

Broadway Academy Trust
(A Company Limited by Guarantee)
Annual Report and Financial Statements
Year ended 31 August 2016

Company Number : 08534233

Feltons
Chartered Accountants

Birmingham
B1 3JR

Broadway Academy Trust
(A Company Limited by Guarantee)

Report and Financial Statements
Year ended 31 August 2016

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Broadway Academy Trust
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Reference and Administrative Details

Members	Mr J Bryan Dr L Gies Mr R Holland * PC J Cahill Mr K Smith *	Vice Chair of Full Board Chair of Full Board
Trustees	PC J Cahill Mr A Aziz * Mr J Barton * Mr W Dagnan Mrs R Hill Mr G Hordern Mr A Hussain Mr S Uddin Mr S Hussain Mr J Gordon * Mr. R. Skelton*	Chair of Full Board Staff Trustee Staff Trustee Resigned 14 th September 2015 Resigned 13 th July 2016 Headteacher and Accounting Officer
Company secretary	* Members of Finance Committee Browne Jacobson	
Senior management team	• Head teacher Mr R Skelton • Deputy Head teacher Mr G Stewart • Deputy Head teacher Mr D Chauhan • Assistant Head teacher Mr S Ahmed • Assistant Head teacher Mrs N Bailey-Nicholls • Assistant Head teacher Mrs K Basi • Assistant Head teacher Mrs S Chaggar • Assistant Head teacher Mrs C Cordon • Assistant Head teacher Mr A Khan • Assistant Head teacher Mr S Knight • Assistant Head teacher Mr J Mound • Assistant Head teacher Mrs V Oki-Osi • Assistant Head teacher Ms A Smith • Assistant Head teacher Mr A Taylor	
Company name	Broadway Academy Trust	
Principal and registered office	Mr R Skelton Broadway Academy Trust The Broadway Perry Barr Birmingham B20 3DP	
Company registration number	08534233	
Independent auditor	Feltons 8 Sovereign Court 8 Graham Street Birmingham B1 3JR	
Bankers	Solicitors Browne Jacobson LLP Victoria Square House Victoria Square Birmingham, B2 4BU	
Lloyds Bank 2 nd Floor, 125 Colmore Row Birmingham, B3 3SF		

Broadway Academy Trust (A Company Limited by Guarantee)

Trustees' report

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 1 September 2015 to 31 August 2016. The annual report serves the purposes of both a trustees' report and a directors' report (incorporating a strategic report) under company law.

The trust operates an academy for pupils aged 11 to 19 serving a catchment area in Birmingham. It has a pupil capacity of 1250 and had a roll of 1193 in the school census on 6th October 2016.

Structure, Governance and Management

Constitution

The Academy Trust is a company limited by guarantee and an exempt charity. The Charitable Company's memorandum and articles of association are the primary governing documents of the Academy Trust. The Trustees of Broadway Academy are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as Broadway 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

In accordance with normal commercial practice the Academy has purchased insurance to protect Trustees and Officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £5000,000.00 on any one claim.

Method of recruitment and appointment or election of Trustees

Parent Trustees are elected by the parents of registered pupils at the Academy. A Parent Trustee must be a parent of a pupil at the Academy at the time when she/he is elected.

Community Trustees may be appointed by the Governing Body provided that the person who is appointed as a Community Trustee is:

- a person who lives or works in the community served by the Academy; or
- a person who, in the opinion of the Governing Body, is committed to the government and success of the Academy.

Staff Trustees are elected by employees of the Academy Trust.

A full governing body skills audit is carried out annually and gaps considered when recruiting governors. The Academy is proactive in recruiting governors based on the skills they will bring to the governing body. Applications are submitted to the Clerk of Governors, Chair of the Governing Body and Headteacher. Applicants are then invited to present to the Governing Body prior to formal appointment.

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Trustees' report (continued)

Policies and Procedures Adopted for the Induction and Training of Trustees

When appointing Governors key consideration includes the personal and professional skills they will bring to the Governing Body. The Academy is committed to ensuring that all governors are provided with the information and support required to fulfil their role as a Governor. Governors are appointed to a four year term of office.

The Academy subscribes to the National Governors Association and all governors, new and existing are invited and encouraged to attend induction training and other specific training in line with their needs and the Committees they serve. All Governors are also invited to attend in-house training sessions delivered by other external sources at least once a year, covering a broad range of issues and topics.

Governors are encouraged to actively participate in the life of the Academy and regularly take the opportunity to visit the school to be involved in learning walks and meet with staff and students.

All governors have approved and signed a Code of Conduct, outlining the expectation, commitment, standards of conduct, behaviour and practice required of Governors.

An annual skills audit of Governors is undertaken and the results provide a guide for Trustees training courses, as does our succession plan.

Organisational structure

The Governing Body has established committees and appoints Trustees to serve on each of the committees annually. The committees for the period of the report were:

- Finance and Premises
- Performance & Improvement
- Inclusion
- HR & Salaries

The Full Board and each of the Committees meet three times during each Academic Year, with additional meetings if required.

In addition governors volunteer to serve on committees convened as and when required, for example to hear staff or pupil disciplinary cases and appeals.

The written terms of reference of the committees include the monitoring of the preparation and management of the Academy's budget and implementation of the Academy's financial management policies, including risk assessment.

The Board is responsible for the overall strategic vision and development of the Academy, which includes approving the School Development Plan, approving and monitoring the annual budget and setting and approving policies. The Board is also responsible in agreeing any major decisions about the Academy directions and vision and is involved in senior staff appointments.

Arrangements for setting pay and remuneration of key management personnel

Senior Staff are appraised against performance driven teaching and learning, leadership and whole school objectives.

Related parties and other Connected Charities and Organisations

It is an annual requirement that all Staff and Governors must complete a Register of Interests declaration. No conflicts of interests have been declared to the period ending 31st August 2016.

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Trustees' report (continued)

Objectives and activities

Objects and aims

The strategic goal of Broadway Academy is to provide a broad and balanced curriculum to all pupils in accordance with the Funding Agreement between the Academy Trust and the Department for Education.

Objectives, strategies and activities

The overall objective for the Academy is to inspire students to achieve their full potential, both academically and in terms of their personal development.

The main objectives in summary for the year

- To continue to strive for excellence in ensuring outstanding progress across the Academy in all areas
- To continue to work in partnership with parents and the wider community in ensuring we have shared goals, values and ethos

The strategies adopted for achieving these objectives in summary are:

- Further development of teaching and learning
- Improving the cycle of Interventions for targeted students
- To address the issue of students fasting during exam period and the impact on their exam performance
- To further improve overall attendance
- Continued close engagement with parents, local community organisations and leaders.

Public benefit

In setting our objectives and planning our activities, the Governing Body has given careful consideration to the Charity Commission's general guidance on public benefit.

Broadway Academy is an equal opportunity employer, and strives to give full and fair consideration to all applicants for employment, training and promotions, irrespective of disability, gender, race, colour or sexual orientation.

Strategic Report

Achievements and Performance

The results for the Academy for 2015-16 are summarised as follows:

GCSE

- 5* A-C 44%
- 5 A*-C with Maths & English 34%
- A*-C in English 51%
- A*-C in Maths 46%
- English Baccalureate 5%

Attainment 8 – (Average point score per student) 42.03

Progress 8 -0.17

Post 16

- A Level A*-E – 97%
- Btec Pass - 100%

Broadway Academy Trust (A Company Limited by Guarantee)

Trustees' report (continued)

The Academy is now entering into its fourth year of operation and continues to be fully subscribed with a waiting list for students wishing to join the Academy

During the Spring Term of 2016 Broadway Academy was inspected by Ofsted and judged to be a "good school".

Broadway Academy was recently judged as outstanding for the assessment of the 'Inclusion Mark Award' and judged as a centre of excellence for Community Engagement.

Our key priority is on achieving high standard of pupil achievement both academically and in terms of personal development. The overall attainment of students joining the Academy in Year 7 is below the national average with standards of basic literacy and numeracy being lower than national standards. Our direction of travel for progress has been outstanding. However, this year we have seen an unprecedented dip in results, largely as a result of Ramadan, the findings of which are supported by an ASCL research paper on the impact of Ramadan on exam results. Strategic interventions are planned to address this issue.

The Academy also undertakes a fundamental role within our community as a cultural, educational and neighbourhood centre. The facilities are used extensively by the wider community and we enjoy excellent relationships within and across the community.

- Direct costs as a percentage of total costs were 73% (2015 : 72.5%)
- Support costs as a percentage of total costs were 27% (2015 : 27.4%)
- Total payroll costs as a percentage of recurring income were 77% (2015 : 74.5%)

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 financial results of Broadway Academy Trust are detailed in the following pages. It is considered that the finances are sound and well established. The principal financial management policies adopted are laid down by the Finance Handbook for Academies published by the EFA and requirements as laid down by the Academy's Financial Handbook.

The principal funding source is grant income from the EFA. All expenditure of this grant income is planned to fulfil the objectives and strategies of the Academy.

During the year ended 31 August 2016 total resources expended were £8,791,423 and the surplus of income over expenditure was £486,013 which included depreciation of £667,382.

Reserves Policy

The Trustees continually monitor the reserves of the Charitable Company. This process encompasses the nature of income and expenditure streams and the need to match commitments with income and nature of reserves.

It is the Governing Body's general policy to continue to build reserves which can be used for future educational purposes.

Broadway Academy Trust (A Company Limited by Guarantee)

Trustees' report (continued)

The Academy had total funds at 31 August 2016 of £18,394,903 which included £196,010 restricted funds not available for general purposes of the Academy Trust, £683,684 of free reserves defined as unrestricted funds available for general purposes and £19,364,209 which can only be realised by the disposal of tangible fixed assets.

The balance on restricted general funds (excluding pension reserve) plus the balance on unrestricted funds was a surplus of £879,694.

In addition, the deficit on the restricted pension fund of £1,849,000 arises from an actuarial deficit on the local government pension scheme which will be dealt with as advised by the actuary.

Budgeted expenditure for 2016/17 is £7,864,020.

Investment Policy

Any surplus funds are invested with Lloyds Bank in a deposit account.

These investments are carried out in accordance with the powers vested in the Governing Body.

Principal Risks and Uncertainties

The Trustees have considered the major risks and uncertainties facing the Charitable Company which include changes in legislation and regulations and cash flow management and have put in place procedures to deal with these matters.

Plan for Future Periods

Over the coming twelve months the Academy aims to improve the progress and achievement of students at all levels and to continue to promote expectations that support our ethos and values.

The Academy Trust Development Plan and SEF outline the objectives and targets for 2016/2017 and how we plan to achieve them. This includes:

- To ensure outstanding progress across the school through further development of teaching and learning
- To ensure interventions happen immediately for targeted students and that students become more independent in their learning
- To improve teaching of exam skills to years 9-13
- To address the issue of students fasting during Ramadan which has a significant effect on their exam performance
- To improve Progress 8 and Attainment 8 scores
- To improve the achievement of boys in Year 11
- To improve the achievement of the more able
- To improve the levels of literacy and numeracy in all pupils
- To improve achievement in the Sixth Form
- To improve attendance to over 97%; PA's to below 4.5%
- To reduce fixed term exclusions to below 6.98%
- To improve differentiation across the academy
- To improve the ability of Assistant Directors to work through Middle Leaders
- To improve the capacity of ICT across the academy
- To ensure the report card goes out to all students across the academy following each assessment point
- To improve the curriculum to maximize opportunities through Progress 8 and Attainment 8
- All staff to have targets based on the progress of all pupils
- To improve accuracy of predictions
- To work in collaboration with other institutions and organisations, sharing best practice
- To have targeted interventions
- To review all safeguarding practices throughout the Academy
- To review all finances and projected expenditure to reflect the impact of reducing budgets

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Trustees' report (continued)

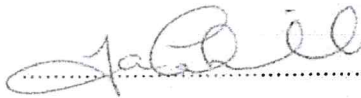
- To increase sponsorship/revenue into the Academy
- To ensure all Governors have the skills to ensure they are able to make a valuable contribution to the Academy vision.
- To ensure that staff responsibilities are aligned with UPR 1/2/3
- To improve politeness, perseverance and preparation of students

Auditor

Insofar as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- 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.

Trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on6/12..... 2016 and signed on the board's behalf by:



PC J Cahill - Chair of Trustees

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Governance statement

Scope of Responsibility

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

The board of trustees has delegated the day-to-day responsibility to the Principal, 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 Broadway 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 **four** times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Main board	Meeting attended	Out of a possible
PC J Cahill (Chair)	6	7
Mr A Aziz	3	7
Mr J Barton (Staff Trustee)	7	7
Mr J Bryan	9	9
Mr W Dagnan	6	7
Dr L Gies 0 out of 6	0	6
Mrs R Hill (Staff Trustee)	4	9
Mr R Holland	11	13
Mr G Horden	7	9
Mr A Hussain 3 out of 7	3	7
Mr R Skelton (Accounting Officer)n	15	15
Mr K Smith 9 out of 9	9	9
Mr S Uddin 2 out of 4	2	4
Mr S Hussain 0 out of 1 – resigned 14.9.15	0	1
Mr J Gordon 4 out of 8 – resigned 13.7.16	4	8

An external review of governance was undertaken on 9 December 2015 which found that;

- Governors are grounded in the current improvement priorities of the school which must include the remedial work in RE, geography, languages and mathematics (the latter is of a different order to the others).
- Ensure governors are able to explain the impact of any work first, followed by the provision itself and then the rationale for why it was done.

The trust intends to conduct its next external review in the next Academic Year with a view to building capacity with governors as we continue planning towards becoming a potential MAT.

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Governance statement (continued)

The **finance committee** is a sub-committee of the main board of trustees. Its purpose is to:

- Support the governing body in fulfilling their responsibility in terms of ensuring robust management of the Academy finances and resources, including value for money, planning, monitoring and probity

Finance and Premises Committee	Meeting attended	Out of a possible
Mr K Smith (Chair)	3	3
Mr R Skelton (Accounting Officer)	3	3
Mr J Barton (Staff trustee)	3	3
Mr R Holland	3	3
Mr J Gordon (resigned 13.7.16)	2	3
Mr A Aziz	0	3

Review of value for money

As accounting officer the Headteacher 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 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 year by:

- Reducing overall staffing costs from whilst still maintaining high standards of teaching and learning and support services.
- Reducing overall capitation expenditure at departmental level by ensuring all staff are aware and apply value for money principles.
- Improving efficiency in the delivery of interventions, in ensuring staff are utilised effectively to target key curriculum areas. Targeted support is delivered to students on Saturday mornings, after school and during school holidays.
- Working with our Facilities Management provider in ensuring they provide value for money in terms of maintenance, repair and improvement of the infrastructure for students and staff.
- The Academy purchase the service of Felton's Accountants to conduct the year end annual audit and compile the annual accounts. The accounts and external audit report are both presented to the governing body for approval prior to being submitted to the EFA by 31st December.
- In addition the school procure the services of an independent external financial consultant, with proven experience in both the financial and educational field. The consultant advises on financial matters both at strategic and operational levels.
- Contracts and Service Level Agreements are reviewed regularly to ensure value for money in terms of cost and delivery. Our energy providers are sourced through the Local Authority Procurement service, securing reduced rates. During this year our catering contract was put out to formal tender and a new provider took over the provision on 1st April, the contract offering better value for money in terms of cost, development and provision.
- The Academy continues to be successful in generating income through our Community Centre provision and hire of Academy facilities, offering an invaluable affordable service to the local community.
- Areas of expenditure are reviewed regularly to maximise use of resources to support curriculum development, CPD and any new developmental areas identified in the school development plan. We remain committed to achieving the aim of our development plan and how this will be best resourced.

Governance statement (continued)

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Academy's 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 Broadway Academy for the year to 31 August 2016 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 on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the year to 31 August 2016 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'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 Governing Body;
- regular reviews by the Finance and Premises 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 guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

The board of trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However the Academy has the services of a trustee who carries out internal checks once a term.

Review of Effectiveness

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

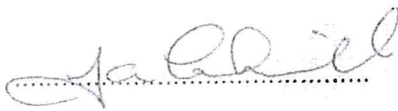
- the work of an external officer
- the work of an internal reviewer
- the work of the external auditor
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework

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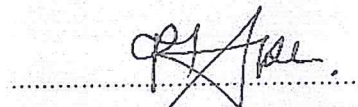
Governance statement (continued)

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

Approved by order of the members of the Governing Body on6/12..... 2016 and signed on its behalf by:



PC J Cahill
Chair of Governors



R Skelton
Accounting Officer

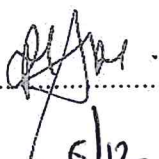
Broadway Academy Trust
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Statement of regularity, propriety and compliance

As accounting officer of Broadway Academy I have considered my responsibility to notify the academy trust board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2016.

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 the EFA.


..... R Skelton – Accounting Officer
..... 6/12 2016

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Statement of Trustees' Responsibilities

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

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

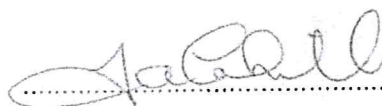
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2005 and the Academies Accounts Direction 2015 to 2016;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards [FRS 102] have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the board of trustees on6/12..... 2016 and signed on its behalf by:



PC J Cahill – Chair of Trustees

Broadway Academy Trust
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Independent Auditor's Report on the Financial Statements to the Members of Broadway Academy Trust

We have audited the financial statements of Broadway Academy Trust (A Company Limited by Guarantee) for the period ended 31 August 2016 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

This report is made solely to the academy trust's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the academy trust'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 academy trust and its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the statement of trustees' responsibilities (set out on page 13), the trustees (who are also the directors of the academy trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements :

- give a true and fair view of the state of the academy trust's affairs as at 31 August 2016, and of its incoming resources and application of resources, including its income and expenditure, for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and Academies Accounts Direction 2015 to 2016.

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Independent Auditor's Report on the Financial Statements to the Members of Broadway Academy Trust
(continued)

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

Feltons

David W Farnsworth FCA (Senior Statutory Auditor)

For and on behalf of Feltons, Statutory Auditor

8 Sovereign Court

8 Graham Street

Birmingham B1 3JR

14 December 2016

Broadway Academy Trust
(A Company Limited by Guarantee)

Independent Reporting Accountant's Assurance Report on Regularity to Broadway Academy Trust and the Education Funding Agency

In accordance with the terms of our engagement letter dated 9 July 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by the Broadway Academy Trust during the period 1 September 2015 to 31 August 2016 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 Broadway Academy Trust and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Broadway Academy Trust and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Broadway Academy Trust and the EFA, for our work, for this report, or for the conclusion we have formed.

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

The accounting officer is responsible, under the requirements of Broadway Academy Trust's funding agreement with the Secretary of State for Education dated 28 June 2013 and the Academies Financial Handbook, extant from 1 September 2015, 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 2015 to 2016. 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 2015 to 31 August 2016 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2015 to 2016 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw our conclusion includes :

- Consideration of the applicable legislation and the Academy Trust's Funding Agreement
- Review and evaluation of the academy trust's system of internal controls
- Examination and assessment of the Accounting Officer's statement on Regularity, Propriety and Compliance
- Examination, on a test basis, of third party evidence supporting income and expenditure
- Review of exceptional and unusual items

Broadway Academy Trust
(A Company Limited by Guarantee)

**Independent Reporting Accountant's Assurance Report on Regularity to Broadway Academy Trust
and the Education Funding Agency (continued)**

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2015 to 31 August 2016 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



David W Farnsworth FCA (Senior Statutory Auditor)

For and on behalf of Feltons, Statutory Auditor

8 Sovereign Court

8 Graham Street

Birmingham B1 3JR

14 December 2016

Broadway Academy Trust
(A Company Limited by Guarantee)

Statement of financial activities for the year ended 31 August 2016
(including income and expenditure account)

	Notes	Unrestricted funds £	Restricted pension fund £	Restricted general funds £	Restricted fixed asset funds £	Total 2016 £	Total 2015 £
Income from :							
Donations and capital grants	2	-	-	-	24,813	24,813	25,157
Funding for the academy trust's educational operations	3	13,625	-	8,078,230	-	8,091,855	8,347,350
Other educational activities	4	181,959	-	-	-	181,959	143,495
Investments	5	6,783	-	-	-	6,783	6,334
Total		202,367	-	8,078,230	24,813	8,305,410	8,522,336
Expenditure on :							
Charitable activities: Academy trust's educational operations	6	122,598	69,000	8,283,441	385,384	8,860,423	9,157,641
Total		122,598	69,000	8,283,441	385,384	8,860,423	9,157,641
Net income/(expenditure) before transfers		79,769	(69,000)	(205,211)	(360,571)	(555,013)	(635,305)
Transfers between funds	14	(249,439)	-	209,925	39,514	-	-
Net income/(expenditure) after transfers		(169,670)	(69,000)	4,714	(321,057)	(555,013)	(635,305)
Other recognised gains/(losses)							
Actuarial gains/(losses) on defined benefit pension schemes	14, 22	-	(994,000)	-	-	(994,000)	(121,000)
Net movement in funds		(169,670)	(1,063,000)	4,714	(321,057)	(1,549,013)	(756,305)
Reconciliation of funds							
Total funds brought forward	14	613,354	(1,849,000)	431,296	19,685,266	18,880,916	19,637,221
Total funds carried forward		443,684	(2,912,000)	436,010	19,364,209	17,331,903	18,880,916

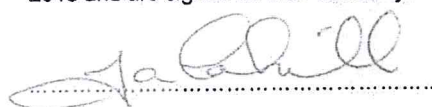
All of the Academy's activities derive from continuing operations during the above two financial periods.

Broadway Academy Trust
(A Company Limited by Guarantee)

Company number : 08534233
Balance sheet as at 31 August 2016

	Notes	2016		2015	
		£	£	£	£
Fixed assets					
Tangible assets	11		19,939,428		20,324,812
Current assets					
Debtors	12	148,366		225,884	
Cash at bank and in hand		<u>764,483</u>		<u>1,439,246</u>	
		912,849		1,665,130	
Liabilities					
Creditors: amounts falling due within one year	13(a)	<u>202,483</u>		<u>795,795</u>	
Net current assets			710,366		869,335
Total assets less current liabilities			<u>20,649,794</u>		<u>21,194,147</u>
Creditors: amounts falling due after more than one year	13(b)		(405,891)		(464,231)
Net assets excluding pension liability			<u>20,243,903</u>		<u>20,729,916</u>
Defined benefit pension scheme liability	22		(2,912,000)		(1,849,000)
Total net assets			<u><u>17,331,903</u></u>		<u><u>18,880,916</u></u>
Funds of the academy trust :					
Restricted funds					
Fixed asset fund	14	19,364,209		19,685,266	
General fund	14	436,010		431,296	
Pension reserve	14	<u>(2,912,000)</u>		<u>(1,849,000)</u>	
Total restricted funds			16,888,219		18,267,562
Unrestricted income funds	14		443,684		613,354
Total funds			<u><u>17,331,903</u></u>		<u><u>18,880,916</u></u>

The financial statements on pages 18 to 40 were approved by the trustees, and authorised for issue on 6/12/2016 and are signed on their behalf by:



PC J Cahill - Chair of Trustees

Broadway Academy Trust
(A Company Limited by Guarantee)

Statement of cash flows for the year ended 31 August 2016

	Notes	2016 £	2015 £
Cash flows from operating activities			
Net cash provided by / (used in) operating activities	18	(424,361)	498,318
Cash flows from investing activities	19	(250,402)	(8,251)
Change in cash and cash equivalents in the reporting period		(674,763)	490,067
Cash and cash equivalents at 1 September 2015		1,439,246	949,179
Cash and cash equivalents at 31 August 2016	20	764,483	1,439,246

Broadway Academy Trust
(A Company Limited by Guarantee)

Notes to the financial statements for the year ended 31 August 2016

1. Statement of accounting policies

Basis of preparation

The financial statements of the academy trust 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 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

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

First time adoption of FRS 102

These financial statements are the first financial statements of Broadway Academy prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Charities SORP 2015 (SORP 2015). The financial statements of Broadway Academy for the year ended 31 August 2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the trustees have amended certain accounting policies to comply with FRS 102 and SORP 2015. The trustees have also taken advantage of certain exemptions from the requirements of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

Going concern

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the 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 financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

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.

Broadway Academy Trust
(A Company Limited by Guarantee)

Notes to the financial statements for the year ended 31 August 2016 (continued)

1. Statement of accounting policies (continued)

Income (continued)

- **Grants (continued)**

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

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

- **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. Upon sale the fair value of the goods is charged against, and the proceeds are recognised as, 'Income from other trading activities'.

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be 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.

Expenditure

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

- **Expenditure on 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.

Broadway Academy Trust
(A Company Limited by Guarantee)

Notes to the financial statements for the year ended 31 August 2016 (continued)

1. Statement of accounting policies (continued)

Expenditure (continued)

- **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.

All resources expended are inclusive of irrecoverable VAT.

Tangible fixed assets

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

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

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

Leasehold buildings	- straight line over 50 years
Fittings and equipment	- 10% straight line
Computer hardware	- 33% straight line

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

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.

Debtors

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

Broadway Academy Trust
(A Company Limited by Guarantee)

Notes to the financial statements for the year ended 31 August 2016 (continued)

1. Statement of accounting policies (continued)

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 or services it must provide.

Leased assets

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

Taxation

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

Pension benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 22, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the 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.

Broadway Academy Trust
(A Company Limited by Guarantee)

Notes to the financial statements for the year ended 31 August 2016 (continued)

1. Statement of accounting policies (continued)

Pension benefits (continued)

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

Fund accounting

Unrestricted income funds represent 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 Funding Agency or Department for Education.

Critical accounting estimates and areas of judgement

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.

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 (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22, 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 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. 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.

Agency arrangements

The academy trust acts as an agent in distributing 16-19 bursary funds from EFA. Payments received from EFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The trust can use up to% of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid and any balances held are disclosed in note 24.

Broadway Academy Trust
(A Company Limited by Guarantee)

Notes to the financial statements for the year ended 31 August 2016 (continued)

2. Donations and capital grants

	Unrestricted funds £	Restricted general fund £	Restricted fixed asset funds £	Total 2016 £	Total 2015 £
Capital grants	-	-	24,813	24,813	25,157
	-	-	24,813	24,813	25,157
2015 total	-	-	25,157	25,157	

3. Funding for the Academy Trust's educational operations

	Unrestricted funds £	Restricted general fund £	Restricted fixed asset funds £	Total 2016 £	Total 2015 £
DfE/EFA grants					
General Annual Grant (GAG)	-	7,392,725	-	7,392,725	7,485,929
Other DfE/EFA grants	-	570,872	-	570,872	697,040
	-	7,963,597	-	7,963,597	8,182,969
Other government grants					
Local authority grants	-	24,670	-	24,670	21,861
Other government funding	-	89,963	-	89,963	131,907
	-	114,633	-	114,633	153,768
Other income from the academy trust's educational operations	13,625	-	-	13,625	10,613
	13,625	114,633	-	128,258	164,381
	13,625	8,078,230	-	8,091,855	8,347,350
2015 total	10,613	8,336,737	-	8,347,350	

4. Other educational activities

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
Community Centre income	122,141	-	122,141	112,800
Rental income	30,000	-	30,000	-
Miscellaneous	29,818	-	29,818	30,695
	181,959	-	181,959	143,495
2015 total	143,495	-	143,495	

Broadway Academy Trust
(A Company Limited by Guarantee)

Notes to the financial statements for the year ended 31 August 2016 (continued)

5. Investment income

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
Short term deposits	6,783	-	6,783	6,334
2015 total	6,334	-	6,334	

6. Resources expended

	Staff costs £	Non pay expenditure		Total 2016 £	Total 2015 £
		Premises £	Other costs £		
Academy's educational operations					
Direct costs	5,514,950	279,446	623,016	6,417,412	6,635,637
Allocated support costs	945,582	1,036,945	460,484	2,443,011	2,522,004
	<u>6,460,532</u>	<u>1,316,391</u>	<u>1,083,500</u>	<u>8,860,423</u>	<u>9,157,641</u>
2015 total	6,347,867	1,567,492	1,242,282	9,157,641	

Net incoming/(outgoing) resources for the year include :

		Total 2016 £	Total 2015 £
Operating leases	- plant and machinery	18,290	23,206
	- BSF contract	683,606	680,923
Depreciation		667,382	593,060
Fees payable to auditor	- audit	<u>7,800</u>	<u>7,650</u>

Broadway Academy Trust
(A Company Limited by Guarantee)

Notes to the financial statements for the year ended 31 August 2016 (continued)

7. Charitable activities

	Unrestricted funds £	Restricted pension fund £	Other restricted funds £	Total 2016 £	Total 2015 £
Educational operations					
Direct costs	28,110	-	6,389,302	6,417,412	6,635,637
Support costs	94,488	69,000	2,279,523	2,443,011	2,522,004
	<u>122,598</u>	<u>69,000</u>	<u>8,668,825</u>	<u>8,860,423</u>	<u>9,157,641</u>
2015 total	<u>190,775</u>	<u>47,000</u>	<u>8,919,866</u>	<u>9,157,641</u>	
Analysis of support costs					
Support staff	40,517	69,000	836,065	945,582	878,858
Depreciation	-	-	105,938	105,938	204,844
Technology costs	-	-	-	-	1,009
Premises costs	-	-	931,007	931,007	955,635
Other support costs	53,971	-	396,368	450,339	470,078
Governance costs	-	-	10,145	10,145	11,580
Total support costs	<u>94,488</u>	<u>69,000</u>	<u>2,279,523</u>	<u>2,443,011</u>	<u>2,522,004</u>
2015 total	<u>141,782</u>	<u>47,000</u>	<u>2,333,222</u>	<u>2,522,004</u>	

8. Staff

a) Staff costs

Staff costs during the period were:

	Total 2016 £	Total 2015 £
Wages and salaries	4,874,756	4,999,743
Social security costs	421,970	389,800
Operating costs of defined benefit pension schemes	862,638	746,448
	<u>6,159,364</u>	<u>6,135,991</u>
Supply staff costs	272,550	211,876
Staff restructuring costs	28,618	-
	<u>6,460,532</u>	<u>6,347,867</u>

Broadway Academy Trust
(A Company Limited by Guarantee)

Notes to the financial statements for the year ended 31 August 2016 (continued)

8. Staff (continued)

	Total 2016 Number	Total 2015 Number
Staff restructuring costs comprise :		
Severance payments	28,618	-
	<u>28,618</u>	<u>-</u>

b) Staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £28,618 (2015 : £nil) paid to one individual.

c) Staff numbers

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

	2016 Number	2015 Number
Charitable activities		
Teachers	85	86
Administration and support	105	110
Management	13	15
	<u>203</u>	<u>211</u>

d) Higher paid staff

	Total 2016 Number	Total 2015 Number
The number of employees whose emoluments (excluding employer pension costs) exceeded £60,000 was :		
£60,001 - £70,000	2	2
£100,001 - £110,000	<u>1</u>	<u>1</u>

e) 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 contributions) received by key management personnel for their services to the academy trust was £847,267 (2015: £878,342).

Broadway Academy Trust
(A Company Limited by Guarantee)

Notes to the financial statements for the year ended 31 August 2016 (continued)

9. Related Party Transactions - Trustees' remuneration and expenses

One or more trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment.

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

R Skelton (principal and trustee)	
Remuneration	£100,000 - £105,000 (2015 : £100,000 - £105,000)
Employer's pension contributions paid	£15,000 - £20,000 (2015 : £10,000 - £15,000)
R Hill (staff trustee)	
Remuneration	£40,000 - £45,000 (2015 : £35,000 - £40,000)
Employer's pension contributions paid	£5,000 - £10,000 (2015 : £5,000 - £10,000)
J Barton (staff trustee)	
Remuneration	£10,000 - £15,000 (2015 : £10,000 - £15,000)
Employer's pension contributions paid	£nil - £5,000 (2015 : £nil - £5,000)

During the year ended 31 August 2016, travel and subsistence expenses totalling £489 (2015 : £2,029) were reimbursed or paid directly to 2 (2015 : 2) trustees. Other related party transactions involving the trustees are set out in note 23.

10. Trustees' and officers' insurance

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £1,000,000 on any one claim and the cost for the year ended 31 August 2016 was £275 (2015 : £734). The cost of this insurance is included in the total insurance cost.

Broadway Academy Trust
(A Company Limited by Guarantee)

Notes to the financial statements for the year ended 31 August 2016 (continued)

11. Tangible fixed assets

	Leasehold land and buildings £	Fittings and equipment £	Computer hardware £	Total £
Cost or valuation				
At 1 September 2015	20,802,740	379,791	421,292	21,603,823
Additions	-	-	281,998	281,998
At 31 August 2016	<u>20,802,740</u>	<u>379,791</u>	<u>703,290</u>	<u>21,885,821</u>
Depreciation				
At 1 September 2015	901,452	78,224	299,335	1,279,011
Charge for the year	416,055	37,979	213,348	667,382
At 31 August 2016	<u>1,317,507</u>	<u>116,203</u>	<u>512,683</u>	<u>1,946,393</u>
Net book values				
At 31 August 2016	<u>19,485,233</u>	<u>263,588</u>	<u>190,607</u>	<u>19,939,428</u>
At 31 August 2015	<u>19,901,288</u>	<u>301,567</u>	<u>121,957</u>	<u>20,324,812</u>

Leasehold property was valued at 28 April 2014 by The Valuation Office Agency – DVS and the fittings and equipment and computer hardware were valued as at the same date by the trustees. The basis on which the valuations were made was depreciated replacement cost.

Cost or valuation at 31 August 2016 is represented by :

	Leasehold land and buildings £	Fittings and equipment £	Computer hardware £	Total £
Valuation in 2014	20,802,740	312,164	336,808	21,451,712
Cost	-	67,627	366,482	434,109
	<u>20,802,740</u>	<u>379,791</u>	<u>703,290</u>	<u>21,885,821</u>

The trust's acquisitions relating to land and buildings included the taking up of a leasehold on Broadway School for over a term of 125 years.

Broadway Academy Trust
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Notes to the financial statements for the year ended 31 August 2016 (continued)

12. Debtors

	Total 2016 £	Total 2015 £
VAT recoverable	35,711	17,541
Prepayments and accrued income	65,816	208,343
Other debtors	46,839	-
	<u>148,366</u>	<u>225,884</u>

13. Creditors

	Total 2016 £	Total 2015 £
(a) Amounts falling due within one year :		
Creditors from operations	11,588	-
Accruals and deferred income	132,555	737,455
Other creditors	58,340	58,340
	<u>202,483</u>	<u>795,795</u>

(b) Amounts falling due after more than one year :

Other creditors	<u>405,891</u>	<u>464,231</u>
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Other creditors includes amounts due to Birmingham City Council for obligations under BSF contracts. Broadway Academy Trust have agreed to pay the Council amounts for maintenance of building, ICT equipment and maintenance, and for capital and interest. The arrangements are for 6 years and 20 years for the ICT contract and FM contract respectively.

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Notes to the financial statements for the year ended 31 August 2016 (continued)

14. Funds

	Balance at 31 August 2015 £	Incoming resources £	Resources expended £	Gains, losses and transfers £	Balance at 31 August 2016 £
Restricted general funds					
General Annual Grant (GAG)	431,296	7,392,725	(7,597,936)	209,925	436,010
Other EFA grants	-	570,872	(570,872)	-	-
Other government grants	-	114,633	(114,633)	-	-
	<u>431,296</u>	<u>8,078,230</u>	<u>(8,283,441)</u>	<u>209,925</u>	<u>436,010</u>
Restricted fixed asset funds					
Transfer on conversion	19,901,288	-	(416,055)	-	19,485,233
DfE/EFA capital grants	37,249	24,813	(6,281)	(18,825)	36,956
Capital expenditure from GAG	35,367	-	(5,334)	-	30,033
BSF contract	(288,638)	-	42,286	58,339	(188,013)
	<u>19,685,266</u>	<u>24,813</u>	<u>(385,384)</u>	<u>39,514</u>	<u>19,364,209</u>
Pension reserve	<u>(1,849,000)</u>	<u>-</u>	<u>(69,000)</u>	<u>(994,000)</u>	<u>(2,912,000)</u>
Total restricted funds	<u>18,267,562</u>	<u>8,103,043</u>	<u>(8,737,825)</u>	<u>(744,561)</u>	<u>16,888,219</u>
Unrestricted funds					
Transfer on conversion	613,354	-	-	(249,439)	363,915
Other income	-	202,367	(122,598)	-	79,769
Total unrestricted funds	<u>613,354</u>	<u>202,367</u>	<u>(122,598)</u>	<u>(249,439)</u>	<u>443,684</u>
Total funds	<u>18,880,916</u>	<u>8,305,410</u>	<u>(8,860,423)</u>	<u>(994,000)</u>	<u>17,331,903</u>

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

Restricted general funds

These comprise all restricted funds other than restricted fixed asset funds and include grants from The Education Funding Agency and Birmingham City Council.

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 2016.

Unrestricted funds

These comprise resources that may be used towards meeting any of the charitable objects of the academy trust at the discretion of the trustees.

Restricted fixed asset funds

These comprise resources which are to be applied to specific capital purposes imposed by The Education Funding Agency and Birmingham City Council where the asset acquired or created is held for a specific purpose.

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Notes to the financial statements for the year ended 31 August 2016 (continued)

15. Analysis of net assets between funds

Fund balances at 31 August 2016
are represented by:

	Unrestricted funds	Restricted pension funds	Restricted general funds	Restricted fixed asset funds	Total funds
	£	£	£	£	£
Tangible fixed assets	-	-	-	19,939,428	19,939,428
Current assets	443,684	-	453,752	15,413	912,849
Current liabilities	-	-	(17,742)	(184,741)	(202,483)
	<u>443,684</u>	<u>-</u>	<u>436,010</u>	<u>19,770,100</u>	<u>20,649,794</u>
Creditors due after one year	-	-	-	(405,891)	(405,891)
Pension scheme liability	-	(2,912,000)	-	-	(2,912,000)
Total net assets	<u>443,684</u>	<u>(2,912,000)</u>	<u>436,010</u>	<u>19,364,209</u>	<u>17,331,903</u>

16. Capital commitments

There were no capital commitments at 31 August 2016 (2015 - £nil).

17. Commitments under operating leases

At 31 August 2016 the total of the Academy
Trust's future minimum lease payments under non-
cancellable operating leases was:

	Other	
	Total 2016	Total 2015
	£	£
Amounts due within one year	856,028	752,906
Amounts due between one and five years	3,126,173	2,963,278
Amounts due after five years	6,438,204	7,175,844
	<u>10,420,405</u>	<u>10,892,028</u>

**18. Reconciliation of net income/(expenditure) to net cash flow
from operating activities**

	Total 2016	Total 2015
	£	£
Net income/(expenditure) for reporting period (as per the SoFA on page 18)	(555,013)	(635,305)
Depreciation (note 11)	667,382	593,060
Capital grants from EFA and other capital income	(24,813)	(25,157)
Interest receivable (note 5)	(6,783)	(6,334)
Defined benefit pension scheme cost less contributions payable	98,000	(12,000)
Defined benefit pension scheme finance cost/(income) (note 22)	(29,000)	59,000
Decrease in debtors	77,518	71,903
Increase / (decrease) in creditors	(651,652)	453,151
Net cash provided by / (used in) operating activities	<u>(424,361)</u>	<u>498,318</u>

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Notes to the financial statements for the year ended 31 August 2016 (continued)

19. Cash flows from investing activities

	Total 2016 £	Total 2015 £
Interest received	6,783	6,334
Purchase of tangible fixed assets	(281,998)	(39,742)
Capital grants from DfE/EFA	24,813	25,157
Net cash provided by / (used in) investing activities	(250,402)	(8,251)

20. Analysis of cash and cash equivalents

	At 31 August 2016 £	At 31 August 2015 £
Cash at bank and in hand	764,483	1,439,246
	764,483	1,439,246

21. Member's liability

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

22. 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 West Midlands Pension Fund. Both are multi-employer defined-benefit schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

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

Notes to the financial statements for the year ended 31 August 2016 (continued)

22. Pension and similar obligations (continued)

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are :

- employer contribution rates set at 16.48% of pensionable pay including a 0.08% employer administration charge (currently 14.1%)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS will be as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the year amounted to £548,309 (2015 : £493,458).

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 a multi-employer pension scheme. The trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust has set out above the information available on the scheme.

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Notes to the financial statements for the year ended 31 August 2016 (continued)

22. Pension and similar obligations (continued)

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £256,000 (2015 : £264,000), of which employer's contributions totalled £203,000 (2015 : £208,000) and employees' contributions totalled £53,000 (2015 : £56,000). The agreed contribution rates for future years are 14.9% for employers and 8.5% for employees.

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

The trustees have agreed that the trust will make additional contributions in addition to normal funding levels over the next 27 years.

Principal actuarial assumptions

	At 31 August 2016	At 31 August 2015
Rate of increase in salaries	3.75%	4.15%
Rate of increase for pensions in payment / inflation	2.00%	2.40%
Discount rate for scheme liabilities	2.20%	4.00%
Inflation assumption (CPI)	2.00%	2.40%
Commutation of pensions to lump sums	50.00%	50.00%

Sensitivity analysis

	As disclosed	Discount rate	Pension increases	In life expectancy
		+ 0.1% pa	+ 0.1% pa	+ 1 year
	£'000s	£'000s	£'000s	£'000s
Present value of total obligation	3,794	3,695	3,881	3,895
Projected service cost	310	302	318	318
		- 0.1% pa	- 0.1% pa	- 1 year
	£'000s	£'000s	£'000s	£'000s
Present value of total obligation	3,794	3,896	3,710	3,696
Projected service cost	310	318	302	302

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

	At 31 August 2016	At 31 August 2015
Retiring today		
Males	23.1	23.0
Females	25.8	25.6
Retiring in 20 years		
Males	25.3	25.2
Females	28.1	28.0

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Notes to the financial statements for the year ended 31 August 2016 (continued)

22. Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

The academy's share of the assets and liabilities in the scheme and the expected rates of return were:

	Fair value at 31 August 2016 £	Fair value at 31 August 2015 £
Equities	524,000	328,000
Government bonds	61,000	41,000
Other bonds	75,000	56,000
Property	70,000	47,000
Cash/liquidity	57,000	28,000
Other	95,000	51,000
Total market value of assets	882,000	551,000

The actual return on scheme assets was £125,000 (2015 : £17,000).

	2016 £	2015 £
Amount recognised in the statement of financial activities		
Current service cost (net of employee contributions)	202,000	195,000
Net interest cost	70,000	67,000
Total operating charge	272,000	262,000

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

	2016 £	2015 £
At 1 September 2015	2,400,000	1,946,000
Current service cost	202,000	195,000
Interest cost	96,000	83,000
Change in financial assumptions	1,093,000	115,000
Employee contributions	53,000	56,000
Benefits paid	(50,000)	5,000
At 31 August 2016	3,794,000	2,400,000

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Notes to the financial statements for the year ended 31 August 2016 (continued)

22. Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

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

	2016	2015
	£	£
At 1 September 2015	551,000	265,000
Interest in assets	26,000	16,000
Return on assets less interest	99,000	1,000
Employer contributions	203,000	208,000
Employee contributions	53,000	56,000
Benefits paid	(50,000)	5,000
At 31 August 2016	<u>882,000</u>	<u>551,000</u>
 Net pension scheme liability	 <u>(2,912,000)</u>	 <u>(1,849,000)</u>

23. Related party transactions

Owing to the nature of the academy trust and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the trust's financial regulations and normal procurement procedures.

No related party transactions took place in the period of account other than trustees' remuneration and expenses already disclosed in note 9.

24. Explanation of transition to FRS 102

It is the first year that the Academy Trust has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 1 September 2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

Reconciliations and descriptions of the effect of the transition to FRS 102 and SORP 2015 on total funds and net income/(expenditure) for the comparative period reported under previous UK GAAP and SORP 2005 are given below:

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Notes to the financial statements for the year ended 31 August 2016 (continued)

24. Explanation of transition to FRS 102 (continued)

Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in income/expense. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in income/expense. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015.