

# Bolton and Farnworth Church of England Primary Multi Academy Trust

(A company limited by guarantee)

Annual Report and Financial Statements

for the period from 4 July 2016 to 31 August 2016



**HALLIDAYS**  
MORE THAN JUST ACCOUNTANTS

Hallidays  
Riverside House  
Kings Reach Business Park  
Yew Street  
Stockport  
SK4 2HD



# **Bolton and Farnworth Church of England Primary Multi Academy Trust**

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# **Bolton and Farnworth Church of England Primary Multi Academy Trust**

## **Reference and Administrative Details**

<b>Members</b>	Canon Matthew Thompson (appointed 4 July 2016) Reverend Robert Horrocks (appointed 4 July 2016 and resigned 31 December 2016) Neville Norcross (appointed 4 July 2016) Reverend Vincent Whitworth (appointed 16 February 2017)
<b>Trustees (Directors)</b>	Canon Matthew Thompson (appointed 4 July 2016) Archdeacon David Bailey (appointed 4 July 2016) Reverend Robert Horrocks (appointed 4 July 2016 and resigned 31 December 2016) Councillor John Walsh (appointed 4 July 2016) Christine Griffiths (appointed 4 July 2016) Sarfaz Hafeji (appointed 4 July 2016) Barbara Kinch (appointed 4 July 2016) Jill Pilling (appointed 4 July 2016) Gordon Pincott (appointed 4 July 2016) Reverend Moira Slack (appointed 4 July 2016) John Waring (appointed 4 July 2016) Evelyn Weston (appointed 4 July 2016)
<b>Senior Management Team</b>	Jill Pilling, Executive Principal Jackie Carter, Executive School Business Manager
<b>Principal and Registered Office</b>	Bishop Bridgeman Church of England Primary School Rupert Street Bolton Lancashire BL3 6PY
<b>Company Registration Number</b>	10261477
<b>Auditors</b>	Hallidays Riverside House Kings Reach Business Park Yew Street Stockport SK4 2HD 8 July 2016

# **Bolton and Farnworth Church of England Primary Multi Academy Trust**

## **Trustees' Report for the period from 4 July 2016 to 31 August 2016**

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the period ended 31 August 2016. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

### **Discussion on conversion to academy trust**

On 1 August 2016 Bishop Bridgeman CofE Primary School and St James CofE Primary School, Farnworth converted to academy trust status under the Academies Act 2010 and all the operations assets and liabilities were transferred to Bolton and Farnworth Church of England Primary Multi Academy Trust from Bolton Metropolitan Borough 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 in the Statement of Financial Activities as voluntary income.

### **Structure, governance and management**

#### ***Constitution***

The Academy Trust is a company limited by guarantee and is an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Academy Trust. The company was incorporated on 04 July 2016. The company registration number is 10261477.

The governors act as the trustees for the charitable activities of Bolton and Farnworth Church of England Primary Multi Academy Trust and are also the directors of the charitable company for the purposes of company law.

Details of the trustees who served throughout the year except as noted 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 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.

#### ***Trustees' indemnities***

Professional Indemnity Insurance is in place to protect trustees, and officers from claims arising from negligent acts, errors or omissions occurring on trust business.

#### ***Method of recruitment and appointment or election of Trustees***

Trustees are recruited by invitation, dependent on their expertise, experience and skills. Trustees may appoint other trustees as referenced in the Articles of Association and are appointed for a term of 4 years.

#### ***Policies and procedures adopted for the induction and training of Trustees***

New trustees are inducted into the workings of the academy, including policies and procedures, together with an appropriate training schedule depending upon their existing area of expertise.

## **Bolton and Farnworth Church of England Primary Multi Academy Trust**

### **Trustees' Report for the period from 4 July 2016 to 31 August 2016 (continued)**

#### ***Organisational structure***

The Trustees are responsible for: setting general policy, adopting an annual plan and budget, monitoring the trust by the use of financial management information, making strategic decisions about the direction of the trust and capital expenditure, making senior appointments, and approving the Annual Report and Statements. The Executive Principal is the accounting officer. The day to day management of the trust is delegated to her and the Senior Leadership Team. The Senior Leadership Team (SLT) consists of the Principal, Vice Principals, assistant Principals and Executive Business Manager. These managers control the trust at an executive level implementing the policies laid down by the Trustees and reporting back to them. As a group the SLT is responsible for the authorisation of spending within agreed budgets and the appointment of staff - though appointment boards for posts in the Senior Leadership Team always contain a trustee. Some spending control is devolved to members of the management team within agreed limits within the scheme of delegation. The Trustees meet at least each term with the first meeting in each academic year being the annual general meeting. Sub committees meet on at least a termly basis and report to the Trustees which ratifies their decisions. The Local Governing body committee meet every half term.

Roles and responsibilities of Trustees, and senior managers are clearly defined in the trust scheme of delegation.

#### ***Arrangements for setting pay and remuneration of key management personnel***

Staff that work across the Multi Academy Trust are paid within the Multi Academy Trust Pay Policy which is based on pupil numbers and successful completion of performance management targets.

Senior staff within the school will be paid according to the Local Authority pay policy and the National Teachers Pay and Conditions Document.

#### **Objectives and activities**

##### ***Objects and aims***

The main objectives of the Trust during the year ending 31 August 2016 are summarised below:

- To enable autonomous outstanding academies within the MAT framework
- To be recognised as a Trust with outstanding learning opportunities
- To raise aspirations to secure high levels of academic achievement
- To maintain and develop rigorous MAT wide school improvement programmes to support staff in raising achievement
- To ensure Governance together with ambitious and determined leadership, secure the best outcomes for our academy communities
- To develop strong leadership capacity within the MAT

##### ***Objectives, strategies and activities***

The Trust's main strategy is to establish a foundation to enable our MAT to fulfil its vision in terms of its mission, values and ethos; outstanding educational provision and sound finances. The Trust's approach to the strategy includes:

- Appointment of key staff
- Cost effective use of resources/ sharing of resources
- Securing economies of scale
- Strengthening Governance
- Staff CPD

## **Bolton and Farnworth Church of England Primary Multi Academy Trust**

### **Trustees' Report for the period from 4 July 2016 to 31 August 2016 (continued)**

#### ***Public benefit***

The trust's purpose is to advance, for public benefit, education as described in principal activities above. The trustees have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission in exercising their duties.

# **Bolton and Farnworth Church of England Primary Multi Academy Trust**

## **Trustees' Report for the period from 4 July 2016 to 31 August 2016 (continued)**

### **Strategic Report**

#### **Achievements and performance**

The MAT was only incorporated on 1st Aug and the reporting period is for 01/08/16 - 31/08/16 this is a limited report. A more detailed report will be published at the end of the next reporting period.

#### ***Going concern***

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

#### **Financial review**

Most of the trust income is obtained from the Education Funding Agency (EFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFA in the period ending 31 August 2016 and associated expenditure are shown as restricted funds in the Statement of Financial Activities. The Trust also received other grants from the EFA and other organisations. In accordance with the Charities Statement of Recommended Practice, Accounting and Reporting by Charities (SORP 2015), such grants are shown in the Statement of Financial Activities as restricted income in the restricted general fund and fixed asset fund. The restricted fixed asset fund balance is reduced by depreciation charges over the expected useful life of the assets concerned.

During the period ending 31 August 2016, total expenditure of £274,110 (which excludes depreciation of £9,106 and FRS102 service cost and interest of £2,000) was more than covered by recurrent grant income from the EFA together with other incoming resources which totalled £339,036. This is in line with the trust's strategy to build and maintain adequate reserves to fund an ambitious plan of future improvements and development of the organisation and its infrastructure. Unrestricted income in the period ending 31 August 2016 amounted to £325,251, which includes the transfer of funds on conversion amounting to £325,247. There was no unrestricted expenditure. At 31 August 2016 the net book value of fixed assets amounted to £5,419,474. Movements in fixed assets are shown in note 10 to the financial statements. There were no fixed asset additions in the period ended 31 August 2016, leasehold land and buildings along with furniture, equipment and computer equipment were recognised at fair value on the date of conversion, fair value amounted to £5,428,580.

#### ***Reserves policy***

The Trustees / trustees review the level of reserves on an annual basis. The review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of the reserves. The Trust's current level of free reserves (total reserves less the amounts held in the fixed asset reserve and restricted fund reserve) is £325,251. The amount is kept secure for the time when it is needed to self-finance a scheme of major capital projects.

It is the trustees intention to adopt a prudent approach to reserves and aim to build a reserve of designated funds to safeguard against unforeseen circumstances, capital improvements or developments, late EFA payments, emergencies and other catastrophes. This is sound commercial practice designed to safeguard the quality of education received within the trust.

In addition the net liability due to the trust's participation in the Local Government Pension Scheme (LGPS) amounts to £1,365,000. Parliament has agreed, at the request of the Secretary of State for Education, to guarantee that, in the event of academy closure, outstanding LGPS liabilities would be met by the Department for Education. This guarantee provides comfort to the Trustees / trustees in the unlikely event of academy closure.

## **Bolton and Farnworth Church of England Primary Multi Academy Trust**

### **Trustees' Report for the period from 4 July 2016 to 31 August 2016 (continued)**

#### **Strategic Report**

##### ***Investment policy***

Cash balances are safeguarded by investing them in an interest bearing current account and a deposit account with a sound commercial bank.

##### ***Principal risks and uncertainties***

The main risks are seen as:

- \* the loss of reputation resulting from a drop in standards and academic performance at the schools
- \* failure to safeguard our pupils
- \* falling numbers
- \* budgetary pressures brought about by reduced public sector education spending and funding formula changes
- \* pressures on growth which exceeds trust capacity
- \* lack of succession planning with Trust governance and leadership; and
- \* business interpretation due to significant property related incidents

Key controls in place to mitigate these risks are:

- \* In-depth, regular data analysis through Quality assurance Programme and external reviews.
- \* Annual school improvement plans at all Academies of the Trust
- \* An organisational structure with clearly defined roles, responsibilities and authorisation levels
- \* Robust self-evaluation procedures and careful monitoring of learning and teaching, linked to rigorous performance management
- \* Documented terms of reference for the committees of the Trust and the Local Governing Bodies
- \* Formal written and published policies for employees
- \* Vetting procedures as required by legislation for the protection of the vulnerable
- \* Robust due diligence procedures in place for growth of the Trust, new contracts and commissions
- \* Five year building and development plans for all sites
- \* Major Incident Policies and Plans
- \* Review cycle for Governance and regular training with expertise from the system to ensure leadership strategy is robust

##### ***Plans for future periods***

MAT School Improvement priorities for Bolton & Farnworth CE Primary Multi Academy Trust 2016-2017:-

- \* To be recognised by the DfE as high performing MAT with a clear vision for developing the academies in the MAT
- \* To increase educational standards/ performance through the sharing of resources.
- \* To strengthen central services to ensure we reduce annual operating costs
- \* To be recognised by Ofsted as having outstanding Governance across all academies by sharing experience
- \* To be recognised by the EFA as financially strong with balanced budgets and strong reserves so that on-going levels of staffing/ developments and projects can be implemented and sustained
- \* To have all academies judged as outstanding for personal development, behaviour and welfare
- \* To become the school of choice for pupils, parents and employees



## **Bolton and Farnworth Church of England Primary Multi Academy Trust**

### **Trustees' Report for the period from 4 July 2016 to 31 August 2016 (continued)**

#### **Auditor**

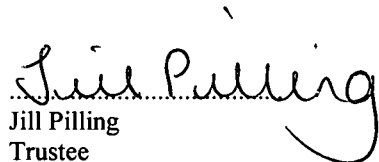
In so far as the Trustees are aware:

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

Trustees' Report, incorporating a Strategic Report, approved by order of the members of the Trust on 22 February 2017 and signed on its behalf by:



Canon Matthew Thompson  
Trustee



Jill Pilling  
Trustee

# **Bolton and Farnworth Church of England Primary Multi Academy Trust**

## **Governance Statement**

### **Statement on governance and internal control**

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The board of trustees/Trustees has not formally met during (August 2016) the period.

### **Scope of responsibility**

As trustees, we acknowledge we have overall responsibility for ensuring that Bolton and Farnworth Church of England Primary Multi 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 Trust has delegated the day-to-day responsibility to Jill Pilling, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Bolton and Farnworth Church of England Primary Multi Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the Trust any material weaknesses or breakdowns in internal control.

### **Governance reviews**

This is the first month of operation. Governance is reviewed as part of annual teaching and learning reviews.

As this the first month of operation of the academy there are no changes. The challenges have been securing a smooth conversion and ensuring EFA grant was paid and salaries paid.

### **Review of value for money**

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

The Accounting Officer considers how the trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where available. The Accounting Officer for the Academy Trust will report on the delivery on improved value for money in the next financial statements which will cover a full 12 months.

### **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 Bolton and Farnworth Church of England Primary Multi Academy Trust for the period ended 31 August 2016 and up to the date of approval of the annual report and financial statements.

### **Capacity to handle risk**

The Trust 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 Trust 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 period ending 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Trust.

# **Bolton and Farnworth Church of England Primary Multi Academy Trust**

## **Governance Statement (continued)**

### **The risk and control framework**

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Trust;
- 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 Trust has considered the need for a specific internal audit function and has decided:

- not to appoint an internal auditor. However the Trustees have appointed Hallidays as Responsible Officer

The Responsible Officer's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. There were no checks carried out in the period under review, a full programme has been agreed and will be reported on in the next financial statements.

On a termly basis, the Responsible Officer will report to the Trust on the operation of the systems of control and on the discharge of the Trust's financial responsibilities.

There were no material control or other issues reported by the Responsible Officer to date.

## **Bolton and Farnworth Church of England Primary Multi Academy Trust**

### **Governance Statement (continued)**


#### **Review of effectiveness**

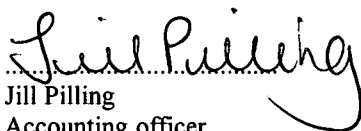
As Accounting Officer, Jill Pilling has responsibility for reviewing the effectiveness of the system of internal control. During the period in question the review has been informed by:

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

The Accounting Officer will be advised of the implications of the result of the reviews carried out by the responsible officer on the system of internal control by the Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system will be implemented.

Approved by order of the members of the Trust on 22 February 2017 and signed on its behalf by:

  
.....  
Canon Matthew Thompson  
Trustee

  
.....  
Jill Pilling  
Accounting officer  
Trustee

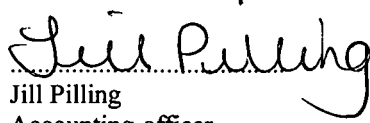
## **Bolton and Farnworth Church of England Primary Multi Academy Trust**

### **Statement on Regularity, Propriety and Compliance**

As Accounting Officer of Bolton and Farnworth Church of England Primary Multi Academy Trust I have considered my responsibility to notify the Academy Trust Trust 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 for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

I confirm that I and the Academy Trust Trust 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 2015.

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 Trust and EFA.



Jill Pilling  
Accounting officer

22 February 2017

## **Bolton and Farnworth Church of England Primary Multi Academy Trust**

### **Statement of Trustees' Responsibilities**

The Trustees (who are the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction published by the Education 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 apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards [FRS 102] have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

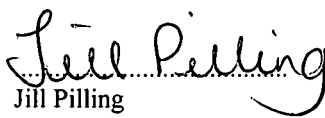
The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements 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 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 on 22 February 2017 and signed on its behalf by:

  
.....  
Canon Matthew Thompson  
Trustee

  
.....  
Jill Pilling  
Trustee

## **Bolton and Farnworth Church of England Primary Multi Academy Trust**

### **Independent Auditor's Report on the Financial Statements to the Members of Bolton and Farnworth Church of England Primary Multi Academy Trust**

We have audited the financial statements of Bolton and Farnworth Church of England Primary Multi Academy Trust for the period from 4 July 2016 to 31 August 2016, which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, Balance Sheet, Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the charitable company'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 charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of governors and auditors**

As explained more fully in the Statement of Trustees' Responsibilities (set out on page 12), the trustees (who are also the directors of the charitable company 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 (APB'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 charitable company'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 Annual Report 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 the 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 2016 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 the Academies Accounts Direction 2015 to 2016; and
- have been prepared in accordance with the requirements of the Companies Act 2006.
- have been prepared in accordance with the Charities SORP 2015 and Academies Accounts Direction 2015 to 2016

#### **Opinion on other matter prescribed by the Companies Act 2006**

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

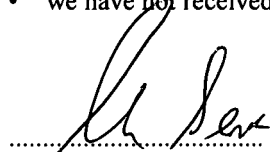
#### **Matters on which we are required to report by exception**

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:

**Bolton and Farnworth Church of England Primary Multi Academy Trust**

**Independent Auditor's Report on the Financial Statements to the Members of Bolton and Farnworth Church of England Primary Multi Academy Trust (continued)**

- 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.



Anna Bennett (Senior Statutory Auditor)  
For and on behalf of Hallidays, Statutory Auditor

Riverside House  
Kings Reach Business Park  
Yew Street  
Stockport  
SK4 2HD

Date: 22/02/17



## **Bolton and Farnworth Church of England Primary Multi Academy Trust**

### **Independent Reporting Accountant's Report on Regularity to Bolton and Farnworth Church of England Primary Multi Academy Trust and the Education Funding Agency**

In accordance with the terms of our engagement letter dated 8 July 2016 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Bolton and Farnworth Church of England Primary Multi Academy Trust during the period 4 July 2016 to 31 August 2016 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 the Trust and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we may state to the 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 the Trust and the EFA, for our work, for this report, or for the conclusion we have formed.

#### **Respective responsibilities of the Governing Body's accounting officer and the reporting accountant**

The Accounting Officer is responsible, under the requirements of the Trust's funding agreement with the Secretary of State for Education dated 27 July 2016 and the Academies Financial Handbook extant from 1 September 2015, 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 2015 to 2016. 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 from 4 July 2016 to 31 August 2016 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 2015 to 2016 issued by 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 to our conclusion includes:

- We have confirmed that the activities conform to the academy's framework of authorities. As identified by review of minutes, management accounts, discussion with the accounting officer and other key management personnel.
- We have carried out an analytical review as part of the consideration of whether general activities of the academy are within the academy's framework of authorities.
- We have considered the evidence supporting the accounting officer's statement on regularity, propriety and compliance and have evaluated the general control environment of the academy and extended the procedures required for financial statements to include regularity.

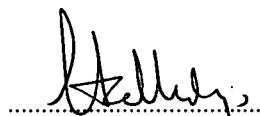
## **Bolton and Farnworth Church of England Primary Multi Academy Trust**

### **Independent Reporting Accountant's Report on Regularity to Bolton and Farnworth Church of England Primary Multi Academy Trust and the Education Funding Agency (continued)**

- We have assessed and tested a sample of the specific control activities over regularity of a particular activity. In performing sample testing of expenditure, we have considered whether the activity is permissible within the academy's framework of authorities. We confirm that each item tested has been appropriately authorised in accordance with the academy's delegated authorities and that the internal delegations have been approved by the governing body and conform to the limits set by the Department for Education.
- Formal representations have been obtained from the governing body and the accounting officer acknowledging their responsibilities including disclosing all non-compliance with laws and regulations specific to the authorising framework, access to accounting records, provision of information and explanations, and other matters where direct evidence is not available.
- In performing sample testing of expenditure, we have reviewed against specific terms of grant funding within the funding agreement. We have reviewed the list of suppliers and have considered whether supplies are from related parties and have reviewed minutes for evidence of declaration of interest, and whether or not there was involvement in the decision to order from this supplier.
- We have performed sample testing of other income and tested whether activities are permitted within the academy trust's charitable objects.

#### **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 from 4 July 2016 to 31 August 2016 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Hallidays

For and on behalf of Hallidays, Chartered Accountants

Riverside House  
Kings Reach Business Park  
Yew Street  
Stockport  
SK4 2HD

Date: 22/02/17

# Bolton and Farnworth Church of England Primary Multi Academy Trust

## Statement of Financial Activities for the Period from 4 July 2016 to 31 August 2016 (including Income and Expenditure Account)

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Pension Funds £	Restricted Fixed Asset Funds £	Total 2016 £
<b>Income and endowments from:</b>						
Transfer from local authority on conversion		325,247	-	(1,042,000)	5,428,580	4,711,827
<i>Charitable activities:</i>						
Funding for the Academy trust's educational operations	2	-	339,036	-	-	339,036
Investments	3	4	-	-	-	4
Total		325,251	339,036	(1,042,000)	5,428,580	5,050,867
<b>Expenditure on:</b>						
<i>Charitable activities:</i>						
Academy trust educational operations	5	-	274,110	2,000	9,106	285,216
Net income/(expenditure)		325,251	64,926	(1,044,000)	5,419,474	4,765,651
<b>Other recognised gains and losses</b>						
Actuarial gains on defined benefit pension schemes	20	-	-	(321,000)	-	(321,000)
Net movement in funds/(deficit)		325,251	64,926	(1,365,000)	5,419,474	4,444,651
<b>Reconciliation of funds</b>						
Total funds/(deficit) carried forward at 31 August 2016		325,251	64,926	(1,365,000)	5,419,474	4,444,651


# Bolton and Farnworth Church of England Primary Multi Academy Trust

(Registration number: 10261477)  
Balance Sheet as at 31 August 2016

	Note	31 August 2016 £
<b>Fixed assets</b>		
Tangible assets	10	5,419,474
<b>Current assets</b>		
Debtors	11	417,938
Cash at bank and in hand		73,015
		<u>490,953</u>
Creditors: Amounts falling due within one year	12	<u>(100,776)</u>
Net current assets		<u>390,177</u>
Total assets less current liabilities		<u>5,809,651</u>
Net assets excluding pension liability		5,809,651
Pension scheme liability	20	<u>(1,365,000)</u>
Net assets including pension liability		<u><u>4,444,651</u></u>
<b>Funds of the Academy:</b>		
<b>Restricted funds</b>		
Restricted general fund		64,926
Restricted fixed asset fund		5,419,474
Restricted pension fund		<u>(1,365,000)</u>
		4,119,400
<b>Unrestricted funds</b>		
Unrestricted general fund		<u>325,251</u>
Total funds		<u><u>4,444,651</u></u>

The financial statements on pages 17 to 37 were approved by the Trustees, and authorised for issue on 22 February 2017 and signed on their behalf by:

  
.....  
Canon Matthew Thompson  
Trustee

  
.....  
Jill Pilling  
Trustee

**Bolton and Farnworth Church of England Primary Multi Academy Trust**

**Statement of Cash Flows for the Period from 4 July 2016 to 31 August 2016**

	Note	31 August 2016 £
<b>Cash flows from operating activities</b>		
Net cash provided by operating activities	16	67,855
Cash transferred on conversion to an academy trust		5,156
Cash flows from investing activities	17	<u>4</u>
Change in cash and cash equivalents in the period		73,015
Cash and cash equivalents at 4 July		<u>-</u>
Cash and cash equivalents at 31 August	18	<u><u>73,015</u></u>

# **Bolton and Farnworth Church of England Primary Multi Academy Trust**

## **Notes to the Financial Statements for the Period from 4 July 2016 to 31 August 2016**

### **1 Accounting policies**

#### **Statement of accounting policies**

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

#### **Basis of preparation**

The financial statements of the Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

Bolton and Farnworth Church of England Primary Multi Academy Trust meets the definition of a public benefit entity under FRS 102.

#### **Conversion to an 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. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below.

The assets and liabilities transferred on conversion from to an Academy Trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in Donations - transfer from local authority on conversion in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds. Further details of the transaction are set out in the notes.

#### **Going concern**

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

#### **Income**

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

# **Bolton and Farnworth Church of England Primary Multi Academy Trust**

## **Notes to the Financial Statements for the Period from 4 July 2016 to 31 August 2016 (continued)**

### **1 Accounting policies (continued)**

#### ***Grants***

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

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

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

#### ***Sponsorship income***

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

#### ***Donations***

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

#### ***Other income***

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

#### ***Donated goods, facilities and services***

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

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

# **Bolton and Farnworth Church of England Primary Multi Academy Trust**

## **Notes to the Financial Statements for the Period from 4 July 2016 to 31 August 2016 (continued)**

### **1 Accounting policies (continued)**

#### **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.

All resources expended are inclusive of irrecoverable VAT.

#### ***Expenditure on raising funds***

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

#### ***Charitable activities***

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

#### **Tangible fixed assets**

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

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

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful lives, per the table below.

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.

<b>Asset class</b>	<b>Depreciation method and rate</b>
Leasehold land	125 years straight line
Leasehold buildings	50 years straight line
Fixtures, fittings and equipment	5 years straight line
Computer hardware	3 years straight line



## **Bolton and Farnworth Church of England Primary Multi Academy Trust**

### **Notes to the Financial Statements for the Period from 4 July 2016 to 31 August 2016 (continued)**

#### **1 Accounting policies (continued)**

##### **Liabilities**

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

##### **Provisions**

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

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

##### **Leased assets**

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

##### **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.

# **Bolton and Farnworth Church of England Primary Multi Academy Trust**

## **Notes to the Financial Statements for the Period from 4 July 2016 to 31 August 2016 (continued)**

### **1 Accounting policies (continued)**

#### **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. 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 the notes to the financial statements, 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 and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

#### **Fund accounting**

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Education Funding Agency/Department for Education/sponsor/other funders where the asset acquired or created is held for a specific purpose.

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

#### **Critical accounting estimates and areas of judgement**

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

# **Bolton and Farnworth Church of England Primary Multi Academy Trust**

## **Notes to the Financial Statements for the Period from 4 July 2016 to 31 August 2016 (continued)**

### **1 Accounting policies (continued)**

#### ***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 20, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31/08/2016. 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 Funding for the Academy Trust's educational operations**

	<b>Restricted funds £</b>	<b>Total 2016 £</b>
<b>DfE/EFA revenue grants</b>		
General Annual Grant (GAG)	239,235	239,235
Other DfE/EFA grants	93,968	93,968
	<u>333,203</u>	<u>333,203</u>
<b>Other government grants</b>		
Other Government Grants	5,833	5,833
Total grants	<u>339,036</u>	<u>339,036</u>

### **3 Investment income**

	<b>Unrestricted funds £</b>	<b>Total 2016 £</b>
Bank Interest	<u>4</u>	<u>4</u>

# **Bolton and Farnworth Church of England Primary Multi Academy Trust**

## **Notes to the Financial Statements for the Period from 4 July 2016 to 31 August 2016 (continued)**

### **4 Expenditure**

	<b>Non Pay Expenditure</b>			<b>Total 2016 £</b>
	<b>Staff costs £</b>	<b>Premises £</b>	<b>Other costs £</b>	
<b>Academy's educational operations</b>				
Direct costs	195,147	7,989	70	203,206
Allocated support costs	26,156	7,672	48,182	82,010
	<u>221,303</u>	<u>15,661</u>	<u>48,252</u>	<u>285,216</u>

**Net income/(expenditure) for the period includes:**

	<b>31 August 2016 £</b>
Operating lease rentals	2,258
Depreciation	9,106
Fees payable to auditor - audit	<u>7,500</u>

### **5 Charitable activities**

	<b>Total 2016 £</b>
Direct costs - educational operations	203,206
Support costs - educational operations	<u>82,010</u>
	<u>285,216</u>

	<b>Educational operations £</b>	<b>Total 2016 £</b>
<b>Analysis of support costs</b>		
Support staff costs	26,156	26,156
Depreciation	1,117	1,117
Technology costs	2,144	2,144
Premises costs	6,555	6,555
Other support costs	36,588	36,588
Governance costs	<u>9,450</u>	<u>9,450</u>
Total support costs	<u>82,010</u>	<u>82,010</u>

**Bolton and Farnworth Church of England Primary Multi Academy Trust**

**Notes to the Financial Statements for the Period from 4 July 2016 to 31 August 2016  
(continued)**

**6 Staff**

**Staff costs**

	<b>2016 £</b>
<b>Staff costs during the period were:</b>	
Wages and salaries	177,432
Social security costs	15,059
Operating costs of defined benefit pension schemes	<u>28,250</u>
	220,741
Staff restructuring costs	<u>563</u>
	<u><u>221,304</u></u>
	<b>2016 £</b>
<b>Staff restructuring costs comprise:</b>	
Redundancy payments	<u><u>563</u></u>

**Higher paid staff**

The number of employees whose emoluments exceeded £60,000 was:

	<b>31 August 2016 No</b>
£70,001 - £80,000	<u><u>1</u></u>
The above banding is based on 12 month period	

The key management personnel of the Academy Trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £15,005.

## **Bolton and Farnworth Church of England Primary Multi Academy Trust**

### **Notes to the Financial Statements for the Period from 4 July 2016 to 31 August 2016 (continued)**

#### **7 Central services**

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

- Finance

The trust charges for these services on the following basis:

- Allocated on a pupil number basis

The actual amounts charged during the year were as follows:

	<b>31 August 2016 £</b>
Bishop Bridgeman CE Primary School	4,350
St James CE Primary School	3,150
	<hr/> 7,500 <hr/>

#### **8 Related party transactions - trustees' remuneration and expenses**

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

Jill Pilling (Executive Principal):

Remuneration: £5,000 - £10,000

Employer's pension contributions: £0 - £5,000

During the period ended 31 August 2016, travel and subsistence expenses totalling £Nil were reimbursed or paid directly to 0 trustees.

Other related party transactions involving the trustees are set out in note 21.

#### **9 Trustees' and officers' insurance**

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

# **Bolton and Farnworth Church of England Primary Multi Academy Trust**

## **Notes to the Financial Statements for the Period from 4 July 2016 to 31 August 2016 (continued)**

### **10 Tangible fixed assets**

	<b>Leasehold land and buildings £</b>	<b>Furniture and equipment £</b>	<b>Computer equipment £</b>	<b>Total £</b>
<b>Cost</b>				
Inherited assets	<u>5,423,580</u>	<u>2,500</u>	<u>2,500</u>	<u>5,428,580</u>
At 31 August 2016	<u>5,423,580</u>	<u>2,500</u>	<u>2,500</u>	<u>5,428,580</u>
<b>Depreciation</b>				
Charge for the year	<u>8,995</u>	<u>42</u>	<u>69</u>	<u>9,106</u>
At 31 August 2016	<u>8,995</u>	<u>42</u>	<u>69</u>	<u>9,106</u>
<b>Net book value</b>				
At 31 August 2016	<u>5,414,585</u>	<u>2,458</u>	<u>2,431</u>	<u>5,419,474</u>

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

- A 125 year lease was entered into between the Trust and The Borough Council of Bolton on 28 July 2016 in respect of land. The transfer value of the leasehold land was ascertained through independent valuation.
- A supplemental agreement was entered into between the Trust and The Manchester Diocesan Board of Education on 28 July 2016 in respect of buildings. The transfer value of the leasehold buildings was ascertained through insurance valuation.

### **11 Debtors**

	<b>31 August 2016 £</b>
VAT recoverable	4,577
Prepayments	19,128
Accrued grant and other income	<u>394,233</u>
	<u>417,938</u>

# Bolton and Farnworth Church of England Primary Multi Academy Trust

## Notes to the Financial Statements for the Period from 4 July 2016 to 31 August 2016 (continued)

### 12 Creditors: amounts falling due within one year

	31 August 2016 £
Trade creditors	31,536
Other taxation and social security	43,974
Accruals	25,266
	<u>100,776</u>

### 13 Funds

	Incoming resources £	Resources expended £	Gains, losses and transfers £	Balance at 31 August 2016 £
<b>Restricted general funds</b>				
Other DfE/EFA Grants	43,967	(43,967)	-	-
General Annual Grant (GAG)	239,235	(174,309)	-	64,926
Other government grants/income	5,834	(5,834)	-	-
Start up grant	50,000	(50,000)	-	-
	<u>339,036</u>	<u>(274,110)</u>	-	64,926
<b>Restricted fixed asset funds</b>				
Assets transferred on conversion	5,428,580	(9,106)	-	5,419,474
<b>Restricted pension funds</b>				
Restricted pension fund	<u>(1,042,000)</u>	<u>(2,000)</u>	<u>(321,000)</u>	<u>(1,365,000)</u>
Total restricted funds	4,725,616	(285,216)	(321,000)	4,119,400
<b>Unrestricted funds</b>				
Unrestricted general funds	<u>325,251</u>	<u>-</u>	<u>-</u>	<u>325,251</u>
Total funds	<u>5,050,867</u>	<u>(285,216)</u>	<u>(321,000)</u>	<u>4,444,651</u>



# **Bolton and Farnworth Church of England Primary Multi Academy Trust**

## **Notes to the Financial Statements for the Period from 4 July 2016 to 31 August 2016 (continued)**

### **13 Funds (continued)**

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

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 the Education Funding Agency/Department for Education/sponsor/other funders where the asset acquired or created is held for a specific purpose.

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

### **Analysis of academies by fund balance**

Fund balances at 31 August 2016 were allocated as follows:

	<b>Total £</b>
Bishop Bridgeman CE Primary School	274,126
St James CE Primary School	<u>116,051</u>
Total before fixed assets and pension reserve	390,177
Assets transferred on conversion	5,419,474
Restricted pension fund	<u>(1,365,000)</u>
Total	<u><u>4,444,651</u></u>

### **Analysis of academies by cost**

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

	<b>Teaching and Educational Support Staff Costs £</b>	<b>Other Support Staff Costs £</b>	<b>Other Costs (excluding Depreciation) £</b>	<b>Total 2016 £</b>
Bishop Bridgeman CE Primary School	100,400	18,579	25,412	147,640
St James CE Primary School	<u>94,747</u>	<u>7,577</u>	<u>27,395</u>	<u>126,470</u>
Academy Trust	<u><u>195,147</u></u>	<u><u>26,156</u></u>	<u><u>52,807</u></u>	<u><u>274,110</u></u>

# Bolton and Farnworth Church of England Primary Multi Academy Trust

## Notes to the Financial Statements for the Period from 4 July 2016 to 31 August 2016 (continued)

### 14 Analysis of net assets between funds

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets	-	-	5,419,474	5,419,474
Current assets	325,251	165,702	-	490,953
Current liabilities	-	(100,776)	-	(100,776)
Pension scheme liability	-	(1,365,000)	-	(1,365,000)
Total net assets	<u>325,251</u>	<u>(1,300,074)</u>	<u>5,419,474</u>	<u>4,444,651</u>

### 15 Commitments under operating leases

#### *Operating leases*

At 31 August 2016 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	31 August 2016 £
Amounts due within one year	26,762
Amounts due between one and five years	<u>36,690</u>
	<u>63,452</u>

### 16 Reconciliation of net income to net cash inflow/(outflow) from operating activities

	31 August 2016 £
Net income	4,765,651
Depreciation	9,106
Interest receivable	(4)
Cash transferred on conversion to an academy trust	(5,156)
Defined benefit pension scheme obligation inherited	1,042,000
Defined benefit pension scheme finance cost	2,000
Inherited fixed assets	(5,428,580)
Increase in debtors	(417,938)
Increase in creditors	<u>100,776</u>
Net cash provided by Operating Activities	<u>67,855</u>

# **Bolton and Farnworth Church of England Primary Multi Academy Trust**

## **Notes to the Financial Statements for the Period from 4 July 2016 to 31 August 2016 (continued)**

### **17 Cash flows from investing activities**

	<b>31 August 2016 £</b>
Dividends, interest and rents from investments	<u>4</u>

### **18 Analysis of cash and cash equivalents**

	<b>At 31 August 2016 £</b>
Cash at bank and in hand	<u>73,015</u>
Total cash and cash equivalents	<u>73,015</u>

### **19 Members' liability**

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

### **20 Pension and similar obligations**

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

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

## **Bolton and Farnworth Church of England Primary Multi Academy Trust**

### **Notes to the Financial Statements for the Period from 4 July 2016 to 31 August 2016 (continued)**

#### **20 Pension and similar obligations (continued)**

##### **Valuation of the Teachers' Pension Scheme**

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014.

The key elements of the valuation and subsequent consultation are:

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

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS will be as at March 2016, 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 £15,250.

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

Under the definitions set out in Financial Reporting Standard 102 (FRS 102), the TPS is a multi-employer pension scheme. The Academy Trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Academy Trust has set out above the information available on the scheme.

##### **Local government pension scheme**

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2016 was £17,000, of which employer's contributions totalled £13,000 and employees' contributions totalled £4,000. The agreed contribution rates for future years are 29.8 per cent for employers and between 5.5 and 12.5 per cent for employees.

As described in the notes 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.

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.

# **Bolton and Farnworth Church of England Primary Multi Academy Trust**

## **Notes to the Financial Statements for the Period from 4 July 2016 to 31 August 2016 (continued)**

### **20 Pension and similar obligations (continued)**

#### **Principal actuarial assumptions**

	<b>At 31 August 2016 %</b>
Rate of increase in salaries	3.40
Rate of increase for pensions in payment/inflation	2.10
Discount rate for scheme liabilities	<u>2.10</u>

#### **Sensitivity analysis**

A sensitivity analysis for the principal assumptions used to measure scheme liabilities is set out below:

<b>Adjustment to discount rate</b>	<b>- 0.5</b>
	<b>£</b>
Present value of total obligation	<u>329,000</u>
	<b>+ 0.5</b>
<b>Adjustment to rate of inflation</b>	<b>£</b>
Present value of total obligation	<u>190,000</u>
	<b>+ 0.5</b>
<b>Adjustment to rate of salary growth</b>	<b>£</b>
Present value of total obligation	<u>128,000</u>
	<b>+ 1 Year</b>
<b>Adjustment to mortality age rating assumption</b>	<b>£</b>
Present value of total obligation	<u>68,000</u>

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

	<b>At 31 August 2016</b>
<b>Retiring today</b>	
Males retiring today	21.40
Females retiring today	24.00
<b>Retiring in 20 years</b>	
Males retiring in 20 years	24.00
Females retiring in 20 years	<u>26.60</u>

The Academy Trust's share of the assets and liabilities in the scheme were:

**Bolton and Farnworth Church of England Primary Multi Academy Trust**

**Notes to the Financial Statements for the Period from 4 July 2016 to 31 August 2016  
(continued)**

**20 Pension and similar obligations (continued)**

	<b>At 31 August 2016 £</b>
Equities	652,000
Bonds	154,000
Property	54,000
Cash	45,000
	<hr/>
Total market value of assets	905,000
	<hr/>
Surplus in the scheme	905,000
	<hr/>

The actual return on scheme assets was £2,000.

**Amounts recognised in the statement of financial activities**

	<b>31 August 2016 £</b>
Net interest cost	2,000
	<hr/>
Total operating charge	2,000
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**Changes in the present value of defined benefit obligations were as follows:**

	<b>31 August 2016 £</b>
Upon conversion	1,909,000
Current service cost	13,000
Interest cost	4,000
Employee contributions	4,000
Actuarial losses	340,000
	<hr/>
At 31 August	2,270,000
	<hr/>

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

	<b>31 August 2016 £</b>
Upon conversion	867,000
Interest income	2,000
Return on plan assets (excluding net interest on the net defined pension liability)	19,000
Employer contributions	13,000
Employee contributions	4,000
	<hr/>
At 31 August	905,000
	<hr/>

## **Bolton and Farnworth Church of England Primary Multi Academy Trust**

### **Notes to the Financial Statements for the Period from 4 July 2016 to 31 August 2016 (continued)**

#### **21 Related party transactions**

Owing to the nature of the Academy Trust and the composition of the board of governors being drawn from local public and private sector organisations, transactions may take place with organisations in which the Academy Trust 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.

There were no related party transactions in the period, other than certain trustees' remuneration and expenses already disclosed in note 8.

#### **22 Conversion to an academy trust**

On 1 August 2016 the Bishop Bridgeman CofE Primary School and St James CofE Primary School, Farnworth converted to academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Bolton and Farnworth Church of England Primary Multi Academy Trust from the Local Authority for £Nil consideration.

The transfer has been accounted for as a combination that is in substance a gift. 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 incoming resources in the Statement of Financial Activities as Donations - transfer from local authority on conversion.

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

	<b>Unrestricted fund £</b>	<b>Restricted general fund £</b>	<b>Restricted fixed asset fund £</b>	<b>Total £</b>
Tangible fixed assets				
Leasehold land and buildings	-	-	5,423,580	5,423,580
Other tangible fixed assets	-	-	5,000	5,000
Budget surplus on LA funds	325,247	-	-	325,247
LGPS pension deficit	-	(1,042,000)	-	(1,042,000)
Net assets/(liabilities)	<u>325,247</u>	<u>(1,042,000)</u>	<u>5,428,580</u>	<u>4,711,827</u>

The above net assets include £325,247 that were transferred as cash of which £320,091 is included in accrued income at 31 August 2016.