



BRONTE ACADEMY TRUST

(A company limited by guarantee)

**ANNUAL REPORT AND FINANCIAL
STATEMENTS**

FOR THE YEAR ENDED 31 AUGUST 2018

WEDNESDAY



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BRONTE ACADEMY TRUST

(A company limited by guarantee)

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BRONTE ACADEMY TRUST

(A company limited by guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS **FOR THE YEAR ENDED 31 AUGUST 2018**

Members

Francisco Arana
Sohail Mahmood
Kath Waddington

Trustees

John Anthony Broughton, Chair
John Brownless (resigned 2 October 2018)
Sarah-Jayne Cotton
Gillian Holland, Accounting officer
Jennifer Mary Mayo (resigned 14 November 2017)
Trevor Olsson
Joanne Louise Pagdin (resigned 1 September 2018)
Helen Sarah Thompson (resigned 14 November 2017)
Kath Waddington
Joshua Terence Greaves (appointed 2 October 2018)

Company registered number

10201636

Company name

Bronte Academy Trust

Registered office

Lees Primary School, Haworth Road, Cross Roads, Keighley, West Yorkshire, BD22 9DL

Principal operating office

Treetops Children's Centre, Rawdon Road, Keighley, West Yorkshire, BD22 8DW

BRONTE ACADEMY TRUST

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2018**

Advisers (continued)

Company secretary

Schofield Sweeney LLP

Accounting officer

Gillian Holland

Senior management team

Gillian Holland, Chief Executive Officer

Deborah Haworth, Chief Finance Officer

Edward Whitehead, Head Teacher - Lees (appointed 1 September 2017)

Jennifer Mary Mayo, Head Teacher - Oakworth

Helen Thompson, Head Teacher - Haworth (resigned 31 August 2018)

Paula Howe, Head Teacher - Haworth (appointed 1 September 2018)

Independent auditors

BHP LLP, New Chartford House, Centurion Way, Cleckheaton, BD19 3QB

Bankers

Lloyds Bank plc, 45 Hustlergate, Bradford, BD1 1NT

Solicitors

Schofield Sweeney LLP, Church Bank House, Church Bank, Bradford, BD1 4DY

BRONTE ACADEMY TRUST

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TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2018

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

The academy trust operates three primary schools in the Worth Valley area. Its academies have a combined pupil capacity of 997 and had a roll of 990 in the school census in July 2018.

The three schools in the academy trust are:

- Lees Primary School
- Oakworth Primary School
- Haworth Primary School

Structure, governance and management

• Constitution

The academy trust is a charitable company limited by guarantee and an exempt charity. The academy trust's Memorandum of Association is the primary governing document of the academy trust. The trustees of Bronte Academy Trust are also the directors of the academy trust for the purpose of company law. The charitable company operates as the Bronte Academy Trust.

Details of the trustees who served during the year, and to the date these accounts are approved are included in the reference and administrative details on page 1.

The principal object of the academy trust is to advance for the public benefit education in the United Kingdom.

• Members' liability

Each member of the academy trust undertakes to contribute to the assets of the academy trust 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.

• Method of recruitment and appointment or election of Trustees

The management of the academy trust is the responsibility of the trustees who are elected and co-opted under the terms of the Articles of Association. The number of trustees is subject to a maximum of twelve. The members may also appoint staff trustees through such process as they may determine, provided that the total number of trustees (including the CEO) who are employees of the academy trust does not exceed one third of the total number of trustees. The parent trustees shall be elected by the trustees. A parent trustee must be a parent of a pupil at the academy trust at the time the parent trustee is elected. The trustees may appoint up to one co-opted trustee. The term of office for any trustee shall be four years, save that this time shall not apply to any post which is held ex-officio. New trustees are given the appropriate level of training to carry out their responsibilities.

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

● Policies and procedures adopted for the induction and training of Trustees

All new trustees participate in an induction programme and are given an induction pack giving a wide range of information and guidance relating to the governance of the academy trust. The Chair of Trustees is responsible for arranging a programme of trustee training. Typically, this is provided for internally by academy staff but complementary outside resources are used where this is considered appropriate.

● Organisational structure

The trustees hold at least one meeting every school term. The trustees determine the general policy of the academy trust in relation to the constituent academies. The principals are appointed by the academy trust board and are responsible for the day to day running of each academy, supported by senior staff.

● Pay policy for key management personnel

The Trustees' Appraisal Panel is responsible for reviewing the performance of the CEO and recommending pay increments in line with national averages. The Local Governing Bodies' Head Teacher Appraisal Panel, which includes the CEO, is responsible for reviewing the performance of academy headteachers and recommending incremental scale point rises within the parameters of the agreed head teacher pay scales. The head teachers are responsible for reviewing the deputies/assistant heads within their agreed pay scales.

Objectives and Activities

● Objects and aims

Our Strapline is 'Achieving Together for Every Child', and we aim 'to work together as Bronte Academy Trust to ensure we provide the best education and opportunities for all the children in our family of schools'.

Bronte Academy Trust recognises the important part we need to play to ensure that we meet our vision through:

- Outstanding staff who have the children at the heart of all they do
- Collaborative learning opportunities in order for us to provide excellent resources and facilities for them to use
- Broad, creative and inclusive learning so all our children flourish in their own way
- High expectations and accountability of all our stakeholders and a shared belief in the strength of collaboration

● Objectives, strategies and activities

The purpose of our academy trust is to ensure that the children in our community have equal opportunity to an excellent curriculum, resources and teacher expertise through a strongly developed collaboration of working together, whilst, at the same time, maintaining the distinct nature of our own individual establishments, giving a richness and a multi-faceted element to our partnership.

Through sharing of excellence, we can ensure that children beyond each establishment have the opportunity to the best each school has to offer and expertise and talents amongst all stakeholders can be shared and built upon providing a self-sustaining community, where everyone is learning and growing together.

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

The academy trust recognises its important role of helping other schools to grow and flourish. As such, it is committed to considering other schools who may wish to be sponsored and will act as a lead sponsor, as directed by the Department for Education (DfE).

● **Activities for achieving objectives**

Bronte Academy Trust has a transparent leadership structure, clear levels of accountability, with three distinct boards:

1. Local Governing Body (each School)
2. Board of Trustees
3. Board of Members

Every member of each board are specifically recruited for the skills and expertise they can bring to the academy trust and the difference they can make towards ensuring its success. Their roles within the academy trust are clearly defined, from school improvement to financial accountability and "value for money".

This will be achieved through a clear focus on:

1. Structures and systems
2. Robust financial accountability processes
3. Scrutiny of economies of scale and effective use of resources

The responsibilities for each Board is clearly defined in the Bronte Academy Trust Scheme of Delegation. This Scheme takes account of the requirements of the converting "founder" schools as opposed to the requirements of sponsored schools as the Boards recognise that the needs of schools joining us later may differ depending on their position at the time of conversion.

● **Main activities undertaken to further the charity's purposes for the public benefit**

The schools offer an education to the whole local community; encouraging good educational standards and an engagement with the wider community.

In setting our objectives and planning our future activities, the trustees have given careful consideration to the Charity Commission's general guidance on public benefit.

Achievements and performance

Strategic report

● **Key performance indicators**

The achievements and performance of the academy trust are summarised as follows:

- Measures of progress exceed national expectations of floor targets
- All schools are financially stable
- Robust staff structures in place across all schools with an effective CPD programme

BRONTE ACADEMY TRUST

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

Our Schools

There are three schools within Bronte Academy Trust, in the primary aged sector and two have nurseries. The three schools are located in the Worth Valley and are very close to one another, meaning that staff working together across the trust can be facilitated easily. The area is famous for its link to The Brontes, writers of works such as Jane Eyre and Wuthering Heights, and its strong literary connection led us to using their name as our Trust name, of which we are extremely proud.

Lees Primary School, Lees Village

Lees Primary is a one form entry village school. It was built in 1895 and maintains most of its original building. It is an integral part of the village and hosts village fayres, meetings, and weekly clubs such as scouts, cubs, sports etc. The school is popular and often has a waiting list for families wishing to get their children on roll. The school gained the judgement of Outstanding in 2012 and continues to drive high expectations and the best for all its children.

Haworth Primary School, Haworth Village

Haworth Primary School is a one and a half form entry school in the famous village of Haworth, the home of The Brontes. As with the other schools in the Trust, the school is an integral part of Haworth Village and boasts a strong partnership with Fairtrade. The building was originally a middle school and the staff have worked hard to adapt the building to make it into an attractive and engaging environment for younger children. The children at the school have an excellent start in their welcoming and highly skilled nursery department.

Oakworth Primary School, Oakworth Village

Oakworth Primary School is the largest school within the Trust, being a two form entry with a large and very popular nursery. The school has expanded over the years and has had extensive building work, but the heart of the school has been maintained. As with the other two schools, Oakworth is very popular and often over-subscribed. It gained the Ofsted judgement of Outstanding in 2007 and the school continues to work hard to maintain this. Oakworth is a key driver for the Trust's partnership with Exceed TSA and has accredited Specialist leaders of Education.

BRONTE ACADEMY TRUST

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

Our Achievements

Financial Development and Accountability

The CFO works across all the schools in the Bronte Academy Trust to ensure financial consistency and efficient use of school resources. HCSS Accounting Software was purchased for the Trust to align our financial systems and staff were appropriately trained.

The process of aligning contracts and having stronger buying power through the Trust has allowed us to start improving our financial efficiencies. As part of our Trust, our central offer from the topslice provided the following in 2017-18:

- CEO support and guidance
- CFO support and guidance
- Legal support
- Governor Support including clerking cost and central admin
- Asset Management Business Package
- HCSS accounting package
- Internal and external audit
- Procurement
- Internal ICT support
- Academy conversion support
- Trust support for staff development, staff meetings, sharing expertise.
- Google Chrome (cloud based access to sharing documents, planning etc.)
- Alignment of contracts to enable us to have better buying power
- Executive Headteacher Support
- Headteacher Appraisal
- White Rose Maths Hub
- Philip Webb Consultancy
- B11 School Improvement Support
- Early Years' Executive Leader
- Google Cloud
- Partnership to Exceed Teaching School Alliance: access to CPD and accredited training packages

School Improvement and Support

As our aims and vision for our trust centre very much around providing the best for our children. Our actions have been to:

- Align school improvement plans and coordinate strengths and areas for development across our schools
- Provide training and support for all levels of staff at our three schools
- Calendar regular meetings for classteachers, subject leaders and leadership teams to work together on school improvement priorities
- Work in partnership on moderation of external assessments
- Employ our LLEs and SLEs to support schools outside of the Trust

BRONTE ACADEMY TRUST**(A company limited by guarantee)****TRUSTEES' REPORT (continued)**
FOR THE YEAR ENDED 31 AUGUST 2018**Teaching School Partnership**

The formal partnership with Exceed Teaching School Alliance has led to opportunities for staff in Bronte Academy Trust. These have included:

- Involvement in SCITT so that we are growing new teachers ready to recruit in our trust
- SLE, LLE accreditation and NPQ trainers
- Leading training across Bradford
- Research visits and case study work to further develop our practice.

School Data**Pupils on roll as of 10th July 2018**

	Haworth		Lees		Oakworth		BAT		
Year	M	F	M	F	M	F	M	F	Total
N	18	22			26	25	44	47	91
R	18	26	19	11	28	33	65	70	135
1	21	25	16	14	33	27	70	66	136
2	21	19	17	12	34	26	72	57	129
3	21	23	15	16	39	21	75	60	135
4	19	14	17	12	35	25	71	51	122
5	19	13	15	16	26	34	60	63	123
6	18	12	16	13	24	36	58	61	119
Total	155	154	115	94	245	227	515	475	990
	309		209		472		990		

SEN as of 10th July 2018

	National	Haworth	Lees	Oakworth	BAT
SEN Support	14.4%	11.3% (35)	12.3% (26)	8.7% (41)	10.7% (102)
Without EHCP		10% (31)	10.4% (22)	8.2% (39)	9.5% (92)
EHCP	2.8%	1.3% (4)	1.9% (4)	0.4% (2)	1.2% (10)

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

Attendance

	Haworth	Lees	Oakworth	BAT
2016/17	94.9%	96.2%	96.1%	95.7%
1.9.17-30.6.18	94.8%	96.2%	95.8%	95.6%
SEN Attendance	91.2%	96.5%	95.8%	94.5%
Disadvantaged Attendance	94.8%	95.6%	93.3%	94.5%

Progress

	Reading	Writing	Maths
Haworth	-0.2	-0.9	-1.2
Lees	1.0	1.2	2.8
Oakworth	0.4	0.6	-1.1

BRONTE ACADEMY TRUST**(A company limited by guarantee)****TRUSTEES' REPORT (continued)**
FOR THE YEAR ENDED 31 AUGUST 2018**Attainment Outcomes**

		Haworth		Lees		Oakworth		BAT	
	National	No	%	No	%	No	%	No	%
GLD	71	31	72	25	83	49	82	105	79
Y1 Phonics	82	40	87	24	80	55	92	119	86
KS1 R ARE	76	30	75	23	79	51	85	104	80
KS1 R GD	26	9	23	5	17	19	32	33	24
KS1 W ARE	68	25	63	23	79	46	77	94	73
KS1 W GD	16	3	8	4	14	19	32	26	18
KS1 M ARE	75	31	78	23	79	49	82	103	80

BRONTE ACADEMY TRUST**(A company limited by guarantee)****TRUSTEES' REPORT (continued)**
FOR THE YEAR ENDED 31 AUGUST 2018

KS1 M GD	22	7	18	6	21	19	32	32	24
KS2 R ARE	75	22	73	23	79	51	85	96	79
KS2 R GD	28	11	37	11	38	19	32	41	36
KS2 W ARE	78	23	77	25	86	53	88	101	84
KS2 W GD	20	5	17	6	21	17	28	28	22
KS2 M ARE	76	21	70	26	90	47	78	94	79
KS2 M GD	24	10	33	12	41	23	38	45	37
KS2 C ARE	64	17	57	21	72	44	73	82	67
KS2 C GD	10	5	17	4	14	7	13	16	15

Key:

Above National	At National	Below National
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GLD: Good Level of Development in Foundation Stage**KS: Key Stage****ARE: Age related expectations****GD: Greater Depth****C: Combined****R: Reading****W: Writing****M: Maths**

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

- **Going concern**

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

- **Review of activities**

The majority of the academy trust's income is obtained from the Education and Skills Funding Agency (ESFA) in the form of the General Annual Grant (GAG) and it also received other grants such as pupil premium, the use of which is restricted to particular purposes. The grants received from the ESFA and other sources during the year ended 31 August 2018 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

During the year incoming resources totalled £5,060,742, and the net surplus for the year after actuarial gains on the defined benefit pension scheme was £289,431. The unrestricted and restricted income funds showed a balance of £314,358 and £187,810 respectively at the year end.

The net book value of fixed assets was £6,045,161 as at 31 August 2018. These assets were exclusively for providing educational and support services to the academy trust.

As at 31 August 2018 the trust had cash reserves and cash balances on deposit of £710,057 (2017 - £703,008).

- **Investment policy and performance**

The academy trust's funds are generally held in a low risk interest bearing bank current account. The academy trust also has the power to delegate the management of investments to a financial expert, under constant review and instruction of the trustees, for any funds not immediately required, with the object of maximising returns on surplus funds.

BRONTE ACADEMY TRUST

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

Financial review

- **Reserves policy**

The trustees review the level of reserves annually. Unrestricted funds have accumulated to a level which is considered sufficient to meet unexpected expenditure and may also be used towards meeting any of the charitable objects of the academy trust at the discretion of the trustees.

Unrestricted income funds, restricted income funds and restricted fixed asset funds carried forward were £314,358, £187,810 and £6,078,840 respectively. There is no restriction on the amount of GAG that may be carried forward, however the surplus must continue to be used to meet the normal running costs of the academy trust. Restricted funds include those designated for a particular purpose. These funds will be expended as required dependent upon the level of core funding.

The trustees have decided on an overall target level of core reserves, of 5% of General Annual Grant. The trust's level of available reserves at 31 August 2018 exceeds that criteria.

The trustees are of the opinion that there is adequate working capital in the form of net current assets amounting to £545,382.

- **Principal risks and uncertainties**

The trustees have examined the major risks that the academy trust faces each financial year when preparing and updating the strategic plan. The academy trust has developed systems to monitor and control these risks to mitigate any impact they may have on the academy trust in the future. There are many uncertainties which are subjective in nature and difficult to quantify. The following key issues have been identified:

Government Funding - The academy trust has considerable reliance on continued government funding through the DfE/ESFA and local authority, which represented the majority of total revenue for the period.

Ofsted Assessment - The academy trust constituent schools are currently rated good or outstanding by Ofsted, and the trust places great importance on maintaining this status.

Fundraising

The academy trust has not actively participated in fundraising practices in the financial year. However, the trustees are aware of the requirements of the Charities (Protection and Social Investment) Act 2016, in relation to fundraising practices.

Plans for future periods

- **Future developments**

The academy trust's key plan for the future is to continue to protect against any unforeseen impacts by operating at a surplus, whilst prioritising maximum resources to ensure excellent teaching and learning of pupils.

BRONTE ACADEMY TRUST

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

Disclosure of information to auditors

Insofar as the trustees are aware:

- there is no relevant audit information of which the academy trust's auditors are unaware, and
- that trustees have taken all the steps that ought to have been taken as a trustee in order to be aware of any relevant audit information and to establish that the academy trust's auditors are 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 27 November 2018 and signed on its behalf by:



John Anthony Broughton
Chair of Trustees

BRONTE ACADEMY TRUST

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GOVERNANCE STATEMENT

Scope of Responsibility

As trustees, we acknowledge we have overall responsibility for ensuring that Bronte 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 Chief Executive Officer, 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 Bronte 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
John Anthony Broughton, Chair	4	4
John Brownless - resigned 2 October 2018	4	4
Sarah-Jayne Cotton	4	4
Gillian Holland, Accounting officer	4	4
Jennifer Mary Mayo - resigned 14 November 2017	0	0
Trevor Olsson	4	4
Joanne Louise Pagdin - resigned 1 September 2018	2	4
Helen Sarah Thompson - resigned 14 November 2017	0	0
Kath Waddington	4	4
Joshua Terence Greaves - appointed 2 October 2018	0	0

The board of trustees has an excellent range of skills to ensure they fulfil their roles and responsibilities effectively. The trustees have plans in place to review their effectiveness via skills audits and governing body reviews. As part of their regular cycle of meetings, the trustees review their strategic responsibilities for the continual development and improvement of the academy trust. As the academy trust expands, the trustees recognise the importance of undertaking a skills audit to ascertain skills and experience, whilst identifying any training required.

The Finance, Audit and Risk Committee is a sub-committee of the main board of trustees. Its purpose is to review the academy trust revenue budget; receive periodic management reports showing performance against the agreed budget; set accounting policies; ensure compliance with the Academies Accounts Direction; advise on the appointment of external auditors; monitor and have strategic oversight of risk across the academy trust; and receive the annual audit report prior to presentation to the full board of trustees.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
John Brownless	1	1
Kath Waddington	1	1
Gillian Holland, Accounting officer	1	1

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GOVERNANCE STATEMENT (continued)

Review of Value for Money

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

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

- aligning the lease contracts for photocopiers at Oakworth and Lees. The contract at Haworth has now also ended, allowing the trust to achieve greater buying power across the trust.
- purchasing a web-based finance package (HCSS) allowing the CFO to remotely "log on" to all three schools. This is much more cost effective than driving to each school to gather information when and if needed.
- now only using one external company to deliver ICT across the trust. This is due to our ICT technician who was originally working at Oakworth Primary School now being employed throughout the trust. This has saved the schools a considerable amount of money over the last financial year.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Bronte Academy Trust for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

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

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GOVERNANCE STATEMENT (continued)

The Risk and Control Framework

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

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

The board of trustees has considered the need for a specific internal audit function and has decided to appoint Anne Watkinson as internal auditor.

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

- Recruitment
- Procurement
- Company credit cards

On an annual basis, the auditor reports to the board of trustees through the Finance, Audit and Risk Committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.


Review of Effectiveness

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

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

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the sources above and a plan to ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on 27 November 2018 and signed on their behalf, by:


John Anthony Broughton
Chair of Trustees


Gillian Holland
Accounting Officer

BRONTE ACADEMY TRUST

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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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

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

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



Gillian Holland
Accounting Officer

Date: 27 November 2018

BRONTE ACADEMY TRUST

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

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

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

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

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the academy trust's transactions and disclose with reasonable accuracy at any time the financial position of the academy trust 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 academy trust 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 academy trust 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 27 November 2018 and signed on its behalf by:



John Anthony Broughton
Chair of Trustees

BRONTE ACADEMY TRUST

(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF BRONTE ACADEMY TRUST

Opinion

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

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

BRONTE ACADEMY TRUST

(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF BRONTE ACADEMY TRUST

Other information

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

BRONTE ACADEMY TRUST

(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF BRONTE ACADEMY TRUST

Responsibilities of trustees

As explained more fully in the Statement of trustees' responsibilities, the trustees (who are also the directors of the academy trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

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



Lesley Kendrew (Senior statutory auditor)

for and on behalf of

BHP LLP

Statutory Auditor

New Chartford House

Centurion Way

Cleckheaton

BD19 3QB

Date:

28 November 2018

BRONTE ACADEMY TRUST

(A company limited by guarantee)

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

In accordance with the terms of our engagement letter dated 23 November 2017 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Bronte Academy Trust during the period 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Bronte 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 Bronte Academy Trust and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Bronte Academy Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

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

The Accounting Officer is responsible, under the requirements of Bronte Academy Trust's funding agreement with the Secretary of State for Education dated 23 June 2016, and the Academies Financial Handbook extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

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

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

BRONTE ACADEMY TRUST

(A company limited by guarantee)

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

The work undertaken to draw our conclusion includes:

- checking that the academy trust's activities are consistent with its framework and its charitable objectives,
- checking that the trustees and key staff have disclosed their interest in related parties, discussing the same with management and reviewing transactions during the period for undisclosed related party transactions,
- checking that any related party transactions during the period are conducted at normal commercial rates,
- checking that academy trust expenditure is permitted by its funding agreement,
- checking that any borrowings entered into, including leases, are in accordance with the Academies Handbook,
- checking that any land and building transactions, especially disposals, are in line with the funding agreement and Academies Handbook

Conclusion

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



Lesley Kendrew
Reporting Accountant

BHP LLP

Reporting Accountants

New Chartford House
Centurion Way
Cleckheaton
BD19 3QB

Date: 28 November 2018

BRONTE ACADEMY TRUST

(A company limited by guarantee)

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

	Note	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
Income from:						
Donations and capital grants	2	3,529	-	246,455	249,984	1,292,449
Charitable activities	3	1,694	4,333,274	-	4,334,968	4,337,709
Other trading activities	4	474,657	-	-	474,657	343,799
Investments	5	1,133	-	-	1,133	491
Total income		481,013	4,333,274	246,455	5,060,742	5,974,448
Expenditure on:						
Charitable activities		409,537	4,563,443	242,331	5,215,311	4,999,412
Total expenditure	6	409,537	4,563,443	242,331	5,215,311	4,999,412
Net income / (expenditure) before transfers						
Transfers between Funds	18	71,476 (39,059)	(230,169) (16,453)	4,124 55,512	(154,569) -	975,036 -
Net income / (expenditure) before other recognised gains and losses						
		32,417	(246,622)	59,636	(154,569)	975,036
Actuarial gains on defined benefit pension schemes	22	-	444,000	-	444,000	812,000
Net movement in funds		32,417	197,378	59,636	289,431	1,787,036
Reconciliation of funds:						
Total funds brought forward		281,941	(1,168,568)	6,019,204	5,132,577	3,345,541
Total funds carried forward		314,358	(971,190)	6,078,840	5,422,008	5,132,577

The notes on pages 28 to 51 form part of these financial statements.

BRONTE ACADEMY TRUST

(A company limited by guarantee)
REGISTERED NUMBER: 10201636

BALANCE SHEET
AS AT 31 AUGUST 2018

	Note	£	2018 £	£	2017 £
Fixed assets					
Tangible assets	14		6,045,161		5,935,871
Current assets					
Debtors	15	144,044		136,182	
Cash at bank and in hand		710,057		703,008	
		<u>854,101</u>		<u>839,190</u>	
Creditors: amounts falling due within one year	16	<u>(308,719)</u>		<u>(303,749)</u>	
Net current assets			<u>545,382</u>		<u>535,441</u>
Total assets less current liabilities			<u>6,590,543</u>		<u>6,471,312</u>
Creditors: amounts falling due after more than one year	17		<u>(9,535)</u>		<u>(15,735)</u>
Net assets excluding pension scheme liabilities			<u>6,581,008</u>		<u>6,455,577</u>
Defined benefit pension scheme liability	22		<u>(1,159,000)</u>		<u>(1,323,000)</u>
Net assets including pension scheme liabilities			<u><u>5,422,008</u></u>		<u><u>5,132,577</u></u>
Funds of the academy					
Restricted income funds:					
Restricted income funds	18	187,810		154,432	
Restricted fixed asset funds	18	6,078,840		6,019,204	
Restricted income funds excluding pension liability		<u>6,266,650</u>		<u>6,173,636</u>	
Pension reserve		<u>(1,159,000)</u>		<u>(1,323,000)</u>	
Total restricted income funds			<u>5,107,650</u>		<u>4,850,636</u>
Unrestricted income funds	18		<u>314,358</u>		<u>281,941</u>
Total funds			<u><u>5,422,008</u></u>		<u><u>5,132,577</u></u>

The financial statements on pages 25 to 51 were approved by the trustees, and authorised for issue, on 27 November 2018 and are signed on their behalf, by:


John Anthony Broughton
Chair of Trustees

BRONTE ACADEMY TRUST**(A company limited by guarantee)****STATEMENT OF CASH FLOWS**
FOR THE YEAR ENDED 31 AUGUST 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Net cash provided by operating activities	20	<u>118,415</u>	<u>301,548</u>
Cash flows from investing activities:			
Purchase of tangible fixed assets		(351,621)	(252,093)
Capital grants from DfE Group		<u>246,455</u>	<u>245,018</u>
Net cash used in investing activities		<u>(105,166)</u>	<u>(7,075)</u>
Cash flows from financing activities:			
Repayments of borrowings		(6,200)	(6,196)
Cash and cash equivalents transferred on conversion		-	110,378
Net cash (used in)/provided by financing activities		<u>(6,200)</u>	<u>104,182</u>
Change in cash and cash equivalents in the year		7,049	398,655
Cash and cash equivalents brought forward		<u>703,008</u>	<u>304,353</u>
Cash and cash equivalents carried forward	21	<u><u>710,057</u></u>	<u><u>703,008</u></u>

BRONTE ACADEMY TRUST

(A company limited by guarantee)

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

1. Accounting Policies

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

1.1 Basis of preparation of financial statements

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

1.2 Going concern

The trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the academy trust 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.

BRONTE ACADEMY TRUST

(A company limited by guarantee)

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

1. Accounting Policies (continued)

1.3 Income

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

Grants are included in the Statement of Financial Activities incorporating Income and Expenditure Account on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance Sheet. Where income is received in advance of 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 incorporating Income and Expenditure Account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

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

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

Where assets and liabilities are received by the academy 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 risk and rewards of ownership pass to the academy trust. An equal amount of income is recognised as a transfer on conversion within Donations and capital grant income to the net assets received.

BRONTE ACADEMY TRUST

(A company limited by guarantee)

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

1. Accounting Policies (continued)

1.4 Expenditure

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

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

1.5 Tangible fixed assets and depreciation

All assets costing more than £500 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

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

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

Freehold property	-	2% straight line basis
Furniture and fixtures	-	10% & 20% straight line basis
Computer equipment	-	33.3% & 20% straight line basis
Freehold land	-	not depreciated

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

BRONTE ACADEMY TRUST

(A company limited by guarantee)

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

1. Accounting Policies (continued)

1.6 Operating leases

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

1.7 Liabilities and provisions

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

1.8 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 15. Prepayments are not financial instruments.

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

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in notes 16 and 17. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments.

1.9 Taxation

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

BRONTE ACADEMY TRUST

(A company limited by guarantee)

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

1. Accounting Policies (continued)

1.10 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy 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.

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

Actuarial gains and losses are recognised immediately in other recognised gains and losses.

1.11 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 Department for Education Group.

BRONTE ACADEMY TRUST**(A company limited by guarantee)****NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018****1. Accounting Policies (continued)****1.12 Critical accounting estimates and areas of judgment**

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

Critical accounting estimates and assumptions:

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

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

2. Income from donations and capital grants

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
Transfers from Local Authority on conversion	-	-	-	-	1,047,331
Capital Grants	-	-	246,455	246,455	105,018
BMDC electrical grant	-	-	-	-	140,000
Donations	3,529	-	-	3,529	100
	<u>3,529</u>	<u>-</u>	<u>246,455</u>	<u>249,984</u>	<u>1,292,449</u>
Total 2017	<u>110,478</u>	<u>(500,130)</u>	<u>1,682,101</u>	<u>1,292,449</u>	

BRONTE ACADEMY TRUST

(A company limited by guarantee)

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

3. Funding for academy trust educational operations

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
DfE/ESFA grants				
General Annual Grant	-	3,400,258	3,400,258	3,361,571
Start up Grants	-	16,130	16,130	2,784
Other DfE/ESFA grants	-	278,188	278,188	191,766
Special Educational Needs	-	252,010	252,010	250,258
Other government grants non capital	-	344,347	344,347	366,513
Trainee teacher & teacher development income	-	42,341	42,341	-
Other	1,694	-	1,694	164,817
	<u>1,694</u>	<u>4,333,274</u>	<u>4,334,968</u>	<u>4,337,709</u>
Total 2017	<u>1,867</u>	<u>4,335,842</u>	<u>4,337,709</u>	

4. Other trading activities

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
External Catering	49,121	-	49,121	50,806
Fees received	218,399	-	218,399	109,276
Other	207,137	-	207,137	183,717
	<u>474,657</u>	<u>-</u>	<u>474,657</u>	<u>343,799</u>
Total 2017	<u>343,799</u>	<u>-</u>	<u>343,799</u>	

BRONTE ACADEMY TRUST

(A company limited by guarantee)

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

5. Investment income

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Bank interest	1,133	-	1,133	491
Total 2017	491	-	491	

6. Expenditure

	Staff costs 2018 £	Premises 2018 £	Other costs 2018 £	Total 2018 £	Total 2017 £
Education:					
Direct costs	3,218,567	2,626	613,499	3,834,692	3,649,873
Support costs	772,778	237,195	370,646	1,380,619	1,349,539
	3,991,345	239,821	984,145	5,215,311	4,999,412
Total 2017	3,877,459	272,050	849,903	4,999,412	

7. Analysis of expenditure by activities

	Activities undertaken directly 2018 £	Support costs 2018 £	Total 2018 £	Total 2017 £
Education	3,834,692	1,380,619	5,215,311	4,999,412
Total 2017	3,649,873	1,349,539	4,999,412	

BRONTE ACADEMY TRUST**(A company limited by guarantee)****NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018****7. Analysis of expenditure by activities (continued)****Analysis of direct costs**

	Education	Total	Total
	2018	2018	2017
	£	£	£
Pension finance costs	30,000	30,000	35,000
Educational supplies	156,186	156,186	71,372
Staff development	48,767	48,767	66,963
Other costs	106,054	106,054	90,058
Maintenance of premises and equipment	2,626	2,626	8,426
Technology costs	20,657	20,657	15,897
Legal and professional	9,504	9,504	61,353
(Profit) / Loss on disposal of fixed assets	-	-	7,130
Wages and salaries	2,583,127	2,583,127	2,500,707
National insurance	219,007	219,007	188,281
Pension cost	416,433	416,433	384,061
Depreciation	242,331	242,331	220,625
	3,834,692	3,834,692	3,649,873
At 31 August 2017	3,649,873	3,649,873	

BRONTE ACADEMY TRUST**(A company limited by guarantee)****NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018****7. Analysis of expenditure by activities (continued)****Analysis of support costs**

	Education	Total 2018	Total 2017
	£	£	£
Staff costs	772,778	772,778	804,410
Staff development	554	554	-
Other costs	60,303	60,303	70,219
Recruitment and other staff costs	1,420	1,420	1,600
Maintenance of premises and equipment	92,019	92,019	64,905
Cleaning	11,585	11,585	9,946
Rent and rates	12,189	12,189	11,162
Heat and light	76,564	76,564	65,301
Insurance	44,838	44,838	32,755
Catering	204,906	204,906	185,468
Technology costs	32,829	32,829	37,631
Legal and professional	54,212	54,212	49,642
Bank interest and charges	30	30	-
Governance costs	16,392	16,392	16,500
	<u>1,380,619</u>	<u>1,380,619</u>	<u>1,349,539</u>
At 31 August 2017	<u>1,349,539</u>	<u>1,349,539</u>	

8. Net income/(expenditure)

This is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets:		
- owned by the trust	242,331	220,625
Fees payable to auditor: Audit	9,000	9,000
Fees payable to auditor: Other services	5,950	3,750
	<u>257,281</u>	<u>233,375</u>

BRONTE ACADEMY TRUST**(A company limited by guarantee)****NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

9. Staff costs**a. Staff costs**

Staff costs were as follows:

	2018 £	2017 £
Wages and salaries	3,002,586	2,919,214
Social security costs	245,650	211,986
Operating costs of defined benefit pension schemes	743,109	746,259
	<u>3,991,345</u>	<u>3,877,459</u>

b. Staff numbers

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

	2018 No.	2017 No.
Teachers	36	38
Administration and support	101	112
Management	15	13
	<u>152</u>	<u>163</u>

c. Higher paid staff

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

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

d. Key management personnel

The key management personnel of the academy trust comprise the trustees and senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £390,027 (2017 - £302,542).

BRONTE ACADEMY TRUST

(A company limited by guarantee)

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

10. Central services

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

- CEO and CFO - guidance and support
- Early year's executive leader
- Legal and HR support
- Governor support including clerk costs and central admin
- Asset management business package
- HCSS accounting package
- Internal and external audit
- Procurement
- Internal ICT support
- Academy conversion support
- Trust support for staff development, staff meetings and staff expertise
- Partnership with Exceed Teaching School Alliance: access to CPD and accredited training packages
- Alignment of contracts to enable better buying power
- Executive Headteacher support
- Headteacher appraisal

The academy commenced charging for these services on the following basis:

- flat percentage of 5% of GAG income

The actual amounts charged during the year were as follows:

	2018	2017
	£	£
Lees Primary School	41,171	-
Oakworth Primary School	81,185	-
Haworth Primary School	56,995	-
	<hr/>	<hr/>
Total	179,351	
	<hr/>	<hr/>

BRONTE ACADEMY TRUST**(A company limited by guarantee)****NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018****11. Trustees' remuneration and expenses**

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

		2018 £	2017 £
Gillian Holland (CEO & Trustee)	Remuneration	75,000-80,000	70,000-75,000
	Pension contributions paid	10,000-15,000	10,000-15,000
Jennifer Mayo (Head Teacher & Trustee)	Remuneration	10,000-15,000	60,000-65,000
resigned as trustee 14 November 2017	Pension contributions paid	0-5,000	10,000-15,000
Helen Thompson (Head Teacher & Trustee)	Remuneration	10,000-15,000	60,000-65,000
resigned as trustee 14 November 2017	Pension contributions paid	0-5,000	10,000-15,000

During the year, no trustees received any benefits in kind (2017 - £NIL).

During the year ended 31 August 2018, no trustees received any reimbursement of expenses (2017 - £NIL).

12. Trustees' and Officers' Insurance

In accordance with normal commercial practice the academy trust has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy trust business. The insurance provides cover up to £10,000,000 on any one claim and the cost for the year ended 31 August 2018 is not separable as the RPA charge is based on student numbers. The costs of this insurance is included in the total insurance cost.

13. Other finance income

	2018 £	2017 £
Interest on pension scheme liabilities	(30,000)	(35,000)

BRONTE ACADEMY TRUST**(A company limited by guarantee)****NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018****14. Tangible fixed assets**

	Freehold land and property £	Furniture and fixtures £	Plant and equipment £	Total £
Cost				
At 1 September 2017	5,519,200	424,312	240,915	6,184,427
Additions	295,766	24,073	31,782	351,621
At 31 August 2018	5,814,966	448,385	272,697	6,536,048
Depreciation				
At 1 September 2017	94,328	65,611	88,617	248,556
Charge for the year	92,851	59,172	90,308	242,331
At 31 August 2018	187,179	124,783	178,925	490,887
Net book value				
At 31 August 2018	5,627,787	323,602	93,772	6,045,161
At 31 August 2017	5,424,872	358,701	152,298	5,935,871

15. Debtors

	2018 £	2017 £
VAT repayable	24,842	44,271
Prepayments and accrued income	119,202	91,911
	144,044	136,182

16. Creditors: Amounts falling due within one year

	2018 £	2017 £
Other loans	6,199	6,199
Trade creditors	-	145,465
Other creditors	-	325
Accruals and deferred income	302,520	151,760
	308,719	303,749

BRONTE ACADEMY TRUST

(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018****16. Creditors: Amounts falling due within one year (continued)**

	2018 £	2017 £
<i>Deferred income</i>		
Deferred income at 1 September 2017	105,599	68,513
Resources deferred during the period	129,650	105,599
Amounts released from previous years	(105,599)	(68,513)
	<u>129,650</u>	<u>105,599</u>
Deferred income at 31 August 2018	<u>129,650</u>	<u>105,599</u>

At the balance sheet date the academy trust was holding funds received in advance for universal infant free school meals, school lunch income, conditional improvement fund income and care club charges.

17. Creditors: Amounts falling due after more than one year

	2018 £	2017 £
Other loans	<u>9,535</u>	<u>15,735</u>

Amounts included above repayable by instalments which fall due after five years total £nil (2017 - £1,348).

Other loans above includes amounts for the following loans:

A Salix loan which is repayable over a period of 7 years commencing in October 2015 and is an interest free loan from the DfE for LED lighting upgrades at Haworth Primary School.

A loan which is repayable over a period not exceeding 5 years commencing in April 2015 and is an interest free loan from the local authority for installation of solar panels at Haworth Primary School.

BRONTE ACADEMY TRUST**(A company limited by guarantee)****NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018****18. Statement of funds**

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Unrestricted funds						
General funds	281,941	481,013	(409,537)	(39,059)	-	314,358
Restricted funds						
Restricted Funds - all funds	154,432	4,333,274	(4,283,443)	(16,453)	-	187,810
Pension reserve	(1,323,000)	-	(280,000)	-	444,000	(1,159,000)
	(1,168,568)	4,333,274	(4,563,443)	(16,453)	444,000	(971,190)
Restricted fixed asset funds						
Restricted Fixed Asset Funds - all funds	6,019,204	246,455	(242,331)	55,512	-	6,078,840
Total restricted funds	4,850,636	4,579,729	(4,805,774)	39,059	444,000	5,107,650
Total of funds	5,132,577	5,060,742	(5,215,311)	-	444,000	5,422,008

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

Restricted general funds

GAG must be used for the normal running costs of the academy trust.

Other DfE/ESFA and government grants are used specifically for the purpose for which they are intended.

The restricted pension reserve represents the deficit on the three schools in the academy trust's share of the Local Government Pension Scheme as at 31 August 2018.

Restricted fixed asset funds

ESFA capital grants relate to expenditure incurred on leasehold improvements, furniture and equipment.

Unrestricted funds

Unrestricted funds relate to catering income and school clubs, and may be used towards meeting any of the charitable objects of the academy trust at the discretion of the trustees.

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

BRONTE ACADEMY TRUST**(A company limited by guarantee)****NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018****18. Statement of funds (continued)*****Analysis of academies by fund balance***

Fund balances at 31 August 2018 were allocated as follows:

	Total 2018 £	Total 2017 £
Lees Primary School	165,273	119,960
Oakworth Primary School	219,133	171,015
Haworth Primary School	49,241	69,264
Bronte Academy Trust	68,521	76,134
	<hr/>	<hr/>
Total before fixed asset fund and pension reserve	502,168	436,373
Restricted fixed asset fund	6,078,840	6,019,204
Pension reserve	(1,159,000)	(1,323,000)
	<hr/>	<hr/>
Total	5,422,008	5,132,577
	<hr/>	<hr/>

Analysis of academies by cost

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2018 £	Total 2017 £
Lees Primary School	644,968	68,600	38,676	183,625	935,869	1,013,694
Oakworth Primary School	1,390,076	259,589	56,013	347,931	2,053,609	1,849,492
Haworth Primary School	1,085,065	137,272	61,497	408,519	1,692,353	1,513,684
Bronte Academy Trust	98,456	307,319	-	108,944	514,719	401,917
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	3,218,565	772,780	156,186	1,049,019	5,196,550	4,778,787
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

BRONTE ACADEMY TRUST

(A company limited by guarantee)

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

18. Statement of funds (continued)

Statement of funds - prior year

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
General funds	212,577	456,635	(345,020)	(42,251)	-	281,941
Restricted funds						
Restricted Funds - all funds	6,514	3,835,712	(3,646,767)	(41,027)	-	154,432
Pension reserve	(1,348,000)	-	(787,000)	-	812,000	(1,323,000)
Restricted fixed asset funds						
Restricted Fixed Asset Funds - all funds	4,474,450	1,682,101	(220,625)	83,278	-	6,019,204

19. Analysis of net assets between funds

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	6,045,161	6,045,161
Current assets	314,358	506,064	33,679	854,101
Creditors due within one year	-	(308,719)	-	(308,719)
Creditors due in more than one year	-	(9,535)	-	(9,535)
Provisions for liabilities and charges	-	(1,159,000)	-	(1,159,000)
	314,358	(971,190)	6,078,840	5,422,008

BRONTE ACADEMY TRUST**(A company limited by guarantee)****NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018****19. Analysis of net assets between funds (continued)****Analysis of net assets between funds - prior year**

	Unrestricted funds	Restricted funds	Restricted fixed asset funds	Total funds
	2017	2017	2017	2017
	£	£	£	£
Tangible fixed assets	-	-	5,935,871	5,935,871
Current assets	281,941	473,916	83,333	839,190
Creditors due within one year	-	(303,749)	-	(303,749)
Creditors due in more than one year	-	(15,735)	-	(15,735)
Provisions for liabilities and charges	-	(1,323,000)	-	(1,323,000)
	<u>281,941</u>	<u>(1,168,568)</u>	<u>6,019,204</u>	<u>5,132,577</u>

20. Reconciliation of net movement in funds to net cash flow from operating activities

	2018 £	2017 £
Net (expenditure)/income for the year (as per Statement of Financial Activities)	(154,569)	975,036
Adjustment for:		
Depreciation charges	242,331	220,625
Loss on the sale of fixed assets	-	7,130
Increase in debtors	(7,862)	(2,143)
Increase in creditors	4,970	78,249
Capital grants from DfE and other capital income	(246,455)	(105,018)
BMDC electrical grant	-	(140,000)
Defined benefit pension scheme cost less contributions payable	250,000	280,000
Defined benefit pension scheme finance cost	30,000	35,000
Net gain on assets and liabilities from local authority on conversion	-	(1,047,331)
Net cash provided by operating activities	<u>118,415</u>	<u>301,548</u>

BRONTE ACADEMY TRUST

(A company limited by guarantee)

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

21. Analysis of cash and cash equivalents

	2018 £	2017 £
Cash in hand	710,057	703,008
Total	<u>710,057</u>	<u>703,008</u>

22. Pension commitments

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

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

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

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

- employer contribution rates set at 16.48% of pensionable pay, including a 0.08% employer administration charge.
- 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

BRONTE ACADEMY TRUST

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

22. Pension commitments (continued)

- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

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

The employer's pension costs paid to TPS in the period amounted to £274,000 (2017 - £250,861).

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £287,000 (2017 - £313,487), of which employer's contributions totalled £219,000 (2017 - £243,417) and employees' contributions totalled £68,000 (2017 - £70,070). The agreed contribution rates for future years are 16% for employers and between 5.5% and 12.5% for employees.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of academy closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

Principal actuarial assumptions:

	2018	2017
Discount rate for scheme liabilities	2.80 %	2.50 %
Rate of increase in salaries	3.25 %	3.25 %
Rate of increase for pensions in payment / inflation	2.00 %	2.00 %
Inflation assumption (CPI)	2.00 %	2.00 %
Inflation assumption (RPI)	3.10 %	3.10 %

BRONTE ACADEMY TRUST

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

22. Pension commitments (continued)

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

	2018	2017
Retiring today		
Males	22.1	22.1
Females	25.3	25.2
Retiring in 20 years		
Males	23.1	23.0
Females	27.1	27.0

<i>Sensitivity analysis</i>	At 31 August 2018 £	At 31 August 2017 £
Discount rate +0.1%	4,477,000	4,217,000
Discount rate -0.1%	4,691,000	4,419,000
Mortality assumption - 1 year increase	4,716,000	4,448,000
Mortality assumption - 1 year decrease	4,450,000	4,187,000
CPI rate +0.1%	4,538,000	4,376,000
CPI rate -0.1%	4,628,000	4,258,000

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

	Fair value at 31 August 2018 £	Fair value at 31 August 2017 £
Equities	2,554,304	2,308,374
Government bonds	369,792	287,424
Corporate bonds	119,840	116,766
Property	143,808	134,730
Cash and other liquid assets	75,328	44,910
Other	160,928	101,796
Total market value of assets	<u>3,424,000</u>	<u>2,994,000</u>

The actual return on scheme assets was £204,000 (2017 - £326,000).

BRONTE ACADEMY TRUST**(A company limited by guarantee)****NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018****22. Pension commitments (continued)**

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

	2018 £	2017 £
Current service cost	(469,000)	(539,000)
Interest cost	(30,000)	(35,000)
Total	<u>(499,000)</u>	<u>(574,000)</u>
Actual return on scheme assets	<u>204,000</u>	<u>326,000</u>

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

	2018 £	2017 £
Opening defined benefit obligation	4,317,000	3,076,000
Upon conversion	-	1,085,000
Current service cost	469,000	539,000
Interest cost	108,000	84,000
Employee contributions	68,000	75,000
Actuarial gains	(318,000)	(535,000)
Benefits paid	(61,000)	(7,000)
Closing defined benefit obligation	<u>4,583,000</u>	<u>4,317,000</u>

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

	2018 £	2017 £
Opening fair value of scheme assets	2,994,000	1,728,000
Upon conversion	-	613,000
Interest income	78,000	49,000
Actuarial losses	126,000	277,000
Employer contributions	219,000	259,000
Employee contributions	68,000	75,000
Benefits paid	(61,000)	(7,000)
Closing fair value of scheme assets	<u>3,424,000</u>	<u>2,994,000</u>

BRONTE ACADEMY TRUST

(A company limited by guarantee)

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

23. Operating lease commitments

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

	2018 £	2017 £
Amounts payable:		
Within 1 year	15,872	12,061
Between 1 and 5 years	25,784	15,227
Total	<u>41,656</u>	<u>31,688</u>

24. Members' liability

Each member of the academy trust undertakes to contribute to the assets of the academy trust 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.

25. Related party transactions

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

Rotherwood (1976) Limited is a related party due to the shareholding and directorship held by Joanne Pagdin who served as a trustee of the Bronte Academy Trust until her resignation on 1 September 2018.

The company has provided temporary supply staff to the trust to the value of £20,408 in the financial period.

In entering into the transactions above the trust has complied with the requirements of the Academies Financial Handbook 2017. Other related party transactions relating to trustees' remuneration and expenses are already disclosed in note 11.