

Company Registration No. 08521080 (England and Wales)

BIDDICK ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2018



BIDDICK ACADEMY TRUST

CONTENTS

	Page
Reference and administrative details	1 - 2
Trustees' report	3 - 9
Governance statement	10 - 12
Statement on regularity, propriety and compliance	13
Statement of trustees' responsibilities	14
Independent auditor's report on the accounts	15 - 17
Independent reporting accountant's report on regularity	18 - 19
Statement of financial activities including income and expenditure account	20 - 21
Balance sheet	22
Statement of cash flows	23
Notes to the accounts including accounting policies	24 - 42

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 (Headteacher) *
Mrs C Ford *
Mrs A Moran *
Mrs V Fox
Cllr D Snowdon
Mrs L Welsh (Resigned 1 October 2017)
Mr P Eastwood (Staff) *
Rev N Barr-Hamilton *
Mr L Todd *
Mrs J Richardson
Mr D Robb (Appointed 10 October 2017)
Mr I Tindle (Appointed 10 October 2017)
Ms G Donovan (Appointed 4 September 2018)

*Finance and Premises Committee members

Senior management team

- Headteacher	Mr P Cowen
- Head of Business and Finance	Mr G Patterson
- Deputy Headteacher	Mr A Walmsley
- Deputy Headteacher	Mrs S Dickson
- Assistant Headteacher	Mr G Jackson
- Assistant Headteacher	Mr P Brown
- Assistant Headteacher	Mr J Houghton
- Assistant Headteacher	Dr S Yates (Appointed 1 September 2017)

Company secretary

Mr G Patterson

Company registration number

08521080 (England and Wales)

Registered office

Biddick Lane
Washington
Tyne and Wear
NE38 8AL

Independent auditor

Baldwins Audit Services
Wynyard Park House
Wynyard Avenue
Wynyard
TS22 5TB

BIDDICK ACADEMY TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Bankers

Lloyds Bank plc
54 Fawcett Street
Sunderland
Tyne & Wear
SR1 1SF

Solicitors

Watson Burton LLP
1 St James' Gate
Newcastle upon Tyne
Tyne & Wear
NE99 1YQ

BIDDICK ACADEMY TRUST

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2018

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 1st September 2017 to 31st August 2018. 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 1080 and had a roll of 1087 in the school census on 18th January 2018.

Structure, governance and management

Constitution

The academy trust is a company limited by guarantee and an exempt charity. The company was incorporated on 9 May 2013 and converted to an academy on 1 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.

BIDDICK ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

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.

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 each 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.

BIDDICK ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Trade union facility time

Relevant union officials

Number of employees who were relevant union officials during the relevant period

-

Full-time equivalent employee number

-

Percentage of time spent on facility time

Percentage of time

Number of employees

0%

-

1%-50%

-

51%-99%

-

100%

-

Percentage of pay bill spent on facility time

Total cost of facility time

-

Total pay bill

-

Percentage of the total pay bill spent on facility time

-

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours

-

Related parties and other connected charities and organisations

For the period ending 31 August 2018, 7 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.

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.

BIDDICK ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

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.

Strategic report

Achievements and performance

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 endeavor to give every child the very best all round education. The opportunities we offer provide exciting, enjoyable and challenging experiences, allowing young people to develop into fully rounded individuals prepared for their next step in life, whether that be work, training or further education. The Directors, 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.

BIDDICK ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Key performance indicators

Key Performance Indicators

- Progress 8 for 2018 is below national average, having been close to national average for the previous 3 years, 2015 = +0.02, 2016 = -0.06, 2017 = -0.12, 2018 = -0.31, progress 8 figure remains above the Sunderland Authority average of -0.36
- Attainment 8 shows a small improvement on 2017, from 44.9 to 45.0
- The proportion of students achieving the "basics" of both English and Mathematics at a Grade 5 improved from 36% in 2017 to 37% in 2018. The percentage of Grade 4 in both subjects improved from 56% in 2017 to 64% in 2018
- The conversion rate of students achieving the English Baccalaureate dropped from 26% in 2017 to 19% in 2018
- This was due to a drop in the number of students being entered for the English Baccalaureate, from 42% in 2017 to 32% in 2018
- The new English Baccalaureate Average Point Score measure is 3.85 for 2018, which is in line with the national average of 3.83
- The number of students moving into employment, education or training is in line with national data, at 94%
- The community view of the school is strong and the school continues to be oversubscribed

The Academy's Improvements

- The strengthening of leadership and their focus.
- Evidence the impact that change has made, so we know where we are.
- Address the variability's in teaching so that all lessons are good.
- Address the inconsistencies in outcomes, so that all pupils make strong progress
- Monitor the newly introduced curriculum, to ensure it is improving student achievement and closing the gap, whilst still producing well-rounded individuals who are prepared for life.
- Build the capacity for more rapid and sustained improvement by seeking external challenge and advice to monitor and review performance.
- Undertake a Governance review that supports improvement
- A rigorous and robust recruitment process to ensure the 'right' and 'best' people are employed.
- Create a high performance culture through learning, developing and coaching our staff.
- A focus on 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 improvements have been made across a number of areas and that further improvement is required following our Ofsted visit in May of this year. Consistency in outcomes will continue to be an area to drive improvement, as will, having a strong focus on: -

- teaching and learning
- pupil progress
- using timely interventions when needed with support for pupils and staff.

We must work harder to close the gap for our disadvantaged students and ensure progress is made by all and that pupils achieve what they are capable of. We also need to ensure our progress 8 data is positive and not negative.

A new Head teacher will commence work at the Academy in January 2019 and they will drive forward the improvements that will support the Directors immediate objective, that the school is rated good by Ofsted, as this is the first step towards our ambition, to be an outstanding school.

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. We retain these objectives despite a financial climate that makes this more challenging and whilst we have invested reserves in the school, at present we have a low pupil teacher ratio of 14 -1. That will have to be managed to ensure we can set break even budgets in future years.

We believe strongly in a broad and balanced curriculum and Ofsted recognised this in their report and state, the academy provides a wide range of learning opportunities that are both academic and vocational. We strive to continue to be able to provide this and maintain the ethos of the school.

BIDDICK ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

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.

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 20.

All of the expenditure in the Statement of Financial Activities is in furtherance of the Trust's objectives. In 2017/2018 the Trust invested surpluses of £84,000, to further improve Trust assets. This included the development of new teaching areas and the improvement of other facilities.

During the period ending 31 August 2018 the Trust has incurred an operational deficit of £148,000 which has been financed from unrestricted reserves.

At 31 August 2018 the net book value of fixed assets was £17,685,000. 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 £869,000, which has been carried forward to 2018/2019. 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.

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 £416,000 (£564,000 in 2016/17). The level of reserves outlined in the Policy is £250,000; therefore funds of £168,000 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.

BIDDICK ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

The net surplus in reserves of £416,000 includes provision of a sinking fund currently at £125,000 for the future renewal of a Synthetic Turf 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.

Fundraising

Under the provisions of the Charities (Protection and Social Investment) Act 2016 fundraising activity is not carried out for the benefit of or on behalf of the Academy or its operations.

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

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

A resolution proposing that Baldwins Audit Services be reappointed as auditor of the charitable company will be put to the members.

The trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 05 December 2018 and signed on its behalf by:



Mr D McDonald
Chair

BIDDICK ACADEMY TRUST

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2018

Scope of responsibility

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

The board of trustees has delegated the day-to-day responsibility to the 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

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:

Trustees	Meetings attended	Out of possible
Mr D McDonald (Chair)	4	4
Mr J Rostron (Vice Chair)	3	4
Mr P Cowen (Headteacher)	4	4
Mrs C Ford	3	4
Mrs A Moran	4	4
Mrs V Fox	3	4
Cllr D Snowdon	3	4
Mrs L Welsh (Resigned 1 October 2017)	0	0
Mr P Eastwood	4	4
Rev N Barr-Hamilton	3	4
Mr L Todd	4	4
Mrs J Richardson	1	4
Mr D Robb (Appointed 10 October 2017)	0	3
Mr I Tindle (Appointed 10 October 2017)	3	3
Ms G Donovan (Appointed 4 September 2018)	0	0

During 2017/18 the trustees have strengthened the board with additional members and in response to our recent Ofsted report the academy is currently evaluating and reviewing its governance arrangements. On an annual basis the trustees undertake a succession planning review to ensure continuity and stability.

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)

FOR THE YEAR ENDED 31 AUGUST 2018

Attendance at meetings in the year was as follows:

Trustees	Meetings attended	Out of possible
Mr D McDonald (Chair)	4	5
Mr J Rostron (Vice Chair)	4	5
Mr P Cowen (Headteacher)	5	5
Mrs C Ford	2	5
Mrs A Moran	3	5
Mr P Eastwood	4	5
Rev N Barr-Hamilton	3	5
Mr L Todd	1	5
Mr D Robb (Appointed 10 October 2017)	2	4
Mr I Tindle (Appointed 10 October 2017)	2	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:

- Student attainment has improved
- Staffing restructuring has driven significant savings and improved efficiency
- 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 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

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

BIDDICK ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

The risk and control framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees
- regular reviews by the finance 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 board of trustees on 05 December 2018 and signed on its behalf by:



Mr D McDonald
Chair



Mr P Cowen
Headteacher

BIDDICK ACADEMY TRUST

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

FOR THE YEAR ENDED 31 AUGUST 2018

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

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

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



Mr D McDonald
Accounting Officer

05 December 2018

BIDDICK ACADEMY TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2018

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

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

In preparing these accounts, the trustees are required to:

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

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

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

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

Approved by order of the members of the board of trustees on 05 December 2018 and signed on its behalf by:



Mr D McDonald
Chair

BIDDICK ACADEMY TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BIDDICK ACADEMY TRUST

FOR THE YEAR ENDED 31 AUGUST 2018

Opinion

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

In our opinion the accounts:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

BIDDICK ACADEMY TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BIDDICK ACADEMY TRUST (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the academy trust and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report, including the incorporated strategic report.

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

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

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities, the trustees are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of accounts that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the accounts

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

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

BIDDICK ACADEMY TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BIDDICK ACADEMY TRUST (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Use of our report

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



**Graham Fitzgerald BA FCA DChA (Senior Statutory Auditor)
for and on behalf of Baldwins Audit Services**

6/12/18
.....

Statutory Auditor

Wynyard Park House
Wynyard Avenue
Wynyard
TS22 5TB

BIDDICK ACADEMY TRUST

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO BIDDICK ACADEMY TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY

FOR THE YEAR ENDED 31 AUGUST 2018

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

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

Respective responsibilities of Biddick Academy Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Biddick Academy Trust's funding agreement with the Secretary of State for Education dated 27 June 2013 and the Academies Financial Handbook, extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

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

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

BIDDICK ACADEMY TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2018

The work undertaken to draw to our conclusion includes:

- completion of self assessment questionnaire by Accounting Officer
- discussions with the Accounting Officer and finance team
- review of Internal Audit reports
- review of trustee and committee meeting minutes
- review of finance and other relevant policies
- review of purchases, expenses and expense claims on a sample basis including the application of controls and tendering processes where applicable
- review of gifts and hospitality transactions including the application of controls
- review of credit and debit card transactions including the application of controls
- review of payroll transactions on a sample bases including the application of controls
- review of potential special payments to staff
- review of leases and consideration of areas where borrowing may have been incurred
- consideration of transactions with related and connected parties
- review of register of business interests for completeness and compliance with regulations
- enquiries into transactions that may require disclosure under ESFA delegated authority rules
- consideration of value for money and appropriateness of transactions

Conclusion

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

Baldwin

Reporting Accountant
Baldwins Audit Services

Dated: *6/12/18*

BIDDICK ACADEMY TRUST

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2018

	Notes	Unrestricted Funds £'000	Restricted funds: General Fixed asset £'000 £'000		Total 2018 £'000	Total 2017 £'000
Income and endowments from:						
Donations and capital grants	3	4	-	22	26	71
Charitable activities:						
- Funding for educational operations	4	21	6,155	-	6,176	6,176
Other trading activities	5	322	-	-	322	367
Investments	6	5	-	-	5	2
Other incoming resources		-	-	-	-	4
Total		352	6,155	22	6,529	6,620
Expenditure on:						
Raising funds	7	461	-	-	461	307
Charitable activities:						
- Educational operations	8	-	6,241	460	6,701	7,011
Total	7	461	6,241	460	7,162	7,318
Net expenditure		(109)	(86)	(438)	(633)	(698)
Transfers between funds	18	(39)	-	39	-	-
Other recognised gains/(losses)						
Actuarial gains on defined benefit pension schemes	20	-	489	-	489	1,082
Net movement in funds		(148)	403	(399)	(144)	384
Reconciliation of funds						
Total funds brought forward		564	(1,272)	18,087	17,379	16,995
Total funds carried forward		416	(869)	17,688	17,235	17,379

BIDDICK ACADEMY TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2018

Comparative year information Year ended 31 August 2017	Notes	Unrestricted	Restricted funds:		Total
		Funds £'000	General £'000	Fixed asset £'000	2017 £'000
Income and endowments from:					
Donations and capital grants	3	49	-	22	71
Charitable activities:					
- Funding for educational operations	4	3	6,173	-	6,176
Other trading activities	5	344	23	-	367
Investments	6	2	-	-	2
Other incoming resources		-	-	4	4
Total		<u>398</u>	<u>6,196</u>	<u>26</u>	<u>6,620</u>
Expenditure on:					
Raising funds	7	307	-	-	307
Charitable activities:					
- Educational operations	8	10	6,548	453	7,011
Total	7	<u>317</u>	<u>6,548</u>	<u>453</u>	<u>7,318</u>
Net income/(expenditure)		81	(352)	(427)	(698)
Transfers between funds	18	(313)	108	205	-
Other recognised gains/(losses)					
Actuarial gains on defined benefit pension schemes	20	-	1,082	-	1,082
Net movement in funds		(232)	838	(222)	384
Reconciliation of funds					
Total funds brought forward		<u>796</u>	<u>(2,110)</u>	<u>18,309</u>	<u>16,995</u>
Total funds carried forward		<u>564</u>	<u>(1,272)</u>	<u>18,087</u>	<u>17,379</u>

BIDDICK ACADEMY TRUST

BALANCE SHEET

AS AT 31 AUGUST 2018

		2018	2017
	Notes	£'000	£'000
Fixed assets			
Intangible assets	12	3	4
Tangible assets	13	17,685	18,059
		<u>17,688</u>	<u>18,063</u>
Current assets			
Stocks	14	32	41
Debtors	15	209	304
Cash at bank and in hand		330	452
		<u>571</u>	<u>797</u>
Current liabilities			
Creditors: amounts falling due within one year	16	(155)	(209)
Net current assets		<u>416</u>	<u>588</u>
Net assets excluding pension liability		<u>18,104</u>	<u>18,651</u>
Defined benefit pension scheme liability	20	(869)	(1,272)
Net assets		<u>17,235</u>	<u>17,379</u>
Funds of the academy trust:			
Restricted funds	18		
- Fixed asset funds		17,688	18,087
- Pension reserve		(869)	(1,272)
Total restricted funds		<u>16,819</u>	<u>16,815</u>
Unrestricted income funds	18	<u>416</u>	<u>564</u>
Total funds		<u>17,235</u>	<u>17,379</u>

The accounts on pages 20 to 42 were approved by the trustees and authorised for issue on 05 December 2018 and are signed on their behalf by:



Mr D McDonald
Chair

Company Number 08521080

BIDDICK ACADEMY TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2018

	Notes	2018 £'000	£'000	2017 £'000	£'000
Cash flows from operating activities					
Net cash used in operating activities	21		(65)		(394)
Cash flows from investing activities					
Dividends, interest and rents from investments		5		2	
Capital grants from DfE group		22		22	
Payments to acquire intangible fixed assets		-		(3)	
Payments to acquire tangible fixed assets		(84)		(255)	
Proceeds from sales of tangible fixed assets		-		6	
			(57)		(228)
Change in cash and cash equivalents in the reporting period			(122)		(622)
Cash and cash equivalents at 1 September 2017			452		1,074
Cash and cash equivalents at 31 August 2018			330		452

BIDDICK ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

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

1.1 Basis of preparation

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

1.2 Going concern

The trustees assess whether the use of going concern is appropriate, ie whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charitable company to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the accounts 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 accounts.

1.3 Income

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

Grants

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

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

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

Sponsorship income

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

Donations

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

BIDDICK ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

(Continued)

Other income

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

Donated goods, facilities and services

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

Donated fixed assets

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

1.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

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

Charitable activities

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

1.5 Intangible fixed assets and amortisation

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.

BIDDICK ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

(Continued)

1.6 Tangible fixed assets and depreciation

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

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

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

Leasehold buildings	50 years (Integral fixtures to external fabric of buildings 25 years)
Computer equipment	5 years
Fixtures, fittings and equipment	10 years
Motor vehicles	10 years

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

1.7 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.

1.8 Leased assets

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

1.9 Financial instruments

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

Financial assets

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

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

BIDDICK ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

(Continued)

Financial liabilities

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

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

1.10 Stock

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

1.11 Taxation

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

1.12 Pensions benefits

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

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

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

1.13 Fund accounting

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

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

BIDDICK ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

(Continued)

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

2 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 20, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

3 Donations and capital grants

	Unrestricted funds £'000	Restricted funds £'000	Total 2018 £'000	Total 2017 £'000
Capital grants	-	22	22	22
Other donations	4	-	4	49
	<u>4</u>	<u>22</u>	<u>26</u>	<u>71</u>

BIDDICK ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

4 Funding for the academy trust's educational operations

	Unrestricted funds £'000	Restricted funds £'000	Total 2018 £'000	Total 2017 £'000
DfE / ESFA grants				
General annual grant (GAG)	-	5,681	5,681	5,600
Other DfE group grants	-	318	318	300
	<u>-</u>	<u>5,999</u>	<u>5,999</u>	<u>5,900</u>
Other government grants				
Local authority grants	-	156	156	191
	<u>-</u>	<u>156</u>	<u>156</u>	<u>191</u>
Other funding				
Other incoming resources	21	-	21	85
	<u>21</u>	<u>-</u>	<u>21</u>	<u>85</u>
Total funding	<u>21</u>	<u>6,155</u>	<u>6,176</u>	<u>6,176</u>

5 Other trading activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2018 £'000	Total 2017 £'000
Hire of facilities	67	-	67	72
Catering income	30	-	30	-
Music tuition	16	-	16	17
Educational visits	144	-	144	196
School activities	15	-	15	25
Uniform - sales	36	-	36	36
Pupil contributions to charities	2	-	2	2
Rent	2	-	2	2
Commission - on sales	2	-	2	3
Student placements	7	-	7	7
Examination fees	1	-	1	7
	<u>322</u>	<u>-</u>	<u>322</u>	<u>367</u>

6 Investment income

	Unrestricted funds £'000	Restricted funds £'000	Total 2018 £'000	Total 2017 £'000
Short term deposits	5	-	5	2
	<u>5</u>	<u>-</u>	<u>5</u>	<u>2</u>

BIDDICK ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

7 Expenditure

	Staff costs £'000	Non Pay Expenditure Premises £'000	Other £'000	Total 2018 £'000	Total 2017 £'000
Expenditure on raising funds					
- Direct costs	215	-	246	461	307
Academy's educational operations					
- Direct costs	4,573	460	275	5,308	5,545
- Allocated support costs	683	486	224	1,393	1,466
	<u>5,471</u>	<u>946</u>	<u>745</u>	<u>7,162</u>	<u>7,318</u>

Net income/(expenditure) for the year includes:

	2018 £'000	2017 £'000
Fees payable to auditor for:		
- Audit	7	8
- Other services	3	1
Operating lease rentals	23	21
Depreciation of tangible fixed assets	459	453
Amortisation of intangible fixed assets	1	-
Gain on disposal of fixed assets	-	(4)
Net interest on defined benefit pension liability	29	42
	<u>7</u>	<u>42</u>

8 Charitable activities

	2018 £'000	2017 £'000
All from restricted funds:		
Direct costs		
Educational operations	5,308	5,545
Support costs		
Educational operations	1,393	1,466
	<u>6,701</u>	<u>7,011</u>

	2018 £'000	2017 £'000
Analysis of support costs		
Support staff costs	683	705
Technology costs	19	22
Premises costs	486	425
Other support costs	152	250
Governance costs	53	64
	<u>1,393</u>	<u>1,466</u>

BIDDICK ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

9 Staff

Staff costs

Staff costs during the year were:

	2018 £'000	2017 £'000
Wages and salaries	4,111	4,106
Social security costs	414	415
Pension costs	813	856
Apprenticeship Levy	6	2
Staff costs	5,344	5,379
Agency staff costs	82	90
Staff restructuring costs	21	-
Staff development and other staff costs	24	16
Total staff expenditure	5,471	5,485

Staff restructuring costs comprise:

Redundancy payments	21	-
---------------------	----	---

Staff numbers

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

	2018 Number	2017 Number
Teachers	94	74
Administration and support	29	51
Management	9	8
	132	133

Higher paid staff

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

	2018 Number	2017 Number
£60,001 - £70,000	-	1
£70,001 - £80,000	3	2
£90,001 - £100,000	1	1

BIDDICK ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

9 Staff

(Continued)

Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £649,004 (2017 - £632,581).

10 Trustees' remuneration and expenses

One or more of the 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, and not in respect of their services as trustees.

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

P Cowen (Headteacher and trustee)

Remuneration	£80,001 - £85,000 (2017: £80,001 - £85,000)
Employer's pension contributions	£10,001 - £15,000 (2017: £10,001 - £15,000)

P Eastwood (Staff trustee)

Remuneration	£40,001 - £45,000 (2017: £40,001 - £45,000)
Employer's pension contributions	£5,001 - £10,000 (2017: £5,001 - £10,000)

L Welsh (Staff trustee) - resigned 1 October 2017

Remuneration	£1 - £5,000 (2017: £15,001 - £20,000)
Employer's pension contributions	£1 - £5,000 (2017: £1 - £5,000)

R Dax (Staff trustee) - appointed 10 October 2017

Remuneration	£25,001 - £30,000 (2017: not a trustee)
Employer's pension contributions	£5,001 - £10,000 (2017: not a trustee)

During the period ended 31 August 2018 travel and subsistence expenses totalling £191 (2017: £130) was reimbursed or paid directly to 1 trustee.

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

11 Trustees and officers insurance

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

BIDDICK ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

12 Intangible fixed assets

	Computer software £'000
Cost	
At 1 September 2017 and at 31 August 2018	4
Amortisation	
At 1 September 2017	-
Charge for year	1
At 31 August 2018	1
Carrying amount	
At 31 August 2018	3
At 31 August 2017	4

13 Tangible fixed assets

	Leasehold buildings £'000	Computer equipment £'000	Fixtures, fittings and equipment £'000	Motor vehicles £'000	Total £'000
Cost					
At 1 September 2017	19,505	352	320	11	20,188
Additions	69	12	3	-	84
At 31 August 2018	19,574	364	323	11	20,272
Depreciation					
At 1 September 2017	1,659	280	184	6	2,129
Charge for the year	403	21	33	1	458
At 31 August 2018	2,062	301	217	7	2,587
Net book value					
At 31 August 2018	17,512	63	106	4	17,685
At 31 August 2017	17,846	72	136	5	18,059

14 Stocks

	2018 £'000	2017 £'000
School uniform	18	19
Educational supplies	14	22
	32	41

BIDDICK ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

15 Debtors	2018	2017
	£'000	£'000
VAT recoverable	32	160
Other debtors	3	16
Prepayments and accrued income	174	128
	<u>209</u>	<u>304</u>
	<u><u>209</u></u>	<u><u>304</u></u>
16 Creditors: amounts falling due within one year	2018	2017
	£'000	£'000
Trade creditors	5	18
Other taxation and social security	-	101
Accruals and deferred income	150	90
	<u>155</u>	<u>209</u>
	<u><u>155</u></u>	<u><u>209</u></u>
17 Deferred income	2018	2017
	£'000	£'000
Deferred income is included within:		
Creditors due within one year	33	-
	<u>33</u>	<u>-</u>
Deferred income at 1 September 2017	-	25
Released from previous years	-	(25)
Resources deferred in the year	33	-
	<u>33</u>	<u>-</u>
Deferred income at 31 August 2018	<u><u>33</u></u>	<u><u>-</u></u>

Included in deferred income are amounts received in advance for the sports game organiser fund and trips taking place in the 2018/19 academic year.

BIDDICK ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

18 Funds

	Balance at 1 September 2017 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2018 £'000
Restricted general funds					
General Annual Grant (GAG)	-	5,681	(5,681)	-	-
Other DfE / ESFA grants	-	318	(318)	-	-
Other government grants	-	156	(156)	-	-
Pension reserve	(1,272)	-	(86)	489	(869)
	<u>(1,272)</u>	<u>6,155</u>	<u>(6,241)</u>	<u>489</u>	<u>(869)</u>
Restricted fixed asset funds					
Transfer on conversion	17,726	-	(426)	-	17,300
DfE group capital grants	68	22	(20)	-	70
Capital expenditure from GAG	7	-	(2)	-	5
Transfer from Unrestricted	286	-	(12)	39	313
	<u>18,087</u>	<u>22</u>	<u>(460)</u>	<u>39</u>	<u>17,688</u>
Total restricted funds	<u>16,815</u>	<u>6,177</u>	<u>(6,701)</u>	<u>528</u>	<u>16,819</u>
Unrestricted funds					
General funds	439	352	(461)	(39)	291
Sports pitch	125	-	-	-	125
	<u>564</u>	<u>352</u>	<u>(461)</u>	<u>(39)</u>	<u>416</u>
Total funds	<u>17,379</u>	<u>6,529</u>	<u>(7,162)</u>	<u>489</u>	<u>17,235</u>

BIDDICK ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

18 Funds

(Continued)

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

Other DfE/ESFA grants includes pupil premium funding targeted at disadvantaged pupils and year 7 catchup funding.

Other government grants includes high needs income and pupil premium provided by the local authority.

The pension reserve reflects the LGPS transactions. The costs and income associated with the defined benefit pension scheme have been recorded in the restricted fund. Staff costs are paid from this fund, including contributions to the LGPS, and the pension liability has therefore been aligned with these funds.

DfE/ESFA capital grants consist of the devolved capital which has been fully spent in the year.

The inherited fixed asset fund reflects the fixed assets acquired from Sunderland Council on conversion. Depreciation on these assets is charged against this fund.

At 31 August 2018 the academy had restricted general and unrestricted funds of £416,000.

BIDDICK ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

18 Funds

(Continued)

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

	Balance at 1 September 2016 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2017 £'000
Restricted general funds					
General Annual Grant (GAG)	1	5,600	(5,709)	108	-
Other DfE / ESFA grants	-	300	(300)	-	-
Other government grants	18	191	(209)	-	-
Other restricted funds	72	105	(177)	-	-
Pension reserve	(2,201)	-	(153)	1,082	(1,272)
	<u>(2,110)</u>	<u>6,196</u>	<u>(6,548)</u>	<u>1,190</u>	<u>(1,272)</u>
Restricted fixed asset funds					
Transfer on conversion	18,156	4	(430)	(4)	17,726
DfE group capital grants	56	22	(10)	-	68
Capital expenditure from GAG	6	-	(2)	3	7
Transfer from Unrestricted	91	-	(11)	206	286
	<u>18,309</u>	<u>26</u>	<u>(453)</u>	<u>205</u>	<u>18,087</u>
Total restricted funds	<u>16,199</u>	<u>6,222</u>	<u>(7,001)</u>	<u>1,395</u>	<u>16,815</u>
Unrestricted funds					
General funds	696	373	(317)	(313)	439
Sports pitch	100	25	-	-	125
	<u>796</u>	<u>398</u>	<u>(317)</u>	<u>(313)</u>	<u>564</u>
Total funds	<u>16,995</u>	<u>6,620</u>	<u>(7,318)</u>	<u>1,082</u>	<u>17,379</u>

BIDDICK ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

19 Analysis of net assets between funds

	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total Funds £'000
Fund balances at 31 August 2018 are represented by:				
Intangible fixed assets	-	-	3	3
Tangible fixed assets	-	-	17,685	17,685
Current assets	416	155	-	571
Creditors falling due within one year	-	(155)	-	(155)
Defined benefit pension liability	-	(869)	-	(869)
Total net assets	416	(869)	17,688	17,235

	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total Funds £'000
Fund balances at 31 August 2017 are represented by:				
Intangible fixed assets	-	-	4	4
Tangible fixed assets	-	-	18,059	18,059
Current assets	576	163	58	797
Creditors falling due within one year	(12)	(163)	(34)	(209)
Defined benefit pension liability	-	(1,272)	-	(1,272)
Total net assets	564	(1,272)	18,087	17,379

20 Pension and similar obligations

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012, and that of the LGPS related to the period ended 31 March 2016.

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

Teachers' Pension Scheme

Introduction

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

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

BIDDICK ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

20 Pension and similar obligations

(Continued)

Valuation of the Teachers' Pension Scheme

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

The key elements of the valuation and subsequent consultation are:

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

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

The employer's pension costs paid to the TPS in the period amounted to £516,880 (2017: £526,803).

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

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

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. 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 liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

Total contributions made	2018 £'000	2017 £'000
Employer's contributions	221	217
Employees' contributions	56	58
	<hr/>	<hr/>
Total contributions	277	275
	<hr/>	<hr/>

BIDDICK ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

20 Pension and similar obligations (Continued)

Principal actuarial assumptions	2018 %	2017 %
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	2.8	2.5
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:

	2018 Years	2017 Years
Retiring today		
- Males	22.9	22.8
- Females	26.4	26.3
Retiring in 20 years		
- Males	25.1	25.0
- Females	28.7	28.6

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

	2018 £'000	2017 £'000
Discount rate + 0.1%	4,898	4,814
Discount rate - 0.1%	5,129	5,041
Mortality assumption + 1 year	4,871	4,781
Mortality assumption - 1 year	5,154	5,072
CPI rate + 0.1%	5,082	4,971
CPI rate - 0.1%	4,943	4,881

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

	2018 Fair value £'000	2017 Fair value £'000
Equities	2,797	2,415
Government bonds	166	143
Corporate bonds	464	420
Cash	91	143
Property	352	329
Other assets	273	204
Total market value of assets	4,143	3,654

The actual return on scheme assets was £247,000 (2017: £409,000).

BIDDICK ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

20 Pension and similar obligations	(Continued)	
Amount recognised in the Statement of Financial Activities	2018	2017
	£'000	£'000
Current service cost	278	328
Interest income	(94)	(63)
Interest cost	123	105
	<hr/>	<hr/>
Total operating charge	307	370
	<hr/>	<hr/>
Changes in the present value of defined benefit obligations	2018	2017
	£'000	£'000
At 1 September 2017	4,926	5,236
Current service cost	278	328
Interest cost	123	105
Employee contributions	56	58
Actuarial gain	(336)	(736)
Benefits paid	(35)	(65)
	<hr/>	<hr/>
At 31 August 2018	5,012	4,926
	<hr/>	<hr/>
Changes in the fair value of the academy trust's share of scheme assets	2018	2017
	£'000	£'000
At 1 September 2017	3,654	3,035
Interest income	94	63
Actuarial gain	153	346
Employer contributions	221	217
Employee contributions	56	58
Benefits paid	(35)	(65)
	<hr/>	<hr/>
At 31 August 2018	4,143	3,654
	<hr/>	<hr/>

BIDDICK ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

21 Reconciliation of net expenditure to net cash flow from operating activities

	2018 £'000	2017 £'000
Net expenditure for the reporting period (as per the Statement of Financial Activities)	(634)	(698)
Adjusted for:		
Capital grants from DfE/ESFA and other capital income	(22)	(22)
Investment income receivable	(5)	(2)
Defined benefit pension costs less contributions payable	57	111
Defined benefit pension net finance cost	29	42
Depreciation of tangible fixed assets	459	453
Amortisation of intangible fixed assets	1	-
(Loss)/profit on disposal of fixed assets	-	(4)
Decrease/(increase) in stocks	9	(12)
Decrease/(increase) in debtors	95	(188)
(Decrease) in creditors	(54)	(74)
Net cash used in operating activities	(65)	(394)

22 Commitments under operating leases

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

	2018 £'000	2017 £'000
Amounts due within one year	11	15
Amounts due in two and five years	21	33
	<u>32</u>	<u>48</u>

23 Related party transactions

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

24 Members' liability

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