

BRIDGNORTH AREA SCHOOLS' TRUST
TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

BRIDGNORTH AREA SCHOOLS' TRUST
(A company limited by guarantee)

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BRIDGNORTH AREA SCHOOLS' TRUST
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REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2018

Members

J Mondon
D Peterson (appointed 21 May 2018)
C McLoughlin (resigned 13 November 2017)
R Gill
K Howell
D Ravenscroft

Trustees

S Godden, Exec Head¹
J Mondon, Chair^{1,3}
C McLoughlin (resigned 13 November 2017)¹
V Jones^{1,3,4}
G Baker^{2,3}
A Crawford-Thomas²
G Mark, Staff Trustee (resigned 1 November 2017)
N Hooper^{2,3,4}
D Gibbons (appointed 1 November 2017)¹
R Patey (appointed 1 November 2017)⁴
M Anderson (appointed 21 May 2018)

¹ Member of The Resources Committee

² Member of the Audit Committee

³ Member of the Pay, Performance Management and Personnel Committee

⁴ Member of the Standards Committee

Company registered number

09617166

Company name

Bridgnorth Area Schools' Trust

Principal and registered office

Oldbury Wells School, Bridgnorth, Shropshire, WV16 5JD

Chief executive officer

S Godden

Senior management team

S Godden, Executive Headteacher (Oldbury Wells School)
L Thomas, Principal Deputy (Oldbury Wells School)
P O'Malley, Headteacher (Alveley Primary School)
K Ferriday, Headteacher (St Leonard's CE Primary School)
J Hampson, Headteacher (Castlefields Primary School)
K Cook, Director of Finance and Business

Independent auditors

Whittingham Riddell LLP, Belmont House, Shrewsbury Business Park, Shrewsbury, Shropshire, SY2 6LG

Bankers

Lloyds Bank, 8 High Street, Bridgnorth, WV16 4DN

BRIDGNORTH AREA SCHOOLS' TRUST
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2018

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

Structure, governance and management

a. Constitution

The Multi 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 Multi Academy Trust. The Trustees of Bridgnorth Area Schools' Trust are also the directors of the charitable company for the purposes of company law. The charitable company is known as Bridgnorth Area Schools' Trust (BAST).

Details of the Trustees who served during the year are included in the Reference and administrative details on page 1.

b. 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.

c. Method of recruitment and appointment or election of Trustees

There are five Member appointed Trustees. These Trustees appoint a further three Trustees. One of these appointments is a Staff Trustee and two are Multi Academy Trustees. In addition, the Executive Headteacher is also a Trustee. The Trustees use a Skills Audit to ensure the right skills blend in Trustees..

d. Policies and procedures adopted for the induction and training of Trustees

An induction pack and meeting is arranged for new Trustees. Other training is provided after a need area is identified. One Trustee is responsible for this coordination.

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

e. Organisational structure

The Trust has a Scheme of Delegation which reserves some decisions to Trustees. This includes areas such as Finance, Audit and Premises matters. Policies related to staff terms and conditions are also reserved for Trustees. The Trustees organise their work into:

- Board level
- Audit Committee
- Resources Committee (Finance and Premises)
- Pay, Performance Management and Personnel Committee
- Standards Committee

Some work is devolved to the Local Governing Bodies (LGBs) in line with their Schemes of Delegation. This includes curriculum, behaviour and attendance matters. The senior teams have devolved responsibility for the day to day running of the school, strategic development, monitoring and reporting.

The Trust has four schools. One secondary school, Oldbury Wells School, the founding member of the Trust. It has 'low delegation' to its LGB. Alveley Primary School is a sponsored school and it has 'low delegation' to its LGB. Castlefields Primary School and St Leonards CE Primary School operate with 'high delegation' to their LGBs.

f. Pay policy for key management personnel

The Board of Trustees follows an adjusted policy based on the LA agreed Pay Policy which is endorsed annually by the trade unions with regard to the setting of key management personnel pay.

Following performance management meetings (comprising performance management governors, School Improvement Partner and key management personnel) pay recommendations within the wage bands are set. Performance management outcomes are assessed in line with evidence that targets have been met and pay progression recommendations are then recommended by the Pay, Performance Management and Personnel Committee and endorsed by the Resources Committee or managed by the relevant committee of the LGB in the case of the high delegation schools.

g. Connected organisations, including related party relationships

The Trust works with Idsall School and William Brookes School to jointly deliver/support some Key Stage 4 vocational courses. Our primary schools work with our local School Development Group primary schools to support shared educational ventures.

h. Trade union facility time

During the year the Trust did not have any employees who were relevant union officials.

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

Objectives and Activities

a. Objects and aims

The object of the Bridgnorth Area Schools' Trust is to build on the current strengths of the founding school, Oldbury Wells, and support schooling in Bridgnorth and the surrounding area. The aims of the Trust are as follows:

- To bring about the very best educational outcomes for our academies' students
- To support and enrich education in our area. As a Trust we are committed to local education. Our aim is to help bring about the best learning for pupils that we can, beyond our own school gates where that is appropriate
- To further develop and strengthen partnerships to the benefit of the Trust, whilst enabling schools to develop and strengthen individually, keeping their own unique characteristics.
- To recognise, support and provide the Christian distinctiveness of faith schools.

b. Objectives, strategies and activities

1. Establish successful, independent structures and protocols, completed through the Board of Trustees, Local Governing Bodies, Senior Leadership Groups and Clerks to the Governors. Aided by the Director of Finance and Business.
2. Be a successful Sponsoring Trust, securing good and improving outcomes for all of our sponsored schools.
3. Ensure good educational outcomes for all of our schools.
Strategic work of Senior Leadership Group and school staff in all of our schools, working with our Standards Committee.
4. Ensure good financial control. Work with auditors, accountants and Director of Finance and Business.
5. Establish further schools partnership in our area.
 - Work with local schools who may wish to collaborate and work in formal, or informal, partnership

c. Public benefit

We can confirm that in our activities we have been mindful of our Trust's purposes. Our activities have been for the public benefit and for our students and community. As such we have acted with due regard to the guidance issued by the Charity Commissioner to ensure our powers and duties are exercised properly.

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

Achievements and performance

Strategic report

a. Key performance indicators

OLDBURY WELLS SCHOOL

Key Performance Indicators: all met.

KPI: Evaluation shows current performance to be good or better (from self-evaluation, Ofsted and / or external professionally accredited evaluation) Met.

KPI: Outcomes are above floor standards Met.

KPI: The LA is not working with the school (under the Protocol for Reviewing Performance of Academies) in response to significant parental or community concerns or to reported safeguarding concerns Met.

KPI: First year of entry is at 70% or higher than PAN Met.

Key Financial Performance Indicators: all met.

KFPI: Net incoming and outgoing resources for the year to be positive, prior to any depreciation charge and other recognised gains and losses Met.

KFPI: General financial stability - income to match expenditure each year Met.

KFPI: The Trust Audit shows no significant risks Met.

KFPI: Overall budget outturn at the end of the financial year is within 3% of the budget set (unless variations have been ratified by the Trust Finance Committee) Met

KFPI: Staffing costs as a percentage of school income - expenditure should be in the region of 80-85% Met

ALVELEY SCHOOL

Key Performance Indicators: all met.

KPI: Evaluation shows current performance to be good or better (from self-evaluation, Ofsted and / or external professionally accredited evaluation) Met.

KPI: Outcomes are above floor standards. Met.

KPI: The LA is not working with the school (under the Protocol for Reviewing Performance of Academies) in response to significant parental or community concerns or to reported safeguarding concerns Met.

KPI: First year of entry is at 70% or higher than PAN Met.

Key Financial Performance Indicators: all met.

KFPI: Net incoming and outgoing resources for the year to be positive, prior to any depreciation charge and other recognised gains and losses Met.

KFPI: General financial stability - income to match expenditure each year Met.

KFPI: The Trust Audit shows no significant risks Met.

KFPI: Overall budget outturn at the end of the financial year is within 3% of the budget set (unless variations have been ratified by the Trust Finance Committee) Met

KFPI: Staffing costs as a percentage of school income - expenditure should be in the region of 80-85% Met

CASTLEFIELDS PRIMARY SCHOOL

Key Performance Indicators: all met.

KPI: Evaluation shows current performance to be good or better (from self-evaluation, Ofsted and / or external professionally accredited evaluation) Met.

KPI: Outcomes are above floor standards. Met.

KPI: The LA is not working with the school (under the Protocol for Reviewing Performance of Academies) in response to significant parental or community concerns or to reported safeguarding concerns Met.

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

KPI: First year of entry is at 70% or higher than PAN Met.

Key Financial Performance Indicators: all met.

KFPI: Net incoming and outgoing resources for the year to be positive, prior to any depreciation charge and other recognised gains and losses Met.

KFPI: General financial stability - income to match expenditure each year Met.

KFPI: The Trust Audit shows no significant risks Met.

KFPI: Overall budget outturn at the end of the financial year is within 3% of the budget set (unless variations have been ratified by the Trust Finance Committee) Met

KFPI: Staffing costs as a percentage of school income - expenditure should be in the region of 80-85% Met

ST LEONARDS CE PRIMARY SCHOOL

Key Performance Indicators: all met.

KPI: Evaluation shows current performance to be good or better (from self-evaluation, Ofsted and / or external professionally accredited evaluation) Met.

KPI: Outcomes are above floor standards. Met.

KPI: The LA is not working with the school (under the Protocol for Reviewing Performance of Academies) in response to significant parental or community concerns or to reported safeguarding concerns Met.

KPI: First year of entry is at 70% or higher than PAN Met.

Key Financial Performance Indicators: all met.

KFPI: Net incoming and outgoing resources for the year to be positive, prior to any depreciation charge and other recognised gains and losses Met.

KFPI: General financial stability - income to match expenditure each year Met.

KFPI: The Trust Audit shows no significant risks Met.

KFPI: Overall budget outturn at the end of the financial year is within 3% of the budget set (unless variations have been ratified by the Trust Finance Committee) Met

KFPI: Staffing costs as a percentage of school income - expenditure should be in the region of 80-85% Met

b. Going concern

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

c. Financial review

During the year the net movement in funds was a positive movement of £511,143. Excluding conversion balances and actuarial pension gain the net movement in funds was negative £112,883 (2017: positive £77,058).

Net current assets have increased to £607,463 (2017: £403,393) and the closing cash position of the Trust is £1,037,313 (£671,471). Despite challenging times in funding the Trust continues to review its financial and cash position on a regular basis to ensure the Trust's viability going forward.

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

a. Reserves policy

The Trustees review the level of reserves and are aware of the requirement to balance current and future needs. The Trustees always aim to set a balanced budget with annual income balancing annual expenditure. As such, the Trustees review the reserve levels of the Multi Academy Trust annually. This review encompasses the nature of income and expenditure streams.

The Multi Academy Trust's current level of free reserves including designated funds (total funds less the amount held in fixed assets and restricted funds) is £235,899 (2017: £80,062). The cash balance of the Multi Academy Trust has been much improved during the year, ending the year with a balance of £1,037,313 (2017: £671,471). Trustees will seek to invest these free reserves in line with strategic objectives.

b. Principal risks and uncertainties

The Trustees have assessed the major risks to which the Multi Academy is exposed. These include; specific teaching, provision of facilities and other operational areas of the Multi Academy and its finances. The Trustees have implemented a number of systems to address the risks that the Multi Academy faces especially in the areas relating to teaching, ICT, health and safety and internal financial controls.

Fundraising

The Trust does not engage in official fundraising methods or use third parties to fundraise on their behalf. Any fundraising income received is from voluntary donations and is donated at the donors discretion.

Plans for future periods

a. Future developments

The Bridgnorth Area Schools' Trust was approved by the Department of Education to become an Multi Academy sponsor and approval was given for Alveley Primary School to join the Trust with effect from 1 November 2016. Additionally the DFE granted approval for two further primaries to join our Trust, which occurred on 1 November 2017. These are strong schools that do not require sponsorship. The Diocese of Hereford has granted permission for a Church of England school to join the Trust, which means we have changed our Articles of Association, to Mixed MAT category. These two schools are Castlefields Primary School and St Leonards CE Primary School. All schools are within the Bridgnorth area

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TRUSTEES' REPORT (continued)
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Disclosure of information to auditors

Insofar as the Trustees are aware:

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

The Trustees' report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 12 December 2018 and signed on its behalf by:

J Mondon
Chair of Trustees

BRIDGNORTH AREA SCHOOLS' TRUST
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GOVERNANCE STATEMENT

Scope of Responsibility

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

The Board of Trustees has delegated the day-to-day responsibility to the Executive Headteacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Bridgnorth Area Schools' Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' report and in the Statement of Trustees' responsibilities. The Board of Trustees has formally met 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
S Godden, Executive Headteacher	6	6
J Mondon, Chair	6	6
C McLoughlin	1	2
V Jones	5	6
G Baker	5	6
A Crawford-Thomas	4	6
G Mark, Staff Trustee	1	2
N Hooper	4	6
D Gibbons	4	4
R Patey	4	4
M Anderson	1	1

Coverage of the Board's work, performance and data used by the Board:

- Hear reports from Trust committees and Local Governing Bodies.
- Resolved to permit St Leonard's and Castlefields primary schools to join the Trust.
- Ratification/adoption of policies.
- Recommendation to Members to sign End of Year Accounts.
- Ratification of Budgets.
- Ratification of Terms of Reference for the LGBs.
- Ratification of Strategic Objectives for Trust schools.
- Received presentations from consultants re allocation of cleaning and catering contracts.
- Initiate Trust collaborative work.
- Agreeing schemes of delegation.

Purpose of the Resources Committee and issued dealt with in the period:

- Restructure of the Oldbury Wells School Senior Leadership Team.
- Review of financial reports and ESFA returns.
- Approval of Finance Procedures Manual.
- Agreement to appointment of Auditors.
- Agreement to appointment of grounds maintenance company.
- Recommendation to Board to ratify Trust school budgets.
- Agreement to replace Oldbury Wells' minibus.

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GOVERNANCE STATEMENT (continued)

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
S Godden, Executive Headteacher	5	5
J Mondon	4	5
C McLoughlin	0	1
V Jones	5	5
G Mark, Staff Trustee	0	0
D Gibbons	3	4

Purpose of the Audit Committee and issues dealt with in this period:

- Review of Audit Reports.
- Acceptance of auditors Annual Service Plan.
- Receipt of Financial Scheme of Delegation.
- Adoption of Local Government Pension Scheme Discretionary Policy.
- Ratification of appropriate policies.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
G Baker	3	3
A Crawford-Thomas	2	3
N Hooper	2	3
M Anderson	1	1

Review of Value for Money

As Accounting Officer, the Executive Headteacher has responsibility for ensuring that the 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 each academic year, and reports to the Board of Trustees where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the Trust has delivered improved value for money during the year by:

- Improving educational outcomes of its students whilst operating within the financial constraints of the budget.
- Looking at where economies of scale can be achieved across the Trust and looking at where costs can be reduced by the use of streamlining procurement strategies.
- Increasing collaboration between its academies, both educationally and financially, generating savings by negotiating trust wide contracts.
- Reviewing high value contracts and undertaking tendering exercises to ensure that these contracts are assessed against the market place on a regular basis to ensure that they remain competitive.
- Ensuring contracts and services are regularly reviewed and re-negotiated where appropriate to ensure value for money.

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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 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 Bridgnorth Area Schools' Trust for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Board of Trustees has reviewed the key risks to which the Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Trust's significant risks, that has been in place for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

Actions taken to manage risk include the purchase of an appropriate level of insurance cover and seeking professional advice for example, Legal, Human Resources, and Financial advice has been sought when needed.

The Risk and Control Framework

The 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 Resources Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines.
- 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 Whittingham Riddell LLP, the external auditors, to perform additional checks.

The reviewer' role includes giving advice on financial matters and performing a range of checks on the Trust's financial systems. In particular the checks carried out in the current period included:

- Reviewing and testing the operations of the systems of controls;
- Review of financial procedures in place;
- Detailed transactional testing; and
- Reporting on their findings.

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GOVERNANCE STATEMENT (continued)

On a termly basis, the external auditors report to the Board of Trustees through the Audit Committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

The external auditors have performed this additional testing during the year as planned and have reported to the Board appropriately.

Review of Effectiveness

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

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

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Audit 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 12 December 2018 and signed on their behalf, by:



J Mondon
Chair of Trustees



S Godden, Executive Headteacher
Accounting Officer

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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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

I confirm that I and the academy trust Board of Trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2017.

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



S Godden, Executive Headteacher
Accounting Officer

Date: 12 December 2018

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

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

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

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

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

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

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

Approved by order of the members of the Board of Trustees on 12 December 2018 and signed on its behalf by:



J Mondon
Chair of Trustees

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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
BRIDGNORTH AREA SCHOOLS' TRUST**

Opinion

We have audited the financial statements of Bridgnorth Area Schools' Trust (the 'Trust') for the year ended 31 August 2018 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Trust ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
BRIDGNORTH AREA SCHOOLS' TRUST**

Other information

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

As explained more fully in the Statement of Trustees' responsibilities, the Trustees (who are also the directors of the Trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

BRIDGNORTH AREA SCHOOLS' TRUST
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
BRIDGNORTH AREA SCHOOLS' TRUST**

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

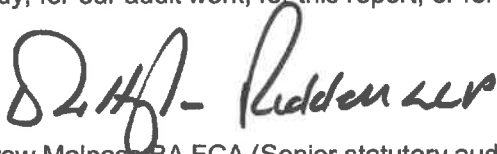
Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the Trust'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 Trust'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 Trust and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



Andrew Malpass BA FCA (Senior statutory auditor)

for and on behalf of

Whittingham Riddell LLP

Chartered Accountants
Statutory Auditors

Belmont House
Shrewsbury Business Park
Shrewsbury
Shropshire
SY2 6LG
17 December 2018

BRIDGNORTH AREA SCHOOLS' TRUST
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO
BRIDGNORTH AREA SCHOOLS' TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY**

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

This report is made solely to Bridgnorth Area Schools' Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Bridgnorth Area Schools' Trust and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Bridgnorth Area Schools' Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Bridgnorth Area Schools' Trust's Accounting Officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of Bridgnorth Area Schools' Trust's funding agreement with the Secretary of State for Education dated 23 March 2015, and the Academies Financial Handbook extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

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

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

BRIDGNORTH AREA SCHOOLS' TRUST
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO
BRIDGNORTH AREA SCHOOLS' TRUST AND THE EDUCATION & SKILLS 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 2017 to 31 August 2018 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Andrew Malpass BA FCA

Whittingham Riddell LLP

Chartered Accountants
Statutory Auditors

Belmont House
Shrewsbury Business Park
Shrewsbury
Shropshire
SY2 6LG

17 December 2018

BRIDGNORTH AREA SCHOOLS' TRUST
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2018**


	Note	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
INCOME FROM:						
Donations & capital grants:						
Balances introduced on conversion	2	269,703	(1,203,520)	1,326,000	392,183	1,641,108
Other donations and capital grants	2	-	81,545	-	81,545	77,701
Charitable activities	3	-	7,000,144	-	7,000,144	4,709,184
Other trading activities	4	29,058	98,134	-	127,192	132,290
Investments	5	-	395	-	395	356
TOTAL INCOME		298,761	5,976,698	1,326,000	7,601,459	6,560,639
EXPENDITURE ON:						
Charitable activities		-	7,262,417	112,899	7,375,316	4,842,473
TOTAL EXPENDITURE	8	-	7,262,417	112,899	7,375,316	4,842,473
NET INCOME		298,761	(1,285,719)	1,213,101	226,143	1,718,166
Transfers between Funds	19	32,092	(172,979)	140,887	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES		330,853	(1,458,698)	1,353,988	226,143	1,718,166
Actuarial gains on defined benefit pension schemes	23	-	285,000	-	285,000	40,000
NET MOVEMENT IN FUNDS		330,853	(1,173,698)	1,353,988	511,143	1,758,166
RECONCILIATION OF FUNDS:						
Total funds brought forward		(37,446)	(1,168,246)	8,051,325	6,845,633	5,087,467
TOTAL FUNDS CARRIED FORWARD		293,407	(2,341,944)	9,405,313	7,356,776	6,845,633

BRIDGNORTH AREA SCHOOLS' TRUST
(A company limited by guarantee)
REGISTERED NUMBER: 09617166

BALANCE SHEET
AS AT 31 AUGUST 2018

	Note	£	2018 £	£	2017 £
FIXED ASSETS					
Tangible assets	15		9,405,313		8,051,325
CURRENT ASSETS					
Debtors	16	120,966		66,933	
Cash at bank and in hand		1,037,313		671,471	
		<u>1,158,279</u>		<u>738,404</u>	
CREDITORS: amounts falling due within one year	17	<u>(550,816)</u>		<u>(335,011)</u>	
NET CURRENT ASSETS			<u>607,463</u>		<u>403,393</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>10,012,776</u>		<u>8,454,718</u>
CREDITORS: amounts falling due after more than one year	18		-		<u>(79,085)</u>
NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES			<u>10,012,776</u>		<u>8,375,633</u>
Defined benefit pension scheme liability	23		<u>(2,656,000)</u>		<u>(1,530,000)</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u>7,356,776</u>		<u>6,845,633</u>
FUNDS OF THE ACADEMY					
Restricted income funds:					
Restricted income funds	19	314,056		361,754	
Restricted fixed asset funds	19	9,405,313		8,051,325	
Restricted income funds excluding pension liability		<u>9,719,369</u>		<u>8,413,079</u>	
Pension reserve		<u>(2,656,000)</u>		<u>(1,530,000)</u>	
Total restricted income funds			<u>7,063,369</u>		<u>6,883,079</u>
Unrestricted income funds	19		<u>293,407</u>		<u>(37,446)</u>
TOTAL FUNDS			<u>7,356,776</u>		<u>6,845,633</u>

The financial statements on pages 20 to 48 were approved by the Trustees, and authorised for issue, on 12 December 2018 and are signed on their behalf, by:


J Mondon, Chair
Chair of Trustees

BRIDGNORTH AREA SCHOOLS' TRUST
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Net cash provided by operating activities	21	<u>504,758</u>	<u>382,369</u>
Cash flows from investing activities:			
Purchase of tangible fixed assets		<u>(138,916)</u>	<u>(68,516)</u>
Net cash used in investing activities		<u>(138,916)</u>	<u>(68,516)</u>
Change in cash and cash equivalents in the year		365,842	313,853
Cash and cash equivalents brought forward		<u>671,471</u>	<u>357,618</u>
Cash and cash equivalents carried forward	22	<u><u>1,037,313</u></u>	<u><u>671,471</u></u>

BRIDGNORTH AREA SCHOOLS' TRUST
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES

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

1.1 Basis of preparation of financial statements

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

Bridgnorth Area Schools' Trust constitutes a public benefit entity as defined by FRS 102.

1.2 Fund accounting

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

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

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the Department for Education Group.

BRIDGNORTH AREA SCHOOLS' TRUST
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.3 Income

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

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

General Annual Grant is recognised in full in the Statement of financial activities incorporating income and expenditure account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

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

Sponsorship income provided to the Trust which amounts to a donation is recognised in the Statement of financial activities incorporating income and expenditure account in the period in which it is receivable, where receipt is probable and it is measurable.

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

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

1.4 Expenditure

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

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

All expenditure is inclusive of irrecoverable VAT.

BRIDGNORTH AREA SCHOOLS' TRUST
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.5 Going concern

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

1.6 Tangible fixed assets and depreciation

All assets costing more than £500 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

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

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

Leasehold property	-	125 years straight line
Furniture and fixtures	-	20% straight line
Motor vehicles	-	20% straight line
Computer equipment	-	20% straight line

Where the Academy Trust has been granted use of school buildings under Church Supplemental Agreement, the Academies Accounts Direction prescribes that under this agreement the risks and rewards of ownership remain with the Diocese and as such the assets are not recognised in the Academy financial statements.

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

Upon conversion to academy status the Trust entered into a long term lease agreement with the Local Authority to occupy the school site over 125 years at nil rental charge.

BRIDGNORTH AREA SCHOOLS' TRUST
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.7 Operating leases

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

1.8 Debtors

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

1.9 Cash at Bank and in hand

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

1.10 Liabilities and provisions

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

1.11 Financial instruments

The Trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the Trust and their measurement basis are as follows:

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 16. Prepayments are not financial instruments.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in notes 17 and 18. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments.

1.12 Taxation

The Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

BRIDGNORTH AREA SCHOOLS' TRUST
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.13 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 23, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

1.14 Conversion to an Academy trust

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

The assets and liabilities transferred on conversion from Alveley Primary School to an Multi Academy Trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in Charitable activities - transfer from local authority on conversion in the Statement of financial activities incorporating income and expenditure account and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Further details of the transaction are set out in note 2.

BRIDGNORTH AREA SCHOOLS' TRUST
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.15 Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

Critical areas of judgement are:

Assumptions used in pensions valuation

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Land and Buildings introduced on conversion

These are valued by reference to the ESFA valuation report. In the absence of this valuation for the year ended 31 August 2017, the values introduced have been determined by reference to the net book value the assets were held at by the Local Authority.

For the year ended 31 August 2018 the values introduced have been determined by reference to the latest available valuation held at by the Local Authority as permitted under the provisions of the Academies Accounts Direction. This is in the absence of the ESFA valuation report for this year and lack of availability of an insurance valuation.

BRIDGNORTH AREA SCHOOLS' TRUST
(A company limited by guarantee)

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

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
Surplus/(Deficit) introduced from local authority	269,703	-	-	269,703	32,914
Pension scheme introduced on conversion	-	(1,216,000)	-	(1,216,000)	(149,000)
School fund introduced on conversion	-	12,480	-	12,480	3,050
Land and buildings introduced on conversion	-	-	1,326,000	1,326,000	1,754,144
Balances introduced on conversion	269,703	(1,203,520)	1,326,000	392,183	1,641,108
Grants	-	81,545	-	81,545	77,701
	269,703	(1,121,975)	1,326,000	473,728	1,718,809
<i>Total 2017</i>	32,914	(68,249)	1,754,144	1,718,809	

BRIDGNORTH AREA SCHOOLS' TRUST
(A company limited by guarantee)

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

3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
DfE/ESFA grants				
General Annual Grant (GAG)	-	6,068,319	6,068,319	4,131,521
Other DfE / ESFA Grants	-	392,598	392,598	201,449
	-	6,460,917	6,460,917	4,332,970
Other government grants				
Other Grants	-	141,874	141,874	193,793
	-	141,874	141,874	193,793
Other funding				
Other Income	-	233,511	233,511	71,327
School fund Income	-	163,842	163,842	111,094
	-	397,353	397,353	182,421
	-	7,000,144	7,000,144	4,709,184
<i>Total 2017</i>	-	4,709,184	4,709,184	

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Music Income	9,904	-	9,904	9,390
Lettings	19,154	-	19,154	16,495
Coach Income	-	98,134	98,134	106,405
	29,058	98,134	127,192	132,290
Net income from other trading activities	29,058	98,134	127,192	132,290

BRIDGNORTH AREA SCHOOLS' TRUST
(A company limited by guarantee)

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

5. INVESTMENT INCOME

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Investment income - local cash	-	395	395	356
<i>Total 2017</i>	-	356	356	

6. DIRECT COSTS

	Educational Activities £	Total 2018 £	Total 2017 £
Pension income	61,000	61,000	30,000
Educational Supplies and Services	335,225	335,225	196,828
Staff Development	22,694	22,694	6,750
Other Costs	129,005	129,005	28,385
Examination Fees	75,439	75,439	74,275
Security and Transport	119,221	119,221	123,748
Wages and salaries	3,582,427	3,582,427	2,367,425
National insurance	336,821	336,821	229,563
Pension cost	712,838	712,838	440,095
	5,374,670	5,374,670	3,497,069
<i>Total 2017</i>	<i>3,497,069</i>	<i>3,497,069</i>	

BRIDGNORTH AREA SCHOOLS' TRUST
(A company limited by guarantee)

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

7. SUPPORT COSTS

	Educational Activities £	Total 2018 £	Total 2017 £
Maintenance of Premises	114,882	114,882	82,031
Catering & Hospitality	12,055	12,055	11,168
Governance Costs	103,050	103,050	56,380
Repairs and Maintenance	44,994	44,994	51,812
Technology Costs	68,816	68,816	20,516
Cleaning	134,018	134,018	68,509
Energy Costs	125,776	125,776	79,855
Rent and Rates	55,551	55,551	39,391
Security and Transport	29,874	29,874	27,862
Other Support Costs	117,183	117,183	74,862
Insurance	30,987	30,987	20,343
Pension Costs	72,801	72,801	34,683
School Fund Expenditure	142,698	142,698	122,846
Wages and salaries	685,966	685,966	492,598
National insurance	44,509	44,509	30,054
Pension cost	104,587	104,587	67,564
Depreciation	112,899	112,899	64,930
	<u>2,000,646</u>	<u>2,000,646</u>	<u>1,345,404</u>
<i>Total 2017</i>	<u>1,345,404</u>	<u>1,345,404</u>	

8. EXPENDITURE

	Staff costs 2018 £	Premises 2018 £	Other costs 2018 £	Total 2018 £	Total 2017 £
Educational Activities					
Direct costs	4,498,086	-	876,584	5,374,670	3,492,788
Support costs	969,062	421,133	610,451	2,000,646	1,345,404
	<u>5,467,148</u>	<u>421,133</u>	<u>1,487,035</u>	<u>7,375,316</u>	<u>4,838,192</u>
<i>Total 2017</i>	<u>3,627,299</u>	<u>295,529</u>	<u>915,364</u>	<u>4,838,192</u>	

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9. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2018	2017
	£	£
Depreciation of tangible fixed assets:		
- owned by the charity	110,928	56,813
Auditors' remuneration - audit	5,675	5,100
Auditors' remuneration - other services	8,675	7,050
Operating lease rentals	10,221	20,547
	=====	=====

10. TRUSTEES' AND OFFICERS' INSURANCE

The Trust has opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business, and provides cover up to £10,000,000. It is not possible to quantify the Trustees and officers indemnity element from the overall cost of the RPA scheme.

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11. STAFF COSTS

a. Staff costs

Staff costs were as follows:

	2018 £	2017 £
Wages and salaries	4,240,344	2,825,671
Social security costs	381,330	259,617
Operating costs of defined benefit pension schemes	817,425	507,659
	<u>5,439,099</u>	<u>3,592,947</u>
Agency staff costs	28,049	34,352
	<u>5,467,148</u>	<u>3,627,299</u>

b. Staff numbers

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

	2018 No.	2017 No.
Teachers	73	55
Administration and Support	117	62
Management	14	8
	<u>204</u>	<u>125</u>

c. Higher paid staff

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

	2018 No.	2017 No.
In the band £60,001 - £70,000	1	2
In the band £70,001 - £80,000	1	0
In the band £80,001 - £90,000	0	1
In the band £90,001 - £100,000	1	0

d. Key management personnel

The key management personnel received in total remuneration of £379,700 and pension contributions of £59,733 (2017: £258,833 and pension contributions of £41,115).

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FOR THE YEAR ENDED 31 AUGUST 2018**

12. CENTRAL SERVICES

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

- Central Finance and budgetary reporting function
- Central HR and Payroll function
- Sourcing of insurance
- Health and safety planning
- Support with property maintenance and statutory planned maintenance
- Procurement and tendering advice
- Legal advice and advisory services

The Trust charges for these services on the following basis:

The Trust charged 5% of the School's General Annual Grant for the above central services during the year.

The actual amounts charged during the year were as follows:

	2018 £	2017 £
Oldbury Wells School	121,805	-
Alveley Primary School	36,533	15,986
Castlefields Primary School	32,041	-
St Leonards Primary School	47,176	-
	237,555	15,986
Total	237,555	15,986

13. TRUSTEES' REMUNERATION AND EXPENSES

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

		2018 £	2017 £
S Godden, Exec Head	Remuneration	90,000-95,000	85,000-90,000
	Pension contributions paid	15,000-20,000	10,000-15,000
G Mark, Staff Trustee	Remuneration	0-5,000	60,000-65,000
	Pension contributions paid	0-5,000	10,000-15,000

During the year ended 31 August 2018, no Trustees received any reimbursement of expenses (2017 - £NIL to 0 Trustees).

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

14. OTHER FINANCE INCOME

	2018 £	2017 £
Interest on pension scheme liabilities	(61,000)	(30,000)

15. TANGIBLE FIXED ASSETS

	Leasehold property £	Furniture and fixtures £	Motor vehicles £	Computer equipment £	Total £
Cost					
At 1 September 2017	8,106,144	3,259	-	66,357	8,175,760
Additions	1,326,000	102,276	6,410	30,230	1,464,916
At 31 August 2018	9,432,144	105,535	6,410	96,587	9,640,676
Depreciation					
At 1 September 2017	115,698	620	-	8,117	124,435
Charge for the year	73,689	14,545	321	22,373	110,928
At 31 August 2018	189,387	15,165	321	30,490	235,363
Net book value					
At 31 August 2018	9,242,757	90,370	6,089	66,097	9,405,313
At 31 August 2017	7,990,446	2,639	-	58,240	8,051,325

Included in leasehold property above is land that is valued at £2,725,150 and is not depreciated.

16. DEBTORS

	2018 £	2017 £
Trade debtors	17,707	17,867
Other debtors	10,127	-
Prepayments and accrued income	43,890	15,212
Tax recoverable	49,242	33,854
	120,966	66,933

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17. CREDITORS: Amounts falling due within one year

	2018 £	2017 £
Trade creditors	198,614	132,085
Other taxation and social security	96,663	57,700
Due to ESFA	57,508	60,000
Due to Shropshire Council	6,360	10,789
Teachers Pension	68,166	43,781
Accruals and deferred income	123,505	30,656
	550,816	335,011
	550,816	335,011

	2018 £	2017 £
Deferred income		
Deferred income at 1 September 2017	946	-
Resources deferred during the year	16,045	946
Amounts released from previous years	(946)	-
	16,045	946
	16,045	946

At the balance sheet date the Trust was holding funds received in advance for transport and nursery income paid for the Autumn Term 2018.

18. CREDITORS: Amounts falling due after more than one year

	2018 £	2017 £
Due to Shropshire Council	-	21,577
Due to ESFA	-	57,508
	-	79,085
	-	79,085

The amounts due after more than one year are being repaid over 3 years with nil interest being charged.

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

19. STATEMENT OF FUNDS

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Designated funds						
St Leonards ICT	-	-	-	35,000	-	35,000
Castlefields ICT	-	-	-	35,000	-	35,000
Emergency Contingency fund	-	-	-	100,000	-	100,000
MAT central development	-	-	-	50,000	-	50,000
	<u>-</u>	<u>-</u>	<u>-</u>	<u>220,000</u>	<u>-</u>	<u>220,000</u>
General funds						
General Funds	80,062	298,761	-	(247,908)	-	130,915
Deficit from Local Authority	(117,508)	-	-	60,000	-	(57,508)
	<u>(37,446)</u>	<u>298,761</u>	<u>-</u>	<u>(187,908)</u>	<u>-</u>	<u>73,407</u>
Total Unrestricted funds	<u>(37,446)</u>	<u>298,761</u>	<u>-</u>	<u>32,092</u>	<u>-</u>	<u>293,407</u>
Restricted funds						
GAG Funds	-	6,068,319	(6,068,319)	-	-	-
Fund to support deficit budget in 2018/19	-	-	-	125,771	-	125,771
Other DfE / EFA Grants	-	392,598	(392,598)	-	-	-
School Fund Income	36,578	176,323	(142,698)	-	-	70,203
IT equipment replacement fund	-	27,643	(11,234)	-	-	16,409
PE and Sports Grant	-	16,760	(11,526)	-	-	5,234
CIF Bid Project	-	38,558	(28,025)	-	-	10,533
MAT Sponsor monies	18,716	-	(6,617)	-	-	12,099
MAT Start Up Grants	50,000	-	(50,000)	-	-	-
MAT Central services	8,434	237,715	(172,342)	-	-	73,807
Other restricted Funds	248,026	234,782	(184,058)	(298,750)	-	-
Pension reserve	(1,530,000)	(1,216,000)	(195,000)	-	285,000	(2,656,000)
	<u>(1,168,246)</u>	<u>5,976,698</u>	<u>(7,262,417)</u>	<u>(172,979)</u>	<u>285,000</u>	<u>(2,341,944)</u>

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19. STATEMENT OF FUNDS (continued)

Restricted Fixed Asset Funds

Fixed assets	8,051,325	1,326,000	(112,899)	140,887	-	9,405,313
Total restricted funds	<u>6,883,079</u>	<u>7,302,698</u>	<u>(7,375,316)</u>	<u>(32,092)</u>	<u>285,000</u>	<u>7,063,369</u>
Total of funds	<u>6,845,633</u>	<u>7,601,459</u>	<u>(7,375,316)</u>	<u>-</u>	<u>285,000</u>	<u>7,356,776</u>

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

Designated Funds

The two ICT funds are designated for future ICT replacement spend at the two individual schools.

The emergency contingency fund has been designated to cover any potential future unexpected spend for which additional funding is not provided.

The MAT central development fund has been designated to cover the future development of the MAT central services, including Staff resource and other costs.

The GAG, other DfE/ESFA grants and other restricted funds are to be applied for educational purposes.

The deficit fund has been set up to allocate the level of reserves held at the end of the year which will be utilised to fund the budgeted deficit for the Trust in the year to 31 August 2019.

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

The IT equipment replacement fund, PE and sport grant and CIF bid project monies are held for upcoming specific projects, due to take place in 2018/2019 year.

Under the funding agreement with the Secretary of State, the Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2018.

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19. STATEMENT OF FUNDS (continued)

ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2018 were allocated as follows:

	Total 2018 £	<i>Total 2017 £</i>
Oldbury Wells School	213,846	175,897
Alveley Primary School	65,427	71,801
Castlefields Primary School	116,882	-
St Leonards Primary School	125,402	-
MAT	85,906	76,610
Total before fixed asset fund and pension reserve	<u>607,463</u>	<u>324,308</u>
Restricted fixed asset fund	9,405,313	8,051,325
Pension reserve	(2,656,000)	(1,530,000)
Total	<u><u>7,356,776</u></u>	<u><u>6,845,633</u></u>

ANALYSIS OF ACADEMIES BY COST

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciat- ion £	Total 2018 £	<i>Total 2017 £</i>
Oldbury Wells School	3,089,016	268,194	178,910	871,251	4,407,371	4,163,582
Alveley Primary School	342,960	49,265	13,638	103,389	509,252	428,840
Castlefields Primary School	524,213	62,488	30,883	167,898	785,482	-
St Leonards Primary School	737,202	102,728	35,293	262,625	1,137,848	-
MAT	61,287	80,703	30,781	61,084	233,855	44,767
	<u>4,754,678</u>	<u>563,378</u>	<u>289,505</u>	<u>1,466,247</u>	<u>7,073,808</u>	<u>4,637,189</u>

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19. STATEMENT OF FUNDS (continued)

STATEMENT OF FUNDS - PRIOR YEAR

	<i>Balance at 1 September 2016 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 August 2017 £</i>
General funds						
General Funds	24,348	58,799	(3,085)	-	-	80,062
Deficit from Local Authority	(177,508)	-	-	60,000	-	(117,508)
Restricted funds						
GAG Funds	53,752	4,626,475	(4,289,459)	(78,516)	-	312,252
School Fund Income	45,280	121,221	(116,999)	-	-	49,502
Capital improvement fund	20,000	-	(20,000)	-	-	-
IT equipment replacement fund	50,000	-	-	(50,000)	-	-
Fund for deficit repayment	95,000	-	(95,000)	-	-	-
Pension reserve	(1,317,000)	-	(253,000)	-	40,000	(1,530,000)
	<u>(1,052,968)</u>	<u>4,747,696</u>	<u>(4,774,458)</u>	<u>(128,516)</u>	<u>40,000</u>	<u>(1,168,246)</u>
Restricted Fixed Asset Funds						
Fixed assets	6,293,595	1,754,144	(64,930)	68,516	-	8,051,325
Total of funds	<u>5,087,467</u>	<u>6,560,639</u>	<u>(4,842,473)</u>	<u>-</u>	<u>40,000</u>	<u>6,845,633</u>

20. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	9,405,313	9,405,313
Current assets	844,223	314,056	-	1,158,279
Creditors due within one year	(550,816)	-	-	(550,816)
Provisions for liabilities and charges	-	(2,656,000)	-	(2,656,000)
	<u>293,407</u>	<u>(2,341,944)</u>	<u>9,405,313</u>	<u>7,356,776</u>

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

20. ANALYSIS OF NET ASSETS BETWEEN FUNDS (continued)

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	<i>Unrestricted funds</i>	<i>Restricted funds</i>	<i>Restricted fixed asset funds</i>	<i>Total funds</i>
	2017	2017	2017	2017
	£	£	£	£
Tangible fixed assets	-	-	8,051,325	8,051,325
Current assets	1,196	737,208	-	738,404
Creditors due within one year	(17,065)	(317,946)	-	(335,011)
Creditors due in more than one year	(21,577)	(57,508)	-	(79,085)
Provisions for liabilities and charges	-	(1,530,000)	-	(1,530,000)
	<u>(37,446)</u>	<u>(1,168,246)</u>	<u>8,051,325</u>	<u>6,845,633</u>

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

	2018 £	2017 £
Net income for the year (as per Statement of Financial Activities)	226,143	1,718,166
Adjustment for:		
Depreciation charges	110,928	64,930
Increase in debtors	(54,033)	(936)
Increase in creditors	136,720	101,353
Defined benefit pension scheme cost less contributions payable	1,411,000	253,000
Net (loss) on assets and liabilities from local authority on conversion	(1,326,000)	(1,754,144)
Net cash provided by operating activities	<u>504,758</u>	<u>382,369</u>

22. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2018 £	2017 £
Cash in hand	<u>1,037,313</u>	<u>671,471</u>
Total	<u>1,037,313</u>	<u>671,471</u>

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

23. PENSION COMMITMENTS

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

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

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

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

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

During the previous year the employer contribution rate was 16.48%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015.

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**NOTES TO THE FINANCIAL STATEMENTS
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23. PENSION COMMITMENTS (continued)

This employer rate will be payable until the completion and outcome of the next actuarial valuation which is being prepared as at 31 March 2016. Her Majesty's Treasury published draft Directions for the TPA on 6 September 2018 to allow the Department of Education to finalise this valuation. Early indicators from the valuation are that the amounts employers will be required to pay towards the scheme may increase substantially from September 2019.

The employer's pension costs paid to TPS in the period amounted to £578,838 (2017 - £366,095).

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £335,000 (2017 - £164,000), of which employer's contributions totalled £258,000 (2017 - £129,000) and employees' contributions totalled £77,000 (2017 - £35,000). The agreed contribution rates for future years are 15.5% for employers and 5.5-12.5% for employees.

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

Principal actuarial assumptions:

	2018	<i>2017</i>
Discount rate for scheme liabilities	2.80 %	<i>2.50 %</i>
Rate of increase in salaries	3.60 %	<i>3.70 %</i>
Rate of increase for pensions in payment / inflation	2.20 %	<i>2.20 %</i>
Inflation assumption (CPI)	2.10 %	<i>2.20 %</i>

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

	2018	<i>2017</i>
Retiring today		
Males	23.1	<i>23</i>
Females	26.3	<i>26.2</i>
Retiring in 20 years		
Males	25.3	<i>25.2</i>
Females	28.6	<i>28.5</i>

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**NOTES TO THE FINANCIAL STATEMENTS
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23. PENSION COMMITMENTS (continued)

Sensitivity analysis	At 31 August 2018 £	At 31 August 2017 £
Discount rate +0.1%	2,574	1,481
Mortality assumption - 1 year increase	2,724	1,567
CPI rate +0.1%	2,741	1,578
The Trust's share of the assets in the scheme was:		
	Fair value at 31 August 2018 £	Fair value at 31 August 2017 £
Equities	634,000	317,000
Other Bonds	278,000	146,000
Corporate bonds	-	30,000
Other	243,000	98,000
Property	62,000	23,000
Cash and other liquid assets	29,000	29,000
	-	-
Total market value of assets	<u><u>1,246,000</u></u>	<u><u>643,000</u></u>

The actual return on scheme assets was £ 56,000 (2017 - £131,000).

The amounts recognised in the Statement of financial activities incorporating income and expenditure account are as follows:

	2018 £	2017 £
Current service cost	(384,000)	(199,000)
Net interest cost	(61,000)	(30,000)
Admin expenses	(3,000)	(3,000)
Total	<u><u>(448,000)</u></u>	<u><u>(232,000)</u></u>
Actual return on scheme assets	<u><u>56,000</u></u>	<u><u>131,000</u></u>

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

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

	2018 £	2017 £
Opening defined benefit obligation	2,173,000	2,185,000
Upon conversion	1,509,000	149,000
Current service cost	384,000	199,000
Interest cost	86,000	50,000
Employee contributions	77,000	35,000
Actuarial gains	(256,000)	(439,000)
Benefits paid	(71,000)	(6,000)
	<u>3,902,000</u>	<u>2,173,000</u>

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

	2018 £	2017 £
Opening fair value of scheme assets	643,000	868,000
Upon conversion	293,000	-
Interest income	25,000	20,000
Actuarial losses/(gains)	29,000	(399,000)
Employer contributions	258,000	129,000
Employee contributions	77,000	35,000
Benefits paid	(71,000)	(6,000)
Admin expenses	(8,000)	(4,000)
	<u>1,246,000</u>	<u>643,000</u>

24. OPERATING LEASE COMMITMENTS

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

	2018 £	2017 £
Amounts payable:		
Within 1 year	30,171	24,121
Between 1 and 5 years	54,085	70,356
	<u>84,256</u>	<u>94,477</u>
Total	<u>84,256</u>	<u>94,477</u>

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

25. 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.

26. RELATED PARTY TRANSACTIONS

Owing to the nature of the academy trust and the composition of the Board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the Trust have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH and with the trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 13.

During the year there have not been any related party transactions.