

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

**Annual Report and Financial Statements**

**Year ended 31 August 2017**



Company Registration Number:  
08521080 (England and Wales)

# **Biddick Academy Trust**

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# **Biddick Academy Trust**

## **Reference and Administrative Details**

**Members**  
Mr J Rostron  
Mrs C E Ford  
Mrs A Moran  
Mrs V Fox  
Mr D McDonald

**Trustees**  
Mr D McDonald \*(Chair)  
Mr J Rostron (Vice Chair) \*  
Mr P Cowen (Head Teacher)\*  
Mrs C E Ford  
Mrs A Moran \*  
Mrs V Fox  
Mr S Deehan (Resigned 13 September 2016)  
Cllr D Snowdon  
Ms M Reynolds  
Mrs L Welsh (Staff)  
Mr P Eastwood (Staff) \*  
Rev N Barr-Hamilton \*  
Mr L Todd \*  
Mrs Joanne Richardson (Appointed 6 December 2016)

\*Finance and Premises Committee members

**Company Secretary** Mr G Patterson

### **Senior Leadership Team**

Head Teacher	Mr P Cowen
Head of Business and Finance	Mr G Patterson
Deputy Head Teacher	Mr A Walmsley
Deputy Head Teacher	Mrs S Dickson
Assistant Head Teacher	Mr G Jackson
Assistant Head Teacher	Mr P Brown
Assistant Head Teacher	Mr J Houghton
Assistant Head Teacher	Mr M Anderson (Retired 31 August 2017)

**Principal and Registered Office**  
Biddick Academy Trust  
Biddick Lane  
Washington  
Tyne and Wear  
NE38 8AL

**Company Registration Number** 08521080 (England and Wales)

**Independent Auditor**  
RSM UK LLP  
Chartered Accountant  
1 St James Gate  
Newcastle upon Tyne  
NE1 4AD

**Bankers**  
Lloyds Bank plc  
54 Fawcett Street  
Sunderland  
Tyne and Wear  
SR1 1SF

**Solicitors**  
Watson Burton LLP  
1 St James' Gate  
Newcastle upon Tyne  
NE1 4AD

# **Biddick Academy Trust**

## **Trustees' Report**

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 1<sup>st</sup> September 2016 to 31<sup>st</sup> August 2017. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The trust operates an academy for pupils aged 11 to 16 serving a catchment area in Washington. It has a pupil capacity of 1,080 and had a roll of 1,084 in the school census on 19<sup>th</sup> January 2017.

### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

#### **Constitution**

The academy trust is a company limited by guarantee and an exempt charity. The company was incorporated on 9<sup>th</sup> May 2013 and converted to an academy on 1<sup>st</sup> July 2013. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust.

The trustees of Biddick Academy Trust are also the directors of the charitable company for the purposes of company law. The charitable company is known as Biddick Academy.

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

#### **Members' Liability**

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

#### **Trustees' Indemnities**

The Trust has purchased insurance to protect Trustees, Governors and staff from claims arising due to negligent acts, errors or omissions whilst carrying out Academy business. A trustee may benefit from any indemnity insurance purchased at the Trust's expense to cover the liability of the Trustees which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the trust: Provided that any such insurance shall not extend to any claim arising from any act or omission which the Trustees knew to be a breach of trust or breach of duty or which was committed by the Trustees in reckless disregard to whether it was a breach of trust or breach of duty or not and provided also that any such insurance shall not extend to the costs of any unsuccessful defence to a criminal prosecution brought against the Trustees in their capacity as Trustees of the Trust.

#### **Method of Recruitment and Appointment or Election of Trustees**

Trustees are appointed under the rules contained within the Trust's Memorandum and Articles of Association and membership to the Board of Trustees is in accordance with the structure contained within it. The number of Trustees is not subject to any maximum and the appointments made are in line with the guidance in the Articles of Association.

The Trustees may appoint Staff Trustees through such process as they may determine, provided that the total number of Trustees (including the Head Teacher) who are employees of the Trust does not exceed one third of the total number of Trustees.

The Trustees make the necessary arrangements for and determine all matters relating to the election of Parent Trustees. Parent Trustees must be a parent of a pupil at the Academy at the time they were elected or when the Trust was established.

The Head Teacher of the Academy shall be a Trustee for as long as he or she remains in that position.

## **Biddick Academy Trust**

### **Trustees' Report (continued)**

The Trustees may appoint up to three co-opted Trustees. The Trustees may not co-opt an employee of the Trust as a co-opted Trustee if thereby the number of Trustees who are employees would exceed one third of the total number of Trustees.

The Secretary of State may appoint additional Trustees as he thinks fit if he has given a warning notice and the Trustees have failed to comply, or secure compliance with the notice to the Secretary of State's satisfaction, within the compliance period. The Secretary of State may also appoint additional Trustees following an inspection by the Chief Inspector of Schools (Ofsted) where the Trust receives a grading which amounts to a drop of two Ofsted grades.

#### **Policies and Procedures Adopted for the Induction and Training of Trustees**

All new Trustees and/or Governors will be given induction training by the Trust's governance partner that reflects his/her previous experience and expertise. The Trust purchases support that provides for individual and full Governing Body training through an annual Course Directory which is reviewed each year to reflect any changes in practice and legislation. The Trust will perform an annual skills audit of Trustees and Governors, should any gaps be identified training courses are offered to address these issues.

#### **Organisational Structure**

The leadership and management structure of the Trust consists of the Board of Trustees and the Senior Leadership Team of the Academy. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

The Board of Trustees has overall responsibility and is ultimately accountable for the Academy. They will hold to account the Head Teacher. Powers are delegated from the Board via a scheme of delegation. This scheme is reviewed on an annual basis.

The Trustees are responsible for strategic planning, setting general policy, adopting an annual development plan, reviewing curriculum, budget monitoring, making major decisions about the direction of the Academy.

The Senior Leadership Team consists of the Head Teacher, Head of Business and Finance, Deputy Head Teachers, Assistant Head Teachers and other senior staff as appropriate. The team lead and manage the Trust at an executive level, steering the direction of the Academy in line with strategic plans and developing opportunities. They are also responsible for the day to day operation of the Academy in addition to supporting the wider work and objectives of the Trust.

#### **Arrangements for setting pay and remuneration of key management personnel**

The Trustees Personnel committee is responsible for senior staffing appointments as well as monitoring standards and performance and setting pay and remuneration.

#### **Related Parties and other Connected Charities and Organisations**

For the period ending 31<sup>st</sup> August 2017, 5 trustees and Senior Leadership Team members declared connections to organisations or related party relationships. During the reporting period no transactions were carried out that would be impacted by these declared relationships.

## **OBJECTIVES AND ACTIVITIES**

#### **Objects and Aims**

The Principal object and activity of the Charitable Company is the operation of Biddick Academy to provide education through a broad balanced curriculum for children of compulsory school age and to provide recreation facilities to the public at large.

## **Biddick Academy Trust**

### **Trustees' Report (continued)**

Academic success is at the forefront of our agenda; however, our philosophy puts wider opportunities alongside to produce well-rounded individuals. The philosophy of valuing wider opportunities for young people alongside academic success has enabled the Academy to build its reputation for being the best it can possibly be, with young people experiencing the highest quality of education.

#### **Objectives, Strategies and Activities**

The Trust has set a number of guiding principles to adhere to and steer their objectives and activities:

##### *Learning and Curriculum*

Our curriculum is broad, balanced, engaging and stimulating, offering our students personalised pathways to success. We are proud of our year on year upward rise in standards and outstanding curriculum offer. The curriculum is designed to develop knowledge, skills and characteristics to provide the very best education and produce well-rounded individuals who are thoroughly prepared for life.

##### *Leadership*

We provide an environment in which everyone is encouraged and supported to develop leadership and management competencies. This will enable Biddick Academy to maximise the talent within the Trust and plan for succession. We will review the progress made by the Trust against the organisations overall investment. We will challenge any under-performance.

##### *Collaboration and Partnership*

The Trust is committed to the development of education practice by maximising collaboration. We will use partnerships such as parents, multi- disciplinary teams, community links, teaching schools, other academies and businesses to enhance provision. The Trust will pursue opportunities for income generation.

##### *Inclusivity and Equality*

All students have an entitlement to study a broad and balanced range of subjects. No groups are discriminated against. Classwork at Biddick Academy is structured to cater for all ability levels and learning needs, and wherever possible there is an emphasis on individualised learning.

Students are encouraged to take responsibility for their own learning and are well supported by a highly committed and skilled staff, excellent facilities and an extensive range of resources. This guarantees that equal opportunities are provided to all.

##### *Investment and Opportunity*

We will invest in our staff to provide them with the necessary training and support in order that the aims of the Trust can be met. We embrace and celebrate continuous learning and create a culture where all learning is valued. All staff are given the opportunity to make the most of their potential through fair and open access to training. We are committed to the most efficient and effective use of resources to support training needs.

##### *Continuous Improvement*

Trustees and senior leaders of Biddick Academy provide challenge and support for each other in order that continuous improvement is central to our work.

#### **Public Benefit**

The Trustees have complied with their duty in Section 4 of the Charities Act 2006, to have due regard to public benefit guidance published by the Charity Commission in exercising their powers or duties. In particular, the Trustees consider how planned activities will contribute to the aims and objectives they have set. The Trust has provided a fully comprehensive education to all pupils in its care. It fully complies with all statutory guidance and seeks to support its wider educational objectives via a strong community role.

# **Biddick Academy Trust**

## **Trustees' Report (continued)**

### **Strategic Report**

#### **Vision and Philosophy**

At Biddick we believe that the school years are amongst the most important in our lives, and when done well can develop knowledge, skills and build the characteristics required to succeed in life. We strive to give every child the very best all round education. The environment we provide offers an exciting, enjoyable and challenging experiences, allowing young people to develop into fully rounded individuals with the ability to meet the challenges of the 21<sup>st</sup> Century.

The Governors, Head Teacher and staff at Biddick have developed a vision and ambition for the Academy that is understood and being worked towards by all: -

For Biddick Academy to be the best it can possibly be, with young people experiencing the highest quality of education.

We believe that our young people will:

- Experience happiness, enjoyment and feel valued
- Act with integrity
- Be competent and confident individuals
- Be responsible, resilient and independent
- Take part in creative, cultural, sporting and innovative activities
- Appreciate cultures and sensitivities of other people
- Be ready and qualified to take on the next stage of their learning through the promotion of the highest academic standards
- Have aspirations to be the best that they can be.

#### **Key Performance Indicators**

- Progress 8 for the past three years has been in line with the national average, with 2017 = -0.12, 2016 = -0.06 and 2015 = +0.02. Our 2016 Progress 8 figure was above the Sunderland average of -0.17
- Attainment 8 improved from 46.5 in 2015 to 46.8 in 2016. Our 2017 Attainment 8 figure of 44.9 shows an improvement on the 2016 figure given the change in the grading system (2016 = 41.0 based on new system)
- The proportion of students achieving the 'basics' of English and Maths has improved to 56% at Grade 4+ in 2017, and improvement of 9% on 2016. The Grade 5+ figure of 36% is a new measure.
- The conversation rate of students achieving the English Baccalaureate improved, with 26% achieving in 2017, an increase of 8% on 2016.
- The percentage number of students entering the English Baccalaureate also increased from 25% in 2016 to 42% in 2017.
- The number of students moving into employment, education or training is exceptional with over 99% making these next steps after leaving Biddick.
- Our students have extremely positive views of the school (78.8%) compared against other schools (56.7%) (PASS Survey 2016).
- The proportion of funding for the Academy Trust's Educational Operations (note 3) spent on Staff Costs (note 8) is 88.7% in 2016/17 (82.8% in 2015/16).
- The reserves funds of the Academy are £564k (£887k in 2016/17). The level of reserves outlined in the Reserves Policy is £250k; therefore funds of £314k are available to meet future budget pressures.
- The community view of the school is strong and the school has been oversubscribed in recent years and our parent surveys show high degrees of satisfaction.

# **Biddick Academy Trust**

## **Trustees' Report (continued)**

### **The Academy's Improvements**

- The strengthening of leadership across the Academy.
- A curriculum review to improve student achievement and produce well-rounded individuals who are thoroughly prepared for life.
- A revised school day to further improve the quality of learning and meet the demands of education reform.
- Building the capacity for more rapid and sustained improvement by receiving external challenge and advice to monitor and review performance.
- Strong governance with a focus to effectively support and challenge continuous improvement.
- Capital building work to compliment the curriculum and provide the best environment for students learning.
- A rigorous and robust recruitment process to ensure the 'right' and 'best' people are employed.
- Developing a high performance culture through learning, developing and coaching our people.
- A focus of reading, writing speaking and listening to support students in their exams and to access learning in all subjects with more confidence.

### **The Future**

The Academy recognises that improvement has been made across a number of areas and consistency in outcomes will continue to be an area to drive improvement.

The trust's main objectives are encompassed in our vision to be the best we can possibly be, with young people experiencing the highest quality of education. To this end we want to improve and change lives of individuals, families and the community and the objectives and strategies identified to improve them include: -

- Continuing to make the Academy a great place to be for all stakeholders
- There is a priority focus at Key Stage 3 to build on student's academic achievements from primary school. To prepare students for more challenging study at Key Stage 4 and accelerate the rate of progress and achievement the timetable, curriculum offer, assessment, monitoring and development of literacy skills are areas of emphasis.
- To focus on the attainment improvement agenda to improve the progress all students make across the curriculum at key stage 3 & 4 to meet their potential.
- Improve the quality of teaching, learning and assessment.
- Strengthen the role of middle leaders to accelerate the rate of progress across the school.
- Develop students' attitude and work ethic so that they are increasingly motivated to succeed.
- Create a succession management plan to develop capacity and address emerging issues that can or will affect continual performance at the academy.
- Continue to develop the design principles of performance management to ensure a consistent set of standards are applied, receive input and gain a broader perspective of performance, and continue to build a performance environment.

### **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**

As a result of conversion to Academy status the school surplus balance from the former Biddick School Sports College was brought forward into the accounts. In addition to this the balance of the unrestricted school fund was also transferred to the Academy.



## **Biddick Academy Trust**

### **Trustees' Report (continued)**

The majority of the Trust's income for the period of account is obtained from either the ESFA (Education and Skills Funding Agency) or Local Authority as the commissioner of pupil places, the use of which is restricted for particular purposes. The grants and funding received from these bodies for the period and associated expenditure are shown as restricted funds in the statement of financial activities.

Most of the Trust's income is obtained from the Department for Education (DfE) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants, including the General Annual Grant (GAG) received during the period covered by this report and the associated expenditure are shown as restricted funds in the Statement of Financial Activities on page 16.

All of the expenditure in the Statement of Financial Activities is in furtherance of the Trust's objectives. In 2016/2017 the Trust invested surpluses of £206k, to further improve Trust assets. This included the construction of new classrooms and the improvement of other facilities.

During the period ending 31 August 2017 the Trust has incurred an operational deficit of £117k which has been financed from unrestricted reserves.

At 31st August 2017 the net book value of fixed assets was £18,063,358. The assets were used exclusively for providing education and associated support for pupils within the Biddick Academy Trust.

Under accounting standard FRS102, it is necessary to charge projected deficits on the Local Government Pension Scheme, which is provided for support staff, to the restricted fund. This resulted in the pension fund showing a deficit of £1,272,000, which has been carried forward to 2017/2018. It should be noted that this does not present a liquidity problem for the Trust and that the Trust is reviewing contributions to the pension scheme in order to see a reduction to the pension scheme in future years.

#### **Financial and Risk Management Objectives and Policies**

The Trust aims to minimise exposure to fluctuations in the value of financial instruments. A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The exposure to credit risk and bad debts are kept to a minimum as there is only a relatively low level of exposure to debtors at any time during the year. The Trust does, like many other institutions, have an on-going liability in respect of defined benefit pension schemes relating to some of their employees. More information can be found regarding this in note 27. In managing the risk relating to the liability of the defined benefit pension schemes, the Trust includes employer contributions in the budgets and cash flow forecasts at the contribution rate set out at the triennial review of each scheme. Sensitivity analysis is undertaken to estimate any adverse changes in contribution rate.

#### **Reserves Policy**

Trustees have agreed that the Trust should aim to hold a prudent level of reserves designed to provide: -

- sufficient working capital to cover delays between spending and receipt of grants
- a contingency fund for any unexpected emergencies
- funding capacity for future estate maintenance and planned capital investment subject to conditions as set out by the ESFA
- funding to cover any future liabilities as outlined within the Financial Statements.

The level of free reserves to cover the above is deemed to be £250,000. The reserves funds of the Academy are £439k (£762k in 2016/17). The level of reserves outlined in the Policy is £250k; therefore funds of £189k are available to meet future budget pressures.

Trustees agree that expenditure of Trust reserves is in line with the Trust Improvement Plans that support the academy in raising standards as described in our plans for the future defined within this report. Approved expenditure of reserves is reviewed by Trustees annually.

As of 31<sup>st</sup> August 2017 an overspend of £108,410 is reported in restricted funds. Combined with £672,519 reported in unrestricted general funds gives a net surplus in reserves of £564,109. This figure includes provision of a sinking fund currently at £125,000 for the future renewal of a Synthetic Turf

## **Biddick Academy Trust**

### **Trustees' Report (continued)**

Football Pitch. The Trustees monitor reserve levels on a regular basis in line with budget monitoring and review these levels annually and believe that they should provide sufficient working capital to cover its aims and objectives.

#### **Investment Policy**

The Trust has a Treasury Management and Investment Policy which is reviewed annually by Trustees. The Trust currently operates interest bearing bank accounts but at present does not have any funds invested.

#### **Principal Risks and Uncertainties**

The principal risk and uncertainties facing the Trust are centred around maintaining pupil numbers and the processes in which the Academies receive their primary source of income from the ESFA/DfE. This is a key area that is being strictly monitored, reviewed and managed by the Trust to understand the financial implications and take action to address, if and when they may arise. In addition the Trust is a member of the Local Government Pension Scheme (LGPS) which results in the recognition of a significant liability on the Trusts' balance sheet. There is a risk that future contribution levels will increase which is outside of the academy's control.

#### **Plans for Future Periods**

The Trust plans to continue to provide outstanding education to young people with special educational needs. Strategic improvement plans are being developed for the individual Academy that steer the direction of travel of the Trust. The current levels of reserves are being evaluated to ensure surplus funds are invested into resources (including buildings, equipment and staff training) in the Academy to achieve maximum return and to meet our aims and objectives.

#### **Funds Held as Custodian Trustee on Behalf of Others**


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

#### **Auditor**

RSM UK Audit LLP are deemed to be reappointed under Section 487(2) of the Companies Act 2006.

The Trustees have confirmed that, as far as they are aware, there is no relevant audit information of which the auditors are unaware. Each of the Trustees have confirmed that they have taken all the steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

The Trustees' Annual Report is approved by order of the board of trustees and the Strategic Report (included therein) is approved by the board of trustees in their capacity as the directors at a meeting on 6<sup>th</sup> December 2017 and signed on their behalf:



Mr D McDonald

Chair of Trustees

# **Biddick Academy Trust**

## **Governance Statement**

### **Scope of Responsibility**

As trustees we acknowledge we have overall responsibility for ensuring that Biddick Academy Trust Limited 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 Head Teacher, 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 Biddick Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control. Mr P Cowen is the Accounting Officer.

### **Governance**

A review of governance is carried out on an annual basis; as a result of this review no significant changes have been required to the Trust's governance arrangements.

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:

<b>Trustee</b>	<b>Meetings Attended</b>	<b>Out of a Possible</b>
Mr D McDonald (Chair)	3	4
Mr J Rostron (Vice Chair)	3	4
Mr P Cowen (Head Teacher)	4	4
Mrs C E Ford	3	4
Mrs A Moran	2	4
Mrs V Fox	4	4
Cllr D Snowdon	2	4
Ms M Reynolds	0	4
Mrs L Welsh (Staff)	3	4
Mr P Eastwood (Staff)	2	4
Rev N Bar-Hamilton	2	4
Mr L Todd	2	4
Mrs J Richardson	1	2

During the accounting period Mr R Hewlett and Mr I Holmes acted on behalf of the Academy but at the point of the annual review were not registered at Companies House, resignations had been tendered. Mr S Deehan was also a trustee but tendered his resignation on 13 September 2016. No meetings were attended by the three trustees during the period of accounts.

The Finance and Premises Committee is a sub-committee of the main board of trustees. Its purpose is to assist the decision making of the Trust by enabling more detailed consideration to be given, to ensure the sound management of the Trust's finances, staffing and resources including proper planning, monitoring and probity. The committee also monitor the system of internal controls, arrangements for risk management and ensuing value for money.

## Biddick Academy Trust

### Governance Statement (continued)

Attendance at meetings in the year was as follows:

Trustee		Meetings Attended	Out of a Possible
Mr P Cowen	(Head Teacher)	4	4
Mr J Rostron	(Vice Chair)	3	4
Mr D McDonald	(Chair)	4	4
Mrs Ford		4	4
Mrs A Moran		3	4
Mr P Eastwood	(Staff)	2	4
Rev N Barr-Hamilton		4	4
Mr L Todd		3	4

### Review of Value for Money

As accounting officer the Head Teacher 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 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:

- Our Progress 8 Score shows students are achieving in line with expected progress
- There is an on-going review of staffing requirements
- Significant savings have been achieved in regard to procurement of goods and services
- Benchmarking against thirty other similar academies across the country show good financial performance. In particular that a high proportion of funding continues to be spent directly on learning. It is also clear from the benchmarking reports that the Academy is maximising its income where possible.

The Academy will continue to improve its performance in relation to Value for Money by strong governance and management.

### The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Biddick Academy Trust for the period 1<sup>st</sup> September 2016 to 31<sup>st</sup> August 2017 and up to the date of approval of the annual report and financial statements.

### Capacity to Handle Risk

The board of trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1<sup>st</sup> September 2016 to 31<sup>st</sup> August 2017 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:

## **Biddick Academy Trust**

### **Governance Statement (continued)**

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees
- regular reviews by the finance committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes
- setting targets to measure financial and other performance
- clearly defined purchasing (asset purchase or capital investment) guidelines
- delegation of authority and segregation of duties
- identification and management of risks

The board of trustees has considered the need for a specific internal audit function and has decided:

- to appoint the City of Sunderland Internal Audit Section as internal auditor

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 Income

On a termly basis, the internal auditor reports to the board of trustees, through the Finance and Premises committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

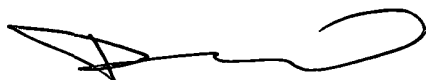
#### **Review of Effectiveness**

As accounting officer the Head Teacher has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the internal auditor
- the work of the external auditor
- 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 committee and a plan to ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on 6<sup>th</sup> December 2017 and signed on its behalf by:



Mr D McDonald  
Chair of Trustees



Mr P Cowen  
Accounting Officer

## **Biddick Academy Trust**

### **Statement on Regularity, Propriety and Compliance**

As accounting officer of Biddick Academy Trust I have considered my responsibility to notify the academy trust board of trustees and the Education Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, 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 2016.

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 2016.

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.



Mr P Cowen  
Accounting Officer  
6<sup>th</sup> December 2017

## **Biddick Academy Trust**

### **Statement of Trustees' Responsibilities**

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

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of 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 in the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017.
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and 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 6 December 2017 and signed on its behalf by:



Mr D McDonald  
Chair of Trustees

# **Biddick Academy Trust**

## **Independent Auditor's Report on the Financial Statements to the Board of Trustees of Biddick Academy Trust**

### **Opinion on financial statements**

We have audited the financial statements of Biddick Academy Trust (the "academy trust") for the year ended 31 August 2017 which comprise Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), and the Academies: Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2017 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2016 to 2017 issued by the Education and 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

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

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

### **Other information**

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

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

We have nothing to report in this regard.

### **Opinion on other matter prescribed by the Companies Act 2006**

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

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



# **Biddick Academy Trust**

## **Independent Auditor's Report on the Financial Statements to the Board of Trustees of Biddick Academy Trust (continued)**

### **Matters on which we are required to report by exception**

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

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

- adequate accounting records have not been kept by the charity, 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 set out on page 13, the trustees (who act as trustees for the charitable activities of the charitable company are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditor's responsibilities for the audit of the financial statements**

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

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

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

RSM UK Audit LLP

Lucy Robson (Senior Statutory Auditor)  
For and on behalf of RSM UK AUDIT LLP, Statutory Auditor  
Chartered Accountants  
1 St James' Gate  
Newcastle upon Tyne  
NE1 4AD

07/12/17

# Biddick Academy Trust

## Statement of Financial Activities for the Year Ended 31 August 2017 (including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2017 £000	Total 2016 £000
<b>Income and endowments from:</b>						
Donations and capital grants	2	49	-	22	71	61
Charitable activities:						
Funding for the academy trust's educational operations	3	3	6,173	-	6,176	6,233
Other trading activities	4	344	23	-	367	312
Investments	5	2	-	-	2	5
Other Incoming Resources		-	-	4	4	-
<b>Total</b>		<b>398</b>	<b>6,196</b>	<b>26</b>	<b>6,620</b>	<b>6,611</b>
<b>Expenditure on:</b>						
Raising funds	6	307	-	-	307	183
Charitable activities:						
Academy trust educational operations	7	10	6,548	453	7,011	6,839
<b>Total</b>		<b>317</b>	<b>6,548</b>	<b>453</b>	<b>7,318</b>	<b>7,022</b>
<b>Net income / (expenditure)</b>		<b>81</b>	<b>(352)</b>	<b>(427)</b>	<b>(698)</b>	<b>(411)</b>
<b>Transfer between funds</b>	17	<b>(313)</b>	<b>108</b>	<b>205</b>	<b>-</b>	<b>-</b>
<b>Other recognised gains / (losses):</b>						
Remeasurement of net defined benefit obligations	17,27	-	1,082	-	1,082	(1,377)
<b>Net movement in funds</b>		<b>(232)</b>	<b>838</b>	<b>(222)</b>	<b>384</b>	<b>(1,788)</b>
<b>Reconciliation of funds</b>						
Total funds brought forward		796	(2,110)	18,309	16,995	18,783
<b>Total funds carried forward</b>		<b>564</b>	<b>(1,272)</b>	<b>18,087</b>	<b>17,379</b>	<b>16,995</b>

# Biddick Academy Trust

## Balance Sheet as at 31 August 2017

Company Number 08521080

	Notes	2017 £000	2017 £000	2016 £000	2016 £000
<b>Fixed Assets</b>					
Intangible assets	11	4		1	
Tangible assets	12	18,059		18,270	
			<u>18,063</u>		<u>18,271</u>
<b>Current Assets</b>					
Stock	13	41		29	
Debtors	14	304		116	
Cash at bank and in hand		<u>452</u>		<u>1,074</u>	
		<u>797</u>		<u>1,219</u>	
<b>Liabilities</b>					
Creditors: Amounts falling due within one year	15	<u>(209)</u>		<u>(294)</u>	
<b>Net current assets</b>			<u>588</u>		<u>925</u>
<b>Total assets less current liabilities</b>			<u>18,651</u>		<u>19,196</u>
Creditors: Amounts falling due after more than one year			-		-
<b>Net assets excluding pension liability</b>			<u>18,651</u>		<u>19,196</u>
Defined Benefit Pension Scheme Liability	27		<u>(1,272)</u>		<u>(2,201)</u>
<b>Total net assets</b>			<u>17,379</u>		<u>16,995</u>
<b>Funds of the academy trust:</b>					
<b>Restricted funds</b>					
- Fixed asset fund	17	18,087		18,309	
- Restricted income fund	17	-		91	
- Pension reserve	17	<u>(1,272)</u>		<u>(2,201)</u>	
<b>Total restricted funds</b>			<u>16,815</u>		<u>16,199</u>
<b>Unrestricted income funds</b>	17		<u>564</u>		<u>796</u>
<b>Total funds</b>			<u>17,379</u>		<u>16,995</u>

The financial statements on pages 16 to 36 were approved by the trustees, and authorised for issue on 6 December 2017 and are signed on their behalf by:



Mr D McDonald  
Chair of Trustees

## **Biddick Academy Trust**

### **Statement of Cash Flow for the Year Ended 31 August 2017**

	Notes	2017 £000	2016 £000
<b>Cash flows from operating activities</b>			
Net cash (used in) provided by operating activities	21	(394)	72
<b>Cash flows from investing activities</b>	23	(228)	(37)
<b>Cash flows from financing activities</b>	22	-	-
<b>Change in cash and cash equivalents in the reporting period</b>		<u>(622)</u>	<u>35</u>
<b>Cash and cash equivalents at 1 September 2016</b>		1,074	1,039
<b>Cash and cash equivalents at 31 August 2017</b>	24	<u>452</u>	<u>1,074</u>

# **Biddick Academy Trust**

## **Notes to the Financial Statements for the Year Ended 31 August 2017**

### **1. Statement of Accounting Policies**

Biddick Academy Trust is a Charitable Company (the 'Academy Trust'). The address of the Trust's principal place of business is given on page 1. The nature of the Academy Trust's operations are set out in the Trustees' Report.

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

#### **Basis of Preparation**

The financial statements of the academy trust, which is a public 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 account 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 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Biddick Academy Trust meets the definition of a public benefit entity under FRS 102.

The financial statements are presented in sterling which is also the financial currency of the Academy Trust. Monetary amounts in the financial statements are rounded to the nearest £1,000 except where otherwise stated.

#### **Going Concern**

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

#### **Income**

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

- **Grants**

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

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

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

- **Sponsorship Income**

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

# Biddick Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

### 1. Statement of Accounting Policies (continued)

- **Donations**

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

- **Other Income**

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

- **Donated goods, facilities and services**

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

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

### **Expenditure**

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

- **Expenditure on Raising Funds**

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

- **Charitable Activities**

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

All resources expended are inclusive of irrecoverable VAT.

### **Intangible Fixed Assets**

Intangible assets costing £1,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment. Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life.

### **Tangible Fixed Assets**

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life.

# **Biddick Academy Trust**

## **Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)**

### **1. Statement of Accounting Policies (continued)**

Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet.

Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

- Long leasehold buildings 50 Years  
(Integral fixtures to external fabric of buildings 25 years)
- Fixtures, fittings and equipment 10 Years
- ICT equipment 5 Years
- Motor vehicles 10 Years

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

Land is not depreciated.

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

### **Liabilities**

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

### **Provisions**

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

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

### **Leased Assets**

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

### **Financial Instruments**

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

*Financial assets* – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 14. Prepayments are not financial instruments. Amounts due to the charity's wholly owned subsidiary are held at face value less any impairment.

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

# **Biddick Academy Trust**

## **Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)**

### **1. Statement of Accounting Policies (continued)**

*Financial liabilities* – trade creditor, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in note 15. Taxation and social security are not included in the financial instruments disclosure definition.

Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to charity's wholly owned subsidiary are held at face value less any impairment.

#### **Stock**

Uniforms and education supplies stocks are valued at the lower of cost or net realisable value.

#### **Taxation**

The academy trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

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

#### **Pension Benefits**

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in Note 27, 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. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

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

Actuarial gains and losses are recognised immediately as other comprehensive income.

#### **Fund Accounting**

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the academy trust at the discretion of the trustees. £25,000 has been allocated to a designated sinking fund in respect of the maintenance of the artificial grass football pitch. The balance of the sinking fund is currently £125,000.



# **Biddick Academy Trust**

## **Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)**

### **1. Statement of Accounting Policies (continued)**

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

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder / donor and include grants from the Education Skills and Funding Agency and other funders.

### **Critical accounting estimates and areas of judgement**

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

#### **Critical accounting estimates and assumptions**

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 27, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. 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.

# Biddick Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

### 2 Donations and capital grants

	Unrestricted Funds £000	Restricted Funds £000	Total 2017 £000	Total 2016 £000
Capital grants	-	22	22	22
Other donations	49	-	49	39
	49	22	71	61
<b>2016 Total</b>	39	22	61	

### 3 Funding for the Academy Trust's Educational Operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2017 £000	Total 2016 £000
<b>DfE / ESFA revenue grants</b>				
- General Annual Grant (GAG)	-	5,600	5,600	5,661
- Other DfE/ESFA grants	-	358	358	377
	-	5,958	5,958	6,038
<b>Other Government Grants</b>				
Local Authority Grants	-	133	133	122
	-	133	133	122
<b>Non Grant Income</b>				
Other income from the academy trust's educational operations	3	82	85	73
	3	6,173	6,176	6,233
<b>2016 Total</b>	12	6,221	6,233	

### 4 Other trading activities

	Unrestricted Funds £000	Restricted Funds £000	Total 2017 £000	Total 2016 £000
Hire of facilities	72	-	72	59
School Activities	11	14	25	21
Educational Visits	196	-	196	168
Uniform – Sales	36	-	36	29
Pupil Contributions to Charities	2	-	2	5
Music Tuition	15	2	17	16
Rent	2	-	2	2
Commission – on sales	3	-	3	7
Student placements	7	-	7	3
Out of school clubs	-	-	-	1
Examination fee	-	7	7	1
	344	23	367	312
<b>2016 Total</b>	301	11	312	

# Biddick Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

### 5 Investment income

	Unrestricted Funds £000	Restricted Funds £000	Total 2017 £000	Total 2016 £000
Short term deposits	2	-	2	5
	2	-	2	5
<b>2016 Total</b>	5	-	5	

### 6 Expenditure

	Non Pay Expenditure			Total 2017 £000	Total 2016 £000
	Staff Costs £000	Premises £000	Other £000		
Expenditure on raising funds	55	-	252	307	183
Academy's educational operations:					
- Direct costs	4,725	453	367	5,545	5,372
- Allocated support costs	705	425	336	1,466	1,467
	5,485	878	955	7,318	7,022
<b>2016 Total</b>	5,163	454	1,405	7,022	

Net income/(expenditure) for the period includes:

	2017 £000	2016 £000
Operating leases rentals	21	29
Depreciation	453	451
(Gain)/loss on disposal of fixed assets	(4)	-
Fees payable to External Auditor for:		
- Audit	8	7
- Other Services	1	1
	479	488

There are no individual transactions exceeding £5,000 included in resources expended in relation to ex-gratia/compensation payments, gifts made by the trust, fixed asset losses, stock losses, unrecoverable debts and cash losses.

The expenditure in 2017 was £7,318,000 (2016 £7,022,000) of which £317,000 was unrestricted (2016: £204,000), £6,548,000 restricted (2016: £6,368,000) and £453,000 restricted fixed assets (2016: £450,000).

### 7 Charitable Activities

	Total 2017 £000	Total 2016 £000
<b>Direct costs – educational operations</b>	5,545	5,372
<b>Support costs – educational operations</b>	1,466	1,467
	7,011	6,839
<b>Analysis of support costs</b>		
Support staff costs	705	634
Technology costs	22	21
Premises costs	425	454
Other support costs	250	283
Governance costs	64	75
<b>Total support costs</b>	1,466	1,467

# Biddick Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

The expenditure from charitable activities was £7,011,000 (2016: £6,840,000) of which £10,000 was unrestricted (2016: £32,000), £6,548,000 restricted (2016: £6,357,000) and £453,000 restricted fixed assets (2016: £451,000).

### 8 Staff

#### a. Staff costs

Staff costs during the period were:

	2017 £000	2016 £000
Wages and salaries	4,106	4,004
Social security costs	415	347
Operating costs of defined benefit pension schemes	856	696
Apprenticeship Levy	2	-
	<u>5,379</u>	<u>5,047</u>
Supply staff costs	106	116
	<u>5,485</u>	<u>5,163</u>

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

None incurred.

#### c. Staff numbers

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

	2017 No.	2016 No.
Teachers	74	73
Administration and support	51	54
Management	8	8
	<u>133</u>	<u>135</u>

#### d. Higher paid staff

The number of employees whose emoluments (including national insurance but excluding employer pension costs) exceeded £60,000 was:

	2017 No.	2016 No.
£60,001 - £70,000	1	1
£70,001 - £80,000	2	2
£80,001 - £90,000	-	1
£90,001 - £100,000	1	-

The above employees participated in the Teachers' Pension Scheme and Local Government Pension Scheme.

#### e. Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer NI and pension contributions) received by key management personnel for their services to the academy trust was £632,581 (2016: £621,448).

# Biddick Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

### 9 Related Party Transactions – Trustees' Remuneration & Expenses

One or more trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment.

The value of trustees' remuneration and other benefits was as follows:

**P Cowen (Head Teacher and Trustee):**

Remuneration	£81,478 (2016: £80,671)
Employer's pension contributions	£13,428 (2016: £13,295)

**P Eastwood (Staff Trustee):**

Remuneration	£40,000 - £45,000 (2016: £40,000 - £45,000)
Employer's pension contributions	£5,000 - £10,000 (2016: £5,000 - £10,000)

**L Welsh (Staff Trustee):**

Remuneration	£15,000 - £20,000 (2016: £15,000 - £20,000)
Employer's pension contributions	£0 - £5,000 (2016: £0 - £5,000)

During the period ended 31 August 2017 travel and subsistence expenses totalling £14 was reimbursed or paid directly to 1 trustee (2016: £66).

During the period ended 31 August 2017 £116 travel and subsistence expenses were reimbursed or paid directly to the Principal (2016: £735).

Other related party transactions involving the trustees are set out in note 28.

### 10 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.

### 11 Intangible fixed assets

	Server Virtualisation Warranty £000	Total £000
<b>Cost</b>		
At 1 September 2016	1	1
Additions	3	3
At 31 August 2017	4	4
<b>Amortisation</b>		
At 1 September 2016	-	-
Charged in year	-	-
At 31 August 2017	-	-
<b>Carrying amount</b>		
At 31 August 2016	1	1
At 31 August 2017	4	4

# Biddick Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

### 12 Tangible fixed assets

	Assets Under Construction £000	Leasehold Land and Buildings £000	Fixtures, Fittings and Equipment £000	Computer Equipment £000	Motor Vehicles £000	Total £000
<b>Cost</b>						
At 1 September 2016	45	19,294	266	328	14	19,947
Additions	144	22	54	24	-	244
Transfers	(189)	189	-	-	-	-
Disposals	-	-	-	-	(3)	(3)
At 31 August 2017	-	19,505	320	352	11	20,188
<b>Depreciation</b>						
At 1 September 2016	-	1,259	151	261	6	1,677
Charged in year	-	400	33	19	1	453
Disposals	-	-	-	-	(1)	(1)
At 31 August 2017	-	1,659	184	280	6	2,129
<b>Net book values</b>						
At 31 August 2016	45	18,035	115	67	8	18,270
At 31 August 2017	-	17,846	136	72	5	18,059

A capital building project commenced in 2016 and was able to be used as at 31 August 2017. As such, a transfer has been made from Assets Under Construction into Leasehold Land and Buildings.

### 13 Stock

	2017 £000	2016 £000
Clothing	19	13
Educational Supplies	22	16
	<u>41</u>	<u>29</u>

### 14 Debtors

	2017 £000	2016 £000
Trade debtors	-	3
VAT recoverable	160	27
Other Debtors	16	-
Prepayments and accrued income	128	86
	<u>304</u>	<u>116</u>

### 15 Creditors: amounts falling due within one year

	2017 £000	2016 £000
Trade creditors	18	2
Other taxation and social security	101	106
Other Creditors	-	-
Accruals and deferred income	90	186
	<u>209</u>	<u>294</u>

### Deferred income

	2017 £000	2016 £000
Deferred Income at 1 September 2016	25	24
Resources deferred in the year	-	25
Amounts released from previous years	(25)	(24)
Deferred Income at 31 August 2017	<u>-</u>	<u>25</u>

# Biddick Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

At the balance sheet date the academy trust was not holding any funds received in advance (2016: £25,368).

### 16 Financial Instruments

	2017 £000	2016 £000
<b>Carrying amount of financial assets</b>		
Debt instruments measured at amortised cost	100	79
<b>Carrying amount of financial liabilities</b>		
Financial liabilities measured at amortised cost	108	164

### 17 Funds

	Balance at 31 August 2016	Incoming Resources	Resources Expended	Gains, Losses and Transfers	Balance at 31 August 2017
	£000	£000	£000	£000	£000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	1	5,600	(5,709)	108	-
Pupil Premium	-	300	(300)	-	-
Pension reserve	(2,201)	-	(153)	1,082	(1,272)
Other grants	18	191	(209)	-	-
Other Income	72	105	(177)	-	-
	(2,110)	6,196	(6,548)	1,190	(1,272)
<b>Restricted fixed asset funds</b>					
Transfer on conversion	18,156	4	(430)	(4)	17,726
DfE/ESFA capital grants	56	22	(10)	-	68
Capital expenditure from GAG	6	-	(2)	3	7
Other Income	-	-	-	-	-
Transfer from Unrestricted	91	-	(11)	206	286
	18,309	26	(453)	205	18,087
<b>Total restricted funds</b>	<b>16,199</b>	<b>6,222</b>	<b>(7,001)</b>	<b>1,395</b>	<b>16,815</b>
<b>Total unrestricted funds</b>	<b>796</b>	<b>398</b>	<b>(317)</b>	<b>(313)</b>	<b>564</b>
<b>Total funds</b>	<b>16,995</b>	<b>6,620</b>	<b>(7,318)</b>	<b>1,082</b>	<b>17,379</b>

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

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

Pupil Premium, other grants and other income which includes Special Needs and Year 7 Catch Up with the income being restricted to the terms of each funding stream.

The gross transfer from the unrestricted funds to the restricted fixed asset fund of £206k represents the capital expenditure from unrestricted funds. A contribution of £108k was made from unrestricted funds to restricted funds.

Capital Grant has been received for capital and related expenditure. Depreciation has been charged against assets within the Restricted Fixed Asset Fund. The transfer on conversion reflects fixed assets transferred on conversion along with surpluses on capital.

Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2017.

The academy's restricted general and unrestricted funds total £564,109 at 31 August 2017.

# Biddick Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

£25,000 has been allocated in the current year to a designated sinking fund in respect of the maintenance of the artificial grass football pitch. The balance of the sinking fund is currently £125,000.

Comparative figures in relation to the period ended 31 August 2016 are set out below:

	Balance at 31 August 2015	Incoming Resources	Resources Expended	Gains, Losses and Transfers	Balance at 31 August 2016
	£000	£000	£000	£000	£000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	34	5,661	(5,788)	94	1
Pupil Premium	-	338	(338)	-	-
Pension reserve	(815)	-	(9)	(1,377)	(2,201)
Other grants	-	180	(162)	-	18
Other Income	90	53	(71)	-	72
	(691)	6,232	(6,368)	(1,283)	(2,110)
<b>Restricted fixed asset funds</b>					
Transfer on conversion	18,594	-	(438)	-	18,156
DfE/ESFA capital grants	42	22	(7)	-	56
Capital expenditure from GAG	11	-	(5)	-	6
Transfer from Unrestricted	-	-	-	90	91
	18,647	22	(450)	90	18,309
<b>Total restricted funds</b>	<b>17,956</b>	<b>6,254</b>	<b>(6,818)</b>	<b>(1,193)</b>	<b>16,199</b>
<b>Total unrestricted funds</b>	<b>827</b>	<b>357</b>	<b>(204)</b>	<b>(184)</b>	<b>796</b>
<b>Total funds</b>	<b>18,783</b>	<b>6,611</b>	<b>(7,022)</b>	<b>(1,377)</b>	<b>16,995</b>

The academy's restricted general and unrestricted funds total £885,506 at 31 August 2016.

### 18 Analysis of net assets between funds

Fund balances at 31 August 2017 are represented by:

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds £000
Intangible fixed assets	-	-	4	4
Tangible fixed assets	-	-	18,059	18,059
Current assets	576	163	58	797
Current liabilities	(12)	(163)	(34)	(209)
Pension scheme liability	-	(1,272)	-	(1,272)
<b>Total net assets</b>	<b>564</b>	<b>(1,272)</b>	<b>18,087</b>	<b>17,379</b>
<b>2016 Total</b>	<b>796</b>	<b>(2,110)</b>	<b>18,309</b>	<b>16,995</b>



# Biddick Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

Fund balances at 31 August 2016 are represented by:

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds £000
Intangible fixed assets	-	-	1	1
Tangible fixed assets	-	-	18,270	18,270
Current assets	796	336	87	1,219
Current liabilities	-	(245)	(49)	(294)
Pension scheme liability	-	(2,201)	-	(2,201)
<b>Total net assets</b>	<b>796</b>	<b>(2,110)</b>	<b>18,309</b>	<b>16,995</b>
<b>2015 Total</b>	<b>827</b>	<b>(691)</b>	<b>18,647</b>	<b>18,783</b>

### 19 Capital Commitments

	2017 £000	2016 £000
Contracted for, but not provided in the financial statements	-	77
	-	77

### 20 Commitments under operating leases

#### Operating Leases

At 31 August 2017 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2017 £000	2016 £000
Amounts due within one year	15	18
Amounts due between one and five years	33	26
	<b>48</b>	<b>44</b>

# Biddick Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

### 21 Reconciliation of Net Income/(expenditure) to net cash flow from operating activities

	2017 £000	2016 £000
Net (expenditure) for the reporting period (as per the statement of financial activities)	(698)	(412)
Adjusted for:		
Depreciation (note 12)	453	451
Capital grants from DfE and other capital income	(22)	(22)
Less Gain on Disposal of Tangible Fixed Asset	(4)	-
Interest receivable (note 5)	(2)	(5)
Defined benefit pension scheme cost less contributions payable (note 27)	111	(18)
Defined benefit pension scheme finance cost (note 27)	42	27
(Increase)/decrease in stocks	(12)	(5)
(Increase)/decrease in debtors	(188)	58
Increase/(decrease) in creditors	(74)	(2)
<b>Net cash provided by / (used in) Operating Activities</b>	<b>(394)</b>	<b>72</b>

### 22 Cash flows from financing activities

	2017 £000	2016 £000
Repayments of borrowing	-	-
Cash inflows from new borrowing	-	-
<b>Net cash provided by / (used in) financing activities</b>	<b>-</b>	<b>-</b>

### 23 Cash flows from investing activities

	2017 £000	2016 £000
Dividends, interest and rents from investments	2	5
Proceeds from sale of tangible fixed assets	6	-
Purchase of intangible fixed assets	(3)	-
Purchase of tangible fixed assets	(255)	(64)
Capital grants from DfE/ESFA	22	22
<b>Net cash outflow from capital expenditure and financial investment</b>	<b>(228)</b>	<b>(37)</b>

### 24 Analysis of cash and cash equivalents

	At 31 August 2017 £000	At 31 August 2016 £000
Cash in hand and at bank	452	1,074
<b>Total cash and cash equivalents</b>	<b>452</b>	<b>1,074</b>

### 25 Contingent liabilities

There are no contingent liabilities in our 2016/17 financial statements.

### 26 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.

# **Biddick Academy Trust**

## **Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)**

### **27 Pension and Similar Obligations**

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

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

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

#### **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 (currently 14.1%))
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%

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

# Biddick Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

The pension costs paid to TPS in the period amounted to £526,803 (2016: £501,313).

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

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

### Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2017 was £276,068 (2016: £270,227), of which employer's contributions totalled £218,276 (2016: £212,690) and employees' contributions totalled £57,792 (2016: £57,537). The agreed contribution rates for future years are 25.2% 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 liability would be met by the Department for Education. The guarantee came into force on 18 July 2013.

### Principal Actuarial Assumptions (% per annum)

	At 31 August 2017	At 31 August 2016
Rate of increase in salaries	3.5	3.5
Rate of increase for pensions in payment/inflation	2.0	2.0
Discount rate for scheme liabilities	2.5	2.0
Inflation assumption (CPI)	2.0	2.0
Commutation of pensions to lump sums	75.0	75.0

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

	At 31 August 2017	At 31 August 2016
<i>Retiring today</i>		
Males	22.8	23.2
Females	26.3	24.8
<i>Retiring in 20 years</i>		
Males	25.0	25.3
Females	28.6	27.1

### Sensitivity analysis

	At 31 August 2017 £'000	At 31 August 2016 £'000
Discount rate +0.1%	4,814	5,132
Discount rate -0.1%	5,041	5,342
Mortality assumption - 1 year increase	4,781	5,064
Mortality assumption - 1 year decrease	5,072	5,409
CPI rate +0.1%	4,971	5,282
CPI rate -0.1%	4,881	5,190

# Biddick Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

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

	Fair Value at 31 August 2017 £000	Fair Value at 31 August 2016 £000
Equities	2,415	2,012
Corporate bonds	420	349
Property	329	304
Government bonds	143	115
Cash	143	91
Other	204	164
<b>Total market value of assets</b>	<b>3,654</b>	<b>3,035</b>

The actual return on scheme assets was £409,000 (2016: £451,000).

### Amount recognised in the Statement of Financial Activities

	2017 £000	2016 £000
Current service cost	328	195
Past service cost	-	-
Interest income	-	-
Interest cost	42	27
Benefit changes, gain/(loss) on curtailment and gain/(loss) on settlement	-	-
Admin expenses	-	-
<b>Total operating charge</b>	<b>370</b>	<b>222</b>

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

	2017 £000	2016 £000
<b>At 1 September</b>	<b>5,236</b>	<b>3,153</b>
Conversion of academy trusts	-	-
Transferred in on existing academies joining the trust	-	-
Transferred out on existing academies leaving the trust	-	-
Current service cost	328	195
Interest cost	105	121
Employee contributions	58	57
Actuarial (gain) / loss	(736)	1,734
Benefits paid	(65)	(24)
Losses or gains on curtailments	-	-
Past service cost	-	-
Unfunded pension payments	-	-
Effect of non-routine settlements	-	-
<b>At 31 August</b>	<b>4,926</b>	<b>5,236</b>

# Biddick Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

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

	2017 £000	2016 £000
<b>At 1 September</b>	<b>3,035</b>	<b>2,338</b>
Conversion of academy trusts	-	-
Transferred in on existing academies joining the trust	-	-
Transferred out on existing academies leaving the trust	-	-
Interest income	63	94
Actuarial gain	346	357
Employer contributions	217	213
Employee contributions	58	57
Benefits paid	(65)	(24)
<b>At 31 August</b>	<b>3,654</b>	<b>3,035</b>

### 28 Related Party Transactions

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

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 9.

### 29 Investments

The academy had a 100% shareholding in the subsidiary, Biddick Academy Trading Company Limited. The subsidiary was dissolved on 22 November 2016.