# Broadway Academy Trust

## (A Company Limited by Guarantee)

## Annual Report and Financial Statements
## Year ended 31 August 2017

Company Registration Number
08534233 (England and Wales)

**Feltons**
**Chartered Accountants**

**Birmingham**
**B1 3JR**

**Broadway Academy Trust**
**(A Company Limited by Guarantee)**

**Report and Financial Statements**
**Year ended 31 August 2017**

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**Broadway Academy Trust**
**(A Company Limited by Guarantee)**

## Reference and Administrative Details

| | | |
|---|---|---|
| **Members** | Mr J Bryan | |
| | Dr L Gies | |
| | Mr R Holland | **Vice Chair of Governors** |
| | PC J Cahill | **Chair of Governors** |
| | Mr K Smith | |

| | | |
|---|---|---|
| **Trustees** | PC J Cahill | Chair of Governors |
| | Mr. R. Holland | Vice Chair of Governors |
| | Dr. L. Gies | |
| | Mr. K. Smith | |
| | Mr A Aziz | Term expired 30.6.17 Reappointed 12.9.17 |
| | Mr J Barton | Staff Trustee (Resigned 31.12.16) |
| | Mr W Dagnan | |
| | Mrs R Hill | Staff Trustee (Deceased 6.01.17) |
| | Mr G Horden | |
| | Mr A Hussain | Term expired 30.6.17 |
| | Mr S Uddin | Term expired 30.6.17. Reappointed 17.10.17 |
| | Mr R Skelton | Headteacher/Accounting Officer |
| | Ms S Palmer | Appointed 24.01.17 |
| | Mr A Rudge | Appointed 13.06.17 |
| | Mr J Mound | Staff Trustee Appointed 14.03.17 |

**Company secretary** Browne Jacobson

**Senior management team**

| | |
|---|---|
| • Headteacher | Mr R Skelton |
| • Deputy Headteacher | Mr G Stewart |
| • Deputy Headteacher | Mr D Chauhan |
| • Assistant Headteacher | Mr S Ahmed |
| • Assistant Headteacher | Mrs N Bailey-Nicholls |
| • Assistant Headteacher | Mr S Carroll |
| • Assistant Headteacher | Mrs S Chaggar |
| • Assistant Headteacher | Mrs C Cordon |
| • Assistant Headteacher | Mr M A Khan |
| • Assistant Headteacher | Mr J Mound |
| • Assistant Headteacher | Mrs V Oki-Osi |
| • Assistant Headteacher | Ms A Smith |
| • Assistant Headteacher | Mr A Taylor |
| • Assistant Headteacher | Ms S Younas |

**Company name** Broadway Academy Trust

**Principal and registered office**
Broadway Academy Trust
The Broadway
Perry Barr
Birmingham
B20 3DP

**Broadway Academy Trust**
**(A Company Limited by Guarantee)**

**Reference and Administrative Details (continued)**

| | |
|---|---|
| **Company registration number** | 08534233 |
| **Independent auditor** | Feltons<br>8 Sovereign Court<br>8 Graham Street<br>Birmingham B1 3JR |
| **Bankers** | Lloyds Bank<br>2nd Floor, 125 Colmore Row<br>Birmingham, B3 3SF |
| **Solicitors** | Browne Jacobson LLP<br>Victoria Square House<br>Victoria Square<br>Birmingham, B2 4BU |

## 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 2016 to 31 August 2017. The annual report serves the purposes of both a trustees' report and a directors' 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 1197 in the school census on 6$^{th}$ October 2017.

## 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 Trust 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 £5,000,000 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 board of trustees 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 board of trustees, is committed to the government and success of the academy.

Staff Trustees are elected by employees of the academy trust.

The above selection procedures are nominated by Trustees at Board meetings, interviewed and appointed at the Full Board or for Staff Trustees, staff are asked at staff meetings to put their name forward for nomination. For Parent Trustees, an advertisement is put in the weekly newsletter asking for nominations which parents vote on.

### Policies and Procedures Adopted for the Induction and Training of Trustees

When appointing Governors key consideration is given to the personal and professional skills they will bring to the Governing Board. An annual skills audit is conducted and Governors are appointed according to the skills gaps identified from the audit. The Academy is committed to ensuring that all governors are provided with the information and support required to fulfil their role as a governor, according to the skills gaps identified in the audit. Governors are appointed to a 4 year term of office and represent all aspects of school life, including parents, staff and the local community.

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 identified in the skills audit and the Deep 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.

Our Governors' succession plan also provides a guide for Trustees' training courses.

Governors are encouraged to actively participate in the life of the Academy and there is a Governors' visits plan in place for Governors to visit the school and hold regular meetings with the teachers linked to the Deep Committee on which Governors sit. Governors contribute to the Deep Committee action plan and targets, reporting back on their visits to the school at each Committee.

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

### Organisational structure

The board of trustees has established new Deep Committees and appoints trustees to serve on each of the committees. The committees for the period of the report were:

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

The full board meets four times during each academic year and each of the committees meet three times each year, with additional meetings if required.

In addition governors volunteer to serve on staff or pupil disciplinary cases and appeals and exclusions.

The written terms of reference of the committees include the monitoring, 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 for 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.

## Trustees' report (continued)

**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 interest have been declared for the period ending 31st August 2017.

## 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
- Further improve outcomes, with a particular focus on Numeracy

**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 further improve overall attendance
- Develop and continue close engagement with parents, local community organisations and leaders.
- Developing strategies to improve numeracy across the curriculum
- To review the structure of the Leadership Team to ensure all students get the best experience in school in all areas.
- Extensive review of the curriculum
- Review of policies

**Public benefit**

In setting our objectives and planning our activities, the board of trustees has given careful consideration to the general guidance on public benefit published by the Charity Commission on their website at www.gov.uk/topic/running-charity/managing-charity in exercising their powers or duties.

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

**Progress 8: -0.2**
**Attainment 8: 4.1**
**English & Maths 4+: 46%**
**English Attainment: 4.6**
**Maths Attainment 3.6**

Following a dip in achievement and attainment at KS4 in 2016 (due to a change in the way the DfE calculated their figures, and a shift in headline measures) Broadway Academy has increased the key headline figures across the board outpacing the growth shown nationally and is now well on the way to once again being at national averages. The key figure, progress 8 is the measure of achievement of our pupils based on their KS2 results and as such the baseline is 0. A figure of -0.2 is not outside the statistical margin of error for 0 and is an increase on our figure from last year. We expect to once again improve this year and potentially even exceed national level of achievement for our pupils (currently predicting +0.28). Attainment of our most disadvantaged pupils also saw a positive improvement this year up from 3.4 to 4.9. Also of note is that Broadway particularly showed strong performance in both Citizenship (6.2 vs 4.2 nationally) and Further Additional Science (6.4 vs 5.2 nationally).

The Academy is now entering into its fifth 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".

During 2016-17 the Academy achieved the Academy achieved flagship status for the IQM Quality Mark. We are now recognised by the Dfe as a national centre of excellence for our work regarding inclusion and raising student achievement.

Our key priority is on achieving high standard of pupil achievement both academically and in terms of personal development.

Comparable outcomes show that performance this year has increased across most measures and subject areas. A key focus for the Academy in the coming year is to further work on improving Numeracy across the curriculum. Strategies are in place to improve results in this area in 2017-18.

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 66% (2016 : 73%)
- Support costs as a percentage of total costs were 34% (2016 : 27%)
- Total payroll costs as a percentage of recurring income were 76% (2016 : 77%)

**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 ESFA and requirements as laid down by the Academy's Financial Handbook.

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

## Trustees' report (continued)

During the year ended 31 August 2017 total resources expended were £9,072,384 and the surplus of expenditure over income was £968,886 which included depreciation of £566,403.

### 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 board of trustees' general policy to continue to build reserves which can be used for future educational purposes.

The academy had total funds at 31 August 2017 of £16,057,017 which included £77,352 restricted funds not available for general purposes of the academy trust, £522,605 of free reserves defined as unrestricted funds available for general purposes and £18,905,060 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 £599,957.

In addition, the deficit on the restricted pension fund of £3,448,000 arises from an actuarial deficit on the local government pension scheme which will be dealt with as advised by the actuary.

### Investment Policy

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

### 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.

Attention has also been focussed on non-financial risks arising from fire, health and safety. These risks are managed by ensuring accreditation is up to date, having robust policies in place, and regular awareness training for staff working in these operational areas.

### 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 2017/2018 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 improve Progress 8 and Attainment 8 scores
- To improve the achievement of boys in Year 11

## Trustees' report (continued)

- To improve the achievement of the more able
- To improve the levels of literacy across the Academy supported by the appointment of an Academic Librarian
- To have a key focus to improve numeracy across the curriculum supported by the appointment of a new Head of Maths.
- To improve achievement in the Sixth Form
- To improve attendance to over 97% supported by the appointment of a Director of Attendance
- To improve differentiation across the academy
- To embed the significant and fundamental change to the leadership structure – the deeps model of school leadership
- To improve the capacity of ICT across the academy
- To embed the areas of the revised 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 ensure that behaviour is outstanding, supported by a review of the Behaviour Policy
- To continue to develop the extensive extra-curricular programme available to all students, in particular the Duke of Edingburgh Award scheme.
- To continue to review mid-long term strategic financial forecasts to minimize the impact of reducing budgets
- To embed and develop partnership engagement with the support of a newly appointed Partnership Engagement Manager, a post funded by West Midlands Police
- To continue to promote and uphold the values and ethos of the Academy

### 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, on ...1 DECEMBER 2017 and signed on the board's behalf by:

........................................................ PC J Cahill - Chair of Trustees

## Broadway Academy Trust
## (A Company Limited by Guarantee)

### 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:

| **Trustee** | **Meetings attended** | **Out of a possible** |
|---|---|---|
| Name | | |
| Abdul Aziz 1.7.13 to 30.6.17 and 12.9.17 to 11.9.21 | 2 | 8 |
| John Bryan 9.6.14 to 8.6.18 | 13 | 14 |
| PC Joe Cahill Chair1.7.13 to 30.6.17 & 12.6.17 to 11.6.21 | 7 | 10 |
| Bill Dagnan 1.7.13 to 30.6.17 and 12.6.17 to 11.6.21 | 9 | 9 |
| Lieve Gies 1.7.13 to 30.6.17 and 12.6.17 to 11.6.21 | 9 | 13 |
| Bob Holland – Vice Chair 3.6.14 to 2.6.18 | 17 | 18 |
| Guy Hordern 15.9.14 to 14.9.18 | 6 | 11 |
| Antikahb Hussain 1.7.13 to 30.6.17 | 2 | 9 |
| Ron Skelton Headteacher Accounting Officer 1.7.13 | 21 | 21 |
| Keith Smith 1.7.13 to 30.6.17 and 12.6.17 to 11.6.21 | 10 | 11 |
| Shamsu Uddin1.7.13to 30.6.17 and 17.10.17 to 16.10.21 | 2 | 4 |
| James Barton 1.7.13 to 30.6.17 | 2 | 2 |
| Ruth Hill 1.7.13 to 30.6.17 | 0 | 3 |
| Sharon Palmer 24.1.17 to 23.1.21 | 7 | 7 |
| Alan Rudge 12.6.17 to 11.6.21 | 2 | 2 |
| Jeremy Mound Staff Trustee 14.3.17 to 13.3.21 | 4 | 4 |

The **Finance and Premises 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.

| Trustee | Meetings attended | Out of a possible |
|---|---|---|
| Name | | |
| Mr Skelton 1.7.13 Accounting Officer. Headteacher | 3 | 3 |
| Mr K Smith – Chair 1.7.13 to 30.6.17 and 12.6.17 to 11.6.21 | 3 | 3 |
| Mr B Holland 3.6.14 to 2.6.18 | 3 | 3 |
| Mr. J. Mound 14.3.17 to 13.3.21 Staff Trustee | 0 | 3 |
| Mr. A Aziz 1.7.13 to 30.6.17 and 12.9.17 to 11.9.21 | 1 | 1 |

**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:

- Strategic mid-long term forecasting to plan for the potential financial impact of reducing budgets
- Reducing overall staffing costs whilst still maintaining high standards of teaching and learning and support services.
- Further reducing overall capitation expenditure at departmental level by ensuring all staff are aware and apply value for money principles.
- Developing and improving efficiency in the delivery of interventions, in ensuring staff are utilised effectively to target key areas. Targeted support is delivered to students on Saturday mornings, after school and during school holidays.
- Pupil Premium funding is used effectively to ensure pupil premium students achieve to their full potential in all areas.
- 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 accounts. These are presented to the governing body for approval prior to being submitted to the ESFA by 31st December.
- The Academy procures the services on an independent external financial consultant, with extensive 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.
- The Academy continues to develop and generate income through the 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 key areas for development identified in the school development plan. We remain committed to achieving the aim of our development plan and how this will be best resourced.

## 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 2017 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 2017 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 board of trustees;
- 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 senior 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 and 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 board of trustees on 1 DECEMBER 2017 and signed on its behalf by:

| | |
|---|---|
| PC J Cahill<br>Chair of Trustees | R Skelton<br>Accounting Officer |

**Broadway Academy Trust**
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## Statement of regularity, propriety and compliance

As accounting officer of Broadway Academy Trust I have considered my responsibility to notify the academy trust board of trustees and the Education and Skills Funding Agency of material irregularity, impropriety and non-compliance with ESFA 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 ESFA.

........................................, R Skelton – Accounting Officer

.....1.12.................. 2017

Broadway Academy Trust
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## Statement of Trustees' Responsibilities

The trustees (who act as governors of Broadway Academy Trust 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 published by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- 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 ESFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the board of trustees on 1 DECEMBER 2017 and signed on its behalf by:

........................................ PC J Cahill – Chair of Trustees

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

### Opinion

We have audited the financial statements of Broadway Academy Trust (A Company Limited by Guarantee) for the period ended 31 August 2017 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, 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 (United Kingdom Generally Accepted Accounting Practice) including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills 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 the academy trust's members as a body, for our audit work, for this report, or for the opinions we have formed.

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 2017, 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 the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements 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 financial statements 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 financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the 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 financial statements are authorised for issue.

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

### Other information

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

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

We have nothing to report in this regard.

### Opinion on other matter 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 (incorporating the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

### Matters on which we are required to report by exception

In the light of our knowledge and understanding of the academy trust and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' 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
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' 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 trustees' responsibilities statement (set out on page 14), 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, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, 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 academy trust or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the academy trust's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.

- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the academy trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the academy trust to cease to continue as a going concern.

**Auditor's responsibilities for the audit of the financial statements (continued)**

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our 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

4 December 2017

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

In accordance with the terms of our engagement letter dated 9 July 2013 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Broadway Academy Trust during the period 1 September 2016 to 31 August 2017 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 ESFA 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 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 Broadway Academy Trust and the ESFA, 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 2016, 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 2016 to 2017. 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 2016 to 31 August 2017 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 2016 to 2017 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the 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 and Skills Funding Agency (continued)

### Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2016 to 31 August 2017 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Feltons

**David W Farnsworth FCA (Reporting Accountant)**
For and on behalf of Feltons, Statutory Auditor
8 Sovereign Court
8 Graham Street
Birmingham B1 3JR

4 December 2017

Broadway Academy Trust
(A Company Limited by Guarantee)

## Statement of financial activities for the year ended 31 August 2017 (including income and expenditure account)

| | Notes | Unrestricted funds £ | Restricted pension fund £ | Restricted general funds £ | Restricted fixed asset funds £ | Total 2017 £ | Total 2016 £ |
|---|---|---|---|---|---|---|---|
| **Income from :** | | | | | | | |
| Donations and capital grants | 2 | - | - | - | 39,953 | 39,953 | 24,813 |
| Funding for the academy trust's educational operations | 3 | 7,680 | - | 7,888,200 | - | 7,895,880 | 8,091,855 |
| Other educational activities | 4 | 161,199 | - | - | - | 161,199 | 181,959 |
| Investments | 5 | 6,466 | - | - | - | 6,466 | 6,783 |
| **Total** | | 175,345 | - | 7,888,200 | 39,953 | 8,103,498 | 8,305,410 |
| **Expenditure on :** | | | | | | | |
| Charitable activities: Academy trust's educational operations | 6 | 96,424 | 230,000 | 8,221,223 | 524,737 | 9,072,384 | 8,860,423 |
| **Total** | | 96,424 | 230,000 | 8,221,223 | 524,737 | 9,072,384 | 8,860,423 |
| **Net income/(expenditure) before transfers** | | 78,921 | (230,000) | (333,023) | (484,784) | (968,886) | (555,013) |
| **Transfers between funds** | 14 | - | - | (25,635) | 25,635 | - | - |
| **Net income/(expenditure) after transfers** | | 78,921 | (230,000) | (358,658) | (459,149) | (968,886) | (555,013) |
| **Other recognised gains/(losses)** | | | | | | | |
| Actuarial gains/(losses) on defined benefit pension schemes | 14, 22 | - | (306,000) | - | - | (306,000) | (994,000) |
| **Net movement in funds** | | 78,921 | (536,000) | (358,658) | (459,149) | (1,274,886) | (1,549,013) |
| **Reconciliation of funds** | | | | | | | |
| Total funds brought forward | 14 | 443,684 | (2,912,000) | 436,010 | 19,364,209 | 17,331,903 | 18,880,916 |
| **Total funds carried forward** | | 522,605 | (3,448,000) | 77,352 | 18,905,060 | 16,057,017 | 17,331,903 |

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 2017**

| | Notes | 2017 £ | 2017 £ | 2016 £ | 2016 £ |
|---|---|---|---|---|---|
| **Fixed assets** | | | | | |
| Tangible assets | 11 | | 19,426,634 | | 19,939,428 |
| **Current assets** | | | | | |
| Debtors | 12 | 147,931 | | 148,366 | |
| Cash at bank and in hand | | 909,958 | | 764,483 | |
| | | 1,057,889 | | 912,849 | |
| **Liabilities** | | | | | |
| Creditors: amounts falling due within one year | 13(a) | 538,608 | | 202,483 | |
| **Net current assets** | | | 519,281 | | 710,366 |
| **Total assets less current liabilities** | | | 19,945,915 | | 20,649,794 |
| Creditors: amounts falling due after more than one year | 13(b) | | (440,898) | | (405,891) |
| **Net assets excluding pension liability** | | | 19,505,017 | | 20,243,903 |
| Defined benefit pension scheme liability | 22 | | (3,448,000) | | (2,912,000) |
| **Total net assets** | | | 16,057,017 | | 17,331,903 |
| **Funds of the academy trust :** | | | | | |
| **Restricted funds** | | | | | |
| Fixed asset fund | 14 | 18,905,060 | | 19,364,209 | |
| General fund | 14 | 77,352 | | 436,010 | |
| Pension reserve | 14 | (3,448,000) | | (2,912,000) | |
| **Total restricted funds** | | | 15,534,412 | | 16,888,219 |
| **Unrestricted income funds** | 14 | | 522,605 | | 443,684 |
| **Total funds** | | | 16,057,017 | | 17,331,903 |

The financial statements on pages 21 to 42 were approved by the trustees, and authorised for issue on 1 DECEMBER 2017 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 2017

| | Notes | 2017 £ | 2016 £ |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Net cash provided by / (used in) operating activities | 18 | 152,665 | (424,361) |
| **Cash flows from investing activities** | 19 | (7,190) | (250,402) |
| **Change in cash and cash equivalents in the reporting period** | | 145,475 | (674,763) |
| Cash and cash equivalents at 1 September 2016 | | 764,483 | 1,439,246 |
| **Cash and cash equivalents at 31 August 2017** | 20 | 909,958 | 764,483 |

## 1. Statement of 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.

### Basis of preparation

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

### 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.

  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.

## 1. Statement of accounting policies (continued)

### Income (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. 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.

- **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.

## 1. Statement of accounting policies (continued)

### 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:

| | |
|---|---|
| Long 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.

### Leased assets

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

### Financial instruments

The academy trust only holds basic financial instruments as defined by 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.

## 1. Statement of accounting policies (continued)

### Financial instruments (continued)

*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.

### 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.

**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 and Skills 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 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. 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.

## 2. Donations and capital grants

| | Unrestricted funds £ | Restricted general fund £ | Restricted fixed asset funds £ | Total 2017 £ | Total 2016 £ |
|---|---|---|---|---|---|
| Capital grants | - | - | 24,953 | 24,953 | 24,813 |
| Other donations | - | - | 15,000 | 15,000 | - |
| | - | - | 39,953 | 39,953 | 24,813 |
| **2016 total** | - | - | 24,813 | 24,813 | |

## 3. Funding for the Academy Trust's educational operations

| | Unrestricted funds £ | Restricted general fund £ | Restricted fixed asset funds £ | Total 2017 £ | Total 2016 £ |
|---|---|---|---|---|---|
| **DfE/ESFA grants** | | | | | |
| General Annual Grant (GAG) | - | 7,311,727 | - | 7,311,727 | 7,392,725 |
| Other DfE/ESFA grants | - | 550,620 | - | 550,620 | 570,872 |
| | - | 7,862,347 | - | 7,862,347 | 7,963,597 |
| **Other government grants** | | | | | |
| Local authority grants | - | 14,228 | - | 14,228 | 24,670 |
| Other government funding | - | 11,625 | - | 11,625 | 89,963 |
| | - | 25,853 | - | 25,853 | 114,633 |
| Other income from the academy trust's educational operations | 7,680 | - | - | 7,680 | 13,625 |
| | 7,680 | 25,853 | - | 33,533 | 128,258 |
| | 7,680 | 7,888,200 | - | 7,895,880 | 8,091,855 |
| **2016 total** | 13,625 | 8,078,230 | - | 8,091,855 | |

## 4. Other educational activities

| | Unrestricted funds £ | Restricted funds £ | Total 2017 £ | Total 2016 £ |
|---|---|---|---|---|
| Community Centre income | 135,188 | - | 135,188 | 122,141 |
| Rental income | 14,531 | - | 14,531 | 30,000 |
| Miscellaneous | 11,480 | - | 11,480 | 29,818 |
| | 161,199 | - | 161,199 | 181,959 |
| **2016 total** | 181,959 | - | 181,959 | |

## 5. Investment income

| | Unrestricted funds £ | Restricted funds £ | Total 2017 £ | Total 2016 £ |
|---|---|---|---|---|
| Short term deposits | 6,466 | - | 6,466 | 6,783 |
| **2016 total** | 6,783 | - | 6,783 | |

## 6. Expenditure

| | Staff costs £ | Non pay expenditure Premises £ | Other £ | Total 2017 £ | Total 2016 £ |
|---|---|---|---|---|---|
| Academy's educational operations | | | | | |
| Direct costs | 5,136,838 | 310,608 | 580,657 | 6,028,103 | 6,417,412 |
| Allocated support costs | 1,040,812 | 1,377,724 | 625,745 | 3,044,281 | 2,443,011 |
| | 6,177,650 | 1,688,332 | 1,206,402 | 9,072,384 | 8,860,423 |
| **2016 total** | 6,460,532 | 1,316,391 | 1,083,500 | 8,860,423 | |

Net income/(expenditure) for the period includes :

| | | 2017 £ | 2016 £ |
|---|---|---|---|
| Operating leases | - plant and machinery | 16,263 | 18,290 |
| | - other | 847,428 | 683,606 |
| Depreciation | | 566,403 | 667,382 |
| Fees payable to auditor | - audit | 8,050 | 7,800 |

| | Total £ | Individual items Amount £ | Reason/ nature |
|---|---|---|---|
| Included within expenditure are the following transactions : | | | |
| Ex-gratia payments | 10,000 | 10,000 | Employment claim |

The legal authority sought to make ex-gratia payments was in compliance with the Academies Financial Handbook 2016, being delegated authority.

## 7. Charitable activities

| | Unrestricted funds £ | Restricted pension fund £ | Other restricted funds £ | Total 2017 £ | Total 2016 £ |
|---|---|---|---|---|---|
| **Educational operations** | | | | | |
| Direct costs | 37,907 | - | 5,990,196 | 6,028,103 | 6,417,412 |
| Support costs | 58,517 | 230,000 | 2,755,764 | 3,044,281 | 2,443,011 |
| | 96,424 | 230,000 | 8,745,960 | 9,072,384 | 8,860,423 |
| **2016 total** | 122,598 | 69,000 | 8,668,825 | 8,860,423 | |

| | Unrestricted funds £ | Restricted pension fund £ | Other restricted funds £ | Total 2017 £ | Total 2016 £ |
|---|---|---|---|---|---|
| **Analysis of support costs** | | | | | |
| Support staff | - | 230,000 | 810,812 | 1,040,812 | 945,582 |
| Depreciation | - | - | 214,129 | 214,129 | 105,938 |
| Premises costs | - | - | 1,146,815 | 1,146,815 | 931,007 |
| Other support costs | 58,517 | - | 575,736 | 634,253 | 450,339 |
| Governance costs | - | - | 8,272 | 8,272 | 10,145 |
| **Total support costs** | 58,517 | 230,000 | 2,755,764 | 3,044,281 | 2,443,011 |
| **2016 total** | 94,488 | 69,000 | 2,279,523 | 2,443,011 | |

## 8. Staff

### a) Staff costs

Staff costs during the period were:

| | Total 2017 £ | Total 2016 £ |
|---|---|---|
| Wages and salaries | 4,373,704 | 4,874,756 |
| Social security costs | 431,531 | 421,970 |
| Operating costs of defined benefit pension schemes | 830,849 | 862,638 |
| Apprenticeship levy | 3,084 | - |
| | 5,639,168 | 6,159,364 |
| Supply staff costs | 528,482 | 272,550 |
| Staff restructuring costs | 10,000 | 28,618 |
| | 6,177,650 | 6,460,532 |

## 8. Staff (continued)

| | Total 2017 £ | Total 2016 £ |
|---|---|---|
| Staff restructuring costs comprise : | | |
| Severance payments | - | 28,618 |
| Other costs | 10,000 | - |
| | 10,000 | 28,618 |

### b) Staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £nil (2016 : £28,618).

### c) Staff numbers

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

| | 2017 Number | 2016 Number |
|---|---|---|
| Teachers | 68 | 85 |
| Administration and support | 43 | 105 |
| Management | 13 | 13 |
| | 124 | 203 |

### d) Higher paid staff

| | 2017 Number | 2016 Number |
|---|---|---|
| The number of employees whose employee benefits on an annualised basis (excluding employer pension costs) exceeded £60,000 was : | | |
| £60,001 - £70,000 | 2 | 2 |
| £100,001 - £110,000 | 1 | 1 |

### 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 £866,413 (2016: £847,267).

## 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 | £105,000 - £110,000 (2016 : £100,000 - £105,000) |
| Employer's pension contributions paid | £15,000 - £20,000 (2016 : £15,000 - £20,000) |
| R Hill (staff trustee - deceased 6/1/17) | |
| Remuneration | £10,000 - £15,000 (2016 : £40,000- £45,000) |
| Employer's pension contributions paid | £nil - £5,000 (2016 : £5,000 - £10,000) |
| J Barton (staff trustee - resigned 31/12/16) | |
| Remuneration | £nil - £5,000 (2016 : £10,000 - £15,000) |
| Employer's pension contributions paid | £nil - £5,000 (2016 : £nil- £5,000) |
| J Mound (staff trustee - appointed 14/3/17) | |
| Remuneration | £20,000 - £25,000 (2016: £nil) |
| Employer's pension contributions paid | £nil - £5,000 (2016: £nil) |

During the year ended 31 August 2017, travel and subsistence expenses totalling £1,720 (2016 : £489 ) were reimbursed or paid directly to 3 (2016 : 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 £5,000,000 on any one claim and the cost for the year ended 31 August 2017 was £274 (2016 : £275). The cost of this insurance is included in the total insurance cost.

## 11. Tangible fixed assets

| | Leasehold land and buildings £ | Fittings and equipment £ | Computer hardware £ | Total £ |
|---|---|---|---|---|
| **Cost or valuation** | | | | |
| At 1 September 2016 | 20,802,740 | 379,791 | 703,290 | 21,885,821 |
| Additions | - | - | 53,609 | 53,609 |
| At 31 August 2017 | 20,802,740 | 379,791 | 756,899 | 21,939,430 |
| **Depreciation** | | | | |
| At 1 September 2016 | 1,317,507 | 116,203 | 512,683 | 1,946,393 |
| Charge for the year | 416,055 | 37,979 | 112,369 | 566,403 |
| At 31 August 2017 | 1,733,562 | 154,182 | 625,052 | 2,512,796 |
| **Net book values** | | | | |
| At 31 August 2017 | 19,069,178 | 225,609 | 131,847 | 19,426,634 |
| At 31 August 2016 | 19,485,233 | 263,588 | 190,607 | 19,939,428 |

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 2017 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 | 420,091 | 487,718 |
| | 20,802,740 | 379,791 | 756,899 | 21,939,430 |

## 12. Debtors

| | Total 2017 £ | Total 2016 £ |
|---|---|---|
| VAT recoverable | 43,401 | 35,711 |
| Prepayments and accrued income | 89,530 | 65,816 |
| Other debtors | 15,000 | 46,839 |
| | 147,931 | 148,366 |

## 13. Creditors

| | Total 2017 £ | Total 2016 £ |
|---|---|---|
| **(a) Amounts falling due within one year :** | | |
| Creditors from operations | - | 11,588 |
| Accruals and deferred income | 433,595 | 132,555 |
| Other creditors | 105,013 | 58,340 |
| | 538,608 | 202,483 |
| **(b) Amounts falling due after more than one year :** | | |
| Other creditors | 440,898 | 405,891 |

Other creditors includes amounts owed to Birmingham City Council for obligations under BSF contracts. Broadway Academy Trust has agreed to pay the Council amounts for maintenance of building, ICT equipment and maintenance, and for capital and interest. The arrangements are for 5 years and 19 years for the ICT contract and FM contract respectively.

## 14. Funds

| | Balance at 1 September 2016 £ | Income £ | Expenditure £ | Gains, losses and transfers £ | Balance at 31 August 2017 £ |
|---|---|---|---|---|---|
| **Restricted general funds** | | | | | |
| General Annual Grant (GAG) | 436,010 | 7,311,727 | (7,644,750) | (25,635) | 77,352 |
| Other ESFA grants | - | 550,620 | (550,620) | - | - |
| Other grants | - | 25,853 | (25,853) | - | - |
| | 436,010 | 7,888,200 | (8,221,223) | (25,635) | 77,352 |
| **Restricted fixed asset funds** | | | | | |
| Transfer on conversion | 19,485,233 | - | (416,056) | - | 19,069,177 |
| DfE/ESFA capital grants | 36,956 | 24,953 | (2,694) | (29,647) | 29,568 |
| Capital expenditure from GAG | 30,033 | - | (5,333) | - | 24,700 |
| Other capital grants | - | 15,000 | (3,941) | (3,057) | 8,002 |
| BSF contract | (188,013) | - | (96,713) | 58,339 | (226,387) |
| | 19,364,209 | 39,953 | (524,737) | 25,635 | 18,905,060 |
| **Pension reserve** | (2,912,000) | - | (230,000) | (306,000) | (3,448,000) |
| **Total restricted funds** | 16,888,219 | 7,928,153 | (8,975,960) | (306,000) | 15,534,412 |
| **Unrestricted funds** | | | | | |
| Other income | 443,684 | 175,345 | (96,424) | - | 522,605 |
| **Total unrestricted funds** | 443,684 | 175,345 | (96,424) | - | 522,605 |
| **Total funds** | 17,331,903 | 8,103,498 | (9,072,384) | (306,000) | 16,057,017 |

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 and Skills 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 2017.

**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 and Skills Funding Agency and Birmingham City Council where the asset acquired or created is held for a specific purpose.

## Notes to the financial statements for the year ended 31 August 2017 (continued)

### 15. Analysis of net assets between funds

| Fund balances at 31 August 2017 are represented by: | Unrestricted funds | Restricted pension funds | Restricted general funds | Restricted fixed asset funds | Total funds |
|---|---|---|---|---|---|
| | £ | £ | £ | £ | £ |
| Tangible fixed assets | - | - | - | 19,426,634 | 19,426,634 |
| Current assets | 522,605 | - | 524,564 | 10,720 | 1,057,889 |
| Current liabilities | - | - | (353,866) | (184,742) | (538,608) |
| | 522,605 | - | 170,698 | 19,252,612 | 19,945,915 |
| Creditors due after one year | - | - | (93,346) | (347,552) | (440,898) |
| Pension scheme liability | - | (3,448,000) | - | - | (3,448,000) |
| **Total net assets** | 522,605 | (3,448,000) | 77,352 | 18,905,060 | 16,057,017 |

### 16. Capital commitments

| | 2017 | 2016 |
|---|---|---|
| | £ | £ |
| Contracted for but not provided in the financial statements | 9,070 | - |

### 17. Commitments under operating leases

| At 31 August 2017 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was: | Other | |
|---|---|---|
| | Total 2017 | Total 2016 |
| | £ | £ |
| Amounts due within one year | 826,331 | 856,028 |
| Amounts due between one and five years | 2,649,834 | 3,126,173 |
| Amounts due after five years | 6,077,700 | 6,438,204 |
| | 9,553,865 | 10,420,405 |

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

| | Total 2017 | Total 2016 |
|---|---|---|
| | £ | £ |
| Net income/(expenditure) for reporting period (as per the SoFA) | (968,886) | (555,013) |
| Adjusted for : | | |
| Depreciation (note 11) | 566,403 | 667,382 |
| Capital grants from DfE and other capital income | (39,953) | (24,813) |
| Interest receivable (note 5) | (6,466) | (6,783) |
| Defined benefit pension scheme cost less contributions payable | 167,000 | (1,000) |
| Defined benefit pension scheme finance cost/(income) (note 22) | 63,000 | 70,000 |
| Decrease / (increase) in debtors | 435 | 77,518 |
| Increase / (decrease) in creditors | 371,132 | (651,652) |
| **Net cash provided by / (used in) operating activities** | 152,665 | (424,361) |

## 19. Cash flows from investing activities

| | Total 2017 £ | Total 2016 £ |
|---|---|---|
| Interest received | 6,466 | 6,783 |
| Purchase of tangible fixed assets | (53,609) | (281,998) |
| Capital grants from DfE/ESFA | 24,953 | 24,813 |
| Capital funding from others | 15,000 | - |
| **Net cash provided by / (used in) investing activities** | (7,190) | (250,402) |

## 20. Analysis of cash and cash equivalents

| | At 31 August 2017 £ | At 31 August 2016 £ |
|---|---|---|
| Cash at bank and in hand | 909,958 | 764,483 |
| | 909,958 | 764,483 |

## 21. Members' liability

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

## 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 2016.

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

**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**

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 is currently underway based on April 2016 data, 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 £466,432 (2016 : £548,309).

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.

**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 2017 was £169,000 (2016 : £256,000), of which employer's contributions totalled £120,000 (2016 : £203,000) and employees' contributions totalled £49,000 (2016 : £53,000). The agreed contribution rates for future years are 18.2% for employers and between 5.5% and 9.9% 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 26 years.

| **Principal actuarial assumptions** | **At 31 August 2017** | **At 31 August 2016** |
|---|---|---|
| Rate of increase in salaries | 4.20% | 3.75% |
| Rate of increase for pensions in payment / inflation | 2.70% | 2.00% |
| Discount rate for scheme liabilities | 2.60% | 2.20% |
| Inflation assumption (CPI) | 2.70% | 2.00% |
| 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 | 4,502 | 4,391 | 4,589 | 4,652 |
| Projected service cost | 326 | 318 | 335 | 336 |
| | | **- 0.1% pa** | **- 0.1% pa** | **- 1 year** |
| | **£'000s** | **£'000s** | **£'000s** | **£'000s** |
| Present value of total obligation | 4,502 | 4,616 | 4,418 | 4,357 |
| Projected service cost | 326 | 335 | 318 | 316 |

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 2017** | **At 31 August 2016** |
|---|---|---|
| Retiring today | | |
| Males | 21.8 | 23.1 |
| Females | 24.3 | 25.8 |
| Retiring in 20 years | | |
| Males | 24.0 | 25.3 |
| Females | 26.6 | 28.1 |

## 22. Pension and similar obligations (continued)

### Local Government Pension Scheme (continued)

The academy's share of the assets in the scheme was :

| | Fair value at 31 August 2017 | Fair value at 31 August 2016 |
|---|---|---|
| | £ | £ |
| Equities | 667,000 | 524,000 |
| Government bonds | 77,000 | 61,000 |
| Other bonds | 41,000 | 75,000 |
| Property | 77,000 | 70,000 |
| Cash/liquidity | 52,000 | 57,000 |
| Other | 140,000 | 95,000 |
| **Total market value of assets** | 1,054,000 | 882,000 |

The actual return on scheme assets was £224,000 (2016 : £125,000).

| | 2017 | 2016 |
|---|---|---|
| | £ | £ |
| **Amount recognised in the statement of financial activities** | | |
| Service cost | 287,000 | 202,000 |
| Net interest on defined liability (asset) | 63,000 | 70,000 |
| **Total amount recognised in the SoFA** | 350,000 | 272,000 |

| **Changes in the present value of defined benefit obligations were as follows :** | 2017 | 2016 |
|---|---|---|
| | £ | £ |
| **At 1 September 2016** | 3,794,000 | 2,400,000 |
| Current service cost | 287,000 | 202,000 |
| Interest cost | 82,000 | 96,000 |
| Changes in financial assumptions | 176,000 | 1,093,000 |
| Change in demographic assumptions | (59,000) | - |
| Experience loss/(gain) on defined benefit obligation | 364,000 | - |
| Benefits paid net of transfers in | (191,000) | (50,000) |
| Contributions by participants | 49,000 | 53,000 |
| **At 31 August 2017** | 4,502,000 | 3,794,000 |

## 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 : | 2017 | 2016 |
|---|---|---|
| | £ | £ |
| **At 1 September 2016** | 882,000 | 551,000 |
| Interest income | 19,000 | 26,000 |
| Return on assets less interest | 205,000 | 99,000 |
| Other actuarial gains/(losses) | (30,000) | - |
| Employer contributions | 120,000 | 203,000 |
| Contributions by participants | 49,000 | 53,000 |
| Benefits paid net of transfers in | (191,000) | (50,000) |
| **At 31 August 2017** | 1,054,000 | 882,000 |

## 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.

The following related party transactions took place during the period:

### Titan Partnership Limited

| Charitable company in which trustee R Skelton is principal and accounting officer | 2017 | 2016 |
|---|---|---|
| | £ | £ |
| Services recharged from related company during the year | 7,060 | - |

The trust conducted this transaction at arms length following a competitive tendering exercise in accordance with its financial regulations, which R Skelton neither participated in, nor influenced.

In entering into the transaction the trust has complied with the requirements of the Academies Financial Handbook 2016.