

SACRED HEART CATHOLIC HIGH SCHOOL
(A company limited by guarantee)

GOVERNORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2013

SACRED HEART CATHOLIC HIGH SCHOOL
(A company limited by guarantee)

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REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS GOVERNORS AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2013

Governors

D M Kendall, Chair
M I Awcock¹
T Braun¹
M T Choat¹
L G Clarke¹
J Dunne
B Fitzpatrick
J A Freer
P A Gilbert
V Goatman
J Hawthorne (resigned 28 September 2012)
F Kirkby OBE
S O'Brien, Vice Chair (resigned 27 June 2013)
C O'Connor
W H R Pattison (resigned 28 September 2012)
L Renwick-Hall
P C Wager, Head Teacher (resigned 31 August 2013)¹
B Fitzgerald (appointed 22 November 2012)
E B Payne (appointed 10 December 2012)
H C Thompson (appointed 31 January 2013)
A Bath, Head Teacher (appointed 1 September 2013)¹

¹ Member of the Finance and Site Committee

Company registered number

07841435

Principal and registered office

Fenham Hall Drive
Newcastle Upon Tyne
NE4 9YH

Headteacher

A Bath (from 1 September 2013)

Senior leadership team

F Temple Jones, Deputy Headteacher
D Bartley, Deputy Headteacher
M Cousins, Assistant Headteacher
A Barron, Assistant Headteacher
S Wilkes, Assistant Headteacher
M Donnelly, Assistant Headteacher
D Douglass, Assistant Headteacher
I Bradley, Assistant Headteacher
C Winter, Assistant Headteacher
L Clarke, Assistant Headteacher

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REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS GOVERNORS AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2013

Advisers (continued)

Independent auditors

Clive Owen & Co LLP
Chartered Accountants
Statutory Auditors
Aire House
Mandale Business Park
Belmont Industrial Estate
Durham
DH1 1TH

Bankers

NatWest Bank plc
16 Northumberland Street
Newcastle Upon Tyne
NE1 7EL

Solicitors

Watson Burton LLP
1 St James' Gate
Newcastle upon Tyne
NE99 1YQ

SACRED HEART CATHOLIC HIGH SCHOOL
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GOVERNORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2013

The Governors (who are also directors of the charity for the purposes of the Companies Act) present their annual report together with the audited financial statements of Sacred Heart Catholic High School (the academy) for the year to 31 August 2013. The Governors confirm that the Annual report and financial statements of the academy comply with the current statutory requirements, the requirements of the academy's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's Memorandum and Articles of Association are the primary governing documents of the academy trust.

The Governors act as the trustees for the charitable activities of the academy and are also the directors of the Charitable Company for the purposes of company law.

Details of the Governors who served throughout the period except as noted are included in the Reference and Administrative Information on page 1.

During the period under review the Governors held 6 meetings.

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.

Method of recruitment and appointment or election of Governors

The term of office for any Governor shall be four years save that this time limit shall not apply to the Head Teacher or any post held ex officio. Subject to remaining eligible to be a particular type of Governor, any Governor may be re-appointed or re-elected.

Policies and procedures adopted for the induction and training of Governors

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

Organisational structure

During the period the academy continued to operate a unified management structure. The structure consists of four levels: the Governors, The Executive Group, the Senior Leadership Team and the Middle Management Team. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

The Governors are responsible for setting general policy, adopting an annual development plan and budget, monitoring the academy by the use of budgets and making major decisions about the direction of the academy, capital expenditure and senior staff appointments.

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2013

Organisational structure (continued)

The Executive Group consists of the Head Teacher and two Deputy Head Teachers who control the academy at an executive level implementing the policies laid down by the Governors and reporting back to them. As a group the Executive are responsible for the authorisation of spending within agreed budgets and the appointment of staff for posts in the Senior Leadership Team, through appointment panels which sometimes contain a Governor. Some spending control is devolved to members of the Senior Leadership Team, with limits above which a member of the Executive must countersign.

The Senior Leadership Team includes the Executive Group and the eight Assistant Headteachers. The middle management of the academy is centred around the Group of Heads of Department and Heads of Progress. These managers are responsible for the day to day operation of the academy, in particular organising the teaching staff, facilities and students.

Risk management

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

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

Governors' indemnities

The academy has purchased insurance to protect Governors from claims arising against negligent acts, errors or omissions occurring whilst on academy business. Further details are provided in note 14.

Principal activities

The principal activity is the operation of Sacred Heart Catholic High School. Further details are provided under 'Objectives and Activities'.

OBJECTIVES AND ACTIVITIES

Objects and aims

The principal object and activity of the charitable company is the operation of Sacred Heart Catholic High School to provide education for students of different abilities between the ages of 11 and 18 with an emphasis on the delivery of the National Curriculum subjects, with specialisms in: STEM subjects, Performing Arts.

In accordance with the Articles of Association the charitable company has adopted a "Scheme of Government" approved by the Secretary of State for Education. The Scheme of Government specifies, amongst other things, the basis for admitting students to the academy, the catchment area from which the students are drawn as per the admissions policy including 10% based upon performing arts aptitude, and that the curriculum should comply with the substance of the national curriculum.

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2013

Objects and aims (continued)

The main objectives of the academy during the year are summarised below:

- Faith
- Character
- Intellect
- Community
- Social Concern

Objectives, strategies and activities

The academy's main objectives are encompassed in its mission statement which is to inspire each student to "Live Life to the full", by making the most of her gifts. We nurture every student as a unique and precious child of God. To this end the objectives and the strategies used to achieve them include:

- Faith development
- Raising of achievement and developing resilience and leadership
- Provide high quality teaching and learning
- Provide a programme of enrichment activities
- Staff leadership development and Joint Professional Development
- Guidance and support for career choices
- Teaching School - providing school to school support and School Direct placements and training for trainee teachers

The activities undertaken to achieve these objectives are all intended to provide the highest quality of education in the public sector for students between the ages of 11 and 18.

Public benefit

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

ACHIEVEMENTS AND PERFORMANCE

Academic performance

Attendance

- Attendance at 95.12% is above average nationally.
- Unauthorised absence is very low at 0.42%

Attainment at Key Stage 3 in 2013 remained high

- English: 93% of students achieved level 5 or better, 75% level 6 or better and 76% of students made two levels of progress or more across the Key Stage.
- Mathematics: attainment improved upon the already outstanding levels previously achieved: 92% of students achieved level 5 or better, 73% level 6 or better and 84% of students made two levels of progress or more.

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2013

Academic performance (continued)

Attainment at Key Stage 4 in 2013 remained high

- 1:3 of the grades awarded at GCSE was an A or A* compared with 1:4 nationally for girls and 1:5 for all students.
- At all levels, performance is consistently high with results above national averages. The five year trend is one of high performance.
- 98.7% of students attained 5 A*-C grades and 75% 5 A*-C including English and Maths.
- Every student achieved at least one qualification.
- Attainment in English is outstanding at 80.7% A*-C. Levels of progress: 77% made three; 29% made four.
- Attainment in Mathematics is outstanding at 80.2% A*-C. Levels of progress: 80% made three; 38.4% made four.
- Attainment in Science is outstanding at 89% A*-C (Core and Additional exams); 100% BTEC pass rate.
- Attainment in Religious Studies is outstanding at 50% A*-A, 87% A*-C.
- Consistently Outstanding VA scores over the past five years of between 1020 and 1040.
- In 2013 attainment for specific groups showed no significant deviation from the whole school picture.

Sixth Form attainment and progress

Our Sixth Form is truly inclusive. Students made very good progress from a very high starting position with a CVA of 1004. Attainment is excellent: 27% A*-A grades; 53% A*-B grades; 77% A*-C grades; 100% pass rate in recent years for A level.

Review of activities

The academy has supported 250 visits and 7 foreign visits.

Investment policy and performance

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

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2013

FINANCIAL REVIEW

Financial and risk management objectives and policies

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

Principal risks and uncertainties

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

Reserves policy

The Governors review the reserve levels of the academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Governors have determined that the appropriate level of free reserves should be equivalent to 6% to 9% of 'total incoming resources less restricted fixed asset income', and ideally 7.5% of this income (equivalent to 4 weeks' expenditure, approximately £582,000). The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. The academy's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) are in surplus by £1,997,000 (see note 18).

Financial report for the period

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

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

During the year, total expenditure of £8,062,000 was exceeded by recurrent grant funding from the DfE/EFA together with other incoming resources. The excess of income over expenditure for the period (before transfers and actuarial gains, and excluding restricted fixed asset funds) was £983,000.

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

At 31 August 2013 the net book value of fixed assets was £14,519,000 and movements in tangible fixed assets are shown in note 15 to the Financial Statements. The assets were used exclusively for providing education and the associated support services to the students of the academy.

The provisions of Financial Reporting Standard No. 17 'Retirement Benefits' (FRS 17) have been applied in full, resulting in a deficit of £539,000 recognised on the balance sheet.

The academy held fund balances at 31 August 2013 of £17,383,000 comprising £15,386,000 of restricted funds and £1,997,000 of unrestricted funds.

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2013

Going concern

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

PLANS FOR THE FUTURE

Future developments

The academy will continue to strive to maintain excellent performance and highest standards in attendance and behaviour, and continue to work in partnership with other organisations to achieve the highest quality provision.

Disclosure of information to auditors

Each of the persons who are Governors at the time when this Governors' report is approved has confirmed that:

- so far as that Governor is aware, there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Governor has taken all the steps that ought to have been taken as a Governor in order to be aware of any information needed by the charitable company's auditors in connection with preparing their report and to establish that the charitable company's auditors are aware of that information.

This report was approved by order of the board of governors on 28 November 2013 and signed on its behalf by:

D M Kendall
Chair

SACRED HEART CATHOLIC HIGH SCHOOL
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GOVERNANCE STATEMENT

Scope of Responsibility

As governors, we acknowledge we have overall responsibility for ensuring that Sacred Heart Catholic High School has an effective and appropriate system of control, financial and otherwise. However such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Board of Governors has delegated the day-to-day responsibility to the Head Teacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Sacred Heart Catholic High School and the Secretary of State for Education. They are also responsible for reporting to the Board of Governors any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Governors' report and in the Governors' responsibilities statement. The Board of Governors has formally met 6 times during the year. Attendance during the year at meetings of the Board of Governors was as follows:

Governor	Meetings attended	Out of a possible
D M Kendall, Chair	6	6
M I Awcock	4	6
T Braun	6	6
M T Choat	4	6
L G Clarke	4	6
J Dunne	6	6
B Fitzpatrick	5	6
J A Freer	4	6
P A Gilbert	5	6
V Goatman	5	6
J Hawthorne	1	1
F Kirkby OBE	5	6
S O'Brien, Vice Chair	5	6
C O'Connor	5	6
W H R Pattisson	0	0
L Renwick-Hall	5	6
P C Wager, Head Teacher (to 31 August 2013)	6	6
B Fitzgerald	2	5
E B Payne	4	4
H C Thompson	4	4
A Bath, Head Teacher (from 1 September 2013)	0	0

The Finance and Site Committee is a sub-committee of the main Board of Governors. Its purpose is to assist the decision making of the governing body, by enabling more detailed consideration to be given to the best means of fulfilling the governing body's responsibility to ensure sound management of the Sacred Heart Catholic High School finance and resources, including proper planning, monitoring and probity, and to make appropriate comments and recommendations on such matters to the governing body on a regular basis.

Attendance at meetings in the year to 31 August 2013 was as follows:

Governor	Meetings attended	Out of a possible
M I Awcock	4	4
T Braun	4	4
M T Choat	4	4
L G Clarke	1	4
P C Wager, Head Teacher (to 31 August 2013)	3	4
H C Thompson	1	1
A Bath, Head Teacher (from 1 September 2013)	0	0

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GOVERNANCE STATEMENT (continued)

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Sacred Heart Catholic High School for the year 1 September 2012 to 31 August 2013 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Board of Governors has reviewed the key risks to which the academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Governors is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy's significant risks, that has been in place for the year 1 September 2012 to 31 August 2013 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Governors.

The Risk and Control Framework

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

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

The Board of Governors has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the governors have appointed:

- Mrs S O'Brien, a Governor, as Responsible Officer (RO);
- Clive Owen & Co LLP, the external auditors, to perform additional checks.

The appointees' role includes giving advice on financial matters and performing a range of checks on the academy's financial systems. On a termly basis, the appointees report to the Board of Governors on the operation of the systems of control and on the discharge of the Board of Governors' financial responsibilities.

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

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GOVERNANCE STATEMENT (continued)

Review of Effectiveness

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

- the work of the Responsible Officer;
- the work of the external auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the academy who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the Board of Governors on 28 November 2013 and signed on their behalf, by:

D Kendall
Chair

A Bath, Head Teacher
Accounting Officer

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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Sacred Heart Catholic High School I have considered my responsibility to notify the academy Board of Governors and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook (2012).

I confirm that I and the academy Board of Governors are able to identify any material, irregular or improper use of funds by the academy, or material non-compliance with the terms and conditions of funding under the academy's funding agreement and the Academies Financial Handbook (2012).

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date.

A Bath, Head Teacher
Accounting Officer

Date: 28 November 2013

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GOVERNORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2013

The Governors (who act as Governors of Sacred Heart Catholic High School and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Governors' report and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Governors to prepare financial statements for each financial year. Under company law the Governors 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 Governors are required to:

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

The Governors 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 Governors 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 the DfE/EFA have been applied for the purposes intended.

The Governors 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 Governors on 28 November 2013 and signed on its behalf by:

D M Kendall
Chair

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SACRED HEART CATHOLIC HIGH SCHOOL

We have audited the financial statements of Sacred Heart Catholic High School for the year ended 31 August 2013 which comprise the Statement of financial activities, the Balance sheet, the Cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2013 issued by the Education Funding Agency.

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

Respective responsibilities of Governors and auditors

As explained more fully in the Governors' responsibilities statement, the Governors (who are also the directors of the academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 2013 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Academies Accounts Direction 2013 issued by the Education Funding Agency.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Governors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SACRED HEART CATHOLIC HIGH SCHOOL

Matters on which we are required to report by exception

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

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

Gary Ellis BA FCA (Senior statutory auditor)

for and on behalf of

Clive Owen & Co LLP

Chartered Accountants
Statutory Auditors

Aire House
Mandale Business Park
Belmont Industrial Estate
Durham
DH1 1TH
28 November 2013

SACRED HEART CATHOLIC HIGH SCHOOL
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INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO SACRED HEART CATHOLIC HIGH SCHOOL AND THE EDUCATION FUNDING AGENCY

In accordance with the terms of our engagement letter dated 19 September 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Sacred Heart Catholic High School during the year 1 September 2012 to 31 August 2013 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 Sacred Heart Catholic High School and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Sacred Heart Catholic High School and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Sacred Heart Catholic High School and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Sacred Heart Catholic High School's accounting officer and the reporting auditors

The accounting officer is responsible, under the requirements of Sacred Heart Catholic High School's funding agreement with the Secretary of State for Education dated 28 November 2011, and the Academies Financial Handbook extant from 1 September 2012, 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 2013. 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 2012 to 31 August 2013 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 2013 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

SACRED HEART CATHOLIC HIGH SCHOOL
(A company limited by guarantee)

**INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO SACRED HEART
CATHOLIC HIGH SCHOOL AND THE EDUCATION FUNDING AGENCY (continued)**

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2012 to 31 August 2013 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Gary Ellis BA FCA (Senior statutory auditor)

for and on behalf of

Clive Owen & Co LLP

Chartered Accountants
Statutory Auditors

Aire House
Mandale Business Park
Belmont Industrial Estate
Durham
DH1 1TH

28 November 2013

SACRED HEART CATHOLIC HIGH SCHOOL
(A company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES
(incorporating income and expenditure account and statement of recognised gains and losses)
FOR THE YEAR ENDED 31 AUGUST 2013

		Unrestricted funds	Restricted funds	Restricted fixed asset funds	Total funds	Total funds
	Note	2013 £000	2013 £000	2013 £000	2013 £000	1 December 2011 to 31 August 2012 £000
INCOMING RESOURCES						
Incoming resources from generated funds:						
Voluntary income - Transfer on conversion	3	-	-	-	-	16,747
Other voluntary income	3	17	-	-	17	24
Activities for generating funds	4	414	-	-	414	233
Investment income	5	51	22	-	73	14
Incoming resources from charitable activities	6	-	8,041	273	8,314	5,734
TOTAL INCOMING RESOURCES		<u>482</u>	<u>8,063</u>	<u>273</u>	<u>8,818</u>	<u>22,752</u>
RESOURCES EXPENDED						
Charitable activities	9	501	6,989	500	7,990	5,524
Governance costs	7	-	72	-	72	76
Other resources expended	8	-	-	-	-	382
TOTAL RESOURCES EXPENDED	10	<u>501</u>	<u>7,061</u>	<u>500</u>	<u>8,062</u>	<u>5,982</u>
NET INCOMING RESOURCES / (RESOURCES EXPENDED) BEFORE TRANSFERS		(19)	1,002	(227)	756	16,770
Transfers between Funds	18	-	(864)	864	-	-
NET INCOME FOR THE YEAR		<u>(19)</u>	<u>138</u>	<u>637</u>	<u>756</u>	<u>16,770</u>
Actuarial gains and losses on defined benefit pension schemes		-	67	-	67	(210)
NET MOVEMENT IN FUNDS FOR THE YEAR		<u>(19)</u>	<u>205</u>	<u>637</u>	<u>823</u>	<u>16,560</u>
Total funds at 1 September 2012		<u>2,016</u>	<u>509</u>	<u>14,035</u>	<u>16,560</u>	<u>-</u>
TOTAL FUNDS AT 31 AUGUST 2013		<u><u>1,997</u></u>	<u><u>714</u></u>	<u><u>14,672</u></u>	<u><u>17,383</u></u>	<u><u>16,560</u></u>

All activities relate to continuing operations.

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

The notes on pages 21 to 40 form part of these financial statements.

SACRED HEART CATHOLIC HIGH SCHOOL

(A company limited by guarantee)

REGISTERED NUMBER: 07841435

**BALANCE SHEET
AS AT 31 AUGUST 2013**

	Note	£000	2013 £000	2012 £000
FIXED ASSETS				
Tangible assets	15		14,519	14,035
CURRENT ASSETS				
Debtors	16	142		120
Cash at bank and in hand		3,900		3,217
		<u>4,042</u>		<u>3,337</u>
CREDITORS: amounts falling due within one year	17	(639)		(223)
		<u></u>	3,403	<u>3,114</u>
NET CURRENT ASSETS				
TOTAL ASSETS LESS CURRENT LIABILITIES			17,922	17,149
Defined benefit pension scheme liability	24		(539)	(589)
		<u></u>	<u>17,383</u>	<u>16,560</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES				
FUNDS OF THE ACADEMY				
Restricted funds:				
Restricted funds	18	1,253		1,098
Restricted fixed asset funds	18	14,672		14,035
		<u>15,925</u>		<u>15,133</u>
Restricted funds excluding pension liability				
Pension reserve		(539)		(589)
		<u></u>	15,386	<u>14,544</u>
Total restricted funds				
Unrestricted funds	18		1,997	2,016
		<u></u>	<u>17,383</u>	<u>16,560</u>
TOTAL FUNDS				

The financial statements were approved by the Governors, and authorised for issue, on 28 November 2013 and are signed on their behalf, by:

**D Kendall
Chair**

The notes on pages 21 to 40 form part of these financial statements.

SACRED HEART CATHOLIC HIGH SCHOOL
(A company limited by guarantee)

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2013

	Note	31 August 2013 £000	Period ended 31 August 2012 £000
Net cash flow from operating activities	20	1,321	773
Returns on investments and servicing of finance	21	73	14
Capital expenditure and financial investment	21	(711)	(72)
Cash transferred on conversion to an academy trust		-	2,502
INCREASE IN CASH IN THE YEAR		<u>683</u>	<u>3,217</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS
FOR THE YEAR ENDED 31 AUGUST 2013

	31 August 2013 £000	Period ended 31 August 2012 £000
Increase in cash in the year	<u>683</u>	<u>3,217</u>
MOVEMENT IN NET FUNDS IN THE YEAR	683	3,217
Net funds at 1 September 2012	<u>3,217</u>	<u>-</u>
NET FUNDS AT 31 AUGUST 2013	<u><u>3,900</u></u>	<u><u>3,217</u></u>

SACRED HEART CATHOLIC HIGH SCHOOL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2013

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, the Academies Accounts Direction 2013 issued by the EFA, applicable accounting standards and the Companies Act 2006.

1.2 Fund accounting

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

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

Restricted general funds comprise all other restricted funds received and include grants from the Department for Education.

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

SACRED HEART CATHOLIC HIGH SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2013

1. ACCOUNTING POLICIES (continued)

1.3 Incoming resources

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

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

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund. Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

Sponsorship income provided to the academy which amounts to a donation is recognised in the Statement of financial activities in the period in which it is receivable, where there is certainty of receipt and it is measurable.

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

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

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

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

1.4 Resources expended

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

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

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

All resources expended are inclusive of irrecoverable VAT.

SACRED HEART CATHOLIC HIGH SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2013

1. ACCOUNTING POLICIES (continued)

1.5 Going concern

The Governors 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 to continue as a going concern. The Governors make this assessment in respect of a period of one year from the date of approval of the financial statements.

1.6 Tangible fixed assets and depreciation

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

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

The playing field land is held on a 125 year lease from Newcastle City Council and the land on which the main school buildings are situated is held on a licence from the trustees of The RC Diocese of Hexham & Newcastle. As the risks and rewards have transferred to the Academy, the assets have been recognised within tangible fixed assets. The initial acquisition was recognised at existing use valuation by DTZ, on behalf of the Education Funding Agency. The Governors consider that the cost of obtaining an additional valuation would outweigh the benefit.

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

Long term leasehold property	-	over 23.33 years straight line
Long term leasehold land	-	over 125 years straight line
Motor vehicles	-	over 5 years straight line
Fixtures and fittings	-	over 10 years straight line
Computer equipment	-	over 3 years straight line

1.7 Operating leases

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

1.8 Taxation

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

SACRED HEART CATHOLIC HIGH SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2013

1. ACCOUNTING POLICIES (continued)

1.9 Pensions

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

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 in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in note 24, the TPS is a multi-employer scheme and the academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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

2. GENERAL ANNUAL GRANT (GAG)

Under the funding agreement with the Secretary of State the academy was subject to limits at 31 August 2013 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

The academy has not exceeded these limits during the year ended 31 August 2013.

SACRED HEART CATHOLIC HIGH SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2013

3. VOLUNTARY INCOME

	Unrestricted funds	Restricted funds	Total funds	Total funds 1 December 2011 to 31 August 2012
	2013 £000	2013 £000	2013 £000	£000
Transfer from Local Authority on conversion	-	-	-	16,747
Donations	17	-	17	24
Voluntary income	17	-	17	16,771

4. ACTIVITIES FOR GENERATING FUNDS

	Unrestricted funds	Restricted funds	Total funds	Total funds 1 December 2011 to 31 August 2012
	2013 £000	2013 £000	2013 £000	£000
Sundry income	32	-	32	13
Lettings	2	-	2	-
School trips	1	-	1	7
Catering	91	-	91	-
School fund	202	-	202	123
Flood income	80	-	80	50
Mentorship	6	-	6	40
	414	-	414	233

5. INVESTMENT INCOME

	Unrestricted funds	Restricted funds	Total funds	Total funds 1 December 2011 to 31 August 2012
	2013 £000	2013 £000	2013 £000	£000
Bank interest	51	22	73	14

SACRED HEART CATHOLIC HIGH SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2013

6. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds	Restricted funds	Total funds	Total funds 1 December 2011 to 31 August 2012
	2013 £000	2013 £000	2013 £000	£000
DfE/EFA grants				
Devolved Formula Capital	-	28	28	11
Academies Capital Maintenance Fund	-	245	245	-
General Annual Grant (GAG)	-	7,309	7,309	5,456
Pupil Premium	-	288	288	115
16-19 Bursary	-	19	19	25
National College for Teaching and Leadership	-	118	118	-
Teaching Schools	-	176	176	127
Other	-	6	6	-
	<u>-</u>	<u>8,189</u>	<u>8,189</u>	<u>5,734</u>
Other government grants				
SEN Funding	-	107	107	-
Other	-	18	18	-
	<u>-</u>	<u>125</u>	<u>125</u>	<u>-</u>
	<u>-</u>	<u>8,314</u>	<u>8,314</u>	<u>5,734</u>

7. GOVERNANCE COSTS

	Unrestricted funds	Restricted funds	Total funds	Total funds 1 December 2011 to 31 August 2012
	2013 £000	2013 £000	2013 £000	£000
Auditors' remuneration - audit	-	7	7	7
Auditors' remuneration - non audit	-	2	2	3
Legal and professional fees	-	63	63	66
	<u>-</u>	<u>72</u>	<u>72</u>	<u>76</u>

SACRED HEART CATHOLIC HIGH SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2013

8. OTHER RESOURCES EXPENDED

	Unrestricted funds	Restricted funds	Total funds	Total funds 1 December 2011 to 31 August 2012
	2013 £000	2013 £000	2013 £000	£000
Transfer from Local Authority on conversion	-	-	-	382
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

SACRED HEART CATHOLIC HIGH SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2013

9. CHARITABLE ACTIVITIES - ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds	Restricted funds	Total funds	Total funds
	2013 £000	2013 £000	2013 £000	1 December 2011 to 31 August 2012 £000
DIRECT COSTS				
Wages and salaries	-	3,997	3,997	2,838
National insurance	-	323	323	231
Pension cost	-	570	570	389
Educational supplies	5	237	242	136
Examination fees	-	133	133	147
Staff development	-	39	39	22
Technology costs	-	31	31	14
Other direct costs	225	62	287	178
	<u>230</u>	<u>5,392</u>	<u>5,622</u>	<u>3,955</u>
SUPPORT COSTS				
Wages and salaries	-	430	430	278
National insurance	-	25	25	17
Pension cost	-	82	82	45
Depreciation	-	500	500	309
Net interest cost on pension scheme	-	1	1	3
Technology costs	-	176	176	115
Travel and subsistence	-	1	1	1
Recruitment and support	-	51	51	19
Maintenance of premises and equipment	80	195	275	332
Cleaning	-	205	205	145
Rates	-	46	46	15
Energy	1	120	121	77
Insurance	1	57	58	44
Security	-	1	1	6
Transport	-	4	4	3
Catering	175	-	175	54
Occupancy Cost	-	33	33	31
Bank interest and charges	-	1	1	-
Other support costs	14	169	183	76
	<u>271</u>	<u>2,097</u>	<u>2,368</u>	<u>1,570</u>
	<u>501</u>	<u>7,489</u>	<u>7,990</u>	<u>5,525</u>

SACRED HEART CATHOLIC HIGH SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2013

10. ANALYSIS OF RESOURCES EXPENDED BY EXPENDITURE TYPE

	Staff costs	Depreciation	Other costs	Total	Total 1 December 2011 to 31 August 2012
	2013 £000	2013 £000	2013 £000	2013 £000	£000
Direct costs	4,890	-	732	5,622	3,958
Support costs	537	500	1,331	2,368	1,567
Charitable activities	<u>5,427</u>	<u>500</u>	<u>2,063</u>	<u>7,990</u>	<u>5,525</u>
Governance	-	-	72	72	76
Other resources expended	-	-	-	-	382
	<u>5,427</u>	<u>500</u>	<u>2,135</u>	<u>8,062</u>	<u>5,983</u>

11. NET INCOMING RESOURCES / (RESOURCES EXPENDED)

This is stated after charging:

	31 August 2013 £000	Period ended 31 August 2012 £000
Depreciation of tangible fixed assets:		
- owned by the charity	500	309
Auditors' remuneration - audit	7	7
Auditors' remuneration - non audit	2	3
	<u>509</u>	<u>329</u>

SACRED HEART CATHOLIC HIGH SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2013

12. STAFF COSTS

Staff costs were as follows:

	12 months ended 31 August 2013 £000	9 months ended 31 August 2012 £000
Wages and salaries	4,398	3,115
Social security costs	348	247
Other pension costs (Note 24)	652	434
	<u>5,398</u>	<u>3,796</u>
Supply teacher costs	5	2
Compensation payments	24	-
	<u>5,427</u>	<u>3,798</u>

Other pension costs include additional LGPS deficit payments of £17,000 and an LGPS pension deficit adjustment of £16,000.

The average number of persons (including the senior leadership team and expressed as full time equivalents) employed by the academy during the year was as follows:

	31 August 2013 No.	Period ended 31 August 2012 No.
Teachers	98	96
Education Support	20	20
Technicians	7	7
Administration	12	12
	<u>137</u>	<u>135</u>

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

	31 August 2013 No.	31 August 2012 No.
In the band £60,001 - £70,000	1	2
In the band £80,001 - £90,000	1	0
In the band £120,001 - £130,000	0	1
In the band £140,001 - £150,000	1	0
	<u>3</u>	<u>3</u>

The amounts above represent gross salaries for an annual period. All of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2013, pension contributions for these staff amounted to £35,000 (2012: 27,000).

SACRED HEART CATHOLIC HIGH SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2013

13. GOVERNORS' REMUNERATION AND EXPENSES

The Headteacher and other staff Governors only receive remuneration in respect of services they provide undertaking the roles of Headteacher and staff, and not in respect of their services as Governors. Other Governors did not receive any payments, other than expenses, from the academy in respect of their role as Governors. The value of Governors' remuneration, made up of gross salary plus pension contributions, fell within the following bands:

	31 August 2013 £000	1 December 2011 to 31 August 2012 £000
P C Wager, Head Teacher (to 31 August 2013)	155-160	110-115
T Braun	45-50	35-40
L G Clarke	50-55	35-40
L Renwick-Hall	20-25	15-20
E B Payne	5-10	-

During the year, no Governors received any benefits in kind (2012 - £nil).

During the year, no Governors received any reimbursement of expenses (2012 - £nil).

14. GOVERNORS' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy has purchased insurance to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2013 was £2,000.

15. TANGIBLE FIXED ASSETS

	Long Term Leasehold Property £000	Motor vehicles £000	Fixtures and fittings £000	Computer equipment £000	Total £000
Cost					
At 1 September 2012	14,163	18	-	163	14,344
Additions	865	-	119	-	984
At 31 August 2013	<u>15,028</u>	<u>18</u>	<u>119</u>	<u>163</u>	<u>15,328</u>
Depreciation					
At 1 September 2012	270	3	-	36	309
Charge for the year	441	3	1	55	500
At 31 August 2013	<u>711</u>	<u>6</u>	<u>1</u>	<u>91</u>	<u>809</u>
Net book value					
At 31 August 2013	<u><u>14,317</u></u>	<u><u>12</u></u>	<u><u>118</u></u>	<u><u>72</u></u>	<u><u>14,519</u></u>
At 31 August 2012	<u><u>13,893</u></u>	<u><u>15</u></u>	<u><u>-</u></u>	<u><u>127</u></u>	<u><u>14,035</u></u>

SACRED HEART CATHOLIC HIGH SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2013

16. DEBTORS

	2013	2012
	£000	£000
VAT recoverable	56	67
Other debtors	-	3
Prepayments and accrued income	86	50
	142	120
	142	120

17. CREDITORS:
Amounts falling due within one year

	2013	2012
	£000	£000
Trade creditors	428	112
Other creditors	1	-
Accruals and deferred income	210	111
	639	223
	639	223

Deferred income

		£000
Deferred income at 1 September 2012		58
Resources deferred during the year		81
Amounts released from previous years		(58)
		81
Deferred income at 31 August 2013		81

At the balance sheet date the academy was holding funds for Devolved Formula Capital, insurance income, SEN income and school trips income which straddle the academic year.

SACRED HEART CATHOLIC HIGH SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2013

18. STATEMENT OF FUNDS

	Brought Forward £000	Incoming resources £000	Resources Expended £000	Transfers in/out £000	Gains/ (Losses) £000	Carried Forward £000
Unrestricted funds						
Unrestricted general funds	72	281	(276)	-	-	77
VA funds	1,867	-	-	-	-	1,867
General School Fund	77	201	(225)	-	-	53
	<u>2,016</u>	<u>482</u>	<u>(501)</u>	<u>-</u>	<u>-</u>	<u>1,997</u>
Restricted funds						
	Brought Forward £000	Incoming resources £000	Resources Expended £000	Transfers in/out £000	Gains/ (Losses) £000	Carried Forward £000
General Annual Grant (GAG)	458	7,309	(6,359)	(864)	-	544
Pupil Premium	-	288	(262)	-	-	26
Premises School Fund	536	22	-	-	-	558
16-19 Bursary	-	19	(19)	-	-	-
Teaching Schools	104	176	(171)	-	-	109
National College	-	118	(102)	-	-	16
Other EFA	-	6	(6)	-	-	-
SEN Funding	-	107	(107)	-	-	-
Other government grants	-	18	(18)	-	-	-
Pension reserve	(589)	-	(17)	-	67	(539)
	<u>509</u>	<u>8,063</u>	<u>(7,061)</u>	<u>(864)</u>	<u>67</u>	<u>714</u>
Restricted fixed asset funds						
Legacy assets	13,951	-	(472)	-	-	13,479
DFC capital expenditure	9	28	(4)	-	-	33
ACMF capital expenditure	-	245	-	-	-	245
GAG capital expenditure	75	-	(24)	864	-	915
	<u>14,035</u>	<u>273</u>	<u>(500)</u>	<u>864</u>	<u>-</u>	<u>14,672</u>
Total restricted funds	<u>14,544</u>	<u>8,336</u>	<u>(7,561)</u>	<u>-</u>	<u>67</u>	<u>15,386</u>
Total of funds	<u>16,560</u>	<u>8,818</u>	<u>(8,062)</u>	<u>-</u>	<u>67</u>	<u>17,383</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2013

18. STATEMENT OF FUNDS (continued)

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

General Annual Grant (GAG) must be used for the normal running costs of the academy including salaries and related costs, overheads, repairs and maintenance and insurance. Under the funding agreement with the Secretary of State, the academy was subject to a limit on the amount of GAG that it could carry forward at 31 August 2013. Note 2 discloses whether the limit was exceeded.

Pupil Premium is additional funding to be spent as the academy sees fit to support deprived children.

Premises School Fund is private monies collected over the past twenty years to help the school fund capital projects.

The 16 - 19 Bursary is additional monies received to support sixth form students.

National College and Teaching Schools income is funding from the DfE towards the running of a teaching school.

SEN funding is income to support students with Special Educational Needs.

The pension reserve is the liability due to the deficit on the Local Government Pension Scheme. Further details are shown in note 24.

The restricted fixed asset funds represent capital grants and transfers from other funds to purchase fixed assets. Depreciation is charged against each fund over the useful life of the associated assets.

VA Funds represent monies transferred from the Local Authority on conversion, which are being held as an unrestricted reserve.

Transfers between funds represent fixed assets purchased out of GAG.

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds	Restricted funds	Restricted fixed asset funds	Total funds	Total funds
	2013 £000	2013 £000	2013 £000	2013 £000	1 December 2011 to 31 August 2012 £000
Tangible fixed assets	-	-	14,519	14,519	14,035
Current assets	2,566	1,323	153	4,042	3,337
Creditors due within one year	(569)	(70)	-	(639)	(223)
Provisions for liabilities and charges	-	(539)	-	(539)	(589)
	<u>1,997</u>	<u>714</u>	<u>14,672</u>	<u>17,383</u>	<u>16,560</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2013

20. NET CASH FLOW FROM OPERATING ACTIVITIES

	31 August 2013 £000	Period ended 31 August 2012 £000
Net incoming resources before revaluations	756	16,770
Returns on investments and servicing of finance	(73)	(14)
Cash transferred on conversion to an academy trust	-	(2,502)
Assets inherited on conversion	-	(14,245)
Depreciation of tangible fixed assets	500	309
Capital grants from DfE	(273)	(27)
Increase in debtors	(22)	(120)
Increase in creditors	416	223
Pension deficit inherited on conversion	-	382
FRS 17 adjustments	17	(3)
	<u>1,321</u>	<u>773</u>
Net cash inflow from operations	<u><u>1,321</u></u>	<u><u>773</u></u>

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

	31 August 2013 £000	Period ended 31 August 2012 £000
Returns on investments and servicing of finance		
Interest received	73	14
	<u>73</u>	<u>14</u>
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(984)	(99)
Capital grants from DfE	273	27
	<u>(711)</u>	<u>(72)</u>
Net cash outflow capital expenditure	<u><u>(711)</u></u>	<u><u>(72)</u></u>

22. ANALYSIS OF CHANGES IN NET FUNDS

	1 September 2012 £000	Cash flow £000	Other non-cash changes £000	31 August 2013 £000
Cash at bank and in hand:	3,217	683	-	3,900
Net funds	<u>3,217</u>	<u>683</u>	<u>-</u>	<u>3,900</u>

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NOTES TO THE FINANCIAL STATEMENTS
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23. CAPITAL COMMITMENTS

At 31 August 2013 the academy had capital commitments as follows:

	2013	2012
	£000	£000
Contracted for but not provided in these financial statements	1,486	844
	<u>1,486</u>	<u>844</u>

24. PENSION COMMITMENTS

The academy's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Tyne & Wear Pension Fund. Both are defined benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2004 and of the LGPS 31 March 2010.

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

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010). These regulations apply to teachers in schools that are maintained by local authorities and other educational establishments, including academies, in England and Wales. In addition teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and from 1 January 2007 automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a "pay as you go" basis – these contributions along with those made by employers are credited to the Exchequer under arrangements governed by the above Act.

The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

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24. PENSION COMMITMENTS (continued)

Valuation of the Teachers' Pension Scheme

At the last valuation, the contribution rate to be paid into the TPS was assessed in two parts. First, a standard contribution rate (SCR) was determined. This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service. Secondly, a supplementary contribution is payable if, as a result of the actuarial review, it is found that accumulated liabilities of the Account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions. The total contribution rate payable is the sum of the SCR and the supplementary contribution rate.

The last valuation of the TPS related to the period 1 April 2001 to 31 March 2004. The Government Actuary's report of October 2006 revealed that the total liabilities of the Scheme (pensions in payment and the estimated cost of future benefits) amounted to £166,500 million. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at that valuation date) was £163,240 million. The assumed real rate of return was 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth was assumed to be 1.5%. The assumed gross rate of return was 6.5%. From 1 January 2007, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable.

Actuarial scheme valuations are dependent on assumptions about the value of future costs, the design of benefits and many other factors. Many of these assumptions are being considered as part of the work on the reformed TPS, as set out below. Scheme valuations therefore remain suspended. The Public Service Pensions Bill, which is being debated in the House of Commons, provides for future scheme valuations to be conducted in accordance with Treasury directions. The timing for the next valuation has still to be determined, but it is likely to be before the reformed schemes are introduced in 2015.

Teachers' Pension Scheme Changes

Lord Hutton published his final report in March 2011 and made recommendations about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation and Ministers engaged in extensive discussions with trade unions and other representative bodies on reform of the TPS. Those discussions concluded on 9 March 2012 and the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Importantly, pension benefits built up before 1 April 2015 will be fully protected.

In addition, the Proposed Final Agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall just outside of the 10 year protection.

In his interim report of October 2010, Lord Hutton recommended that short-term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the Spending Review 2010 the Government announced an average increase of 3.2 percentage points on the contribution rates by 2014-15. The increases were to be phased in from April 2012 on a 40:80:100% basis. The employee contribution rate from April 2012 was between 6.4% and 8.8% and from April 2013 was between 6.4% and 11.2%.

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24. PENSION COMMITMENTS (continued)

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The academy is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the academy has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy has set out above the information available on the scheme.

The total contribution made for the year ended 31 August 2013 was £799,000, of which employer's contributions totalled £503,000.

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2013 was £165,000, of which employer's contributions totalled £116,000 and employees' contributions totalled £36,000. The agreed contribution rates for future years are 14.6% for employers and 5.5% - 7.5% for employees.

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

The amounts recognised in the Balance sheet are as follows:

	31 August 2013 £000	Period ended 31 August 2012 £000
Present value of funded obligations	(1,797)	(1,573)
Fair value of scheme assets	1,258	984
	<hr/>	<hr/>
Net liability	(539)	(589)
	<hr/> <hr/>	<hr/> <hr/>

The amounts recognised in the Statement of financial activities are as follows:

	31 August 2013 £000	Period ended 31 August 2012 £000
Current service cost	(145)	(79)
Interest on obligation	(68)	(47)
Expected return on scheme assets	67	44
	<hr/>	<hr/>
Total	(146)	(82)
	<hr/> <hr/>	<hr/> <hr/>
Actual return on scheme assets	121	62
	<hr/> <hr/>	<hr/> <hr/>

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FOR THE YEAR ENDED 31 AUGUST 2013

24. PENSION COMMITMENTS (continued)

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

	31 August 2013 £000	Period ended 31 August 2012 £000
Opening defined benefit obligation	1,573	-
Current service cost	145	79
Interest cost	68	47
Contributions by scheme participants	36	24
Actuarial (Gains)/losses	(13)	228
Benefits paid	(12)	(72)
Transferred from LEA	-	1,267
	<hr/>	<hr/>
Closing defined benefit obligation	1,797	1,573
	<hr/> <hr/>	<hr/> <hr/>

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

	31 August 2013 £000	Period ended 31 August 2012 £000
Opening fair value of scheme assets	984	-
Expected return on assets	67	44
Actuarial gains and (losses)	54	18
Contributions by employees	36	24
Benefits paid	(12)	(72)
Contributions by employer	129	85
Transferred from LEA	-	885
	<hr/>	<hr/>
	1,258	984
	<hr/> <hr/>	<hr/> <hr/>

The cumulative amount of actuarial losses recognised in the Statement of total recognised gains and losses was £143,000 (2012 - £210,000).

The academy expects to contribute £136,000 to its Defined benefit pension scheme in 2014.

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	2013	2012
Property	8.90 %	9.00 %
Cash	2.30 %	1.90 %
Government bonds	3.60 %	7.30 %
Equities	66.60 %	65.90 %
Corporate bonds	11.60 %	12.10 %
Other	7.00 %	3.80 %

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

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

	2013	2012
Discount rate for scheme liabilities	4.50 %	4.10 %
Rate of increase in salaries	4.70 %	4.70 %
Rate of increase for pensions in payment	2.80 %	2.20 %
Inflation assumption (CPI)	2.80 %	2.20 %
Inflation assumption (RPI)	3.70 %	3.20 %

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

	2013	2012
Retiring today		
Males	21.7	21.6
Females	23.9	23.8
Retiring in 20 years		
Males	23.5	23.4
Females	25.8	25.7

Amounts for the current and previous period are as follows:

Defined benefit pension schemes

	2013	2012
	£000	£000
Defined benefit obligation	(1,797)	(1,573)
Scheme assets	1,258	984
Deficit	<u>(539)</u>	<u>(589)</u>
Experience adjustments on scheme liabilities	13	(228)
Experience adjustments on scheme assets	<u>54</u>	<u>18</u>

25. OPERATING LEASE COMMITMENTS

At 31 August 2013 the academy had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2013	2012	2013	2012
	£000	£000	£000	£000
Expiry date:				
Between 1 and 2 years	-	-	13	-
Between 2 and 5 years	-	-	18	31
	<u> </u>	<u> </u>	<u> </u>	<u> </u>