road

Darlington

County Durham

DL3 7RT

16 December 2020

BISHOP HOGARTH CATHOLIC EDUCATION TRUST (FORMERLY CARMEL EDUCATION TRUST)
(A Company Limited by Guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO BISHOP
HOGARTH CATHOLIC EDUCATION TRUST (FORMERLY CARMEL EDUCATION TRUST) AND THE
EDUCATION AND SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 19 September 2019 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2019 to 2020, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Bishop Hogarth Catholic Education Trust (formerly Carmel Education Trust) during the year 1 September 2019 to 31 August 2020 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 Bishop Hogarth Catholic Education Trust (formerly Carmel Education Trust) and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Bishop Hogarth Catholic Education Trust (formerly Carmel Education Trust) and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Bishop Hogarth Catholic Education Trust (formerly Carmel Education Trust) and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Bishop Hogarth Catholic Education Trust (formerly Carmel Education Trust)'s accounting officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of Bishop Hogarth Catholic Education Trust (formerly Carmel Education Trust)'s funding agreement with the Secretary of State for Education dated 28 February 2013 and the Academies Financial Handbook, extant from 1 September 2019, 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 2019 to 2020. 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 2019 to 31 August 2020 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 2019 to 2020 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

- Review of governing body and committee minutes;
- Review of termly Internal Assurance reports;
- Completion of self assessment questionnaire by Accounting Officer;
- Review documentation provided to Directors and Accounting Officer setting out responsibilities;
- Obtain formal letters of representation detailing the responsibilities of Directors;
- Review of payroll, purchases and expenses claims on a sample basis;
- Confirmation that the lines of delegation and limits set have been adhered to;
- Evaluation of internal control procedures and reporting lines;
- Review cash payments for unusual transactions;
- Review of credit card transactions;

BISHOP HOGARTH CATHOLIC EDUCATION TRUST (FORMERLY CARMEL EDUCATION TRUST)
(A Company Limited by Guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO BISHOP
HOGARTH CATHOLIC EDUCATION TRUST (FORMERLY CARMEL EDUCATION TRUST) AND THE
EDUCATION & SKILLS FUNDING AGENCY (CONTINUED)**

Approach (continued)

- 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;
- Review an instance of gifts/hospitality to ensure in line with policy;
- Review whistleblowing procedures;
- Review pay policy and factors determining executive pay;
- Review of staff expenses;
- Review other income to ensure is in line with funding agreement;
- Review governance structure and number of meetings held; and
- Review whether there is a risk register in place.

Conclusion

In the course of our work, nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the year 1 September 2019 to 31 August 2020 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Reporting Accountant
Clive Owen LLP

140 Coniscliffe Road
Darlington
County Durham
DL3 7RT

Date: 16 December 2020

BISHOP HOGARTH CATHOLIC EDUCATION TRUST (FORMERLY CARMEL EDUCATION TRUST)
(A Company Limited by Guarantee)

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2020

	Note	Unrestricted funds 2020 £000	Restricted funds 2020 £000	Restricted fixed asset funds 2020 £000	Total funds 2020 £000	Total funds 2019 £000
Income from:						
Donations and capital grants:	3					
Transfer from Local Authority on conversion		327	(2,478)	134	(2,017)	217
Acquisition of existing academy		1,693	(5,951)	24,702	20,444	566
Other donations and capital grants		326	-	4,336	4,662	2,036
Charitable activities:	4					
Funding for the academy trust's educational operations		1,124	39,340	-	40,464	25,895
Teaching schools	31	-	723	-	723	979
Other trading activities	5	543	-	-	543	625
Investments	6	32	-	-	32	19
Total income		4,045	31,634	29,172	64,851	30,337
Expenditure on:						
Charitable activities:	7,8					
Academy trust educational operations		1,541	39,195	2,653	43,389	26,635
Other charitable activities		-	-	-	-	467
Teaching schools		-	723	-	723	1,045
Total expenditure		1,541	39,918	2,653	44,112	28,147
Net income/ (expenditure)		2,504	(8,284)	26,519	20,739	2,190
Transfers between funds	18	-	(555)	555	-	-
Net movement in funds before other recognised gains/(losses) carried forward		2,504	(8,839)	27,074	20,739	2,190

BISHOP HOGARTH CATHOLIC EDUCATION TRUST (FORMERLY CARMEL EDUCATION TRUST)
(A Company Limited by Guarantee)

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
(CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

		Unrestricted funds 2020 £000	Restricted funds 2020 £000	Restricted fixed asset funds 2020 £000	Total funds 2020 £000	Total funds 2019 £000
	Note					
Net movement in funds before other recognised gains/(losses) brought forward		2,504	(8,839)	27,074	20,739	2,190
Other recognised gains/(losses):						
Actuarial losses on defined benefit pension schemes	25	-	(3,651)	-	(3,651)	(3,101)
Net movement in funds		2,504	(12,490)	27,074	17,088	(911)
Reconciliation of funds:						
Total funds brought forward		3,537	(8,153)	10,851	6,235	7,146
Net movement in funds		2,504	(12,490)	27,074	17,088	(911)
Total funds carried forward		6,041	(20,643)	37,925	23,323	6,235

BISHOP HOGARTH CATHOLIC EDUCATION TRUST (FORMERLY CARMEL EDUCATION TRUST)
(A Company Limited by Guarantee)
REGISTERED NUMBER: 07808732

BALANCE SHEET
AS AT 31 AUGUST 2020

	Note	2020 £000	2019 £000
Fixed assets			
Tangible assets	14	37,230	10,368
		<u>37,230</u>	<u>10,368</u>
Current assets			
Debtors	15	1,865	755
Cash at bank and in hand		10,779	6,588
		<u>12,644</u>	<u>7,343</u>
Creditors: amounts falling due within one year	16	(1,663)	(1,547)
Net current assets		<u>10,981</u>	<u>5,796</u>
Total assets less current liabilities		<u>48,211</u>	<u>16,164</u>
Creditors: amounts falling due after more than one year	17	(145)	(53)
Net assets excluding pension liability		<u>48,066</u>	<u>16,111</u>
Defined benefit pension scheme liability	25	(24,743)	(9,876)
Total net assets		<u><u>23,323</u></u>	<u><u>6,235</u></u>

BISHOP HOGARTH CATHOLIC EDUCATION TRUST (FORMERLY CARMEL EDUCATION TRUST)**(A Company Limited by Guarantee)****REGISTERED NUMBER: 07808732****BALANCE SHEET (CONTINUED)****AS AT 31 AUGUST 2020**

	Note	2020 £000	2019 £000
Funds of the academy trust			
Restricted funds:			
Fixed asset funds	18	37,925	10,851
Restricted income funds	18	4,100	1,723
		<hr/>	<hr/>
Restricted funds excluding pension asset	18	42,025	12,574
Pension reserve	18	(24,743)	(9,876)
		<hr/>	<hr/>
Total restricted funds	18	17,282	2,698
Unrestricted income funds	18	6,041	3,537
		<hr/>	<hr/>
Total funds		23,323	6,235

The financial statements on pages 31 to 76 were approved by the Directors, and authorised for issue on 16 December 2020 and are signed on their behalf, by:



J Wilson, Chair

BISHOP HOGARTH CATHOLIC EDUCATION TRUST (FORMERLY CARMEL EDUCATION TRUST)
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2020

	Note	2020 £000	2019 £000
Cash flows from operating activities			
Net cash provided by operating activities	20	1,663	2,300
Cash flows from investing activities	21	2,528	(103)
Change in cash and cash equivalents in the year		4,191	2,197
Cash and cash equivalents at the beginning of the year		6,588	4,391
Cash and cash equivalents at the end of the year	22, 23	10,779	6,588

The notes on pages 36 to 76 form part of these financial statements

BISHOP HOGARTH CATHOLIC EDUCATION TRUST (FORMERLY CARMEL EDUCATION TRUST)
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies

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

1.1 Basis of preparation of financial statements

The financial statements of the Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historic 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 2019 to 2020 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

1.2 Fund accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the Academy Trust at the discretion of the Directors.

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the 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.

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

1.3 Consolidated accounts

The trust has not prepared consolidated financial statements as the results of the subsidiary, Carmel Community Services Limited, are not considered material to the financial statements.

BISHOP HOGARTH CATHOLIC EDUCATION TRUST (FORMERLY CARMEL EDUCATION TRUST)

(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

1. Accounting policies (continued)

1.4 Income

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

• **Grants**

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance Sheet. Where income is received in advance of meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

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

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

• **Donations**

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

• **Other income**

Other income, including the hire of facilities, is recognised in the year it is receivable and to the extent the Academy Trust has provided the goods or services.

• **Transfer on conversion**

Where assets and liabilities are received by the Academy Trust on conversion to an academy, the transferred assets are measured at fair value and recognised in the Balance Sheet at the point when the risks and rewards of ownership pass to the Academy Trust. An equal amount of income is recognised as a transfer on conversion within 'Income from Donations and Capital Grants' to the net assets received.

• **Transfer of existing academies into the Academy Trust**

Where assets and liabilities are received on the transfer of an existing academy into the Academy Trust, the transferred assets are measured at fair value and recognised in the Balance Sheet at the point when the risks and rewards of ownership pass to the Academy Trust. An equal amount of income is recognised for the transfer of an existing academy into the Academy Trust within 'Income from Donations and Capital Grants' to the net assets acquired.

BISHOP HOGARTH CATHOLIC EDUCATION TRUST (FORMERLY CARMEL EDUCATION TRUST)
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

1.5 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

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

All resources expended are inclusive of irrecoverable VAT.

1.6 Going concern

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

1.7 Tangible fixed assets

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

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

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

BISHOP HOGARTH CATHOLIC EDUCATION TRUST (FORMERLY CARMEL EDUCATION TRUST)
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

1.7 Tangible fixed assets (continued)

Leasehold improvements	- between 10-50 years straight line
Leasehold land	- over 125 years straight line
Furniture and equipment	- over 4, 5 or 7 years straight line
Computer equipment	- over 3 years straight line
Motor vehicles	- over 4 - 5 years straight line

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use and reclassified to leasehold land and buildings.

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

1.8 Operating leases

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

1.9 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 Part 11, chapter 3 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.

1.10 Interest receivable

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

1.11 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.12 Cash at bank and in hand

Cash at bank and in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

BISHOP HOGARTH CATHOLIC EDUCATION TRUST (FORMERLY CARMEL EDUCATION TRUST)
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

1.13 Pensions

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

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

Actuarial gains and losses are recognised immediately in other recognised gains and losses.

1.14 Liabilities and provisions

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

BISHOP HOGARTH CATHOLIC EDUCATION TRUST (FORMERLY CARMEL EDUCATION TRUST)
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

1.15 Financial instruments

The Academy Trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the Academy Trust and their measurement bases 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 15. Prepayments are not financial instruments.

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

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 16 and 17. 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. Amounts due to the Academy Trust's wholly owned subsidiary are held at face value less any impairment.

1.16 Agency arrangements

The Academy Trust acts as an agent in distributing Carmel Teacher Training Partnership bursary funds from the National College for Teaching and Leadership. Payments received from the Department for Education and subsequent disbursements to trainee teachers are excluded from the Statement of Financial Activities as the trust does not have control over the charitable application of the funds. The funds received and paid, and any balances held are disclosed in note 29.

1.17 Conversion to an academy trust

The conversion from a state maintained school to an Academy Trust involved the transfer of identifiable assets and liabilities and the operation of the school for £NIL consideration. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below.

The assets and liabilities transferred on conversion from St Teresa's Catholic Primary School and St William's Catholic Primary School to the Academy Trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate Balance Sheet categories, with a corresponding amount recognised in Income from Donations and Capital Grants in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

The transfer included the land and buildings leased from Darlington Borough Council and Durham County Council, cash balances inherited on conversion and the LGPS pension deficit.

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

BISHOP HOGARTH CATHOLIC EDUCATION TRUST (FORMERLY CARMEL EDUCATION TRUST)
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

2. Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

The Academy Trust 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 25, 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 2019 has been used by the actuary in valuing the pensions liability at 31 August 2020. 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. In the current year the actuary has made assumptions to estimate the liability associated with McCloud Sargeant (McCloud) and GMP Indexation and Equalisation (GMP).

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 £1,018,000.

Critical areas of judgment:

Land – Land is held under a 125 year lease with Darlington Borough Council, Stockton Borough Council, Hartlepool Borough Council and Durham County Council for all schools other than St John the Evangelist which is not leased. 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 buildings are owned by the Diocese of Hexham and Newcastle. The academy trust occupies the buildings under a mere licence. The licence delegates aspects of the management of the buildings to the academy trust for the time being, but does not vest any rights over the buildings to the academy trust. The Diocese of Hexham and Newcastle has given an undertaking to the Secretary of State that they will not give academy trust less than two years notice to terminate the occupation of the buildings. Having considered the factual matrix under which the academy trust is occupying the buildings the Directors have concluded that the value of the buildings occupied by the academy trust at the date of conversion to an academy will not be recognised on the balance sheet of the academy trust. In addition, whilst the occupation constitutes a donation in kind to the academy trust, the Directors consider that the cost of obtaining a valuation for such a donation outweighs the expense and therefore no such donation and related expense are included in the Statement of Financial Activities. Additions since conversion funded by grant bids or from GAG have been capitalised as leasehold improvements and written off over their economic life.

BISHOP HOGARTH CATHOLIC EDUCATION TRUST (FORMERLY CARMEL EDUCATION TRUST)
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

3. Income from donations and capital grants

	Unrestricted funds 2020 £000	Restricted funds 2020 £000	Restricted fixed asset funds 2020 £000	Total funds 2020 £000	Total funds 2019 £000
Donations					
Transfer From Local Authority on conversion	327	(2,478)	134	(2,017)	301
Acquisition of existing academy	1,693	(5,951)	24,702	20,444	936
	<u>2,020</u>	<u>(8,429)</u>	<u>24,836</u>	<u>18,427</u>	<u>1,237</u>
Donations	326	-	3,471	3,797	730
Capital Grants	-	-	865	865	852
Subtotal	<u>326</u>	<u>-</u>	<u>4,336</u>	<u>4,662</u>	<u>1,582</u>
	<u>2,346</u>	<u>(8,429)</u>	<u>29,172</u>	<u>23,089</u>	<u>2,819</u>
Total 2019	<u>108</u>	<u>(301)</u>	<u>3,012</u>	<u>2,819</u>	

BISHOP HOGARTH CATHOLIC EDUCATION TRUST (FORMERLY CARMEL EDUCATION TRUST)
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

4. Funding for the Academy Trust's educational operations

	Unrestricted funds 2020 £000	Restricted funds 2020 £000	Total funds 2020 £000	Total funds 2019 £000
DfE/ESFA grants				
General Annual Grant (GAG)	-	31,110	31,110	20,078
Pupil Premium	-	1,698	1,698	1,076
PE and Sport Premium	-	208	208	104
UFSM	-	304	304	194
Rates	-	170	170	123
Year 7 Catch Up	-	39	39	34
Teachers' pay grant	-	431	431	325
Other DfE Group grants	-	3,382	3,382	1,261
	-	37,342	37,342	23,195
Other government grants				
SEN	-	666	666	414
Early Years Funding	-	850	850	382
Local Authority grants	-	453	453	117
Other Government grants	-	29	29	83
	-	1,998	1,998	996
Other funding				
Income from academies	61	-	61	54
Student Trips	298	-	298	615
Student Catering	765	-	765	1,035
	1,124	39,340	40,464	25,895
Total 2019	1,704	24,191	25,895	

BISHOP HOGARTH CATHOLIC EDUCATION TRUST (FORMERLY CARMEL EDUCATION TRUST)
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

5. Income from other trading activities

	Unrestricted funds 2020 £000	Total funds 2020 £000	Total funds 2019 £000
Income from facilities and services	255	255	-
Non student catering income	8	8	12
Rental and lettings income	2	2	77
Receipts from supply teacher insurance claims	124	124	160
RPA claims	61	61	3
Other	93	93	373
	<u>543</u>	<u>543</u>	<u>625</u>
Total 2019	<u>625</u>	<u>625</u>	

6. Investment income

	Unrestricted funds 2020 £000	Total funds 2020 £000	Total funds 2019 £000
Bank interest	<u>32</u>	<u>32</u>	<u>19</u>
Total 2019	<u>19</u>	<u>19</u>	

BISHOP HOGARTH CATHOLIC EDUCATION TRUST (FORMERLY CARMEL EDUCATION TRUST)
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

7. Expenditure

	Staff Costs 2020 £000	Premises 2020 £000	Other 2020 £000	Total 2020 £000	Total 2019 £000
Academy's educational operations:					
Direct costs	28,151	-	2,541	30,692	17,673
Allocated support costs	5,131	2,665	4,901	12,697	9,429
Teaching school	230	-	493	723	1,045
	<u>33,512</u>	<u>2,665</u>	<u>7,935</u>	<u>44,112</u>	<u>28,147</u>
Total 2019	<u>21,467</u>	<u>1,513</u>	<u>5,167</u>	<u>28,147</u>	

In 2020 of the total expenditure, £1,541,000 (2019: £2,814,000) was to unrestricted funds and £42,571,000 (2019: £25,333,000) was to restricted funds.

Included within expenditure are the following transactions;

	Total £
Unrecoverable debts	235

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

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

There were no ex-gratia payments in the year.

BISHOP HOGARTH CATHOLIC EDUCATION TRUST (FORMERLY CARMEL EDUCATION TRUST)
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

8. Analysis of expenditure by activities

	Direct costs 2020 £000	Support costs 2020 £000	Total funds 2020 £000	Total funds 2019 £000
Academy's educational operations	30,692	12,697	43,389	27,102
	<u>30,692</u>	<u>12,697</u>	<u>43,389</u>	<u>27,102</u>
Total 2019	17,673	9,429	27,102	
	<u>17,673</u>	<u>9,429</u>	<u>27,102</u>	

Analysis of direct costs

	Total funds 2020 £000	Total funds 2019 £000
Staff costs	28,151	15,615
Educational supplies	1,348	1,482
Examination fees	368	277
Staff development	92	112
Technology costs	119	11
Educational consultancy	373	-
Staff expenses	54	5
Supply insurance	186	159
Transport	-	12
Other costs	1	-
	<u>30,692</u>	<u>17,673</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

8. Analysis of expenditure by activities (continued)

Analysis of support costs

	Total funds 2020 £000	Total funds 2019 £000
Net interest cost on pension scheme	274	147
Staff costs	5,131	5,567
Depreciation	1,018	754
Technology costs	410	257
Staff expenses	40	55
Recruitment and support	13	-
Maintenance of premises	359	155
Cleaning	316	54
Other premises costs	411	227
Energy	486	381
Rent and rates	170	125
Insurance	144	103
Operating lease rentals	19	-
Catering	654	761
Legal costs - conversion	21	36
Legal costs - other	165	247
Security	20	15
Other costs	2,955	511
Governance costs	91	34
	12,697	9,429

9. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2020 £000	2019 £000
Operating lease rentals	19	3
Depreciation of tangible fixed assets	1,018	754
Fees paid to auditors for:		
- audit	27	18
- other services	48	10
	795	785

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**NOTES TO THE FINANCIAL STATEMENTS
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10. Staff

a. Staff costs

Staff costs during the year were as follows:

	2020 £000	2019 £000
Wages and salaries	24,271	15,972
Social security costs	2,390	1,557
Operating costs of defined benefit pension schemes	6,609	3,579
	<hr/> 33,270	<hr/> 21,108
Agency staff costs	226	351
Staff restructuring costs	16	8
	<hr/> <hr/> 33,512	<hr/> <hr/> 21,467

Included in operating costs of defined pension schemes is a debit of £1,375,000 (2019: £968,000) relating to the pension deficit actuarial adjustment. Also included is an adjustment of £nil (2019: £29,000) relating to an error in the prior year actuarial valuation.

Staff restructuring costs comprise:

	2020 £000	2019 £000
Severance payments	16	8
	<hr/> 16	<hr/> 8

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

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £8,000 (2019: £8,000). Individually, the payments were: £8,000.

c. Staff numbers

The average number of persons employed by the Academy Trust during the year was as follows:

	2020 No.	2019 No.
Leadership	27	14
Teachers	571	298
Education and Administration Support, including premises, cleaning and catering	643	372
	<hr/> 1,241	<hr/> 684

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NOTES TO THE FINANCIAL STATEMENTS
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10. Staff (continued)

d. Higher paid staff

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

	2020 No.	2019 No.
In the band £60,001 - £70,000	12	11
In the band £70,001 - £80,000	4	1
In the band £80,001 - £90,000	4	4
In the band £90,001 - £100,000	1	-
In the band £110,001 - £120,000	-	2
In the band £120,001 - £130,000	1	-
In the band £170,001 - £180,000	1	-
	<u>12</u>	<u>19</u>

e. Key management personnel

The key management personnel of the Academy Trust comprise the Directors and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Academy Trust was £683,000 for 6 staff (2019 £1,192,000 for 14 staff).

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

11. Directors' remuneration and expenses

One or more Directors has been paid remuneration or has received other benefits from an employment with the Academy Trust. The principal and other staff Directors only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment. The value of Directors' remuneration and other benefits was as follows:

		2020	2019
		£000	£000
M Matthews	Remuneration	35 - 40	40 - 45
	Pension contributions paid	0 - 5	0 - 5
M Regan OBE,DL (resigned 1 April 2020)	Remuneration	90 - 95	100 - 105
	Pension contributions paid	0 - 5	0 - 5

During the year, no Directors received any benefits in kind (2019: £NIL).

During the year ended 31 August 2020, no Director expenses have been incurred (2019 - £3,000).

12. Directors' and Officers' insurance

In accordance with normal commercial practice, the Academy Trust has purchased insurance to protect Directors 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 Directors and officers indemnity element from the overall cost of the RPA scheme.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

13. Central services

The Academy Trust has provided the following central services to its academies during the year:

- Leadership and business management;
- Standards and data;
- Finance and governance.

The Academy Trust charges for these services on the following basis:

- Pupil numbers;
- The phases provided by the academy (including nursery and sixth form);
- The overall budget of the academy

The Academy Trust provides support in relation to all its schools. This includes support from the MAT SLT and other teaching staff, as well as the finance and administrative teams at Carmel College. The Academy Trust also employs a Finance Manager, Governance Manager, Data Manager, HR & Payroll Manager, IT Manager, Catering Manager and Family Support and Attendance Lead who work across the MAT.

The actual amounts charged during the year were as follows:

	2020 £000	2019 £000
Carmel College	300	296
Holy Family	64	63
Our Lady & St Bede	279	267
St Augustine's	65	64
St Bede's	71	73
St Gregory's	77	79
St Michael's	287	271
St Bede's RC Primary	80	78
Our Lady of the Most Holy Rosary	65	12
St Joseph's, Norton	84	14
St Joseph's, Billingham	32	-
St John the Evangelist	30	-
St Paul's	34	-
St Teresa's	82	-
St William's	22	-
The English Martyrs School	68	-
St John's School & Sixth Form	64	-
St Joseph's, Newton Aycliffe	3	-
Total	1,707	1,217

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NOTES TO THE FINANCIAL STATEMENTS
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14. Tangible fixed assets

	Leasehold improve- ments £000	Leasehold land £000	Assets under construction £000	Furniture and equipment £000	Computer equipment £000	Motor vehicles £000	Total £000
Cost or valuation							
At 1 September 2019	7,283	2,357	1,070	1,041	2,155	80	13,986
Additions	701	723	2,746	226	347	27	4,770
Acquisitions	23,561	517	-	418	106	9	24,611
Disposals	(1,426)	(209)	-	-	-	-	(1,635)
On conversion	-	134	-	-	-	-	134
At 31 August 2020	30,119	3,522	3,816	1,685	2,608	116	41,866
Depreciation							
At 1 September 2019	1,055	107	-	580	1,809	67	3,618
Charge for the year	555	21	-	181	254	7	1,018
At 31 August 2020	1,610	128	-	761	2,063	74	4,636
Net book value							
At 31 August 2020	28,509	3,394	3,816	924	545	42	37,230
At 31 August 2019	6,228	2,250	1,070	461	346	13	10,368

15. Debtors

	2020 £000	2019 £000
Due within one year		
Trade debtors	248	83
Other debtors	21	15
Prepayments and accrued income	1,380	563
VAT repayable	216	94
	1,865	755

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

16. Creditors: Amounts falling due within one year

	2020 £000	2019 £000
Trade creditors	263	75
Other taxation and social security	-	376
Other creditors	27	377
Accruals and deferred income	1,373	719
	<u>1,663</u>	<u>1,547</u>
	2020 £000	2019 £000
Deferred income at 1 September 2019	320	475
Resources deferred during the year	621	320
Amounts released from previous periods	(320)	(475)
	<u>621</u>	<u>320</u>

Deferred income includes Universal Infant Free School Meals income and transport income received in advance, and school trips income which straddles the academic year end.

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

	2020 £000	2019 £000
Other creditors	<u>145</u>	<u>53</u>

Included within other creditors is a loan of £160,000 (2019: £69,000) from the ESFA which is provided on the following terms:

Interest free loan repayable over 7 years.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

18. Statement of funds

	Balance at 1 September 2019 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2020 £000
Unrestricted funds						
Unrestricted general funds	3,537	4,045	(1,541)	-	-	6,041
Restricted general funds						
General Annual Grant (GAG)	1,648	31,110	(28,178)	(555)	-	4,025
Pupil Premium	-	1,698	(1,698)	-	-	-
Other DfE/ESFA grants	-	4,534	(4,534)	-	-	-
SEN	-	666	(666)	-	-	-
Other Government grants	-	1,332	(1,332)	-	-	-
Transfer in of existing academies	-	1,138	(1,138)	-	-	-
CET University Bursary	22	-	-	-	-	22
Other grants	53	-	-	-	-	53
Carmel Teacher Training Partnership	-	723	(723)	-	-	-
Pension reserve	(9,876)	(9,567)	(1,649)	-	(3,651)	(24,743)
	<u>(8,153)</u>	<u>31,634</u>	<u>(39,918)</u>	<u>(555)</u>	<u>(3,651)</u>	<u>(20,643)</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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18. Statement of funds (continued)

	Balance at 1 September 2019 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2020 £000
Restricted fixed asset funds						
Devolved Formula Capital	578	668	(152)	-	-	1,094
Academy Capital Maintenance Fund	1,500	511	(95)	-	-	1,916
Capital expenditure from GAG	1,127	569	(303)	537	-	1,930
Legacy assets	2,283	2,840	(1,674)	-	-	3,449
Donations	53	20,413	(177)	-	-	20,289
Condition Improvement Fund	1,155	640	(94)	-	-	1,701
Other Government grants	2,092	2,836	(75)	-	-	4,853
Other DfE/ESFA capital grants	386	-	(14)	-	-	372
SCA funding	1,380	578	(53)	-	-	1,905
Other capital funds	162	45	(11)	-	-	196
Carmel College Development Fund	135	-	(5)	-	-	130
3G maintenance fund	-	72	-	18	-	90
	<u>10,851</u>	<u>29,172</u>	<u>(2,653)</u>	<u>555</u>	<u>-</u>	<u>37,925</u>
Total Restricted funds	<u>2,698</u>	<u>60,806</u>	<u>(42,571)</u>	<u>-</u>	<u>(3,651)</u>	<u>17,282</u>
Total funds	<u><u>6,235</u></u>	<u><u>64,851</u></u>	<u><u>(44,112)</u></u>	<u><u>-</u></u>	<u><u>(3,651)</u></u>	<u><u>23,323</u></u>

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

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NOTES TO THE FINANCIAL STATEMENTS
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18. Statement of funds (continued)

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

Pupil Premium is additional funding to be spent as the Academy Trust sees fit to support deprived students.

Other DfE/ESFA grants also include PE & Sport Grant, Year 7 Catch Up Grant, Teachers' Pay & Teachers' Pension grants, Universal Infant Free School Meals income, and additional funding in relation to teaching school.

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

SEN funding is to provide support to pupils with additional educational needs.

Other Government Grants include Early Years income, which is used for the Early Years education of pupil in the nurseries provided by the Academy Trust, as well as growth fund income and behaviour and attendance grants.

The pension reserves is the liability due to the deficit on the Local Government Pension Scheme. Further details are shown in note 25.

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

Unrestricted funds include the income from school trips, catering, and staff absence insurances and other sundry income streams, with the relevant costs allocated accordingly.

A transfer of £537,000 (2019: £211,000) has been made to capital expenditure from GAG to reflect those items included within fixed assets which have been purchased using GAG monies.

The transfer from GAG to the 3G maintenance fund relates to planned maintenance to the 3G pitch over a period of 10 years.

Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of GAG it could carry forward at 31 August 2020.

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18. Statement of funds (continued)

Total funds analysis by academy

Fund balances at 31 August 2020 were allocated as follows:

	2020 £000	2019 £000
Carmel College	4,424	4,240
Holy Family	149	78
Our Lady & St Bede	872	246
St Augustine's	23	31
St Bede's	52	32
St Gregory's	369	281
St Michael's	99	(127)
St Bede's RC Primary	190	128
Our Lady of the Most Holy Rosary	85	30
St Joseph's, Norton	193	109
St Teresa's	313	-
St William's	66	-
St John the Evangelist	44	-
St Joseph's, Billingham	204	-
St Paul's	56	-
The English Martyrs School	907	-
St John's School & Sixth Form	1,543	-
St Joseph's, Newton Aycliffe	140	-
Bishop Hogarth Catholic Education Trust	412	212
	<hr/>	<hr/>
Total before fixed asset funds and pension reserve	10,141	5,260
Restricted fixed asset fund	37,925	10,851
Pension reserve	(24,743)	(9,876)
	<hr/>	<hr/>
Total	23,323	6,235
	<hr/> <hr/>	<hr/> <hr/>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

18. Statement of funds (continued)

Total cost analysis by academy

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

	Teaching and educational support staff costs £000	Other support staff costs £000	Educational supplies £000	Other costs excluding depreciation £000	Total 2020 £000	Total 2019 £000
Carmel College	5,581	1,008	305	2,402	9,296	9,228
Holy Family	548	155	19	117	839	786
Our Lady & St Bede	3,386	557	224	688	4,855	4,559
St Augustine's	642	120	39	116	917	856
St Bede's	776	147	55	138	1,116	1,084
St Gregory's	753	169	39	162	1,123	1,135
St Michael's	3,945	491	109	675	5,220	4,962
St Bede's RC	907	165	57	136	1,265	1,162
Our Lady of the Most Holy Rosary	621	156	44	112	933	609
St Joseph's, Norton	900	168	46	146	1,260	752
St Teresa's	1,089	173	54	156	1,472	-
St William's	511	105	28	83	727	-
St John the Evangelist	504	64	21	312	901	-
St Joseph's, Billingham	516	99	26	81	722	-
St Paul's	576	76	24	94	770	-
The English Martyrs School	2,481	405	173	1,777	4,836	-
St John's School & Sixth Form	2,291	377	70	420	3,158	-
St Joseph's, Newton Aycliffe	190	36	15	29	270	-
Central services	1,934	660	-	820	3,414	2,260
Academy Trust	28,151	5,131	1,348	8,464	43,094	27,393

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NOTES TO THE FINANCIAL STATEMENTS
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18. Statement of funds (continued)

Comparative information in respect of the preceding year is as follows:

	Balance at 1 September 2018 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2019 £000
Unrestricted funds						
Unrestricted general funds	3,895	2,456	(2,814)	-	-	3,537
Restricted general funds						
General Annual Grant (GAG)	-	20,078	(18,219)	(211)	-	1,648
Pupil Premium	-	1,076	(1,076)	-	-	-
National College for Teaching and Leadership	-	2,240	(2,240)	-	-	-
Other DfE/ESFA grants	-	780	(780)	-	-	-
SEN	-	414	(414)	-	-	-
Other Government grants	-	582	(582)	-	-	-
Transfer on conversion	-	41	(41)	-	-	-
CET University Bursary	22	-	-	-	-	22
Other grants	53	112	(112)	-	-	53
Pension reserve	(5,206)	(454)	(1,115)	-	(3,101)	(9,876)
	<u>(5,131)</u>	<u>24,869</u>	<u>(24,579)</u>	<u>(211)</u>	<u>(3,101)</u>	<u>(8,153)</u>

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NOTES TO THE FINANCIAL STATEMENTS
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18. Statement of funds (continued)

	Balance at 1 September 2018 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2019 £000
Restricted fixed asset funds						
Devolved Formula Capital	271	388	(81)	-	-	578
Academy Capital Maintenance Fund	1,287	304	(91)	-	-	1,500
Capital expenditure from GAG	1,161	31	(276)	211	-	1,127
Legacy assets	2,111	223	(51)	-	-	2,283
Donations	40	22	(9)	-	-	53
Condition Improvement Fund	1,184	64	(93)	-	-	1,155
Other Government grants	583	1,575	(66)	-	-	2,092
Other DfE/ESFA capital grants	422	-	(36)	-	-	386
SCA funding	1,014	405	(39)	-	-	1,380
Other capital funds	168	-	(6)	-	-	162
Carmel College Development Fund	141	-	(6)	-	-	135
	<u>8,382</u>	<u>3,012</u>	<u>(754)</u>	<u>211</u>	<u>-</u>	<u>10,851</u>
Total Restricted funds	<u>3,251</u>	<u>27,881</u>	<u>(25,333)</u>	<u>-</u>	<u>(3,101)</u>	<u>2,698</u>
Total funds	<u><u>7,146</u></u>	<u><u>30,337</u></u>	<u><u>(28,147)</u></u>	<u><u>-</u></u>	<u><u>(3,101)</u></u>	<u><u>6,235</u></u>

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NOTES TO THE FINANCIAL STATEMENTS
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19. Analysis of net assets between funds

Analysis of net assets between funds - current period

	Unrestricted funds 2020 £000	Restricted funds 2020 £000	Restricted fixed asset funds 2020 £000	Total funds 2020 £000
Tangible fixed assets	-	-	37,230	37,230
Current assets	6,041	5,908	695	12,644
Creditors due within one year	-	(1,663)	-	(1,663)
Creditors due in more than one year	-	(145)	-	(145)
Provisions for liabilities and charges	-	(24,743)	-	(24,743)
Total	6,041	(20,643)	37,925	23,323

Analysis of net assets between funds - prior period

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Restricted fixed asset funds 2019 £000	Total funds 2019 £000
Tangible fixed assets	-	-	10,368	10,368
Current assets	3,537	3,323	483	7,343
Creditors due within one year	-	(1,547)	-	(1,547)
Creditors due in more than one year	-	(53)	-	(53)
Provisions for liabilities and charges	-	(9,876)	-	(9,876)
Total	3,537	(8,153)	10,851	6,235

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NOTES TO THE FINANCIAL STATEMENTS
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20. Reconciliation of net income to net cash flow from operating activities

	2020 £000	2019 £000
Net income for the period (as per Statement of Financial Activities)	20,739	2,190
Adjustments for:		
Depreciation	1,018	754
Dividends, interest and rents from investments	(32)	(19)
Capital grants from DfE and other capital income	(865)	(731)
Defined benefit pension scheme obligation inherited on conversion	2,478	454
Defined benefit pension scheme cost less contributions payable	1,375	968
Defined benefit pension scheme finance cost	274	147
(Increase)/decrease in debtors	(1,110)	37
Increase in creditors	208	658
Transfer from local authority on conversion	(462)	(193)
Acquisition of existing academy	(27,533)	(895)
Donation of fixed assets from Local Authority	(2,746)	(1,070)
Disposal of building	1,635	-
Defined benefit pension scheme transferred from existing academies	7,089	-
Assets at acquisition	(405)	-
Net cash provided by operating activities	1,663	2,300

21. Cash flows from investing activities

	2020 £000	2019 £000
Dividends, interest and rents from investments	32	19
Purchase of tangible fixed assets	(4,770)	(1,923)
Capital grants from DfE Group	865	731
Capital funding received from sponsors and others	2,746	1,070
Cash transferred on conversion	328	-
Cash transferred on acquisition of academies	3,327	-
Net cash provided by/(used in) investing activities	2,528	(103)

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

22. Analysis of cash and cash equivalents

	2020 £000	2019 £000
Cash in hand	10,779	6,588
Total cash and cash equivalents	10,779	6,588

23. Analysis of changes in net debt

	At 1 September 2019 £000	Cash flows £000	At 31 August 2020 £000
Cash at bank and in hand	6,588	4,191	10,779
	6,588	4,191	10,779

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NOTES TO THE FINANCIAL STATEMENTS
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24. Conversion to an academy trust

On 1 September 2019 St Teresa's Catholic Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Bishop Hogarth Catholic Education Trust (formerly Carmel Education Trust) from Darlington Borough Council for £NIL consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the Balance Sheet under the appropriate heading with a corresponding net amount recognised as a net gain in the Statement of Financial Activities as Income from Donations and Capital Grants - transfer from local authority on conversion.

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

	Unrestricted funds £000	Restricted funds £000	Restricted fixed asset funds £000	Total funds £000
Tangible fixed assets				
Leasehold land and buildings	-	-	123	123
Current assets				
Cash - representing budget surplus on LA funds	236	-	-	236
Defined benefit pension scheme surplus/(deficit)	-	(2,478)	-	(2,478)
Net assets/(liabilities)	<u>236</u>	<u>(2,478)</u>	<u>123</u>	<u>(2,119)</u>

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NOTES TO THE FINANCIAL STATEMENTS
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24. Conversion to an academy trust (continued)

On 1 September 2019 St William's Catholic Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Bishop Hogarth Catholic Education Trust (formerly Carmel Education Trust) from Durham County Council for £NIL consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the Balance Sheet under the appropriate heading with a corresponding net amount recognised as a net gain in the Statement of Financial Activities as Income from Donations and Capital Grants - transfer from local authority on conversion.

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

	Unrestricted funds £000	Restricted fixed asset funds £000	Total funds £000
Tangible fixed assets			
Leasehold land and buildings	-	11	11
Current assets			
Cash - representing budget surplus on LA funds	92	-	92
Net assets	<u>92</u>	<u>11</u>	<u>103</u>

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NOTES TO THE FINANCIAL STATEMENTS
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25. Pension commitments

The Academy Trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Durham County Council and Middlesbrough Borough Council. Both are multi-employer defined benefit schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2016 and of the LGPS 31 March 2019.

Contributions amounting to £nil - were payable to the schemes at 31 August 2020 (2019 - £345,000) and are included within creditors.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies. All teachers have the option to opt-out of the TPS following enrolment.

The TPS is an unfunded scheme to which both the member and employer makes contributions, as a percentage of salary - these contributions 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 every 4 years. 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 2016. The valuation report was published by the Department for Education on 5 March 2019. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% administration levy)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million, giving a notional past service deficit of £22,000 million
- the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI, assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

The next valuation result is due to be implemented from 1 April 2023.

The employer's pension costs paid to TPS in the year amounted to £4,004,000 (2019 - £1,798,000).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (<https://www.teacherspensions.co.uk/news/employers/2019/04/teachers-pensions-valuation-report.aspx>).

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

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25. Pension commitments (continued)

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2020 was £1,509,000 (2019 - £1,116,000), of which employer's contributions totalled £1,143,000 (2019 - £803,000) and employees' contributions totalled £ 366,000 (2019 - £271,000). The agreed contribution rates for future years are 16.6% per cent for employers and 5.5-12.5% per cent for employees.

As described in note 24 the LGPS obligation relates to the employees of the Academy Trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the Scheme in the year. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the Academy Trust at the balance sheet date.

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

Durham County Council Pension Fund

Principal actuarial assumptions

	2020 %	2019 %
Rate of increase in salaries	3.30	3.50
Rate of increase for pensions in payment/inflation	2.30	2.00
Discount rate for scheme liabilities	1.70	1.90
Inflation assumption (CPI)	2.30	2.00
Commutation of pensions to lump sums	85.00	80.00

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

	2020 Years	2019 Years
Retiring today		
Males	22.2	22.3
Females	24.2	23.8
Retiring in 20 years		
Males	23.2	24.0
Females	25.7	25.7

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25. Pension commitments (continued)

Teesside Pension Fund

Principal actuarial assumptions

	2020	2019
	%	%
Rate of increase in salaries	3.30	3.10
Rate of increase for pensions in payment/inflation	2.30	2.10
Discount rate for scheme liabilities	1.70	1.90
Inflation assumption (CPI)	2.30	2.10
Commutation of pensions to lump sums	80.00	80.00

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

	2020	2019
	Years	Years
<i>Retiring today</i>		
Males	21.8	21.9
Females	23.5	23.8
<i>Retiring in 20 years</i>		
Males	23.2	23.6
Females	25.3	25.7

Sensitivity analysis

	2020	2019
	£000	£000
Discount rate +0.1%	(1,274)	(575)
Discount rate -0.1%	1,274	588
Mortality assumption - 1 year increase	(1,872)	(842)
Mortality assumption - 1 year decrease	1,924	853
CPI rate +0.1%	1,066	364
CPI rate -0.1%	(1,066)	(358)

Share of scheme assets

The Academy Trust's share of the assets in the scheme was:

	2020	2019
	£000	£000
Equities	17,422	9,773
Government bonds	2,956	1,774
Corporate bonds	1,818	808
Property	2,069	1,189
Cash and other liquid assets	2,333	1,391
Other	655	206
Total market value of assets	27,253	15,141

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25. Pension commitments (continued)

The actual return on scheme assets was £645,000 (2019 - £1,022,000).

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

	2020 £000	2019 £000
Current service cost	(2,518)	(1,297)
Past service cost	-	(474)
Interest income	398	369
Interest cost	(672)	(516)
Total amount recognised in the Statement of Financial Activities	(2,792)	(1,918)

Changes in the present value of the defined benefit obligations were as follows:

	2020 £000	2019 £000
At 1 September	25,017	16,015
Conversion of academy trusts	5,976	1,693
Transferred in on existing academies joining the trust	14,154	1,329
Past service cost	-	474
Current service cost	2,518	1,297
Interest cost	672	516
Employee contributions	366	271
Actuarial losses	3,898	3,755
Benefits paid	(605)	(333)
At 31 August	51,996	25,017

Changes in the fair value of the Academy Trust's share of scheme assets were as follows:

	2020 £000	2019 £000
At 1 September	15,141	10,809
Conversion of academy trusts	3,498	959
Transferred in on existing academies joining the trust	7,065	1,609
Interest income	398	369
Actuarial gains	247	654
Employer contributions	1,143	803
Employee contributions	366	271
Benefits paid	(605)	(333)
At 31 August	27,253	15,141

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26. Operating lease commitments

At 31 August 2020 the Academy Trust had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	Academy Trust 2020 £000	Academy Trust 2019 £000
Amounts payable:		
Within one year	38	1
Between one and five years	40	-
	<hr/> 78	<hr/> 1
	<hr/> <hr/>	<hr/> <hr/>

27. Members' liability

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

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28. Related party transactions

Owing to the nature of the Academy Trust and the composition of the Board of Directors being drawn from local public and private sector organisations, transactions may take place with organisations in which the Directors have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the Academies Financial Handbook, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with the Academy Trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

The following related party transactions took place in the financial period.

Expenditure Related Party Transactions

Diocese of Hexham and Newcastle - appoints the members.

The Academy Trust purchased Catholic education support services of £54,000 (2019: £44,000) during the period. There were no amounts outstanding at 31 August 2020 (2019: £nil).

Youth Ministry Trust - a company in which M Matthews is also a director.

The Academy Trust purchased event services of £45,000 (2019: £60,000) during the period. There were no amounts outstanding at 31 August 2020 (2019: £nil).

The Academy Trust made the purchase at arms' length following a competitive tendering exercise in accordance with its financial regulations, which M Matthews neither participated in, nor influenced.

For the following transactions ESFA approval was not requested as this is not considered to be required under the Charity Commission guidance in conjunction with the Academies Financial Handbook 2019 as there is no common control. However, for completeness, these have been included below.

St Thomas of Canterbury Catholic Multi Academy Trust - a school in which Rev J Butters is a trustee.

Teacher training was provided by St Thomas of Canterbury Catholic Multi Academy Trust to the value of £nil (2019: £5,000). There were no amounts outstanding at 31 August 2020 (2019: £nil).

All three schools in St Thomas of Canterbury Catholic Multi Academy Trust joined Bishop Hogarth Catholic Education Trust on 1 December 2019.

St Cuthbert's Catholic High School - a trust in which Fr S Lerche is also a Director.

The Academy Trust purchased services of £5,000 (2019: £nil) during the period. There were no amounts outstanding at 31 August 2020 (2019: £nil).

Schools North East - a charity in which M Regan is also a Director.

The Academy Trust purchased services of £3,000 (2019: £nil) during the period. There were no amounts outstanding at 31 August 2020 (2019: £nil).

Nicholas Postgate Catholic Education Trust - a trust in which J Wilson is also a Director.

The Academy Trust purchased services of £38,000 (2019: £nil) during the period. There were no amounts outstanding at 31 August 2020 (2019: £nil).

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29. Agency arrangements

The Academy Trust distributes Carmel Teacher Training Partnership bursary funds to trainee teachers as an agent for the Department for Education. In the accounting period ending 31 August 2020 the Academy Trust received £675,000 (2019: £809,000) and disbursed £683,000 (2019: £898,000) from the fund. An amount of £5,000 is included in other creditors (2019: £13,000) relating to undistributed funds that is repayable to the Department for Education.

The Academy Trust distributes 16-19 Bursary funds as an agent for the ESFA. In the accounting period ending 31 August 2020 the Academy Trust received £34,000 (2019: £18,000) and disbursed £45,000 (2019: £15,000) from the fund.

30. Transfer of existing academies into the academy trust

St Thomas of Canterbury Multi Academy Trust

	Value reported by transferring trust £000	Transfer in recognised £000
Tangible fixed assets		
Long-term leasehold property	342	342
Furniture and equipment	112	112
Computer equipment	25	25
Current assets		
Debtors due within one year	217	217
Cash at bank and in hand	316	316
Liabilities		
Creditors due within one year	(352)	(352)
Pensions		
Pensions - pension scheme assets	1,717	1,717
Pensions - pension scheme liabilities	(2,962)	(2,962)
Net liabilities	<u>(585)</u>	<u>(585)</u>

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30. Transfer of existing academies into the academy trust (continued)

Romero Catholic Education Trust

	Value reported by transferring trust £000	Transfer in recognised £000
Tangible fixed assets		
Long-term leasehold property	2,139	2,139
Furniture and equipment	34	34
Plant and machinery	4	4
Computer equipment	58	58
Current assets		
Debtors due within one year	468	468
Cash at bank and in hand	2,179	2,179
Liabilities		
Creditors due within one year	(778)	(778)
Creditors due after one year	(8)	(8)
Pensions		
Pensions - pension scheme assets	931	931
Pensions - pension scheme liabilities	(4,058)	(4,058)
Net assets	<u>969</u>	<u>969</u>

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NOTES TO THE FINANCIAL STATEMENTS
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30. Transfer of existing academies into the academy trust (continued)

The English Martyrs School

	Value reported by transferring trust £000	Transfer in recognised £000
Tangible fixed assets		
Long-term leasehold property	21,596	21,596
Furniture and equipment	248	248
Computer equipment	46	46
Motor vehicles	9	9
Current assets		
Current asset investments	307	307
Debtors due within one year	216	216
Cash at bank and in hand	525	525
Liabilities		
Creditors due within one year	(168)	(168)
Pensions		
Pensions - pension scheme assets	4,417	4,417
Pensions - pension scheme liabilities	(7,134)	(7,134)
Net assets	<u>20,062</u>	<u>20,062</u>

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31. Teaching school trading account

	2020 £000	2020 £000	2019 £000	2019 £000
Income				
DIRECT INCOME				
Grant funding	57		109	
Other direct income	641		857	
	<hr/>		<hr/>	
Total direct income	698		966	
OTHER INCOME				
Other income	25		13	
Total income		723		979
Expenditure				
Direct expenditure				
Direct staff costs	166		188	
Other direct costs	435		657	
	<hr/>		<hr/>	
Total direct expenditure	601		845	
Other expenditure				
Other staff costs	64		97	
Other support costs	58		103	
	<hr/>		<hr/>	
Total other expenditure	122		200	
Total expenditure		723		1,045
		<hr/>		<hr/>
Surplus/(deficit) from all sources		-		(66)
Teaching school balances at 1 September 2019		-		66
		<hr/>		<hr/>
Teaching school balances at 31 August 2020		-		-
		<hr/> <hr/>		<hr/> <hr/>