

Company Registration No. 08557883 (England and Wales)

BRIGHTER ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

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



BRIGHTER ACADEMY TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Members	M Blacklock G Hossack A Eastick
Directors	M Blacklock A Eastick (Chair of Directors) H Kemp (Principal and Accounting Officer) (Resigned 31 December 2017) A Ambrose-Thurman (Resigned 18 June 2018) K Bulmer-Cooke (Resigned 18 June 2018) N Holder (Principal and Accounting Officer) (Appointed 1 January 2018)
Senior leadership team	
- Principal	N Holder (Appointed 1 January 2018)
- Principal	H Kemp (Resigned 31 December 2017)
- Vice Principal	B McCrudden (Appointed 1 September 2017)
- Assistant principal	A Leach
- Assistant principal	J Reay
- Assistant principal	K Walton (Resigned 31 August 2017)
- Assistant principal	D Wright (Resigned 31 August 2017)
- Director of Business & Finance	R Allsop
Company registration number	08557883 (England and Wales)
Registered office	Farrington Community Academy Allendale Road Sunderland SR3 3EL
Independent auditor	RSM UK Audit LLP 1 St. James' Gate Newcastle upon Tyne NE1 4AD
Bankers	Lloyds Bank 102 Grey Street Newcastle upon Tyne NE1 6AG
Solicitors	Womble Bond Dickinson LLP St. Ann's Wharf 112 Quayside Newcastle upon Tyne NE1 3DX

BRIGHTER ACADEMY TRUST

DIRECTORS' REPORT

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

The academy trust operates an academy for pupils aged 11 to 16 serving a catchment area in South Sunderland, Tyne and Wear. It has a pupil capacity of 935 and had a roll of 770 in the school census on 1 October 2017.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust.

The directors are the trustees of Brighter Academy Trust and are also the directors of the charitable company for the purposes of company law. At present the only academy within the academy trust is Farrington Community Academy.

The academy trust was incorporated on 5 June 2013, having converted from a maintained school. The charitable company is known as Farrington Community Academy.

Accounts produced are for the 12 month period to 31 August 2018. Details of the directors 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.

Directors' indemnities

The academy trust has purchased insurance to protect directors from claims arising against negligent acts, errors or omissions occurring whilst on academy business. Further details are provided in note 11.

Method of recruitment and appointment or election of directors

Only members of the academy trust can appoint directors as prescribed in the Articles of Association. Where potential candidates are highlighted by directors they take their proposal to Members for approval. Members can also appoint directly should support be required to the Board in a particular area.

Members ensure that a minimum of three and no more than twelve directors are appointed. The term of office for any director shall be four years, save that this time limit shall not apply to the principal or any post held ex officio. Subject to remaining eligible to be a particular type of director, any director may be re-appointed or re-elected.

Policies and procedures adopted for the induction and training of directors

The training and induction provided for new directors depends on their existing experience. Where necessary, induction and training is provided on charity, educational, legal and financial matters. All new directors are given a tour of the academy and the chance to meet with staff and students. All directors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as directors. As there are normally only one or two new directors a year, induction tends to be done informally and is tailored specifically to the individual.

BRIGHTER ACADEMY TRUST

DIRECTORS' REPORT (CONTINUED)

Organisational structure

The governance and leadership structure within the academy trust consists of four levels: the board of directors, the local governing body, the senior leadership team and the workforce. The aim of the management structure is to provide a clear framework of accountability, encouraging involvement in decision making at all levels.

The senior leadership team is responsible for controlling the academy trust at an executive level, implementing the policies laid down by the directors and reporting back to them. As a group the senior leadership team are bound by the academy trust's scheme of delegation, which provides a clear framework for the delegation of authority and responsibility within the organisation.

Arrangements for setting pay and remuneration of key management personnel

The academy trust has a pay policy, which has been developed to comply with current legislation, the requirements of the School Teachers' Pay and Conditions Documents (STPCD) and the National Joint Council (NCJ) Local Government Service Pay and Conditions. Pay decisions at the Academy are made by the personnel, salaries and staffing committee and the governing body review salaries on an annual basis. The pay scales for appointments to the leadership group comply with paragraphs 5 to 9 of the STPCD or Part 2 paragraph 5 of the NCJ Local Government Service Pay and Conditions are determined by the governing body. In making such determinations the following factors are taken into account:

- the requirement and nature of the post;
- the level of qualifications, skills, experience and specialist knowledge required;
- market conditions; and
- the wider school context.

Pay progression is linked to an individual's performance and appraisal report. The governing body may award either no increase, or an incremental increase of up to two reference points depending upon the level of performance demonstrated. Where a member of the leadership group reaches the top of their pay range, they will continue to be paid at this level until such a time that the governing body is able to reassess the pay range using the academy pay policy and part 2 of the STPCD.

Trade union facility time

Relevant union officials

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

1

Full-time equivalent employee number

1.00

Percentage of time spent on facility time

Percentage of time

Number of employees

0%

1

1%-50%

-

51%-99%

-

100%

-

Percentage of pay bill spent on facility time

Total cost of facility time

-

Total pay bill

3,935,000

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

-

BRIGHTER ACADEMY TRUST

DIRECTORS' REPORT (CONTINUED)

Related parties and co-operation with other organisations

Owing to the nature of the academy trust's operations and the composition of the board of directors being drawn from the local public and private sector organisations, it is inevitable that transactions will take place with the organisation in which a member of the board of trustees may have 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 and in entering into such transactions the academy trust ensures these comply with the requirements of the Academies Financial Handbook 2017. Further details are stated in note 25 to the financial statements.

OBJECTIVES AND ACTIVITIES

The principal object and activity of the charitable company is the operation of Farrington Community Academy to provide education for students of different abilities between the ages of 11 and 16.

Objectives, Strategies and Activities

The activities undertaken to achieve these objectives are all intended to provide the highest quality of education in the public sector for students between the ages of 11 and 16. The academy trust is an inclusive school. It is recognised that at some time in their school career, most children will need support of some kind or other. The Inclusion Support Centre is well-resourced to cater for the needs of a wide range of special educational needs. The facilities include a quiet working area for students, nurture group and a relaxation and sensory room. Students are given help by specialists in several ways, from regular literacy sessions to support in class and also in small teaching groups within the Inclusion Support Centre if needed.

The academy trust's vision is:

"All students, irrespective of background, acquire the skills for life, take pride in what they do, who they are, and in their community, and become confident, respectable and upstanding citizens'.

The academy trust's values are:

- respect
- resilience
- endeavor
- high aspirations and attainment
- high standards and expectations

The academy trust's strategic aims are:

- to deliver excellence in education;
- to contribute to improving standards through school to school partnership models;
- support staff and students to make rapid and sustained improvements;
- to develop and share leadership expertise across the partnership to support transformational change;
- to deliver strong governance and quality assurance models; and
- to capitalise on the mutual benefits of partnership in the community.

BRIGHTER ACADEMY TRUST

DIRECTORS' REPORT (CONTINUED)

The academy trust's educational aims are to secure quality education for all its students which will, regardless of background:

- provide academic rigor and challenge to raise aspiration and foster ambition;
- instill the academic and social skills necessary to take the next steps in education or employment;
- inspire them to be creative and entrepreneurial;
- encourage the skills of research, enquiry and independent learning;
- provide individual support to overcome barriers to learning;
- instill community responsibility and respect for others;
- to provide equal opportunities for every child;
- be inclusive and value diversity; and
- help students to become morally responsible and proactive citizens.

Public benefit

The academy trust's aims and achievements are set out within this report. The activities set out in this report have been undertaken to further the charity's charitable purposes for the public benefit. The directors have complied with the duty under Section 4 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charities Commission and the directors have paid due regard to this guidance in deciding what activities the charity should undertake.

STRATEGIC REPORT

Achievements and performance

During the year, Farringdon Community Academy achieved the following examination results:
GCSEs :

- 39% of students achieved 5+ grades in English and mathematics;
- 55% of students achieved 4+ grades in English and mathematics;
- 65% of students achieved 9 to 4 grades in mathematics;
- 69% of students achieved 9 to 4 grades in English; and
- progress 8 score = -0.80 (unvalidated Oct 2018)

Overall results are comparable to those obtained in 2016-17 but a significant improvement has been made in the percentage of students achieving five or more 9 to 5 grades (including English and mathematics). A change in leadership, introduced in January 2018, has brought new procedures, structure and stability to the academy trust. The primary focus is to tackle poor behavior and attendance and instill the new values of the Academy. Concentrating on these areas will provide an improved learning environment for students and have a positive impact on results.

BRIGHTER ACADEMY TRUST

DIRECTORS' REPORT (CONTINUED)

Financial review

Most of the academy trust's income is obtained from the Department for Education (DfE) via the Education and Skills Funding Agency (ESFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE/ESFA during the year ended 31 August 2018 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The academy trust also receives grants for fixed assets from the DfE/ESFA. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2015), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the year ended 31 August 2018, total expenditure of £5,154k (2017: £6,443k) exceeded recurrent grant funding from the DfE/ESFA together with other incoming resources. The excess of expenditure over income for the year (before transfers and actuarial gains) was £219k (2017: £55k).

All of the expenditure shown in the Statement of Financial Activities is in furtherance of the academy trust's objectives.

At 31 August 2018 the net book value of fixed assets was £6,161k and movements in tangible fixed assets are shown in note 12 to the financial statements. The assets were used exclusively for providing education and the associated support services to the students of the Academy.

The provisions of FRS102 'Retirement Benefits' have been applied in full, resulting in a deficit of £755k (2017: £1,115k) recognised on the balance sheet.

The academy trust held fund balances at 31 August 2018 of £5,404k (2017: £5,167k) comprising £6,023k of restricted fixed asset funds (2017: £6,227k), £10k restricted income funds (2017: £nil), £126k unrestricted income funds (2017: £55k) and a deficit of £755k (2017: £1,115k) restricted pension funds.

Financial and risk management objectives and policies

The academy trust is subject to a number of risks and uncertainties in common with other academies. The academy trust has in place procedures to identify and mitigate financial risks. These are mentioned briefly below and discussed further in the Risk Management Governance Statement sections of this report.

Principal risks and uncertainties

The main risk faced by the academy trust is a decrease in funding due to a reduction of year 7 admissions and changes in the national funding formula. The academy trust has undertaken scenario planning to identify any risks early and put plans in place to control these risks. Costs are regularly monitored and savings made wherever possible.

In addition to cost savings the academy trust has a marketing plan to support recruitment of year 6 students.

This plan includes:

- Open evening - September.
- Year 5 transition events - throughout the summer term.
- Advertisements and banners.
- Advertising using social media.
- Improving results.

BRIGHTER ACADEMY TRUST

DIRECTORS' REPORT (CONTINUED)

Reserves policy

The directors review the reserve levels of the academy trust annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves.

The directors have determined that the appropriate level of free reserves should be £100k. Due to payment of voluntary redundancies in 2016-17, the academy trust's level of free reserves fell below this level and a three year plan was put in place to bring reserves back up to £100k. Staff and other cost savings and tight budgetary control have enabled free reserves to be built back up in 2017-18 to £126k (2017: £55k) see note 18.

Investment policy

The academy trust invests surplus funds through high interest bank accounts. Interest rates are reviewed prior on an ongoing basis. This policy maximises investment return whilst ensuring that the academy trust only invests in risk free and immediately accessible accounts.

Key performance indicators

The key performance indicator results for the academy trust in year are:

Indicator	Target	Actual
Students achieving five or more 9-4 grades (basics)	76%	55%
Student attendance	96.0%	91.9%
Recruitment of Year 7 students	180	167
Ofsted Inspection Report grading	Good	Requires Improvement
Finance	Target	Actual
Free reserves	£100,000	£126,000
Staff costs as a percentage of total expenditure (excluding fixed asset fund)	80%	81%

Students achieving five or more 9-4 grades is significantly lower than target in 2017-18. The academy trust has new leadership and processes and procedures are currently being implemented to improve results moving forward. One of the main focuses in achieving targeted results is to improve attendance and persistent absence. The academy trust has employed a full-time, experienced attendance officer and an attendance driver to visit the home addresses of persistent non-attenders.

Free reserves at the end of the financial year are in excess of target following a surplus of unrestricted funds in 2017-18. Staff costs as a percentage of total expenditure is slightly above target but lower than in 2016-17 (84%) following a staff restructure.

Going concern

With reserves back up to the required level and a balanced budget submitted to the ESFA for 2018-19, the board of directors 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.

BRIGHTER ACADEMY TRUST

DIRECTORS' REPORT (CONTINUED)

Plans for future periods

The academy trust's plan for the future remains to create a vibrant and successful academy trust, in which we can nurture and support our students to achieve their full potential. The next twelve months will be critical in our development and our intention is to continue the performance improvement journey at Farrington Community Academy. Our aim is to achieve 'good' status, which we will use as a platform for the academy trust's further development. We intend to achieve this by undertaking the following:

Leadership and management: To improve the consistency of middle leadership within the school by;

- sharing of good practice between all members of staff; and
- increased rigor of monitoring, undertaken by the senior management team.

Student Achievement: To achieve a Progress 8 score above +0.1 in 2018-19 by;

- improved monitoring of teaching for challenge and differentiation;
- increased focus on high attaining students; and
- targeted and individualised continuous professional development for all staff members.

Improving educational results

Brighter Academy Trust has now completed its fifth financial year in operation. Currently, although established as a multi academy trust, there is only one academy within the trust, Farrington Community Academy.

Results in August 2018 reflect 39% of students achieved 5 or more 9-5 grades including English and mathematics. This shows an 11% improvement on the 2017 results. It should be noted that data is provisional at this stage and will be confirmed by the Department of Education in January 2019.

Attendance within the academy is closely monitored, with a 92% attendance rate achieved for the 2017-18 academic year; this was 4% below target. The academy trust has employed an experienced Attendance Officer to work closely with senior leadership, students, parents and the Local Authority in an attempt to improve the attendance rate in 2018-19.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

The academy trust holds no funds as custodian trustee on behalf of others.

Fundraising

The academy trust does not work with commercial participators or professional fundraisers and does not engage third parties to undertake fundraising activities on its behalf.

Should individuals wish to complain about any fundraising activities conducted by the academy trust, they should follow the complaints or whistleblowing policy as appropriate.

BRIGHTER ACADEMY TRUST

DIRECTORS' REPORT (CONTINUED)

AUDITOR

RSM UK Audit LLP has indicated its willingness to continue in office.

Statement as to disclosure of information to auditor

The directors have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the directors 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 Directors' Report is approved by order of the board of directors and the Strategic Report (included therein) is approved by the board of directors in their capacity as the directors at a meeting on 13 December 2018 and signed on its behalf by:



A Eastick
Chair of Directors

BRIGHTER ACADEMY TRUST

GOVERNANCE STATEMENT

Scope of responsibility

As directors, we acknowledge we have overall responsibility for ensuring that Brighter 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 has delegated the day-to-day responsibility to the principal, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Brighter Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the board any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Directors' Report and in the Directors Responsibilities Statement. The board of directors has formally met 4 times during the year. Attendance during the year at meetings of the board of directors was as follows:

Directors	Meetings attended	Out of possible
M Blacklock	4	4
A Eastick (Chair of Directors)	3	4
H Kemp (Principal and Accounting Officer) (Resigned 31 December 2017)	2	2
A Ambrose-Thurman (Resigned 18 June 2018)	1	3
K Bulmer-Cooke (Resigned 18 June 2018)	3	3
N Holder (Principal and Accounting Officer) (Appointed 1 January 2018)	2	2

Governance reviews

Internally, the academy trust reviews its committees annually to ensure that they are effective and fit for purpose. Where weaknesses are identified training and support is offered. Members also consider recruiting further members/trustees where a particular need is identified or there is a lack of experience.

Externally, the academy trust has had an internal governance audit carried out in 2017-18 by the Local Authority. This report found substantial assurance that governance arrangements are sufficiently robust and that the academy trust maintains an appropriate reporting structure. Regular, well-attended meetings were evidenced where directors and members participate in discussions, raise queries and are actively involved in decision making.

BRIGHTER ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

The finance, premises & health and safety committee is a sub-committee of the board of directors. Its purpose is to provide additional scrutiny in all matters relating to finance and to support the management team towards delivering continuous improvement.

Attendance at meetings in the year was as follows:

Directors	Meetings attended	Out of possible
M Blacklock	3	3
A Eastick (Chair of Directors)	3	3
H Kemp (Principal and Accounting Officer) (Resigned 31 December 2017)	1	1
A Ambrose-Thurman (Resigned 18 June 2018)	1	2
N Holder (Principal and Accounting Officer) (Appointed 1 January 2018)	2	2

Review of value for money

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

The accounting officer considers how the academy trust's use of its resources has provided good value for money during each academy year, and reports to the board of directors where value for money can be improved, including the use of benchmarking data where available. The accounting officer for the academy trust has delivered improved value for money during the year by:

Targeted improvement and focus on individual pupils

Farringdon Community Academy is an inclusive school. It is recognised that at some time in their school career, most children will need support of some kind or other. The Inclusion Support Centre (ISC) is well-resourced area to cater for the needs of a wide range of special educational needs. The facilities include a quiet working area for students, Nurture Group and a Relaxation and Sensory Room. Students are given help by specialists in several ways, from regular literacy sessions to support in class and also in small teaching groups within the Inclusion Support Centre if needed. To support vulnerable students there are two resourced provisions within the academy; nurture and choices. Nurture supports students who are anxious or suffering from mental health issues whilst choices provides an alternative to exclusion.

Care is taken in all subjects to provide teaching materials suitable to all levels of ability so that all students can follow a curriculum pathway appropriate to their needs. Responsibility for all students having special needs, including those with statements, rests with the SENCO who leads a team of teachers and teaching assistants working in all academic areas and liaises closely with pastoral and academic staff as well as agencies such as the Local Authority's Specialist Services. It is an important part of our school. The school follows all procedures of the Special Educational Needs Code of Practice.

We value all students equally and ensure that their opportunities and experiences reflect this in order that they can fulfil both their personal and academic potential. We acknowledge that education is a life-long process and as such a partnership between the school, the students, their parents and the wider community. As such, our staffing structure is designed to meet the needs of all students.

BRIGHTER ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

Better purchasing

All contracts are appraised or renegotiated in a timely manner. We have reviewed service level agreements to assess value for money. Three quotes are obtained for all purchases that are in excess of £1,000.

Maximising income generation

As a community conscious academy trust, opportunities are taken to explore and generate additional and reliable revenue streams, such as letting out sports facilities to the community, and commercial customers. In particular, the hire of our 3G pitch has proved popular, together with regular use of the swimming pool and sports hall.

Furthermore, contracts have been negotiated and delivered to the schools in the local area for the provision of sports education and attendance officer service.

Funding bids are completed for specific projects where the required criteria are met, and it is ensured that all procurement rules are followed where successful. During 2017/18 the academy trust completed a project to replace the boilers across the academy funded by the ESFA's Conditional Improvement Fund. The academy trust also secured an interest free SALIX loan to have energy efficient LED lighting and sensors installed throughout the academy. The energy efficiency savings are expected to fund the loan repayments.

Reviewing controls and managing risks

The local governing body formed the finance, premises and health & safety committee, which acts as the audit committee for the academy trust. The committee meets on a termly basis, with additional meetings required for specific ad hoc issues. A risk register is held by the Academy and is monitored on an on-going basis and updated where necessary.

Monthly management accounts are prepared, which highlight the variances of spend against budget, along with projected and actual cash flow, a report on capital expenditure and an end of month balance sheet position.

A treasury management policy has been approved by the finance, premises and health & safety committee and ratified by the local governing body on behalf of the board to ensure that the academy trust obtains maximum returns on surplus balances but at an agreed level of risk.

Insurance levels are reviewed annually which incorporates a review on cost effectiveness in order to manage risks.

Lessons learned

The finance, premises and health & safety committee, with the assistance of the business manager, review expenditure annually and make adjustments based on effectiveness of strategies and curriculum development. Detailed management reports have been developed to monitor finances carefully.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the academy trust's 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 Brighter 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 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 is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board.

BRIGHTER ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

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 directors;
- regular reviews by the finance, premises & health and safety 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; and
- identification and management of risks.

The board of directors has considered the need for a specific internal audit function and has decided to appoint the internal audit function of Sunderland City Council 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. On an annual basis, the auditor reports to the board of trustees, through the finance, premises & health and safety committee on the operation of the systems of control and on the discharge of the board of directors' financial responsibilities.

The reports produced by Sunderland City Council in respect of the internal audit function have been delivered and reviewed by the finance, premises & health and safety committee throughout the year. No material control issues arose from the internal auditor's work.

During the year the internal audit function has been fully delivered in line with the ESFA's requirements, as required in the Academies Financial Handbook.

Review of effectiveness

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

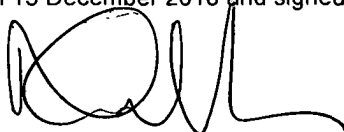
- the work of the internal auditor;
- the work of the external auditor;
- the financial management and governance self-assessment process; and
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the finance, premises & health and safety committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the board of directors on 13 December 2018 and signed on its behalf by:



A Eastick
Chair of Directors



N Holder
Principal and Accounting Officer

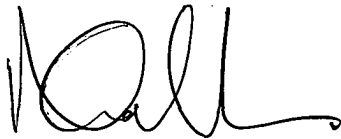
BRIGHTER ACADEMY TRUST

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer of Brighter Academy Trust I have considered my responsibility to notify the academy trust Board of Directors and the Education and 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 directors 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 Directors and ESFA.



N Holder
Accounting Officer

13 December 2018

BRIGHTER ACADEMY TRUST

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors (who also act as trustees for Brighter Academy Trust) are responsible for preparing the Directors' Report (including the strategic report) and the financial statements in accordance with the Annual Accounts Direction issued 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 directors to prepare financial statements for each financial year. Under company law the directors 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 directors are required to:

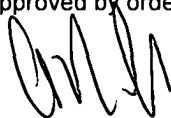
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting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

The directors 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 directors 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 directors 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 Directors on 13 December 2018 and signed on its behalf by:



A Eastick
Chair of Directors

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

Opinion

We have audited the financial statements of Brighter Academy Trust (the "charitable company") 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 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 2017 to 2018 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the 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 Academies Accounts Direction 2017 to 2018 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 Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors 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 directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the 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.

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 Directors' Report which includes the Directors' Report and the Strategic Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report and the Strategic Report included within the Directors' Report have been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BRIGHTER 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 Directors' Report or the Strategic Report, included within the Directors' Report.

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

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 15, the directors, who also act as trustees for the charitable activities of Brighter Academy Trust, 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 directors 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 directors 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 directors 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.

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.

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
18.12.18.....

BRIGHTER ACADEMY TRUST


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

		Unrestricted Funds	Restricted General Funds	Restricted Fixed asset Funds	Total 2018	Total 2017
	Notes	£'000	£'000	£'000	£'000	£'000
Income and endowments from:						
Donations and capital grants	3	-	-	-	-	1,326
Charitable activities:						
- Funding for educational operations	4	164	4,611	-	4,775	4,891
Other trading activities	5	160	-	-	160	169
Investments	6	-	-	-	-	2
Total		<u>324</u>	<u>4,611</u>	<u>-</u>	<u>4,935</u>	<u>6,388</u>
Expenditure on:						
Raising funds	7	69	-	-	69	63
Charitable activities:						
- Educational operations	8	163	4,706	216	5,085	6,380
Total	7	<u>232</u>	<u>4,706</u>	<u>216</u>	<u>5,154</u>	<u>6,443</u>
Net income/(expenditure)		92	(95)	(216)	(219)	(55)
Transfers between funds	18	(21)	9	12	-	-
Other recognised gains/(losses)						
Actuarial gains on defined benefit pension schemes	24	-	456	-	456	1,081
Net movement in funds		71	370	(204)	237	1,026
Reconciliation of funds						
Total funds brought forward		55	(1,115)	6,227	5,167	4,141
Total funds carried forward		<u>126</u>	<u>(745)</u>	<u>6,023</u>	<u>5,404</u>	<u>5,167</u>

BRIGHTER ACADEMY TRUST**BALANCE SHEET****AS AT 31 AUGUST 2018**

		2018		2017	
	Notes	£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	12		6,161		5,980
Current assets					
Debtors	13	160		437	
Cash at bank and in hand		485		503	
		645		940	
Current liabilities					
Creditors: amounts falling due within one year	14	(521)		(621)	
Net current assets			124		319
Total assets less current liabilities			6,285		6,299
Creditors: amounts falling due after more than one year	15		(126)		(17)
Net assets excluding pension liability			6,159		6,282
Defined benefit pension scheme liability	24		(755)		(1,115)
Net assets			5,404		5,167
Funds of the academy trust:					
Restricted funds	18				
- Restricted fixed asset funds			6,023		6,227
- Restricted income funds			10		-
- Pension reserve			(755)		(1,115)
Total restricted funds			5,278		5,112
Unrestricted income funds	18		126		55
Total funds			5,404		5,167

The financial statements on pages 18 to 40 were approved by the Board of Directors and authorised for issue on 13 December 2018 and are signed on their behalf by:


A Eastick
Chair of Directors

BRIGHTER ACADEMY TRUST

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 AUGUST 2018

	Notes	2018 £'000	2017 £'000	2017 £'000
Cash flows from operating activities				
Net cash used in operating activities	22		(11)	(909)
Cash flows from investing activities				
Dividends, interest and rents from investments		-	2	
Capital grants from DfE Group		247	1,079	
Purchase of tangible fixed assets		(380)	(24)	
Net cash (used in)/provided by investing activities			(133)	1,057
Cash flows from financing activities				
New other loan		137	-	
Repayment of other loan		(11)	(12)	
Net cash provided by/(used in) financing activities			126	(12)
Net (decrease)/increase in cash and cash equivalents in the reporting period			(18)	136
Cash and cash equivalents at beginning of the year			503	367
Cash and cash equivalents at end of the year			485	503

BRIGHTER ACADEMY TRUST

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

1 Accounting policies

General information

Brighter Academy Trust is a charitable company. The address of its principal place of business is given on page 1 and the nature of its operations are set out in the Directors' 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 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 financial statements 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. The academy trust is a public benefit entity under FRS 102 and has therefore applied the relevant public benefit requirements of FRS 102.

The financial statements are presented in sterling which is also the functional currency of the academy trust.

Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

Going concern

The directors assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charitable company to continue as a going concern. The directors 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.

BRIGHTER ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies (Continued)

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

Other grants from government agencies and other bodies are recognised in the year in which they are receivable to the extent the conditions of funding have been met. Where income is received in advance of entitlement of receipt its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received the income is accrued.

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 at fair value of the consideration received or receivable in the period it is receivable and to the extent the academy trust has provided the goods or services.

Interest Receivable

Interest receivable is included in the Statement of Financial Activities on a receivable basis, and is stated inclusive of related tax credits.

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 to further its charitable aims for the benefit of the beneficiaries, including support costs and costs relating to the governance of the academy trust apportioned to charitable activities.

BRIGHTER ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies (Continued)

Tangible fixed assets and depreciation

Assets costing £1,000 (£250 for ICT equipment) or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

Depreciation is provided on all tangible fixed assets other than freehold land, so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Long leasehold buildings and modifications	Straight line over 10-50 years
Computer equipment	Straight line over 2-3 years
Furniture & equipment	Straight line over 2-10 years
Motor vehicles and minibuses	Straight line over 3 years

Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life.

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.

Leased assets

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

Salix loan

The Academy Trust has obtained salix loans to fund capital projects. Payments are made twice a year over a period of 8 years. At the year end the outstanding balance on the loans are recognised as a liability.

Financial instruments

The academy trust has chosen to adopt Sections 11 and 12 of FRS 102 in full in respect of financial instruments.

BRIGHTER ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies (Continued)

Financial assets and liabilities

Financial assets and financial liabilities are recognised when the academy trust becomes a party to the contractual provisions of the instrument.

Financial liabilities are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), unless the arrangement constitutes a financing transaction. A financial asset of financial liability that is payable or receivable in one year is measured at the undiscounted amount expected to be received or paid net of impairment, unless it is a financing transaction. If an agreement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and financial liabilities are offset only when there is a current legally enforceable right to set off the recognised amounts and the intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flow expire or are settled, or substantially all the risks and the rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

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.

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'), which are multi-employer 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 projected unit method. The TPS is a multi-employer scheme but 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 are 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.

BRIGHTER ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies (Continued)

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 reporting date. The amounts charged to net income are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the statement of financial activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses. Actuarial gains and losses are recognised immediately in other recognised gains and losses.

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 directors.

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 and Skills Funding Agency and the Department for Education.

Short-term employee benefits

Short term employment benefits such as salaries and compensated absences are recognised as an expense in the year in which the employees render service to the Trust.

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 24, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 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.

BRIGHTER ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

3 Donations and capital grants

	Unrestricted funds £'000	Restricted funds £'000	Total 2018 £'000	Total 2017 £'000
Capital grants	-	-	-	1,326

The income from donations and capital grants was £17,000 (2017: £1,326,000) of which £17,000 was restricted fixed assets (2017: £1,326,000). Also included in capital grants is (£17,000) clawback of unspent CIF funding, originally recognised in 2016/17.

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)	-	4,150	4,150	4,203
Other DfE group grants	-	272	272	266
	-	4,422	4,422	4,469
Other government grants				
Local authority grants	-	155	155	156
Other incoming resources	164	34	198	266
	164	4,611	4,775	4,891

The income from funding for educational operations was £4,775,000 (2017: £4,891,000) of which £164,000 was unrestricted (2017: £211,000) and £4,611,000 was restricted (2017: £4,680,000).

5 Other trading activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2018 £'000	Total 2017 £'000
Hire of facilities	89	-	89	86
Other income	71	-	71	83
	160	-	160	169

The income from other trading activities was £160,000 (2017: £169,000) of which £160,000 was unrestricted (2017: £169,000).

BRIGHTER ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

6 Investment income

	Unrestricted funds £'000	Restricted funds £'000	Total 2018 £'000	Total 2017 £'000
Interest from short term deposits	-	-	-	2

The income from funding for investment income was £nil (2017: £2,000) of which £nil was unrestricted (2017: £2,000).

7 Expenditure

	Staff costs £'000	Non Pay Expenditure Premises £'000	Other £'000	Total 2018 £'000	Total 2017 £'000
Expenditure on raising funds					
- Direct costs	-	-	69	69	63
Academy's educational operations					
- Direct costs	3,177	199	254	3,630	4,045
- Allocated support costs	837	291	327	1,455	2,335
Total support costs	4,014	490	650	5,154	6,443

The expenditure on raising funds was £69,000 (2017: £63,000) of which £69,000 was unrestricted (2017: £63,000).

Net income/(expenditure) for the year includes:

	2018 £'000	2017 £'000
Operating lease rentals	15	17
Depreciation of tangible fixed assets	199	182
Net interest on defined benefit pension liability	25	39
Fees payable to RSM UK Audit LLP and its associates in respect of both audit and non-audit services are as follows:		
- Audit	8	8
- Other services	3	2

BRIGHTER ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

8 Charitable activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2018 £'000	Total 2017 £'000
Direct costs				
Educational operations	43	3,587	3,630	4,045
Support costs				
Educational operations	120	1,335	1,455	2,335
	<u>163</u>	<u>4,922</u>	<u>5,085</u>	<u>6,380</u>

The expenditure on charitable activities was £5,085,000 (2017: £6,380,000) of which £163,000 was unrestricted (2017: £249,000), £4,723,000 was restricted (2017: £5,949,000) and £199,000 was restricted fixed assets (2017: £182,000).

	2018 £'000	2017 £'000
Analysis of support costs		
Support staff costs	837	843
Technology costs	2	1
Premises costs	291	1,110
Other support costs	304	359
Governance costs	21	22
	<u>1,455</u>	<u>2,335</u>

BRIGHTER 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	3,064	3,261
Social security costs	286	306
Pension costs	603	688
Staff costs	3,953	4,255
Agency staff costs	61	30
Staff restructuring costs	-	105
Total staff expenditure	4,014	4,390

Staff restructuring costs comprise:

Redundancy payments	-	89
Severance payments	-	16
	-	105

Staff numbers

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

	2018 Number	2017 Number
Teachers	46	49
Administration and support	75	77
Management	6	7
	127	133

Higher paid staff

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

	2018 Number	2017 Number
£80,001 - £90,000	-	1

BRIGHTER 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 directors and the senior management team as listed on page 1. The total amount of employee benefits (including employer national insurance and pension contributions) received by key management personnel for their services to the academy trust was £453,786 (2017: £529,324).

10 Directors' remuneration and expenses

No directors have been paid remuneration or have received other benefits from an employment with the academy trust. The principal only receives remuneration in respect of services they provide undertaking the role of principal under their contracts of employment, and not in respect of services as trustee.

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

H Kemp, the principal from 1 September 2017 to 31 December 2017, received remuneration of £28,356 (2017: £84,271) and accrued retirement benefits under the Teachers' Pension Scheme. Employer contributions paid in the year amounted to £4,673 (2017: £13,888).

N Holder, the principal from 1 January 2018 to 31 August 2018, received remuneration of £52,311 (2017: £nil) and is accruing retirement benefits under the Teachers' Pension Scheme. Employer contributions paid in the year amounted to £8,621 (2017: £nil).

During the year ended 31 August 2018, no expenses were reimbursed to Trustees.

Related party transactions involving the Trustees are set out in note 25.

11 Directors and officers insurance

The Academy Trust has opted into the Department of Education's Risk Protection Arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to £1,000,000. It is not possible to quantify the trustees and officers indemnity element from the overall cost of the RPA scheme.

BRIGHTER ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

12 Tangible fixed assets

	Long leasehold buildings and modifications	Computer equipment	Furniture & equipment	Motor vehicles and minibuses	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 September 2017	6,355	63	317	3	6,738
Additions	243	3	134	-	380
Disposals	-	(2)	-	-	(2)
At 31 August 2018	6,598	64	451	3	7,116
Depreciation					
At 1 September 2017	522	50	183	3	758
On disposals	-	(2)	-	-	(2)
Charge for the year	140	9	50	-	199
At 31 August 2018	662	57	233	3	955
Net book value					
At 31 August 2018	5,936	7	218	-	6,161
At 31 August 2017	5,833	13	134	-	5,980

13 Debtors

	2018 £'000	2017 £'000
Trade debtors	11	32
VAT recoverable	30	38
Prepayments and accrued income	119	367
	160	437

14 Creditors: amounts falling due within one year

	2018 £'000	2017 £'000
Other loans	28	11
Trade creditors	164	278
Other creditors	7	-
Accruals and deferred income (see note 16)	322	332
	521	621

Included within other loans are Salix loans, as below.

BRIGHTER ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

15 Creditors: amounts falling due after more than one year	2018 £'000	2017 £'000
Other loans	126	17
Analysis of loans		
Wholly repayable within five years	154	28
Less: included in current liabilities	(28)	(11)
Amounts included above	126	17
Loan maturity		
Debt due in one year or less	28	11
Due in more than one year but not more than two years	41	17
Due in more than two years but not more than five years	85	-
	154	28

Included within brought forward other loans is a Salix Energy Loan of £17k which is being repaid on equal instalments over a total period of 8 years.

During the year the academy entered into two new salix loans totalling £30k and £107k. These loans are being repaid in equal instalments over 8 years.

16 Deferred income	2018 £'000	2017 £'000
Deferred income is included within:		
Creditors due within one year	39	56
Deferred income at 1 September 2017	56	14
Released from previous years	(37)	(14)
Resources deferred in the year	20	56
Deferred income at 31 August 2018	39	56

At the Balance Sheet date the academy was holding funds received in advance for rates relief, lunch money, school hire income and Newcastle University future me funding and School Games Organisers funding.

BRIGHTER ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

17 Financial instruments

	2018 £'000	2017 £'000
Carrying amount of financial assets		
Debt instruments measured at amortised cost	75	348
	<u>75</u>	<u>348</u>
Carrying amount of financial liabilities		
Measured at amortised cost	(607)	(582)
	<u>(607)</u>	<u>(582)</u>

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)	-	4,150	(4,159)	9	-
Other DfE / ESFA grants	-	272	(262)	-	10
Other government grants	-	155	(155)	-	-
Other restricted funds	-	34	(34)	-	-
Pension reserve	(1,115)	-	(96)	456	(755)
	<u>(1,115)</u>	<u>4,611</u>	<u>(4,706)</u>	<u>465</u>	<u>(745)</u>
	<u>(1,115)</u>	<u>4,611</u>	<u>(4,706)</u>	<u>465</u>	<u>(745)</u>
Restricted fixed asset funds					
DfE group capital grants	858	-	(46)	-	812
Inherited funds	5,009	-	(159)	-	4,850
Other	273	-	(8)	12	277
Capital donations	87	-	(3)	-	84
	<u>6,227</u>	<u>-</u>	<u>(216)</u>	<u>12</u>	<u>6,023</u>
	<u>6,227</u>	<u>-</u>	<u>(216)</u>	<u>12</u>	<u>6,023</u>
Total restricted funds	<u>5,112</u>	<u>4,611</u>	<u>(4,922)</u>	<u>477</u>	<u>5,278</u>
	<u>5,112</u>	<u>4,611</u>	<u>(4,922)</u>	<u>477</u>	<u>5,278</u>
Unrestricted funds					
General funds	55	324	(232)	(21)	126
	<u>55</u>	<u>324</u>	<u>(232)</u>	<u>(21)</u>	<u>126</u>
Total funds	<u>5,167</u>	<u>4,935</u>	<u>(5,154)</u>	<u>456</u>	<u>5,404</u>
	<u>5,167</u>	<u>4,935</u>	<u>(5,154)</u>	<u>456</u>	<u>5,404</u>

BRIGHTER 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 - General Annual Grant must be used for the normal running of the academy. The funding agreement does not include a limit on the GAG available to carry forward.

Other DfE/ESFA grants includes pupil premium, rates relief and Year 7 catch up grant.

Other government grants includes high needs funding, healthy lifestyles funding and looked after children funding.

Other restricted income includes Sports Games Organiser funding and teacher placement income.

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, hence the pension liability has been aligned with these funds.

DfE/ESFA capital grant - the income relates to capital funding which has been received from the ESFA for utilisation on building improvements and refurbishment.

The inherited funds reflect the fixed assets, the pension deficit, the surplus GAG and any surplus capital grant acquired on conversion.

Other restricted fixed assets funds represents capital expenditure from GAG.

Capital donations relates to ASD capital grants.

The restricted general funds are in deficit as a result of the deficit on the LGPS pension scheme alone.

Unrestricted funds can be used for any purpose at the discretion of the academy.

Transfers between funds represent fixed assets purchased by unrestricted funds and unrestricted funds transfers to cover in year deficit on GAG.

BRIGHTER ACADEMY TRUST

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

18 Funds (Continued)

Funds prior year

	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)	-	4,203	(4,379)	176	-
Other DfE / ESFA grants	-	266	(266)	-	-
Other government grants	-	156	(156)	-	-
Other restricted funds	-	55	(55)	-	-
Pension reserve	(2,037)	-	(159)	1,081	(1,115)
	<u>(2,037)</u>	<u>4,680</u>	<u>(5,015)</u>	<u>1,257</u>	<u>(1,115)</u>
Restricted fixed asset funds					
DfE group capital grants	495	1,326	(963)	-	858
Inherited funds	5,150	-	(141)	-	5,009
Other	282	-	(9)	-	273
Capital donations	90	-	(3)	-	87
	<u>6,017</u>	<u>1,326</u>	<u>(1,116)</u>	<u>-</u>	<u>6,227</u>
Total restricted funds	<u>3,980</u>	<u>6,006</u>	<u>(6,131)</u>	<u>1,257</u>	<u>5,112</u>
Unrestricted funds					
General funds	161	382	(312)	(176)	55
	<u>161</u>	<u>382</u>	<u>(312)</u>	<u>(176)</u>	<u>55</u>
Total funds	<u>4,141</u>	<u>6,388</u>	<u>(6,443)</u>	<u>1,081</u>	<u>5,167</u>

19 Analysis of net assets between funds

	Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Total Funds £'000
Fund balances at 31 August 2018 are represented by:				
Tangible fixed assets	-	-	6,161	6,161
Current assets	126	519	-	645
Creditors falling due within one year	-	(503)	(18)	(521)
Creditors falling due after one year	-	(6)	(120)	(126)
Defined benefit pension liability	-	(755)	-	(755)
Total net assets	<u>126</u>	<u>(745)</u>	<u>6,023</u>	<u>5,404</u>

BRIGHTER ACADEMY TRUST

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

19 Analysis of net assets between funds (Continued)

	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total Funds £'000
Fund balances at 31 August 2017 are represented by:				
Tangible fixed assets	-	-	5,980	5,980
Current assets	82	426	432	940
Creditors falling due within one year	(27)	(409)	(185)	(621)
Creditors falling due after one year	-	(17)	-	(17)
Defined benefit pension liability	-	(1,115)	-	(1,115)
Total net assets	55	(1,115)	6,227	5,167

20 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	17	17
Amounts due between one and five years	13	31
	30	48

21 Capital commitments

	2018 £'000	2017 £'000
Expenditure contracted for but not provided in the financial statements	28	260

BRIGHTER ACADEMY TRUST

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

22 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)	(219)	(55)
Adjusted for:		
Capital grants from DfE/ESFA and other capital income	-	(1,326)
Interest receivable	-	(2)
Defined benefit pension scheme cost less contributions payable	71	120
Defined benefit pension scheme finance cost	25	39
Depreciation of tangible fixed assets	199	182
Movements in working capital:		
Decrease/(increase) in debtors	30	(14)
(Decrease)/increase in creditors	(117)	147
Net cash used in operating activities	<u>(11)</u>	<u>(909)</u>

23 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.

24 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 The South Tyneside Council. Both are multi-employer defined benefit schemes.

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' Pensions 2014.

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.

BRIGHTER ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

24 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 in 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 2.0% 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 16.48% (including a 0.08% administration fee), which was payable from September 2015. The next valuation of the TPS is currently underway based on March 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to the TPS in the period amounted to £313,557 (2017: £347,860).

The TPS is a multi-employer pension plan and there is insufficient information to account for the scheme as a defined benefit plan so it is accounted for as a defined contribution plan.

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 5.5-12.8% 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.

The current valuation does not reflect the expected increase in benefits and therefore liability as a result of Guaranteed Minimum Pension ('GMP') equalisation between men and women which is required as a result of the removal of the Additional State Pension. Methodologies for a long-term solution are still being investigated by the Government as set out in the published (January 2018) outcome of the Government Consultation 'Indexation and Equalisation of GMP in Public Sector Pensions Schemes' and therefore the expected impact cannot be reliably estimated and consequently no provision/liability has been recognised.

BRIGHTER ACADEMY TRUST

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

24 Pension and similar obligations (Continued)

Total contributions made	2018 £'000	2017 £'000
Employer's contributions	219	220
Employees' contributions	56	56
Total contributions	275	276

Principal actuarial assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2016 updated to 31 August 2018 by a qualified independent actuary.

	2018 %	2017 %
Rate of increase in salaries	3.5	3.5
Rate of increase for pensions in payment/inflation	2	2
Discount rate for scheme liabilities	2.8	2.5
Inflation assumption (CPI)	2	2

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

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

	2018 Fair value £'000	2017 Fair value £'000
Equities	2,599	2,254
Government bonds	154	133
Corporate bonds	431	392
Cash	85	133
Property	327	307
Other assets	255	191
Total fair value of assets	3,851	3,410

The actual return on scheme assets was £246,000 (2017: £365,000).

BRIGHTER ACADEMY TRUST

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

24 Pension and similar obligations (Continued)

Amount recognised in the Statement of Financial Activities	2018 £'000	2017 £'000
Current service cost	288	340
Net interest cost	25	39
Past service cost	2	-
Total operating charge	315	379
Changes in the present value of defined benefit obligations		2018 £'000
At 1 September 2017		4,525
Current service cost		288
Interest cost		113
Employee contributions		56
Actuarial gain		(298)
Benefits paid		(80)
Past service cost		2
At 31 August 2018		4,606
Changes in the fair value of the academy trust's share of scheme assets		2018 £'000
At 1 September 2017		3,410
Interest income		88
Return on plan assets (excluding net interest on the net defined pension liability)		158
Employer contributions		219
Employee contributions		56
Benefits paid		(80)
At 31 August 2018		3,851

25 Related party transactions

All transactions involving related parties or connected parties are conducted at arm's length and in accordance with the trust's financial regulations and normal procurement procedures, except unless otherwise stated.

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

Key management personnel compensation disclosure is included in note 9.