

Company Registration Number: 06308595 (England and Wales)

THE BASILDON ACADEMIES
(A Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018

THE BASILDON ACADEMIES
(A Company Limited by Guarantee)

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REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2018

Members	M. Turner N. Luckock Cllr. K. Bobbin
Trustees	M. Turner N. Luckock ¹ L. Livermore, Chair ¹ M. Logan ¹ Members of the Staffing Committee All Trustees are members of the finance committee
Company registered number	06308595
Company name	The Basildon Academies
Principal and registered office	Wickford Avenue Pitsea Basildon Essex SS13 3HL
Company secretary	Neptune Secretaries Limited Jessop House Cheltenham, Gloucestershire GL503WG
Clerk to the Governing Body	G. Slide
Executive leadership team	L. Livermore, Chair G. Smith, Headteacher T. Darker, Director of Finance and Operations
Independent auditors	Moore Stephens LLP Chartered Accountants Statutory Auditor 150 Aldersgate Street London EC1A 4AB
Bankers	Lloyds High Road Basildon SS13 3AR

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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2018

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the 1 September 2017 to 31 August 2018. The Annual Report serves the purposes of both a Trustees' Report, and a Directors' report under company law.

Structure, governance and management

● **Constitution**

The Academy Trust is a company limited by guarantee and an exempt charity. The Charitable Company's Memorandum and Articles of Association are the primary governing documents of the Academy Trust. The trustees of The Basildon Academies are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as The Basildon Academies.

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

● **Members' liability**

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

● **Trustees' indemnities**

The Academy's insurers indemnify against any claims in respect of any civil liability and which arises out of the conduct of the insured in their personal capacity as a Director, Governor, Trustee or Officer of the Academy.

● **Method of recruitment and appointment or election of Trustees**

The number of directors shall be not less than one but unless otherwise determined by ordinary resolution shall not be subject to any maximum.

The Academy can have the following directors:

- up to 12 Sponsor Directors
- up to eight Academy Directors
- any Parent Directors
- any DCSF Directors
- Any additional Directors

The Principal Sponsor can appoint up to 12 Directors and the Secretary of State may appoint one Director.

The term of office for any Director other than the Principal Sponsor shall be 3 years. Subject to remaining eligible to be a Director under the Articles, any Director may be re appointed.

● **Policies and procedures adopted for the induction and training of Trustees**

The training and induction provided for new Directors and Governors will depend on their existing experience.

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TRUSTEES' REPORT (continued)
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Where necessary, induction will provide training on charity and educational, legal and financial matters. All new Directors and Governors will be given a tour of the Academy and the chance to meet with staff and students. All new appointees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents as appropriate to undertake their role.

● **Organisational structure**

The Directors under the Articles of Association have appointed a Governing Committee to be responsible for the statutory and constitutional affairs of the Charitable Company and the management of the Academy.

The committee can have a maximum of 15 members which include:

- the Executive Principal of the Academy;
- one elected parent/guardian of a pupil at the Academy;
- one elected non teaching staff member employed at the Academy;
- one elected teacher member employed at the Academy;
- one person appointed by the appropriate Local Authority; and
- such other members as the Directors decide.

The Governing Body meets regularly and is advised by a range of sub committees which includes the Staffing and Finance Committees.

The structure consists of the Directors, the Governing Body, The Executive Leadership Team and The Senior Leadership Team. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

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

The Executive Leadership Team includes the Chair, Headteacher, and the Director of Finance and Operations. These managers control the Academy at an executive level implementing the policies laid down by the Governors and reporting back to them. As a group, the Executive Leadership Team is responsible for the authorisation of spending within agreed budgets and the appointment of staff, though appointment for posts in the Executive Leadership Team always contain a Governor. Some spending control is devolved to other management including Directors, Faculty Heads and in some cases specialist teachers with responsibilities.

Both Academies have the same Executive Leadership Team. Each Academy has a Deputy Head led by the Head Teacher is a member of the Executive Leadership Team. These managers are responsible for the day to day operation of the Academy, in particular organising the teaching staff, facilities and students.

● **Pay policy for key management personnel**

The Governing Body has established a pay policy that specifies the pay scales for its Head Teacher and the Senior Leadership Team. The Pay Policy is reviewed annually and agreed by the Governing Body.

All pay decisions are made in relation to annual Performance Management reviews. Performance Management reviews are carried out by Line Managers and signed off by the Headteacher. Any pay increase as a result of successful performance management is signed off by the Chair of Governors. Trustees are not paid for their roles within the academy.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

- **Trade union facility time**

The Academy had no relevant union officials during the reporting period, and accordingly the disclosure required under the Trade Union (Facility Time Publication Requirements) Regulations 2017 is nil.

- **Connected organisations, including related party relationships**

The Stanton Lane Educational Trust is the principal sponsor. Trustees of that Trust are M. Turner and N Luckock. As the Academy's founding sponsor it has provided voluntary advisory support and guidance to the Academy.

Objectives and Activities

- **Objects and aims**

The objects of the Charity are to promote and to provide for the advancement and education of children.

The main objective of The Basildon Academies during the year ended 31 August 2018 is to provide an inclusive environment that is built around trust, openness, secure relationships, positive behaviours and effective partnership working to enable all students to meet their potential that will equip these students with the skills, attitudes and knowledge so that they can progress into employment, further training or higher education, helping them to achieve more than they thought possible.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

The current priorities for the Academy during the year ended 31 August 2018 are unchanged and are summarised below:

- To ensure that each pupil enjoys the same excellent education in terms of resourcing, tuition and care;
- To raise the standard of educational achievement of all pupils;
- To improve the effectiveness of the Academy by keeping the curriculum and organisational structure under continual review;
- To provide value for money for the funds expended;
- To comply with all appropriate statutory and curriculum requirements;
- To maintain close links with primary schools, industry and commerce;
- To conduct the Academy's business in accordance with the highest standards of integrity, probity and openness.

● **Objectives, strategies and activities**

The Basildon Academies' strategy is encompassed in its aims and objectives stated above. To this end it recognises the need to be innovative and challenging in the approach to:

- the subdivision of the two Academies' populations by age range (11-14 and 14-19);
- the grouping of students;
- the organisation, management and governance of the Academies;
- the building design and organisation of the learning environments;
- the organisation, management and development of staff;
- the delivery of services that support individual pupils and families;
- the way business is engaged, and how the two Academies can impact on the prosperity, effectiveness and development of the local community and future business;
- the celebrating of success, the setting of targets and the robust monitoring of performance.

The Academies aim is to continue to provide high quality learning to enable students to fulfil their potential by providing a balanced curriculum to provide high education standards. This has been the continued aim of the academy during year ending 31 August 2018 to maintain such changes whilst dealing with the significant challenges following the changes in education policy and funding.

● **Public benefit**

The Directors acknowledge the duty to have due regard to the Charity Commission's published general and relevant sub sector guidance on public benefit. We have referred to this guidance when reviewing our aims, strategy and in planning future activities. All activities undertaken by the Academy are for the public benefit.

The Academy is specifically restricted to advance, for the public benefit, education in the United Kingdom and reports annually on the way in which it has successfully delivered in this regard.

The Academy serves the local community by providing resources and facilities for all people for a range of ages. Activities provided through the letting of the facilities are exercise classes, swimming lessons, football, netball and a range of other activities that can be accessed by the local community.

● **Equal opportunities**

The Directors recognise that equal opportunities should be an integral part of good practice within the workplace. The Academy aims to establish equal opportunity in all areas of its activities including creating a working environment in which the contribution and needs of all people are fully valued.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

● **Disabled persons**

Lifts, ramps and disabled toilets are installed and door widths are adequate to enable wheelchair access to the Academies. The policy of the Academy is to support recruitment and retention of students and employees with disabilities. The Academy does this by adapting the physical environment, by making support resources available and through training and career development.

Strategic report

Achievements and performance

● **Review of activities**

The Academies have completed their ninth year of operation and have been judged by Ofsted as good schools in all categories and have been commended by them for high quality teaching and strong student achievement.

In September 2017 the Academies had a restructure of the Senior Management Team which saw the appointment of a single Head Teacher across both Academies. The Governing body have continued to work closely with Senior Leaders following the restructure of the Management Team and its workforce to maintain and improve performance, attainment and value for money. Governor's continue to challenge and communicate a clear vision for the Academies improvement to be an outstanding school and have unequivocal expectation of all staff, students and stakeholders. Governors continue to support the Academies drive for further rapid and substantial improvement and an Action Plan has been developed and implemented that will further improve the quality of teaching and ensure that every student will have a pathway to ensure that they continue to make or are rapidly moving towards making or exceeding expected levels of progress.

The Basildon Academies achieved during year ending 31st August 2018:

- Improved attendance levels, currently performing higher than the National Average.
- Fixed Term Exclusions continue to be below national average.
- Performed significantly better than had forecasted against budget
- Implemented strategies for year ending 31st August 2018 has resulted in the Academies achieving a Surplus budget.

● **Key performance indicators**

The Directors and Governors Body assess performance of the Academies through:

- Pupil numbers;
- Curriculum events;
- Exam results;
- Facilities;
- Post 16 learning and students moving onto University;
- Staff Performance Reviews;
- Ofsted Rating.

The Basildon Academies have continued to receive a number of mid term applications during year ending 31st August 2018. Year 7 pupil numbers for September 2018 have increased in line with the increase received in September 2017. The Local Authority have forecast a continued increase in the forthcoming years.

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FOR THE YEAR ENDED 31 AUGUST 2018

The Academies continue to remain above the floor standard and have been removed from the coasting school measure. Progress 8 score for 2018 was -0.41 from 0.73 in 2015.

Enrichment clubs have been introduced for all students at the end of the school day, which promote health and social interaction with others.

● **Going concern**

After making appropriate enquiries, the board of trustees has a reasonable expectation that the Academy 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 Accounting Policies.

The Basildon Academies Executive Leadership Team has reviewed its staffing structure during the year and implemented strategies to increase the Teacher Contact Ratio. This has resulted in a significant savings against the forecasted staffing budget for the year. This will continue to be the focus over the next year to ensure that the Academies maintain staffing efficiencies.

The Basildon Academies continues to monitor its cash balance and as forecasted operated with a surplus for year ending 31st August 2018. The Trustees are confident with the management of cash flow that there will not be any need for support from the EFSA. Increased reserves over the forthcoming years will enable the Basildon Academies to repay its GAG advance and build up a surplus to start re investing in the schools IT infrastructure and facilities.

● **Financial review**

The Academy's principal income is from the Education Skills & Funding Agency in the form of recurrent, restricted grants. The grants received during the year ended 31 August 2018 and the associated expenditure are shown in the Statement of Financial Activities.

The Academy also receives grants for fixed assets from the Education Skills & Funding Agency. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2015), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund.

The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

At 31 August 2018 the net book value of fixed assets was £47,552,000. Movements in tangible fixed assets are shown in Note 13 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

During the year ended 31 August 2018, total expenditure of £8,372,000 (2017: £9,133,000) was covered by recurrent grant funding from the DfE together with other incoming resources. The net outgoing resources from private and public funds, excluding actuarial gains/losses totalled (£287,000) (2017: net incoming resources £46,663,000). Total reserves at 31 August 2018 before deducting the pension scheme deficit, totalled £47,117,000 (2017: £47,057,000) and this is made up of: restricted general funds of £(1,361,000) (2017: £(1,762,000)); restricted fixed asset funds of £47,562,000 (2017: £48,007,000) and unrestricted free reserves of £916,000 (2017: £812,000).

The deficit in the Local Government Pension Scheme (LGPS) is recognised in the balance sheet in accordance with FRS102. At 31 August 2018, the deficit stood at £4,972,000 (2017: £5,969,000) resulting in net assets including the pension scheme liability of £42,145,000 (2017: £41,088,000). The existence of the pension scheme deficit does not mean an immediate liability crystallises and is addressed over a series of years through the

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

pension contributions recommended by the pension scheme actuaries during subsequent triennial valuations of the scheme.

● **Investment policy and performance**

Where available cash is held in a deposit account or higher interest deposit account to ensure any balances attract interest.

● **Reserves policy**

The Directors review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Directors have determined that the appropriate level of free reserves should be equivalent to 2 weeks' expenditure, approximately £403,000. The reason for this is to provide 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. The value of free reserves at the year end, being unrestricted funds and the restricted GAG fund at the year end, was £(445,000) at the year end. The Academy is now performing at a surplus which will contribute to reducing the deficit on restricted funds that was incurred in the previous years. The Academies strive to continue reducing the deficit over the next few years to return to a position where reserves are built.

● **Principal risks and uncertainties**

The Academies principal goal is to safeguard its long term ability to continue to attract high calibre staff and deliver an excellent education to Academy pupils, and to maintain and renew its physical facilities whilst driving growth in current student numbers.

Key uncertainties are student numbers and the extent and impact of changes to Government funding and an uncertain economic and financial environment that puts pressure on enterprise, capital projects and operational expenditures.

● **Financial risk management objectives and policies**

In accordance with the Academy's statutes, the Directors through the Governors and senior staff are responsible for the administration and management of the Academy's affairs and ensuring that:

- effective systems of internal control are in place and that accounting records are properly kept;
- appropriate financial and management controls are in place to safeguard the assets of the Academy and prevent and detect fraud; and
- the Academy secures economical, efficient and effective management of its resources and expenditure.

● **Risk management**

The Directors and Governors have assessed the major risks to which the Academy is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Academy, and its finances. The Directors and Governors have implemented a number of systems to assess risks that the Academy faces, especially in the operational area and in relation to the control of finance. They have introduced systems, including operational procedures and internal financial controls in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Fundraising

The School does no direct fundraising.

Plans for future periods

• **Future developments**

The Academy will strive to raise the aspirations and achievement of all students within the Academy as well as those in the wider community of East Basildon through the use of the Academy's excellent facilities, curriculum materials and staff expertise and through the provision of excellent learning experiences.

Our aim is to have high expectations and belief in every child and continue to bring about further and sustainable improvement in attendance, behaviour and attainment and make the Academy a place in which children, parents and stakeholders can be justifiably proud.

Financial strategies have been implemented during 2017/18 to return the Academies to operate on a balanced/surplus budget. The aim is to continue to perform at a surplus to reduce the outstanding deficit and build reserves for future investment into the Academies infrastructure.

Disclosure of information to auditors

Insofar as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- that trustees have taken all the steps that ought to have been taken as a trustee in order to be aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

Auditors

The auditors, Moore Stephens LLP, have indicated their willingness to continue in office. The Designated trustees will propose a motion re-appointing the auditors at a meeting of the trustees.

The Trustees' Report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 18 December and signed on its behalf by:

2018



L. Livermore
Chair of Trustees

THE BASILDON ACADEMIES
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GOVERNANCE STATEMENT

Scope of Responsibility

As trustees, we acknowledge we have overall responsibility for ensuring that The Basildon Academies 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 executive principal, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The Basildon Academies and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The board of trustees has formally met 3 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
M. Turner	3	3
N. Luckock	3	3
L. Livermore, Chair	3	3
M. Logan	1	3

There have been no key changes to the composition of the Board of Trustees during academic year 2017/18. The Board meet a minimum of 3 times per academic year and the scope of our work is to consider all matters relating to curriculum, staff & pay, finance, students and any general purpose matters. The Senior Leadership of the school provide the board with written data reports relevant to the agenda of the meeting and the data that is received is of a high standard that is acceptable to the board.

The Academy undertakes a programme of relevant and timely training to support Governors and Directors. The Governing Body and Directors are constituted with relevant experience ranging from education, legal, finance, human resources and community engagement. A review is made of skillsets/training requirements as part of self and group evaluations and this will continue in 2018.

The Finance committee is a sub committee of the main governing body. Its terms of reference include financial management, risk management, management of physical resources and management of health and safety issues. They are also attended by the Executive Principal and the Director of Finance.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
L. Livermore	3	3
N. Luckock (Chair)	3	3
Cllr. K. Bobbin	2	3

GOVERNANCE STATEMENT (continued)

Review of Value for Money

As Accounting Officer, the executive principal 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 appropriate. The Accounting Officer for the Academy has delivered improved value for money during the year by:

- Ensuring all SLA's are reviewed at point of renewal
- Obtaining 3 quotes for all single expenditure items over 5k
- Maximising income from lettings
- Performance Management for all staff annually
- Reviewing staffing levels and continually streamline where possible. In total seven support staff positions were made redundant during the year ending 31 August 2018 and teaching staff levels were reduced through natural wastage by increasing teacher contact time.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy 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 The Basildon Academies for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

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

The Risk and Control Framework

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

- Comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- Regular reviews by the Finance Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- Setting targets to measure financial and other performance;
- Clearly defined purchasing (asset purchase or capital investment) guidelines.
- Delegation of authority and segregation of duties;
- Identification and management of risks.

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GOVERNANCE STATEMENT (continued)

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 Moore Stephens LLP, the external auditors, to perform additional checks.

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

- Cash Handling;
- Credit Card;
- Budget Management;
- Review of Fixed Assets.

On a termly basis, the external auditors report to the board of trustees through the finance committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

Moore Stephens has carried out three internal audit reviews during the Academic year 2017/2018 as per their schedule of work. No material control issues were identified.

Review of Effectiveness

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

- the work of the external auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the Academy who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the board of trustees on 18 December 2018 and signed on their behalf, by:



L. Livermore
Chair of Trustees



G. Smith
Accounting Officer

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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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

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

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



G Smith
Accounting Officer

18 December 2018

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STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2018

The trustees (who 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 & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

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

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the 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 ESFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the board of trustees on 18 October 2018 and signed on its behalf by:



L. Livermore
Chair of Trustees

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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
BASILDON ACADEMIES**

Opinion

We have audited the financial statements of The Basildon Academies for the year ended 31 August 2018 which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, the Balance Sheet, the Statement of Cash Flows and the related notes, 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 FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy'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; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Academy in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Academy'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.

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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
BASILDON ACADEMIES**

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 Auditor's report thereon. Our opinion on the financial statements does not cover the information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report including the Strategic Report for which the financial statements are prepared is consistent with the financial statements.
- 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 our knowledge and understanding of the Academy and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report including the Strategic Report.

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

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

THE BASILDON ACADEMIES
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
BASILDON ACADEMIES**

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities, the trustees (who are also the directors of the Academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

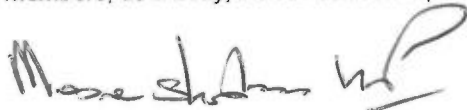
Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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. The description forms part of our Auditor's report.

Use of our report

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



Nicholas Simkins FCA (Senior Statutory Auditor)

for and on behalf of

Moore Stephens LLP

Chartered Accountants
Statutory Auditor

150 Aldersgate Street
London

EC1A 4AB

Date: 19 December 2018

THE BASILDON ACADEMIES
(A Company Limited by Guarantee)

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO THE
BASILDON ACADEMIES AND THE EDUCATION AND SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 22 August 2018 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Basildon Academies during the year 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 The Basildon Academies and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to The Basildon Academies 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 The Basildon Academies and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of The Basildon Academies's accounting officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of The Basildon Academies's funding agreement with the Secretary of State for Education dated 3 June 2008, and the Academies Financial Handbook extant from 1 September 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 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 year 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 Academy's income and expenditure.

The work undertaken to draw to our conclusion includes:

- Reviewing minutes of meetings, management accounts and making enquiries of management;
- Performing sample testing of expenditure ensuring items are for the School's purposes and are appropriately authorised;
- Sample testing on credit card expenditure, reviewing for any indication of purchase for personal use by staff, Head or Governors;

THE BASILDON ACADEMIES
(A Company Limited by Guarantee)

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO THE
BASILDON ACADEMIES AND THE EDUCATION AND SKILLS FUNDING AGENCY (continued)**

- Reviewing the procedures for identifying and declaring related parties and other business interests;
- Obtaining formal representation from the governing body and accounting officer acknowledging their responsibilities;
- Scrutinising journals, and other adjustments posted during the year for evidence of unusual entries and making further enquiries into any such items where relevant;
- Performing an evaluation of the general control environment of the School;
- Reviewing nominal ledger accounts for any large or unusual entries and obtaining supporting documentation.

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



Moore Stephens LLP

Chartered Accountants
Statutory Auditor

150 Aldersgate Street
London
EC1A 4AB

Date: 19 December 2018

THE BASILDON ACADEMIES
(A Company Limited by Guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2018**

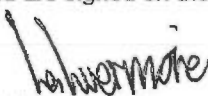
	Note	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Restricted fixed asset funds 2018 £000	Total funds 2018 £000	Total funds 2017 £000
Income from:						
Donations and capital grants	3	1	-	26	27	48,144
Charitable activities	4	-	7,760	-	7,760	7,406
Other trading activities	5	103	195	-	298	246
Total income		104	7,955	26	8,085	55,796
Expenditure on:						
Charitable activities		-	7,907	465	8,372	9,133
Total expenditure	6	-	7,907	465	8,372	9,133
Net surplus before transfers		104	48	(439)	(287)	46,663
Transfers between Funds	18	-	6	(6)	-	-
Net income / (expenditure) before other recognised gains and losses		104	54	(445)	(287)	46,663
Actuarial gains on defined benefit pension schemes	23	-	1,344	-	1,344	942
Net movement in funds		104	1,398	(445)	1,057	47,605
Reconciliation of funds:						
Total funds brought forward		812	(7,731)	48,007	41,088	(6,517)
Total funds carried forward		916	(6,333)	47,562	42,145	41,088

THE BASILDON ACADEMIES
(A Company Limited by Guarantee)
REGISTERED NUMBER: 06308595

BALANCE SHEET
AS AT 31 AUGUST 2018

	Note	£000	2018 £000	£000	2017 £000
Fixed assets					
Tangible assets	13		47,552		47,997
Current assets					
Stocks	14	6		7	
Debtors	15	177		175	
Cash at bank and in hand		892		316	
		<u>1,075</u>		<u>498</u>	
Creditors: amounts falling due within one year	16	(511)		(439)	
Net current assets			564		59
Total assets less current liabilities			48,116		48,056
Creditors: amounts falling due after more than one year	17		(999)		(999)
Net assets excluding pension scheme liabilities			47,117		47,057
Defined benefit pension scheme liability	23		(4,972)		(5,969)
Net assets including pension scheme liabilities			42,145		41,088
Funds of the academy					
Restricted income funds:					
Restricted income funds	18	(1,361)		(1,762)	
Restricted fixed asset funds	18	47,562		48,007	
Restricted income funds excluding pension liability		<u>46,201</u>		<u>46,245</u>	
Pension reserve		(4,972)		(5,969)	
Total restricted income funds			41,229		40,276
Unrestricted income funds	18		916		812
Total funds			42,145		41,088

The financial statements on pages 20 to 46 were approved by the trustees, and authorised for issue, on 18 December 2018 and are signed on their behalf, by:


Chair of Trustees

THE BASILDON ACADEMIES
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2018

	Note	2018 £000	2017 £000
Cash flows from operating activities			
Net cash provided by operating activities	20	<u>570</u>	<u>47,904</u>
Cash flows from investing activities:			
Purchase of tangible fixed assets		(20)	(48,116)
Capital grants from DfE Group		26	26
Loan from EFSA		-	(500)
Net cash provided by/(used in) investing activities		<u>6</u>	<u>(48,590)</u>
Cash flows from financing activities:			
Cash inflows from new borrowing		-	500
Net cash provided by financing activities		<u>-</u>	<u>500</u>
Change in cash and cash equivalents in the year		576	(186)
Cash and cash equivalents brought forward		<u>316</u>	<u>502</u>
Cash and cash equivalents carried forward	21	<u><u>892</u></u>	<u><u>316</u></u>

The notes on pages 23 to 46 form part of these financial statements.

THE BASILDON ACADEMIES
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. Accounting Policies

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

1.1 Basis of preparation of financial statements

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

The Basildon Academies constitutes a public benefit entity as defined by FRS 102. The financial statements are prepared in sterling which is the functional currency of the Academy Trust and rounded to the nearest thousand pounds.

The Basildon Academies is a company limited by guarantee, incorporated in England. The address of the registered office and principal place of operation are detailed on page 1. The nature of the Academy Trust's operations and principal activity are detailed in the Trustees Report.

1.2 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 Academy 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. At the year end the academy had a deficit on GAG funding and in the previous year had received advanced GAG funding for future years by way of a loan. The academy has agreed a repayment plan with the EFSA for the repayment of its liabilities with them (see note 17) based on an anticipated increase in future pupil numbers and so consider that for the foreseeable future 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.

THE BASILDON ACADEMIES
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

1. Accounting Policies (continued)

1.3 Income

All income is recognised once the Academy has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

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 entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

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

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

Donated fixed asset are measured at fair value and is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's accounting policies.

Donations are recognised on a receivable basis where receipt is probable and the amount can be reliably measured.

Other income, including the hire of facilities and catering services, is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

Certain types of income are shown in the Statement of Financial Activities net of expenditure as follows:

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

1. Accounting Policies (continued)

1.4 Expenditure

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

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

All expenditure is inclusive of irrecoverable VAT.

1.5 Tangible fixed assets and depreciation

All assets costing more than £500 are capitalised 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 these assets, less their estimated residual value, over their expected useful lives on the following bases:

Leasehold property	-	Up to 125 years or useful life of improvement
Furniture and fixtures	-	5-10 years
Computer equipment	-	3-10 years

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

1.6 Operating leases

Rentals under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

THE BASILDON ACADEMIES
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. Accounting Policies (continued)

1.7 Stocks

Unsold uniform, food and stationery are valued at the lower of cost or net realisable value.

1.8 Debtors

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

1.9 Cash at Bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.10 Liabilities and provisions

Liabilities and provisions 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 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 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.

1.11 Financial instruments

The Academy only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the Academy 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 as detailed in note 15. Prepayments are not financial instruments.

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

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in notes 16 and 17. 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 instruments.

1.12 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. Accounting Policies (continued)

1.13 Pensions

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Governments 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 in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 23, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

1.14 Agency arrangements

The academy trust acts as an agent in distributing 16-19 bursary funds from the ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the academy trust does not have control over the charitable application of the funds. The funds received and paid and any balances held are disclosed in note 26.

1.15 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.

THE BASILDON ACADEMIES
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. Accounting Policies (continued)

1.16 Critical accounting estimates and areas of judgment

Estimates and judgments 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 23, 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 judgment:

There are no critical areas of judgement.

2. General Annual Grant (GAG)

Under the funding agreement with the Secretary of State the Academy was subject to limits at 31 August 2018 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

The Academy has not exceeded these limits during the year ended 31 August 2018.

THE BASILDON ACADEMIES
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

3. Income from donations and capital grants

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Restricted fixed asset funds 2018 £000	Total funds 2018 £000	Total funds 2017 £000
Donated fixed assets	-	-	-	-	48,116
Capital grants	-	-	26	26	26
Other donations	1	-	-	1	2
	<u>1</u>	<u>-</u>	<u>26</u>	<u>27</u>	<u>48,144</u>
<i>Total 2017</i>	<u>2</u>	<u>-</u>	<u>48,142</u>	<u>48,144</u>	

4. Funding for Academy's educational operations

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Total funds 2018 £000	Total funds 2017 £000
DfE/ESFA grants				
General Annual Grant (GAG)	-	6,984	6,984	6,653
Other Dfe/EFA grants	-	642	642	625
	<u>-</u>	<u>7,626</u>	<u>7,626</u>	<u>7,278</u>
Other government grants				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other income from the academy trust's educational operations:				
Catering	-	134	134	128
	<u>-</u>	<u>134</u>	<u>134</u>	<u>128</u>
	<u>-</u>	<u>7,760</u>	<u>7,760</u>	<u>7,406</u>
<i>Total 2017</i>	<u>-</u>	<u>7,406</u>	<u>7,406</u>	

THE BASILDON ACADEMIES
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

5. Other trading activities

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Total funds 2018 £000	<i>Total funds 2017 £000</i>
Hire of facilities	103	-	103	108
Trips and activities	-	5	5	30
Other	-	190	190	108
	<u>103</u>	<u>195</u>	<u>298</u>	<u>246</u>
<i>Total 2017</i>	<u>108</u>	<u>138</u>	<u>246</u>	

6. Expenditure

	Staff costs 2018 £000	Premises 2018 £000	Other costs 2018 £000	Total 2018 £000	<i>Total 2017 £000</i>
Educational Operations:					
Direct costs	4,444	-	1,122	5,566	6,074
Support costs	1,360	727	719	2,806	3,059
	<u>5,804</u>	<u>727</u>	<u>1,841</u>	<u>8,372</u>	<u>9,133</u>
<i>Total 2017</i>	<u>6,883</u>	<u>625</u>	<u>1,625</u>	<u>9,133</u>	

THE BASILDON ACADEMIES
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

7. Charitable activities

	Total funds 2018 £000	<i>Total funds 2017 £000</i>
Direct costs - educational operations		
Wages and salaries	3,511	4,030
National insurance	343	401
Pension cost	590	567
Depreciation	465	499
Technology costs	131	108
Educational supplies	293	233
Examination fees	124	125
Staff development	73	57
Educational consultancy	19	25
Other direct costs	17	29
	5,566	<i>6,074</i>
Support costs - educational operations		
Wages and salaries	1,140	1,409
National insurance	60	81
Pension cost	160	319
Pension finance costs	347	241
Other support costs	201	210
Recruitment and support	47	24
Maintenance of premises and equipment	212	220
Cleaning	44	40
Rent & rates	143	133
Energy costs	328	270
Insurance	1	1
Security and transport	9	13
Governance costs	30	29
Catering	84	69
	2,806	<i>3,059</i>
	8,372	<i>9,133</i>

THE BASILDON ACADEMIES
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

8. Net income/(expenditure)

This is stated after charging:

	2018 £000	2017 £000
Depreciation of tangible fixed assets:		
- owned by the charity	465	496
Auditors' remuneration - audit	13	12
Auditors remuneration - non audit	5	6
Operating leases - other leases	25	24
	25	24

9. Staff costs

a. Staff costs

Staff costs were as follows:

	2018 £000	2017 £000
Wages and salaries	4,571	5,303
Social security costs	403	481
Operating costs of defined benefit pension schemes	750	885
	5,724	6,669
Agency staff costs	80	136
Staff restructuring costs	-	78
	5,804	6,883

Staff restructuring costs comprise:

	2018 £000	2017 £000
Redundancy payments	-	78
	-	78

b. Non-statutory/non-contractual staff severance payments

Included in staff severance payments are non-statutory / non-contractual payments totalling £NIL (2017 : £4,683).

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

9. Staff costs (continued)

c. Staff numbers

The average number of persons (including the senior management team) employed by the Academy during the year expressed as full time equivalents was as follows:

	2018 No.	2017 No.
Teachers	64	67
Administration and support	89	90
Management	1	1
	154	158

d. Higher paid staff

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

	2018 No.	2017 No.
In the band £60,001 - £70,000	0	3
In the band £70,001 - £80,000	1	1
In the band £80,001 - £90,000	1	1
In the band £120,001 - £130,000	0	1

All of the above employees (2017: Four) participated in the Teachers' Pension Scheme. (2017: The other two employees participated in the Local Government Pension Scheme).

e. Key management personnel

The key management personnel of the academy trust comprises the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £182,392 (2017 : £520,013).

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

10. Central services

No central services were provided by the Academy to its academies during the year and no central charges arose.

11. Trustees' remuneration and expenses

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

	2018 £000	2017 £000
L. Livermore (Chief Executive Officer) Remuneration		60-65
Pension contributions paid		5-10
D. Lawson (Executive Principal) Remuneration		125-130
Pension contributions paid		20-25

During the year ended 31 August 2018, no trustees received any reimbursement of expenses (2017 - £NIL).

12. Trustees' and Officers' Insurance

The academy trust has opted into the Department of 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 membership.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

13. Tangible fixed assets

	Leasehold property £000	Furniture and fixtures £000	Computer equipment £000	Total £000
Cost				
At 1 September 2017	48,146	910	169	49,225
Additions	-	10	10	20
At 31 August 2018	<u>48,146</u>	<u>920</u>	<u>179</u>	<u>49,245</u>
Depreciation				
At 1 September 2017	553	519	156	1,228
Charge for the year	385	75	5	465
At 31 August 2018	<u>938</u>	<u>594</u>	<u>161</u>	<u>1,693</u>
Net book value				
At 31 August 2018	<u>47,208</u>	<u>326</u>	<u>18</u>	<u>47,552</u>
At 31 August 2017	<u>47,593</u>	<u>391</u>	<u>13</u>	<u>47,997</u>

Leasehold property was professionally valued by Barker Associates in November 2016 in advance of the properties being leased by Essex County Council to the Trust.

14. Stocks

	2018 £000	2017 £000
Stock	6	7

Stock relates to uniform, food and stationery.

15. Debtors

	2018 £000	2017 £000
Trade debtors	5	8
VAT recoverable	-	18
Other debtors	34	-
Prepayments and accrued income	138	149
	<u>177</u>	<u>175</u>

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16. Creditors: Amounts falling due within one year

	2018	2017
	£000	£000
Trade creditors	51	94
ESFA Creditor : Abatement of GAG - short term element	132	47
Other taxation and social security	102	111
Other creditors	2	2
Accruals and deferred income	224	185
	511	439
	511	439
	2018	2017
	£000	£000
Deferred income		
Deferred income at 1 September 2017	63	63
Resources deferred during the year	68	65
Amounts released from previous years	(63)	(63)
	68	65
Deferred income at 31 August 2018	68	65

Deferred income comprises a grant received to cover the costs of rates to be incurred in 2018-19 as well as lettings income received in advance.

17. Creditors: Amounts falling due after more than one year

	2018	2017
	£000	£000
Loan from the ESFA	500	500
ESFA Creditor : Abatement of GAG - long term element	499	499
	999	999
	999	999

During the course of the previous year the academy trust received advanced funding from the ESFA due to funding difficulties that had arisen. This is an interest free loan which is repayable by August 2021.

The trust also has to repay the ESFA for abatement of GAG received in earlier years over a four year period to August 2021 in line with an agreed repayment schedule with them.

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**NOTES TO THE FINANCIAL STATEMENTS
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18. Statement of funds

	Balance at 1 September 2017 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2018 £000
Unrestricted funds						
General Funds	812	104	-	-	-	916
Restricted funds						
General Annual Grant (GAG)	(1,778)	6,984	(6,573)	6	-	(1,361)
Pupil Premium	-	437	(437)	-	-	-
Other Dfe/ESFA grants	16	205	(221)	-	-	-
Other income	-	329	(329)	-	-	-
Pension reserve	(5,969)	-	(347)	-	1,344	(4,972)
	<u>(7,731)</u>	<u>7,955</u>	<u>(7,907)</u>	<u>6</u>	<u>1,344</u>	<u>(6,333)</u>
Restricted fixed asset funds						
Legacy income	79	-	(79)	-	-	-
ESFA Capital Grant	10	-	(10)	-	-	-
Devolved capital grant	210	26	(226)	-	-	10
Donation from local government	47,708	-	(150)	(6)	-	47,552
	<u>48,007</u>	<u>26</u>	<u>(465)</u>	<u>(6)</u>	<u>-</u>	<u>47,562</u>
Total restricted funds	<u>40,276</u>	<u>7,981</u>	<u>(8,372)</u>	<u>-</u>	<u>1,344</u>	<u>41,229</u>
Total of funds	<u>41,088</u>	<u>8,085</u>	<u>(8,372)</u>	<u>-</u>	<u>1,344</u>	<u>42,145</u>

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

General Annual Grant (GAG) must be used for the normal running costs of the Academy.

The Academies have a brought forward deficit on GAG due to historical falling pupil numbers. The pupil numbers have shown a year on year increase since September 2017 and the deficit is being reduced each year.

Other income includes catering, school trips and uniform income.

THE BASILDON ACADEMIES
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

18. Statement of funds (continued)

Analysis of academies by fund balance

Fund balances at 31 August 2018 were allocated as follows:

	Total 2018 £000	Total 2017 £000
Basildon Upper Academy	(222)	(475)
Basildon Lower Academy	(223)	(475)
Total before fixed asset fund and pension reserve	(445)	(950)
Restricted fixed asset fund	47,562	48,007
Pension reserve	(4,972)	(5,969)
Total	<u>42,145</u>	<u>41,088</u>

The following academies are carrying net deficits on their portion of the funds as follows:

Name of academy	Amount of deficit £000
Basildon Upper Academy / Basildon Lower Academy	445

Both Academies have net deficits due to historical falling pupil numbers.

The Academy is taking the following action to return the academies to surplus:

The Academies have a five year recovery plan which will return the Academies to a surplus position at 31 August 2020.

Analysis of academies by cost

Expenditure incurred by each academy during the year was as follows:

	Teaching and educational support staff costs £000	Other support staff costs £000	Educational supplies £000	Other costs excluding depreciation £000	Total 2018 £000	Total 2017 £000
Basildon Lower Academy	2,222	628	90	797	3,737	4,097
Basildon Upper Academy	2,222	896	203	849	4,170	4,299
	<u>4,444</u>	<u>1,524</u>	<u>293</u>	<u>1,646</u>	<u>7,907</u>	<u>8,396</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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18. Statement of funds (continued)

Statement of funds - prior year

	<i>Balance at 1 September 2016 £000</i>	<i>Income £000</i>	<i>Expenditure £000</i>	<i>Transfers in/out £000</i>	<i>Gains/ (Losses) £000</i>	<i>Balance at 31 August 2017 £000</i>
General funds						
General Funds	702	110	-	-	-	812
Restricted funds						
General Annual Grant (GAG)	(942)	6,653	(7,489)	-	-	(1,778)
Pupil Premium	-	432	(432)	-	-	-
Bursary Fund	16	26	(26)	-	-	16
Other Dfe/EFA grants	-	167	(167)	-	-	-
Other income	-	266	(266)	-	-	-
Pension reserve	(6,670)	-	(241)	-	942	(5,969)
	<u>(7,596)</u>	<u>7,544</u>	<u>(8,621)</u>	<u>-</u>	<u>942</u>	<u>(7,731)</u>
Restricted fixed asset funds						
Legacy income	95	-	(16)	-	-	79
Capital expenditure from GAG	72	-	(72)	-	-	-
EFA Capital Grant	-	26	(16)	-	-	10
Devolved capital grant	210	-	-	-	-	210
Donation from local government	-	48,116	(408)	-	-	47,708
	<u>377</u>	<u>48,142</u>	<u>(512)</u>	<u>-</u>	<u>-</u>	<u>48,007</u>
Total restricted funds	<u>(7,219)</u>	<u>55,686</u>	<u>(9,133)</u>	<u>-</u>	<u>942</u>	<u>40,276</u>
Total of funds	<u>(6,517)</u>	<u>55,796</u>	<u>(9,133)</u>	<u>-</u>	<u>942</u>	<u>41,088</u>

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

	Balance at 1 September 2016 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2018 £000
Unrestricted funds						
General Funds	702	214	-	-	-	916
Restricted funds						
General Annual Grant (GAG)	(942)	13,637	(14,062)	6	-	(1,361)
Pupil Premium	-	869	(869)	-	-	-
Bursary Fund	16	26	(26)	-	-	16
Other Dfe/EFA grants	-	372	(388)	-	-	(16)
	-	329	(329)	-	-	-
Other income	-	266	(266)	-	-	-
Pension reserve	(6,670)	-	(588)	-	2,286	(4,972)
	(7,596)	15,499	(16,528)	6	2,286	(6,333)
Restricted fixed asset funds						
Legacy income	95	-	(95)	-	-	-
Capital expenditure from GAG	72	-	(72)	-	-	-
EFA Capital Grant	-	26	(26)	-	-	-
Devolved capital grant	210	26	(226)	-	-	10
Donation from local government	-	48,116	(558)	(6)	-	47,552
	377	48,168	(977)	(6)	-	47,562
	(7,219)	63,667	(17,505)	-	2,286	41,229
Total of funds	(6,517)	63,881	(17,505)	-	2,286	42,145

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**NOTES TO THE FINANCIAL STATEMENTS
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19. Analysis of net assets between funds

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Restricted fixed asset funds 2018 £000	Total funds 2018 £000
Tangible fixed assets	-	-	47,552	47,552
Current assets	916	149	10	1,075
Creditors due within one year	-	(511)	-	(511)
Creditors due in more than one year	-	(999)	-	(999)
Provisions for liabilities and charges	-	(4,972)	-	(4,972)
	<u>916</u>	<u>(6,333)</u>	<u>47,562</u>	<u>42,145</u>

Analysis of net assets between funds - prior year

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Restricted fixed asset funds 2017 £000	Total funds 2017 £000
Tangible fixed assets	-	-	47,997	47,997
Current assets	812	(324)	10	498
Creditors due within one year	-	(439)	-	(439)
Creditors due in more than one year	-	(999)	-	(999)
Provisions for liabilities and charges	-	(5,969)	-	(5,969)
	<u>812</u>	<u>(7,731)</u>	<u>48,007</u>	<u>41,088</u>

20. Reconciliation of net movement in funds to net cash flow from operating activities

	2018 £000	2017 £000
Net (expenditure)/income for the year (as per Statement of Financial Activities)	(287)	46,663
Adjustment for:		
Depreciation of tangible fixed assets	465	496
Increase in debtors	(2)	(33)
Increase in creditors	74	564
Capital grants from DfE	(26)	(26)
Decrease in stocks	(1)	(1)
Pension finance costs	347	241
Net cash provided by operating activities	<u>570</u>	<u>47,904</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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21. Analysis of cash and cash equivalents

	2018 £000	2017 £000
Cash in hand	892	316
Total	<u>892</u>	<u>316</u>

22. 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.

23. Pension commitments

The Academy's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Essex Pension Fund through Essex County Council. Both are Multi-Employer Defined Benefit Pension Schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

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

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

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23. Pension commitments (continued)

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

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

The employer's pension costs paid to TPS in the period amounted to £416,757 (2017 - £437,005).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx).

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £433,000 (2017 - £542,000), of which employer's contributions totalled £351,000 (2017 - £450,000) and employees' contributions totalled £82,000 (2017 - £92,000). The agreed contribution rates for future years are 25% for employers and between 5.5 to 12.5% for employees.

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

Principal actuarial assumptions:

	2018	2017
Discount rate for scheme liabilities	2.65 %	2.60 %
Rate of increase in salaries	3.80 %	4.20 %
Rate of increase for pensions in payment / inflation	2.30 %	2.70 %
Inflation assumption (CPI)	2.30 %	2.70 %
Retail price index (RPI)	3.30 %	3.60 %

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23. Pension commitments (continued)

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

	2018	2017
Retiring today		
Males	22.3	22.2
Females	24.8	24.7
Retiring in 20 years		
Males	24.5	24.3
Females	27.1	27.0

	At 31 August 2018 £000	At 31 August 2017 £000
Sensitivity analysis		
Discount rate +0.1%	466	573
Discount rate -0.1%	488	600
Mortality assumption - 1 year increase	492	602
Mortality assumption - 1 year decrease	462	568

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

	Fair value at 31 August 2018 £000	Fair value at 31 August 2017 £000
Equities	3,710	3,404
Gilts	312	326
Corporate bonds	341	204
Property	520	506
Cash and other liquid assets	199	161
Investment funds	224	221
Alternative assets	523	398
Total market value of assets	5,829	5,220

The actual return on scheme assets was £333,000 (2017 - £712,000).

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23. Pension commitments (continued)

The amounts recognised in the Statement of Financial Activities are as follows:

	2018 £000	2017 £000
Current service cost (net of employer contributions)	(540)	(532)
Interest on obligation	(151)	(142)
Net interest costs	194	605
Total	(497)	(69)
Actual return on scheme assets	333	712

Movements in the present value of the defined benefit obligation were as follows:

	2018 £000	2017 £000
Opening defined benefit obligation	11,189	11,365
Interest cost	290	249
Employee contributions	82	92
Actuarial gains	(1,150)	(854)
Benefits paid	(155)	(199)
Past service costs	5	4
Current service cost	540	532
Closing defined benefit obligation	10,801	11,189

Movements in the fair value of the Academy's share of scheme assets:

	2018 £000	2017 £000
Opening fair value of scheme assets	5,220	4,695
Interest income	139	107
Actuarial losses	194	88
Employee contributions	82	92
Benefits paid	(155)	(199)
Administration expenses	(2)	(1)
Contributions by employer	351	438
Closing fair value of scheme assets	5,829	5,220

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24. Operating lease commitments

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

	2018 £000	2017 £000
Amounts payable:		
Within 1 year	25	7
Between 1 and 5 years	30	13
Total	<u>55</u>	<u>20</u>

25. Related party transactions

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 11.

26. Agency Arrangements

The academy trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2018 the academy trust received £25,000 and disbursed £12,000 from the fund. An amount of £13,000 is included in other creditors relating to undistributed funds that is repayable to ESFA.