

Broadway Academy Trust
(A Company Limited by Guarantee)
Annual Report and Financial Statements
Year ended 31 August 2018

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 2018

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Broadway Academy Trust
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Reference and Administrative Details
Members/Governors

Mr A Aziz (Co-opted Governor)
 Mr J Bryan (Member and Community Governor)
 PC J Cahill ** (Member and Community Governor)
 Mr W Dagnan (Community Governor)
 Dr L Gies* (Member and Co-opted Governor) – appointed
 as Chair of Finance July 2018
 Mr R Holland* (Member and Co-opted Governor)
 Mr G Horden (Community Governor)
 Mr J Mound* (Staff Governor)
 Mr A Rudge (Co-opted Governor)
 Ms S Palmer* ((Co-opted Governor)
 Mr R Skelton* (Member and Headteacher)
 Mr K Smith* (Member and Co-opted Governor - resigned
 16.5.18)
 Mr S Uddin (Parent Governor)
***members of Finance Committee**
**** Chair of Governors**

Company secretary

Nicola Pengelly

Senior management team

- Head teacher
- Director of HR
- Deputy Head teacher
- Assistant Head teacher
- Assistant Head teacher
- Assistant Head teacher
- Assistant Head teacher
- Assistant Head teacher
- Assistant Head teacher
- Assistant Head teacher
- Assistant Head teacher

Mr R Skelton
 Mrs S Bidwell
 Mr S Carroll
 Mr S Ahmed
 Mrs N Bailey-Nicholls
 Mrs S Chaggar – retired July 2018
 Mrs C Cordon
 Mr M A Khan
 Mr J Mound
 Mrs V Oki-Osi
 Ms A Smith
 Mr A Taylor
 Ms S Yunus

Company name

Broadway Academy Trust

Principal and registered office

Broadway Academy Trust
 The Broadway
 Birmingham
 B20 3DP

Company registration number

08534233

Independent auditor

Feltons
 8 Sovereign Court
 8 Graham Street
 Birmingham, B1 3JR

Bankers

Lloyds Bank
 2nd Floor, 125 Colmore Row
 Birmingham, B3 3SF

Solicitors

Browne Jacobson LLP
 Victoria Square House
 Victoria Square
 Birmingham, B2 4BU

Broadway Academy Trust (A Company Limited by Guarantee)

Governors' report

The Governors present their annual report together with the financial statements and auditor's report of the charitable company for the period 1 September 2017 to 31 August 2018. The annual report serves the purposes of both a Governors' 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 1215 in the school census in October 2018.

Structure, Governance and Management

Constitution

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The Governors of Broadway Academy Trust are also the directors of the charitable company for the purposes of company law. The charitable company operates as Broadway Academy Trust.

Details of the Governors who served during the year and to the date these accounts are approved 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.

Governors' indemnities

In accordance with normal commercial practice the academy has purchased insurance to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5000,000 on any one claim.

Method of recruitment and appointment or election of Governors

Parent Governors are elected by the parents of registered pupils at the academy. A parent Governor must be a parent of a pupil at the academy at the time when she/he is elected.

Community Governors may be appointed by the board of Governors provided that the person who is appointed as a community Governor 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 Governors, is committed to the government and success of the academy.

Co-opted Governors may be appointed by the Board of Governors.

Staff Governors are elected by employees of the academy trust.

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

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Governors' report (continued)

Policies and Procedures Adopted for the Induction and Training of Governors

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. 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 as identified in the skills audit and the Deep Committee on which 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.

Broadway Governing Body is a diverse board which is proactive in ensuring a broad cross section of society is represented. We have representation from the following groups of people: male, female, Asian, Afro Caribbean and White.

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 annually review and approve a Governors Code of Conduct, based on that recommended by Birmingham City Council, which outlines the expectation, commitment, standards of conduct, behaviour and practice required of Governors.

Organisational structure

The board of Governors has established committees and appoints Governors to serve on each of the committees annually. The committees for the period of the report were:

- Deep Experience
- Deep Teaching & Learning
- Deep Leadership
- Deep Support
- Finance & Premises
- HR & Salaries

The full board meets three 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 Improvement 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 plans and vision and is involved in senior staff appointments.

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Governors' report (continued)

Organisational structure continued

The structure of the senior leadership team is the head teacher, one deputy head teacher, ten assistant head teachers and the Director of HR. The Finance Manager also forms part of the Deep Leadership Team. The Deep Leadership group is responsible for the reviewing and authorising of expenditure within the agreed budget and the decisions made in relation to recruiting and appointing staff.

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. These are reviewed at an HR and Salaries Committee by Governors.

Trade union facility time

Information in accordance with Schedule 2 of the Trade Union (Facility Time Publication Requirements) Regulations 2017 is as follows :

Relevant union officials

Number of employees who were relevant union officials during the relevant period	Full-time equivalent number
4	3.8

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	
1% - 50%	3
51% - 99%	
100%	

Percentage of pay bill spent on facility time

Total cost of facility time	£6850
Total pay bill	£5,633,396
Facility time as percentage of total pay bill	0.12%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	2.27%
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Related parties and other Connected Charities and Organisations

Broadway Academy maintains professional links with a number of organisations, which include the following:

- Local schools, both primary and secondary
- Other academies and multi academy trusts
- Titan Partnership
- Teaching school alliance
- Partnership engagement with West Midlands Police
- Bishop Challenor Teaching School
- Atlantic College, South Wales
- BEP (Birmingham Education Partnership)

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Governors' report (continued)

Related parties and other Connected Charities and Organisations continued

- Handsworth Association of Schools
- SSAT (Specialist Schools & Academies Trust)
- RSA (Royal Society of Arts)
- Sport England
- SACRE
- D of E Award Scheme
- Cadet Force
- Birmingham City Council

These links support our ethos of working in collaboration and sharing good practice and information.

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 all students to achieve their full potential, both academically in terms of their personal development.

The main objectives in summary for the year are:

- To continue to strive for excellent 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.
- To further improve outcomes, with a particular focus on Literacy and Numeracy.
- Personal and Character development for all students
- To increase the student numbers at Post 16 and improve outcomes for 6th Form students

The strategies adopted for achieving these objectives are:

- Further development of teaching and learning
- Ensuring accountability and quality assurance at all levels of leadership, management and governance
- Improving the cycle of interventions for targeted students
- to continue with the successful attendance strategy
- develop and continue close engagement with parents, local community organisations and leaders
- Character Development Programme
- Continued review of the curriculum
- Continued review of policies
- To further explore partnerships with other schools
- To explore further opportunities for income generation

Public benefit

In setting our objectives and planning our activities, the board of Governors 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.

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Governors' report (continued)

Public benefit continued

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: +0.15
Attainment 8: 4.2
English & Maths 5+: 34%
English Progress 8: +0.16
Maths Progress 8: +0.20

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 successively for 2 years across the board vastly outpacing the growth shown nationally and is now above national averages for progress and closing the gap on attainment (this is despite having a much lower level of KS2 prior attainment compared to 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 0.15 is a substantial increase on our figure from last year. Furthermore, we expect to once again improve this year placing us comfortably above similar schools nationally for progress.

- Direct costs as a percentage of total costs were 65% (2017 : 66%)
- Support costs as a percentage of total costs were 35% (2017 : 34%)
- Total payroll costs as a percentage of recurring income were 70% (2017 : 76%)

Going concern

After making appropriate enquiries, the board of Governors 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.

During the year ended 31 August 2018 total resources expended were £8,873,390 and the deficit of income over expenditure was £231,270. which included depreciation of £578,750.

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Governors' report (continued)

Reserves Policy

The Governors 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 Governors' general policy to continue to build reserves which can be used for future educational purposes.

The academy had total funds at 31 August 2018 of £16,343,747 which included £6,113 restricted funds not available for general purposes of the academy trust, £678,891 of free reserves defined as unrestricted funds available for general purposes and £18,689,743 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 £685,004.

In addition, the deficit on the restricted pension fund of £3,031,000 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.

These investments are carried out in accordance with the powers vested in the board of Governors.

Principal Risks and Uncertainties

The Governors 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.

Fundraising Practices

Fundraising activities involving parental contributions within the Academy are limited as we are mindful of the local community it serves. The Academy does not engage the services of professional fundraisers or companies to carry out fundraising on our behalf.

However, the Academy has been successful in securing grant funding for initiatives that have a direct impact on the students and the wider community it serves. As an example a grant of £55,000 was secured in 2017-18 with West Midlands Police and Crime Commissioner. This grant was to cover the core costs for the post of a Community Engagement Manager, the delivery of programmes, additional equipment and associated operational costs. The post holder has had a very successful year working on various projects with young people, including students of the Academy and securing further funding for these projects. This funding is set to continue in 2018-19.

The Academy proactively raise funds through letting the school's facilities, offering an invaluable affordable service to the local and wider community.

The Academy is actively working on strategies to increase income generation

The Academy has received no complaints in respect of fundraising activities.

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Governors' report (continued)

Plans for Future Periods

Our initial 'Birmingham mission' is to secure for Birmingham young people the quality of education and personal and character development required for living, working and succeeding in modern 21st Century Britain.

The Broadway-Academy Trust, formerly Broadway School, is built on very solid foundations. It has a strong and transformative record of academic achievement based on highly ethical and transformative practice: we have not Permanently Excluded a student in 5 years and we have not excluded any student for poor behaviour this academic year. Our attendance is phenomenal – way above the city and national averages. Disadvantaged students excel; we have a whole Academy bias towards the poor and marginalised. Our children are provided with significant opportunities to develop their character, understand their faith and experience very strong teaching. As a result, they leave us well educated, religiously literate and of good character. They are able to enjoy productive lives with their families and the wider community, access higher levels of training, higher education and a broader spectrum of career choices. Broadway students make better citizens with broader shoulders and an appreciation of wider life across their country and the world.

We offer an aspirational culture, very determined and focused leadership and set the highest expectations for the quality of education within our schools. Our own work in this respect is highly effective and other schools and trusts have looked to us for support over time. We have also worked with governmental organisations and wider civil society to grow and learn. Consequently, our trust is never inward-looking. We have a vision to transform lives (particularly those who are at risk) and communities. Our vision is to develop a model for 21st century education which addresses the escalating issues of knife, gun gang crime in our cities. Mutually supportive relationships with shared, higher expectations. A strong moral imperative and ethical leadership defines our work ethic.

The Broadway Trust is non-denominational, while retaining and promoting cultural features which reflect our country's and also the world's major faiths. This year we are aiming, with our Year 11's, for a progress 8 score of +0.4 and a joint English and Maths Score of Level 5 and above of 55%. We are working towards recruiting 200 students into the sixth form and achieving excellent results and progress for our Year 13 students. We believe education is about securing good outcomes and developing great character.

Auditor

Insofar as the Governors are aware:

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

Governors' report, incorporating a strategic report, was approved by order of the board of Governors, as the company directors, on ...3.12..... 2018 and signed on the board's behalf by:



PC J Cahill - Chair of Governors

Broadway Academy Trust
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Governance statement

Scope of Responsibility

As Governors, 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 Governors has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for ensuring financial controls conform to 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 Governors any material weaknesses or breakdowns in internal control.

Governance

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

Main Board	Meetings attended	Out of a possible
Name		
Mr A Aziz 12.9.17 to 11.9.21	2	4
Mr J Bryan 13.3.18 to 12.3.22	4	4
PC J Cahill 12.6.17 to 11.6.21 Chair of Full Board	4	4
Mr W Dagnan 12.6.17 to 11.6.21	3	4
Dr L Gies 12.6.17 to 11.6.21	2	4
Mr R Holland 13.3.18 to 12.3.22	2	4
Mr G Hordern 9.7.18 to 8.7.22	4	4
Mr J Mound Staff Governor 14.3.17 to 13.3.21	4	4
Mr A Rudge 12.6.17 to 11.6.21	4	4
Ms S Palmer 24.1.17 to 23.1.21	4	4
Mr R Skelton 1.7.13 Headteacher	4	4
Mr K Smith 12.6.17 to 16.5.18. Resigned 16.5.18	2	3
Mr S Uddin 17.10.17 to 16.10.21	2	4

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Governance statement (continued)

The **Finance and Premises committee** is a sub-committee of the main board of Governors. Its purpose is to:

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

Finance & Premises Committee	Meetings attended	Out of a possible
Name		
Mr R Holland 13.3.18 to 12.3.22	0	2
Mr J Mound Staff Governor 14.3.17 to 13.3.21	2	2
Ms S Palmer 24.1.17 to 23.1.21	2	2
Mr R Skelton 1.7.13 Headteacher	2	2
Mr K Smith resigned 16.5.18. Was Chair. 12.6.17 to 16.5.18	1	2
Dr. Lieve Gies appointed Chair July 2018 12.6.17 to 11.6.21	0	0

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 academy trust's use of its resources has provided good value for money during each academic year, and reports to the board of Governors where value for money can be improved, including the use of benchmarking data where appropriate. 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
- Review of the staffing structure and reduction of overall staffing costs whilst still maintaining high standards of teaching and learning and support services.
- 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 after school, Saturday mornings and during the school holidays.
- Following extensive negotiations, the managed FM contract has been bought back in-house, resulting in significant costs savings and improved efficiencies.
- A further reduction in the subsidy with our catering provider was negotiated for the provision of school meals.
- Contracts and Service Level Agreements are reviewed regularly to ensure value for money in terms of cost and delivery.
- 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 EFSA by 31st December.
-
- 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 and wider community.

Broadway Academy Trust
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Governance statement (continued)

Review of value for money continued

- 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 Academy is actively exploring income generation opportunities

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the academy trust'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 2018 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

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

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of Governors;
- 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 Governors has considered the need for a specific internal audit function and has decided not to appoint an internal auditor.

An independent financial review is undertaken twice a year, which includes advice and recommendations on financial matters. Checks are carried out on the academy trust's financial systems in the following areas:

- Purchasing
- Control accounts and bank reconciliation
- Payroll systems

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Governance statement (continued)

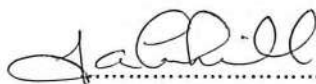
Review of Effectiveness

As accounting officer, Ronald Skelton (the Head teacher) has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the independent 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.

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 board of Governors on3.12..... 2018 and signed on its behalf by:



PC J Cahill
Chair of Governors



R Skelton
Accounting Officer

Broadway Academy Trust
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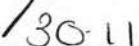
Statement of regularity, propriety and compliance

As accounting officer of Broadway Academy I have considered my responsibility to notify the academy trust board of Governors and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

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

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


..... R Skelton – Accounting Officer


..... 30.11 2018

Broadway Academy Trust
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Statement of Governors' Responsibilities

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

Company law requires the Governors to prepare financial statements for each financial year. Under company law the Governors 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 Governors 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 2017 to 2018;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

The Governors 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 Governors on3.12..... 2018 and signed on its behalf by:



PC J Cahill – Chair of Governors

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

**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 2018 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 2017 to 2018 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 2018, 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 2017 to 2018 issued by the Education and Skills Funding Agency.
- have been prepared in accordance with the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the 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.

Broadway Academy Trust
(A Company Limited by Guarantee)

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.

Broadway Academy Trust
(A Company Limited by Guarantee)

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

Responsibilities for the financial statements

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 judgment 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.

Broadway Academy Trust
(A Company Limited by Guarantee)

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

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.



David W Farnsworth FCA (Senior Statutory Auditor)

For and on behalf of Feltons, Statutory Auditor

8 Sovereign Court

8 Graham Street

Birmingham B1 3JR

10 December 2018

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

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 2017 to 2018, 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 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to 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 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

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

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

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the 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 2017 to 31 August 2018 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



David W Farnsworth FCA (Reporting Accountant)

For and on behalf of Feltons, Statutory Auditor

8 Sovereign Court

8 Graham Street

Birmingham B1 3JR

10 December 2018

Broadway Academy Trust
(A Company Limited by Guarantee)

Statement of financial activities for the year ended 31 August 2018
(including income and expenditure account)

	Notes	Unrestricted funds £	Restricted pension fund £	Restricted general funds £	Restricted fixed asset funds £	Total 2018 £	Total 2017 £
Income from :							
Donations and capital grants	2	-	-	-	24,610	24,610	39,953
Funding for the academy trust's educational operations	3	7,537	-	7,689,571	-	7,697,108	7,895,880
Other educational activities	4	678,125	-	238,924	-	917,049	161,199
Investments	5	3,353	-	-	-	3,353	6,466
Total		689,015	-	7,928,495	24,610	8,642,120	8,103,498
Expenditure on :							
Charitable activities: Academy trust's educational operations	6	282,729	101,000	7,948,381	541,280	8,873,390	9,072,384
Total		282,729	101,000	7,948,381	541,280	8,873,390	9,072,384
Net income/(expenditure) before transfers		406,286	(101,000)	(19,886)	(516,670)	(231,270)	(968,886)
Transfers between funds	14	(250,000)	-	(51,353)	301,353	-	-
Net income/(expenditure) after transfers		156,286	(101,000)	(71,239)	(215,317)	(231,270)	(968,886)
Other recognised gains/(losses)							
Actuarial gains/(losses) on defined benefit pension schemes	14, 22	-	518,000	-	-	518,000	(306,000)
Net movement in funds		156,286	417,000	(71,239)	(215,317)	286,730	(1,274,886)
Reconciliation of funds							
Total funds brought forward	14	522,605	(3,448,000)	77,352	18,905,060	16,057,017	17,331,903
Total funds carried forward		678,891	(3,031,000)	6,113	18,689,743	16,343,747	16,057,017

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 2018

	Notes	2018		2017	
		£	£	£	£
Fixed assets					
Tangible assets	11		18,892,919		19,426,634
Current assets					
Debtors	12	169,108		147,931	
Cash at bank and in hand		<u>1,501,839</u>		<u>909,958</u>	
		1,670,947		1,057,889	
Liabilities					
Creditors: amounts falling due within one year	13(a)	<u>1,076,548</u>		<u>538,608</u>	
Net current assets			594,399		519,281
Total assets less current liabilities			<u>19,487,318</u>		<u>19,945,915</u>
Creditors: amounts falling due after more than one year	13(b)		(112,571)		(440,898)
Net assets excluding pension liability			<u>19,374,747</u>		<u>19,505,017</u>
Defined benefit pension scheme liability	22		(3,031,000)		(3,448,000)
Total net assets			<u><u>16,343,747</u></u>		<u><u>16,057,017</u></u>
Funds of the academy trust :					
Restricted funds					
Fixed asset fund	14	18,689,743		18,905,060	
General fund	14	6,113		77,352	
Pension reserve	14	<u>(3,031,000)</u>		<u>(3,448,000)</u>	
Total restricted funds			15,664,856		15,534,412
Unrestricted income funds	14		678,891		522,605
Total funds			<u><u>16,343,747</u></u>		<u><u>16,057,017</u></u>

The financial statements on pages 21 to 45 were approved by the trustees, and authorised for issue on 3.12.2018
2018 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 2018

	Notes	2018 £	2017 £
Cash flows from operating activities			
Net cash provided by / (used in) operating activities	18	608,953	152,665
Cash flows from investing activities	19	(17,072)	(7,190)
Change in cash and cash equivalents in the reporting period		591,881	145,475
Cash and cash equivalents at 1 September 2017		909,958	764,483
Cash and cash equivalents at 31 August 2018	20	1,501,839	909,958

Broadway Academy Trust
(A Company Limited by Guarantee)

Notes to the financial statements for the year ended 31 August 2018

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 2017 to 2018 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 in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grants are reflected in the balance sheet in the restricted fixed asset fund. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

Broadway Academy Trust
(A Company Limited by Guarantee)

Notes to the financial statements for the year ended 31 August 2018 (continued)

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.

Broadway Academy Trust
(A Company Limited by Guarantee)

Notes to the financial statements for the year ended 31 August 2018 (continued)

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. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted funds.

Depreciation is provided on all tangible fixed assets other than freehold land and assets under construction, 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 and reclassified to freehold or leasehold land and buildings.

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.

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.

Broadway Academy Trust
(A Company Limited by Guarantee)

Notes to the financial statements for the year ended 31 August 2018 (continued)

1. Statement of accounting policies (continued)

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.

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. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

Broadway Academy Trust
(A Company Limited by Guarantee)

Notes to the financial statements for the year ended 31 August 2018 (continued)

1. Statement of accounting policies (continued)

Pension benefits (continued)

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

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.

Broadway Academy Trust
(A Company Limited by Guarantee)

Notes to the financial statements for the year ended 31 August 2018 (continued)

1. Statement of accounting policies (continued)

Critical accounting estimates and areas of judgement (continued)

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 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Broadway Academy Trust
(A Company Limited by Guarantee)

Notes to the financial statements for the year ended 31 August 2018 (continued)

2. Donations and capital grants

	Unrestricted funds £	Restricted general fund £	Restricted fixed asset funds £	Total 2017/18 £	Total 2016/17 £
Capital grants	-	-	24,610	24,610	24,953
Other donations	-	-	-	-	15,000
	-	-	24,610	24,610	39,953
2017 total	-	-	39,953	39,953	

3. Funding for the Academy Trust's educational operations

	Unrestricted funds £	Restricted general fund £	Restricted fixed asset funds £	Total 2017/18 £	Total 2016/17 £
DfE/ESFA grants					
General Annual Grant (GAG)	-	7,048,345	-	7,048,345	7,311,727
Other DfE Group grants	-	567,598	-	567,598	550,620
	-	7,615,943	-	7,615,943	7,862,347
Other government grants					
Local authority grants	-	11,658	-	11,658	14,228
Other government funding	-	61,970	-	61,970	11,625
	-	73,628	-	73,628	25,853
Other income from the academy trust's educational operations	7,537	-	-	7,537	7,680
	7,537	73,628	-	81,165	33,533
	7,537	7,689,571	-	7,697,108	7,895,880
2017 total	7,680	7,888,200	-	7,895,880	

4. Other activities

	Unrestricted funds £	Restricted funds £	Total 2017/18 £	Total 2016/17 £
Community Centre income	167,441	-	167,441	135,188
Rental income	-	-	-	14,531
Adjustments to BSF contracts	500,000	238,924	738,924	-
Miscellaneous	10,684	-	10,684	11,480
	678,125	238,924	917,049	161,199
2017 total	161,199	-	161,199	

Broadway Academy Trust
(A Company Limited by Guarantee)

Notes to the financial statements for the year ended 31 August 2018 (continued)

5. Investment income

	Unrestricted funds £	Restricted funds £	Total 2017/18 £	Total 2016/17 £
Short term deposits	3,353	-	3,353	6,466
2017 total	6,466	-	6,466	

6. Expenditure

	Staff costs £	Non pay expenditure Premises £	Other £	Total 2017/18 £	Total 2016/17 £
Academy's educational operations					
Direct costs	4,799,067	287,379	699,918	5,786,364	6,028,103
Allocated support costs	1,275,375	1,251,404	560,247	3,087,026	3,044,281
	<u>6,074,442</u>	<u>1,538,783</u>	<u>1,260,165</u>	<u>8,873,390</u>	<u>9,072,384</u>
2017 total	6,177,650	1,688,332	1,206,402	9,072,384	

Net income/(expenditure) for the period includes :

		2017/18 £	2016/17 £
Operating leases	- plant and machinery	16,187	16,263
	- other	697,122	847,428
Depreciation		578,750	566,403
Fees payable to auditor	- audit	<u>8,500</u>	<u>8,050</u>

**Total
£**

Included within expenditure are the following transactions :

Ex-gratia payments	<u>2,400</u>
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The legal authority sought to make ex-gratia payments was in compliance with the Academies Financial Handbook 2017, being delegated authority.

Broadway Academy Trust
(A Company Limited by Guarantee)

Notes to the financial statements for the year ended 31 August 2018 (continued)

7. Charitable activities

	Unrestricted funds £	Restricted pension fund £	Other restricted funds £	Total 2017/18 £	Total 2016/17 £
Educational operations					
Direct costs	176,237	-	5,610,127	5,786,364	6,028,103
Support costs	106,492	101,000	2,879,534	3,087,026	3,044,281
	<u>282,729</u>	<u>101,000</u>	<u>8,489,661</u>	<u>8,873,390</u>	<u>9,072,384</u>
2017 total	<u>96,424</u>	<u>230,000</u>	<u>8,745,960</u>	<u>9,072,384</u>	
Analysis of support costs					
Support staff costs	67,676	101,000	1,106,699	1,275,375	1,040,812
Depreciation	-	-	253,901	253,901	214,129
Technology costs	-	-	71,951	71,951	-
Premises costs	-	-	977,991	977,991	1,146,815
Other support costs	38,816	-	460,492	499,308	634,253
Governance costs	-	-	8,500	8,500	8,272
Total support costs	<u>106,492</u>	<u>101,000</u>	<u>2,879,534</u>	<u>3,087,026</u>	<u>3,044,281</u>
2017 total	<u>58,517</u>	<u>230,000</u>	<u>2,755,764</u>	<u>3,044,281</u>	

8. Staff

a) Staff costs

Staff costs during the period were:

	Total 2017/18 £	Total 2016/17 £
Wages and salaries	4,282,686	4,373,704
Social security costs	429,446	434,615
Pension costs	921,264	830,849
	<u>5,633,396</u>	<u>5,639,168</u>
Agency staff costs	438,646	528,482
Staff restructuring costs	2,400	10,000
	<u>6,074,442</u>	<u>6,177,650</u>

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Notes to the financial statements for the year ended 31 August 2018 (continued)

8. Staff (continued)

a) Staff costs (continued)

Staff restructuring costs comprise :

Other restructuring costs

Total 2017/18 £	Total 2016/17 £
2,400	10,000
<u>2,400</u>	<u>10,000</u>

b) Staff numbers

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

Teachers

Administration and support

Management

2017/18 Number	2016/17 Number
72	68
61	43
12	13
<u>145</u>	<u>124</u>

c) Higher paid staff

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

£60,001 - £70,000

£100,001 - £110,000

2017/18 Number	2016/17 Number
1	2
<u>1</u>	<u>1</u>

d) 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 and employer national insurance) received by key management personnel for their services to the academy trust was £920,029 (2017: £953,224).

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Notes to the financial statements for the year ended 31 August 2018 (continued)

9. Related Party Transactions - Trustees' remuneration and expenses

One or more trustees has been paid remuneration or has received other benefits from 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 (2017 : £105,000 - £110,000)
Employer's pension contributions paid	£15,000 - £20,000 (2017 : £15,000 - £20,000)
J Mound (staff trustee)	
Remuneration	£55,000 - £60,000 (2017 : £20,000 - £25,000)
Employer's pension contributions paid	£5,000 - £10,000 (2017 : £nil - £5,000)
R Hill (staff trustee- deceased 6/1/17)	
Remuneration	£nil (2017 : £10,000 - £15,000)
Employer's pension contributions paid	£nil (2017 : £nil - £5,000)
J Barton (staff trustee - resigned 31/12/17)	
Remuneration	£nil (2017 : £nil - £5,000)
Employer's pension contributions paid	£nil (2017 : £nil - £5,000)

During the year ended 31 August 2018, travel and subsistence expenses totalling £1,219 (2017 : £1,720) were reimbursed or paid directly to 3 (2017 : 3) trustees.

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 2018 was £267 (2017 : £274). The cost of this insurance is included in the total insurance cost.

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Notes to the financial statements for the year ended 31 August 2018 (continued)

11. Tangible fixed assets

	Leasehold land and buildings £	Fittings and equipment £	Computer hardware £	Total £
Cost or valuation				
At 1 September 2017	20,802,740	379,791	756,899	21,939,430
Additions	-	4,115	40,920	45,035
At 31 August 2018	<u>20,802,740</u>	<u>383,906</u>	<u>797,819</u>	<u>21,984,465</u>
Depreciation				
At 1 September 2017	1,733,562	154,182	625,052	2,512,796
Charge for the year	416,055	38,391	124,304	578,750
At 31 August 2018	<u>2,149,617</u>	<u>192,573</u>	<u>749,356</u>	<u>3,091,546</u>
Net book values				
At 31 August 2018	<u>18,653,123</u>	<u>191,333</u>	<u>48,463</u>	<u>18,892,919</u>
At 31 August 2017	<u>19,069,178</u>	<u>225,609</u>	<u>131,847</u>	<u>19,426,634</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 2018 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	-	71,742	461,011	532,753
	<u>20,802,740</u>	<u>383,906</u>	<u>797,819</u>	<u>21,984,465</u>

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Notes to the financial statements for the year ended 31 August 2018 (continued)

12. Debtors

	Total 2018 £	Total 2017 £
Debtors from operations	848	-
VAT recoverable	51,650	43,401
Prepayments and accrued income	116,610	89,530
Other debtors	-	15,000
	<u>169,108</u>	<u>147,931</u>

13. Creditors

	Total 2018 £	Total 2017 £
(a) Amounts falling due within one year :		
Creditors from operations	12,059	-
Accruals and deferred income	82,557	433,595
Other creditors	981,932	105,013
	<u>1,076,548</u>	<u>538,608</u>
 (b) Amounts falling due after more than one year :		
Other creditors	<u>112,571</u>	<u>440,898</u>

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 4 years for the ICT contract. The life cycle element of the Facilities Management contract ceased in July 2018.

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Notes to the financial statements for the year ended 31 August 2018 (continued)

14. Funds

	Balance at 1 September 2017 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2018 £
Restricted general funds					
General Annual Grant (GAG)	77,352	7,048,345	(7,068,231)	(51,353)	6,113
Other ESFA grants	-	567,598	(567,598)	-	-
Other grants	-	312,552	(312,552)	-	-
	<u>77,352</u>	<u>7,928,495</u>	<u>(7,948,381)</u>	<u>(51,353)</u>	<u>6,113</u>
Restricted fixed asset funds					
Transfer on conversion	19,069,177	-	(416,054)	-	18,653,123
DfE Group capital grants	29,568	24,610	(2,693)	(35,330)	16,155
Capital expenditure from GAG	24,700	-	(5,660)	7,565	26,605
Other capital grants	8,002	-	(3,942)	-	4,060
BSF Contract	(226,387)	-	(112,931)	329,118	(10,200)
	<u>18,905,060</u>	<u>24,610</u>	<u>(541,280)</u>	<u>301,353</u>	<u>18,689,743</u>
Pension reserve	<u>(3,448,000)</u>	<u>-</u>	<u>(101,000)</u>	<u>518,000</u>	<u>(3,031,000)</u>
Total restricted funds	<u>15,534,412</u>	<u>7,953,105</u>	<u>(8,590,661)</u>	<u>768,000</u>	<u>15,664,856</u>
Unrestricted funds					
Other income	522,605	689,015	(282,729)	(250,000)	678,891
Total unrestricted funds	<u>522,605</u>	<u>689,015</u>	<u>(282,729)</u>	<u>(250,000)</u>	<u>678,891</u>
Total funds	<u>16,057,017</u>	<u>8,642,120</u>	<u>(8,873,390)</u>	<u>518,000</u>	<u>16,343,747</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 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 2018.

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 where the asset acquired or created is held for a specific purpose.

Broadway Academy Trust
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Notes to the financial statements for the year ended 31 August 2018 (continued)

14. Funds (Continued)

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

	Balance at 1 September 2016 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2017 £
Restricted general funds					
General Annual Grant (GAG)	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)	-	-
	<u>436,010</u>	<u>7,888,200</u>	<u>(8,221,223)</u>	<u>(25,635)</u>	<u>77,352</u>
Restricted fixed asset funds					
Transfer on conversion	19,485,233	-	(416,056)	-	19,069,177
DfE Group 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)
	<u>19,364,209</u>	<u>39,953</u>	<u>(524,737)</u>	<u>25,635</u>	<u>18,905,060</u>
Pension reserve	<u>(2,912,000)</u>	<u>-</u>	<u>(230,000)</u>	<u>(306,000)</u>	<u>(3,448,000)</u>
Total restricted funds	<u>16,888,219</u>	<u>7,928,153</u>	<u>(8,975,960)</u>	<u>(306,000)</u>	<u>15,534,412</u>
Unrestricted funds					
Other income	443,684	175,345	(96,424)	-	522,605
Total unrestricted funds	<u>443,684</u>	<u>175,345</u>	<u>(96,424)</u>	<u>-</u>	<u>522,605</u>
Total funds	<u>17,331,903</u>	<u>8,103,498</u>	<u>(9,072,384)</u>	<u>(306,000)</u>	<u>16,057,017</u>

Broadway Academy Trust
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Notes to the financial statements for the year ended 31 August 2018 (continued)

14. Funds (Continued)

A current year 12 months and prior year 12 months combined position is as follows :

	Balance at 1 September 2016 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2018 £
Restricted general funds					
General Annual Grant (GAG)	436,010	14,360,072	(14,712,981)	(76,988)	6,113
Other ESFA grants	-	1,118,218	(1,118,218)	-	-
Other grants	-	338,405	(338,405)	-	-
	<u>436,010</u>	<u>15,816,695</u>	<u>(16,169,604)</u>	<u>(76,988)</u>	<u>6,113</u>
Restricted fixed asset funds					
Transfer on conversion	19,485,233	-	(832,110)	-	18,653,123
DfE Group capital grants	36,956	49,563	(5,387)	(64,977)	16,155
Capital expenditure from GAG	30,033	-	(10,993)	7,565	26,605
Other capital grants	-	15,000	(7,883)	(3,057)	4,060
BSF contract	(188,013)	-	(209,644)	387,457	(10,200)
	<u>19,364,209</u>	<u>64,563</u>	<u>(1,066,017)</u>	<u>326,988</u>	<u>18,689,743</u>
Pension reserve	<u>(2,912,000)</u>	<u>-</u>	<u>(331,000)</u>	<u>212,000</u>	<u>(3,031,000)</u>
Total restricted funds	<u>16,888,219</u>	<u>15,881,258</u>	<u>(17,566,621)</u>	<u>462,000</u>	<u>15,664,856</u>
Unrestricted funds					
Other income	443,684	864,360	(379,153)	(250,000)	678,891
Total unrestricted funds	<u>443,684</u>	<u>864,360</u>	<u>(379,153)</u>	<u>(250,000)</u>	<u>678,891</u>
Total funds	<u>17,331,903</u>	<u>16,745,618</u>	<u>(17,945,774)</u>	<u>212,000</u>	<u>16,343,747</u>

15. Analysis of net assets between funds

Fund balances at 31 August 2018
are represented by:

	Unrestricted funds £	Restricted pension funds £	Restricted general funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets	-	-	-	18,892,919	18,892,919
Current assets	678,891	-	992,056	-	1,670,947
Current liabilities	-	-	(985,943)	(90,605)	(1,076,548)
	<u>678,891</u>	<u>-</u>	<u>6,113</u>	<u>18,802,314</u>	<u>19,487,318</u>
Creditors due after one year	-	-	-	(112,571)	(112,571)
Pension scheme liability	-	(3,031,000)	-	-	(3,031,000)
Total net assets	<u>678,891</u>	<u>(3,031,000)</u>	<u>6,113</u>	<u>18,689,743</u>	<u>16,343,747</u>

Broadway Academy Trust
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Notes to the financial statements for the year ended 31 August 2018 (continued)

15. Analysis of net assets between funds (Continued)

Comparative information in respect of the preceding period is

	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

	2018 £	2017 £
Contracted for but not provided in the financial statements	-	9,070

17. Commitments under operating leases

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

	Other	
	Total 2018 £	Total 2017 £
Amounts due within one year	289,470	826,331
Amounts due between one and five years	397,065	2,649,834
Amounts due after five years	-	6,077,700
	686,535	9,553,865

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

	Total 2017/18 £	Total 2016/17 £
Net income/(expenditure) for reporting period (as per the SoFA)	(231,270)	(968,886)
Adjusted for :		
Depreciation (note 11)	578,750	566,403
Capital grants from DfE and other capital income	(24,610)	(39,953)
Interest receivable (note 5)	(3,353)	(6,466)
Defined benefit pension scheme cost less contributions payable	16,000	167,000
Defined benefit pension scheme finance cost/(income) (note 22)	85,000	63,000
Decrease / (increase) in debtors	(21,177)	435
Increase / (decrease) in creditors	209,613	371,132
Net cash provided by / (used in) operating activities	608,953	152,665

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Notes to the financial statements for the year ended 31 August 2018 (continued)

19. Cash flows from investing activities

	Total 2017/18 £	Total 2016/17 £
Interest received	3,353	6,466
Purchase of tangible fixed assets	(45,035)	(53,609)
Capital grants from DfE Group	24,610	24,953
Capital funding from others	-	15,000
Net cash provided by / (used in) investing activities	(17,072)	(7,190)

20. Analysis of cash and cash equivalents

	At 31 August 2018 £	At 31 August 2017 £
Cash at bank and in hand	1,501,839	909,958
	1,501,839	909,958

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.

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Notes to the financial statements for the year ended 31 August 2018 (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' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

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

Valuation of the Teachers' Pension Scheme

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

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

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 £449,549 (2017 : £466,432).

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

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

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Notes to the financial statements for the year ended 31 August 2018 (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 2018 was £424,000 (2017 : £169,000), of which employer's contributions totalled £367,000 (2017 : £120,000) and employees' contributions totalled £57,000 (2017 : £49,000). 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 2018	At 31 August 2017
Rate of increase in salaries	3.80%	4.20%
Rate of increase for pensions in payment / inflation	2.30%	2.70%
Discount rate for scheme liabilities	2.65%	2.60%
Inflation assumption (CPI)	2.30%	2.70%
Commutation of pensions to lump sums	50.00%	50.00%

Sensitivity analysis

	As disclosed	Discount rate	CPI rate	In life expectancy
		+ 0.1% pa	+ 0.1% pa	+ 1 year
	£'000s	£'000s	£'000s	£'000s
Present value of total obligation	4,468	4,358	4,562	4,618
Projected service cost	333	324	342	344
		- 0.1% pa	- 0.1% pa	- 1 year
	£'000s	£'000s	£'000s	£'000s
Present value of total obligation	4,468	4,581	4,377	4,323
Projected service cost	333	342	324	323

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 2018	At 31 August 2017
Retiring today		
Males	21.9	21.8
Females	24.4	24.3
Retiring in 20 years		
Males	24.1	24.0
Females	26.7	26.6

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Notes to the financial statements for the year ended 31 August 2018 (continued)

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 2018 £	Fair value at 31 August 2017 £
Equities	909,000	667,000
Government bonds	103,000	77,000
Other bonds	53,000	41,000
Property	117,000	77,000
Cash/liquidity	54,000	52,000
Other	201,000	140,000
Total market value of assets	1,437,000	1,054,000

The actual return on scheme assets was £14,000 (2017 : £224,000).

	2017/18 £	2016/17 £
Amount recognised in the statement of financial activities		
Current service cost (net of employee contributions)	383,000	287,000
Net interest cost	85,000	63,000
Total amount recognised in the SoFA	468,000	350,000

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

	2017/18 £	2016/17 £
At 1 September 2017	4,502,000	3,794,000
Current service cost	383,000	287,000
Interest cost	117,000	82,000
Changes in financial assumptions	(536,000)	176,000
Change in demographic assumptions	-	(59,000)
Experience (gain) on defined benefit obligation	-	364,000
Benefits paid net of transfers in	(55,000)	(191,000)
Contributions by participants	57,000	49,000
At 31 August 2018	4,468,000	4,502,000

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Notes to the financial statements for the year ended 31 August 2018 (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 :

	2017/18 £	2016/17 £
At 1 September 2017	1,054,000	882,000
Interest income	32,000	19,000
Return on assets less interest	(18,000)	205,000
Other actuarial (losses)	-	(30,000)
Employer contributions	367,000	120,000
Contributions by participants	57,000	49,000
Benefits paid net of transfers in	(55,000)	(191,000)
At 31 August 2018	<u>1,437,000</u>	<u>1,054,000</u>
Net pension scheme liability	<u>(3,031,000)</u>	<u>(3,448,000)</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 relating to connected and related party transactions

The following related party transactions took place during the period:

Titan Partnership Limited

	2018 £	2017 £
Charitable company in which trustee R Skelton was a director (resigned 1/3/18)		
Services charged from related company during the year	<u>26,160</u>	<u>7,060</u>

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 2017.