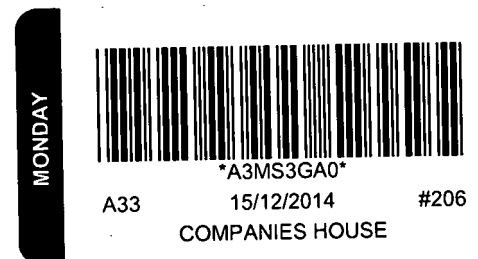


Broadway Academy Trust
(A Company Limited by Guarantee)
Annual Report and Financial Statements
For The Period From Incorporation On 17 May 2013 To 31 August
2014

Company Number : 08534233



Feltons
Chartered Accountants

Birmingham
B1 3JR

Broadway Academy Trust

(A Company Limited by Guarantee)

Report and financial statements

For The Period From Incorporation On 17 May 2013 To 31 August 2014

Contents	Page
Reference and administrative details	1
Trustees' report	2
Governance statement	7
Statement on regularity, propriety and compliance	9
Statement of Trustees' responsibilities	10
Independent Auditor's report on the financial statements	11
Independent Reporting Accountant's report on regularity	13
Statement of financial activities incorporating income & expenditure account	15
Balance sheet	16
Cash flow statement	17
Notes forming part of the financial statements, incorporating :	
Statement of accounting policies	18
Other notes to the financial statements	22

Broadway Academy Trust
(A Company Limited by Guarantee)

Reference and Administrative Details

Members	PC J Cahill Dr L Gies Mr R Holland * Mr S Hussain Mr K Smith *	Chair of Governing Body Chair of P & I Committee Vice Chair of Governing Body Chair of Finance Committee
Trustees	Mr A Aziz * Mr J Barton * Mr J Bryan Mr W Dagnan Ms S Grey Mr J Gordon * Mrs R Hill Mr A Hussain Mr R Skelton * Mr S Uddin	Staff Governor Appointed June 14 Staff Governor Head teacher * members of finance committee
Company secretary		Richard Freeth, Brown Jacobson
Senior management team	Head teacher Deputy Head teacher Deputy Head teacher Assistant Head teacher Assistant Head teacher Assistant Head teacher Assistant Head teacher Assistant Head teacher Assistant Head teacher Assistant Head teacher Assistant Head teacher Assistant Head teacher Assistant Head teacher Assistant Head teacher Assistant Head teacher	Mr R Skelton Mr G Stewart Mr D Chauhan Mr S Ahmed Mr J Barton Mrs K Basi Mrs S Chaggar Mrs S Cordon Mr A Khan Mr S Knight Mr S Knott Mrs A Maes-Prior Mr J Mound Mrs V Oki-Osi Mr P Rotheram
Responsible officer		Mr J McCullough SFS PO Box 16421 Birmingham, B2 2ZA
Principal and registered office		R Skelton Broadway Academy Trust The Broadway Perry Barr Birmingham B20 3DP
Company registration number		08534233
Independent auditor		Feltons 8 Sovereign Court 8 Graham Street Birmingham B1 3JR
Bankers		Lloyds Bank 2nd Floor, 125 Colmore Row Birmingham, B3 3SF
Solicitors		Browne Jacobson LLP Victoria Square House Victoria Square Birmingham, B2 4BU

Broadway Academy Trust (A Company Limited by Guarantee)

Trustees' report

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 17 May 2013 to 31 August 2014. The annual report serves the purposes of both a trustees' report and a directors' report under company law.

The trust operates an academy for pupils aged 11 to 19 serving a catchment area in Birmingham. It has a pupil capacity of 1250.

Structure, governance and management

Constitution

The Academy Trust is a company limited by guarantee and an exempt charity. The Charitable Company's memorandum and articles of association are the primary governing documents of the Academy Trust.

The Governors of Broadway Academy Trust are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as Broadway Academy Trust.

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

Members' liability

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

Trustees' indemnities

In accordance with normal commercial practice the Academy has purchased insurance to protect Governors' and Officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £1,000,000 on any one claim.

Method of recruitment and appointment or election of Trustees

Governors are appointed as and when vacancies arise or when individuals with required skills are identified.

The Articles of Association for Broadway Academy outline that the number of Governors shall be not less than three but (unless otherwise determined by ordinary resolution) shall not be subject to any maximum.

Governors are appointed or elected as defined by the Articles of Association as follows:

- There are five members who may appoint up to 1 Governor. Prior to agreeing appointment, members meet to discuss possible candidates who are then invited to attend a governing body meeting to give an overview of their background and the skills they can bring to the governing body.
- The Governing Body may appoint staff governors through such a process as they may determine, provided that the total number of Governors (including the Head teacher) who are employees of the Academy Trust does not exceed one third of the total number of Governors.
- The Parent Governors shall be elected by parents of registered pupils at the Academy. A Parent Governor must be a parent of a pupil at the Academy at the time when he/she is elected. The Governing Body shall make all necessary arrangements for, and determine all other matters relating to, an election of Parent Governors, including any question of whether a person is a parent of a registered pupil at the Academy. An election of Parent Governors which is contested shall be held by secret ballot.
- The Community Governors may be appointed by the Governing Body provided that the person who is appointed as a Community Governor is; a person who lives or works in the community served by the Academy or a person who, in the opinion of the Governing Body, is committed to the government and success of the Academy.
- The Governors may appoint up to 5 Co-opted Governors.

Broadway Academy Trust
(A Company Limited by Guarantee)

Trustees' report (continued)

Policies and procedures adopted for the induction and training of Trustees

When appointing Governors key consideration includes the personal and professional skills they will bring to the Governing Body. The Academy is committed to ensuring that all governors are provided with the information and support required to fulfil their role as a Governor. Governors are appointed to a four year term of office.

The Academy subscribes to the Local Authority Governor Support and Training Service and all Governors, new and existing are invited and encouraged to attend Induction training and other specific training in line with their needs and the Committees they serve. All Governors are also invited to attend in-house Governor training sessions delivered by other external sources at least once a year, covering a broad range of issues and topics.

Governors are encouraged to actively participate in the life of the Academy and regularly take the opportunity to visit the school to be involved in learning walks and meet with staff and students.

The Academy has undertaken a School Governors Skills Audit, enabling any skills gaps to be identified to be considered when recruiting Governors. The Academy has also successfully achieved the highest level GAP award (Governance Assessment Process Award).

In July 2014 the Academy undertook a detailed inspection for The Inclusion Quality Award and received an outstanding rating (Grade 1) for Governance.

All Governors have approved and signed a Code of Conduct, outlining the expectation, commitment, standards of conduct, behaviour and practice required of governors.

Organisational structure

The Governing Body has established committees and identifies Governors with the relevant skills to serve on each of the committees annually. The Committees report back to the full Governing Body. All Committees have approved terms of reference. The Committees for the period of the report are as follows:

- Finance & Premises
- Performance & Improvement
- Inclusion
- Head Teacher Performance Management
- HR & Salaries
- Admissions

The full Governing Body and each of the Committees' meet three times during each Academic Year, with additional meetings if required.

The Head teacher is the Accounting Officer and Governors have approved a scheme of financial delegation which clearly sets out the level of authority delegated to the Head teacher.

Risk Management

The Academy Trust has in place a formal risk register and policy which is reviewed annually by the Senior Leadership Team and Governing Body.

The risk register identifies the key areas of all risks the Academy could be subject to, identifying the likelihood of the risk occurring, the control measures in place, the impact and the actions required to reduce the risk. The categories of risk considered include premises and security, strategic and business, reputation and duty of care.

Connected organisations, including related party relationships

It is an annual requirement that all Staff and Governors must complete a Register of Interests declaration. No conflict of interests have been declared to the period ending 31st August 2014.

Objectives and activities

Objects and aims

The strategic goal of Broadway Academy is to provide a broad and balanced curriculum to all pupils in accordance with the Funding Agreement between the Academy Trust and the Department for Education.

Broadway Academy Trust
(A Company Limited by Guarantee)

Trustees' report (continued)

Objectives, strategies and activities

The following is a summary of the main areas of the school improvement strategy for the period of the report:

Leadership & Management

- Communication of the Academy vision, values and key priorities
- To ensure that all staff, including middle leaders are able to fulfil their role effectively and to support them with professional development opportunities to achieve this.
- To further strengthen the leadership at Broadway Academy by providing further professional development opportunities linked to the outcomes of the increasingly rigorous monitoring of leaders.
- Development of the Broadway/Make a difference leadership strategy.
- Embed the leadership console as a management tool for all staff and governors
- To continue to explore best practice in curriculum models to support higher rates of progress
- Explore further expansion of Broadway Academy Trust

Achievement

- To align key stage 3 attainment with national average and further improve attainment of Pakistani girls
- To improve EBACC performance
- To further improve attainment in the 6th Form
- To maintain outstanding progress of all pupils
- To ensure increased numbers of pupils exceed 4 levels of progress in Maths.
- To maintain outstanding achievement in progress for SEN and Pupil Premium students.
- To further improve the achievement of Able, Gifted & Talented students.

Quality of Teaching & Learning

- To ensure further improvement in the quality of teaching and learning in that 90% of teaching is at least good with increased numbers outstanding
- To further improve reading for understanding and literacy skills, with particular emphasis on oracy.
- To further improve the consistency of marking
- To ensure prompt intervention to support and challenge underperformance
- To further develop and embed the management console to improve lesson observation feedback

Behaviour & Safety

- All staff and students are fully committed to embedding the Academy ethos and values
- To embed the SLEUTH behaviour management system to support the tracking, monitoring and intervention of behavioural incidents.
- To ensure consistency across the Academy
- To raise the overall rate of student attendance to 92.5%

Public benefit

In setting our objectives and planning our activities, the Governing Body has given careful consideration to the Charity Commission's general guidance on public benefit.

Broadway Academy is an equal opportunity employer, and strives to give full and fair consideration to all applicants for employment, training and promotions, irrespective of disability, gender, race, colour or sexual orientation.

Strategic report

Achievements and performance

The Academy saw another year of excellent results, summarised as follows:

GCSE

- 5 A* -C 59.90%
- 5 A*-C with Maths and English 50.25%
- A*-C in English 60.91%
- A*-C in Maths 6.46%
- English Baccalaureate 18.78%

Post 16

- A Level A*-E 97%
- BTEC Pass 100%
- Level 3 A* - E 97%

Broadway Academy Trust
(A Company Limited by Guarantee)

Trustees' report (continued)

Key performance indicators

- Direct costs as a percentage of total costs were 73.2%
- Support costs as a percentage of total costs were 26.4%
- Total payroll costs as a percentage of recurring income were 72.9%

Going concern

After making appropriate enquiries, the board of governors' 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 concerning the adoption of the going concern basis can be found in the Statement of Accounting Policies.

Financial review

The financial results of Broadway Academy are detailed in the following pages. It is considered that the finances are sound and well established. The principal financial management policies adopted are laid down by the Finance Handbook for Academies published by the EFA and requirements as laid down by the Academy's Financial Handbook.

The principal funding source is grant income from the EFA. All expenditure of this grant income is planned to fulfil the objectives and strategies of the Academy.

During the period ended 31 August 2014 total resources expended were £10,599,841 and the surplus of income over expenditure was £19,909,221 which included depreciation of £160,309.

At 31 August 2014 the net book value of fixed assets was £20,878,130. The assets were used exclusively for providing the education and the associated support services to the pupils of Broadway Academy.

Reserves policy

The Trustees continually monitor the reserves of the Charitable Company. This process encompasses the nature of income and expenditure streams and the need to match commitments with income and nature of reserves.

It is the Governing Body's general policy to continue to build reserves which can be used for future educational purposes.

The deficit on the restricted pension fund of £1,681,000 arises from an actuarial deficit on the local government pension scheme which will be dealt with as advised by the actuary.

Investment policy

Any surplus funds are invested with Lloyds Bank in a fixed term deposit account. These investments are carried out in accordance with the powers vested in the Governing Body.

Principal risks and uncertainties

The Governors have considered the major risks and uncertainties facing the Charitable Company which include changes in legislation and regulations and cash flow management and have put in place procedures to deal with these matters.

Broadway Academy Trust
(A Company Limited by Guarantee)

Trustees' report (continued)

Plans for future periods

Over the coming twelve months the Academy aims to continue to further improve the progress and achievement of students at all levels and to continue to promote expectations that support our ethos and values.

The Academy Trust development plan and SEF outlines the objectives and targets for 2014 and how we plan to achieve them. This includes:

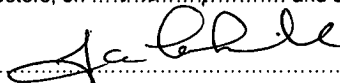
- To maintain the values of the Academy with all stakeholders
- To continue to explore further expansion of Broadway Academy Trust
- To further develop student leadership opportunities at all levels across the Academy
- To harness outstanding business links and work related opportunities into every year group and subject
- Maintain outstanding progress of all pupils within the bounds of national average and further improve attainment of Pakistani students and boys
- To develop Broadway Academy as a centre of excellence for elite athletes in conjunction with Governing bodies of sport and sporting organisations
- To review, design and implement a synthesized programme of development for curriculum and assessment.
- To further improve attainment at AS and A2 level
- To maintain outstanding achievement for SEN and Pupil Premium groups and reducing the gap in Pupil Premium and Non Pupil Premium students in Maths and English
- To continue to achieve that 90% of teaching is at least good or better.
- To further improve literacy skills, particularly oracy to support written skills
- To finalise the development of the management console to used as a tool in improving teaching and learning.
- To maintain staff consistency in relation to behaviour management strategies and promote the values and ethos of the Academy to all new staff through induction.

Auditor

Insofar as the Trustees are aware :

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

Trustees' report, incorporating a strategic report, approved by order of the board of trustees, as the company directors, on 4.12.14 and signed on its behalf by:



PC J Cahill - Chair of Trustees

Broadway Academy Trust
(A Company Limited by Guarantee)

Governance statement

Scope of Responsibility

As Trustees, we acknowledge we have overall responsibility for ensuring that Broadway Academy 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 Principal, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Broadway Academy 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 period. Attendance during the period at meetings of the board of trustees was as follows :

	Meetings attended	Out of a possible
Main board		
PC J Cahill (Chair)	4	4
Dr L Gies	1	4
Mr R Holland	4	4
Mr S Hussain	1	4
Mr K Smith	4	4
Mr A Aziz	3	4
Mr J Barton	3	4
Mr J Bryant	1	1
Mr W Dagnan	2	4
Ms S Grey	1	4
Mr J Gordon	3	4
Mrs R Hill	3	4
Mr A Hussain	3	4
Mr R Skelton (Head teacher/Accounting Officer)	4	4
Mr S Uddin	3	4
Finance committee		
Mr K Smith (Chair)	4	4
Mr R Skelton	4	4
Mr J Barton	4	4
Mr R Holland	3	4
Mr J Gordon	3	4

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Academy's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Broadway Academy for the period to 31 August 2014 and up to the date of approval of the annual report and financial statements.

Broadway Academy Trust
(A Company Limited by Guarantee)

Governance statement (continued)

Capacity to Handle Risk

The board of trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period to 31 August 2014 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- regular reviews by the Finance and General Purposes 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 governors has considered the need for a specific internal audit function and has appointed an Officer from Schools Financial Services as Responsible Officer. The RO's role includes giving advice on financial matters and performing a range of checks in the academy trust's financial systems. On a termly basis, the RO provides a report to the board of trustees on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

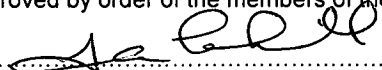
Review of Effectiveness

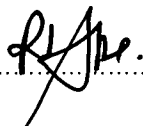
As Accounting Officer, the Head teacher has responsibility for reviewing the effectiveness of the system of internal control. During the period in question the review has been informed by:

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

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance and General Purposes Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on 4.12.14 and signed on its behalf by:

.....  PC J Cahill - Chair of Trustees

.....  R Skelton - Accounting Officer

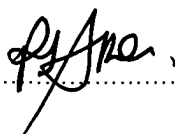
Broadway Academy Trust
(A Company Limited by Guarantee)

Statement on regularity, propriety and compliance

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

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.

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 the EFA.



..... R Skelton - Accounting Officer

5.12.14

..... Date

Broadway Academy Trust
(A Company Limited by Guarantee)

Statement of Trustees' Responsibilities

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

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

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

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

The trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring that grants received from the EFA/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 4.12.14 and signed on its behalf by:



PC J Cahill - Chair of Trustees

Broadway Academy Trust
(A Company Limited by Guarantee)

Independent Auditor's Report on the Financial Statements to the Board of Trustees of Broadway Academy

We have audited the financial statements of Broadway Academy Trust (A Company Limited by Guarantee) for the period ended 31 August 2014 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies: Accounts Direction 2013 issued by the Education Funding Agency.

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

Respective responsibilities of trustees and auditor

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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the academy's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the trustees to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements :

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2014, 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 in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2013 to 2014 issued by the Education Funding Agency.

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

Independent Auditor's Report on the Financial Statements to the Board of Trustees of Broadway Academy

(continued)

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the trustees for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept; 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.

Feltons

David W Farnsworth FCA (Senior Statutory Auditor)

For and on behalf of Feltons, Statutory Auditor

8 Sovereign Court

8 Graham Street

Birmingham B1 3JR

10 December 2014

Broadway Academy Trust
(A Company Limited by Guarantee)

Independent Reporting Accountant's Assurance Report on Regularity to Broadway Academy and the Education Funding Agency

In accordance with the terms of our engagement letter dated 9 July 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013 to 2014, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by the Broadway Academy Trust during the period 17 May 2013 to 31 August 2014 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 Broadway Academy Trust and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Broadway Academy Trust and the EFA 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 Broadway Academy Trust and the EFA, for our work, for this report, or for the conclusion we have formed.

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

The accounting officer is responsible, under the requirements of Broadway Academy Trust's funding agreement with the Secretary of State for Education dated 28 June 2013 and the Academies Financial Handbook, extant from 1 September 2013, 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 2013 to 2014. 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 17 May 2013 to 31 August 2014 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2013 to 2014 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw our conclusion includes :

- Consideration of the applicable legislation and the Academy Trust's Funding Agreement
- Review and evaluation of the academy trust's system of internal controls
- Examination and assessment of the Accounting Officer's statement on Regularity, Propriety and Compliance
- Examination, on a test basis, of third party evidence supporting income and expenditure
- Review of exceptional and unusual items

Broadway Academy Trust
(A Company Limited by Guarantee)

**Independent Reporting Accountant's Assurance Report on Regularity to Broadway Academy Trust
and the Education Funding Agency (continued)**

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 17 May 2013 to 31 August 2014 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



David W Farnsworth FCA (Senior Statutory Auditor)

For and on behalf of Feltons, Statutory Auditor

8 Sovereign Court

8 Graham Street

Birmingham B1 3JR

10 December 2014

Broadway Academy Trust
(A Company Limited by Guarantee)

Statement of financial activities for the period ended 31 August 2014
(including income and expenditure account and statement of total recognised gains and losses)

	Notes	Unrestricted funds £	Restricted pension fund £	Restricted general funds £	Restricted fixed asset funds £	Total 2014 £
Incoming resources						
<i>Incoming resources from generated funds:</i>						
Voluntary income - transfer from local authority on conversion	2	1,131,031	(1,386,000)	-	20,802,740	20,547,771
Activities for generating funds	3	165,477	-	-	-	165,477
Investment income	4	1,998	-	-	-	1,998
<i>Incoming resources from charitable activities:</i>						
Funding for the Academy's educational operations	5	-	-	9,770,022	23,794	9,793,816
Total incoming resources		1,298,506	(1,386,000)	9,770,022	20,826,534	30,509,062
Resources expended						
<i>Charitable activities:</i>						
Academy's educational operations	7	182,952	23,000	9,737,102	618,971	10,562,025
Governance costs	8	-	-	12,022	-	12,022
<i>Other resources expended :</i>						
Other costs on conversion		-	-	25,794	-	25,794
Total resources expended	6	182,952	23,000	9,774,918	618,971	10,599,841
Net incoming/(outgoing) resources before transfers		1,115,554	(1,409,000)	(4,896)	20,207,563	19,909,221
Gross transfers between funds	15	(366,537)	-	333,747	32,790	-
Net income/(expenditure) for the period		749,017	(1,409,000)	328,851	20,240,353	19,909,221
Other recognised gains and losses						
Actuarial gains/(losses) on defined benefit pension schemes	15, 24	-	(272,000)	-	-	(272,000)
Total funds carried forward at 31 August 2014		749,017	(1,681,000)	328,851	20,240,353	19,637,221

All of the Academy's activities derive from continuing operations during the above financial period.

Broadway Academy Trust
(A Company Limited by Guarantee)

Company Number : 08534233

Balance sheet as at 31 August 2014

	Notes	2014	
		£	£
Fixed assets			
Tangible assets	12		20,878,130
Current assets			
Debtors	13	297,787	
Cash at bank and in hand		949,179	
		<u>1,246,966</u>	
Liabilities			
Creditors: amounts falling due within one year	14(a)	<u>284,305</u>	
Net current assets			962,661
Total assets less current liabilities			<u>21,840,791</u>
Creditors: amounts falling due after more than one year	14(b)		(522,570)
			<u>21,318,221</u>
Pension scheme liability	24		(1,681,000)
Net assets including pension liability			<u><u>19,637,221</u></u>
Funds of the academy trust :			
Restricted funds			
Fixed asset fund	15	20,240,353	
General fund	15	328,851	
Pension reserve	15	<u>(1,681,000)</u>	
Total restricted funds			18,888,204
Unrestricted income funds			
General fund	15		749,017
Total funds			<u><u>19,637,221</u></u>

The financial statements on pages 15 to 37 were approved by the trustees, and authorised for issue on 4.12.14 and are signed on their behalf by:



PC J Cahill - Chair of Trustees

Broadway Academy Trust
(A Company Limited by Guarantee)

Cash flow statement for the period ended 31 August 2014

	Notes	2014 £
Net cash inflow from operating activities	19	(162,255)
Returns on investments and servicing of finance	20	1,998
Capital expenditure	21	(21,595)
Cash transferred on conversion to academy trust	26	1,131,031
Net funds at 31 August 2014	22	<u>949,179</u>

All of the cash flows are derived from acquisitions in the period.

Broadway Academy Trust
(A Company Limited by Guarantee)

Notes to the financial statements for the period ended 31 August 2014

1. Statement of accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice: Accounting and Reporting by Charities' ('SORP 2005'), the Academies Accounts Direction 2013 to 2014 issued by the EFA and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

Going concern

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The trustees make this assessment in respect of a period of one year from the date of approval of the financial statements.

Incoming resources

All incoming resources are recognised when the academy trust has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

- **Grants receivable**

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of entitlement of receipt its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the period for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund.

Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

- **Donations**

Donations are recognised on a receivable basis where there is certainty of receipt and the amount can be reliably measured.

- **Other income**

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the goods have been provided or on completion of the service.

Broadway Academy Trust
(A Company Limited by Guarantee)

Notes to the financial statements for the period ended 31 August 2014 (continued)

1. Statement of accounting policies (continued)

- **Donated services and gifts in kind**

The value of donated services and gifts in kind provided to the academy trust are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the academy trust can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of Financial Activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with academy trust's policies.

Conversion to academy trust

The conversion from a state maintained school to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for £nil consideration and has been accounted for under the acquisition method.

The assets and liabilities transferred on conversion from Broadway Academy to an academy trust have been valued at their fair value being a reasonable estimate of the current market value that the trustees would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set for Broadway Academy. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in voluntary income as net income / net expenditure in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds, restricted pension fund and restricted fixed asset funds. Details of the transaction are set out in note 26.

Resources expended

All expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

- **Costs of generating funds**

These are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

- **Charitable activities**

These are costs incurred in the academy trust's educational operations.

- **Governance costs**

These include the costs attributable to the academy trust's compliance with constitutional and statutory requirements, including audit, strategic management and trustees' meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

Broadway Academy Trust
(A Company Limited by Guarantee)

Notes to the financial statements for the period ended 31 August 2014 (continued)

1. Statement of accounting policies (continued)

Tangible fixed assets

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

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the academy trust's depreciation policy. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

The Academy acquired a number of assets from the predecessor school for which no payment was made. A notional donation of £20,802,740 has been recognised to represent their value at that date.

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

Long leasehold buildings	- straight line over 50 years
Fittings and equipment	- 10% straight line
Computer equipment	- 33% straight line

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

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.

Leased assets

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

Broadway Academy Trust
(A Company Limited by Guarantee)

Notes to the financial statements for the period ended 31 August 2014 (continued)

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.

Pension benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in note 24, the TPS is a multi-employer scheme and the academy trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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 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 gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

Fund accounting

Unrestricted income funds

These represent 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

These represent 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

These comprise all other restricted funds received with restrictions imposed by the funder and include grants from the Education Funding Agency and Department for Education.

Broadway Academy Trust
(A Company Limited by Guarantee)

Notes to the financial statements for the period ended 31 August 2014 (continued)

2. Voluntary income

	Unrestricted funds £	Restricted pension funds £	Restricted fixed asset funds £	Total 2014 £
Transfer from local authority				
- fixed assets	-	-	20,802,740	20,802,740
- other assets	20,401	-	-	20,401
- budget surplus on LA funds	1,110,630	-	-	1,110,630
- pension deficit	-	(1,386,000)	-	(1,386,000)
	<u>1,131,031</u>	<u>(1,386,000)</u>	<u>20,802,740</u>	<u>20,547,771</u>

Gifts in kind are net assets transferred on conversion from predecessor school.

3. Activities for generating funds

	Unrestricted funds £	Total 2014 £
Community Centre income	114,197	114,197
Educational visits	33,999	33,999
Miscellaneous	17,281	17,281
	<u>165,477</u>	<u>165,477</u>

4. Investment income

	Unrestricted funds £	Total 2014 £
Short term deposits	<u>1,998</u>	<u>1,998</u>

Broadway Academy Trust
(A Company Limited by Guarantee)

Notes to the financial statements for the period ended 31 August 2014 (continued)

5. Funding for the Academy Trust's educational operations

	Restricted general fund £	Restricted fixed asset funds £	Total 2014 £
DfE/EFA revenue grants			
General Annual Grant	8,832,806	-	8,832,806
Capital grants	-	23,794	23,794
Other DfE/EFA grants	837,029	-	837,029
	<u>9,669,835</u>	<u>23,794</u>	<u>9,693,629</u>
Other government grants			
Local authority grants	8,831	-	8,831
Other government funding	91,356	-	91,356
	<u>100,187</u>	<u>-</u>	<u>100,187</u>
	<u>9,770,022</u>	<u>23,794</u>	<u>9,793,816</u>

6. Resources expended

	Staff costs £	Non pay expenditure Premises £	Other costs £	Total 2014 £
Academy's educational operations				
Direct costs	6,289,494	554,511	916,965	7,760,970
Allocated support costs	979,579	1,197,667	623,809	2,801,055
	<u>7,269,073</u>	<u>1,752,178</u>	<u>1,540,774</u>	<u>10,562,025</u>
Governance costs including allocated support costs	-	-	12,022	12,022
Other costs on conversion	-	-	25,794	25,794
	<u>7,269,073</u>	<u>1,752,178</u>	<u>1,578,590</u>	<u>10,599,841</u>

£

Incoming/(outgoing) resources for the period include :

Operating leases	- plant and machinery	21,650
	- BSF contract	778,019
Fees payable to auditor	- audit	8,350
	- other services	<u>350</u>

Broadway Academy Trust
(A Company Limited by Guarantee)

Notes to the financial statements for the period ended 31 August 2014 (continued)

7. Charitable activities

	Unrestricted funds £	Restricted pension fund £	Other restricted funds £	Total 2014 £
Direct costs - educational operations				
Teaching and educational support staff	-	-	6,289,494	6,289,494
Depreciation	-	-	554,511	554,511
Technology costs	-	-	22,179	22,179
Educational supplies	42,398	-	200,082	242,480
Examination fees	-	-	120,863	120,863
Staff development	-	-	66,500	66,500
Educational consultancy	-	-	296,693	296,693
Other direct costs	-	-	168,250	168,250
	<u>42,398</u>	<u>-</u>	<u>7,718,572</u>	<u>7,760,970</u>
Allocated support costs - educational operations				
Support staff	47,270	23,000	909,309	979,579
Depreciation	-	-	64,460	64,460
Technology costs	-	-	785	785
Recruitment and support	-	-	118,895	118,895
Maintenance of premises and equipment	51,064	-	816,304	867,368
Rates and water	-	-	32,851	32,851
Energy costs	-	-	176,351	176,351
Insurance	-	-	51,976	51,976
Security and transport	-	-	12,702	12,702
Catering	-	-	176,760	176,760
Bank interest and charges	-	-	168	168
Other support costs	42,220	-	276,940	319,160
	<u>140,554</u>	<u>23,000</u>	<u>2,637,501</u>	<u>2,801,055</u>
Total direct and support costs	<u>182,952</u>	<u>23,000</u>	<u>10,356,073</u>	<u>10,562,025</u>

8. Governance costs

	Restricted funds £	Total 2014 £
Auditor's remuneration		
audit of financial statements	8,350	8,350
other audit costs	350	350
Support staff costs	3,322	3,322
	<u>12,022</u>	<u>12,022</u>

Broadway Academy Trust
(A Company Limited by Guarantee)

Notes to the financial statements for the period ended 31 August 2014 (continued)

9. Staff costs

a) Staff costs

Staff costs during the period were:

	Total 2014 £
Wages and salaries	5,714,811
Social security costs	448,583
Pension costs	
Teachers' pension scheme	579,435
Local government pension scheme	192,705
	<u>6,935,534</u>
Supply staff costs	333,539
	<u>7,269,073</u>

b) Staff numbers

The average number of persons (including senior management team) employed by the academy during the period expressed as full time equivalents was as follows:

	2014 Number
Charitable activities	
Teachers	88
Administration and support	64
Management	15
	<u>167</u>

c) Higher paid staff

The number of employees whose emoluments exceeded £70,000 for a 14 month period was :

£70,001 - £80,000	1
£110,001 - £120,000	1
	<u>2</u>

These employees participated in the Teachers' Pension Scheme. During the period ended 31 August 2014, employer's pension contributions for these employees amounted to £27,352.

10. Related Party Transactions - Trustees' remuneration and expenses

The principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff, and not in respect of their services as trustees. Other trustees did not receive any payments, other than expenses, from the academy trust in respect of their role as trustees.

Broadway Academy Trust
(A Company Limited by Guarantee)

Notes to the financial statements for the period ended 31 August 2014 (continued)

10. Related Party Transactions - Trustees' remuneration and expenses (continued)

The value of trustees' remuneration for the 14 month period was as follows :

R Skelton (principal and trustee)	£115,000 - £120,000
R Hill (staff trustee)	£45,000 - £50,000
J Barton (staff trustee)	£25,000 - £30,000

During the period ended 31 August 2014, travel and subsistence expenses totalling £1,828 were reimbursed to three trustees. Other related party transactions involving the trustees are set out in note 25.

11. Trustees' and officers' insurance

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £1,000,000 on any one claim and the cost for the period ended 31 August 2014 was £692. The cost of this insurance is included in the total insurance cost.

12. Tangible fixed assets

	Long leasehold property £	Fittings and equipment £	Computer equipment £	Total £
Cost or valuation				
Assets transferred on conversion at valuation	20,802,740	312,164	336,808	21,451,712
Other additions at cost	-	32,790	79,579	112,369
At 31 August 2014	<u>20,802,740</u>	<u>344,954</u>	<u>416,387</u>	<u>21,564,081</u>
Depreciation				
Charge for the period	<u>485,397</u>	<u>40,245</u>	<u>160,309</u>	<u>685,951</u>
At 31 August 2014	<u>485,397</u>	<u>40,245</u>	<u>160,309</u>	<u>685,951</u>
Net book values				
At 31 August 2014	<u>20,317,343</u>	<u>304,709</u>	<u>256,078</u>	<u>20,878,130</u>

Leasehold property was valued at 28 April 2014 by The Valuation Office Agency – DVS and the fittings and equipment and computer equipment were valued as at the same date by the trustees. The basis on which the valuations were made was depreciated replacement cost.

Broadway Academy Trust
(A Company Limited by Guarantee)

Notes to the financial statements for the period ended 31 August 2014 (continued)

12. Tangible fixed assets (continued)

Cost or valuation at 31 August 2014 is represented by :

	Long leasehold property £	Fittings and equipment £	Computer equipment £	Total £
Valuation in 2014	20,802,740	312,164	336,808	21,451,712
Cost	-	32,790	79,579	112,369
	<u>20,802,740</u>	<u>344,954</u>	<u>416,387</u>	<u>21,564,081</u>

The trust's acquisitions relating to land and buildings included the taking up of a leasehold on Broadway School for over a term of 125 years.

13. Debtors

	Total 2014 £
VAT recoverable	94,292
Prepayments and accrued income	170,599
Other debtors	<u>32,896</u>
	<u>297,787</u>

14. Creditors

	Total 2014 £
(a) Amounts falling due within one year :	
Accruals and deferred income	225,965
Other creditors	<u>58,340</u>
	<u>284,305</u>
 (b) Amounts falling due after more than one year :	
Other creditors	<u>522,570</u>

Other creditors includes amounts due to Birmingham City Council for obligations under BSF contracts. Broadway Academy Trust have agreed to pay the Council amounts for maintenance of buildings, ICT equipment and maintenance, and for capital and interest. The arrangements are for 8 years and 22 years for the ICT contract and FM contract respectively.

Broadway Academy Trust
(A Company Limited by Guarantee)

Notes to the financial statements for the period ended 31 August 2014 (continued)

15. Funds

	Incoming resources £	Resources expended £	Gains, losses and transfers £	Balance at 31 August 2014 £
Restricted general funds				
General Annual Grant (GAG)	8,832,806	(8,837,702)	333,747	328,851
Other DfE/EFA grants	837,029	(837,029)	-	-
Other government grants	100,187	(100,187)	-	-
	<u>9,770,022</u>	<u>(9,774,918)</u>	<u>333,747</u>	<u>328,851</u>
Restricted fixed asset funds				
Assets transferred on conversion	20,802,740	(485,397)	-	20,317,343
EFA capital grant	23,794	(4,851)	-	18,943
BSF contract	-	(124,897)	-	(124,897)
Capital expenditure from GAG	-	(3,826)	32,790	28,964
	<u>20,826,534</u>	<u>(618,971)</u>	<u>32,790</u>	<u>20,240,353</u>
Restricted pension funds				
Deficit on conversion	(1,386,000)	-	-	(1,386,000)
Net actuarial movements	-	(23,000)	(272,000)	(295,000)
	<u>(1,386,000)</u>	<u>(23,000)</u>	<u>(272,000)</u>	<u>(1,681,000)</u>
Total restricted funds	<u>29,210,556</u>	<u>(10,416,889)</u>	<u>94,537</u>	<u>18,888,204</u>
Unrestricted funds				
Assets transferred on conversion	1,131,031	-	(366,537)	764,494
Other income	167,475	(182,952)	-	(15,477)
Total unrestricted funds	<u>1,298,506</u>	<u>(182,952)</u>	<u>(366,537)</u>	<u>749,017</u>
Total funds	<u>30,509,062</u>	<u>(10,599,841)</u>	<u>(272,000)</u>	<u>19,637,221</u>

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

Restricted general funds

These comprise all restricted funds other than restricted fixed asset funds and include grants from The Education Funding Agency and Birmingham City Council.

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 2014.

The trust is carrying a net surplus of £328,851 on restricted general funds (excluding pension reserve) as at 31 August 2014.

Broadway Academy Trust
(A Company Limited by Guarantee)

Notes to the financial statements for the period ended 31 August 2014 (continued)

15. Funds (continued)

Unrestricted funds

These comprise resources that may be used towards meeting any of the charitable objects of the academy trust at the discretion of the trustees.

The trust is carrying a net surplus of £749,017 on unrestricted funds as at 31 August 2014.

Restricted fixed asset funds

These comprise resources which are to be applied to specific capital purposes imposed by The Education Funding Agency and Birmingham City Council where the asset acquired or created is held for a specific purpose.

16. Analysis of net assets between funds

Fund balances at 31 August 2014 are represented by:

	Unrestricted funds £	Restricted pension funds £	Restricted general funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets	-	-	-	20,878,130	20,878,130
Current assets	749,017	-	486,754	11,195	1,246,966
Current liabilities	-	-	(225,965)	(58,340)	(284,305)
	<u>749,017</u>	<u>-</u>	<u>260,789</u>	<u>20,830,985</u>	<u>21,840,791</u>
Creditors due after one year	-	-	1,681,000	(522,570)	1,158,430
Pension scheme liability	-	(1,681,000)	-	-	(1,681,000)
Total net assets	<u>749,017</u>	<u>(1,681,000)</u>	<u>1,941,789</u>	<u>20,308,415</u>	<u>21,318,221</u>

17. Capital commitments

There were no capital commitments at 31 August 2014.

18. Financial commitments

At 31 August 2014 the academy trust had annual commitments under non-cancellable operating leases as follows:

	Land and buildings Total 2014 £	Other Total 2014 £
Expiring within two to five years inclusive	-	24,449
Expiring in over five years	-	737,640
	<u>-</u>	<u>762,089</u>

Broadway Academy Trust
(A Company Limited by Guarantee)

Notes to the financial statements for the period ended 31 August 2014 (continued)

19. Reconciliation of net income to net cash inflow from operating activities	Total 2014 £
Net income/(expenditure)	19,909,221
Depreciation (note 12)	685,951
Capital grants from DfE and other capital income	(23,794)
Cash transferred on conversion to academy trust (note 26)	(1,131,031)
Assets transferred on conversion to academy trust (note 26)	(20,802,740)
Assets transferred under BSF contracts	(715,952)
Interest receivable (note 4)	(1,998)
FRS 17 pension deficit on conversion (note 26)	1,386,000
FRS 17 actuarial movements (note 24)	23,000
Increase in debtors	(297,787)
Increase in creditors	806,875
Net cash inflow from operating activities	(162,255)

20. Returns on investments and servicing of finance	Total 2014 £
Interest received	1,998
Net cash inflow from returns on investment and servicing of finance	1,998

21. Capital expenditure and financial investment	Total 2014 £
Purchase of tangible fixed assets	(45,389)
Capital grants from DfE	23,794
Net cash (outflow) from capital expenditure and financial investment	(21,595)

22. Analysis of changes in net funds	Cash flows £	At 31 August 2014 £
Cash at bank and in hand	949,179	949,179
	<u>949,179</u>	<u>949,179</u>

23. Member's liability

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

Broadway Academy Trust
(A Company Limited by Guarantee)

Notes to the financial statements for the period ended 31 August 2014 (continued)

24. Pension and similar obligations

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2004 and of the LGPS 31 March 2013.

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

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.

The Teachers' Pensions Regulations require an annual account to be kept of receipts and expenditure (including the cost of pensions increases). From 1 April 2001, the account has been credited with a real rate of return, which is equivalent to assuming that the balance in the account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pension Scheme

At the last valuation, the contribution rate to be paid into the TPS was assessed in two parts. First, a standard contribution rate (SCR) was determined. This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service. Secondly, a supplementary contribution is payable if, as a result of the actuarial review, it is found that accumulated liabilities of the account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions. The total contribution rate payable is the sum of the SCR and the supplementary contribution rate.

Broadway Academy Trust
(A Company Limited by Guarantee)

Notes to the financial statements for the period ended 31 August 2014 (continued)

24. Pension and similar obligations (continued)

The last valuation of the TPS related to the period 1 April 2001 to 31 March 2004. The Government Actuary's report of October 2006 revealed that the total liabilities of the Scheme (pensions in payment and the estimated cost of future benefits) amounted to £166,500 million. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at that valuation date) was £163,240 million. The assumed real rate of return was 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth was assumed to be 1.5%. The assumed gross rate of return was 6.5%. From 1 January 2007 the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable.

Valuation of the Teachers' Pension Scheme (continued)

The Public Service Pensions Bill provides for future scheme valuations to be conducted in accordance with Treasury directions. The actuarial valuation report in summer 2014 takes effect from September 2015.

Teachers' Pension Scheme Changes

Lord Hutton made recommendations in 2011 about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation with trade unions and other representative bodies. In March 2012 the Department for Education published proposals for the design for a reformed TPS.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to the State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Pension benefits built up before 1 April 2015 will be fully protected.

In addition, the proposed final agreement includes a Government commitment that those within 10 years of normal pension age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall up to three and a half years outside of the 10 year protection.

In his interim report of October 2010, Lord Hutton recommended that short-term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the Spending Review 2010 the Government announced an average increase of 3.2 percentage points on the contribution rates by 2014-15. The increases were to be phased in since April 2012 on a 40:80:100% basis.

Broadway Academy Trust
(A Company Limited by Guarantee)

Notes to the financial statements for the period ended 31 August 2014 (continued)

24. Pension and similar obligations (continued)

The Department for Education has continued to work closely with trade unions and other representative bodies to develop the reformatted Teachers' Pension Scheme and regulations giving effect to it came into force on 1 April 2014. Communications are being rolled out and the reformatted scheme will commence on 1 April 2015.

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The academy is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the academy has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2014 was £277,612, of which employer's contributions totalled £220,103 and employees' contributions totalled £57,509. The agreed contribution rates for future years are 13% for employers and 5.5% to 11.4% 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.

As described in note 1 the LGPS obligation relates to the employees of the academy trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the Scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy trust at the balance sheet date.

Principal actuarial assumptions

	At 31 August 2014
Rate of increase in salaries	3.95%
Rate of increase for pensions in payment / inflation	2.20%
Discount rate for scheme liabilities	4.00%
Inflation assumption (CPI)	2.20%

Broadway Academy Trust
(A Company Limited by Guarantee)

Notes to the financial statements for the period ended 31 August 2014 (continued)

24. Pension and similar obligations (continued)

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

	At 31 August 2014
Retiring today	
Males	22.9
Females	25.5
Retiring in 20 years	
Males	25.1
Females	27.8

Local Government Pension Scheme (continued)

The Academy's share of the assets and liabilities in the scheme and the expected rates of return were:

	Expected return at 31 August 2014	Fair value at 31 August 2014 £
Equities	7.00%	119,000
Government bonds	2.90%	21,000
Other bonds	3.80%	27,000
Property	6.20%	23,000
Cash	0.50%	12,000
Other	7.11%	63,000
Total market value of assets		265,000
Present value of scheme liabilities		
- Funded		(1,946,000)
Surplus/(deficit) in the scheme		(1,681,000)

The expected rate of return on the Scheme assets is based on market expectations at the beginning of the period.

The actual return on the Scheme assets was £12,000.

Broadway Academy Trust
(A Company Limited by Guarantee)

Notes to the financial statements for the period ended 31 August 2014 (continued)

24. Pension and similar obligations (continued)

	2014
	£
Amounts recognised in the statement of financial activities	
Current service cost (net of employee contributions)	164,000
Total operating charge	<u>164,000</u>
Analysis of pension finance income/(costs)	
Expected return on pension scheme assets	(6,000)
Interest on pension liabilities	85,000
Pension finance income/(costs)	<u>79,000</u>

The actuarial gains and losses for the current period are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a £272,000 loss.

Local Government Pension Scheme (continued)

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

	2014
	£
Current service cost	164,000
Interest cost	85,000
Employee contributions	58,000
Actuarial loss	277,000
Benefits/transfers paid	(24,000)
Business combinations	1,386,000
At 31 August 2014	<u>1,946,000</u>

Movements in the fair value of academy's share of scheme assets were as follows :

	2014
	£
Expected return on assets	6,000
Actuarial (loss)	5,000
Employer contributions	220,000
Employee contributions	58,000
Benefits/transfers paid	(24,000)
Business combinations	-
At 31 August 2014	<u>265,000</u>

Net pension scheme liability	<u>(1,681,000)</u>
-------------------------------------	---------------------------

The estimated value of employer contributions for the period ended 31 August 2015 is £149,000.

Broadway Academy Trust
(A Company Limited by Guarantee)

Notes to the financial statements for the period ended 31 August 2014 (continued)

24. Pension and similar obligations (continued)

The history of experience adjustments is as follows:

	2014 £
Present value of defined benefit obligations	(1,946,000)
Fair value of share of scheme assets	265,000
Deficit in the scheme	<u>(1,681,000)</u>
 Experience adjustments on share of scheme assets (£)	 <u>5,000</u>
 Experience adjustments on scheme liabilities (£)	 <u>-</u>

25. Related party transactions

Owing to the nature of the academy trust's operations 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 a trustee has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy trust's financial regulations and normal procurement procedures.

No related party transactions took place in the period of account.

26. Conversion to an academy trust

On 1 July 2013 Broadway Academy converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Broadway Academy Trust from Birmingham City Council for £nil consideration.

The transfer has been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as net income in the Statement of Financial Activities as voluntary income.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the SOFA.

Broadway Academy Trust
(A Company Limited by Guarantee)

Notes to the financial statements for the period ended 31 August 2014 (continued)

26. Conversion to an academy trust (continued)

	Unrestricted funds £	Restricted pension funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets				
Leasehold land and buildings		-	20,802,740	20,802,740
Budget surplus on LA funds	1,110,630	-	-	1,110,630
LGPS pension (deficit)		(1,386,000)	-	(1,386,000)
Other identified assets	20,401	-	-	20,401
Total net assets	<u>1,131,031</u>	<u>(1,386,000)</u>	<u>20,802,740</u>	<u>20,547,771</u>

The transfer agreement requires the company to run the academy known as Broadway Academy on the present site; transfers all property, undertakings, rights, assets whether tangible or intangible to the academy trust; and sets out the responsibilities of the academy with regards to the employees of the former local authority controlled school. The transfer included the lease of property for a period of 125 years.