

Company Registration No. 06308595 (England and Wales)

THE BASILDON ACADEMIES
(A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' REPORT AND AUDITED ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2019

THE BASILDON ACADEMIES

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THE BASILDON ACADEMIES

REFERENCE AND ADMINISTRATIVE DETAILS

Members

M Turner
N Luckock
K Bobbin

Trustees

N Luckock
L Livermore (Chair of Trustees)
M Turner

Senior management team

G Smith	- Headteacher
T Darker	- Director of Finance and Operations
A Guinea	- Deputy Head
L Sherman	- Deputy Head
V Oddy	- Deputy Head
S Sharman (resigned April 19)	- Deputy Head

Company secretary

Neptune Secretaries Limited

Company registration number

06308595 (England and Wales)

Registered office

Wickford Avenue
Pitsea
Basildon
Essex
SS13 3HL

Independent auditor

Rickard Luckin Limited
Phoenix House, Suite 8
Christopher Martin Road
Basildon
Essex
SS14 3EZ

THE BASILDON ACADEMIES

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2019

The trustees present their annual report together with the accounts and auditor's report of the charitable company for the year 1 September 2018 to 31 August 2019. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

Constituted as a Multi Academy Trust the charitable company operates 2 schools the Basildon Lower Academy and Basildon Upper Academy. The Basildon Academy has a roll of 1128 in the 2018 school census.

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 Charitable Company is known as the Basildon Academies.

The trustees of The Basildon Academies are also the directors of the charitable company for the purposes of company law. Details of the trustees who served during the year, and to the date these accounts are approved, are included in the Reference and Administrative Details on page 1.

Members' liability

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

Trustees' indemnities

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

Method of recruitment and appointment or election of trustees

It is the Chair's responsibility to consider the range and balance of skills required on the board of trustees.

The arrangements for recruitment are set out in the Articles and Funding Agreement.

Policies and procedures adopted for the induction and training of trustees

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

The Trust is committed to providing adequate opportunities for Trustees and Governors to receive suitable training in order to be able to perform their role effectively. Where necessary induction will provide training on charity, education, legal and financial matters. All new trustees will be given a tour of the Academies and have the chance to meet with staff and students. All Trustees are provided with copies of policies, procedures, minutes, accounts, budgets and any other documents as appropriate to their role.

THE BASILDON ACADEMIES

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Organisational structure

The Governance of the Trust is defined in the Memorandum and Articles of Association together with the funding agreement with the Department of Education.

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 Headteacher 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 Governing Committee decide

The Governing Body meets regularly and is advised by its two sub committees which include Staffing and Finance. The Directors and Governors are responsible for the strategic direction of the Trust. The Trustees are responsible for setting the strategic policy, adopting an annual plan and budget. Monitoring the Trust by its use of those budgets and making major decisions about the direction of the Academy, capital expenditure and senior staff appointments.

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 decision making at all levels.

The Executive Leadership Team includes the Chair, Headteacher and Director of Finance and Operations. These managers control the Academy at an executive level implementing 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.

Both Academies have the same Executive Leadership Team, each Academy has a Deputy Head led by the Headteacher, who is a member of the Executive Leadership Team. The Senior Leadership Team is the same for both Academies and includes the Deputy Heads and Assistant Heads for each Academies alongside members 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.

The Executive Leadership Team are responsible for the authorisation of spending within agreed budgets and for the appointment of staff following vetting and safer recruitment processes.

The Trusts Headteacher is the Accounting Officer.

Arrangements for setting pay and remuneration of key management personnel

Pay and remuneration of key management personnel is decided by a variety of contributory factors, such as pay scales, outcomes of Performance Management reviews and any nationally agreed pay awards that are recognised in accordance with the Trust's Pay Policy.

Performance Management reviews are carried out by Line Managers and signed off by the Headteacher. Performance Management review for the Headteacher is carried out by the Chair of Governors. Trustees are not paid for their roles within the Academy.

Trade union facility time

The number of employees who were relevant union officials during the period was none.

During the Year there was no time spent on facility time and £nil spent on facility time.

THE BASILDON ACADEMIES

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Related parties and other connected charities and organisations

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 principal object and aim of the Charitable Company is the operation of an Academy to provide free education for pupils within its local community between the ages of 11 and 18. To promote and provide for the advancement and education of children.

The main objectives of the Basildon Academies during the year ending 31st August 2019 continues to be 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.

The Trust reviews its curriculum annually and is satisfied that it offers a broad and balanced curriculum as well as providing other learning opportunities through its wide range of extra-curricular programmes.

Objectives, strategies and activities

The priorities for the Academy during the year ended 31st August 2019 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.

In addition to the **Academy Development Plan aims and objectives are:**

Aim 1

Social Mobility - Equality of opportunity for our young people to succeed

Aim 2

Cultural Capital - Equity of opportunity and life experiences

Aim 3

Moral purpose - Resilient positive decision makers

Aim 4

Spiritual Awareness - Reflective citizens and active curious learners

THE BASILDON ACADEMIES

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Our success in fulfilling our aims can be measured by:

- Continued good or better teaching throughout the school
- Improved outcomes for students
- The improvement in the gap between disadvantaged groups and other groups of students
- Increased pupil numbers in KS3 and KS5

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

Public benefit

The Trustees believe that by working towards the objectives and aims of the Trust as detailed above, they have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission.

The Academy serves the local community by providing resources and facilities for all people of 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.

Strategic report

Achievements and performance

The Trust continued its mission to ensure that students achieved their potential in public examinations, encouraged a wide range of extra-curricular activities; developed and retained suitable staff and guided students in suitable progression when they left their school.

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

Following the restructure of the Senior Management Team in September 2017 both the Senior Leaders and Governors have worked closely to 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 the year ending 31st August 2019:

- Zero permanent exclusion
- Continued reduction in FTEs
- Performed significantly better than budget
- Achieved strategies implemented in 2018 which has resulted in the Academies achieving a surplus budget for the 2nd year running and no longer being in a deficit position going into 2019/20

THE BASILDON ACADEMIES

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Key performance indicators

The Directors and Governing Body receive regular information from its sub committees to enable them to monitor the performance of the Trust compared to aims, strategies and financial budgets. The performance of the Academies is assessed 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 see growth in student numbers with both higher Year 7 pupil numbers and increased numbers of midterm admissions. The Local Authority forecast for the forthcoming years sees continued growth in pupil numbers.

KS3 Outcomes – Lower Academy

On track to achieve a grade 4+	Year 9 AP2 2016/17	Year 9 AP2 2017/18	Year 9 AP2 2018/19
English	17%	29%	49%
Maths	19%	36%	44%

Behaviour & attitudes

	SLASC May 2018	SLASC May 2019	Impact
Attendance	93.4%	93.9%	+0.5%
Persistent Absentees	17.5%	18%	0.5%
Fixed Term Exclusions	16.6%	7.4%	-9.2%
% of students with at least 1 absence	72%	67%	-5%

Student numbers in KS3 have increased from 552 in July 2017/18 to 619 in July 2018/19

Overall totals for the combined academies has risen from 1072 in July 2018 to 1127 in July 2019

THE BASILDON ACADEMIES

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

KS4 Outcomes – Upper Academy

The intake profile of 2019 GCSE cohort (on entry in Year 7) was significantly below national average with an average point score of 26.1 vs 29 nationally.

The 2019 GCSE cohort has 54% disadvantaged students Vs 28% nationally.

51% of students achieved 9-4 grading in English

36% of students achieved 9-4 grading in Maths

31% of students achieved the Maths and English threshold

Overall Progress 8 sits at -0.6 with an A8 of 33.2

Behaviour & attitudes

	SLASC May 2018	SLASC May 2019	Impact 2018-20 19
Attendance	91.9%	94.7%	+2.8%
Persistent Absentees	21.1%	15.9%	-5.2%
Fixed Term Exclusions	3.8%	3.3%	-0.5%
% of students with at least 1 absence	72%	68%	-5%

KS5 – Upper Academy

Basildon Academies Sixth Form has continued to maintain a strong recruitment of outgoing students with 60+% of Year 11 academy students remaining in FE at the Academies. We are increasing the number of external student applications year on year.

Both Academic and Technical pathways drive UCAS application and university take up.

University application have increased by 50% since 2017.

A level average grade remains D-

Applied General average grade remains Merit-

Recruitment target of 165 for KS5 met.

THE BASILDON ACADEMIES

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Going concern

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

The Basildon Academies Executive Leadership Team have continued to review its staffing structure and during the year have continued to increase the Teacher Contact Ratio. For the second year this has returned significant savings against the forecasted staffing budget and contributed to the Basildon Academies no longer being in a deficit position and moving into 2019/20 in a surplus carry forward position.

The Basildon Academies continue to monitor its cash balance and as forecasted operated with a surplus for the year ending 31st August 2019. The Trustees are confident with the management of cash flow and that there will not be any need for support from the EFSA. During year ending 31st August 2019 the Basildon Academies started to repay the outstanding PNA debt from 2015/16 of 499k and this will be fully repaid by 1st October 2019. Continued increase in reserves over the forthcoming years will enable the Basildon Academies to repay its GAG advance and reinvest in the schools IT infrastructure and facilities.

Financial review

The Academy's principal source of income is the General Annual Grant (GAG) and other grants that it receives from The Education Skills Funding Agency (ESFA). The grants received during the year ended 31st August 2019 and the associated expenditure are shown in the Statement of Financial Activities.

The Academy also received grants for Fixed Assets. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected life of the assets concerned.

As 31st August 2019 the net book value of fixed assets was £47,179,179. Movements in tangible fixed assets are shown in note 14 to the financial statements. The assets were used exclusively for providing education and associated support services to the pupils of the Academy.

For the year ending 31st August 2019 the Trust received £7,353,410 of GAG funding. The expenditure during the year ending 31st August 2019 equalled £8,407,809 and was covered by the recurrent grant from the ESFA together with other incoming resources.

Due to the accounting rules for the Local Government Pension Scheme under FRS102, the Trust recognises a significant pension fund deficit of £6,164,000 as at 31st August 2019. This does not mean that an immediate liability for this amount crystallises and such a deficit generally results in a cash flow effect in the form of increased employer contributions over a number of years.

Reserves policy

The Trustees are aware of the requirement to balance current and future needs and always aim to set a balanced budget with annual income balancing expenditure. The Trustees review the reserve levels annually and monitor any estimated year-end carry forward balances via the Monthly Management accounts received via the Director of Finance & Operations.

The Trust have determined that the appropriate level of free reserves should be equivalent to 2 weeks expenditure, approximately £403,000. The Trust has not been in a position to carry forward year-end reserves in the most recent financial years and the value of free reserves at year end 31st August 2018 was £ (445,000). The Academy have now been performing at a surplus and as at year end 31st August 2019 have returned the Academy from a deficit reserves position to having a year-end carry forward reserve of £290,403.

The Trust will now plan how the carry forward reserves will be allocated in the following academic year to support the expansion plan to support the continued increase in student numbers. This plan focuses on upgrading both the IT infrastructure and facilities within both schools.

THE BASILDON ACADEMIES

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Principal risks and uncertainties

The Academies principal goal is to safeguard its long term ability 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 number 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 operation expenditures.

The Executive Leadership Team maintain a central risk register that identifies the major risks to the major risks, to which the Trust is exposed. This register is approved and monitored via the Finance Committee with a formal review undertaken on an annual basis by the Director of Finance & Operations.

Financial and risk management objectives and policies

As a Multi Academy Trust operating two schools, the level of financial risk is low. Cash flows can be reliably forecast, monitored and reported. Staff costs make up the majority of the expenditure and are relatively stable with contingencies in place to cover such items such as sickness and maternity.

The Trust is exposed to a number of financial risks, including credit, cash flow and liquidity risks. The Directors, Governors and Senior Leaders 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 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 financial management of its resources and expenditure

Plans for future periods

Future Developments

The Academy will continue to strive to raise 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.

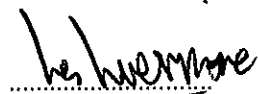
Our aim is to have high expectations and belief in every child and continue to bring about further and sustainable improvement in attendance, behaviour and attainment and make the Academy a place in which children, parents and stakeholders can be justifiably proud.

Auditor

In so far as the trustees are aware:

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

The trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 16.12.19..... and signed on its behalf by:



L Livermore

Chair of Trustees

THE BASILDON ACADEMIES

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2019

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 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:

Trustees	Meetings attended	Out of possible
N Luckock	3	3
L Livermore (Chair of Trustees)	3	3
M Turner	0	3

There have been no key changes to the composition of the Board of Trustees during academic year 2018/19. The Board meet a minimum of three times per academic year and the scope of our work is to consider all matters relating to curriculum, staff and 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 2019.

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 Headteacher, Director of Finance & Operations, two Staff Governors, Parent Governor and Local Authority appointed Governor.

Attendance at meetings in the year was as follows:

Trustees	Meetings attended	Out of possible
N Luckock	3	3
L Livermore (Chair of Trustees)	3	3

Review of value for money

As accounting officer the principal has responsibility for ensuring that the academy trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

THE BASILDON ACADEMIES

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

The Accounting Officer accepts responsibility and accountability for ensuring that the Trust delivers good value in the use of public resources 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 Trust is committed to applying the four principles of best value; Challenge, Compare, Consult and Complete.

Improved value for money is delivered during the year by:

- Ensuring all SLA's are reviewed at point of renewal
- Obtaining 3 quotes for expenditure over 5k
- Maximising income from lettings
- Performance Management for all staff annually
- Reviewing staffing levels and continually streamline where possible and reviewing teacher contact ratio annually

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Basildon Academies for the period 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The board of trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the board of trustees.

The risk and control framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- regular reviews by the finance and general purposes 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.

The Board of Trustees has considered the need for specific internal audit function and has decided not to appoint an internal auditor. However, the trustees had three additional checks performed by its previous auditors Moore Stephens LLP during the academic year 1st September 2018 to 31st August 2019.

THE BASILDON ACADEMIES

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

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

Moore Stephens has carried out three internal audit reviews the Academic year 2018/19 as per their schedule of work on the following areas;

- Website review
- Safeguarding
- School Development Plan

No material issues were identified.

Review of effectiveness

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

- The work of the external auditor
- 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 weakness and ensure continuous improvement of the system is in place.

Approved by order of the board of trustees on 16/12/19..... and signed on its behalf by:



L Livermore
Chair of Trustees

THE BASILDON ACADEMIES

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

FOR THE YEAR ENDED 31 AUGUST 2019

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 2018.

I confirm that I and the academy trust's 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 2018.

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

10/12/19.....

THE BASILDON ACADEMIES

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2019

The trustees (who are also the directors of The Basildon Academies for the purposes of company law) are responsible for preparing the trustees' report and the accounts in accordance with the Academies Accounts Direction 2018 to 2019 published by the Education & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the trustees to prepare accounts for each financial year. Under company law, the trustees must not approve the accounts 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 accounts, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts 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 accounts 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 that 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 accounts may differ from legislation in other jurisdictions.

Approved by order of the members of the board of trustees on 16/12/19..... and signed on its behalf by:



L Livermore
Chair of Trustees

THE BASILDON ACADEMIES

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE BASILDON ACADEMIES

FOR THE YEAR ENDED 31 AUGUST 2019

Opinion

We have audited the accounts of The Basildon Academies for the year ended 31 August 2019 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

In our opinion the accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2019 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;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019.

Basis for opinion

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

Conclusions relating to going concern

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

- the trustees' use of the going concern basis of accounting in the preparation of the accounts is not appropriate; or
- the trustees have not disclosed in the accounts any identified material uncertainties that may cast significant doubt about the academy trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the accounts are authorised for issue.

Other information

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

In connection with our audit of the accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts 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 accounts 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.

THE BASILDON ACADEMIES

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE BASILDON ACADEMIES (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Opinions 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 incorporated strategic report for the financial year for which the accounts are prepared is consistent with the accounts; and
- the trustees' report including the incorporated strategic report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the academy trust and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report, including the incorporated 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 accounts are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities, the trustees are responsible for the preparation of the accounts 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 accounts that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the accounts

Our objectives are to obtain reasonable assurance about whether the accounts 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 accounts.

A further description of our responsibilities for the audit of the accounts is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

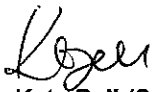
THE BASILDON ACADEMIES

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE BASILDON ACADEMIES (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Use of our report

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



Kate Bell (Senior Statutory Auditor)
for and on behalf of Rickard Luckin Limited

17th December 2019

Chartered Accountants
Statutory Auditor

Phoenix House, Suite 8
Christopher Martin Road
Basildon
Essex
SS14 3EZ

THE BASILDON ACADEMIES

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE BASILDON ACADEMIES AND THE EDUCATION & SKILLS FUNDING AGENCY

FOR THE YEAR ENDED 31 AUGUST 2019

In accordance with the terms of our engagement letter dated 2 May 2019 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Basildon Academies during the period 1 September 2018 to 31 August 2019 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 ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the The Basildon Academies and 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 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 2018, 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 2018 to 2019. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2018 to 31 August 2019 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 2018 to 2019 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

- Reviewing the minutes of the meetings of the Governing Body and key sub committees;
- Evaluating internal control and review procedures, and reviewing findings of internal audit reviews;
- Reviewing action taken as a result of recommendations from internal audit procedures, external audit, and ESFA updates;
- Evaluating and documenting internal controls and testing their application by walkthrough;
- Testing a sample of payments to ensure that they have been authorised in accordance with the Academy's financial procedures and the Academies Financial Handbook.

THE BASILDON ACADEMIES

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE BASILDON ACADEMIES AND THE EDUCATION & SKILLS FUNDING AGENCY (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Rickard Luckin Ltd

Reporting Accountant

Rickard Luckin Limited
Phoenix House, Suite 8
Christopher Martin Road
Basildon
Essex
SS14 3EZ

Dated: *17th December 2019*

THE BASILDON ACADEMIES

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2019

	Notes	Unrestricted Funds £	Restricted funds: General Fixed asset £ £		Total 2019 £	Total 2018 £
Income and endowments from:						
Donations and capital grants	4	1,546	-	82,075	83,621	26,250
Charitable activities:						
- Funding for educational operations	5	-	7,976,759	-	7,976,759	7,627,306
Other trading activities	6	113,547	240,003	-	353,550	430,618
Investments	7	721	-	-	721	459
Total		115,814	8,216,762	82,075	8,414,651	8,084,633
Expenditure on:						
Charitable activities:						
- Educational operations	10	16,582	7,918,339	472,888	8,407,809	8,372,893
Total	8	16,582	7,918,339	472,888	8,407,809	8,372,893
Net income/(expenditure)		99,232	298,423	(390,813)	6,842	(288,260)
Transfers between funds	21	(724,544)	715,085	9,459	-	-
Other recognised gains/(losses)						
Actuarial (losses)/gains on defined benefit pension schemes	23	-	(845,000)	-	(845,000)	1,344,000
Net movement in funds		(625,312)	168,508	(381,354)	(838,158)	1,055,740
Reconciliation of funds						
Total funds brought forward		915,715	(6,332,508)	47,560,533	42,143,740	41,088,000
Total funds carried forward		290,403	(6,164,000)	47,179,179	41,305,582	42,143,740

THE BASILDON ACADEMIES

STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2019

Comparative year information Year ended 31 August 2018	Notes	Unrestricted	Restricted funds:		Total
		Funds	General	Fixed asset	2018
		£	£	£	£
Income and endowments from:					
Donations and capital grants	4	1,037	-	25,213	26,250
Charitable activities:					
- Funding for educational operations	5	-	7,627,306	-	7,627,306
Other trading activities	6	102,219	328,399	-	430,618
Investments	7	459	-	-	459
Total		<u>103,715</u>	<u>7,955,705</u>	<u>25,213</u>	<u>8,084,633</u>
Expenditure on:					
Charitable activities:					
- Educational operations	10	-	7,907,213	465,680	8,372,893
Total	8	<u>-</u>	<u>7,907,213</u>	<u>465,680</u>	<u>8,372,893</u>
Net income/(expenditure)		103,715	48,492	(440,467)	(288,260)
Transfers between funds	21	-	6,000	(6,000)	-
Other recognised gains/(losses)					
Actuarial gains on defined benefit pension schemes	23	-	1,344,000	-	1,344,000
Net movement in funds		<u>103,715</u>	<u>1,398,492</u>	<u>(446,467)</u>	<u>1,055,740</u>
Reconciliation of funds					
Total funds brought forward		812,000	(7,731,000)	48,007,000	41,088,000
Total funds carried forward		<u>915,715</u>	<u>(6,332,508)</u>	<u>47,560,533</u>	<u>42,143,740</u>


THE BASILDON ACADEMIES

BALANCE SHEET

AS AT 31 AUGUST 2019

	Notes	2019		2018	
		£	£	£	£
Fixed assets					
Tangible assets	14		47,179,179		47,552,381
Current assets					
Stocks	16	7,144		5,660	
Debtors	17	193,804		176,227	
Cash at bank and in hand		1,317,820		890,897	
			<u>1,518,768</u>		<u>1,072,784</u>
Current liabilities					
Creditors: amounts falling due within one year	18	(728,365)		(510,425)	
Net current assets			<u>790,403</u>		<u>562,359</u>
Total assets less current liabilities			<u>47,969,582</u>		<u>48,114,740</u>
Creditors: amounts falling due after more than one year	19		(500,000)		(999,000)
Net assets before defined benefit pension scheme liability			<u>47,469,582</u>		<u>47,115,740</u>
Defined benefit pension scheme liability	23		(6,164,000)		(4,972,000)
Total net assets			<u><u>41,305,582</u></u>		<u><u>42,143,740</u></u>
Funds of the academy trust:					
Restricted funds	21				
- Fixed asset funds			47,179,179		47,560,533
- Restricted income funds			-		(1,360,508)
- Pension reserve			(6,164,000)		(4,972,000)
Total restricted funds			<u>41,015,179</u>		<u>41,228,025</u>
Unrestricted income funds	21		290,403		915,715
Total funds			<u><u>41,305,582</u></u>		<u><u>42,143,740</u></u>

The accounts on pages 20 to 42 were approved by the trustees and authorised for issue on 16/12/19..... and are signed on their behalf by:



 L Livermore
 Chair of Trustees

Company Number 06308595

THE BASILDON ACADEMIES

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2019

	Notes	2019		2018	
		£	£	£	£
Cash flows from operating activities					
Net cash provided by operating activities	24		942,813		570,286
Cash flows from investing activities					
Dividends, interest and rents from investments		721		459	
Capital grants from DfE Group		82,075		25,213	
Purchase of tangible fixed assets		(99,686)		(20,000)	
Net cash (used in)/provided by investing activities			(16,890)		5,672
Cash flows from financing activities					
Repayment of other loan		(499,000)		-	
Net cash used in financing activities			(499,000)		-
Net increase in cash and cash equivalents in the reporting period			426,923		575,958
Cash and cash equivalents at beginning of the year			890,897		314,939
Cash and cash equivalents at end of the year			<u>1,317,820</u>		<u>890,897</u>

THE BASILDON ACADEMIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies

The Basildon Academies is a charitable company. The address of its principal place of business is given on page 1 and the nature of its operations are set out in the trustees' report.

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

1.1 Basis of preparation

The accounts 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 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

The Basildon Academies meets the definition of a public benefit entity under FRS 102.

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 charitable company to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the accounts. In a previous year the academy had received advanced GAG funding for future years by way of a loan and as at the year end this balance was still outstanding. The academy has agreed a repayment plan with the ESFA for the repayment of its liabilities with them (see note 19) 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 accounts.

1.3 Income

All incoming resources are recognised when the academy trust has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

Grants

Grants are included in the statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the statement of financial activities in the period for which it is receivable, and any abatement in respect of the period is deducted from income and recognised as a liability.

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

THE BASILDON ACADEMIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies

(Continued)

Sponsorship income

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the statement of financial activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

Donations

Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable and the amount can be reliably measured.

Other income

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

Donated goods, facilities and services

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

Donated fixed assets

Donated fixed assets are measured at fair value unless it is impractical to measure this reliably, in which case the cost of the item to the donor is used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's accounting policies.

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 are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

This includes all expenditure incurred by the academy trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

Charitable activities

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

THE BASILDON ACADEMIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies

(Continued)

1.5 Tangible fixed assets and depreciation

Assets costing £500 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding that require the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the statement of financial activities and carried forward in the balance sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the statement of financial activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

Land and buildings	Up to 125 years or useful life of improvement
Computer equipment	3-10 years straight line
Fixtures, fittings & equipment	5-10 years straight line

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 Liabilities

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods of services it must provide.

1.7 Leased assets

Rentals payable under operating leases are charged against income on a straight line basis over the period of the lease.

1.8 Financial instruments

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

Financial assets

Trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments.

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

Financial liabilities

Trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost. Taxation and social security are not included in the financial instruments disclosure definition.

Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

THE BASILDON ACADEMIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies

(Continued)

1.9 Stock

Stock is valued at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less further costs to completion and disposal. Provision is made for obsolete and slow moving stock.

1.10 Taxation

The academy trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by 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.

1.11 Pensions benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. The TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions are recognised in the period to which they relate.

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

1.12 Fund accounting

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

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

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

THE BASILDON ACADEMIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies

(Continued)

1.13 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 any balances held are disclosed in note 28.

2 Critical accounting estimates and areas of judgement

Accounting estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or 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 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement

In the application of the company's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. The only case whereby this arises is in respect of the depreciation policies relating to the fixed assets held by the academy, which are based on the estimated useful lives of the assets.

3 General Annual Grant (GAG)

Under the funding agreement with the Secretary of State, the academy trust was subject to limits at 31 August 2019 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 trust has not exceeded these limits during the year ended 31 August 2019.

THE BASILDON ACADEMIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

4 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
Capital grants	-	82,075	82,075	25,213
Other donations	1,546	-	1,546	1,037
	<u>1,546</u>	<u>82,075</u>	<u>83,621</u>	<u>26,250</u>

5 Funding for the academy trust's educational operations

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
DfE / ESFA grants				
General annual grant (GAG)	-	7,353,410	7,353,410	6,983,743
Other DfE group grants	-	539,115	539,115	643,563
	<u>-</u>	<u>7,892,525</u>	<u>7,892,525</u>	<u>7,627,306</u>
Other government grants				
Local authority grants	-	84,234	84,234	-
	<u>-</u>	<u>84,234</u>	<u>84,234</u>	<u>-</u>
Total funding	<u>-</u>	<u>7,976,759</u>	<u>7,976,759</u>	<u>7,627,306</u>

6 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
Hire of facilities	113,547	-	113,547	102,219
Catering income	-	134,768	134,768	133,919
Other income	-	94,122	94,122	189,367
Trips and activities	-	11,113	11,113	5,113
	<u>113,547</u>	<u>240,003</u>	<u>353,550</u>	<u>430,618</u>

7 Investment income

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
Short term deposits	721	-	721	459
	<u>721</u>	<u>-</u>	<u>721</u>	<u>459</u>

THE BASILDON ACADEMIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

8 Expenditure

	Staff costs £	Non Pay Expenditure Premises £	Other £	Total 2019 £	Total 2018 £
Academy's educational operations					
- Direct costs	4,325,421	-	602,548	4,927,969	5,101,561
- Allocated support costs	1,683,152	1,289,341	507,347	3,479,840	3,271,332
	<u>6,008,573</u>	<u>1,289,341</u>	<u>1,109,895</u>	<u>8,407,809</u>	<u>8,372,893</u>

Net income/(expenditure) for the year includes:

	2019 £	2018 £
Fees payable to auditor for:		
- Audit	16,000	13,000
- Other services	15,332	5,000
Operating lease rentals	25,147	25,000
Depreciation of tangible fixed assets	472,888	465,680
Net interest on defined benefit pension liability	128,000	151,000

9 Central services

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

10 Charitable activities

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
Direct costs				
Educational operations	-	4,927,969	4,927,969	5,101,561
Support costs				
Educational operations	16,582	3,463,258	3,479,840	3,271,332
	<u>16,582</u>	<u>8,391,227</u>	<u>8,407,809</u>	<u>8,372,893</u>

Analysis of costs

	2019 £	2018 £
Direct costs		
Teaching and educational support staff costs	4,335,281	4,443,390
Staff development	55,024	72,503
Technology costs	123,336	131,461
Educational supplies and services	193,236	293,267
Examination fees	125,667	123,945
Educational consultancy	62,533	19,130
Other direct costs	32,892	17,865
	<u>4,927,969</u>	<u>5,101,561</u>

THE BASILDON ACADEMIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

10 Charitable activities (Continued)

Support costs

Support staff costs	1,683,152	1,556,758
Depreciation	472,888	465,680
Recruitment and support	48,099	46,723
Maintenance of premises and equipment	338,735	211,677
Cleaning	46,097	43,877
Energy costs	290,061	328,430
Rent, rates and other occupancy costs	117,901	143,361
Insurance	23,659	1,117
Security and transport	9,170	8,698
Catering	92,724	84,291
Finance costs	128,000	151,000
Other support costs	198,022	199,253
Governance costs	31,332	30,467
	<u>3,479,840</u>	<u>3,271,332</u>

11 Staff

Staff costs

Staff costs during the year were:

	2019	2018
	£	£
Wages and salaries	4,536,863	4,720,729
Social security costs	400,580	329,071
Pension costs	932,890	946,285
Amounts paid to employees	<u>5,870,333</u>	<u>5,996,085</u>
Agency staff costs	138,240	-
Amounts paid to staff	6,008,573	5,996,085
Staff development and other staff costs	64,884	76,566
Total staff expenditure	<u>6,073,457</u>	<u>6,072,651</u>

Staff numbers

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

	2019	2018
	Number	Number
Teachers	62	63
Administration and support	129	125
Management	1	1
	<u>192</u>	<u>189</u>

THE BASILDON ACADEMIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

11 Staff

(Continued)

Higher paid staff

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

	2019 Number	2018 Number
£70,001 - £80,000	1	1
£80,001 - £90,000	1	1
	<u> </u>	<u> </u>

Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £466,706 (2018: £182,392).

12 Trustees' remuneration and expenses

None of the trustees are paid remuneration or has received other benefits from an employment with the academy trust. The principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment, and not in respect of their services as trustees.

During the year ended 31 August 2019, no trustees received any reimbursement of expenses (2018 - £nil).

13 Trustees and officers insurance

The academy trust has opted into the Department for Education's Risk Protection Arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy trust 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.

THE BASILDON ACADEMIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

14 Tangible fixed assets	Land and buildings	Computer equipment	Fixtures, fittings & equipment	Total
	£	£	£	£
Cost				
At 1 September 2018	48,146,422	179,376	920,056	49,245,854
Additions	-	56,764	42,922	99,686
At 31 August 2019	48,146,422	236,140	962,978	49,345,540
Depreciation				
At 1 September 2018	938,447	161,606	593,420	1,693,473
Charge for the year	384,928	11,336	76,624	472,888
At 31 August 2019	1,323,375	172,942	670,044	2,166,361
Net book value				
At 31 August 2019	46,823,047	63,198	292,934	47,179,179
At 31 August 2018	47,207,975	17,770	326,636	47,552,381
15 Financial instruments			2019	2018
			£	£
Carrying amount of financial assets				
Debt instruments measured at amortised cost			56,572	38,560
Carrying amount of financial liabilities				
Measured at amortised cost			989,153	1,338,295
16 Stocks			2019	2018
			£	£
Stock			7,144	5,660
17 Debtors			2019	2018
			£	£
Trade debtors			8,364	5,360
VAT recoverable			42,796	33,200
Prepayments and accrued income			142,644	137,667
			193,804	176,227

THE BASILDON ACADEMIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

18 Creditors: amounts falling due within one year	2019 £	2018 £
Trade creditors	94,391	50,609
Other taxation and social security	98,616	102,143
ESFA creditors - abatement of GAG	330,807	130,860
Other creditors	3,627	1,971
Accruals and deferred income	200,924	224,842
	<u>728,365</u>	<u>510,425</u>

19 Creditors: amounts falling due after more than one year	2019 £	2018 £
Loan from the ESFA	500,000	500,000
ESFA Creditor: Abatement of GAG - long term element	-	499,000
	<u>500,000</u>	<u>999,000</u>

Analysis of loans

Wholly repayable within five years	500,000	999,000
Less: included in current liabilities	-	-
	<u>500,000</u>	<u>999,000</u>

Amounts included above

In previous years 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.

20 Deferred income	2019 £	2018 £
Deferred income is included within:		
Creditors due within one year	<u>139,945</u>	<u>68,336</u>
Deferred income at 1 September 2018	68,336	63,000
Released from previous years	(68,336)	(63,000)
Resources deferred in the year	<u>139,945</u>	<u>68,336</u>
Deferred income at 31 August 2019	<u><u>139,945</u></u>	<u><u>68,336</u></u>

THE BASILDON ACADEMIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

21 Funds

	Balance at 1 September 2018 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2019 £
Restricted general funds					
General Annual Grant (GAG)	(1,360,508)	7,353,410	(6,707,987)	715,085	-
Other DfE / ESFA grants	-	539,115	(539,115)	-	-
Other government grants	-	84,234	(84,234)	-	-
Other restricted funds	-	240,003	(240,003)	-	-
Pension reserve	(4,972,000)	-	(347,000)	(845,000)	(6,164,000)
	<u>(6,332,508)</u>	<u>8,216,762</u>	<u>(7,918,339)</u>	<u>(129,915)</u>	<u>(6,164,000)</u>
Restricted fixed asset funds					
Inherited on conversion	47,552,000	-	(384,928)	(344,025)	46,823,047
DfE group capital grants	8,533	82,075	(87,960)	353,484	356,132
	<u>47,560,533</u>	<u>82,075</u>	<u>(472,888)</u>	<u>9,459</u>	<u>47,179,179</u>
Total restricted funds	<u>41,228,025</u>	<u>8,298,837</u>	<u>(8,391,227)</u>	<u>(120,456)</u>	<u>41,015,179</u>
Unrestricted funds					
General funds	<u>915,715</u>	<u>115,814</u>	<u>(16,582)</u>	<u>(724,544)</u>	<u>290,403</u>
Total funds	<u>42,143,740</u>	<u>8,414,651</u>	<u>(8,407,809)</u>	<u>(845,000)</u>	<u>41,305,582</u>

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

General Annual Grant

The General Annual Grant must be used for the normal running costs of the school including salary costs, overheads, premises costs and curriculum costs.

Other DfE/ESFA and government grants

Other grants include grants received from the DfE and Local Education Authorities for specific purposes.

Fixed asset fund

The fixed asset fund includes grants received from the DfE and other sources to finance the purchase of tangible fixed assets.

Pension reserve

The pension reserve is the element of the local government pension fund liability attributable to the Trust.

THE BASILDON ACADEMIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

21 Funds

(Continued)

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

	Balance at 1 September 2017 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2018 £
Restricted general funds					
General Annual Grant (GAG)	(1,778,000)	6,983,743	(6,572,251)	6,000	(1,360,508)
Other DfE / ESFA grants	16,000	643,563	(659,563)	-	-
Other restricted funds	-	328,399	(328,399)	-	-
Pension reserve	(5,969,000)	-	(347,000)	1,344,000	(4,972,000)
	<u>(7,731,000)</u>	<u>7,955,705</u>	<u>(7,907,213)</u>	<u>1,350,000</u>	<u>(6,332,508)</u>
Restricted fixed asset funds					
Transfer on conversion	47,708,000	-	(150,000)	(6,000)	47,552,000
DfE group capital grants	299,000	25,213	(315,680)	-	8,533
	<u>48,007,000</u>	<u>25,213</u>	<u>(465,680)</u>	<u>(6,000)</u>	<u>47,560,533</u>
Total restricted funds	<u>40,276,000</u>	<u>7,980,918</u>	<u>(8,372,893)</u>	<u>1,344,000</u>	<u>41,228,025</u>
Unrestricted funds					
General funds	<u>812,000</u>	<u>103,715</u>	<u>-</u>	<u>-</u>	<u>915,715</u>
Total funds	<u>41,088,000</u>	<u>8,084,633</u>	<u>(8,372,893)</u>	<u>1,344,000</u>	<u>42,143,740</u>

Total funds analysis by academy

	2019 £	2018 £
Fund balances at 31 August 2019 were allocated as follows:		
Basildon Upper Academy	145,202	(222,396)
Basildon Lower Academy	145,202	(222,397)
Total before fixed assets fund and pension reserve	<u>290,404</u>	<u>(444,793)</u>
Restricted fixed asset fund	47,179,179	47,560,533
Pension reserve	(6,164,000)	(4,972,000)
Total funds	<u>41,305,583</u>	<u>42,143,740</u>

THE BASILDON ACADEMIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

21 Funds

(Continued)

Total cost analysis by academy

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

	Teaching and educational support staff	Other support staff costs	Educational supplies	Other costs excluding depreciation	Total 2019	Total 2018
	£	£	£	£	£	£
Basildon Upper Academy	2,169,394	755,453	111,853	861,487	3,898,187	4,170,253
Basildon Lower Academy	2,165,887	708,699	81,383	733,765	3,689,734	3,736,960
	<u>4,335,281</u>	<u>1,464,152</u>	<u>193,236</u>	<u>1,595,252</u>	<u>7,587,921</u>	<u>7,907,213</u>

22 Analysis of net assets between funds

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total Funds £
Fund balances at 31 August 2019 are represented by:				
Tangible fixed assets	-	-	47,179,179	47,179,179
Current assets	687,961	830,807	-	1,518,768
Creditors falling due within one year	(397,558)	(330,807)	-	(728,365)
Creditors falling due after one year	-	(500,000)	-	(500,000)
Defined benefit pension liability	-	(6,164,000)	-	(6,164,000)
Total net assets	<u>290,403</u>	<u>(6,164,000)</u>	<u>47,179,179</u>	<u>41,305,582</u>

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total Funds £
Fund balances at 31 August 2018 are represented by:				
Tangible fixed assets	-	-	47,552,381	47,552,381
Current assets	915,715	148,917	8,152	1,072,784
Creditors falling due within one year	-	(510,425)	-	(510,425)
Creditors falling due after one year	-	(999,000)	-	(999,000)
Defined benefit pension liability	-	(4,972,000)	-	(4,972,000)
Total net assets	<u>915,715</u>	<u>(6,332,508)</u>	<u>47,560,533</u>	<u>42,143,740</u>

THE BASILDON ACADEMIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

23 Pension and similar obligations

The academy trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Essex Pension Fund. Both are multi-employer defined benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012, and that of the LGPS related to the period ended 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' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

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

Valuation of the Teachers' Pension Scheme

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

The key elements of the valuation and subsequent consultation are:

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

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

The employer's pension costs paid to the TPS in the period amounted to £376,377 (2018: £416,757).

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

THE BASILDON ACADEMIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

23 Pension and similar obligations

(Continued)

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

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 25% for employers and 5.5% - 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.

Total contributions made	2019 £	2018 £
Employer's contributions	345,000	351,000
Employees' contributions	81,000	82,000
Total contributions	<u>426,000</u>	<u>433,000</u>
Principal actuarial assumptions	2019 %	2018 %
Rate of increase in salaries	3.7	3.8
Rate of increase for pensions in payment/inflation	2.2	2.3
Discount rate for scheme liabilities	1.9	2.65
Inflation assumption (CPI)	2.2	2.3
Retail price index	3.2	3.3

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

	2019 Years	2018 Years
Retiring today		
- Males	21.3	22.3
- Females	23.6	24.8
Retiring in 20 years		
- Males	23	24.5
- Females	25.4	27.1

THE BASILDON ACADEMIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

23 Pension and similar obligations

(Continued)

Scheme liabilities would have been affected by changes in assumptions as follows:

	+0.1%	0.0%	-0.1%
Adjustment to discount rate	£	£	£
Present value of total obligation	12,427,000	12,713,000	13,005,000
Projected service cost	533,000	545,000	557,000

	+0.1%	0.0%	-0.1%
Adjustment to long term salary increase	£	£	£
Present value of total obligation	12,736,000	12,713,000	12,690,000
Projected service cost	545,000	545,000	545,000

	+0.1%	0.0%	-0.1%
Adjustment to pension increases and deferred revaluation	£	£	£
Present value of total obligation	12,980,000	12,713,000	12,452,000
Projected service cost	557,000	545,000	533,000

	+1 Year	None	-1 Year
Adjustment to life expectancy assumptions	£	£	£
Present value of total obligation	13,229,000	12,713,000	12,218,000
Projected service cost	566,000	545,000	526,000

The academy trust's share of the assets in the scheme

	2019 Fair value £	2018 Fair value £
Equities	4,129,000	3,710,000
Bonds	368,000	341,000
Gilts	360,000	312,000
Cash	191,000	199,000
Property	524,000	520,000
Other assets	977,000	747,000
	<hr/>	<hr/>
Total market value of assets	<u>6,549,000</u>	<u>5,829,000</u>

The actual return on scheme assets was £495,000 (2018: £333,000).

THE BASILDON ACADEMIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

23 Pension and similar obligations	(Continued)	
Amount recognised in the Statement of Financial Activities	2019	2018
	£	£
Current service cost	478,000	542,000
Past service cost	86,000	5,000
Interest cost	128,000	151,000
	<u>692,000</u>	<u>698,000</u>
Total operating charge	<u>692,000</u>	<u>698,000</u>
 Changes in the present value of defined benefit obligations		2019
		£
At 1 September 2018		10,801,000
Current service cost		475,000
Interest cost		285,000
Employee contributions		81,000
Actuarial loss/(gain)		1,183,000
Benefits paid		(198,000)
Past service cost		86,000
		<u>12,713,000</u>
At 31 August 2019		<u>12,713,000</u>
 Changes in the fair value of the academy trust's share of scheme assets		2019
		£
At 1 September 2018		5,829,000
Interest income		157,000
Actuarial gain		338,000
Employer contributions		345,000
Employee contributions		81,000
Benefits paid		(198,000)
Administration expenses		(3,000)
		<u>6,549,000</u>
At 31 August 2019		<u>6,549,000</u>

THE BASILDON ACADEMIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

24 Reconciliation of net income/(expenditure) to net cash flow from operating activities	2019	2018
	£	£
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	6,842	(288,260)
Adjusted for:		
Capital grants from DfE and other capital income	(82,075)	(25,213)
Investment income receivable	(721)	(459)
Defined benefit pension costs less contributions payable	219,000	196,000
Defined benefit pension scheme finance cost	128,000	151,000
Depreciation of tangible fixed assets	472,888	465,680
(Increase) in stocks	(1,484)	(660)
(Increase) in debtors	(17,577)	(2,227)
Increase in creditors	217,940	74,425
Net cash provided by operating activities	<u>942,813</u>	<u>570,286</u>

25 Commitments under operating leases

At 31 August 2019 the total of the academy trust's future minimum lease payments under non-cancellable operating leases was:

	2019	2018
	£	£
Amounts due within one year	17,406	25,000
Amounts due in two and five years	8,520	30,000
	<u>25,926</u>	<u>55,000</u>

26 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 12.

27 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 or she is a member, or within one year after he or she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he or she ceases to be a member.

28 Agency arrangements

The academy trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2019 the academy trust received £21,575 and distributed £6,848 from the fund. An amount of £14,727 is included in other creditors relating to undistributed funds that is repayable to ESFA.