

Registered number: 07662414

BAYLIS COURT TRUST
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018



BAYLIS COURT TRUST
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REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2018

Members

L Dawson (resigned 1 December 2017)
R Followell
V Mayer
C Parkes
J Reekie
R Francis (appointed 15 November 2017)

Trustees

J Reekie, Chair
D Ajose
R Kenwick (appointed 1 September 2017)
V Mayer
R O'Brien
D Parsons
C Pearce
S Pickett (appointed 15 November 2017)
J Thomas

Company registered number

07662414

Company name

Baylis Court Trust

Principal and registered office

Gloucester Avenue, Slough, Berkshire, SL1 3AH

Company secretary

P Spence

Executive management team

D Ajose, Executive Headteacher
R Kearsey, Director of Standards
A Nayyer, Director of finance and administration

Independent auditors

Landau Baker Limited, Mountcliff House, 154 Brent Street, London, NW4 2DR

Bankers

Lloyds Bank, Slough Trading Estates, Business Centre, Lloyds TSB Business Bankings, PO Box 1000, BX1 1LT

Solicitors

Winckworth Sherwood, Minerva House, 5 Montague Close, London, SE1 9BB

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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2018

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

The MAT incorporated Baylis Court School, Godolphin Infant School and Reading Girls School. The latter joined the MAT on 1.9.17. The Trust operates primary/secondary academies for pupils aged 4 to 19 serving a catchment area in Slough and secondary pupils aged 11 to 16 serving a catchment area in Reading. The Trust has a combined pupil number of 1621 of pupils, as at 12 September 2017, made up of 879 at Baylis Court School, 326 at Godolphin Infant School (to be known as Phoenix Infant Academy from 1.9.18) and 416 at Reading Girls School.

The Trust has agreed to a loan of a maximum of £550k to Reading Girls School. This loan has not yet been drawn down but it is expected to be put in place, in controlled stages, during the financial year 2018/19 and beyond. The loan arises from falling numbers on roll, when the MAT took on the school, and a marketing programme has been put in place and monitored by Trustees regularly. A repayment schedule will be established when it is financially practical. Areas that produce financial efficiencies from consolidating contracts and resources have been implemented the effect of which has meant a delay in implementing the loan.

Structure, Governance and Management

Constitution

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

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

Members' Liability

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

Trustees' Indemnities

There are and were no qualifying third-party indemnity provisions during the financial year to which this report relates.

Method of Recruitment and Appointment or Election of Trustees

The Articles of Association state:-

50. The Trustees may appoint by ordinary resolution such number of Trustees as they see fit including any Executive Trustees having regard to:

- (a) any recommendations and views of the Members in relation to ensuring that the people serving on the board of Trustees between them have an appropriate range of skills and experience and due attention is given to succession planning;
- (b) if relevant, the recommendation or nomination by any third-party organisation, from whom the Academies receive support or with whom the Company is working in partnership including any company or organisation
- (c) connected to the Members, to appoint a person or persons who may represent the views of such third party;
- and
- (d) the desirability of ensuring there is representation amongst the Trustees from the parents of registered pupils at the Academies.

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FOR THE YEAR ENDED 31 AUGUST 2018

50A. The Trustees may appoint Staff Trustees through such process as they may determine.

50B. The total number of Trustees including the Executive Headteacher who are employees of the Academy Trust shall not exceed one third of the total number of Trustees.

50C. Academy Ambassadors has been helpful in providing additional Trustees during the year.

Policies and Procedures Adopted for the Induction and Training of Trustees

The majority of the Trustees have many years' experience of school governance and three of the current Trustees served on the Foundation School governing body prior to achieving Academy status. The school buys into the Governor Services SLA provided by The Royal Borough of Windsor and Maidenhead and a similar programme with Reading Borough Council, and through that facility a variety of training sessions are run together with a Clerk's briefing service. New Governors are required to attend an induction training course. Further training and development is identified in relation to whole Governing Body needs. Specific finance training for Trustees is conducted by the Director of Finance and Admin and data training is provided by the Trust's Director of Standards.

A competency survey has been undertaken on Trustees and this reveals a range of skills/competencies which match the Trustees/school's needs. This has also been useful in the recruitment of new Trustees.

Organisational Structure

The Executive Headteacher is the Principal Accounting Officer. A document headed 'Delegated Powers' was approved originally by the Trustees on 1.9.15 and renewed annually. This specifies where responsibility for major decision lies. Levels of delegation are:-

Level 1 – Trustees (Trust Board)

Level 2 – Local Governing Body (known as School Governance Committee)

Level 3 – Executive Headteacher

The Terms of Reference for the Trust and its School Governance Committees are set out in a 'Scheme of Delegation' approved by the Trustees. At the first Trustees meeting of each academic year the Scheme of Delegation is reviewed and confirmed.

Arrangements for setting pay and remuneration of key management personnel

A Trust Appraisal and Pay Committee has been established to oversee the pay and targets for the Executive Headteacher and this committee manages her performance management process and sets her pay. In setting her pay due consideration is taken to achievement against targets, the difficulty of recruiting and affecting Executive Headteacher but guidance from the DfE is considered. The committee is advised by an external and competent advisor on targets and meets annually with the Executive Headteacher and the advisor to carry out this function. The committee also meets during the year to review the effectiveness of performance management and the progress of the Executive Headteacher with her targets. That committee also agrees the salary range and pay progression for Baylis Court School's senior management (SLT), the Principal of Godolphin infant School and the Principal at Reading Girls School. Decisions are made at the annual meeting of the committee regarding the withholding of salary rises where staff have not met their performance targets or examination performance in subject areas falls below an established standard. Targets for the SLT and Principals are set by the Executive Headteacher who line manages those staff. The Appraisal and Pay

Committee met on 4 occasions during the year and the purpose of those meetings is to ensure that performance management was being correctly carried out during the year and to be informed of members of the whole staff that are falling on performance and targets. At the same time, the progress of the Executive Headteacher with her targets are monitored. There is a Pay policy agreed by the Trustees which guides this whole process.

Trade union facility time

Under the provisions of the Trade Union (Facility Time Publication Requirements) Regulations 2017, where an academy trust has more than 49 full time equivalent employees throughout any 7 months within the reporting

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

period, it must include information included in Schedule 2 of the Regulations. The information to be published consists of three tables covering:

Relevant union officials

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
3	2.5

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	1.5
1%-50%	1
51%-99%	0
100%	0

Percentage of pay bill spent on facility time

Provide the total cost of facility time	£1,500
Provide the total pay bill	£7,112,070
Provide the percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) × 100	0.02%

Related Parties and other Connected Charities and Organisations

There are no 'Related Party Relationships' and no formally connected organisations.

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TRUSTEES' REPORT (continued)
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Objectives and Activities

Objects and Aims

The object and aim of the academy is for Baylis Court School to be first choice school for girls in Slough and to extend the educational opportunities for girls that come to that school. A similar objective exists for Reading Girls School in Reading and as speedily as possible out of the current Ofsted category of 'Requires Improvement' to 'good'. It also aims to take Godolphin Infant School as speedily as possible out of the current Ofsted category of 'Requires Improvement' to 'good'.

Objectives, Strategies and Activities

Targets for Baylis Court School GCSE examinations results and A Level examination results are set at the beginning of the academic year and agreed by the School Governance Committee. During the course of the year Governors review progress against these targets and in particular the projected results for all qualifying pupils. This is done in a challenging way to ensure that the school is doing all it can to provide the best education for all of its pupils in order to equip them for the world after formal education has been completed. Governors question what strategies are being employed where it is apparent that pupils are not achieving their full potential and the school is not on target to achieve its overall targets. Trustees oversee this process. The following targets were set and agreed by Governors:-

Key Stage 4

Performance Indicator	Baylis Court Trust	Baylis Court School		Reading Girls School	
	Result	Target	Result	Target	Result
Attainment8	51.92	53.00	54.14	47.66	48.05
Grade 9 - 4 in English and Maths	72%	77%	78.2%	73%	62%
Grade 9 - 5 in English and Maths	54%	62%	60.3%	55%	42%
% achieving EBacc	15%	35%	23.2%	18%	15%

* Points scoring system changed during the academic year making it difficult to make accurate comparisons

Key Stage 5

Performance Indicators	Target	2018
VA Progress	0.20	+0.18
Average result	B	B-
Grade and points for a student's best 3 A-levels	B 40.00 points	B- 36.16 points

Similarly targets for Godolphin Infant School are set by the School Governance Committee and monitored throughout the year. The following results were achieved for the 2016/17 academic year:-

Early Years Foundation Stage

Good Level of Development

	No. Pupils	Below	Achieved	2017 Nat	2017 Sch
All Pupils	96	28%	72%	71%	75%

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

Early Learning Goals

Cohort	Overall				
	96	2017 Nat	2017 Sch	ELG Expected	ELG Exceeding
Communication and language	Listening and attention	86%	92%	79%	27%
	Understanding	86%	92%	76%	27%
	Speaking	85%	85%	76%	21%
Literacy	Reading	77%	82%	77%	24%
	Writing	73%	79%	73%	8%
Mathematics	Numbers	79%	81%	77%	20%
	Shape, space and measures	82%	82%	76%	23%
Physical development	Moving and handling	90%	97%	84%	22%
	Health and self-care	91%	95%	82%	26%
Personal, social and emotional development	Self-confidence and self-awareness	89%	94%	79%	27%
	Managing feelings and behaviour	88%	95%	81%	25%
	Making relationships	90%	96%	82%	26%
Understanding the World	People and communities	86%	89%	77%	15%
	The world	86%	89%	76%	10%
	Technology	93%	92%	85%	18%
Expressive arts and design	Exploring and using media and materials	89%	94%	80%	15%
	Being imaginative	88%	94%	77%	13%

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% met the phonics screening threshold by the end of Year 1 overall – 87%
Year 2

Teacher Assessments	National 2017		School 2017		Below	At Standard+		Above	
	At Standard+	Above	At Standard+	Above		Target	TA	Target	TA
Reading	76	25	82	33	22	87	78	27	27
Writing	68	16	73	15	31	83	68	19	25
Mathematics	75	21	81	28	23	88	77	26	26

Public Benefit

In setting the objectives, the Trustees have given careful consideration to the Charity Commission's general guidance on public benefit and in particular to its supplementary public benefit guidance on advancing education. In this regard, we run outside of the normal school day opportunities for pupils of Baylis Court School who are getting ready for examinations. The Executive Headteacher is actively involved in the Slough Association of Secondary Heads (SASH) which brings together all Headteachers in Slough (both selective and non-selective) who work to benefit education across Slough. Through this organisation a Slough Teaching School Alliance has been set up with full time staff to assist the work of SASH and to take on work on behalf of the Local Authority. The Executive Headteacher is also an accredited National Leader in Education (NLE). Baylis Court School is a member of Partners in Excellence (PIXL club) and Challenge Partners and this shares good practice and challenges performance. Both organisations provide opportunities to share best practice across a variety of schools outside of the local environment of Slough. As part of her personal development the Executive Headteacher has joined the Executive Headteachers programme which is organized by SSAT (Schools Network) Ltd.

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

Strategic Report

Achievements and Performance **GCSE results**

Performance Indicator	Target	Result
Attainment8	(5.92)*	49.72
Grade 9 - 4 in English and Maths	72%	76%
Grade 9 - 5 in English and Maths	60%	58%
% achieving EBacc	9%	2%

Post 16 Results

Performance Indicators	Target	2017
VA Progress	0.00	+0.11
Average result	C+	C+
Grade and points for a student's best 3 A-levels	B- 35.00 points	B- 35.32 points

In addition to reports on specific issues of achievement and performance Trustees receive a comprehensive report from the Executive Headteacher and School Governance Committees receive detailed reports for their own schools from the relevant Principal, all on a termly basis. The Chair of the trustees meets frequently with the Executive Headteacher to review progress on key objectives and to discuss strategy.

Key Performance Indicators

The following are the KPI's for the Trust: -

- Ensure the highest standards of teaching, learning and assessment
- Have a shared vision, values, culture and ethos based on the highest expectations of all members of the school community
- To challenge white English, SEND and Disadvantaged learners at all key stages
- To develop a culture of positive learning behaviour
- To ensure that pupils are exceptionally well prepared for the next stage of their education, training or employment

Going Concern

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

Financial Review

The Multi Academy Trust (MAT) received its main funding via the GAG the majority of which is pupil led. The MAT also received grants for fixed assets from the ESFA. In accordance with the Charities Statement of Recommended Practice, "Accounting for Reporting by Charities" (SORP 2015), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

On 17 August 2011, the MAT inherited a staff body at Baylis Court School, through the TUPE process. This staff body included membership of the Local Government Pension Scheme (LGPS), and the deficit on conversion at 1 August 2011 of £587,000 relating to members was transferred. On 1 September 2015, the MAT inherited a staff body at Godolphin infant School also through the TUPE process. This staff body included

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membership of the Local Government Pension Scheme (LGPS), and the deficit on conversion at 1 September 2015 of £453,000 relating to members was transferred. On 1 September 2017, the MAT inherited a staff body at Reading Girls School also through the TUPE process. This staff body included membership of the Local Government Pension Scheme (LGPS), and the deficit on conversion at 1 September 2017 of £357,000 relating to members was transferred.

Under the Charities SORP, it is necessary to charge projected deficits on the LGPS, which is provided to support staff, to a restricted fund. This results in reducing reserves shown in the total funds of the academy. It should be noted that this does not present the MAT with any current liquidity problem, the employer contributions are currently being assessed and it is expected that they will increase to bring a further reduction in this pension deficit in future.

A finance procedure document determines the way the school operates finances from day to day and this is informed by the Academy Financial Handbook issued by the DfE. A Responsible Officer undertakes regular checks of procedure and reports directly to Trustees via the Trust Finance & Resources Committee. There were no issues requiring action identified during the year.

Reserves Policy

Reserves of £3,662,958 are held as at 31 August 2018. Via the Trust's Finance & Resources Committee reserves are monitored. They are used to improve the school's buildings stock and where possible to increase accommodation. However, a prudent policy for the use of reserves is followed in view of uncertainty about future funding and in particular the introduction of a national funding formula. The MAT relies heavily on the DfE Minimum Funding Grant (MFG) and projected budgets over a 5-year period show a need to hold reserves to allow the MAT to down manage expenditure efficiently over a period of time as funding becomes tighter and staffing costs increase through pay rises, increased NI costs and increased pension contributions together with inflationary pressures. Reserves have also provided for the agreed loan to Reading Girls School of a maximum of £550k which will be drawn down in 2018/19 and beyond.

Investment Policy

MAT Funds, surplus to day to day requirements, are invested in Lloyds Bank Plc in short term or medium-term accounts in order to earn interest for the benefit of school funds. There are no social, environmental or ethical considerations necessary to take into account.

The security of any investment is paramount and will only be made once the Board of Trustees are satisfied that it does not pose a risk to the Trust and that they will be made only with institutions approved by the Board of Trustees in the context of advice from a qualified accountant. Formal approval must be obtained from the Board of Trustees to proceed with any investment.

Principal Risks and Uncertainties

Trustees identified a potential risk to the MAT when the Department for Education approved the opening of an all-girls free school based on the Muslim faith. As Baylis Court School is an established 'outstanding' school Trustees felt that this gave the school a strong following in the local community but they are not complacent. The Islamic School opened in September 2015 and Trustees are encouraged that Baylis Court School has still been filled with girls. There are currently a surplus of places in Slough and Reading at both primary and secondary level following opening of free schools in advance of the demographic requirements. In the meantime, Trustees have discussed the risk to pupil numbers with the Executive Headteacher and opportunities are being sought to increase the local profile of the school to mitigate against this risk.

Trustees are provided with budget forecasts over a 5-year period. These indicate possible financial pressure in the future and are based on the funding formula being static but expenditure rising through inflation, staff pay rises, an increase in national insurance contributions and further increases in pension contributions. In addition there is still uncertainty around the introduction of a national funding formula and a reliance on the MFG. Up to now the MAT has always been able to balance expenditure against income on a yearly basis without recourse to carry forward balances. This has meant that the MAT is currently in a healthy financial position as far as carry forward balances are concerned and these are being held in reserve for future building costs and to cushion any

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future budget pressures. However, it is recognised that savings in budget areas will need to be achieved in the future and this aspect of finance receives particular attention by the Board of the Multi Academy Trust as we go forward into 2019 and beyond. There is also an increasing deficit on the LGPS and this is reflected in our Balance Sheet. This position is kept under review.

A risk register is maintained with all the significant risks identified and this is reviewed annually.

Fundraising

Trustees are alive to the issue of fundraising and have considered letting out the premises at Baylis Court School to produce an income. No clear way forward has been presented without there being a risk to the condition of the premises but this will be continually kept in mind. Godolphin Primary School premises do not lend themselves to letting and in the case of Reading Girls School and small amount of income is generated from the premises and is regulated by a tight lettings policy. Currently the trust has a comfortable balance in reserve but as pointed out in this report this will not last forever which means that the issue of fundraising will be higher on the trustees programme of work in the near future.

Trustees have not engaged with any professional fundraisers or commercial participants.

No complaints have been received in relation to fundraising.

Plans for Future Periods

The stand-alone Academy became a Multi Academy Trust (MAT) on 1 September 2015. On that date Godolphin Infant School became part of the MAT and Reading Girls School became part of the MAT on 1.9.17. It is planned that the MAT will increase over a period of time to take on around 5/6 schools but this will be phased so that the current core of the Trust, i.e. Baylis Court School, does not jeopardise its 'outstanding' status. The DfE approached the Trust to bring Reading Girls School into the Trust and after extensive due diligence that school joined the Trust on 1 September 2017. A significant number of contacts have been made with other schools in a radius of 25 miles from Slough but this has not borne fruit. Contacts have also been made to suggest a merger of our trust with another but again nothing has materialised. The Chair of the trust and Executive Headteacher have met with the Regional Schools Commissioner to seek their support in extending the trust and the Executive Headteacher continues with these contacts.

Funds Held as Custodian Trustee on Behalf of Others

The MAT does not hold any funds as a custodian for others.

Auditor

Insofar as the trustees are aware:

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

Trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 3 December 2018 and signed on the board's behalf by:


J Reekie
Chair of Trustees

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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

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

The Board of Trustees has delegated the day-to-day responsibility to the Executive Headteacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Baylis Court Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

GOVERNANCE

The information on governance included here supplements that described in the Trustees' report and in the Statement of Trustees' responsibilities. The Board of Trustees has formally met 4 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
J Reekie, Chair	4	4
D AJose (Executive Headteacher)	4	4
R Kenwick	4	4
V Mayer	4	4
R O'Brien	0	4
D Parsons	1	4
C Pearce	2	4
S Pickett	2	3
J Thomas	4	4

There have been no significant changes to the board of trustees during the year 2017/18. R O'Brien was unable to attend any meetings due to serious ill health.

A competency audit was conducted during the year. The quality of data used by the board is outstanding both in terms of assessment of pupil's progress and attainment and in term of financial monitoring.

The **Finance and Resources committee** is a sub-committee of the main Board of Trustees. Its purpose is to agree the budget for the 3 schools making up the MAT for the financial year and to recommend formal acceptance by the Board of Trustees. A 5 year projected budget is produced and this ensures that there is effective financial planning going forward. It also monitors the budgets for the 3 schools during the year. Extensive budget projections and monitoring information is provided by Director of Finance and Admin, A Nayyar, who is a qualified accountant. Experience shows that predictions are accurate and the Trustees have confidence in the quality of information provided in order for them to make effective decisions. The committee met 3 times during the year.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
J Probert (Chair)	3	3
D AJose	3	3
V Mayer	3	3
J Reekie	3	3
J Thomas	3	3
R Kenwick	3	3

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GOVERNANCE STATEMENT (continued)

REVIEW OF VALUE FOR MONEY

As Accounting Officer, the Executive Headteacher has responsibility for ensuring that the Academy Trust delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The Accounting Officer considers how the Academy Trust's use of its resources has provided good value for money during each academic year, and reports to the Board of Trustees where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the Academy Trust has delivered improved value for money during the year by:

- Undertaking a general review of contracts
- Implementing the Financial procedures approved by Trustees to ensure that an appropriate number of quotations/tenders are received before contracts are let and purchases made
- Undertaking competitive tendering where appropriate
- Generally ensuring that 'best price' applies to all purchases
- Close monitoring of the catering and cleaning (only at Reading Girls School as the other 2 school operate 'in house' cleaning) contracts as one of the more significant contracts

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

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

CAPACITY TO HANDLE RISK

The Board of Trustees has reviewed the key risks to which the Academy 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 year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

THE RISK AND CONTROL FRAMEWORK

The Academy 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 Resources 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 a specific internal audit function and has decided to appoint Landau Baker Limited as internal auditor.

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GOVERNANCE STATEMENT (continued)

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

- testing of payroll systems
- testing of purchase systems
- testing of control account/ bank reconciliations

On a quarterly basis, the auditor reports to the Board of Trustees through the Finance and Resources Committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

The Board of Trustees has not established a separate Audit Committee as the turnover for the MAT does not exceed £30m and audit oversight is provided by the Finance and Resources Committee of the Trust.

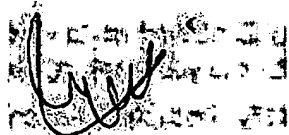
REVIEW OF EFFECTIVENESS

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

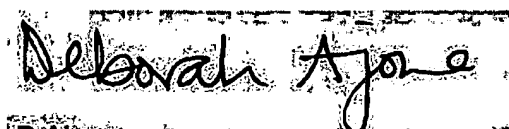
- the work of the internal auditor;
- the work of the external auditors;
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the board of trustees on 3 December 2018 and signed on their behalf, by:



J. Reekie
Chair of Trustees



D. Ajoose
Accounting Officer

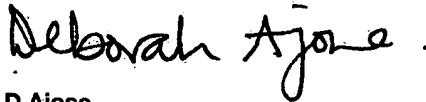
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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

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

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



D Ajose
Accounting Officer

Date: 3 December 2018

BAYLIS COURT TRUST
(A company limited by guarantee)

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

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

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

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

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

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

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

Approved by order of the members of the Board of Trustees on 3 December 2018 and signed on its behalf by:



J Reekie
Chair of Trustees

BAYLIS COURT TRUST
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INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF BAYLIS COURT TRUST

OPINION

We have audited the financial statements of Baylis Court Trust (the 'academy') for the year ended 31 August 2018 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 2018 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

BASIS FOR OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

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

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

BAYLIS COURT TRUST
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INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF BAYLIS COURT TRUST

OTHER INFORMATION

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

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

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' 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 (who are also the directors of the academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the academy's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the academy or to cease operations,

BAYLIS COURT TRUST
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INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF BAYLIS COURT TRUST

or have no realistic alternative but to do so.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

USE OF OUR REPORT

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

 for Landau Baker Limited

Michael Durst (Senior statutory auditor)

for and on behalf of

Landau Baker Limited

Mountcliff House
154 Brent Street
London
NW4 2DR
3 December 2018

BAYLIS COURT TRUST
(A company limited by guarantee)

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO BAYLIS COURT TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 31 October 2011 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Baylis Court Trust during the year 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Baylis Court Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Baylis Court Trust and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Baylis Court Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

RESPECTIVE RESPONSIBILITIES OF BAYLIS COURT TRUST'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT

The Accounting Officer is responsible, under the requirements of Baylis Court Trust's funding agreement with the Secretary of State for Education dated 29 July 2012, and the Academies Financial Handbook extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

APPROACH

We conducted our engagement in accordance with the Academies Accounts Direction 2017 to 2018 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

- Review and verification of evidence supporting the Accounting Officer's statement on regularity, propriety and compliance.
- Review of the Academy Trust's internal control procedures, specifically in respect to regularity, propriety and compliance.
- Focussed testing, driven by our audit of the financial statements, principally checking that:
 - o Grant income received has been expensed on prescribed expenditure; and
 - o Expenditure has been appropriately authorised in accordance with the procedures outlined in the

BAYLIS COURT TRUST
(A company limited by guarantee)

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO BAYLIS COURT TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY (continued)

- Academy Trust's financial procedures manual.
- Discussions and written representations from the Accounting Officer and other key management personnel (where applicable).

CONCLUSION

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Landau Baker Limited.

Reporting Accountant

Landau Baker Limited

Mountcliff House
154 Brent Street
London
NW4 2DR

3 December 2018

BAYLIS COURT TRUST
(A company limited by guarantee)

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

	Note	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
INCOME FROM:						
Capital grants and assets into trust	2	-	(1,937,805)	33,532,277	31,594,472	27,581
Charitable activities	3	-	10,421,455	-	10,421,455	7,706,352
Other trading activities	4	-	293,029	-	293,029	62,211
Investments	5	12,604	-	-	12,604	15,559
TOTAL INCOME		12,604	8,776,679	33,532,277	42,321,560	7,811,703
EXPENDITURE ON:						
Charitable activities		-	10,394,653	1,105,357	11,500,010	8,176,637
TOTAL EXPENDITURE	8	-	10,394,653	1,105,357	11,500,010	8,176,637
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS		12,604	(1,617,974)	32,426,920	30,821,550	(364,934)
Transfers between Funds	19	-	(155,928)	155,928	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES		12,604	(1,773,902)	32,582,848	30,821,550	(364,934)
Actuarial gains/(losses) on defined benefit pension schemes	24	-	1,459,000	-	1,459,000	(246,000)
NET MOVEMENT IN FUNDS		12,604	(314,902)	32,582,848	32,280,550	(610,934)
RECONCILIATION OF FUNDS:						
Total funds brought forward		68,051	(242,140)	16,610,231	16,436,142	17,047,076
TOTAL FUNDS CARRIED FORWARD		80,655	(557,042)	49,193,079	48,716,692	16,436,142

BAYLIS COURT TRUST
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REGISTERED NUMBER: 07662414

BALANCE SHEET
AS AT 31 AUGUST 2018

	Note	£	2018 £	£	2017 £
FIXED ASSETS					
Tangible assets	16		49,193,079		16,610,231
CURRENT ASSETS					
Debtors	17	309,819		213,859	
Cash at bank and in hand		4,035,498		3,352,242	
		<u>4,345,317</u>		<u>3,566,101</u>	
CREDITORS: amounts falling due within one year	18	<u>(601,704)</u>		<u>(468,190)</u>	
NET CURRENT ASSETS			<u>3,743,613</u>		<u>3,097,911</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>52,936,692</u>		<u>19,708,142</u>
Defined benefit pension scheme liability	24		<u>(4,220,000)</u>		<u>(3,272,000)</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u><u>48,716,692</u></u>		<u><u>16,436,142</u></u>
FUNDS OF THE ACADEMY					
Restricted income funds:					
Restricted income funds	19	3,662,958		3,029,860	
Restricted fixed asset funds	19	49,193,079		16,610,231	
Restricted income funds excluding pension liability		<u>52,856,037</u>		<u>19,640,091</u>	
Pension reserve		<u>(4,220,000)</u>		<u>(3,272,000)</u>	
Total restricted income funds			<u>48,636,037</u>		<u>16,368,091</u>
Unrestricted income funds	19		<u>80,655</u>		<u>68,051</u>
TOTAL FUNDS			<u><u>48,716,692</u></u>		<u><u>16,436,142</u></u>

The financial statements on pages 21 to 48 were approved by the Trustees, and authorised for issue, on 3 December 2018 and are signed on their behalf, by:


J Reekie
Chair of Trustees

BAYLIS COURT TRUST
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Net cash provided by operating activities	21	<u>34,371,461</u>	<u>362,780</u>
Cash flows from investing activities:			
Purchase of tangible fixed assets		(257,491)	(133,213)
Fixed assets transferred to trust		<u>(33,430,714)</u>	<u>-</u>
Net cash used in investing activities		<u>(33,688,205)</u>	<u>(133,213)</u>
Change in cash and cash equivalents in the year		683,256	229,567
Cash and cash equivalents brought forward		<u>3,352,242</u>	<u>3,122,675</u>
Cash and cash equivalents carried forward	22	<u><u>4,035,498</u></u>	<u><u>3,352,242</u></u>

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

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

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

Baylis Court Trust constitutes a public benefit entity as defined by 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 academy to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

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

1. ACCOUNTING POLICIES (continued)

1.3 Income

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

Grants are included in the Statement of financial activities incorporating income and expenditure account on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the Statement of financial activities incorporating income and expenditure account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

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

Sponsorship income provided to the academy which amounts to a donation is recognised in the Statement of financial activities incorporating income and expenditure account in the period in which it is receivable, where receipt is probable and it is measurable.

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

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

1.4 Expenditure

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

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

All expenditure is inclusive of irrecoverable VAT.

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

1. ACCOUNTING POLICIES (continued)

1.5 Tangible fixed assets and depreciation

All assets costing more than £1,000 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of financial activities incorporating income and expenditure account 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 incorporating income and expenditure account. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	straight line based on estimated useful life
Leasehold property	-	125 years
Furniture and fixtures	-	100% straight line basis

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 incorporating income and expenditure account.

1.6 Debtors

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

1.7 Cash at Bank and in hand

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

1.8 Liabilities and provisions

Liabilities and provisions are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

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

1. ACCOUNTING POLICIES (continued)

1.9 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 17. Prepayments are not financial instruments. Amounts due to the academy's wholly owned subsidiary are held at face value less any impairment. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in note 18. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments. Amounts due to the academy's wholly owned subsidiary are held at face value less any impairment.

1.10 Taxation

The academy is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the academy is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

1.11 Pensions

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Governments Pension Scheme ("LGPS"). These are defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 24, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

BAYLIS COURT TRUST
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

The LGPS is a funded scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each Balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of financial activities incorporating income and expenditure account 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 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.

1.13 Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, 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 August 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

BAYLIS COURT TRUST
(A company limited by guarantee)

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

2. INCOME FROM CAPITAL GRANTS AND ASSETS INTO TRUST

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
Donations	-	2,319	-	2,319	-
Capital Grants	-	-	101,563	101,563	27,581
Assets transferred into trust on conversion	-	(1,940,124)	33,430,714	31,490,590	-
	-	(1,937,805)	33,532,277	31,594,472	27,581
<i>Total 2017</i>	-	-	27,581	27,581	

BAYLIS COURT TRUST
(A company limited by guarantee)

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

3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

Baylis Court Trust

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
DfE/ESFA grants				
General Annual Grants	-	9,217,279	9,217,279	6,922,117
Pupil Premium	-	464,757	464,757	336,263
Start up grants	-	72,900	72,900	-
Other ESFA Grants	-	326,088	326,088	221,915
	-	10,081,024	10,081,024	7,480,295
Other government grants				
SEN	-	256,493	256,493	122,430
Other Government Grants	-	31,822	31,822	3,242
NCTL NSS Bursary	-	6,000	6,000	6,000
	-	294,315	294,315	131,672
Other funding				
Other Income	-	10,189	10,189	45,318
Other Grants	-	35,927	35,927	49,067
	-	46,116	46,116	94,385
	-	10,421,455	10,421,455	7,706,352
Total 2017	-	7,706,352	7,706,352	

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

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Trip Income	-	51,213	51,213	38,025
Other Income	-	46,687	46,687	24,186
Catering Income	-	5,145	5,145	-
Letting income	-	183,864	183,864	-
School concerts	-	6,120	6,120	-
	-	293,029	293,029	62,211
<i>Total 2017</i>	-	62,211	62,211	

5. INVESTMENT INCOME

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Investment income	12,604	-	12,604	15,559
<i>Total 2017</i>	15,559	-	15,559	

6. DIRECT COSTS

	Educational Operations £	Total 2018 £	Total 2017 £
Educational supplies	300,718	300,718	283,657
Supply Agency Costs	614,057	614,057	687,073
Staff development	35,140	35,140	43,030
ICT Curriculum	20,424	20,424	37,790
Other direct costs	323,058	323,058	139,320
Wages and salaries	4,749,133	4,749,133	3,625,796
National insurance	474,040	474,040	365,642
Pension cost	696,312	696,312	521,552
Depreciation	1,105,357	1,105,357	410,712
	8,318,239	8,318,239	6,114,572
<i>Total 2017</i>	6,172,572	6,172,572	

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**NOTES TO THE FINANCIAL STATEMENTS
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7. SUPPORT COSTS

	Educational Operations £	Total 2018 £	Total 2017 £
Pension finance costs	67,000	67,000	58,000
Supply Agency Costs	119,732	119,732	4,672
Advertising & Recruitment	77,863	77,863	26,681
Maintenance of premises	103,409	103,409	135,524
Repairs & maintenance	62,601	62,601	48,128
Insurance	48,855	48,855	37,684
ICT Admin	159,637	159,637	108,029
Catering supplies	128,143	128,143	109,820
Water & Rates	77,726	77,726	45,759
Gas & Electricity	173,941	173,941	85,689
School trips	68,669	68,669	59,934
Legal & professional	188,267	188,267	165,370
Cleaning	156,080	156,080	18,767
Telephone	37,241	37,241	15,765
Security & transport	33,019	33,019	10,455
Other support costs	153,422	153,422	52,812
Bank charges	1,143	1,143	173
Wages and salaries	961,671	961,671	699,411
National insurance	75,578	75,578	52,012
Pension cost	487,774	487,774	327,380
	<u>3,181,771</u>	<u>3,181,771</u>	<u>2,062,065</u>
<i>Total 2017</i>	<u>2,004,065</u>	<u>2,004,065</u>	

8. EXPENDITURE

	Staff costs 2018 £	Premises 2018 £	Other costs 2018 £	Total 2018 £	Total 2017 £
Educational Operations:					
Direct costs	5,919,485	-	2,398,754	8,318,239	6,172,572
Support costs	2,307,321	466,532	407,918	3,181,771	2,004,065
	<u>8,226,806</u>	<u>466,532</u>	<u>2,806,672</u>	<u>11,500,010</u>	<u>8,176,637</u>
<i>Total 2017</i>	<u>6,281,908</u>	<u>333,867</u>	<u>1,560,862</u>	<u>8,176,637</u>	

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**NOTES TO THE FINANCIAL STATEMENTS
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9. ANALYSIS OF EXPENDITURE BY ACTIVITIES

	Activities undertaken directly 2018 £	Support costs 2018 £	Total 2018 £	Total 2017 £
Educational Operations	8,318,239	3,181,771	11,500,010	8,176,637
<i>Total 2017</i>	<u>6,172,572</u>	<u>2,004,065</u>	<u>8,176,637</u>	

10. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets:		
- owned by the charity	1,105,357	410,712
Auditors remuneration	<u>12,000</u>	<u>9,000</u>

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

11. STAFF COSTS

a. Staff costs

Staff costs were as follows:

	2018 £	2017 £
Wages and salaries	5,710,804	4,325,207
Social security costs	549,618	417,654
Operating costs of defined benefit pension schemes	1,184,086	848,932
	<u>7,444,508</u>	<u>5,591,793</u>
Agency staff costs	13,716	3,042
Agency supply	733,789	687,073
Staff restructuring costs	34,793	-
	<u><u>8,226,806</u></u>	<u><u>6,281,908</u></u>

Staff restructuring costs comprise:

	2018 £	2017 £
Severance payments	<u><u>34,793</u></u>	<u><u>-</u></u>

b. Staff numbers

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

	2018 No.	2017 No.
Teachers	91	72
Administrative and support staff	128	91
Management	9	12
	<u><u>228</u></u>	<u><u>175</u></u>

c. Higher paid staff

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

	2018 No.	2017 No.
In the band £60,001 - £70,000	1	1
In the band £70,001 - £80,000	1	0
In the band £80,001 - £90,000	2	2
In the band £90,001 - £100,000	1	1
In the band £100,001 - £200,000	1	1

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

11. STAFF COSTS (continued)

d. Key management personnel

The key management personnel of the academy comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy was £621,819 (2017: £432,765).

12. CENTRAL SERVICES

The academy has provided the following central services to its academies during the year:

- Godolphin Infant School
- Reading Girls School

The academy charges for these services on the following basis:

The total costs based on the approved budget representing 3.5% of total budget income will be £148,084.

The actual amounts charged during the year were as follows:

	2018 £	2017 £
Godolphin Infant School	69,463	79,648
Reading Girls School	78,621	-
Total	<u>148,084</u>	<u>79,648</u>

13. RELATED PARTY TRANSACTIONS- TRUSTEE'S REMUNERATION AND EXPENSES

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

		2018 £	2017 £
Executive Headteacher	Remuneration	125,000-130,000	120,000-125,000
	Pension contributions paid	20,000-25,000	15,000-20,000

During the year ended 31 August 2017, no Trustees received any reimbursement of expenses (2016 - £NIL).

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NOTES TO THE FINANCIAL STATEMENTS
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14. TRUSTEES' AND OFFICERS' INSURANCE

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

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**NOTES TO THE FINANCIAL STATEMENTS
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15. PENSION FINANCE COSTS

	2018 £	2017 £
Interest income on pension scheme assets	125,000	44,000
Interest on pension scheme liabilities	(192,000)	(102,000)
	<u>(67,000)</u>	<u>(58,000)</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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16. TANGIBLE FIXED ASSETS

	Freehold property £	Leasehold property £	Furniture and fixtures £	Plant and equipment £
Cost				
At 1 September 2017	14,490,215	4,192,622	298,389	476,038
Additions	94,252	33,383,290	102,040	108,623
At 31 August 2018	14,584,467	37,575,912	400,429	584,661
Depreciation				
At 1 September 2017	1,771,402	429,469	246,740	399,422
Charge for the year	271,905	732,636	19,425	81,391
At 31 August 2018	2,043,307	1,162,105	266,165	480,813
Net book value				
At 31 August 2018	12,541,160	36,413,807	134,264	103,848
At 31 August 2017	12,718,813	3,763,153	51,649	76,616
				Total £
Cost				
At 1 September 2017				19,457,264
Additions				33,688,205
At 31 August 2018				53,145,469
Depreciation				
At 1 September 2017				2,847,033
Charge for the year				1,105,357
At 31 August 2018				3,952,390
Net book value				
At 31 August 2018				49,193,079
At 31 August 2017				16,610,231

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**NOTES TO THE FINANCIAL STATEMENTS
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17. DEBTORS

	2018 £	2017 £
Trade debtors	38,236	-
Other debtors	89,984	98,034
Prepayments and accrued income	181,599	115,825
	<u>309,819</u>	<u>213,859</u>

18. CREDITORS: Amounts falling due within one year

	2018 £	2017 £
Trade creditors	128,357	383
Other taxation and social security	132,122	106,891
Other creditors	86,301	79,456
Accruals and deferred income	254,924	281,460
	<u>601,704</u>	<u>468,190</u>

	2018 £	2017 £
Deferred income		
Deferred income at 1 September 2017	188,981	76,026
Resources deferred during the year	112,934	188,981
Amounts released from previous years	(188,981)	(76,026)
Deferred income at 31 August 2018	<u>112,934</u>	<u>188,981</u>

At the balance sheet date the academy trust was holding funds received in advance from the ESFA.

19. STATEMENT OF FUNDS

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Unrestricted funds						
General Funds - all funds	<u>68,051</u>	<u>12,604</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>80,655</u>

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

19. STATEMENT OF FUNDS (continued)

Restricted funds

Restricted Funds - all funds	3,029,860	10,774,679	(9,985,653)	(155,928)	-	3,662,958
Pension reserve	(3,272,000)	(1,998,000)	(409,000)	-	1,459,000	(4,220,000)
	<u>(242,140)</u>	<u>8,776,679</u>	<u>(10,394,653)</u>	<u>(155,928)</u>	<u>1,459,000</u>	<u>(557,042)</u>

Restricted fixed asset funds

Restricted Fixed Asset Funds - all funds	16,610,231	33,532,277	(1,105,357)	155,928	-	49,193,079
Total restricted funds	<u>16,368,091</u>	<u>42,308,956</u>	<u>(11,500,010)</u>	<u>-</u>	<u>1,459,000</u>	<u>48,636,037</u>
Total of funds	<u>16,436,142</u>	<u>42,321,560</u>	<u>(11,500,010)</u>	<u>-</u>	<u>1,459,000</u>	<u>48,716,692</u>

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

Restricted fixed assets funds have been increased by capital grants provided by the DfE and reduced by depreciation charges.

Restricted general funds have been increased by revenue grants provided by the DfE and reduced by expenditure incurred in the operation of the academy.

The restricted funds can only be used in terms of limitations imposed by the Funding Agreement with the DfE and the terms of any specific grant.

Unrestricted funds have been increased by voluntary contributions by parents and reduced by expenditure incurred in the operation of the academy.

Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2018.

ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2018 were allocated as follows:

	Total 2018 £	Total 2017 £
Baylis Court School	3,267,666	2,893,386
Godolphin Infant School	199,861	204,525
Reading Girls School	276,086	-
Total before fixed asset fund and pension reserve	<u>3,743,613</u>	<u>3,097,911</u>
Restricted fixed asset fund	49,193,079	16,610,231
Pension reserve	(4,220,000)	(3,272,000)
Total	<u>48,716,692</u>	<u>16,436,142</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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19. STATEMENT OF FUNDS (continued)

ANALYSIS OF ACADEMIES BY COST

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2018 £	Total 2017 £
Baylis Court School	3,384,324	711,524	636,598	638,172	5,370,618	5,646,225
Godolphin Infant School	963,303	156,842	345,388	620,704	2,086,237	1,919,321
Reading Girls School	1,571,858	320,807	339,814	705,319	2,937,798	-
	<u>5,919,485</u>	<u>1,189,173</u>	<u>1,321,800</u>	<u>1,964,195</u>	<u>10,394,653</u>	<u>7,565,546</u>

STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
General Funds - all funds	52,492	15,559	-	-	-	68,051
Restricted funds						
Restricted Funds - all funds	2,832,854	7,768,563	(7,558,054)	(13,503)	-	3,029,860
Pension reserve	(2,726,000)	-	(300,000)	-	(246,000)	(3,272,000)
Restricted fixed asset funds						
Restricted Fixed Asset Funds - all funds	<u>16,887,730</u>	<u>27,581</u>	<u>(318,583)</u>	<u>13,503</u>	<u>-</u>	<u>16,610,231</u>

A CURRENT YEAR 12 MONTHS AND PRIOR YEAR 12 MONTHS COMBINED POSITION IS AS FOLLOWS:

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Unrestricted funds						
General Funds - all funds	52,492	15,559	-	-	-	68,051
	-	12,604	-	-	-	12,604

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**NOTES TO THE FINANCIAL STATEMENTS
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19. STATEMENT OF FUNDS (continued)

Restricted funds

Restricted Funds - all funds	2,832,854	18,543,242	(17,543,707)	(169,431)	-	3,662,958
Pension reserve	(2,726,000)	(1,998,000)	(709,000)	-	1,213,000	(4,220,000)

Restricted fixed asset funds

Restricted Fixed Asset Funds - all funds	16,887,730	33,559,858	(1,423,940)	169,431	-	49,193,079
	16,994,584	50,105,100	(19,676,647)	-	1,213,000	48,636,037
Total of funds	17,047,076	50,133,263	(19,676,647)	-	1,213,000	48,716,692

20. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	49,193,079	49,193,079
Current assets	80,655	4,264,662	-	4,345,317
Creditors due within one year	-	(601,704)	-	(601,704)
Pension reserve	-	(4,220,000)	-	(4,220,000)
	80,655	(557,042)	49,193,079	48,716,692

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	16,610,231	16,610,231
Current assets	68,051	3,498,050	-	3,566,101
Creditors due within one year	-	(468,190)	-	(468,190)
Pension reserve	-	(3,272,000)	-	(3,272,000)
	68,051	(242,140)	16,610,231	16,436,142

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

21. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2018 £	2017 £
Net income/(expenditure) for the year (as per Statement of Financial Activities)	30,821,550	(364,934)
Adjustment for:		
Depreciation charges	1,105,357	410,712
Increase in debtors	(95,960)	(80,642)
Increase in creditors	133,514	97,644
FRS 102 pension adjustment	1,998,000	-
Defined benefit pension scheme finance cost	409,000	300,000
Net cash provided by operating activities	34,371,461	362,780

22. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2018 £	2017 £
Cash in hand	4,035,498	3,352,242
Total	4,035,498	3,352,242

23. ASSETS TRANSFERRED INTO TRUST

On 1 September 2017 Reading Girls School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Baylis Court Trust from Reading Borough Council for £NIL consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the Balance sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the Statement of financial activities incorporating income and expenditure account as capital grants and assets into trust

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of financial activities incorporating income and expenditure account.

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets				
Leasehold land and buildings	-	-	33,383,290	33,383,290
- Other tangible fixed assets	-	-	47,424	47,424
Budget surplus/(deficit) on LA funds	-	57,876	-	57,876
LGPS pension surplus/(deficit)	-	(1,998,000)	-	(1,998,000)
Net assets/(liabilities)	-	(1,940,124)	33,430,714	31,490,590

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**NOTES TO THE FINANCIAL STATEMENTS
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23. ASSETS TRANSFERRED INTO TRUST (continued)

24. PENSION COMMITMENTS

The academy's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Royal Borough of Windsor and Maidenhead. Both are Multi-employer defined benefit pension schemes.

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

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

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

- 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.

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**NOTES TO THE FINANCIAL STATEMENTS
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24. PENSION COMMITMENTS (continued)

The employer's pension costs paid to TPS in the period amounted to £578,945 (2017 - £432,764).

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £332,000 (2017 - £229,000), of which employer's contributions totalled £251,000 (2017 - £171,000) and employees' contributions totalled £81,000 (2017 - £58,000). The agreed contribution rates for future years are 16.6% 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.
Royal County of Berkshire Pension Fund

Principal actuarial assumptions:

	2018	2017
Discount rate for scheme liabilities	2.65 %	2.60 %
Rate of increase in salaries	3.80 %	4.20 %
Rate of increase for pensions in payment / inflation	2.30 %	2.70 %

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

	2018	2017
Retiring today		
Males	23.1	23.0
Females	25.2	25.1
Retiring in 20 years		
Males	25.3	25.2
Females	27.5	27.4

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24. PENSION COMMITMENTS (continued)

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

	Fair value at 31 August 2018 £	Fair value at 31 August 2017 £
Equities	1,447,000	1,079,000
Gilts	-	-
Corporate bonds	463,000	340,000
Cash	-	-
Property	423,000	297,000
Cash and other liquid assets	456,000	249,000
Target return portfolio	125,000	115,000
Commodities	58,000	38,000
Infrastructure	207,000	152,000
Longevity insurance	(94,000)	(106,000)
Total market value of assets	<u>3,085,000</u>	<u>2,164,000</u>

The actual return on scheme assets was £125,000 (2017 - £153,000).

The amounts recognised in the Statement of financial activities incorporating income and expenditure account are as follows:

	2018 £	2017 £
Current service cost	(591,000)	(413,000)
Interest income	125,000	44,000
Interest cost	(192,000)	(102,000)
Total	<u>(658,000)</u>	<u>(471,000)</u>
Actual return on scheme assets	<u>125,000</u>	<u>153,000</u>

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24. PENSION COMMITMENTS (continued)

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

	2018 £	2017 £
Opening defined benefit obligation	5,436,000	4,608,000
Current service cost	591,000	413,000
Interest cost	192,000	102,000
Employee contributions	81,000	58,000
Actuarial (gains)/losses	(814,000)	163,000
Benefits paid	(179,000)	(15,000)
Changes in financial assumptions	-	107,000
Transferred to trust	1,998,000	-
	<u>7,305,000</u>	<u>5,436,000</u>
Closing defined benefit obligation	<u>7,305,000</u>	<u>5,436,000</u>

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

	2018 £	2017 £
Opening fair value of scheme assets	2,164,000	1,882,000
Expected return on assets	50,000	109,000
Interest income	75,000	44,000
Actuarial losses/(gains)	645,000	(83,000)
Employer contributions	251,000	171,000
Employee contributions	81,000	58,000
Benefits paid	(179,000)	(15,000)
Admin expenses	(2,000)	(2,000)
	<u>3,085,000</u>	<u>2,164,000</u>
Closing fair value of scheme assets	<u>3,085,000</u>	<u>2,164,000</u>

25. MEMBERS' LIABILITY

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

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26. RELATED PARTY TRANSACTIONS

Owing to the nature of the academy trust and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which Trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH and with the trust's financial regulations and normal procurement procedures relating to connected and 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 13.

No related party transactions took place during the period, other than certain trustees' remuneration and expenses already disclosed in note 10.