Company Registration No. 08929065 (England and Wales)

# BARNWELL ACADEMY TRUST

# (A COMPANY LIMITED BY GUARANTEE)

# ANNUAL REPORT AND ACCOUNTS

# FOR THE YEAR ENDED 31 AUGUST 2018

# BARNWELL ACADEMY TRUST

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# BARNWELL ACADEMY TRUST

## REFERENCE AND ADMINISTRATIVE DETAILS

| | |
|---|---|
| **Members** | A Shale<br>A Whitaker<br>C Rogers<br>G Seagrove<br>S Wharton |
| **Trustees** | S Dimmock<br>A Emmerson (Accounting Officer)<br>D C Smith<br>D Hargrave<br>L Williams (Vice Chair )<br>N Collinson<br>S Wharton (Chair)<br>D Morton<br>Mrs N Procter (Appointed 8 December 2017)<br>Mr C Armstrong (Appointed 6 July 2018) |
| **Senior management team** | |
| - Principle Headteacher | A Emmerson |
| - Deputy Headteacher | K Sadler (appointed 1 September 2017) |
| - Business Manager | C Nellist |
| **Company secretary** | C Nellist |
| **Company registration number** | 08929065 (England and Wales) |
| **Registered office** | Whitefield Estate<br>Houghton Le Spring<br>Tyne & Wear<br>DH4 7RT |
| **Independent auditor** | Baldwins Audit Services<br>Wynyard Park House<br>Wynyard Avenue<br>Wynyard<br>TS22 5TB |
| **Bankers** | Lloyds Bank plc<br>54 Fawcett Street<br>Sunderland<br>SR1 1SE |
| **Solicitors** | Samuel Phillips<br>18-24 Grey Street<br>Newcastle upon Tyne<br>NE1 6AD |

# BARNWELL ACADEMY TRUST

## TRUSTEES' REPORT

## *FOR THE YEAR ENDED 31 AUGUST 2018*

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 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. The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and 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) (effective 1 January 2015).

The trust operates a nursery and a primary academy for pupils aged 3 to 11 serving a catchment area in the Coalfields area of Sunderland. The primary academy has a pupil capacity of 210 and had a roll of 207 in the Spring school census. Barnwell Academy is currently rated as 'Good' by Ofsted.

The trust also operates Barnwell Daycare, a 36 place childcare provision for children aged 0-5. Barnwell Daycare is located within the Monument Centre, which also comprises of a community sports hall and dedicated rooms for parental / children's activities. Barnwell Daycare is currently rated as 'Outstanding' by Ofsted and was awarded with the Top 20 North East Nursery award (daynurseries.co.uk) in March 2018.

**Structure, governance and management**

Constitution

The academy trust is a company limited by guarantee and an exempt charity. The company was incorporated on 7th March 2014 and converted to academy status on 1st April 2014. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust.

The trustees of Barnwell Academy Trust are also the directors of the charitable company for the purposes of company law. The charitable company is known as Barnwell Academy Trust.

Details of the trustees who served during the year are included in the Reference and Administrative Details on page 1.

Members' liability

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

Trustees' indemnities

The Trust has purchased insurance to protect Trustees, Governors and staff from claims arising due to negligent acts, errors or omissions whilst carrying out Academy business.

Method of recruitment and appointment or election of trustees

Trustees (or Directors) are appointed under the rules contained within the Trust's Memorandum and Articles of Association and membership to the Board of Trustees is in accordance with the structure contained within it. Appointments are made are in line with the guidance in the Articles of Association. The term of office for any Director shall be four years.

The Trustees may appoint Staff Trustees through such process as they may determine, provided that the total number of Trustees (including the Head Teacher) who are employees of the Trust does not exceed one third of the total number of Trustees. The Head Teacher of the Academy shall be a Trustee for as long as he or she remains in that position.

The Trustees make the necessary arrangements for and determine all matters relating to the election of Parent Trustees. Parent Trustees must be a parent of a pupil at the Academy at the time they were elected or when the Trust was established.

The Secretary of State may appoint additional Trustees as he thinks fit if he has given a warning notice and the Trustees have failed to comply, or secure compliance with the notice to the Secretary of State's satisfaction, within the compliance period. The Secretary of State may also appoint additional Trustees following an inspection by the Chief Inspector of Schools (Ofsted) where the Trust receives a grading which amounts to a drop of two Ofsted grades.

Policies and procedures adopted for the induction and training of trustees

All new Trustees and/or Governors will be given induction training by the Trust's governance partner that reflects his/her previous experience and expertise. The Trust purchases support that provides for individual and full Governing Body training through an annual Service level agreement which is reviewed each year to reflect any changes in practice and legislation. The Trust will perform an annual skills audit of Trustees and Governors, should any gaps be identified training courses are offered to address these issues.

Organisational structure

The Members established the Trust and set out the constitution of the school, through signing its memorandum and articles of association. Members can appoint and dismiss Trustees/Directors.

The leadership and management structure of the Trust consists of the Board of Trustees and the Senior Management Team of the Academy. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

The Board of Trustees set the strategic direction of the Trust and is ultimately accountable to the Secretary of State for its performance. They will hold to account the Head Teacher who is also the Accounting Officer. Powers are delegated from the Board via terms of reference. This is reviewed on an annual basis.

The Trustees are responsible for strategic planning, setting general policy, adopting an annual development plan, reviewing curriculum, budget monitoring, making major decisions about the direction of the Academy and the Trust and senior staffing appointments as well as monitoring standards and performance.

The Senior Management Team consists of the Head Teacher, Deputy Head Teacher and Business Manager. The team lead and manage the Trust at an executive level, steering the direction of the Academy in line with strategic plans and developing opportunities. They are also responsible for the day to day operation of the Academy (with support from the Senior Leadership Team) in addition to supporting the wider work and objectives of the Trust.

The Head Teacher and Trustees are responsible for the authorisation of spending within agreed budgets and the appointment of staff as stated in the scheme of delegation and the Academy's financial regulations manual.

The Business Manager is responsible for the management of the financial systems, sourcing additional funds and ensuring efficient and effective use of resources. The Business Manager is responsible for the authorisation of spending up to agreed limits as stated in the scheme of delegation and the financial regulations manual, alongside the management of support staff, facilities staff and the efficient operation of the school office.

The Head Teacher is the Accounting Officer for the Academy.

The Senior Leadership Team consists of the Senior Management Team with the addition of the EYFS / KS1 / KS2 Leads. The team lead and manage the effective delivery of the teaching and learning / curriculum.

Related parties and other connected charities and organisations

All members/trustees/governors are required to declare any business interests that may impact on the Academy. The adopted policy is that if interests are declared then the trustee will remove themselves from the relevant decision making process.

For the period ending 31st August 2018 there are no connected organisations or related party relationships.

Arrangements for setting Pay and Remuneration of Key Management Personnel

During the period, the arrangements for setting the pay and remuneration of the academy trust's key personnel have followed recognised procedures –the Headteacher's salary was paid in accordance with national guidelines in respect of the size of school and number of pupils. All other personnel are paid in line with nationally recognised pay scales and agreed by trade unions. Performance Management has been rigorous and personnel have only been awarded an increase if targets have been met. The academy trust's personnel committee meet to discuss and agree any pay policies and remuneration awarded to individuals.

Trade union facility time

Relevant union officials (during the period ending 31st August 2018):

Number of employees who were relevant union officials – None
Percentage of time spent on facility time – 0%
Percentage of pay bill on facility time – 0%
Paid trade union activities - None

Fundraising

Under the provisions of the Charities (Protection and Social Investment) Act 2016, this section will include information on the Trust's fundraising practices.

Trustees have overall responsibility and accountability for the Trust's fundraising. They have a key role to play in setting our approach to raising funds, making sure that this approach is followed in practice and reflects our charity's values, which are:

- Acting in the best interests of the trust
- Managing resources responsibly, which includes protecting and safeguarding the trust's reputation
- Acting with reasonable care and skill

Operational responsibility for fundraising events is delegated to the Senior Management Team.

All fundraising is carried out in the confines of the Trust's grounds and we do not work with, or have oversight, with any commercial participators / professional fundraisers. During the year 1st September 2017 to 31st August 2018 our fundraising events consisted of 2x Fayres (Christmas and Easter) and a Fit4Fun Day.

Trustees give assurance that fundraising is compliant with the recognised standards of fundraising (set out in the Code of Fundraising Practice) as well as those required under charity law and wider law.

The monitoring of fundraising is carried out by Senior Management Team and any reports of compliance breaches or fundraising complaints will be reported to trustees. During the year 1st September 2017 to 31st August 2018, no breaches or complaints occurred.

All our fundraising events are located within Barnwell Academy and are open events. We do not add undue pressure for donations from the public, especially vulnerable people.

**Objectives and activities**

Objects and aims

The principal objective and activity of the charitable company is the operation of Barnwell Academy to provide early years education and childcare for children between the ages of 0-3 years in a day-care setting, and providing education for pupils of different abilities between the ages of 3-11 years in school. Barnwell Academy is an inclusive environment and is dedicated to continually improving the quality of the educational provision for all of our pupils, so that they may achieve their full potential and leave this school prepared for the demands of society in their future.

At Barnwell Academy we aim to create a secure, caring and stimulating learning environment in which everyone can develop his or her aptitudes and abilities to the full. Barnwell Academy is staffed by a committed and talented team of teachers, teaching assistants, office and premises staff, and supported by an active Board of Trustees. We firmly believe that a key factor in helping children develop and achieve lies in the relationship between home and school.

Our aims:

- For all pupils to develop into successful learners and achieve their full potential through high quality purposeful teaching.
- To nurture and develop every child to become responsible and caring members of the community.
- To work in genuine partnerships with families and the wider community.
- To provide for every child an enjoyable, broad and balanced curriculum in a high quality, stimulating environment.
- To challenge, support and develop staff to create an outstanding workforce.

Trustees, staff, parents and pupils aim to work together to ensure the vision is realised through robust planning, organisation, implementation, analysis and self-evaluation.

Objectives, strategies and activities

During the period ending 31st August 2018, the Board of Trustees and Senior Management Team continue to develop a strategic business plan that evaluates past years and sets objectives and milestones for the years ahead. This ensures the drive for educational excellence of the Academy and the Trust's expansion and financial stability for the future. This plan includes three main strategic aims going forward:

| Strategic Aim 1: **Outcomes** | Key Strategic Areas |
|---|---|
| All academies are enabled to achieve excellence. | • To deliver high quality teaching and learning for every child providing a broad, balanced yet challenging curriculum. |
| | • To ensure every child regardless of ability, gender, race, age, religion, race or physical challenge, makes good progress, attains high and achieves their potential. |
| | • To use self-led evaluation to drive school improvement and staff development. |

Success Criteria

1. Attainment and progress at all key stages are above national levels across the trust.
2. All teaching is judged to be good or outstanding across the trust.
3. All groups of pupils make expected or better progress across the trust.
4. Self-led evaluation and external inspection to recognise outstanding outcomes across the trust.

| Strategic Aim 2: **Leadership** | Key Strategic Areas |
|---|---|
| To ensure high quality governance and leadership at all levels. | • To develop a Trust Board that represents the right skill-set to drive forward the organisation. |
| | • To secure local Governing bodies that are uncompromising in their ambition to improve outcomes for all pupils. |
| | • To empower Leaders to drive school improvement and set high expectations for all . |
| | • To develop the performance of middle leaders and build capacity for further improvement within the trust. |

Success Criteria

1. The Trust Board is established and recognised as being high performing.
2. Leadership, including Governance, is judged to be outstanding through self-led evaluation and external inspection
3. The Trust Board are clearly focused on raising standards and securing excellent outcomes for all pupils in the trust
4. Substantive leadership and well-developed middle leaders, are demonstrating clear progress across the trust
5. All statutory responsibilities, including safeguarding and health and safety, continue to be met.
6. The Trust Board continue to challenge and drive financial stability.

| Strategic Aim 3: **Business** | Key Strategic Areas |
|---|---|
| To strengthen the Trust by ensuring future sustainability. | • To create and maintain a business plan that drives measured and systematic growth. |
| | • To deliver balanced budget plans year-on-year. |
| | • To monitor and successfully manage risks |
| | • To deliver high-quality services |

Success Criteria

1. The trust has grown to provide an inclusive educational community to 0-11 year olds.
2. Financial plans and forecasts deliver a stable budget position with no deficits within the trust.
3. The trust fully understand the management of Risk and has in place effective plans to mitigate and control these risk
4. The trust provide high-quality services not only within the trust but to external partners.

Public benefit

The trustees have given due consideration to the Charity Commission's general guidance on public benefit when reviewing the aims and objectives of the academy and in planning future activities. In particular, the trustees consider the provision of education to provide public benefit to the community in which it operates.

## Strategic report

### Achievements and performance

Achievements and performance Objectives achieved 2017-2018:

- Governors and leaders continue to consistently improve outcomes for all pupils, especially the disadvantaged.
- Middle leaders support their colleagues in delivering new initiatives.
- A safe, comfortable and stimulating learning environment that is fit for purpose is provided for all children.
- A stimulating outdoor learning environment that is fit for purpose enhances the learning curriculum and supports pupil's physical development and well-being.
- A broad curriculum is delivered. Full coverage of the foundation subject programmes of study from Year 1 to Year 6 is enhanced and bespoke to Barnwell Academy cohort.
- Assessment in foundation subjects is accurate across Key Stage 1 and Key Stage 2.
- EYFS on entry data is accurate and robust.
- Most able including most able disadvantaged children make good or better progress from their starting points.
- The difference between disadvantaged children and non-disadvantaged children in KS1 and Year 3 in reading and writing (based on KS1 results) is diminished.
- The teaching and learning of spelling across each Key Stage is consistently good or better.
- A reading curriculum that develops pupils' interest and passion for reading where pupil outcomes remain high is embedded across all Key Stages.
- Attainment at the End of all Key Stages remains broadly in line or better than the National Average.
- Excellent behaviour is maintained.
- Pupils' spiritual, moral, social and cultural skills to equip them to be thoughtful, caring and active citizens.
- For pupils with particular needs there is sustained improvement in behaviour.
- The whole school continues to strive to prevent all forms of bullying.
- Attendance is high for all groups of pupils.
- The welfare of pupils is effectively promoted. Pupils are safe and feel safe.

Key performance indicators

The Academy continues to be oversubscribed with 86 pupils applying for 30 places in the Reception class. All year groups maintained the PAN number of 30. Any places that became available were allocated immediately according to the Academy's admissions criteria.

High pupil attendance levels have continued. The Academy achieved a whole school attendance of 95.6%.

**End of Early Years 2018**

| | |
|---|---|
| School Good Level of Development | **73%** |

**Key Stage 1 Phonics- Year 1**

| | |
|---|---|
| School | **80%** |

**Key Stage 1 2018**

Total number of children at the end of KS1: **30**

**Key Stage 1 Teacher Assessment 2018**

| | Below the standard of the pre-key stage standard (BLW) | Pre-Key Stage: foundations for expected standard (PKF) | Working towards the expected standard (WTS) | Working at the expected standard (EXS) | National | Working at greater depth within expected standard (GDS) | National |
|---|---|---|---|---|---|---|---|
| English: writing | 3% | 23% | 3% | 70% | TBC | 14% | TBC |
| English: reading | 7% | 13% | 7% | 73% | | 24% | |
| Maths | 7% | 10% | 7% | 77% | | 21% | |

| | Has not met the expected standard (HNM) | Working at the expected standard (EXS) |
|---|---|---|
| Science | 20% | 80% |

**Key Stage 2 2018**
Total number of children at the end of KS1: **31**

**Key stage 2 Test**

| | School expected standard (Scaled score of 100 or above) | National expected standard | School Greater Depth | National Greater Depth |
|---|---|---|---|---|
| English: reading | 87% | 75% | 35% | 28% |
| English: grammar, punctuation and spelling | 94% | 78% | 61% | 34% |
| Maths | 84% | 76% | 32% | 24% |
| Reading/Writing/Maths | 71% | 64% | 16% | 10% |

**Key Stage 2 Teacher Assessment 2018**

| | Working towards the expected standard (WTS) | School expected standard (EXS) | National expected standard (EXS) | *Working at greater depth within expected standard* (GDS) | National Greater Depth |
|---|---|---|---|---|---|
| English: writing | 16% | 84% | 78% | 29% | 20% |

| | Has not met the expected standard (HNM) | Working at the expected standard (EXS) |
|---|---|---|
| Science | 13% | 87% |

| | School Progress Score | National Progress Score |
|---|---|---|
| Reading | 1.5 | 0 |
| Writing | 1.3 | 0 |
| Maths | 1.4 | 0 |

End of KS2 results consistently indicate that by the time pupils leave Barnwell Academy they have made significant progress and results are consistently better than national results.

To ensure that standards are continually raised the Academy operates a schedule of robust self-evaluation to monitor the impact of teaching and learning. Monitoring and evaluation shows the Academy is consistently Good in all aspects of Leadership and Management, Teaching, learning and assessment, Behaviour, welfare and safety, and Outcomes for pupils. The Academy was rated 'Good' in the last OFSTED and 'Outstanding' in Early years.

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**

The main sources of income for the Academy Trust are grants from the Education and Skills Funding Agency in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the period 1st September 2017 to 31st August 2018 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The Academy Trust also receives Early Years grant funding and Special Educational Needs funding for High Needs pupils, the use of which is also restricted to particular purposes.

During the period ended 31 August 2018, total expenditure of the Academy was met by recurrent grant funding from the ESFA together with other incoming resources.

In 2017/18, the Trustees of the Academy continued to adhere by the following policies relating to Financial management:-

- Terms of Reference - Financial Management / Schemes of Delegation
- Financial Procedures Manual
- Articles of Association
- Funding Agreement
- Charging Policy
- Academy Financial Handbook
- Accounts Direction

Under accounting standard FRS102, it is necessary to charge projected deficits on the Local Government Pension Scheme, which is provided for support staff, to the restricted fund. This resulted in the pension fund showing a deficit of £411,000 which has been carried forward to 2018/2019. It should be noted that this does not present a liquidity problem for the Trust and that the Trust is reviewing contributions to the pension scheme in order to see a reduction to the pension scheme in future years.

Reserves policy

The Finance Committee review reserve levels on an annual basis. The Trustees will ensure that the level of reserves that can be carried forward at the end of the financial period will be in line with the guidance received from the DfE on the treatment of the General Annual Grant (GAG) income and other grants.

The following will be considered when reviewing reserve levels:

- Working capital requirements
- Contingencies to meet unforeseeable expenditure
- Funding of planned and specific future capital expenditure
- Capacity planning for future growth

During the period to 31 August 2018, extensive capital works have took place on the exterior and roof of the Academy school. This has been financed predominantly by Condition Improvement Funding (CIF), however, a £50,000 contribution was made from reserves.

Further investment has been made with the purchase of new touchscreen technology in each classroom to enhance the learning experience of our pupils.

Future planned capital expenditure include further renovation to the external area of the Academy, including the installation of a MUGA and a Daily Mile, as well as new playground surfacing / markings.

Free reserves are represented by the unrestricted funds balance as at 31st August 2018. This balance is: £163,743.

As at 31st August 2018, the level of Trust reserves held in restricted funds but available for general education purposes is £331,007, thus giving a net surplus of £494,750

Investment policy

Under the Memorandum and Articles of Association, the academy has the power to deposit or invest funds not immediately required for its own purposes, in any way the Governors see fit. The Trust currently operates interest bearing bank and a savings account but at present does not have any funds invested as at 31st August 2018.

Principal risks and uncertainties

The principal risks facing the Trust are centred on maintaining pupil numbers and the processes in which the Academies receive their primary source of income from the EFSA/DfE. The soon to be implemented National Funding Formula is a key area that is being strictly monitored, reviewed and managed by the Trust to understand the financial implications and take action to address, if and when changes may arise. In addition the Trust is a member of the Local Government Pension Scheme (LGPS) which results in the recognition of a significant liability on the Trusts' balance sheet.

Other risks identified are in relation to the quality of teaching, safeguarding, health & safety, skills of governors, sustainability of extended services, and robust financial controls.

Strategies to develop middle and senior leaders have been implemented during the last 12 months. The development of the leadership capacity within the Academy will ensure outcomes for pupils and school improvement remain high. Staffing is stable and there is provision to cover items such as maternity and sickness absence. The Business Manager has worked closely with accountants, internal audit providers and the School Finance Team to ensure that financial systems are robust and secure.

Financial and risk management objectives and policies

Financial - the Academy has considerable reliance on continued Government funding through the ESFA. As with all schools, the majority of incoming monetary resources are Government funded and whilst this level is expected to continue, there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

Safeguarding and child protection – the trustees continue to ensure the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and discipline.

Reputational - the continuing success of the Academy is dependent on continuing to attract applicants in sufficient numbers by maintaining the highest educational standards. To mitigate this risk Governors ensure that student success and achievement are closely monitored and reviewed.

Staffing - to achieve its objectives the Academy is reliant on the quality of its staff and so the Governors monitor and review policies and procedures to ensure continued development and training of staff as well as ensuring there is clear succession planning.

Fraud and mismanagement of funds - The Academy continues to appoint an internal auditor to carry out termly checks on financial systems and records as required by the Academy Financial Handbook. All finance staff receive training to keep them up to date with financial practice requirements and develop their skills in this area.

Leadership and Management - Strategies to develop senior and middle leadership are in place. The development of leadership capacity within the Academy will ensure that the outcomes for pupils and school improvement remain high.

The Academy has continued to strengthen its risk management process throughout the year by improving the process and ensuring staff awareness. A risk register is maintained and reviewed and updated on a regular basis.

Financial reports are issued to the Chair and Accounting Officer on a monthly basis. Trustees examine the financial health formally every term, reviewing performance against budget and overall expenditure by means of regular updates at the Full trustees and Finance committee meetings.

The trustees also regularly review cash flow forecasts and ensure sufficient funds are held to cover all known and anticipated commitments.

**Plans for future periods**

The aims of the Trust remain to continue to provide outstanding education to young people. The development and review of strategic improvement plans continues to steer the direction of travel of the Trust. The current levels of reserves are being evaluated to ensure surplus funds are invested into resources (including buildings, equipment and staff training) to achieve maximum return and to meet our aims and objectives.

**Funds held as custodian trustee on behalf of others**

There are no funds held as Custodian Trustee on behalf of others.

**Auditor**

Insofar as the trustees are aware:

- There is no relevant audit information of which the charitable company's auditor is unaware.
- The trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

A resolution proposing that Baldwins Audit Services be reappointed as auditor of the charitable company will be put to the members.

The trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 21 November 2018 and signed on its behalf by:

S Wharton
**Chair**

# BARNWELL ACADEMY TRUST

## GOVERNANCE STATEMENT

## *FOR THE YEAR ENDED 31 AUGUST 2018*

**Scope of responsibility**

As trustees we acknowledge we have overall responsibility for ensuring that Barnwell Academy 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 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 Barnwell Academy 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 ten times during the 12 month period. Attendance during the year at meetings of the board of trustees was as follows:

| Trustees | Meetings attended | Out of possible |
|---|---|---|
| S Dimmock | 8 | 9 |
| A Emmerson (Accounting Officer) | 10 | 10 |
| D C Smith | 5 | 6 |
| D Hargrave | 7 | 7 |
| L Williams (Vice Chair ) | 9 | 10 |
| N Collinson | 8 | 9 |
| S Wharton (Chair) | 10 | 10 |
| D Morton | 1 | 6 |
| Mrs N Procter (Appointed 8 December 2017) | 3 | 3 |
| Mr C Armstrong (Appointed 6 July 2018) | 0 | 0 |

**Governance reviews**

The trust regularly undertakes reviews of strategic leadership and management, as well as teaching and overall performance. The trust has employed the support of a School Improvement Team from Durham County Council to act as a School Improvement Partner (SIP). The SIP consists of a current Ofsted inspector as well as educational advisors who support with school self-evaluation, monitoring standards, performance and governance.

Following a full-scale skills audit of Governance in 2017, the trust has recruited highly skilled trustees with backgrounds in Finance / Accountancy, Business Development and Specialist Education provision. However, the trust are still seeking a Human Resources expert which will complete the skill-set

Persons with Significant Control (PSC)

Between 1 September 2017 and 31 August 2018, there were no Persons with Significant Control (PSC) at Barnwell Academy Trust

### Finance and Premises Committee

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

Its purpose is to assist the decision making of the Trust by enabling more detailed consideration to be given, to ensure the sound management of the Trust's finances, staffing and resources including proper planning, monitoring and probity. The committee also monitors the systems of internal control, arrangements for risk management and ensuring value for money.

Attendance at meetings in the period was as follows:

| Trustees | Meetings attended | Out of possible |
|---|---|---|
| S Wharton (Chair) | 3 | 3 |
| A Emmerson (Accounting Officer) | 3 | 3 |
| L Williams | 2 | 3 |
| N Collinson | 3 | 3 |
| S Dimmock | 3 | 3 |
| N Procter | 1 | 1 |
| C Nellist (Associate Member) | 3 | 3 |

### 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 each 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 12 month period by:

- Effective project management of two large scale projects ensured public money was spent effectively with an under-spend on both projects and this resulted in no additional funds from reserves being needed.
- Reviewed Service Level Agreements with the Business Manager to ensure they are fit for purpose and achieve value for money. A number of facilities and technical services have been contracted to different providers that will reduce expenditure and allow more funds to be available to teaching and learning in 2018/19.
- Analysed all requested moderate to high-level spend had a strong rationale and was aligned to the school improvement plan prior to procurement. This included the procurement of new laptops and interactive touchscreens that will enhance the delivery of teaching to ultimately improve pupil outcomes.

### The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Barnwell Academy for the period 1st September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

**Capacity to handle risk**

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

**The risk and control framework**

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

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

The board of trustees has considered the need for a specific internal audit function and has decided to appoint Sunderland City Council as internal auditor.

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

- testing of governance arrangements
- testing of payroll systems
- testing of procurement systems and controls
- testing of income control and bank reconciliations

During the period ending 31st August 2018, the audit findings and subsequent reports provided substantial assurance that the Academy's controls and processes are robust. No risks were identified.

**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 internal auditor/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.

Approved by order of the board of trustees on 21 November 2018 and signed on its behalf by:

A Emmerson
**Accounting Officer**

S Wharton
**Chair**

# BARNWELL ACADEMY TRUST

## STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

## *FOR THE YEAR ENDED 31 AUGUST 2018*

As accounting officer of Barnwell Academy 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's 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.

A Emmerson
**Accounting Officer**

21 November 2018

# BARNWELL ACADEMY TRUST

## STATEMENT OF TRUSTEES' RESPONSIBILITIES

## *FOR THE YEAR ENDED 31 AUGUST 2018*

The trustees (who are also the directors of Barnwell Academy Trust for the purposes of company law) are responsible for preparing the trustees' report and the accounts 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 accounts for each financial year. Under company law the trustees must not approve the accounts 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 accounts, the trustees are required to:

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and 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) (effective 1 January 2015)
- 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 accounts 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 that 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 accounts may differ from legislation in other jurisdictions.

Approved by order of the members of the board of trustees on 21 November 2018 and signed on its behalf by:

S Wharton
**Chair**

# BARNWELL ACADEMY TRUST

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BARNWELL ACADEMY TRUST

### *FOR THE YEAR ENDED 31 AUGUST 2018*

**Opinion**

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

In our opinion the accounts:

- give a true and fair view of the state of the charitable company'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;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018.

**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 'Auditor's responsibilities for the audit of the accounts' section of our report. We are independent of the academy trust in accordance with the ethical requirements that are relevant to our audit of the accounts in the UK, including the FRC'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 accounts is not appropriate; or
- the trustees have not disclosed in the accounts any identified material uncertainties that may cast significant doubt about the academy trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the accounts are authorised for issue.

**Other information**

The other information comprises the information included in the annual report, other than the accounts and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the accounts 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 accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts 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 accounts 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.

**Opinions 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 incorporated strategic report for the financial year for which the accounts are prepared is consistent with the accounts; and
- the trustees' report including the incorporated 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 the knowledge and understanding of the academy trust and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report, including the incorporated 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 accounts 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 are responsible for the preparation of the accounts 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 accounts that are free from material misstatement, whether due to fraud or error.

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

**Auditor's responsibilities for the audit of the accounts**

Our objectives are to obtain reasonable assurance about whether the accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 accounts.

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

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BARNWELL ACADEMY TRUST (CONTINUED)

### *FOR THE YEAR ENDED 31 AUGUST 2018*

**Use of our report**

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.

Baldwins

**Graham Fitzgerald BA FCA DChA (Senior Statutory Auditor)**
**for and on behalf of Baldwins Audit Services**

10/12/18
.....

**Statutory Auditor**

Wynyard Park House
Wynyard Avenue
Wynyard
TS22 5TB

# BARNWELL ACADEMY TRUST

## INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO BARNWELL ACADEMY TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY

### *FOR THE YEAR ENDED 31 AUGUST 2018*

In accordance with the terms of our engagement letter dated 31 August 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Barnwell Academy Trust during the period 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 Barnwell Academy Trust and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Barnwell Academy Trust and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Barnwell Academy Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

**Respective responsibilities of Barnwell Academy Trust's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of Barnwell Academy Trust's funding agreement with the Secretary of State for Education dated 27 March 2014 and the Academies Financial Handbook, extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance, and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2017 to 2018. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 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 ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

- completion of self assessment questionnaire by Accounting Officer
- discussions with the Accounting Officer and finance team
- review of Internal Assurance report
- review of trustee and committee meeting minutes
- review of finance and other relevant policies
- review of purchases, expenses and expense claims on a sample basis including the application of controls and tendering processes where applicable
- review of gifts and hospitality transactions including the application of controls
- review of credit and debit card transactions including the application of controls
- review of payroll transactions on a sample bases including the application of controls
- review of potential special payments to staff
- review of leases and consideration of areas where borrowing may have been incurred
- consideration of transactions with related and connected parties
- review of register of business interests for completeness and compliance with regulations
- enquiries into transactions that may require disclosure under ESFA delegated authority rules

**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 period 1 September 2017 to 31 August 2018 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Baldwins

**Reporting Accountant**

Baldwins Audit Services

Dated: 10/12/18

# BARNWELL ACADEMY TRUST

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

### *FOR THE YEAR ENDED 31 AUGUST 2018*

| | Notes | Unrestricted Funds £ | Restricted funds: General £ | Restricted funds: Fixed asset £ | Total 2018 £ | Total 2017 £ |
|---|---|---|---|---|---|---|
| **Income and endowments from:** | | | | | | |
| Donations and capital grants | 3 | - | - | 6,855 | 6,855 | 308,726 |
| Charitable activities: | | | | | | |
| - Funding for educational operations | 4 | 24,438 | 1,271,847 | - | 1,296,285 | 1,245,109 |
| Other trading activities | 5 | 213,661 | - | - | 213,661 | 235,038 |
| Investments | 6 | 842 | - | - | 842 | 785 |
| **Total** | | 238,941 | 1,271,847 | 6,855 | 1,517,643 | 1,789,658 |
| **Expenditure on:** | | | | | | |
| Raising funds | 7 | 165,255 | - | - | 165,255 | 186,305 |
| Charitable activities: | | | | | | |
| - Educational operations | 8 | 26,988 | 1,246,943 | 72,151 | 1,346,082 | 1,327,628 |
| **Total** | 7 | 192,243 | 1,246,943 | 72,151 | 1,511,337 | 1,513,933 |
| **Net income/(expenditure)** | | 46,698 | 24,904 | (65,296) | 6,306 | 275,725 |
| Transfers between funds | 18 | 17,362 | 41,913 | (59,275) | - | - |
| **Other recognised gains/(losses)** | | | | | | |
| Actuarial gains on defined benefit pension schemes | 20 | - | 156,000 | - | 156,000 | 455,000 |
| **Net movement in funds** | | 64,060 | 222,817 | (124,571) | 162,306 | 730,725 |
| **Reconciliation of funds** | | | | | | |
| Total funds brought forward | | 99,683 | (302,810) | 3,498,773 | 3,295,646 | 2,564,921 |
| Total funds carried forward | | 163,743 | (79,993) | 3,374,202 | 3,457,952 | 3,295,646 |

# BARNWELL ACADEMY TRUST

## STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT

### *FOR THE YEAR ENDED 31 AUGUST 2018*

| Comparative year information Year ended 31 August 2017 | Notes | Unrestricted Funds £ | Restricted funds: General £ | Restricted funds: Fixed asset £ | Total 2017 £ |
|---|---|---|---|---|---|
| **Income and endowments from:** | | | | | |
| Donations and capital grants | 3 | - | - | 308,726 | 308,726 |
| Charitable activities: | | | | | |
| - Funding for educational operations | 4 | 36,904 | 1,208,205 | - | 1,245,109 |
| Other trading activities | 5 | 235,038 | - | - | 235,038 |
| Investments | 6 | 785 | - | - | 785 |
| **Total** | | 272,727 | 1,208,205 | 308,726 | 1,789,658 |
| **Expenditure on:** | | | | | |
| Raising funds | 7 | 186,305 | - | - | 186,305 |
| Charitable activities: | | | | | |
| - Educational operations | 8 | 60,695 | 1,195,095 | 71,838 | 1,327,628 |
| **Total** | 7 | 247,000 | 1,195,095 | 71,838 | 1,513,933 |
| **Net income** | | 25,727 | 13,110 | 236,888 | 275,725 |
| Transfers between funds | 18 | 13,269 | (37,778) | 24,509 | - |
| **Other recognised gains/(losses)** | | | | | |
| Actuarial gains on defined benefit pension schemes | 20 | - | 455,000 | - | 455,000 |
| **Net movement in funds** | | 38,996 | 430,332 | 261,397 | 730,725 |
| **Reconciliation of funds** | | | | | |
| Total funds brought forward | | 60,687 | (733,142) | 3,237,376 | 2,564,921 |
| Total funds carried forward | | 99,683 | (302,810) | 3,498,773 | 3,295,646 |

# BARNWELL ACADEMY TRUST

## BALANCE SHEET

### *AS AT 31 AUGUST 2018*

| | Notes | 2018 £ | 2018 £ | 2017 £ | 2017 £ |
|---|---|---|---|---|---|
| **Fixed assets** | | | | | |
| Intangible assets | 13 | | 4,229 | | - |
| Tangible assets | 12 | | 3,363,119 | | 2,986,067 |
| | | | 3,367,348 | | 2,986,067 |
| **Current assets** | | | | | |
| Stocks | 14 | - | | 646 | |
| Debtors | 15 | 111,089 | | 195,485 | |
| Cash at bank and in hand | | 518,029 | | 778,789 | |
| | | 629,118 | | 974,920 | |
| **Current liabilities** | | | | | |
| Creditors: amounts falling due within one year | 16 | (127,514) | | (153,341) | |
| **Net current assets** | | | 501,604 | | 821,579 |
| **Net assets excluding pension liability** | | | 3,868,952 | | 3,807,646 |
| Defined benefit pension scheme liability | 20 | | (411,000) | | (512,000) |
| **Net assets** | | | 3,457,952 | | 3,295,646 |
| **Funds of the academy trust:** | | | | | |
| **Restricted funds** | 18 | | | | |
| - Fixed asset funds | | | 3,374,202 | | 3,498,773 |
| - Restricted income funds | | | 331,007 | | 209,190 |
| - Pension reserve | | | (411,000) | | (512,000) |
| **Total restricted funds** | | | 3,294,209 | | 3,195,963 |
| **Unrestricted income funds** | 18 | | 163,743 | | 99,683 |
| **Total funds** | | | 3,457,952 | | 3,295,646 |

The accounts on pages 25 to 47 were approved by the trustees and authorised for issue on 21 November 2018 and are signed on their behalf by:

S Wharton
**Chair**

Company Number 08929065

# BARNWELL ACADEMY TRUST

## STATEMENT OF CASH FLOWS

### *FOR THE YEAR ENDED 31 AUGUST 2018*

| | Notes | 2018 £ | 2018 £ | 2017 £ | 2017 £ |
|---|---|---|---|---|---|
| **Cash flows from operating activities** | | | | | |
| Net cash provided by operating activities | **21** | | 184,974 | | 57,373 |
| **Cash flows from investing activities** | | | | | |
| Dividends, interest and rents from investments | | 842 | | 785 | |
| Capital grants from DfE Group | | 6,855 | | 308,726 | |
| Purchase of intangible fixed assets | | (4,350) | | - | |
| Purchase of tangible fixed assets | | (449,081) | | (125,854) | |
| **Net cash (used in)/provided by investing activities** | | | (445,734) | | 183,657 |
| **Net (decrease)/increase in cash and cash equivalents in the reporting period** | | | (260,760) | | 241,030 |
| Cash and cash equivalents at beginning of the year | | | 778,789 | | 537,759 |
| **Cash and cash equivalents at end of the year** | | | 518,029 | | 778,789 |

### 1 Accounting policies

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

### 1.1 Basis of preparation

The accounts 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.

Barnwell Academy Trust meets the definition of a public benefit entity under FRS 102.

### 1.2 Going concern

The trustees assess whether the use of going concern is appropriate, ie 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 authorisation for issue of the accounts and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern. Thus they continue to adopt the going concern basis of accounting in preparing the accounts.

The reported share of the LGPS deficit has a significant impact on our restricted funds, however we draw your attention to the cash reserves held by the academy as well as the balances held in unrestricted and restricted general reserves.

### 1.3 Income

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

Grants

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

General Annual Grant is recognised in full in the statement of financial activities in the period 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 in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grants are reflected in the balance sheet in the restricted fixed asset fund. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

Sponsorship income

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the statement of financial activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

**1 Accounting policies** **(Continued)**

Donations

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

Other income

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the academy trust has provided the goods or services.

Donated goods, facilities and services

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

Donated fixed assets

Donated fixed assets are measured at fair value unless it is impractical to measure this reliably, in which case the cost of the item to the donor is used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's accounting policies.

**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 are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

This includes all expenditure incurred by the academy trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

Charitable activities

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

**1 Accounting policies** **(Continued)**

**1.5 Intangible fixed assets and amortisation**

Intangible assets costing £500 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment.

Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

- Purchased computer software 3 years

**1.6 Tangible fixed assets and depreciation**

Assets costing £500 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

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

| | |
|---|---|
| Land and buildings | 50 years |
| Assets under construction | Not depreciated |
| Computer equipment | 3 years |
| Fixtures, fittings and equipment | 5 years |

The trust's land and buildings are occupied on a 125 year lease from the local authority. In the view of the trustees, the risks and rewards of occupying the site have been substantially transferred to the trust and therefore the land and buildings have been recognised as a donation on conversion and capitalised within the restricted fixed assets fund.

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

**1.7 Liabilities**

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods of services it must provide.

**1.8 Leased assets**

Rentals payable under operating leases are charged against income on a straight line basis over the period of the lease.

**1 Accounting policies** **(Continued)**

**1.9 Financial instruments**

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

Financial assets

Trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments.

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

Financial liabilities

Trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost. Taxation and social security are not included in the financial instruments disclosure definition.

Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

**1.10 Stock**

Stock is valued at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less further costs to completion and disposal. Provision is made for obsolete and slow moving stock.

**1.11 Taxation**

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

**1.12 Pensions 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 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 quadrennial valuations using a projected unit method. The TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions are recognised in the period to which they relate..

**1 Accounting policies** **(Continued)**

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

**1.13 Fund accounting**

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

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

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

**2 Critical accounting estimates and areas of judgement**

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

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 20, 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.

## 3 Donations and capital grants

| | Unrestricted funds £ | Restricted funds £ | Total 2018 £ | Total 2017 £ |
|---|---|---|---|---|
| Capital grants | - | 6,855 | 6,855 | 308,726 |

## 4 Funding for the academy trust's educational operations

| | Unrestricted funds £ | Restricted funds £ | Total 2018 £ | Total 2017 £ |
|---|---|---|---|---|
| **DfE / ESFA grants** | | | | |
| General annual grant (GAG) | - | 853,496 | 853,496 | 863,420 |
| Other DfE group grants | - | 122,156 | 122,156 | 113,305 |
| | - | 975,652 | 975,652 | 976,725 |
| **Other government grants** | | | | |
| Local authority grants | - | 286,195 | 286,195 | 231,480 |
| **Other funding** | | | | |
| Catering income | 19,924 | - | 19,924 | 19,652 |
| Other incoming resources | 4,514 | 10,000 | 14,514 | 17,252 |
| | 24,438 | 10,000 | 34,438 | 36,904 |
| **Total funding** | 24,438 | 1,271,847 | 1,296,285 | 1,245,109 |

## 5 Other trading activities

| | Unrestricted funds £ | Restricted funds £ | Total 2018 £ | Total 2017 £ |
|---|---|---|---|---|
| Lettings income | 27,896 | - | 27,896 | 32,648 |
| Catering income | 1,976 | - | 1,976 | 2,130 |
| Clubs and childcare income | 74,656 | - | 74,656 | 69,560 |
| Trips income | 13,589 | - | 13,589 | 13,161 |
| Other income | 95,544 | - | 95,544 | 117,539 |
| | 213,661 | - | 213,661 | 235,038 |

## 6 Investment income

| | Unrestricted funds £ | Restricted funds £ | Total 2018 £ | Total 2017 £ |
|---|---|---|---|---|
| Short term deposits | 842 | - | 842 | 785 |

## 7 Expenditure

| | Staff costs £ | Non Pay Expenditure Premises £ | Non Pay Expenditure Other £ | Total 2018 £ | Total 2017 £ |
|---|---|---|---|---|---|
| Expenditure on raising funds | | | | | |
| - Direct costs | 118,567 | - | 46,688 | 165,255 | 186,305 |
| Academy's educational operations | | | | | |
| - Direct costs | 738,051 | - | 45,993 | 784,044 | 832,357 |
| - Allocated support costs | 244,287 | 202,590 | 115,161 | 562,038 | 495,271 |
| | 1,100,905 | 202,590 | 207,842 | 1,511,337 | 1,513,933 |

| Net income/(expenditure) for the year includes: | 2018 £ | 2017 £ |
|---|---|---|
| Fees payable to auditor for: | | |
| - Audit | 6,000 | 6,000 |
| - Other services | 2,500 | 2,500 |
| - Fees payable to other auditors | 2,340 | 1,886 |
| Operating lease rentals | 7,100 | 4,286 |
| Depreciation of tangible fixed assets | 72,030 | 71,838 |
| Amortisation of intangible fixed assets | 121 | - |
| Net interest on defined benefit pension liability | 11,000 | 17,000 |

## 8 Charitable activities

| | Unrestricted funds £ | Restricted funds £ | Total 2018 £ | Total 2017 £ |
|---|---|---|---|---|
| **Direct costs** | | | | |
| Educational operations | - | 784,044 | 784,044 | 832,357 |
| **Support costs** | | | | |
| Educational operations | 26,988 | 535,050 | 562,038 | 495,271 |
| | 26,988 | 1,319,094 | 1,346,082 | 1,327,628 |

## 8 Charitable activities (Continued)

| | 2018 £ | 2017 £ |
|---|---|---|
| **Analysis of support costs** | | |
| Support staff costs | 244,287 | 259,864 |
| Depreciation and amortisation | 72,151 | 71,838 |
| Premises costs | 130,439 | 66,003 |
| Other support costs | 72,672 | 55,578 |
| Governance costs | 42,489 | 41,988 |
| | 562,038 | 495,271 |

## 9 Staff

**Staff costs**

Staff costs during the year were:

| | 2018 £ | 2017 £ |
|---|---|---|
| Wages and salaries | 824,891 | 831,074 |
| Social security costs | 62,591 | 62,687 |
| Pension costs | 194,377 | 222,943 |
| Staff costs | 1,081,859 | 1,116,704 |
| Agency staff costs | 7,444 | 27,443 |
| Staff restructuring costs | 3,750 | 1,530 |
| Staff development and other staff costs | 7,852 | 11,427 |
| Total staff expenditure | 1,100,905 | 1,157,104 |

Staff restructuring costs comprise:

| | | |
|---|---|---|
| Redundancy payments | 3,750 | 1,530 |

**Staff numbers**

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

| | 2018 Number | 2017 Number |
|---|---|---|
| Teachers | 17 | 17 |
| Administration and support | 31 | 30 |
| Management | 3 | 3 |
| | 51 | 50 |

**9 Staff** **(Continued)**

**Higher paid staff**

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

| | 2018 Number | 2017 Number |
|---|---|---|
| £60,001 - £70,000 | 1 | 1 |

**Key management personnel**

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension and national insurance contributions) received by key management personnel for their services to the academy trust was £187,957 (2017: £191,349).

**10 Trustees' remuneration and expenses**

One or more of the trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The Headteacher and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of Headteacher and staff members under their contracts of employment, and not in respect of their services as trustees.

The value of trustees' remuneration and other benefits was as follows:

S Dimmock (staff)
Remuneration £45,001 - £50,000 (2017: £40,001 - £45,000)
Employer's pension contributions £5,001 - £10,000 (2017: £5,001 - £10,000)

D Smith (staff)
Remuneration £15,001 - £20,000 (2017: £15,001 - £20,000)
Employer's pension contributions £1 - £5,000 (2017: £1 - £5,000)

A Emmerson (headteacher)
Remuneration £60,001 - £65,000 (2017: £60,001 - £65,000)
Employer's pension contributions £10,001 - £15,000 (2017: £10,001 - £15,000)

**11 Trustees and officers insurance**

The academy 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 academy 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.

## 12 Tangible fixed assets

| | Land and buildings | Assets under construction | Computer equipment | Fixtures, fittings and equipment | Total |
|---|---|---|---|---|---|
| | £ | £ | £ | £ | £ |
| **Cost** | | | | | |
| At 1 September 2017 | 3,071,782 | 118,578 | 44,763 | 12,366 | 3,247,489 |
| Transfer on conversion | 118,578 | (118,578) | - | - | - |
| Additions | 411,562 | - | 2,368 | 35,151 | 449,081 |
| At 31 August 2018 | 3,601,922 | - | 47,131 | 47,517 | 3,696,570 |
| **Depreciation** | | | | | |
| At 1 September 2017 | 218,404 | - | 37,582 | 5,436 | 261,422 |
| Charge for the year | 64,536 | - | 4,995 | 2,498 | 72,029 |
| At 31 August 2018 | 282,940 | - | 42,577 | 7,934 | 333,451 |
| **Net book value** | | | | | |
| At 31 August 2018 | 3,318,982 | - | 4,554 | 39,583 | 3,363,119 |
| At 31 August 2017 | 2,853,378 | 118,578 | 7,181 | 6,930 | 2,986,067 |

## 13 Intangible fixed assets

| | Computer software |
|---|---|
| | £ |
| **Cost** | |
| At 1 September 2017 | - |
| Additions | 4,350 |
| At 31 August 2018 | 4,350 |
| **Amortisation** | |
| At 1 September 2017 | - |
| Charge for year | 121 |
| At 31 August 2018 | 121 |
| **Carrying amount** | |
| At 31 August 2018 | 4,229 |
| At 31 August 2017 | - |

## 14 Stocks

| | 2018 | 2017 |
|---|---|---|
| | £ | £ |
| Catering stock | - | 646 |

| 15 | **Debtors** | **2018** | **2017** |
|---|---|---|---|
| | | **£** | **£** |
| | Trade debtors | 8,416 | 8,403 |
| | VAT recoverable | 29,639 | 15,623 |
| | Other debtors | 13,395 | 7,478 |
| | Prepayments and accrued income | 59,639 | 163,981 |
| | | 111,089 | 195,485 |

| 16 | **Creditors: amounts falling due within one year** | **2018** | **2017** |
|---|---|---|---|
| | | **£** | **£** |
| | Other taxation and social security | 1,750 | 1,750 |
| | Other creditors | 17,277 | 243 |
| | Accruals and deferred income | 108,487 | 151,348 |
| | | 127,514 | 153,341 |

| 17 | **Deferred income** | **2018** | **2017** |
|---|---|---|---|
| | | **£** | **£** |
| | Deferred income is included within: | | |
| | Creditors due within one year | 20,736 | 20,694 |
| | Deferred income at 1 September 2017 | 20,694 | 22,082 |
| | Released from previous years | (20,694) | (22,082) |
| | Resources deferred in the year | 20,736 | 20,694 |
| | **Deferred income at 31 August 2018** | 20,736 | 20,694 |

Deferred income includes universal free school meals, out of schools fees and rates relief funding received for the next academic year.

18 **Funds**

| | Balance at 1 September 2017 £ | Income £ | Expenditure £ | Gains, losses and transfers £ | Balance at 31 August 2018 £ |
|---|---|---|---|---|---|
| **Restricted general funds** | | | | | |
| General Annual Grant (GAG) | 209,190 | 853,496 | (773,592) | 41,913 | 331,007 |
| Other DfE / ESFA grants | - | 122,156 | (122,156) | - | - |
| Other government grants | - | 286,195 | (286,195) | - | - |
| Other restricted funds | - | 10,000 | (10,000) | - | - |
| Pension reserve | (512,000) | - | (55,000) | 156,000 | (411,000) |
| | (302,810) | 1,271,847 | (1,246,943) | 197,913 | (79,993) |
| **Restricted fixed asset funds** | | | | | |
| Transfer on conversion | 2,960,033 | - | (63,888) | - | 2,896,145 |
| DfE group capital grants | 485,569 | 6,855 | (1,208) | (65,815) | 425,401 |
| Capital expenditure from GAG | 53,171 | - | (7,055) | 6,540 | 52,656 |
| | 3,498,773 | 6,855 | (72,151) | (59,275) | 3,374,202 |
| **Total restricted funds** | 3,195,963 | 1,278,702 | (1,319,094) | 138,638 | 3,294,209 |
| **Unrestricted funds** | | | | | |
| General funds | 99,683 | 238,941 | (192,243) | 17,362 | 163,743 |
| **Total funds** | 3,295,646 | 1,517,643 | (1,511,337) | 156,000 | 3,457,952 |

**18 Funds** **(Continued)**

General Annual Grant must be used for the normal running costs of the academy. Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2018.

Other DfE/ESFA grants includes PE grant, pupil premium and universal free school meals funding.

Other government grants include funding for pupils with special educational needs, early years funding, pupil premium and other grants from the local authority.

The pension reserve reflects the LGPS transactions. The costs and income associated with the defined benefit pension scheme have been recorded in the restricted fund. Staff costs are paid from this fund, including contributions to the LGPS, and the pension liability has therefore been aligned with these funds.

DfE/ESFA capital grants represent Devolved Formula Capital and CIF funding. This has been used on capital projects in the financial year.

The Inherited Fixed Asset Fund reflects the assets acquired on conversion. Depreciation on these assets is charged against this fund.

Some of the capital funds have been used on expenditure that has been expressed for accountancy purposes. Transfers between these funds are reflected in the gains, losses and transfers column.

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

The academy's restricted general and unrestricted funds were £494,750 at 31 August 2018.

**18 Funds** **(Continued)**

**Comparative information in respect of the preceding period is as follows:**

| | Balance at 1 September 2016 £ | Income £ | Expenditure £ | Gains, losses and transfers £ | Balance at 31 August 2017 £ |
|---|---|---|---|---|---|
| **Restricted general funds** | | | | | |
| General Annual Grant (GAG) | 158,858 | 863,420 | (775,310) | (37,778) | 209,190 |
| Other DfE / ESFA grants | - | 113,305 | (113,305) | - | - |
| Other government grants | - | 231,480 | (231,480) | - | - |
| Pension reserve | (892,000) | - | (75,000) | 455,000 | (512,000) |
| | (733,142) | 1,208,205 | (1,195,095) | 417,222 | (302,810) |
| **Restricted fixed asset funds** | | | | | |
| Transfer on conversion | 2,960,033 | - | - | - | 2,960,033 |
| DfE group capital grants | 248,681 | 308,726 | (71,838) | - | 485,569 |
| Capital expenditure from GAG | 28,662 | - | - | 24,509 | 53,171 |
| | 3,237,376 | 308,726 | (71,838) | 24,509 | 3,498,773 |
| **Total restricted funds** | 2,504,234 | 1,516,931 | (1,266,933) | 441,731 | 3,195,963 |
| **Unrestricted funds** | | | | | |
| General funds | 60,687 | 272,727 | (247,000) | 13,269 | 99,683 |
| **Total funds** | 2,564,921 | 1,789,658 | (1,513,933) | 455,000 | 3,295,646 |

**19 Analysis of net assets between funds**

| | Unrestricted Funds £ | Restricted funds: General £ | Restricted funds: Fixed asset £ | Total Funds £ |
|---|---|---|---|---|
| **Fund balances at 31 August 2018 are represented by:** | | | | |
| Intangible fixed assets | - | - | 4,229 | 4,229 |
| Tangible fixed assets | - | - | 3,363,119 | 3,363,119 |
| Current assets | 163,743 | 336,547 | 128,828 | 629,118 |
| Creditors falling due within one year | - | (5,540) | (121,974) | (127,514) |
| Defined benefit pension liability | - | (411,000) | - | (411,000) |
| **Total net assets** | 163,743 | (79,993) | 3,374,202 | 3,457,952 |

**19 Analysis of net assets between funds** **(Continued)**

| | Unrestricted Funds | Restricted funds: General | Restricted funds: Fixed asset | Total Funds |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| **Fund balances at 31 August 2017 are represented by:** | | | | |
| Tangible fixed assets | - | - | 2,986,067 | 2,986,067 |
| Current assets | 106,240 | 258,125 | 610,555 | 974,920 |
| Creditors falling due within one year | (6,557) | (48,935) | (97,849) | (153,341) |
| Defined benefit pension liability | - | (512,000) | - | (512,000) |
| **Total net assets** | 99,683 | (302,810) | 3,498,773 | 3,295,646 |

**20 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 multi-employer defined benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012, and that of the LGPS related to the period ended 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' 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.

**20 Pension and similar obligations** **(Continued)**

The key elements of the valuation and subsequent consultation are:

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

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

The employer's pension costs paid to the TPS in the period amounted to £54,368 (2017: £59,257).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

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

**Local Government Pension Scheme**

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 23.6% for employers and 5.5 - 12.5% for employees. The estimated value of employer contributions for the forthcoming year is £74,000 (2017: £97,000).

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.

| **Total contributions made** | **2018** | **2017** |
|---|---|---|
| | **£** | **£** |
| Employer's contributions | 93,000 | 106,000 |
| Employees' contributions | 26,000 | 26,000 |
| Total contributions | 119,000 | 132,000 |

| **Principal actuarial assumptions** | **2018** | **2017** |
|---|---|---|
| | **%** | **%** |
| Rate of increase in salaries | 3.5 | 3.4 |
| Rate of increase for pensions in payment/inflation | 2 | 1.9 |
| Discount rate for scheme liabilities | 2.8 | 2.5 |
| Inflation assumption (CPI) | 2 | 1.9 |

**20 Pension and similar obligations** **(Continued)**

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

| | 2018 Years | 2017 Years |
|---|---|---|
| Retiring today | | |
| - Males | 22.9 | 22.8 |
| - Females | 26.4 | 26.3 |
| Retiring in 20 years | | |
| - Males | 25.1 | 25.0 |
| - Females | 28.7 | 28.6 |

Scheme liabilities would have been affected by changes in assumptions as follows:

| **The academy trust's share of the assets in the scheme** | **2018 Fair value £** | **2017 Fair value £** |
|---|---|---|
| Equities | 1,030,725 | 884,418 |
| Government bonds | 61,080 | 52,182 |
| Corporate bonds | 171,024 | 153,870 |
| Cash | 33,594 | 52,182 |
| Property | 129,795 | 120,420 |
| Other assets | 100,782 | 74,928 |
| Total market value of assets | 1,527,000 | 1,338,000 |

The actual return on scheme assets was £92,000 (2017: £138,000).

| **Amount recognised in the Statement of Financial Activities** | **2018 £** | **2017 £** |
|---|---|---|
| Current service cost | 137,000 | 164,000 |
| Interest income | (35,000) | (23,000) |
| Interest cost | 46,000 | 40,000 |
| Total operating charge | 148,000 | 181,000 |

**20 Pension and similar obligations** **(Continued)**

**Changes in the present value of defined benefit obligations**

| | 2018 £ |
|---|---|
| At 1 September 2017 | 1,850,000 |
| Current service cost | 137,000 |
| Interest cost | 46,000 |
| Employee contributions | 26,000 |
| Actuarial gain | (99,000) |
| Benefits paid | (22,000) |
| At 31 August 2018 | 1,938,000 |

**Changes in the fair value of the academy trust's share of scheme assets**

| | 2018 £ |
|---|---|
| At 1 September 2017 | 1,338,000 |
| Interest income | 35,000 |
| Actuarial gain | 57,000 |
| Employer contributions | 93,000 |
| Employee contributions | 26,000 |
| Benefits paid | (22,000) |
| At 31 August 2018 | 1,527,000 |

**21 Reconciliation of net income to net cash flow from operating activities**

| | 2018 £ | 2017 £ |
|---|---|---|
| Net income for the reporting period (as per the Statement of Financial Activities) | 6,305 | 275,725 |
| Adjusted for: | | |
| Capital grants from DfE/ESFA and other capital income | (6,855) | (308,726) |
| Investment income receivable | (842) | (785) |
| Defined benefit pension costs less contributions payable | 44,000 | 58,000 |
| Defined benefit pension net finance cost | 11,000 | 17,000 |
| Depreciation of tangible fixed assets | 72,030 | 71,838 |
| Amortisation of intangible fixed assets | 121 | - |
| Decrease in stocks | 646 | 1 |
| Decrease/(increase) in debtors | 84,396 | (140,326) |
| (Decrease)/increase in creditors | (25,827) | 84,646 |
| **Net cash provided by operating activities** | 184,974 | 57,373 |

## 22 Commitments under operating leases

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

| | 2018 | 2017 |
|---|---|---|
| | £ | £ |
| Amounts due within one year | 10,077 | 4,883 |
| Amounts due in two and five years | 20,984 | 3,745 |
| | 31,061 | 8,628 |

## 23 Capital commitments

| | 2018 | 2017 |
|---|---|---|
| | £ | £ |
| Expenditure contracted for but not provided in the accounts | - | 427,557 |

## 24 Related party transactions

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, transactions may take place with organisations in which the academy trust has 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 transaction took place in the period of account.

No related party transactions took place in the period of account other than certain trustees' remuneration and expenses already disclosed in note 10.

## 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 or she is a member, or within one year after he or she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he or she ceases to be a member.