

Bolton Muslim Academy Trust

(A Company Limited by Guarantee)

Company Registration Number: 09961812 (England and Wales)

Annual Report and Financial Statements Year ended 31 August 2017

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Bolton Muslim Academy Trust

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Bolton Muslim Academy Trust

Reference and Administrative Details

Members	Mr Ayyub Youssouf Mr Yakoob Musa Patel Mr Yakub Ibrahim Patel Mr Dilaver Valli Bolton Muslim Welfare Trust
Trustees	Mr Yakub Ibrahim Patel Director/Trustee (Chair of Trustees) (appointed 20th January 2016) Mr Dilaver Valli (appointed 20th January 2016) Mr Khurshid Valli (appointed 1st August 2016) Mr Faruk Patel (appointed 20th January 2016) Mr Imtiaz Kala (appointed 1st August 2016) Mr Shamshuddin Makkan (appointed 1st August 2016) Mrs Margaret Dudley-Stoner (appointed 1st November 2017) Mr Idrish Patel (ex-officio trustee, Interim CEO and Accounting Officer)
Senior Management team	I Patel – Headteacher H Andiyapan – Deputy headteacher A Patel – Assistant headteacher K Vali – Assistant headteacher A Bailey – Chief Finance Officer & Business Manager
Company name	Bolton Muslim Academy Trust
Company number	09961812 (Registered in England and Wales)
Principal office	Bolton Muslim Girls School Swan Lane Bolton BL3 6TQ
Registered office	302 Derby Street Bolton BL3 6LF
Independent Auditor	Mazars LLP One St. Peter's Square Manchester M2 3DE
Bankers	Lloyds PLC Hotel Street Bolton BL1 1DB
Solicitors	Browne Jacobson 18-22 Bridge Street Manchester M3 3BZ

Bolton Muslim Academy Trust

Trustees' Report

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year ending 31st August 2017. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The trust operates an academy for pupils aged 11 to 16 serving a catchment area in Bolton. It has a pupil capacity of 600 and had a roll of 597 in the school census on 5th 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 trustees of Bolton Muslim Academy Trust are also the directors of the charitable company for the purposes of company law. The charitable company is known as Bolton Muslim Academy Trust or BMAT for short.

The company was incorporated on 20th January 2016. There was no trading activity between 20th January 2016 and 31st August 2016.

Details of the trustees who served during the year are included in the Reference and Administrative Details on page 2.

Members' Liability

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

Trustees' Indemnities

There are no third party indemnity provisions.

Method of Recruitment and Appointment or Election of Trustees

The company Articles provide that Members may appoint a Trustee by ordinary resolution.

The Foundation Body (Bolton Muslim Welfare Trust) may appoint up to 7 Trustees through such process as it may determine.

The total number of Trustees (including the Chief Executive Officer acting as a Trustee under Article 57) who are employees of the Academy Trust shall not exceed one third of the total number of Trustees.

Practically, when seeking new appointments, the trustees would invite expressions of interest from suitable candidates based on the outcome of a skill gap analysis.

Bolton Muslim Academy Trust

Trustees' Report (continued)

Policies and Procedures Adopted for the Induction and Training of Trustees

For all trustees, information is provided in relation to duties and responsibilities of company directors, charity trustees, academy governance, the Academy Financial Handbook and the principles associated with the use of public money (amongst others). Each trustee is asked to read and sign that they have understood their role and responsibilities. Further to this, any gaps are filled by training (internal or external). For example, those members of the Audit and Risk Committee requested training on their specific role on this committee, which was delivered prior to a committee meeting by an external party.

BMAT has a service level agreement with Bolton Governors Service who provide governance services, including training specifically for governors. Governors and Trustees can book onto training as they deem appropriate.

The chair of the trustees is associated with other multi academy trusts and as a result he brings examples of good practice which is shared across the board.

Organisation Structure

Due to the fact that the multi academy trust is operating as a single school at present, there is a degree of dual roles being undertaken within the structure (that would be dispersed more widely in a multi-school MAT).

The Senior Management Team Director (CEO) is an ex-officio director of the Trust, the Accounting Officer and the Headteacher of the school in the MAT. The Academy Head- as an ex-officio is also a Governor of the Local Governing Body (as would be the case for further Academy Heads in the future of the MAT).

The Senior Management Team Director (CEO) is responsible for the overall operation and control of the Trust and in his dual capacity as Academy Head, for the internal organisation, management and control of the Academy.

The Local Governing Body delegates some of its responsibilities to the Head. The Head is responsible for the day-to-day leadership, management and control of the academy and for the achievement of all key performance indicators and/or targets within the remit of the Local Governing Body.

The separate and collective responsibilities, the decision making process, and the actions to be taken by individuals, Local Governing Bodies and the Board of Directors, for all the key strategic and operational functions of the trust are set out in the remit and terms of reference of the Board of Directors and its standing and its ad-hoc working groups, and in the overall scheme of delegation.

Arrangements for setting pay and remuneration of key management personnel

Most of the arrangements for setting pay and remuneration of key management personnel are contained within the BMAT Pay Policy, with some delegation of responsibilities defined in the schemes of delegation. The Local Governing Body ensures that every teacher's salary is reviewed annually following the successful appraisal review with effect from 1 September and usually no later than 31 October (except in the case of the Head Teacher, who has his annual pay review usually held by 31 December) each year and give them a written statement setting out their salary and any other financial benefits to which they are entitled by 31 December.

Within this single-school MAT, all pay decisions are taken by the 'Pay Committee' following advice from the Head Teacher.

Bolton Muslim Academy Trust

Trustees' Report (continued)

Arrangements for setting pay and remuneration of key management personnel (continued)

All pay decisions are subject to a moderation process. Within this school, moderation is undertaken by;

- All appraisal documentation and associated pay decisions are reviewed by the Head Teacher, prior to being submitted to the Local Governing Body for formal approval;
- Staff employed on the Leadership Pay Ranges (Headteacher, 1 x deputy headteacher and 2 assistant headteachers) in relation to the management personnel are assessed as successfully achieving their objectives, as determined through the Schools agreed Appraisal, Performance Management Policy, and have demonstrated that they are competent in all elements of the published Teachers' Standards will be awarded a minimum of one incremental point up to a maximum of the specified pay range;
- For support staff (relating to the CFO within the management personnel), the appraisal process is not linked to pay in the same way as it is for teachers, and currently the Appraisal Policy for Support Staff is being finalised and there will be a parallel process in place for the future for support staff. Support staff are currently being paid in accordance with the National Joint Council ('NJC') for Local Government Services); and
- The head teacher/chief executive officer's appraisal review is conducted by a separate committee drawn from the trustees. The experience and challenge of an independent School Improvement Partner is utilised, along with research on pay benchmarking data and actual performance data, prior to recommending a pay award to be approved by the full board of trustees.

Related Parties and other Connected Charities and Organisations

Bolton Muslim Academy Trust cooperates with Bolton Muslim Welfare Trust (an unincorporated charity) which owns the property leased by BMAT. As stated above, Bolton Muslim Welfare Trust, foundation body has an influence in the appointment of trustees and there are some individuals who have dual roles in both organisations.

Bolton Muslim Welfare Trust is a "corporate" member of BMAT. All 4 individual members of BMAT (and the individual Mr Gulam Musa Patel who represents Bolton Muslim Welfare Trust as a member) are all trustees of Bolton Muslim Welfare Trust - Mr Ayyub Youssouf, Mr Yakoob Musa Patel, Mr Yakub Ibrahim Patel and Mr Dilaver Valli. Mr Yakub Ibrahim Patel and Mr Dilaver Valli, additionally hold trustee roles in BMAT. Also, Mr Ayyub Youssouf is the Chair of the Local Governing Body (LGB) and Mr Yakoob Musa Patel also is a member of the LGB.

The individual members and trustees hold many and varied business interests, directorships and trusteeships in other organisations including other educational establishments. A full list of related party connections of the individuals can be found on the BMAT website.

For detail on those transactions in the year ending 31st August 2017, concerning related parties, please refer to Note 23 in the Notes to the Financial Statements.

Public Benefit

The trustees confirm they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Trust's aims and objectives.

Bolton Muslim Academy Trust

Trustees' Report (continued)

Objectives and Activities

The academy's objectives and activities are:

- To provide quality education that is broad, balanced and relevant to the needs of pupils within modern British society.
- To elevate the life chances of young people in areas of social and economic deprivation from all backgrounds, faith groups as well as those of no faith to help them succeed at the highest levels of education, employment and the professions.
- To develop each pupil's self-esteem, confidence and independence with consideration for others and the concept of Khidmah-community service.
- To strengthen bonds between home, community and school, providing a preparation for each pupil's entry into the wider community.
- To be committed to encouraging every member of our community to invest in life-long learning and personal development.
- To create a diverse network of faith and non-faith schools, ensuring every child has access to a first-rate education that embodies opportunity for all.

Objectives, Strategies and Activities

- Service to the community.
- A determination to develop outstanding British citizens who are proud of, and contribute to, the social and economic prosperity of our country.
- A sense of personal accountability and of responsibility to others.
- A commitment to charitable endeavours and to making a difference to our world.
- The concept of Khidmah is central to our philosophy and our mission. We serve one another, our family and the wider community with sincerity and compassion. A programme of extensive community activities makes an excellent contribution to the social, moral, spiritual and cultural development of the students, as well as ensuring that they are exceptionally well prepared for life beyond school.
- Ramadan and Hajj- (Pilgrimage to Mecca) related activities create an interest and awareness of significance of Ramadan. The events involving parents and community are organized to increase the knowledge of our learners, parents and community and encourage them to spend their Ramadan and Hajj days more productively.
- One block of the school building- comprising 12 classrooms, office and sports hall is used by the Supplementary School for girls 4-18 years in the evening Mon-Fri between 4.30- 7.30. Over 200 girls are attending the supplementary School. A two year Islamic studies course has also been introduced to cater for the older girls. Maddrassah's provide a structured and a graded curriculum; subjects covered include:
 - Rudimentary knowledge of Islam
 - How to read the Quran
 - Complex judicial points
 - Memorisation of the Quran
 - Ancillary issues
 - Language classes
- Halaqah/ Study Circle for women in the community is conducted on weekend bimonthly by qualified Islamic female scholars-Aalimas.
- Faith in Action. Our learners participate in picking up litter during 'Hate Litter Bolton' week.
- Faith Trail- visiting local places of worship. Every year learners get the opportunity to visit local places of worship to enrich their knowledge, understanding and appreciation of other faiths. This helps to encourage community cohesion.
- Interfaith at BMGS- During interfaith Week local Faith Schools and Faith Leaders are invited to school to share refreshments and observe an assembly and listen to debates. This again promotes community cohesion.

Bolton Muslim Academy Trust

Trustees' Report (continued)

Objectives, Strategies and Activities (continued)

- Our learners enthusiastically and gladly take initiative in coordinating fund raising activities. Almost every month a new fund raising initiative is started. Some of our learners have gone on to work with charities after graduating due to their experience gained at the school. A significant amount of monies is raised at each event.

Strategic Report

Achievements and Performance

The trust has numerous ways of measuring achievement and performance, including financial and non-financial indicators. The trust also undertakes self-evaluation in key areas as an ongoing process (such as Special Educational Needs or Safeguarding duties); uses LGB link governors to scrutinize areas or external inspections.

Key Performance Indicators (KPI)

The key performance indicators of the Trust are:

Attainment

Overall Progress 8 (a KPI used commonly in education nationally) is significantly above the national average and on par with last year. BMAT is the top performing school in the borough of Bolton according to the provisional performance table published in Oct 2017

- Progress 8 across the Middle ability cohort is significant (1) in comparison to Higher and Lower ability cohorts (0.5 & 0.4 respectively).
- Progress 8 is significantly above average in English, across EBacc and Open bucket subjects.
- There is no significant gap between Pupil Premium (PP) and non PP learners.
- English and Maths % for a standard pass is on par with last year.
- The Ebacc % is now reported based upon a strong pass and is significantly above the national and borough average.
- One in three learners on average achieved 5 A*-A grades.

Summer 2017 Actual				
Progress 8	Attainment 8	Basics (including English & Maths)		EBacc
		Grade 5+ 'Strong' Pass	Grade C/4+ 'Standard' Pass	Grade 5+
0.73	56	64	82	53

The below attainment table (forecast and actual) shows that for each category, Bolton Muslim Girls School (as part of the trust), outperformed the local authority averages in the exam season of May/June 2017.

Bolton Muslim Academy Trust

Trustees' Report (continued)

Year 11 (120)	School Target 2017	Summer Predictions 2017	School Outcomes 2017	LA Outcomes 2017
En & Ma % 4+ (Basics)	85	85.0	83.6	61.3
En & Ma % 5+	60	65.3	65.5	38.5
English % 4+	89	85	91.4	71.4
English % 5+	75	68	85.3	56.0
Maths % 4+	90	91	84.5	66.8
Maths % 5+	75	82	66.4	44.5
Attainment 8	60 B	54.3	56.6	43.6
A8 English (x2)	6.5	9.5	12.5	
A8 Maths (x2)	6.5	11.1	9.98	
A8 Ebacc (x3)	5.7	16.2	16.4	
A8 Open (x3)	6.1	17.6	17.7	
EBacc		54.3	53.4	
Progress 8 (full)	0.8	0.6	0.73	
Progress 8 English		-0.38	0.97	
Progress 8 Maths		0.72	0.09	
Progress 8 EBacc		0.88	0.89	
Progress 8 Open		0.55	0.84	

Admissions

The school as an academy with Bolton Muslim Academy Trust continues to be heavily oversubscribed with primary school pupils hoping to secure a place. The school also operates a waiting list of pupils wanting to join the school should a place become available mid-year.

Attendance

The school achieved attendance of 97% in the academic year of 16/17.

Finance

The trust aims to set a balanced or surplus budget each year (inclusive of any surplus brought forward). The school anticipates pupil intake and numbers across all year groups to remain stable for future years.

Bolton Muslim Academy Trust

Trustees' Report (continued)

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.

For financial sustainability, it is important that the trust grows in order to grow economies of scale and give more stability in terms of income and future growth.

Financial Review

The majority of the Trust's income is obtained from the Education and Skills Funding Agency (ESFA) in the form of grants, determined predominantly by the number of pupils on roll at the trust school(s), the use of these grants is restricted to particular purposes. The grants received from the ESFA during the year ended 31 August 2017 and the associated expenditure are shown as restricted funds in the statement of financial activities.

During the year ended 31 August 2017, total expenditure of £3,402k was more than covered by the recurrent grant funding from the ESFA together with other incoming resources. The excess of income over expenditure for the year was £518k (inclusive of funds transferred on conversion).

Under accounting standard FRS102, it is necessary to charge projected deficits on the Local Government Pension Scheme, which is provided for non-teaching staff, to the restricted fund. This resulted in the pension fund showing a deficit of £344k, which has been carried forward.

Reserves policy

Unrestricted Reserves

BMAT's Unrestricted Reserves (including Designated Reserves) are derived from income funds, grants or donations that can be spent at the discretion of the directors and governors in furtherance of any of the trust's objectives.

If part of an unrestricted income fund is earmarked for a particular project it may be designated as a separate fund, but the designation has an administrative purpose only, and does not legally restrict the directors' and governors' discretion to spend the fund. Unrestricted Reserves will be achieved through operational efficiencies and any trading activities undertaken by the trust.

Restricted Reserves

BMAT's Restricted Reserves (including Designated Reserves) may be restricted income funds, grants or donations that are spent at the discretion of the directors and governors in furtherance of some particular aspect(s) of the objects of the AT; or where the nature of expenditure has been defined by the donor; or they may be endowment funds, where the funds or assets are required to be invested or retained for actual use, rather than spent.

Restricted Reserves are only available for expenditure once the AT has met its commitments and other planned expenditure and is in accordance with the limitations outlined in the original funding.

Bolton Muslim Academy Trust

Trustees' Report (continued)

Reserves policy (continued)

Pension Reserve

The risks surrounding the trust's pension liability are taken into consideration when calculating other reserves. The presence of a pension surplus or deficit does not constitute an immediate liability (or realisable asset) and does not mean that the equivalent amount is already committed or no longer available to the trust.

The presence of a pension surplus or deficit will generally result in a cash flow effect for the trust in the form of an increase or decrease in employers' pension contributions over a period of years.

The Academy Trust continues to calculate its reserves without setting aside a Designated Reserve to cover the pension liability.

Reserves summary

The total amount of reserves as at 31st August 2017, is £518k. Of this amount, a deficit amount of £160k is identified as a restricted fund and not available for the general purposes of the academy trust as at 31st August 2017.

Of the reserves, £190k can only be realised by the disposal of tangible fixed assets (restricted fixed asset fund).

The trust has a balance on the unrestricted reserve fund of £488k.

The balance of restricted general funds (excluding pension reserve) plus the balance on unrestricted funds at 31st August 2017 is a net surplus of (£184k + £488k=) £672k.

Investment Policy

BMAT holds cash balances and thereby must make investment decisions. The trust must manage the need for working capital against tying up funds in longer term options.

The investment objectives of BMAT are to:

- Achieve a long-term real rate of return, net of inflation, to provide a source of capital to meet beneficiary and operational needs without subjecting the fund to large disinvestment that could impact the ability of the fund to meet future long-term financial commitments; and
- Provide an income to the trust to help maintain its operational effectiveness in the short term.

However, a total return approach will take precedence, allowing the trust to focus on investments providing optimal performance in terms of overall return rather than investments which would provide the right balance of capital and income return. The protection of present and future beneficiaries will be a key responsibility of the trust.

Bolton Muslim Academy Trust

Trustees' Report (continued)

Ethical Investment

The trust is mindful of its underlying principle to further the purpose of the trust (provision of education); that purpose will ordinarily be best served by seeking the maximum return consistent with commercial prudence. Therefore, the trust will seek to use a combination of positive and negative criteria to influence the investment decision making process.

Positive Criteria:

- Responsible employment practices;
- Best corporate Governance practice;
- Conscientiousness with regard to human rights; Sustainable environmental practice;
- Sensitivity towards the communities in which the business operates.

Negative Criteria:

The trust would consider poor performance or appraisal in any of the positive criteria listed above, to be considered negative criteria. In addition, the trust has given due consideration to the guidance issued by the Charities Commission and has recommended against any direct investment in the following types of organisation:

- Any organisation that is directly involved in indiscriminate weaponry;
- Any organisation that produces pornography;
- Any organisation where their principal business activity or focus is tobacco, alcoholic drink, gambling, or weekly collected home credit.

Principal Risks and Uncertainties

The Trust has carried out an extensive risk assessment based on the ESFA model. The risks are categorised into various heading to permit us to analyse in detail specific tasks. The predominant risks are below:

Competition Risk

- We have identified that we need to remain focussed on our reputation within the local community to ensure future children see the school as a great learning establishment. We strive and indeed maintain our estate and facilities to maintain a healthy presence in the community and our whole school results year after year and interaction with the local community remain a major focus.

Public Profile Risk

- This is derived from failure to comply with statutory Health and Safety legislation. Whilst the 'Human Factor' can never be eliminated, the Trust has an active H&S culture in place that extends from the children, Staff, Trustees, Members and public. The Trust always seeks advice from the external advisors when major decisions are made.

The Trustees recognise that the principal risks and uncertainties are centred on the changes in the levels of funding from the DfE and ESFA. The Local Government Pension Scheme deficit represents a significant liability. The Trustees consider the current single academy in the trust is able to meet its liabilities in respect of paying the annual contributions for the foreseeable future.

Bolton Muslim Academy Trust

Trustees' Report (continued)

Principal Risks and Uncertainties (continued)

The following table is an extract from the BMAT risk register for Strategic and Reputational risks:

Risk Description	Control Measures
Charity is not operating within its objects.	CEO and Senior Management of academies annual review of activities and strategic plan against objects.
Negative Publicity- Schools and other bodies external to the trust may instigate bad publicity which has a detrimental effect on the Trust. E.g. loss in confidence of the Trust may cause a backlash amongst pupils, parents and local communities.	Trust to continue liaising with community through BCOM Parent Governors and work closely with community representatives in order to be able to anticipate and respond quickly to any adverse publicity.
Competition from other Schools on admissions. Pupil numbers fall below a financially and educationally accepted level in any of the trust establishments.	Marketing strategy/strategic planning to identify ways of differentiating from other schools Competitor monitoring information.
Dilution of Trust Values- as the Trust develops there is a risk that core values are diluted, and the BMAT brand is weakened.	Trust's vision and values are collectively reviewed and relevant. Vision and values are shared and communicated at every given opportunity.
Risk of the impact an uncontrollable event will have on the charity e.g. recession, war, oil crisis, change of Government.	Difficult to provide for all eventualities, it may be useful to consider how the effect of changes to policy could possibly mitigate the adverse effect through Disaster Recovery Plan /Business Continuity Plan.
Risk of the impact an uncontrollable event will have on the charity e.g. fire, flood.	Regular review of Disaster Recovery Plan/ Business Continuity Plan.
Ongoing maintenance regime at individual establishments is inadequate.	Competent staff – Facilities and Estate Manager are appointed and they attend relevant training and courses to update their knowledge and review the procedures.
Safeguarding – pupils at risk due to inadequate control measures.	Director with an oversight on safeguarding. Regular monitoring and reporting through standing item on the LGB agenda.
Failure to comply with Health and Safety legislation e.g. Risk that an employee/volunteer/beneficiary of the charity is injured at work attracting bad publicity.	Health and Safety strategy regularly updated.
Failure to comply with employment law- e.g. unfair dismissal of an employee.	Regular review of all HR policies and practices.
Committees not established with delegated authority e.g. finance, personnel etc.	Clear committee structure with terms of reference and scheme of delegation.
Committee terms of reference not sufficiently flexible/consistent/ adequate etc.	Terms of reference reviewed at regular interval.
Is succession planning in place to ensure limited reliance on key leadership staff and over reliance on key personnel- the current team is small and the loss of key personnel, e.g. CEO or experienced chair of Director will have a major impact both strategically and operationally?	Training and succession plan in place Sept 17 Appointed a Director with appropriate skill sets from educational background. The Deputy Headteacher is enrolled on the NPQH training.
Failure to ensure that the Governors/trustees possess the skills and experience required to run the trust.	Trustee recruitment procedures/training. There will be a clear induction process for all existing governors prior to transferring over. It is important that there is proper induction and training for all governors of the MAT regardless of their experience, particularly on 'how to ask questions of senior leaders'.
Industrial Action and staffing issues- issues with trade unions could lead to staffing problems within Trust Schools. Trade Unions action may have a detrimental effects in schools across the Trust.	Working relationship and regular communication with Trade Unions. Follow T&C of Union Recognition Agreement.

Bolton Muslim Academy Trust

Trustees' Report (continued)

Principal Risks and Uncertainties (continued)

Risk Description	Control Measures
Inefficient and/or inappropriate due diligence- there is a risk that Trust may be burdened by unidentified liabilities due to poor due diligence for future establishments joining the Trust.	Board of Directors and executive team carries out rigorous due diligence at each school.
Risk that legislative requirements are not known or complied with, e.g. Discrimination risk, Data protection risk, Human rights risk, Equal Opportunities risk, Contract risk Pension risk, Health & safety risk. UK Legislation, EU Legislation, Statutory accounts risk, Accounting standards risk. SORP compliance risk, VAT/NI/PAYE risk.	Financial Regulations Manual. Regular updates by the finance team. VAT policy. Reputable payroll provider who deals with requirements correctly Data Protection Policy. Legal support Source and provide training for Directors. Disseminate guidance to academies.
Risk that related party transactions/ transactions with connected persons are not identified.	Maintain register of interests. Trustees complete related party questionnaire annually.
Risk that related party transactions are not correctly or fully disclosed in the financial statements.	Annual review of disclosures against the requirements of FRS 102 and SORP.
Risk that the academy facilities have not been maintained appropriately. Risk that academies are not aware of their obligations.	Each academy has a programme of planned preventative maintenance (PPM). Each academy has a named officer responsible for building and facility maintenance. Each academy has an appropriate level of funding allocated to facility maintenance. Each academy receives a facility audit prior to conversion. Each academy receives specific support on their PPM programme.
Is there appropriate strategic direction in place to safeguard the Trust as a going concern, faced with further funding cuts, potential deficit budgets, including the central Trust budget, pension deficits?	Curriculum model has been reviewed for the max deployment of teaching staff. Staffing structure for the Admin & Support team has been reviewed to reduce spending back office staff.
Does the academy Head and Business Manager have a clear understanding of GDPR coming into effect from From 25th May 2018?	Relevant training for staff has been arranged. Deputy Headteacher attending one week of training. Services of 9ine- an IT firm has been commissioned.

Plans for Future Periods

The strategic plan for growth over the next 3-5 years will be based on the following five guidelines:

- There is a recognition that the educational landscape can change suddenly. We would look to respond positively if the right opportunity for growth presented itself, or to accommodate a request from a relevant body e.g. the RSC (Regional Schools Commissioner) or neighbouring school or Trust.
- We will explore the possibilities offered through both expansion and the free school programme, wherever it fits within our educational vision of excellence.
- As we grow we will consider geographical proximity within the trust e.g. Manchester, Bury, Rochdale, Oldham etc. However, we will also endeavour to maintain a boundary on the geographical range of growth i.e. one hours' drive from the founding school (Bolton Muslim Girls' School).
- We will maintain an effective balance between school improvement capacity (good/outstanding schools) and vulnerable schools.
- It is anticipated that in order to be in a position to benefit from economies of scale and to continue to have a significant educational impact, the MAT needs to work towards having an overall total student number of approximately 1500 to begin with.

Bolton Muslim Academy Trust

Trustees' Report (continued)

Auditor

Insofar as the trustees are aware:

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

The Trustees' Report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 5th December 2017 and signed on the board's behalf by:

A handwritten signature in black ink, appearing to be 'Yakub Ibrahim Patel', written over a horizontal line.

Yakub Ibrahim Patel
Chair of Trustees

5th December 2017

Bolton Muslim Academy Trust

Governance Statement

Scope of Responsibility

As trustees we acknowledge we have overall responsibility for ensuring that Bolton Muslim 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 interim chief executive, 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 Bolton Muslim 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.

Governance

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

Trustee	Meetings attended	Out of a possible
Mr Yakub Ibrahim Patel (Chair)	4	4
Mr Dilaver Valli	4	4
Mr Khurshid Valli	4	4
Mr Faruk Patel	4	4
Mr Imtiaz Kala	4	4
Mr Shamshuddin Makkan	4	4
Mr Idrish Patel (Interim CEO and Accounting Officer)	4	4
Mrs Margaret Dudley-Stoner (appointed 1 st November 2017)	0	0

The composition of the board has remained stable from 1st September 2016 to 31st August 2017. However, after reviewing a skill gap analysis, the trust has appointed an ex-headteacher of a secondary school (Mrs Margaret Dudley-Stoner) to bring challenge and expertise to the trustee composition. This appointment will enable the trustees to hold the CEO and education leadership team accountable for educational standards and excellence.

During the formation of the trust, we have ensured a degree of separation between the board and the Members. A majority of Members are independent of the board of trustees to enable them to exercise their powers more objectively. Some governance functions have been delegated by the board to the local governing body through the Scheme of Delegation.

The current operating and governance model reflect not just the MAT we are when we established, but also the MAT we want to become in the future. For example, we have appointed an appropriately qualified head of finance and a human resource (HR) professional early on, centralising administrative, HR and corporate functions where appropriate and standardising key finance and HR policies. This will ensure firm foundations are in place from the start and maximize the scope for efficiencies and economies of scale. It will also help to free up individual school leaders' time to focus on school improvement and making sure teaching and learning is as good as it can be.

Bolton Muslim Academy Trust

Governance Statement (continued)

FMGS audit and indication of internal audit

The academy was required to submit a Financial Management and Governance questionnaire, four months following academy conversion. The ESFA conducted a desktop audit of the academy in January 2017, and the trust worked through the action points which were highlighted.

The audit and risk committee is a sub-committee of the main board of trustees. Its purpose is to assess, review and make recommendations on all areas of internal risk, governance and control.

The first internal review took place in August 2017 and the Audit and Risk Committee considered the findings and management responses at the meeting in November 2017. Amongst the recommendations, the trust will tighten procedures in HR and payroll matters especially in regard to regular sign off payroll meetings including CEO, HR officer and CFO, to ensure sharing of information.

The purchasing system internal audit, showed the practical difficulties of the current financial procedures and the trustees will consider (for example) revising the level at which 3 quotes must be obtained. Presently, this is set a relatively low level of £1000, which creates a large administrative burden which may not contribute to value for money when compared to potential savings of obtaining 3 quotes.

Once established during the first year of the academy trust, there were two audit and risk committee meetings. There have already been 4 meetings scheduled for the academic year ending 31st August 2018.

The next internal review will focus on whether improvements have been made as a result of the August 2017 work. This is due to take place in January 2018.

Attendance at Audit and Risk committee meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
F Patel	2	2
D Valli	2	2
I Kala	2	2

Review of Value for Money

As accounting officer, the chief executive 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:

- Conducting tender processes when applicable to secure value for money contracts i.e. a tender exercise took place to procure a new electricity substation. This will reduce costs incurred in repairing the effects of the current energy supply, but also improve the learning environment (for example in the science block, where the air conditioning system will be commissioned once there is an adequate power supply).
- Reviewing the curriculum model, we balanced the pupil: teacher ratio and staffed accordingly. This ensures the effective deployment of the best teachers to meet the needs of the children.
- To reduce staffing costs, a number of restructures involving teaching and non-teaching (including support staff) took place.

Bolton Muslim Academy Trust

Governance Statement (continued)

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 Bolton Muslim Academy Trust for the 1st September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1st September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees and the Audit and Risk committee.

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;
- 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 trustees has considered the need for a specific internal audit function and has decided to appoint Mazars LLP (an external firm to perform the duties of an internal auditor).

Mazars LLP will carry out a program of work as designed by the Audit and Risk committee, in order that the Committee can fulfil its responsibilities to provide a process for the independent checking of internal controls, systems, transactions and risks and report findings to the full board of trustees.

Mazars LLP conducted an internal audit towards the end of the period of these financial statements. The aim of this audit was to assess the adequacy of design and the effectiveness of operation of key core financial controls of Bolton Muslim Girls' School. The risks that have been included within this review are as follows:

- Income;
- Accounting Systems;
- Purchases; and
- Payroll.

As part of this review, Mazars LLP examined relevant documentation and met with key staff members. The full report will be considered and acted upon in a timely manner in order to make improvements to internal controls.

In the first year of operation, Mazars LLP have undertaken one thorough internal audit. This report was presented to the Audit and Risk committee on 7th November 2017. Going forward, on a quarterly basis, Mazars LLP will report to the board of trustees, through the Audit and Risk Committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities, using a programme of work designed by the committee members.

Bolton Muslim Academy Trust

Governance Statement (continued)

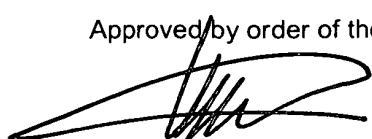
Review of Effectiveness

As accounting officer the chief executive 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 (Mazars LLP);
- the findings from the work of the external auditor;
- the financial management and governance self-assessment process; and
- the work of the leadership team 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 Audit and Risk Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on 5th December 2017 and signed on its behalf by:



Yakub Ibrahim Patel
Chair of Trustees
5th December 2017



Idrish Patel
Accounting Officer
5th December 2017


Bolton Muslim Academy Trust

Statement of Regularity, Propriety and Compliance

As accounting officer of Bolton Muslim Academy Trust I have considered my responsibility to notify the academy trust board of trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of all funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2016.

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



Idrish Patel
Accounting Officer
5th December 2017

Bolton Muslim Academy Trust

Statement of Trustees' Responsibilities

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

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

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017
- make judgments and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business

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

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

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

Approved by order of the members of the board of trustees on 5th December 2017 and signed on its behalf by:



Yakub Ibrahim Patel
Chair of Trustees
5th December 2017

Bolton Muslim Academy Trust

Independent Auditor's Report on the Financial Statements to the Members of Bolton Muslim Academy Trust

We have audited the financial statements of Bolton Muslim Academy Trust ("the 'trust'") for the year ended 31 August 2017 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency and 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 Charities SORP 2015.

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2017 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and Academies Accounts Direction 2016 to 2017.

Basis for opinion

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

Conclusions relating to going concern

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

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the 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 Trustees are responsible for the other information. The other information comprises the information included in the Trustees' Annual Report, other than the financial statements and our auditors' reports 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.

Bolton Muslim Academy Trust

Independent Auditor's Report on the Financial Statements to the Members of Bolton Muslim Academy Trust (continued)

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' Annual Report including the incorporated strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Annual 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 light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual 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 financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specific 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 Trustees' responsibilities statement set out on page 20, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

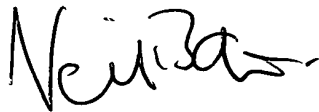
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK). Those standards require us to comply with the Financial Reporting Council's Ethical Standard. This report is made solely to the 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 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 company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.

Bolton Muslim Academy Trust

Independent Auditor's Report on the Financial Statements to the Members of Bolton Muslim Academy Trust (continued)

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



Neil Barton (Senior Statutory Auditor) for and on behalf of Mazars LLP,
Chartered Accountants and Statutory Auditor
One St. Peters' Square,
Manchester,
M2 3DE
Date: 5th December 2017

Independent Reporting Accountant's Assurance Report on Regularity to Bolton Muslim Academy Trust and the Education and Skills Funding Agency

In accordance with the terms of our engagement letter dated 8 March 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Bolton Muslim Academy Trust during the period 1 September 2016 to 31 August 2017 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 Bolton Muslim Academy Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Bolton Muslim Academy Trust and the ESFA those matters we are required to state to it 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 Bolton Muslim Academy Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

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

The accounting officer is responsible, under the requirements of Bolton Muslim Academy Trust's funding agreement with the Secretary of State for Education dated 23 August 2016 and the Academies Financial Handbook, extant from 1 September 2016, 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 2016 to 2017. 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 2016 to 31 August 2017 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2016 to 2017 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

A summary of the work we have undertaken is as follows:

- Planned our assurance procedures including identifying key risks;
- Carried out sample testing on controls;
- Carried out substantive testing including analytical review; and
- Concluded on procedures carried out.

Independent Reporting Accountant's Assurance Report on Regularity to Bolton Muslim Academy Trust and the Education and Skills Funding Agency

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 2016 to 31 August 2017 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Mazars LLP
One St Peters Square
Manchester
M2 3DE

Date: 5th December 2017

Bolton Muslim Academy Trust

Statement of Financial Activities for the year ended 31 August 2017 (including an Income and Expenditure account)

	Note	Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Total 2017 £'000
Income and endowments from:					
Transfer from local authority on conversion	3	488	(324)	220	384
Charitable activities:					
Funding for the academy trust's educational operations	4	-	3,447	-	3,447
Other trading activities	5	19	-	-	19
Total		507	3,123	220	3,850
Expenditure on:					
Charitable activities:					
Academy trust's educational operations	6,7	19	3,331	52	3,402
Total		19	3,331	52	3,402
Net income / (expenditure)		488	(208)	168	448
Transfers between funds		-	(22)	22	-
Other recognised gains (losses)					
Actuarial gains on defined benefit pension schemes	14,22	-	70	-	70
Net movement in funds		488	(160)	190	518
Reconciliation of funds					
Total funds brought forward		-	-	-	-
Total funds carried forward		488	(160)	190	518

The notes on pages 29 to 48 form part of these financial statements.

All activities relate to continuing operations.

The statement of financial activities includes all gains and losses recognised in the year.

Bolton Muslim Academy Trust

Balance sheet as at 31 August 2017

Company Number 09961812

		2017	2017
	Note	£'000	£'000
Fixed Assets			
Tangible assets	11		190
Current Assets			
Debtors	12	223	
Cash at bank and in hand	20	759	
		<u>982</u>	
Liabilities			
Creditors: Amounts falling due within one year	13	(310)	
			<u>672</u>
Total assets less current liabilities			862
Net assets excluding pension liability			<u>862</u>
Defined benefit pension scheme liability	22		(344)
Total net assets			<u>518</u>
Funds of the academy trust:			
Restricted funds			
• Fixed asset fund	14	190	
• Restricted income fund	14	184	
• Pension reserve	14	(344)	
Total restricted funds			30
Unrestricted income funds	14		488
Total funds			<u>518</u>

The financial statements on pages 26 and 27 were approved by the trustees and authorised for issue on 5th December 2017 and are signed on their behalf by



Yakub I Patel
Trustee
5th December 2017

Bolton Muslim Academy Trust

Statement of Cash Flows for the year ended 31 August 2017

	Notes	2017 £000
Cash flows from operating activities		
Net cash provided by / (used in) operating activities	17	781
Cash flows from investing activities	19	(22)
Cash flows from financing activities	18	-
Change in cash and cash equivalents in the reporting period		<u>759</u>
Cash and cash equivalents at 1 September 2016		-
Cash and cash equivalents at 31 August 2017	20	<u>759</u>

Bolton Muslim Academy Trust

Notes to the financial statements

1. Statement of 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.

Basis of Preparation

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

Going Concern

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

Income

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

- **Grants**

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

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

Capital grants are recognised in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grants are reflected in the balance 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.

Bolton Muslim Academy Trust

Notes to the financial statements

1. Statement of accounting policies (continued)

Income (continued)

- **Sponsorship Income**

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

- **Donations**

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

- **Other Income**

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

- **Transfer on conversion**

Where assets are received by the trust on conversion to an academy, the transferred assets are measured at fair value and recognised in the balance sheet at the point when the risks and rewards of ownership pass to the trust. An equal amount of income is recognised as Transfer on conversion within Donations and capital grant income.

- **Donated fixed assets (excluding Transfers on conversion)**

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

Expenditure

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

- **Expenditure on Raising Funds**

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

Bolton Muslim Academy Trust

Notes to the financial statements

1. Statement of accounting policies (continued)

Expenditure (continued)

- Charitable Activities

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

All resources expended are inclusive of irrecoverable VAT.

Tangible Fixed Assets

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

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

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

- | | |
|---------------------------|---------|
| • Furniture and equipment | 5 years |
| • IT equipment | 4 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.

Liabilities

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

Provisions

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

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

Bolton Muslim Academy Trust

Notes to the financial statements

1 Statement of accounting policies (continued)

Leased Assets

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

Financial Instruments

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

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 12. Prepayments are not financial instruments. Amounts due to the charity's wholly owned subsidiary are held at face value less any impairment.

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

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 13. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to charity's wholly owned subsidiary are held at face value less any impairment.

Taxation

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

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

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.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 22, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

Bolton Muslim Academy Trust

Notes to the financial statements

1. Statement of accounting policies (continued)

Pensions Benefits (continued)

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

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

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

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22, will impact the carrying amount of the pension liability.

Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Bolton Muslim Academy Trust

Notes to the financial statements

2 General Annual Grant (GAG)

Under the funding agreement with the Secretary of State the academy trust was not subject to limits at 31 August 2017 on the amount of GAG that could be carried forward from one year to the next.

3 Donations and capital grants

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2017 £'000
Transfer on conversion	488	(104)	384
	<u>488</u>	<u>(104)</u>	<u>384</u>

4 Funding for the Academy Trust's educational operations

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2017 £'000
DfE / ESFA grants			
. General Annual Grant (GAG)	-	3,174	3,174
. Other DfE/ESFA grants	-	190	190
	<u>-</u>	<u>3,364</u>	<u>3,364</u>
Other Government grants			
. Local authority grants	-	39	39
	<u>-</u>	<u>39</u>	<u>39</u>
Other income from the academy trust's educational operations	-	44	44
	<u>-</u>	<u>3,447</u>	<u>3,447</u>

Bolton Muslim Academy Trust

Notes to the financial statements

5 Other trading activities

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2017 £'000
Hire of facilities	19	-	19
	<u>19</u>	<u>-</u>	<u>19</u>

6 Expenditure

	Staff Costs £'000	Premises £000	Other £'000	Total 2017 £'000
Academy's educational operations:				
. Direct costs	1,807	229	188	2,224
. Allocated support costs	694	-	484	1,178
	<u>2,501</u>	<u>229</u>	<u>672</u>	<u>3,402</u>

Net income/(expenditure) for the period includes:

	2017 £'000
Operating lease rentals	72
Depreciation	52
Fees payable to the auditor for:	
• audit	9
• other services	1

Bolton Muslim Academy Trust

Notes to the financial statements

7 Charitable activities

	Total 2017 £000
Direct costs – educational operations	2,224
Support costs – educational operations	1,178
	<u>3,402</u>

Analysis of support costs

	Educational operations £'000	Total 2017 £'000
Support staff costs	694	694
Depreciation	52	52
Technology costs	59	59
Premises costs	-	-
Other support costs	359	359
Governance costs	14	14
Total support costs	<u>1,178</u>	<u>1,178</u>

Bolton Muslim Academy Trust

Notes to the financial statements

8 Staff

a. Staff costs

Staff costs during the period were:

	Total 2017 £'000
Wages and salaries	1,952
Social security costs	188
Operating costs of defined benefit pension schemes	275
	<u>2,415</u>
Supply staff costs	86
Staff restructuring costs	-
	<u>2,501</u>

b. Staff numbers

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

	2017 No.
Teachers	44
Administration and support	33
Management	5
	<u>82</u>

c. Higher paid staff

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

	2017 No.
£90,001 - £100,000	1

d. Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 2. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £274,000.

Bolton Muslim Academy Trust

Notes to the financial statements

9 Related Party Transactions – Trustees' remuneration and expenses

One (ex-officio) trustee has been paid remuneration or has received other benefits from an employment with the academy trust. The principal and other staff trustees (of which there are currently none), only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment.

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

Mr. I. Patel (principal and ex-officio trustee):

Remuneration £90,000 - £100,000

Employer's pension contributions paid £15,001 - £20,000

During the period ended 31 August 2017, travel and subsistence expenses totaling £710 were reimbursed or paid directly to 1 trustee.

10 Trustees and officers insurance

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

Bolton Muslim Academy Trust

Notes to the financial statements

11 Tangible fixed assets

	Furniture and Equipment £'000	IT Equipment £'000	Total £'000
Cost			
At 1 September 2016	-	-	-
Donated on conversion	102	118	220
Additions	2	20	22
At 31 August 2017	104	138	242
Depreciation			
Charged in the year	19	33	52
At 31 August 2017	19	33	52
Net book values			
At 31 August 2016	-	-	-
At 31 August 2017	85	105	190

The trust's transactions relating to land and buildings included:

- the taking up of a leasehold on Bolton Muslim Girls' School site, Swan Lane, Bolton for £60,000 per annum over a term of 25 years from 1st September 2016.

The lease is under an operating lease arrangement, and as such there are no land and buildings capitalised.

12 Debtors

	2017 £'000
Sundry debtors	22
VAT recoverable	47
Prepayment to Electricity Northwest for new substation	84
Prepayments and accrued income	70
	<u>223</u>

Following a procurement exercise, Electricity Northwest were advised to begin progress on the work to supply the school with a new electricity substation. Electricity Northwest required advance payment to proceed through the legal process, before beginning the manual work and ultimately connection of the new supply. Digging work began in October 2017 and connection is estimated to be approximately December 2017. Therefore, the advance payment has been treated as a prepayment as at 31st August 2017.

Bolton Muslim Academy Trust

Notes to the financial statements

13 Creditors: amounts falling due within one year

	2017 £'000
Trade creditors	65
Other taxation and social security	47
Other creditors	158
Accruals and deferred income	40
	<hr/> 310 <hr/>
Deferred income	2017 £000
Deferred income at 1 September 2016	-
Resources deferred in the year	4
Deferred Income at 31 August 2017	<hr/> 4 <hr/>

As at 31st August 2017, the academy trust was holding funds received in advance for pupils with higher learning needs for the autumn term 2017 (money received in advance from the local authority).

Bolton Muslim Academy Trust

Notes to the financial statements

14 Funds

	On conversion 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)	-	3,174	(2,968)	(22)	184
Pupil Premium	-	167	(167)	-	-
Pension reserve (including on conversion)	(324)	-	(90)	70	(344)
Other grants	-	62	(62)	-	-
Other educational activities	-	44	(44)	-	-
	(324)	3,447	(3,331)	48	(160)
Restricted fixed asset funds					
Donated on conversion	220	-	(52)	22	190
Total unrestricted funds	488	19	(19)	-	488
Total funds	384	3,466	(3,402)	70	518

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

Unrestricted funds

Unrestricted funds represent those resources which may be used towards meeting any of the charitable objects of the academy at the discretion of the Directors;

Restricted funds

Restricted funds (excluding pension and other restricted reserves) mainly represent funds received from the Department for Education and the Education and Skills Funding Agency and is specifically spent on the running of the academy.

Pension reserve represents the movements on the Local Government Pension Scheme liability.

Other grants mainly represent funding received from the Local Authority including special educational needs income.

Other educational activities mainly represents funds which are restricted by the donor including school trip income and income from other organisations.

Restricted fixed asset funds

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

Transfers from restricted funds represent the GAG funding used to support the costs of acquiring fixed assets.

Bolton Muslim Academy Trust

Notes to the financial statements

15 Analysis of net assets between funds

Fund balances at 31 August 2017 are represented by:

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds £000
Tangible fixed assets	-	-	190	190
Current assets	488	494	-	982
Current liabilities	-	(310)	-	(310)
Pension scheme liability	-	(344)	-	(344)
Total net assets	488	(160)	190	518

16 Commitments under operating leases

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

	2017 £000
Amounts due within one year	66
Amounts due between one and five years	241
Amounts due after five years	<u>1,140</u>
	<u>1,447</u>

17 Reconciliation of net income/(expenditure) to net cash flow from operating activities

	2017 £000
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	448
Adjusted for:	
Depreciation [note 11]	52
Capital grants from DfE and other capital income	(220)
Defined benefit pension scheme obligation inherited	324
Defined benefit pension scheme cost less contributions payable [note 22]	82
Defined benefit pension scheme finance cost [note 22]	8
(Increase)/decrease in debtors	(223)
Increase/(decrease) in creditors	310
Net cash provided by / (used in) Operating Activities	<u>781</u>

Bolton Muslim Academy Trust

Notes to the financial statements

18 Cash flows from financing activities

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

19 Cash flows from investing activities

	2017 £000
Dividends, interest and rents from investments	-
Purchase of tangible fixed assets	(22)
Capital funding received from sponsors and others	-
Net cash provided by / (used in) investing activities	(22)

20 Analysis of cash and cash equivalents

	2017 £000
Cash in hand and at bank	759
Total cash and cash equivalents	759

Bolton Muslim Academy Trust

Notes to the financial statements

21 Members liability

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

22 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 Greater Manchester Pension Fund. Both are multi-employer defined benefit schemes.

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

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

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%));
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million;
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations; and
- 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%.

Bolton Muslim Academy Trust

Notes to the financial statements

22 Pension and similar obligations (continued)

During the previous year, the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £191,534.

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 a multi-employer pension scheme. The trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee- administered funds. The total contribution made for the year ended 31 August 2017 was £111,000 of which employer's contributions totalled £85,000 and employees' contributions totalled £26,000. The agreed contribution rates for future years are 20.2 per cent for employers and between 5.5 and 12.5 per cent for employees depending on an individual's pensionable pay and into which contribution band it falls.

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.

Principal actuarial assumptions

At 31 August 2017

Rate of increase in salaries	3.2%
Rate of increase for pensions in payment/inflation	2.4%
Discount rate for scheme liabilities	2.5%
Inflation assumption (CPI)	2.4%
Commutation of pensions to lump sums	An allowance is included for future retirements to elect to take 55% of the maximum additional tax-free cash up to HMRC limits for pre-April 2008 service and 80% for post April 2008 service

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

	At 31 August 2017
<i>Retiring today</i>	
Males	21.5
Females	24.1
<i>Retiring in 20 years</i>	
Males	23.7
Females	26.2

Bolton Muslim Academy Trust

Notes to the financial statements

22 Pension and similar obligations (continued)

Sensitivity analysis	At 31 August 2017
	£'000
Discount rate +0.1%	(29)
Discount rate -0.1%	29
Mortality assumption – 1 year increase	31
Mortality assumption – 1 year decrease	(31)
CPI rate +0.1%	19
CPI rate -0.1%	(19)

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

	Fair value at 31 August 2017
	£000
Equities	320
Gilts	
Corporate bonds	70
Property	26
Cash and other liquid assets	22
Derivatives	-
Investment funds	-
Asset backed securities	-
Other	-
Total market value of assets	438

The actual return on scheme assets was £392,000.

Amount recognised in the statement of financial activities

	2017
	£000
Current service cost [note 17]	(82)
Past service cost	-
Interest income [note 17]	7
Interest cost [note 17]	(15)
Actuarial gain	70
Total amount recognised in the SOFA	(20)

Bolton Muslim Academy Trust

Notes to the financial statements

22 Pension and similar obligations (continued)

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

	2017 £000
Conversion of academy trust at 1 Sep 2016	603
Transferred in on existing academies joining the trust	-
Transferred out on existing academies leaving the trust	-
Current service cost	167
Interest cost	15
Employee contributions	26
Actuarial (gain)/loss	(29)
Benefits paid	-
Losses or gains on curtailments	-
Past service cost	-
Unfunded pension payments	-
Effect of non-routine settlements	-
At 31 August 2017	782

Bolton Muslim Academy Trust

Notes to the financial statements

22 Pension and similar obligations (continued)

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

	2017 £000
At 1 September 2016	-
Conversion of academy trust at 1 Sep 2016	279
Transferred in on existing academies joining the trust	-
Transferred out on existing academies leaving the trust	-
Interest income	7
Actuarial gain/(loss)	41
Employer contributions	85
Employee contributions	26
Benefits paid	-
Effect of non-routine settlements	-
At 31 August 2017	438

23 Related party transactions

Owing to the nature of the academy trust and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trust has an interest. All transactions involving such organisations are conducted in accordance with the trust's financial regulations and normal procurement procedures. The following related party transaction took place in the period of account.

Bolton Muslim Welfare Trust – an unincorporated charity which is a member of Bolton Muslim Academy Trust, and all other BMAT members are trustees of this unincorporated charity (2 of these members also being BMAT trustees Y.I.Patel and D. Valli).

Bolton Muslim Academy Trust entered into a 25 year lease agreement dated 1st September 2016, to rent school land and buildings; charge £60,000 during the period. There were no amounts outstanding at 31 August 2017.

The trust entered into this arrangement as historically, this has been the school site since 1987, and the lease arrangement has been legally re-drawn between the new legal entity of the academy trust and the lessor due to the conversion to an academy trust status.

The lease arrangement was part of the negotiations with the secretary of state and DfE prior to approval of the academy conversion.

The signatories on the lease (as trustees on behalf of Bolton Muslim Welfare Trust) are Mr Dilaver Valli (trustee and member of BMAT), Mr Yakub Musa Patel (member of BMAT) and Mr Yacub Bajibhai Bhutawala.

The trust received rental income (£19,000) in the financial year to 31st August 2017, in respect of letting the school facilities to allow the provision of evening school for the study of Islam for girls of school age. The evening school business is run through the charity Bolton Muslim Welfare Trust.