

Sacred Heart Catholic High School

(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

for the year ended
31 August 2015

Sacred Heart Catholic High School

REFERENCE AND ADMINISTRATIVE DETAILS

Governors

D M Kendall (Chairman)
 A Bath * (Principal and Accounting Officer)
 M I Awcock * (Resigned November 2014)
 T Braun *
 M T Choat *
 L G Clarke (Resigned July 2015)
 Fr J Dunne
 B Fitzpatrick
 F Kirkby MBE
 Fr C O'Connor
 L Renwick-Hall (Resigned October 2014)
 E B Payne
 H C Thompson *
 V Goatman *
 R McBride (Appointed November 2014)
 Sr M Wilson (Appointed November 2014)

* members of the finance and site committee

Senior Management Team:

A Bath (Head Teacher)
 F Temple Jones (Deputy Head Teacher)
 S Howell (Deputy Head Teacher)
 M Cousins
 A Barron
 R Gundlach (Appointed September 2014)
 M Donnelly
 D Douglass
 I Bradley
 L Clarke
 M Ashton (Appointed September 2014)

C Jeffrey (Finance & Business Manager)

Principal and Registered Office

Fenham Hall Drive
 Newcastle Upon Tyne
 NE4 9YH

Company Registration Number

07841435

Independent Auditor

RSM UK Audit LLP (formerly Baker Tilly UK Audit LLP)
 1 St James' Gate
 Newcastle Upon Tyne
 NE1 4AD

Bankers

Natwest Bank Plc	Lloyds Bank
16 Northumberland Street	102 Grey Street
Newcastle Upon Tyne	Newcastle Upon Tyne
NE1 7EL	NE1 6AG

Solicitors

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

Sacred Heart Catholic High School

GOVERNOR'S REPORT

The trustees present their annual report together with the financial statements and auditors' reports of the charitable company for the year ended 31 August 2015.

The annual report serves the purposes of both the trustees' report, and a directors' report under company law.

The trust operates an academy for pupils aged 11-18 serving a catchment area in Newcastle upon Tyne and within the Diocese of Hexham and Newcastle. It has a pupil capacity of 1485 and had a roll of 1375 in the school census on 21 May 2015.

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 purpose of company law. The Charitable Company is known as Sacred Heart Catholic High School.

Details of the Governors who served throughout the year 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.

Trustees' Indemnities

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

Method of recruitment and appointment or election of Trustees

The term of office for any Governor shall be 4 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 year the academy continued to operate a unified management structure. The structure consists of 4 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.

Sacred Heart Catholic High School

GOVERNOR'S REPORT (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 Head Teachers.

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.

Connected organisations, including related party transactions

Further details are stated in Note 24 to the Financial Statements.

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 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 principal risks and uncertainties are outlined later in this report.

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 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.

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 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.

Sacred Heart Catholic High School

GOVERNOR'S REPORT (continued)

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 Charity Commission and the Governors have had due regard to this guidance in deciding what activities the charity should undertake.

STRATEGIC REPORT

Achievements and Performance

Academic performance

Attendance at 95.64% is above average nationally.
Unauthorised absence is very low at 0.42%.

Attainment at Key Stage 4 in 2015 remained high

1:3 of the grades awarded at GCSE was 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 the national averages. The five year trend is one of high performance.
78% of students attained 5 A*-C grades and 75% 5 A*-C including English and Maths.
All students with us achieved at least one qualification
Attainment in English is outstanding at 86% A*-C. Levels of progress: 88% made three; 44% made four.
Attainment in Mathematics is outstanding at 78% A*-C. Levels of progress: 77% made three; 34% made four.
Attainment in Science is outstanding at 69% A*-C (Core and Additional exams)
Attainment in Religious Studies is outstanding at 42% A*-A, 78% A*-C.
Consistently outstanding Value Added scores over the past three years >1035
In 2015 attainment for specific groups showed no significant deviation from the whole school picture.

Sixth Form attainment and progress

Students made very good progress from a very high starting position. Attainment is excellent 25% A*-A grades; 54% A*-B grades; 86% A*-C grades; 100% pass rate in recent years for A level.
The Average Point Score per entry rose to 222.

Review of activities

The academy has supported 205 school visits of which 6 were foreign visits.

Key Financial Performance Indicators

The finance committee review any budget variances, these are reviewed monthly in the finance department.

Going Concern

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

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.

Sacred Heart Catholic High School

GOVERNOR'S REPORT (continued)

Reserves policy

Most of the academy's income is obtained from the Department for Education (DfE) via the Education Funding Agency (EFA) 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 ended 31 August 2015 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 ended 31 August 2015, total expenditure of £7,745k was exceeded by recurrent grant funding from the DfE/EFA together with other incoming resources. The excess income over expenditure for the year (before transfers and actuarial gains, and excluding restricted fixed asset funds) was £556k.

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

At 31 August 2015 the net book value of fixed assets was £15,523k and movements in tangible fixed assets are shown in note 12 to the Financial Statements. The assets were used exclusively for providing education and the associated support services to the students of the academy.

The provisions of Financial Reporting Standard No. 17 'Retirement Benefits' (FRS 17) have been applied in full, resulting in a deficit of £446k recognised on the balance sheet.

The academy held fund balances at 31 August 2015 of £18,181k comprising £16,113k of restricted funds and £2,068k of unrestricted funds.

Reserves policy

The academy holds restricted and unrestricted funds (the attached financial statements detail these funds). Unrestricted funds are held:

- to provide funds which can be designated to specific areas such as STEM activities, Gifted & Talented, Pastoral
- to cover ongoing costs in relation to the running of the academy.

The level of reserves is reviewed by the Governors regularly throughout the year. 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 £597K). 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 £2,068k.

Investment Policy

The academy invests funds in a Special Interest Bearing account with NatWest Bank currently paying 0.4% AER/Gross Rate p.a. The academy has also invested with Lloyds Bank £251K in a 32 day notice account which attracts interest of 0.7%, £400K in a 12 month account which attracts interest of 1.05%, and £51K in a 6 month account which attracts interest of 0.8%. Interest rates are reviewed across a number of banks to ensure we are getting the best return on the balances we hold. This policy maximises investment return whilst minimising risks to the principal sum.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties are centred on 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.

The trustees 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.

Sacred Heart Catholic High School

GOVERNOR'S REPORT (continued)

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.

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.

PLANS FOR FUTURE PERIODS

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.

GOING CONCERN

After making appropriate enquiries, the Board 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 concerning the adoption of the going concern basis can be found in the Statement of Accounting Policies.

AUDITORS

Clive Owen & Co LLP resigned as auditors to the academy on 20 February 2015. RSM UK Audit LLP (formerly Baker Tilly UK Audit LLP) were appointed auditors to the academy and has indicated its willingness to continue in office.

Statement as to disclosure of information to auditors

The Trustees have confirmed that, as so far as they are aware, there is no relevant audit information of which the auditors are unaware. Each of the Trustees have confirmed that they have taken all of the steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

The Trustees' Report is approved by order of the board of trustees and the Strategic Report (included therein) is approved by the board of trustees, in their capacity as directors, on 26 November 2015 and signed on the board's behalf by:



D M Kendall
Chair

Sacred Heart Catholic High School

GOVERNANCE STATEMENT

Scope of responsibility

As trustees 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 trustees any material weaknesses or breakdowns in internal control.

Governance

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

Trustee	Meetings attended	Out of a possible
F Kirkby MBE	[6]	[6]
M I Awcock	[2]	[2]
Fr J Dunne	[6]	[6]
E B Payne	[6]	[6]
D M Kendall (Chair)	[5]	[6]
M T Choat	[6]	[6]
V Goatman	[6]	[6]
L Renwick-Hall	[1]	[1]
H C Thompson	[6]	[6]
R McBride	[6]	[6]
Fr C O'Connor	[5]	[6]
B Fitzpatrick	[6]	[6]
A Bath, Head Teacher	[6]	[6]
T Braun	[6]	[6]
L G Clarke	[4]	[6]
Sr M Wilson	[4]	[5]

The Finance and Site Committee is a sub-committee of the main board of trustees. 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 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.

Sacred Heart Catholic High School

GOVERNANCE STATEMENT

Attendance at meetings in the year to 31 August 2015 was as follows:

Trustee	Meetings attended	Out of a possible
M I Awcock	[2]	[2]
T Braun	[3]	[5]
M T Choat	[5]	[5]
V Goatman	[5]	[5]
H C Thompson	[4]	[5]
A Bath, Head Teacher	[5]	[5]

Review of Value for Money

As accounting officer the Head Teacher has responsibility for ensuring that the academy trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The accounting officer considers how the trust's use of its resources has provided good value for money during the academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where available. The accounting officer for the academy trust has delivered improved value for money during the year by:

Example One

The academy has a large annual hygiene contract which was renegotiated during 14-15. The annual cost saving as a result of the renegotiation was just under £18K and has also resulted in new more energy efficient hand driers being fitted into the school during the 15-16 academic year. Cost savings were also made on the cost of purchasing both hand towels and toilet paper. This is an excellent example of how the academy is constantly looking to make efficiency savings through its procurement policy without losing the high quality of service we get from our suppliers.

Example Two

The academy decided in 14-15 to raise awareness of the environment and our impact upon it. A review was taken of all the areas where the school could minimise waste and recycle more effectively. For a relatively small outlay, recycling bins were deployed across all the school buildings. As a result of this initiative the academy was able to reduce the number of weekly waste bin collections which we are charged for, and replace them with recycling bin uplifts which are free.

In 15-16 we hope to explore other ways of reducing our energy footprint.

Example Three

The academy has been exploring ways of maximising income generation within the school. The governing body gave permission for the academy to apply for SCITT status the application for which was completed during August 2015. During 14-15 the academy has been awarded funding of £15K from the Department for Education to provide School to School Support to other Academy schools.

The academy is also looking to maximise further the letting of school premises during the weekends, and we expect to see the results of this extending into the 15-16 academic year.

Any surplus funds generated by lettings is reinvested into the school.

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 Sacred Heart Catholic High School for the period 1 September 2014 to 31 August 2015 and up to the date of approval of the annual report and financial statements.

Sacred Heart Catholic High School

GOVERNANCE STATEMENT

Capacity to Handle Risk

The Board of Governors 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 Governors is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1 September 2014 to 31 August 2015 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- regular reviews by the Finance and 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 trustees has considered the need for a specific internal audit function and has decided:

- not to appoint an internal auditor.

However the trustees have appointed RSM to perform additional checks.

The reviewer's role includes giving advice on financial matters and performing a range of checks on the academy trust'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 reviewer has delivered their schedule of work as planned and no material control issues have arisen as a result of their work.


Review of Effectiveness

As accounting officer, 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 reviewer;
- the work of the external auditor;
- the financial management and governance self-assessment process
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the Finance and 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 trustees on 26 November 2015 and signed on its behalf by:



D Kendall
Chair



A Bath, Head Teacher
Accounting Officer


Sacred Heart Catholic High School

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Sacred Heart Catholic High School I have considered my responsibility to notify the Academy Trust Board of Trustees 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 Trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

I confirm that I and the Academy Trust Governing Body are able to identify any material irregular or improper use of funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academies Financial Handbook.

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



A Bath, Headteacher
Accounting Officer

26 November 2015

Sacred Heart Catholic High School

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees (who act as governors of the 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 Trustees' Report (including the Strategic 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 Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Charitable Company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in business.

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

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

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

Approved by order of the members of the Board of Trustees on 26 November 2015 and signed on its behalf by:



D M Kendall

Chair of Trustees

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
Sacred Heart Catholic High School
Year ending on 31 August 2015

We have audited the financial statements of Sacred Heart Catholic High School for the year ended 31 August 2015 on pages 13-33. 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 2014 to 2015 issued by the Education Funding Agency.

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

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITOR

As explained more fully in the Statement of Trustees' Responsibilities set out on page 11, the trustees (who act as trustees for the charitable activities of the charitable company, and are also the directors of the charitable company 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 (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

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

have been prepared in accordance with the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

OPINION ON OTHER REQUIREMENT OF THE COMPANIES ACT 2006

In our opinion the information given in the Trustees' Report and the incorporated Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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:

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



CLAIRE LEECE (Senior Statutory Auditor)

For and on behalf of RSM UK AUDIT LLP (formerly BAKER TILLY UK AUDIT LLP), Statutory Auditor
Chartered Accountants

1 St James' Gate
Newcastle upon Tyne
NE1 4AD

11/12/15

Sacred Heart Catholic High School

STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT AND STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES)

For the year ended 31 August 2015

	Notes	Unrestricted funds £000	Restricted general funds £000	Restricted fixed asset funds £000	Total 2015 £000	Total 2014 £000
INCOMING RESOURCES						
Incoming resources from generated funds:						
Voluntary income	2	-	-	47	47	258
Activities for generating funds	3	374	38	-	412	341
Investment income	4	32	26	-	58	38
Incoming resources from charitable activities:						
Academy Trust's educational operations	5	-	7,831	-	7,831	8,379
TOTAL INCOMING RESOURCES		406	7,895	47	8,348	9,016
RESOURCES EXPENDED						
Charitable activities:						
Academy Trust's educational operations	6,7	343	7,298	636	8,277	8,168
Governance costs	6,8	-	104	-	104	90
TOTAL RESOURCES EXPENDED		343	7,402	636	8,381	8,258
NET INCOMING/(OUTGOING) RESOURCES BEFORE TRANSFERS						
Gross transfers between funds	15	63	493	(589)	(33)	758
		-	(151)	151	-	-
NET INCOME/(EXPENDITURE) FOR THE YEAR		63	342	(438)	(33)	758
OTHER RECOGNISED GAINS AND LOSSES						
Actuarial gains on defined benefit pension scheme	23	-	38	-	38	35
NET MOVEMENT IN FUNDS		63	380	(438)	5	793
RECONCILIATION OF FUNDS						
Total funds brought forward		2,005	210	15,961	18,176	17,383
TOTAL FUNDS CARRIED FORWARD	16	2,068	590	15,523	18,181	18,176

All of the Academy Trust's activities derive from continuing operations during the above two financial periods.

Sacred Heart Catholic High School

BALANCE SHEET

As at 31 August 2015

	Notes	2015 £000	2015 £000	2014 £000	2014 £000
FIXED ASSETS					
Tangible assets	12		15,523		15,960
CURRENT ASSETS					
Debtors	13	98		380	
Cash at bank and in hand		3,502		3,300	
		3,600		3,680	
CREDITORS: Amounts falling due within one year	14	(496)		(955)	
NET CURRENT ASSETS			3,104		2,725
TOTAL ASSETS LESS CURRENT LIABILITIES EXCLUDING PENSION LIABILITY			18,627		18,685
Pension Scheme Liability	23		(446)		(509)
NET ASSETS INCLUDING PENSION LIABILITY			18,181		18,176
THE FUNDS OF THE ACADEMY TRUST:					
RESTRICTED FUNDS					
Fixed asset fund	15		15,523		15,961
General fund	15		1,036		719
Restricted funds excluding pension reserve			16,559		16,680
Pension reserve	15		(446)		(509)
TOTAL RESTRICTED FUNDS			16,113		16,171
TOTAL UNRESTRICTED INCOME FUNDS	15		2,068		2,005
TOTAL FUNDS			18,181		18,176

The financial statements on pages 13 to 33 were approved by the Trustees and authorised for issue on 26 November 2015 and are signed on their behalf by:



D M Kendall
Chair

Sacred Heart Catholic High School

CASH FLOW STATEMENT

For the year ended 31 August 2015

	<i>Notes</i>	2015 £000	2014 £000
NET CASH INFLOW FROM OPERATING ACTIVITIES	18	296	691
Returns on investments and servicing of financing	19	58	29
Capital expenditure	20	(152)	(1,320)
(DECREASE)/INCREASE IN CASH IN THE YEAR	21	202	(600)
RECONCILIATION OF NET CASH INFLOW TO MOVEMENT IN NET FUNDS			
NET FUNDS AT 1 SEPTEMBER	21	3,300	3,900
Increase/(decrease) in cash in the year	21	202	(600)
NET FUNDS AT 31 AUGUST	21	3,502	3,300

Sacred Heart Catholic High School

ACCOUNTING POLICIES

BASIS OF PREPARATION

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Statement of Recommended Practice ('SORP 2005'): 'Accounting and Reporting by Charities', the Academies: Accounts Direction 2014 to 2015 ('SORP 2005') issued by the Education Funding Agency and Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

GOING CONCERN

The Trustees assess whether the use of going concern basis of preparing the financial statements 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 charitable company to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of approval of the financial statements.

INCOMING RESOURCES

All incoming resources are recognised when the Academy Trust has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

GRANTS RECEIVABLE

Grant income is 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.

The general annual grant ('the GAG') from the DfE, which is intended to meet recurrent costs, is recognised on a receivable basis and is credited directly to the Statement of Financial Activities to the extent of the entitlement of the funds, any abatement in respect of the period is deducted from income and is recognised as a liability.

Capital grants are recognised as voluntary income on a receivable basis to the extent there is entitlement. They 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.

Other grants from government agencies and other bodies are recognised in the period in which they are receivable to the extent the conditions of funding have been met. 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.

DONATIONS

Donations are recognised on a receivable basis where there is an entitlement, 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 donation.

OTHER INCOME

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

INTEREST RECEIVABLE

Interest receivable is included in the Statement of Financial Activities on a receivable basis, and is stated inclusive of related tax credits.

FUND ACCOUNTING

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

Restricted General funds are resources subject to specific restrictions imposed by funders or donors, and include grants from the Education Funding Agency and the Department for Education.

Restricted Fixed Assets Funds are resources which are to be applied to specific capital purposes imposed by the Education Funding Agency and the Department for Education, where the asset acquired or created is held for a specific purpose.

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

Sacred Heart Catholic High School

ACCOUNTING POLICIES (CONTINUED)

RESOURCES EXPENDED

All expenditure is recognised in the year 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 to each activity cost category on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges 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 on the Academy Trust's educational operations.

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

All resources expended are inclusive of irrecoverable VAT.

TANGIBLE FIXED ASSETS

Tangible fixed assets costing £1,000 or more are capitalised at cost 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 the related grants require the asset to be held for a specific purpose they are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet, with this amount being reduced over the useful economic life of the related asset on a basis consistent with the depreciation policy, the corresponding amount charged to the restricted fixed asset fund in the Statement of Financial Activities.

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 been 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 Trustees consider that the cost of obtaining an additional valuation would outweigh benefit.

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

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

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

TAXATION

The Academy Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Academy Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 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.

LEASED ASSETS

Rentals under operating leases are charged on a straight-line basis over the lease term.

Sacred Heart Catholic High School

ACCOUNTING POLICIES (CONTINUED)

PENSION BENEFITS

Retirement benefits to employees of the Academy Trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes, are contracted out of the State Earnings-Related Pension Scheme ('SERPS') (until April 2016), and the assets are held separately from those of the Academy Trust.

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 quinquennial valuations using a prospective benefit method. As stated in Note 23, the TPS is a multi employer scheme and the Academy Trust 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 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 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 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 year until 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.

AGENCY ARRANGEMENTS

The Academy Trust acts as an agent in the administering of 16-19 Bursary Funds from the EFA. Related payments received from the EFA and subsequent disbursements to students are excluded from the statement of financial activities to the extent that the Academy Trust does not have a beneficial interest in the individual transactions. The allowance of 5% as a contribution to administration costs is however recognised in the statement of financial activities. Where funds have not been fully applied in the year then an amount will be included as amounts due to the EFA.

Sacred Heart Catholic High School
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2015

1 GENERAL ANNUAL GRANT (GAG)

Under the funding agreement with the Secretary of State the academy was subject to limits at 31 August 2015 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 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 2015.

2 VOLUNTARY INCOME

	Unrestricted funds £000	Restricted general funds £000	Restricted fixed asset funds £000	Total 2015 £000	Total 2014 £000
DfE/EFA capital grants	-	-	47	47	-
Donations - fixed assets	-	-	-	-	258
	-	-	47	47	258

3 ACTIVITIES FOR GENERATING FUNDS

	Unrestricted funds £000	Restricted general funds £000	Total 2015 £000	Total 2014 £000
School fund income	175	-	175	183
Hire of facilities	2	-	2	2
Catering income	136	-	136	118
Other income	61	38	99	38
	374	38	412	341

4 INVESTMENT INCOME

	Unrestricted funds £000	Restricted funds £000	Total 2015 £000	Total 2014 £000
Bank Interest	32	-	32	30
Pension Income	-	26	26	8
	32	26	58	38

Sacred Heart Catholic High School
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 August 2015

5 FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds £000	Restricted general funds £000	Restricted fixed asset funds £000	Total 2015 £000	Total 2014 £000
DfE/EFA REVENUE GRANTS					
General annual grant (GAG)	-	7,408	-	7,408	7,287
Academies Capital maintenance Fund	-	-	-	-	572
Pupil Premium	-	288	-	288	347
16-19 Bursary	-	(40)	-	(40)	49
National College for Teaching and Leadership	-	23	-	23	14
Teaching Schools	-	89	-	89	29
	-	7,768	-	7,768	8,298
OTHER GOVERNMENT GRANTS					
Special educational projects	-	17	-	17	53
Other grants	-	46	-	46	28
	-	63	-	63	81
	-	7,831	-	7,831	8,379

6 RESOURCES EXPENDED

	Staff costs £000	Non pay expenditure Premises £000	Other costs £000	Total 2015 £000	Total 2014 £000
Academy's education operations					
Direct costs	5,212	-	747	5,959	5,984
Allocated support costs	510	1,295	513	2,318	2,184
	5,722	1,295	1,260	8,277	8,168
Governance costs	-	-	104	104	90
	5,722	1,295	1,364	8,381	8,258
Net (outgoing)/incoming resources for the year				2015 £000	2014 £000
Operating leases: - other				22	31
Fees payable to RSM UK Audit LLP and its associates for: - audit				8	7
- other services				6	2

Sacred Heart Catholic High School
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 August 2015

7 CHARITABLE ACTIVITIES - ACADEMY'S EDUCATIONAL OPERATIONS

	2015 £000	2014 £000
DIRECT COSTS		
Teaching and educational support staff	5,212	5,128
Educational supplies	222	298
Examination fees	150	146
Staff Development	67	79
Other direct costs	308	333
	<u>5,959</u>	<u>5,984</u>
ALLOCATED SUPPORT COSTS		
Support staff costs	510	435
Depreciation	636	542
Technology costs	139	86
Recruitment and support	44	59
Maintenance of premises and equipment	249	370
Cleaning	228	216
Rent and rates	32	36
Energy costs	125	115
Insurance	63	66
Security and transport	14	7
Catering	220	234
Bank interest and charges	1	1
Other support costs	57	17
	<u>2,318</u>	<u>2,184</u>
	<u>8,277</u>	<u>8,168</u>

8 GOVERNANCE COSTS

	2015 £000	2014 £000
Legal and professional fees	90	81
Auditor's remuneration		
Audit of financial statements	8	7
Other services	6	2
	<u>104</u>	<u>90</u>

Sacred Heart Catholic High School
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 August 2015

9 STAFF COSTS	2015	2014
	£000	£000
Staff costs during the period were:		
Wages and salaries	4,613	4,466
Social security costs	353	351
Pension costs	717	687
	<u>5,683</u>	<u>5,504</u>
Supply staff costs	39	59
Staff restructuring costs	-	-
	<u>5,722</u>	<u>5,563</u>

Included in pension costs is additional LGPS deficit payments of £43,000 (2014: £9,000)

The average number of persons (including senior management team) employed by the Academy Trust during the year was as follows:

	2015	2014
	No.	No.
Teachers	88	88
Administration and support	40	41
Management	11	11
	<u>139</u>	<u>140</u>

The number of employees whose emoluments, excluding pension contributions, fell within the following bands was:

	2015	2014
	No.	No.
£60,001 - £70,000	2	2
£70,001 - £80,000	1	1
£80,001 - £90,000	-	1
£90,001 - £100,000	1	-
	<u>1</u>	<u>-</u>

All of the above employees participated in the Teachers' Pension Scheme. The scheme is a defined benefit scheme.

Sacred Heart Catholic High School

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 August 2015

10 TRUSTEES' REMUNERATION AND EXPENSES

Principal and staff trustees only receive remuneration in respect of services they provide undertaking the roles of Principal and staff trustees under their contracts of employment and not in respect of their services as trustees. Other trustees did not receive any payments from the Academy Trust in respect of their role as trustees. The value of trustees' remuneration, made up of gross salary plus pension contributions, fell within the following bands:

	2015 £000	2014 £000
A Bath, Headteacher	105-110	90-95
T Braun	45-50	40-45
L G Clarke	55-60	50-55
L Renwick-Hall	-	15-20

During the year ended 31 August 2015, no expenses for travel and subsistence were reimbursed to Trustees (2014: £nil).

Related party transactions involving the Trustees are set out in note 24.

11 TRUSTEES' AND OFFICERS INSURANCE

In accordance with normal commercial practice the Academy Trust has purchased insurance to protect Trustees 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 2015 was £2,000 (2014: £2,000).

The cost of this insurance is included in the total insurance cost.

12 TANGIBLE FIXED ASSETS

	Longterm leasehold property	Motor vehicles	Fixtures and fittings	Computer equipment	Total £000
COST OR VALUATION	-	-	-	-	-
1 September 2014	16,745	18	223	325	17,311
Additions	32	-	57	110	199
Disposals	-	-	-	-	-
31 August 2015	16,777	18	280	435	17,510
DEPRECIATION					
1 September 2014	1,161	10	16	164	1,351
Charge for the year	523	4	25	84	636
Disposals	-	-	-	-	-
31 August 2015	1,684	14	41	248	1,987
NET BOOK VALUE					
31 August 2015	15,093	4	239	187	15,523
1 September 2014	15,584	8	207	161	15,960

With regard to the longterm leasehold property included above, this should be read in conjunction with the statement on the next page and the accounting policy.

Sacred Heart Catholic High School

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 August 2015

12 TANGIBLE FIXED ASSETS (CONTINUED)

With respect to the buildings from which the academy operates, these are legally owned by the Diocese of Hexham and Newcastle. Sacred Heart Catholic High School is able to use the buildings under the terms of a supplemental lease agreement. The substance of the arrangement is such that Sacred Heart Catholic High School is able to obtain future economic benefits from unrestricted use of the asset. As such, the buildings are recognised as a fixed asset recorded at their fair value at the time of conversion. This is treated as the deemed cost.

13 DEBTORS	2015	2014
	-	-
Trade debtors	2	5
Prepayments and accrued income	78	328
VAT recoverable	18	45
Other debtors	-	2
	<u>98</u>	<u>380</u>
14 CREDITORS: Amounts falling due within one year	2015	2014
	-	-
Trade creditors	77	385
Other taxation and social security	-	-
Other creditors	1	1
Accruals and deferred income	418	569
	<u>496</u>	<u>955</u>
Deferred income	2015	2014
	-	-
Deferred income at 1 September	41	81
Resources deferred in the year	45	41
Amounts released from previous period	(41)	(81)
Deferred income at 31 August	<u>45</u>	<u>41</u>

At the balance sheet date the academy trust was holding funds received in advance regarding school trips and EFA grants that straddle the financial year.

Sacred Heart Catholic High School
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 August 2015

15 FUNDS

	At 1 September 2014 £000	Incoming resources £000	Resources expended £000	Gains, losses and transfers £000	At 31 August 2015 £000
RESTRICTED GENERAL FUNDS					
General Annual Grant (GAG)	25	7,408	(6,998)	(151)	284
Pension reserve	(509)	26	(1)	38	(446)
	<u>(484)</u>	<u>7,434</u>	<u>(6,999)</u>	<u>(113)</u>	<u>(162)</u>
Other DfE/EFA grants:					
Pupil Premium	42	288	(210)	-	120
16-19 Bursary	40	(40)	-	-	-
Teaching Schools and National College	52	112	(99)	-	65
SEN Funding	-	17	(17)	-	-
Other	-	76	(69)	-	7
Other funds:					
Premises School Fund	560	-	-	-	560
Other	-	8	(8)	-	-
	<u>694</u>	<u>461</u>	<u>(403)</u>	<u>-</u>	<u>752</u>
	<u>210</u>	<u>7,895</u>	<u>(7,402)</u>	<u>(113)</u>	<u>590</u>
RESTRICTED FIXED ASSET FUNDS					
Legacy assets	13,042	-	(417)	-	12,625
DfE/EFA capital grants	868	47	(85)	-	830
Capital expenditure from GAG	1,811	-	(123)	151	1,839
Donated assets	240	-	(11)	-	229
	<u>15,961</u>	<u>47</u>	<u>(636)</u>	<u>151</u>	<u>15,523</u>
TOTAL RESTRICTED FUNDS	<u>16,171</u>	<u>7,942</u>	<u>(8,038)</u>	<u>38</u>	<u>16,113</u>
UNRESTRICTED FUNDS					
Unrestricted funds	2,005	406	(343)	-	2,068
TOTAL UNRESTRICTED FUNDS	<u>2,005</u>	<u>406</u>	<u>(343)</u>	<u>-</u>	<u>2,068</u>
TOTAL FUNDS	<u>18,176</u>	<u>8,348</u>	<u>(8,381)</u>	<u>38</u>	<u>18,181</u>

Sacred Heart Catholic High School
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 August 2015

15 FUNDS CONTINUED

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

General Annual Grant must be used for the normal running 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 2015. Note 1 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.

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 Education Needs.

The pension reserve is the liability due to the deficit on the Local Government Pension Scheme. Further details are shown in note 23.

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.

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

Transfers between funds represent fixed assets purchased out of GAG.

Sacred Heart Catholic High School

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 August 2015

16 ANALYSIS OF NET ASSETS BETWEEN FUNDS	Unrestricted funds £000	Restricted general funds £000	Restricted fixed asset funds £000	Total 2015 £000	Total 2014 £000
Tangible fixed assets	-	-	15,523	15,523	15,960
Current assets	2,068	1,532	-	3,600	3,680
Current liabilities	-	(496)	-	(496)	(955)
Pension scheme liability	-	(446)	-	(446)	(509)
TOTAL NET ASSETS	2,068	590	15,523	18,181	18,176

17 FINANCIAL COMMITMENTS

OPERATING LEASES

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

	2015 £000	2014 £000
Other:		
Expiring within one year	14	13
Expiring within two and five years inclusive	8	13
Expiring in over five years	-	5
	22	31

18 RECONCILIATION OF NET INCOME TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2015 £000	2014 £000
Net income	(33)	758
Depreciation (note 11)	636	542
Capital grants from DfE/EFA and others	(47)	(412)
Donated assets	-	(251)
Interest receivable	(58)	(29)
FRS 17 pension cost less contributions payable (note 23)	1	5
FRS 17 pension finance costs (note 23)	(26)	-
Decrease/(Increase) in debtors	282	(238)
(Decrease)/Increase in creditors	(459)	316
NET CASH INFLOW FROM OPERATING ACTIVITIES	296	691

19 RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2015 £000	2014 £000
Interest received	58	29
NET CASH INFLOW FROM RETURNS ON INVESTMENT AND SERVICING OF FINANCE	58	29

Sacred Heart Catholic High School

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 August 2015

20 CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	2015	2014
	£000	£000
Purchase of tangible fixed assets	(199)	(1,732)
Capital grants from DfE/EFA	47	412
NET CASH (OUTFLOW)/INFLOW FROM CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	(152)	(1,320)

21 ANALYSIS OF CHANGES IN NET FUNDS	At 1 September 2014 £000	Cash flows 2015 £000	At 31 August 2015 £000
Cash at bank and in hand	3,300	202	3,502
	3,300	202	3,502

22 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.

Sacred Heart Catholic High School

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 August 2015

23 PENSION AND SIMILAR OBLIGATIONS

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2012 and of the LGPS 31 March 2013.

Contributions amounting to £7,300 (2014: £nil) were payable to the scheme at 31 August 2015 and are included within creditors.

Teachers' Pension Scheme

The Teachers' Pensions Scheme ("TPS") is a statutory, contributory, defined benefit scheme governed by the Teachers' Pensions Regulations 2010, and from 1 April 2014 by the Teachers' Pension Scheme Regulations 2014. The TPS is an unfunded scheme and members contribute on a 'pay as-you-go' basis, and along with employers' contributions, are credited to the Exchequer.

Valuation of the Teachers' Pensions Scheme

Not less than every four years the Government Actuary ("GA"), using normal actuarial principles, conducts a formal actuarial review of the TPS. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors.

The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- Total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefit) amounted to £191,500 million
- Value of the notional assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £176,600 million
- Assumed nominal rate of return is 5.06%
- Rate of real earnings growth is assumed to be 2.75%
- Assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings

During the year the employer contribution rate was 14.1%

The TPS valuation for 2012 determined an employer rate of 16.4% from September 2015 and an employee cost cap of 10.9%. The employer contribution rate will be payable until the next valuation as at 31 March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The pension costs paid to TPS in the year amounted to £523,000 (2014: £513,000).

Under the definitions set out in Financial Standards (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The Academy Trust is unable to identify its share of the underlying assets and liabilities of the scheme.

Accordingly, the Academy Trust has taken the exemption in FRS 17 and 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 and the implications for the Academy Trust in terms of the anticipated rates.

Sacred Heart Catholic High School
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 August 2015

23 PENSION AND SIMILAR OBLIGATIONS

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate Trustee-administered funds. The total contribution made for the year ended 31 August was £241,000 of which employer's contributions totalled £194,000 and employees' contribution totalled £47,000.

<u>Principal actuarial assumptions</u>	2015	2014
	%	%
Rate of increase in salaries	3.5	3.6
Rate of increase for pensions in payment	2.0	2.1
Discount rate	3.8	3.7
Inflation (CPI)	2.0	2.1

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

	2015	2014
	Years	Years
Retiring today:		
Males	23.1	23.0
Females	24.7	24.6
Retiring in 20 years:		
Males	25.1	25.0
Females	27.0	26.9

Sacred Heart Catholic High School
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 August 2015

23 PENSION AND SIMILAR OBLIGATIONS

Local Government Pension Scheme (continued)

The Academy Trust's share of the assets and liabilities in the scheme and the expected rate of return were:

	Expected return at 31 August 2015 %	Fair value at 31 August 2015 £'000	Expected return at 31 August 2014 %	Fair value at 31 August 2014 £'000
Equities	66.2	1,196	67.2	1,063
Gilts	3.6	65	3.6	56
Other bonds	11.6	210	11.5	182
Property	9.3	168	9.1	144
Cash	3.2	58	2.6	41
Alternative assets	6.1	110	6.1	97
TOTAL MARKET VALUE OF ASSETS		1,807		1,583
Present value of scheme liabilities				
- Funded		(2,253)		(2,092)
DEFICIT		(446)		(509)

The actual return on the scheme assets was £52,000 (2014: £166,000).

Amounts recognised in the statement of financial activities	2015 £'000	2014 £'000
Current service cost	(181)	(165)
Past service cost	(14)	-
Total operating charge	(195)	(165)
Analysis of pension finance income		
Expected return on pension scheme assets	108	93
Interest on pension liabilities	(82)	(85)
Pension finance income	26	8

The actuarial gains and losses for the current year are recognised in the SOFA.

The cumulative amount of actuarial gains and losses recognised in the statement of recognised gains and losses since the adoption of FRS17 is £70,000 loss (2014: £108,000 loss).

Sacred Heart Catholic High School
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 August 2015

23 PENSION AND SIMILAR OBLIGATIONS

Local Government Pension Scheme (continued)

Movements in the present value of defined benefit obligations were as follows:	2015 £'000	2014 £'000
At the beginning of the period	2,092	1,797
Current service cost	181	165
Past service cost	14	-
Interest cost	82	85
Employee contributions	47	41
Actuarial (gain)/loss	(94)	38
Benefits paid	(69)	(34)
At 31 August	2,253	2,092

Movements in the fair value of Academy Trust's share of scheme assets:	2015 £'000	2014 £'000
At the beginning of the period	1,583	1,258
Expected return on assets	108	93
Actuarial gain/(loss)	(56)	73
Employer contributions	194	152
Employee contributions	47	41
Benefits paid	(69)	(34)
At 31 August	1,807	1,583

The estimated value of employer contributions for the year ended 31 August 2016 is £196,000.

The four year history of experience adjustments is as follows:

	2015 £'000	2014 £'000	2013 £'000	2012 £'000
Present value of defined benefit obligations	(2,253)	(2,092)	(1,797)	(1,573)
Fair value of share of scheme assets	1,807	1,583	1,258	984
Deficit in the scheme	(446)	(509)	(539)	(589)
Experience adjustments on share of scheme assets Amount £'000	(56)	73	54	18
Experience adjustments on scheme liabilities: Amount £'000	94	(38)	13	(228)

Sacred Heart Catholic High School

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 August 2015

24 RELATED PARTIES

Owing to the nature of the Academy Trust's operations and the composition of the board of Trustees being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the board of Trustees may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy Trust's financial regulations and normal procurement procedures.

The following related party transactions took place in the year:

The Diocese of Hexham and Newcastle - a charitable company in which Rt Revd S Cunningham (a member of the academy) is also a member:

- During the year the Diocese contributed £nil (2014: £251,000) to the cost of fixed asset additions and the academy made a contribution to the Diocese of £12,000 (2014: £8,000).
- In entering into the transaction the academy has complied with the requirements of the EFA's Academies Financial Handbook.

There are no other related party transactions to disclose.

25 CAPITAL COMMITMENTS

	2015 £000	2014 £000
Contracted for but not provided for in the financial statements	-	-

26 AGENCY ARRANGEMENTS

The Academy Trust administers the disbursement of the new discretionary support for learners, 16-19 Bursary Funds, on behalf of the EFA. In the year it received £44,000 and disbursed £44,000 (which constituted direct disbursements to students and a payment to Newcastle City Council as part of the pooling arrangement). £40,000 is included in accruals and deferred income at the year-end to be disbursed in 2015/16.

27 ULTIMATE CONTROLLING PARTY

The Academy is a charitable company limited by guarantee, has no share capital and is controlled by its members.

INDEPENDENT REPORTING ACCOUNTANT'S 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 9 September 2015 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies: Accounts Direction 2014 to 2015, 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 2014 to 31 August 2015 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 dated 9 September 2015. Our work has been undertaken so that we might state to the 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 ACCOUNTANT

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 1 August 2011 and the Academies Financial Handbook extant from 1 September 2014, 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 2014 to 2015. 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 2014 to 31 August 2015 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 2014 to 2015 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 trust's income and expenditure.

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including high level financial control areas and areas assessed of presenting a higher risk of impropriety. We undertook detailed testing, based on our assessment of risk of material irregularity, where such controls, policies and procedures apply to classes of transactions. This work was integrated with our audit on the financial statements to the extent evidence from the conduct of that audit supports the regularity conclusion.

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 2014 to 31 August 2015 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

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