

**By Brook Valley Academy Trust
(A Company Limited by Guarantee)**

Annual Report and Financial Statements

Year Ended 31 August 2018

**Company Registration Number
8020467 (England and Wales)**

Contents	Page
Reference and Administrative Details	3 - 4
Chairman's Report	5
Headteacher's Report	6 - 7
Trustees' Report	8 - 12
Governance Statement	13 - 17
Statement on Regularity, Propriety and Compliance	18
Statement of Trustees' Responsibilities	19

By Brook Valley Academy Trust Ltd
Reference and Administrative Details

Governors/Directors

Governors	Appointed	Left
Bev Ball (Headteacher and accounting officer) *	04/04/2012	
Ian Banister (Chairman to 21/09/2017) *	12/09/2013	21/09/2017
Beth Borthwick	20/07/2017	
Anton Campbell	19/03/2015	
Carrie Davies (staff governor)	19/09/2016	
Keith Ernest (Chairman from 21/09/2017)*	27/11/2014	
Deb Henshall (associate governor)	22/09/2016	
Anne Hilton	27/11/2014	09/09/2017
Rosemary Jago	16/03/2017	
Joanne Jardim (staff governor)*	16/07/2015	
Lynne Lawton *	27/11/2014	21/09/2017
Martin Lowe *	17/11/2014	
David New	27/11/2014	
Lisa Nicolson	26/11/2015	
Victoria Rees*	26/01/2017	31/10/2018
Andrew Wylie*	14/05/2016	

* indicates those who are members of the finance and premises committee

Members

All governors/directors are members. In addition the following were also members:

The Diocese of Bristol Academies Company

Company Secretary

J Culley-Oakley	12/10/2018
Michelle Hocking	15/10/2018

Senior Management Team

Headteacher	B Ball
Deputy Headteacher	D Henshall
Deputy Headteacher	J Jardim
Class Teacher	Carrie Davies
School Manager	E Dadd

Principal and Registered Office By Brook Valley C of E Primary School
The Street
Yatton Keynell
Chippenham
Wiltshire
SN14 7BA

Company Registration Number 8020467 (England and Wales)

Independent Auditor MHA Monahans
38-42 Newport Street
Swindon
SN1 3DR

Solicitors Blake Morgan LLP
Seacourt Tower
West Way
Oxford
OX2 0FB

CHAIRMANS STATEMENT FOR THE PERIOD ENDING 31ST AUGUST 2018

This has been my first year as Chairman and I would like to thank everyone at the school for their efforts and assistance. They have made my involvement in the school over the past year a pleasure and their help has been greatly appreciated.

This year has seen a few faces change, both staff and governors alike, and all seemed to have settled into their roles well which is testament to the welcoming atmosphere the staff present around the school. The children always seem to have smiles on their faces whenever I have visited the school.

The children themselves need to be thanked as without them life in the school would be a little dull. They have put on some wonderful performances that I have had the opportunity to observe and everyone always gets involved. Watching some of the children that a couple of years ago were shy, perform in the Christmas performance last year and confidently deliver their lines was especially memorable.

I would like to take the opportunity to thank the Senior Leadership Team, who throughout this year have continued to drive the school forward no matter what the continually changing educational landscape throws at them, whether it's a change in the curriculum or an overhaul of the whole data recording process. The dedication that they give the school does not go unnoticed and serves as an excellent example to the rest of the staff.

If I follow on from my predecessor's statement last year about parents understanding the role of the governors, this is something that I believe still needs to be focused on. The governors' presence around the school has increased for the parents to engage with but the role of what a school governor is and does still needs further publication.

I look forward to continue working with all those involved in the school over the next year to repay the help and guidance that they have all shown me over this year.

K Ernest

Chair of Governors

01 September 2018

Principal's Report

For the period ended 31st August 2018

School Organisation

This year we have continued to operate with seven classes, although our number on role dropped slightly to around 190. We continued to employ specialist music and French teachers and continued to improve teachers' skills in PE through the use of sports coaches.

School Leadership

The Senior Leadership Team continue to work closely and collaboratively to ensure the children at By Brook benefit from a broad and rich curriculum and that standards remain high. Skills progression documents, compiled by subject leaders, further supported teachers in providing appropriate challenge for all groups of learners.

This year we enjoyed working with our wider community on a History and Design technology week. We were more widely involved in sporting activities through our work with the sports partnership and all children from Year 1 to Year 6 took part in at least one sporting tournament. We also worked with our friends association to install outdoor play equipment, further encouraging the children to engage in physical exercise. Our talented sports pupils also spent a day at Bath University competing alongside able athletes from other schools and benefitting from the universities expert coaching and incredible facilities.

The introduction of the 'Jigsaw' PSHE scheme has given breadth and depth to this curriculum area. It also links closely to the values we learn about, and from, in worship, deepening learning and providing wider opportunities for discussion and exploration of key questions.

This year we also successfully introduced Restorative Justice. All pupils really value this approach and the part they play in restitution. The parents /carers were all given information so they could understand the way By Brook responds to behaviour incidents and, if they wished, could support this approach at home. Restorative Justice also supports our Christian Foundation.

In the summer term, we reviewed our school vision. Staff and Governors agreed that our Vision from 1 September 2018 will be:

Roots to grow, wings to fly
"They will soar on wings like eagles"
Isaiah 40:31

This vision better reflects our school, community and Christian Foundation.

National Support School

During this academic year, we worked closely with both Pickwick Teaching School Alliance and The White Horse Federation to support a number of other schools to improve their leadership and teaching. We also benefitted by being at the forefront of new initiatives, e.g. phonics and from being well informed about national strategic plans. It gave us wider CPD opportunities and we also benefitted from learning from best practice in school within and outside of Wiltshire.

Attainment

2017-18 saw attainment in all areas and in all phases in line with or above national outcomes.

End of Foundation Stage Attainment: GLD 85.7%

85.7% children achieved a good level of development (or above) in all Prime areas and in Literacy and Maths. (National 70.7%). The continued impact of our focus on writing across the curriculum was clearly evident as was the continued impact of speech and language therapy for a number of these children.

Phonics: 84.6%

There was, again, strong performance in the percentage of Year 1 children achieving the expected standard in the phonics screening check with 84.6% of children achieving the required standard (82.5% nationally).

Key Stage 1 Attainment (Teacher Assessment)

30 children. Writing was moderated by the Local Authority and our judgments found to be accurate.

% achieved or exceeded the expected standard

	By Brook 2018	National 2017
Reading	76.7	76
Writing	73.3	68
Maths	86.7	75

Key Stage 2 Attainment

30 Children. Across the board, results were strong against the national and in most cases reflected at least expected progress against starting points.

% achieved or exceeded the expected standard

	By Brook 2018	National 2017
RWM	76.7	64
Reading	86.7	75
Writing	83.3	78
Maths	100	76
EGPS	90	78

Our priorities for 2018-19 include:

- Maximising progress of previously higher attaining pupils
- Global Citizenship including courageous advocacy
- Embedding our school vision across all aspects of the school
- Mental Health and well-being of all pupils and staff

Bev Ball (Principal)
October 2018.

By Brook Valley Academy Trust Trustees' Report

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year 1 September 2017 to 31 August 2018. The annual report serves the purpose of both a trustee's report, and a director's report under company law.

The trust operates a single academy, By Brook Valley C of E Primary School, for pupils aged 4 to 11, serving a catchment area which includes the villages of Biddestone, Nettleton and Burton, Castle Combe and Yatton Keynell. The school has a pupil capacity of 210 and had a roll of 192 in the school census in October 2017.

Structure, Governance and Management

Constitution

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The trustees are also the directors of the charitable company for the purposes of company law and the governors of the academy. The charitable company is known as By Brook Valley Academy Trust.

Details of the trustees who served during the year are included in the Reference and Administrative Details on Page 3.

Members' Liability

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

Trustees' Indemnities

The academy trust has opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to £10,000,000.

Method of Recruitment and Appointment or Election of Trustees

Governors are subject to retirement by rotation but are eligible for re-election at the meeting at which they retire.

The Chair and Vice Chair are elected by the Governing Body, annually, at the first meeting of the year, from within their own number.

The Governors who were in office at 31 August 2018 and served throughout the period, except where shown are listed in the Reference and Administrative Details section.

Policies and Procedures Adopted for the Induction and Training of Trustees

The training and induction provided for new Governors is dependent on their existing experience. Where necessary induction training is provided on charity and educational, legal and financial matters.

All new Governors are given a tour of the school and the opportunity to meet staff and pupils. All Governors are provided with copies of policies, procedures, minutes, accounts, Budget, plans, and other documents that they will require to undertake their role as Governors. Induction tends to be informal and is tailored specifically to the individual.

Organisational Structure

The organisational structure of the Academy Trust consists of four levels:

- Full Governing Body (Directors & Trustees)
- Members
- Senior Leadership Team
- School Staff

The aim of this structure is to devolve responsibility and encourage involvement in decision making at all levels.

The Governors are responsible for setting general policy, adopting an annual plan and budget, monitoring the school by the use of budgets and making major decisions about the direction of the school, capital expenditure and senior staff appointments.

The Senior Leadership Team consists of the Headteacher, two Deputy Headteachers and the School Manager. These managers control the school at an executive level, implementing the policies laid down by the Governors, and reporting back to them. The Headteacher is responsible for appointment of staff, though all senior appointments also require the approval of the Governing Body. The Headteacher, assisted by the Finance Officer, is responsible for authorisation of expenditure within agreed budgets.

Arrangements for setting pay and remuneration of key management personnel

The Governing Body delegates (in accordance with its scheme of delegation) to its Pay Panel the responsibility for reviewing and determining staff salaries and for making recommendations to the Governing Body for the annual budget needed for pay. All teachers employed at By Brook Valley Academy Trust are paid in accordance with the statutory provisions of the School Teachers' Pay and Conditions Document (STPCD). All pay-related decisions are made taking full account of the school improvement plan and teachers and unions have been consulted on this policy.

The pay ranges for the headteacher and deputy headteachers are determined in accordance with the criteria specified in the STPCD 2016 (Section 2, Part 2 – leadership group pay).

The academy adheres to Local Government pay arrangements for support staff, and rates are based upon the pay range determined within the National Joint Council for Local Government Services.

Related Parties and other Connected Charities and Organisations

The Church of England via the Diocese of Bristol Academies Company is a foundation member of the academy trust.

The school is a member of the Chippenham Partnership of Schools.

Objectives and Activities

Objects and Aims

The principal object and activity of the Charitable Company, as outlined in the Trusts' Articles of Association, is the operation of the By Brook Valley C of E Primary School to advance, for the Public Benefit, education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school with a designated Church of England religious character offering a broad and balanced curriculum conducted in accordance with the principles, practices and tenets of the Church of England both generally and in particular in relation to arranging for religious education and daily acts of worship (as required by the Funding Agreement) and in having regard to the advice of the Diocesan Board of Education.

Aims, Activities, Achievements and Performances

The Aims and Activities and Achievements and Performance for 2017/18 are summarised in the Headteacher's Report.

Public Benefit

The trustees have complied with their duty to have due regard to public benefit guidance published by the Charities Commission in defining the strategic direction of the Academy.

Strategic Report

Achievements and Performance and Key Performance Indicators

The Achievements and Performance and KPI for 2017/18 are summarised in the Headteacher's Report above.

Going Concern

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

Financial Review

Most of the Academy's income is obtained from the Education and Skills Funding Agency in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the year ended 31 August 2018 are shown as restricted funds in the statement of financial activities.

In the year, total income of £940,000 was received and £1,025,000 expenditure incurred.

The academy made an in year surplus of £29,000. At 31 August 2018 the actual position of reserves were £220,000 (being the total balance at 31 August on restricted general funds (excluding pension reserve) plus the balance on unrestricted funds).

Financial Objectives

The Academy's financial objectives are

- To ensure best value in respect of financial decisions, and
- To ensure that all resources are used to promote pupil achievement

Reserves Policy

The governors aim to maintain free reserves of £35,000 to ensure that there is sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. As at 31 August 2018, the Academy had free reserves (total funds less the amount held in fixed assets and restricted funds) of £191,000. The academy also held an amount of £29,000 in restricted general funds. The reserves held are in excess of the £35,000 required.

The total balance at 31 August 2018 on restricted general funds (excluding pension reserve) plus the balance on unrestricted funds, was £220,000.

In total at 31 August 2018, the funds of the academy were £2,790,000 which is represented by £2,599,000 of restricted funds and £191,000 unrestricted funds. £2,676,000 of the restricted funds can only be realised by disposing of tangible fixed assets.

The governors acknowledge the pension reserve deficit of £106,000 (2017: £154,000) and have increased the contributions in order to gradually reduce this deficit.

Investment Policy

The school's investment policy requires that the Finance Officer monitors cash flow and the current account balance to ensure immediate financial commitments can be met (payroll and payments runs) and that the current account has adequate balances to meet forthcoming commitments. In practice a working balance of between £50,000 and £90,000 is likely to be maintained and the school will normally seek to avoid its current account going overdrawn. During the period under review, this policy was followed. Any change in Policy requires the approval of Governors via the Finance and Premises Committee.

Principal Risks and Uncertainties

The Governors understand and have complied with their duty and have identified and reviewed the risks to which the Academy is likely to be exposed. They have ensured that appropriate controls are in place to provide reasonable assurance against fraud and error.

The Major Risks to which the Academy is likely to be exposed have been assessed, in particular those relating to teaching and learning, the provision of facilities, and all other operational aspects of the school and its finances. The Governors continue to monitor internal systems to assess risk faced by the school, both in operational (e.g. Health and Safety, Teaching and Learning, Behaviour and School Trips) and in relation to the control of Finances.

A Risk Register is in place, which is subject to an annual review. In addition, a Business Continuity Plan has been developed. The highest risk items are identified and control procedures agreed by the Governing Body.

The Academy has an effective and robust system of internal controls in place working to the guidance of the Academies Financial Handbook including the following policies:

- Finance Manual (containing all policies relating to control of income and expenditure and procurement)
- Best Value Statement
- Depreciation Policy
- Write off of debt/disposal of equipment Policy

A Management Accounts report is provided to the Full Governing Body each month. The Finance Committee meets at least once per term to discuss the schools financial position in depth and, in turn, the Finance Committee briefs the Full Governing Body at the subsequent Trustees Meeting. The Governing Body has appointed a Responsible Officer, whose role is described in the Risk and Control Framework below.

An improvement in the backup procedure that allows for data to be stored securely offsite is in place for backing up school data on a daily basis. There is also a Fixed Asset Register and separate inventory for non-capital assets. These are reviewed on a regular basis.

Health and Safety inspections are carried out termly, and Health & Safety risk assessments are carried out annually and reviewed regularly. Reports are submitted to the Finance and Premises Committee regularly.

The Governing Body strives to ensure that all Academy financial transactions and educational responsibilities are managed within stringent guidelines as set by all relevant authorities (e.g. DFE, ESFA).

Fundraising

The academy does not carry out any fundraising activity. The academy occasionally applies for grants. The academy does not work with a commercial or professional fundraiser. FOBBVS, a separate organisation, raises funds from the community which are donated to the academy. The academy has not received any complaints regarding the fundraising of FOBBVS.

Plans for Future Periods

The plans for future periods are outlined in the Headteacher's report. The Academy will continue to maintain the high levels of performance of its pupils at all levels.

Funds held as Custodian Trustee on behalf of others

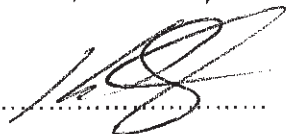
There are currently no funds held as Custodian Trustee or on the behalf of others.

Auditor

Insofar as the trustees are aware:

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

Trustees' report, incorporating a strategic report, approved by order of the board of trustees, as the company directors, on^{22/11/18}..... and signed on the board's behalf by:

.....

Mr Keith Ernest

Chair of Governors

By Brook Valley Academy Trust

Governance Statement

Scope of Responsibility

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

The board of trustees has delegated the day-to-day responsibility to the Headteacher, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between By Brook Valley Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. Including the AGM, the board of trustees has formally met 6 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Governors and trustees	Appointed	Left	Meetings attended
Bev Ball (Headteacher and accounting officer)	04/04/2012		6 of 6
Ian Banister (Chairman 2016/17)	12/09/2013	21/09/2017	0 of 0 (auto-resignation at beginning of first meeting)
Beth Borthwick	20/07/2017		5 of 6
Anton Campbell	19/03/2015		6 of 6
Carrie Davies (Staff Governor)	19/09/2016		6 of 6
Keith Ernest (Chairman 2017/2018)	27/11/2014		6 of 6
Deb Henshall (Associate Governor)	22/09/2016		
Joanne Jardim (Staff governor)	16/07/2015		5 of 6
Lynne Lawton	27/11/2014	21/09/2017	0 of 0 (auto-resignation at beginning of first meeting)
Martin Lowe	17/11/2014		2 of 6

David New	27/11/2014	5 of 6
Lisa Nicolson	26/11/2015	5 of 6
Victoria Rees	26/01/2017	2 of 6
Andrew Wylie	14/05/2016	3 of 6
Rosie Jago-Done	16/03/2017	5 of 6

The range of work that the board covers is set out in our "Must, Could, Should" guide. This form is also used to monitor how much each board member does throughout the year, coupled with a skills audit that is filled out, allows us to assess how effective the board is and see if there are any skills gaps that we need to address. This has helped us to see the wider skill set of the board and to focus our attentions on aspects that are lower than what we would want.

Governance Review

The governors continue to monitor their own performance during the year, one such way this is measured is the continued inclusion of a standing item at the end of each sub-committee meeting requesting that the committee reviews and records the impact of the meeting and how the meeting has "added value". These discussions are included in minutes and fed back to Full Governing Body meetings. The impact of this has been to ensure a constant process of self-evaluation, challenge and an improvement in the formal documentation of this process and the way in which it is fed back to the board.

The Finance and Premises Committee is a subcommittee of the main board of trustees. Attendance at meetings in the year was as follows:

Governors and trustees	Meetings attended
Bev Ball (Headteacher and accounting officer)	5 of 6
Martin Lowe (Chair of committee)	5 of 6
Keith Ernest	6 of 6
Vicki Rees	3 of 6
Andrew Wylie	1 of 6
Rosemary Jago	4 of 6

Value for Money

As Accounting Officer the Headteacher has responsibility for ensuring that the academy 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's use of its resources has provided good value for money during each academic year and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where available. The Accounting Officer for the academy has delivered improved value for money during the year by:

Replacing some school fencing

The existing wooden fencing was becoming defective and was no longer robust enough for the security of the school. Higher metal fencing which would make it much more difficult to get onto the school site but also improve visibility for security purposes. This also helped with the security of the planned purchase of the new play equipment in the playground. Three quotes were obtained and P J Dyke Ltd was selected as the preferred supplier based on price and evidence of good workmanship from previous work carried out at the school. The new fencing is now protecting the school assets from damage when the school is unattended, as well as keeping the children and staff safer during school hours.

Replacement of Thermostatic Mixer Valves (TMV's)

As the school is approaching twenty years old, there have been increasing problems with TMV's becoming defective. It would take an engineer long amounts of time to find which was the defective valve which was proving costly per replacement. It was agreed that the valves would all be replaced at the same time in a planned procedure which would cut down on ad hoc expensive repair bills and the school having no hot water in certain areas.

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 academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in By Brook Valley Trust for the period up to 31 August 2018 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

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

The Risk and Control Framework

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

- Comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Governing Body
- Regular reviews by the Finance & 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 (including asset purchasing or capital investment) guidelines
- Delegation of authority and segregation of duties and
- Identification and management of risks

In addition, the governors have considered the guidance for public listed companies contained within the Turnbull Report and have adopted these guidelines as best practice. Accordingly they have set policies on internal controls and compiled a risk register which covers the following:

- The type of risks the Academy faces
- The level of risks which they regard as acceptable
- The likelihood of risks materialising
- The Academy's ability to reduce the incidence and impact on the Academy's operations of risks that do materialise
- The costs of operating particular controls relative to the benefits obtained
- Embedded the control system into the Academy's operations so that it becomes part of the culture of the Academy
- Developed systems to respond quickly to evolving risks arising from factors within the Academy and to changes in the external environment, and
- Included procedures for reporting failings immediately to appropriate levels of management and the governors together with details of corrective action being taken.

The board of trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However the trustees have appointed an accounting technician supplied by the Wiltshire Learning Trust as part of a bought in service as an external reviewer, to perform additional checks.

This role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. On a quarterly basis, these reports are submitted to the board of trustees, through the Finance and Premises Committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

Review of Effectiveness

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

- The work of the independent external reviewer provided by Wiltshire Learning Trust.
- The work of the Finance and Health & Safety Officer who has responsibility for developing and maintaining the internal control framework.
- The recommendations and comments made by the auditors of the Academy's financial statements in their management letter and reports.

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.

This report was approved by order of the board of trustees on20/11/18..... and signed on its behalf by:


.....
Mr Keith Ernest
Chair of Governors


.....
Mrs Bev Ball
Accounting Officer

By Brook Valley Academy Trust

**Statement on Regularity, Propriety and Compliance
for the Year Ended 31 August 2018**

As accounting officer of By Brook Valley Academy Trust I have considered my responsibility to notify the charitable company board of trustees and the Education and Skills Funding Agency of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the charitable company and the Secretary of State. 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 charitable company board of trustees are able to identify any material irregular or improper use of funds by the charitable company, or material non-compliance with the terms and conditions of funding under the charitable company's funding agreement and the Academies Financial Handbook 2017.

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

.....B.M. Ball.....

B Ball - Accounting Officer

Date: 22.11.18.....

By Brook Valley Academy Trust

Statement of Trustees Responsibilities for the Year Ended 31 August 2018

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

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

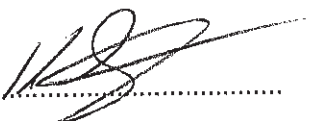
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the board of trustees on 22/11/18 and signed on its behalf by:



Mr Keith Ernest – Trustee

Report of the Independent Auditors to the Members of
By Brook Valley Academy Trust

Opinion

We have audited the financial statements of By Brook Valley Academy Trust (the 'charitable company') for the year ended 31 August 2018 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement 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, 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' and the Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency (ESFA).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2018 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland';
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and 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 Auditors responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company 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 charitable company'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.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and 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, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Report of the Independent Auditors to the Members of
By Brook Valley Academy Trust

Responsibilities of trustees

As explained more fully in the Statement of Trustees Responsibilities, the trustees (who are also the directors of the charitable company 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 charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

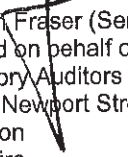
Our responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.


Steven Fraser (Senior Statutory Auditor)
for and on behalf of MHA Monahans
Statutory Auditors
38-42 Newport Street
Swindon
Wiltshire
SN1 3DR

Date: 11th December 2014

**Independent Reporting Accountant's Assurance Report on Regularity to
By Brook Valley Academy Trust and the Education and Skills Funding Agency**

In accordance with the terms of our engagement 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 By Brook Valley 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 By Brook Valley 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 By Brook Valley 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 By Brook Valley Academy Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of By Brook Valley Academy Trust's accounting officer and the reporting accountant

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

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

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2017 to 2018 issued by 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 charitable company's income and expenditure.

In planning and conducting our work we had due regard to professional guidance, including the Academies Accounts Direction 2017 to 2018 and the ICAEW Assurance Sourcebook. The work undertaken to draw to our conclusion, includes, but is not limited to:

- Enquiry of senior management and the Academy's Trustees.
- Inspection and review of the accounting records, meeting minutes, prior year regularity report, internal control procedures, management representations and declarations of interest.
- Observation and re-performance of the financial controls.
- Review of the results of the Academy's process of independent checking of financial controls, systems, transactions and risks

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.



MHA Monahans
Chartered Accountants
38-42 Newport Street
Swindon
Wiltshire
SN1 3DR

Date: 14th December 2018

By Brook Valley Academy Trust
Statement of Financial Activities
(Incorporating an Income and Expenditure Account)
for the Year Ended 31 August 2018

	Notes	Unrestricted funds £'000	Restricted funds £'000	Fixed asset fund £'000	Total 2018 funds £'000	Total 2017 funds £'000
INCOME AND ENDOWMENTS FROM						
Donations and capital grants	2	3	-	16	19	16
Charitable activities						
Funding for the academy's educational operations	3	68	820	-	888	888
Other trading activities	4	<u>33</u>	<u>-</u>	<u>-</u>	<u>33</u>	<u>23</u>
Total		104	820	16	940	927
EXPENDITURE ON						
Charitable activities						
Academy's educational operations		<u>51</u>	<u>873</u>	<u>101</u>	<u>1,025</u>	<u>1,008</u>
NET INCOME/(EXPENDITURE)		53	(53)	(85)	(85)	(81)
Transfers between funds	18	<u>-</u>	<u>(7)</u>	<u>7</u>	<u>-</u>	<u>-</u>
Other recognised gains/(losses)						
Actuarial gains/losses on defined benefit schemes		<u>-</u>	<u>84</u>	<u>-</u>	<u>84</u>	<u>96</u>
Net movement in funds		53	24	(78)	(1)	15
RECONCILIATION OF FUNDS						
Total funds brought forward		<u>138</u>	<u>(101)</u>	<u>2,754</u>	<u>2,791</u>	<u>2,776</u>
TOTAL FUNDS CARRIED FORWARD		<u>191</u>	<u>(77)</u>	<u>2,676</u>	<u>2,790</u>	<u>2,791</u>

The notes form part of these financial statements

Balance Sheet
At 31 August 2018

	Notes	2018 £'000	2017 £'000
FIXED ASSETS			
Tangible assets	11	2,676	2,754
CURRENT ASSETS			
Stocks	12	2	2
Debtors	13	34	34
Cash at bank		<u>260</u>	<u>218</u>
		296	254
CREDITORS			
Amounts falling due within one year	14	<u>(76)</u>	<u>(63)</u>
NET CURRENT ASSETS		<u>220</u>	<u>191</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		2,896	2,945
PENSION LIABILITY	19	<u>(106)</u>	<u>(154)</u>
NET ASSETS		<u>2,790</u>	<u>2,791</u>
FUNDS	18		
Restricted funds:			
Fixed asset fund		2,676	2,754
Restricted income fund		29	53
Pension reserve		<u>(106)</u>	<u>(154)</u>
Total restricted funds		2,599	2,653
Unrestricted income funds		<u>191</u>	<u>138</u>
TOTAL FUNDS		<u>2,790</u>	<u>2,791</u>

The financial statements were approved by the Board of Trustees on 22/11/18 and were signed on its behalf by:


.....
Mr K Ernest- Trustee

By Brook Valley Academy Trust

Cash Flow Statement
for the Year Ended 31 August 2018

	Notes	2018 £'000	2017 £'000
Cash flows from operating activities:			
Cash generated from operations	21	64	74
Finance costs		<u>(4)</u>	<u>-</u>
Net cash provided by (used in) operating activities		<u>60</u>	<u>74</u>
Cash flows from investing activities:			
Purchase of tangible fixed assets		(24)	(10)
Capital grants from DfE/ESFA		<u>6</u>	<u>6</u>
Net cash provided by (used in) investing activities		<u>(18)</u>	<u>(4)</u>
		<u> </u>	<u> </u>
Change in cash and cash equivalents in the reporting period		42	70
Cash and cash equivalents at the beginning of the reporting period		<u>218</u>	<u>148</u>
Cash and cash equivalents at the end of the reporting period		<u><u>260</u></u>	<u><u>218</u></u>

The notes form part of these financial statements

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Academies Accounts Direction 2017 to 2018 issued by the ESFA, the Charities Act 2011 and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

By Brook Valley Academy Trust meets the definition of a public benefit entity under FRS 102.

The financial statements are prepared in sterling which is the functional currency of the charity and rounded to the nearest thousand pound.

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 income is recognised in the Statement of Financial Activities once the charity has entitlement to the funds, it is probable that the income will be received 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.

Donations

Donations are recognised on a receivable basis (where there are no performance related conditions), where it is probable that the income will be received and the amount can be measured reliably.

Other income

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

Donated goods, facilities and services

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

Notes to the Financial Statements - continued
for the Year Ended 31 August 2018

1. ACCOUNTING POLICIES - continued

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.

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

Raising funds includes all expenditure incurred by the charity to raise funds for its charitable purposes and includes costs of all fundraising activities, events and non-charitable trading.

Charitable activities

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

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 fund.

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

Long leasehold buildings	50 years
Property improvements	10 years
Fixtures, fittings and equipment	3 years
ICT equipment	3 years

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

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

The leasehold land and buildings (being the school building) were transferred to the academy on a 125 year lease from Wiltshire Council. The property is included at the insurance valuation upon conversion. Other assets on transfer have been valued at cost when purchased shortly prior to the formation of the academy.

Notes to the Financial Statements - continued
for the Year Ended 31 August 2018

1. ACCOUNTING POLICIES - continued

Stocks

Stock consists of purchased goods for resale including uniforms as well as other items held for future use. Stocks are valued at the lower of cost and net realisable value.

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.

Provisions

Provisions are recognised when the academy trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

Leased Assets

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

Taxation

The Academy 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 is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments. Amounts due to the charity's wholly owned subsidiary are held at face value less any impairment.

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. Amounts due to charity's wholly owned subsidiary are held at face value less any impairment.

Fund accounting

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

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

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

Notes to the Financial Statements - continued
for the Year Ended 31 August 2018

1. ACCOUNTING POLICIES - continued

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.

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.

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.

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 19, 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.

Critical areas of judgement

There are no critical areas of judgement.

2. DONATIONS AND CAPITAL GRANTS

	Unrestricted funds £'000	Restricted funds £'000	2018 Total funds £'000	2017 Total funds £'000
Other donations	3	10	13	10
Capital grants	-	6	6	6
	<u>3</u>	<u>16</u>	<u>19</u>	<u>16</u>

Grants received, included in the above, are as follows:

	2018 £'000	2017 £'000
DfE Group capital grants	<u>6</u>	<u>6</u>

Notes to the Financial Statements - continued
for the Year Ended 31 August 2018

3. FUNDING FOR THE ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds £'000	Restricted funds £'000	2018 Total funds £'000	2017 Total funds £'000
Grants	-	807	807	812
School trips	-	13	13	9
Afterschool club	68	-	68	64
Other income	-	-	-	3
	<u>68</u>	<u>820</u>	<u>888</u>	<u>888</u>

An analysis of grants received is given below:

	Unrestricted funds £'000	Restricted funds £'000	2018 Total funds £'000	2017 Total funds £'000
DfE/ESFA revenue grant				
General Annual Grant(GAG)	-	706	706	721
Other DfE Group grants	-	90	90	77
	-	796	796	798
Other government grant				
Special educational needs	-	11	11	14
	-	807	8076	812

4. OTHER TRADING ACTIVITIES

	Unrestricted funds £'000	Restricted funds £'000	2018 Total funds £'000	2017 Total funds £'000
Receipts from supply teacher insurance claims	5	-	5	13
Other income	1	-	1	2
Consultancy	27	-	27	8
	<u>33</u>	-	<u>33</u>	<u>23</u>

5. EXPENDITURE

	Staff costs £'000	Non-pay expenditure Premises £'000	Other costs £'000	2018 Total £'000	2017 Total £'000
Charitable activities					
Academies educational operations					
Direct costs	552	-	89	641	625
Allocated support costs	152	110	118	380	383
	<u>704</u>	<u>110</u>	<u>207</u>	<u>1,021</u>	<u>1,008</u>

By Brook Valley Academy Trust

Notes to the Financial Statements - continued
for the Year Ended 31 August 2018

5. EXPENDITURE - continued

Net income/(expenditure) is stated after charging/(crediting):

	2018 £'000	2017 £'000
Auditors' remuneration	6	6
Auditors' remuneration for non audit work	3	3
Depreciation - owned assets	102	104
Operating leases - equipment	<u>4</u>	<u>2</u>

6. CHARITABLE ACTIVITIES - ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds £'000	Restricted funds £'000	2018 Total funds £'000	2017 Total funds £'000
Direct costs	15	626	641	625
Support costs	<u>36</u>	<u>344</u>	<u>380</u>	<u>383</u>
	<u>51</u>	<u>969</u>	<u>1,021</u>	<u>1,008</u>

	2018 Total £'000	2017 Total £'000
Analysis of support costs		
Support staff costs	152	143
Depreciation	59	59
Technology costs	2	1
Premises costs	110	116
Other support costs	47	55
Governance costs	<u>10</u>	<u>9</u>
Total support costs	<u>380</u>	<u>383</u>

Notes to the Financial Statements - continued
for the Year Ended 31 August 2018

7. TRUSTEES' REMUNERATION AND BENEFITS

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

B Ball (Headteacher and trustee):

Remuneration £70,000 - £75,000 (2017: £65,000 - £70,000)

Employer's pension contribution £10,000 - £15,000 (2017: £10,000 - £15,000)

D Henshall (staff trustee):

Remuneration £45,000 - £50,000 (2017: £40,000 - £45,000)

Employer's pension contribution £5,000 - £10,000 (2017: £5,000 - £10,000)

J Jardim (staff trustee):

Remuneration £45,000 - £50,000 (2017: £40,000 - £45,000)

Employer's pension contribution £5,000 - £10,000 (2016: £5,000 - £10,000)

C Davies (staff trustee)

Remuneration £35,000 - £40,000 (2017: £30,000 - £35,000)

Employer's pension contribution £5,000 - £10,000 (2017: £5,000 - £10,000)

Trustees' expenses

During the year ended 31 August 2018, travel and subsistence expenses totalling £Nil (2017: £Nil) were reimbursed to trustees. Related party transactions involving the trustees are set out in note 20.

By Brook Valley Academy Trust

Notes to the Financial Statements - continued
for the Year Ended 31 August 2018

8. STAFF COSTS

	2018 £'000	2017 £'000
Wages and salaries	526	489
Social security costs	41	39
Operating costs of defined benefit pension schemes	<u>124</u>	<u>113</u>
	691	641
Supply teacher costs	<u>13</u>	<u>43</u>
	<u><u>704</u></u>	<u><u>684</u></u>

The average number of persons (including senior management team) employed by the charitable company during the year was as follows:

	2018	2017
Teachers	9	7
Administration and support	17	17
Management	<u>4</u>	<u>4</u>
	<u><u>30</u></u>	<u><u>28</u></u>

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

	2018	2017
£60,001 - £70,000	-	1
£70,001 - £80,000	<u>1</u>	<u>-</u>
	<u><u>1</u></u>	<u><u>1</u></u>

The average number of persons employed by the Academy during the year expressed as full time equivalents was:

	2018 Number	2017 Number
Teachers	6	5
Administration and support	9	9
Management	<u>4</u>	<u>4</u>
	<u><u>19</u></u>	<u><u>18</u></u>

Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 3. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £281,244 (2017: £230,918).

9. TRUSTEES' AND OFFICERS' INSURANCE

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

By Brook Valley Academy Trust

**Notes to the Financial Statements - continued
for the Year Ended 31 August 2018**

10. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted funds £'000	Restricted funds £'000	Fixed asset fund £'000	Total funds £'000
INCOME AND ENDOWMENTS FROM				
Donations and capital grants	10	-	6	16
Charitable activities				
Funding for the academy's educational operations	67	821	-	888
Other trading activities	23	-	-	23
Total	100	821	6	927
EXPENDITURE ON				
Charitable activities				
Academy's educational operations	51	854	103	1,008
NET INCOME/(EXPENDITURE)	49	(33)	(97)	(81)
Other recognised gains/(losses)				
Actuarial gains/losses on defined benefit schemes	-	96	-	96
Net movement in funds	49	63	(97)	15
RECONCILIATION OF FUNDS				
Total funds brought forward	89	(164)	2,851	2,776
TOTAL FUNDS CARRIED FORWARD	138	(101)	2,754	2,791

11. TANGIBLE FIXED ASSETS

	Long leasehold £'000	Improvements to property £'000	Fixtures and fittings £'000	Computer equipment £'000	Totals £'000
COST					
At 1 September 2017	2,561	591	16	15	3,183
Additions	-	6	15	3	24
At 31 August 2018	2,561	597	31	18	3,207
DEPRECIATION					
At 1 September 2017	209	193	14	13	429
Charge for year	39	59	1	3	102
At 31 August 2018	248	252	15	16	531
NET BOOK VALUE					
At 31 August 2018	2,313	345	16	2	2,676
At 31 August 2017	2,352	398	2	2	2,754

Included in Leasehold land and buildings is land of £601,000 (2017: £601,000) which is not depreciated.

Notes to the Financial Statements - continued
for the Year Ended 31 August 2018

12. STOCKS

	2018	2017
	£'000	£'000
Oil	1	1
Uniforms	<u>1</u>	<u>1</u>
	<u><u>2</u></u>	<u><u>2</u></u>

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017
	£'000	£'000
Trade debtors	7	9
VAT	4	5
Prepayments and accrued income	<u>23</u>	<u>20</u>
	<u><u>34</u></u>	<u><u>34</u></u>

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017
	£'000	£'000
Trade creditors	4	21
Social security and other taxes	12	9
Other creditors	12	-
Accruals and deferred income	<u>48</u>	<u>33</u>
	<u><u>76</u></u>	<u><u>63</u></u>

Deferred income

	£'000
Deferred income at 1 September 2017	25
Resources deferred in the year	21
Released from previous years	<u>(25)</u>
Deferred Income at 31 August 2018	<u><u>21</u></u>

At the balance sheet date the academy trust was holding funds received in advance, including deposits for school trips, and grant income, for the 18/19 school year.

15. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2018	2017
	£'000	£'000
Within one year	4	4
Between one and five years	<u>1</u>	<u>5</u>
	<u><u>5</u></u>	<u><u>9</u></u>

16. 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.

By Brook Valley Academy Trust

**Notes to the Financial Statements - continued
for the Year Ended 31 August 2018**

17. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds £'000	Restricted funds £'000	Fixed asset fund £'000	Total funds £'000
Fixed assets	-	-	2,676	2,676
Current assets	191	105	-	296
Current liabilities	-	(76)	-	(76)
Pension liability	-	(106)	-	(106)
	<u>191</u>	<u>(77)</u>	<u>2,676</u>	<u>2,790</u>

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

	Unrestricted funds	Restricted funds	Fixed asset fund £'000	Total funds £'000
Fixed assets	-	-	2,754	2,754
Current assets	138	116	-	254
Current liabilities	-	(63)	-	(63)
Pension liability	-	(154)	-	(154)
	<u>138</u>	<u>(101)</u>	<u>2,754</u>	<u>2,791</u>

18. MOVEMENT IN FUNDS

	At 1.9.17 £'000	Net movement in funds £'000	Transfers between funds £'000	At 31.8.18 £'000
Unrestricted funds				
Unrestricted fund	138	53	-	191
Restricted funds:				
Restricted fixed asset funds				
DfE Group capital grants	343	(46)	-	297
Fixed assets on conversion	2,352	(39)	-	2,313
Other capital donations and grants	-	10	4	14
Fixed assets purchased from GAG	<u>59</u>	<u>(10)</u>	<u>3</u>	<u>52</u>
	2,754	(85)	7	2,676
Restricted income funds				
Pension fund	(154)	48	-	(106)
DfE Group grants	7	9	(4)	12
Other restricted income	-	2	-	2
General Annual Grant (GAG)	34	(31)	(3)	-
DfE Group grants - pupil premium	<u>12</u>	<u>3</u>	<u>-</u>	<u>15</u>
	(101)	31	(7)	(77)
Total restricted funds	<u>2,653</u>	<u>(54)</u>	<u>-</u>	<u>2,599</u>
TOTAL FUNDS	<u>2,791</u>	<u>(1)</u>	<u>-</u>	<u>2,790</u>

**Notes to the Financial Statements - continued
for the Year Ended 31 August 2018**

18. MOVEMENT IN FUNDS - continued

Net movement in funds, included in the above are as follows:

	Incoming resources £'000	Resources expended £'000	Gains and losses £'000	Movement in funds £'000
Unrestricted funds				
Unrestricted fund	104	(51)	-	53
Restricted funds				
Restricted fixed asset funds				
DfE Group capital grants	6	(52)	-	(46)
Other capital donations and grants	10	-	-	10
Fixed assets on conversion	-	(39)	-	(39)
Fixed assets purchased from GAG	-	(10)	-	(10)
	16	(101)	-	(85)
Restricted funds				
DfE Group grants	58	(49)	-	9
Other government grants	11	(11)	-	-
Other restricted income	13	(11)	-	2
General Annual Grant (GAG)	706	(737)	-	(31)
DfE Group grants - pupil premium	32	(29)	-	3
Pension fund	-	(36)	84	48
	820	(873)	84	31
Total restricted funds	836	(974)	84	(54)
TOTAL FUNDS	<u>940</u>	<u>(1,025)</u>	<u>84</u>	<u>(1)</u>

Comparatives for movement in funds

	At 1.9.16 £'000	Net movement in funds £'000	Transfers between funds £'000	At 31.8.17 £'000
Unrestricted funds				
Unrestricted fund	89	49	-	138
Restricted fixed asset funds				
DfE/ESFA capital grants	389	(46)	-	343
Fixed assets on conversion	2,391	(39)	-	2,352
Fixed assets purchased from GAG	71	(12)	-	59
	2,851	(97)	-	2,754
Restricted general funds				
Pension fund	(216)	62	-	(154)
DfE/ESFA grants	15	4	-	19
General Annual Grant (GAG)	37	(3)	-	34
	(164)	63	-	(101)
Total restricted funds	2,687	(34)	-	2,653
TOTAL FUNDS	<u>2,776</u>	<u>15</u>	<u>-</u>	<u>2,791</u>

By Brook Valley Academy Trust

**Notes to the Financial Statements - continued
for the Year Ended 31 August 2018**

18. MOVEMENT IN FUNDS - continued

Comparative net movement in funds, included in the above are as follows:

	Incoming resources £'000	Resources expended £'000	Gains and losses £'000	Movement in funds £'000
Unrestricted funds				
Unrestricted fund	100	(51)	-	49
Restricted fixed asset funds				
DfE/ESFA capital grants	6	(52)	-	(46)
Fixed assets on conversion	-	(39)	-	(39)
Fixed assets purchased from GAG	-	(12)	-	(12)
	6	(103)	-	(97)
Restricted general funds				
DfE/ESFA grants	77	(73)	-	4
Other government grants	14	(14)	-	-
Other restricted income	9	(9)	-	-
General Annual Grant (GAG)	721	(724)	-	(3)
Pension fund	-	(34)	96	62
	821	(854)	96	63
Total restricted funds	827	(957)	96	(34)
TOTAL FUNDS	<u>927</u>	<u>(1,008)</u>	<u>96</u>	<u>15</u>

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

	At 1.9.16 £'000	Net movement in funds £'000	Transfers between funds £'000	At 31.8.18 £'000
Unrestricted funds				
Unrestricted fund	89	102	-	191
Restricted funds:				
Restricted fixed asset funds				
DfE Group capital grants	389	(92)	-	297
Fixed assets on conversion	2,391	(78)	-	2,313
Other capital donations and grants	-	10	4	14
Fixed assets purchased from GAG	71	(22)	3	52
	2,851	(182)	7	2,676
Restricted income funds				
Pension fund	(216)	110	-	(106)
DfE Group grants	6	10	(4)	12
Other restricted income	-	2	-	2
General Annual Grant (GAG)	37	(34)	(3)	-
DfE Group grants - pupil premium	9	6	-	15
	(164)	94	(7)	(77)
Total restricted funds	<u>2,687</u>	<u>(88)</u>	<u>-</u>	<u>2,599</u>
TOTAL FUNDS	<u>2,776</u>	<u>14</u>	<u>-</u>	<u>2,790</u>

By Brook Valley Academy Trust

**Notes to the Financial Statements - continued
for the Year Ended 31 August 2018**

18. MOVEMENT IN FUNDS - continued

A current year 12 months and prior year 12 months combined net movement in funds, included in the above are as follows:

	Incoming resources £'000	Resources expended £'000	Gains and losses £'000	Movement in funds £'000
Unrestricted funds				
Unrestricted fund	204	(102)	-	102
Restricted funds				
Restricted fixed asset funds				
DfE Group capital grants	12	(104)	-	(92)
Other capital donations and grants	10	-	-	10
Fixed assets on conversion	-	(78)	-	(78)
Fixed assets purchased from GAG	-	(22)	-	(22)
	22	(204)	-	(182)
Restricted income funds				
DfE Group grants	109	(99)	-	10
Other government grants	25	(25)	-	-
Other restricted income	22	(20)	-	2
General Annual Grant (GAG)	1,427	(1,461)	-	(34)
DfE Group grants - pupil premium	58	(52)	-	6
Pension fund	-	(70)	180	110
	1,641	(1,727)	180	94
Total restricted funds	<u>1,663</u>	<u>(1,931)</u>	<u>180</u>	<u>(88)</u>
TOTAL FUNDS	<u><u>1,867</u></u>	<u><u>(2,033)</u></u>	<u><u>180</u></u>	<u><u>14</u></u>

General Annual Grant - the GAG is applied in strict accordance with the terms of the Model Funding Agreement. 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.

DfE Group grants - these include:

- PE sports grant to fund improvements to the provision of PE and sports for primary pupils
- the rates relief to contribute to the rates bill
- the grant towards the universal free school meals provision
- a grant as part of the schools National Support School status to pay for due diligence activity for deployments funded through the school-to-school support fund.

DfE group grants - Pupil premium - used to assist pupils from low income families

Other government grants - this is the special educational needs funding from Wiltshire County Council.

Other income - this is donations received that are restricted for various purposes.

Pension reserve - this deficit represents the net shortfall in funds in the Local Government Pension Scheme in relation to employees past and present.

DfE Group capital grants - this represents funding specifically provided to support capital expenditure on fixed assets.

Other capital grants/donations - this represents the donations received for the purchase of fixed assets.

Fixed assets on conversion - this represents the value of land, buildings and other assets transferred from the Local Authority to the academy on conversion less depreciation.

Capital expenditure from GAG - this represents the cost less depreciation of assets purchased from the GAG.

The following transfers took place:

£4,000 transfer from DfE Group grants to Other capital grants being the PE sports grants that was used to contribute towards the purchase of a Trim Trail that was partly funded by a capital donation by the Friends of By Brook Valley.

£3,000 transfer from GAG to 'Capital expenditure from GAG' to recognise the fixed assets purchased using GAG.

Notes to the Financial Statements - continued
for the Year Ended 31 August 2018

19. 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 Wiltshire Pension Fund. Both are multi-employer defined-benefit schemes.

The latest actuarial valuation of the TPS was 31 March 2012 and of the LGPS 31 March 2016.

Contributions amounting to £12,000 were payable to the schemes at 31 August 2018 (2017: £Nil) and are included within creditors.

Teachers' pension scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, unfunded, defined benefit scheme, governed by the Teachers' Pensions Regulations 2010 and 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 period amounted to £60,000 (2017: £52,000).

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

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

Local government pension scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2018 was £41,000 (2017: £40,000), of which employer's contributions totalled £32,000 (2017: £31,000), and employees' contributions totalled £9,000 (2017: £9,000). The agreed contribution rates for future years are 21.5% for employers and 5.5-8.5% for employees.

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

Notes to the Financial Statements - continued
for the Year Ended 31 August 2018

19. PENSION AND SIMILAR OBLIGATIONS
- continued

The amounts recognised in the balance sheet are as follows:

	Defined benefit pension plans	
	2018	2017
	£'000	£'000
Present value of funded obligations	(500)	(481)
Fair value of plan assets	<u>394</u>	<u>327</u>
	<u>(106)</u>	<u>(154)</u>
Deficit	<u>(106)</u>	<u>(154)</u>
Liability	<u><u>(106)</u></u>	<u><u>(154)</u></u>

The amounts recognised in the statement of financial activities are as follows:

	Defined benefit pension plans	
	2018	2017
	£'000	£'000
Current service cost	64	61
Net interest from net defined benefit asset/liability	<u>13</u>	<u>10</u>
	<u><u>77</u></u>	<u><u>71</u></u>
Interest income on plan assets	<u><u>9</u></u>	<u><u>6</u></u>

Changes in the present value of the defined benefit obligation are as follows:

	Defined benefit pension plans	
	2018	2017
	£'000	£'000
Defined benefit obligation	481	462
Current service cost	64	61
Contributions by scheme participants	9	9
Interest cost	13	10
Benefits paid	(2)	(1)
Remeasurements:		
Actuarial (gains)/losses from changes in demographic assumptions	-	(7)
Actuarial (gains)/losses from changes in financial assumptions	(65)	(66)
Oblig other experience	<u>-</u>	<u>13</u>
	<u><u>500</u></u>	<u><u>481</u></u>

Changes in the fair value of scheme assets are as follows:

	Defined benefit pension plans	
	2018	2017
	£'000	£'000
Fair value of scheme assets	327	246
Contributions by employer	32	31
Contributions by scheme participants	9	9
Interest income on plan assets	9	6
Benefits paid	(2)	(1)
Return on plan assets (excluding interest income)	<u>19</u>	<u>36</u>
	<u><u>394</u></u>	<u><u>327</u></u>

Notes to the Financial Statements - continued
for the Year Ended 31 August 2018

19. PENSION AND SIMILAR OBLIGATIONS
- continued

The amounts recognised in other recognised gains and losses are as follows:

	Defined benefit pension plans	
	2018	2017
	£'000	£'000
Actuarial (gains)/losses from changes in demographic assumptions	-	7
Actuarial (gains)/losses from changes in financial assumptions	65	66
Oblig other experience	-	(13)
Return on plan assets (excluding interest income)	<u>19</u>	<u>36</u>
	<u>84</u>	<u>96</u>

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	Defined benefit pension plans	
	2018	2017
Equities	71%	71%
Bonds	14%	14%
Property	13%	13%
Cash	2%	2%

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages)

	2018	2017
Discount rate	2.8%	2.5%
Future salary increases	2.7%	2.7%
Future pension increases	2.4%	2.5%
Inflation (CPI)	2.4%	2.4%
Commutation of pensions to lump sums	50%	50%

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
Current pensioners		
Males	22.5 years	22.5 years
Females	24.9 years	24.9 years
Future pensioners*		
Males	24.1 years	24.1 years
Females	26.7 years	26.7 years

* Figures assume members aged 45 as at the last formal valuation date.

The sensitivity regarding the principal assumptions used to measure the scheme liabilities are set out below:

	Approximate % increase to Employer Liability	Approximate monetary amount (£000)
Change in assumption at 31 August 2018		
0.5% decrease in Real Discount Rate	17	83
0.5% increase in the Salary Increase Rate	2	12
0.5% increase in the Pension Increase Rate	14	71

Notes to the Financial Statements - continued
for the Year Ended 31 August 2018

20. RELATED PARTY DISCLOSURES

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

Expenditure Related Party Transaction

B Ball, the headteacher and governor, received £7,656 (2017: £2,077) in the period for commission on consultancy services provided to other schools. This amount is included in the trustee remuneration note.

No other related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 7.

21. RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2018 £'000	2017 £'000
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	(85)	(81)
Adjustments for:		
Depreciation	102	104
Capital grants from DfE/ESFA	(6)	(6)
Finance costs	4	-
DB pension scheme cost less contribution	32	30
DB pension scheme finance cost	4	4
Decrease in debtors	~	6
Increase in creditors	<u>13</u>	<u>17</u>
Net cash provided by (used in) operating activities	<u>64</u>	<u>74</u>