

Company Registration No. 07561574 (England and Wales)

**BENFLEET SCHOOLS TRUST**  
**(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT AND AUDITED ACCOUNTS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

# BENFLEET SCHOOLS TRUST

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# BENFLEET SCHOOLS TRUST

## REFERENCE AND ADMINISTRATIVE DETAILS

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<b>Trustees</b>	S Dignasse J Fryer P Hillman (Member, Chair) S Johnson (appointed 12 <sup>th</sup> July 2018) K Kerridge (Head Teacher) R Nolan C Purdy T Reynolds (Member)
<b>Members</b>	M Hillman P Hillman T Reynolds
<b>Senior management team</b>	K Kerridge - Head Teacher A Clarke - Deputy Head Teacher S Cox - Deputy Head Teacher A Cruse - Assistant Head Teacher to 31 <sup>st</sup> August 2018 J Gill - Assistant Head Teacher J Banks - Assistant Head Teacher to 31 <sup>st</sup> January 2018 S Mooney - Assistant Head Teacher S Bramwell – Assistant Head Teacher G Farrance - Business Manager
<b>Company Secretary</b>	A Wright (resigned 27 <sup>th</sup> September 2018) I Clark (appointed 27 <sup>th</sup> September 2018)
<b>Company registration number</b>	07561574 (England and Wales)
<b>Registered office</b>	c/o The Appleton School Croft Road Benfleet Essex SS7 5RN United Kingdom
<b>Independent auditor</b>	Baxter & Co Lynwood House Crofton Road Orpington Kent BR6 8QE
<b>Bankers</b>	Lloyds Bank PLC 10-20 Town Square Basildon SS14 1DU
<b>Solicitors</b>	Eversheds LLP One Wood Street London EC2V 7WS

# **BENFLEET SCHOOLS TRUST**

## **TRUSTEES' REPORT**

### **FOR THE YEAR ENDED 31 AUGUST 2018**

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The trustees present their annual report together with the accounts and independent auditor's report of the charitable company for the year ended 31 August 2018. The annual report serves the purposes of both a Trustees' Report, and a Directors' Report under company law.

The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the charitable company's Memorandum and Articles of Association, the Companies Act 2006, the Statement of Recommended Practice 2015, "Accounting and Reporting by Charities", and the Academies' Accounts Direction 2017/18 issued by the ESFA

The principal activity of the company is the operation of a state-funded Academy, The Appleton School, providing a state education for students aged 11 to 18 with a specialism in Business and Enterprise. It has a pupil roll of 1495 in the school census dated May 2018.

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

##### Constitution

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

The trustees of Benfleet Schools Trust are also the directors of the charitable company for the purposes of company law. Details of the trustees who served during the year are included in the Reference and Administrative Details on page 1.

The company operates as "The Appleton School".

##### 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

The Trust has not given any indemnities in respect of trustees.

##### Method of recruitment and appointment or election of directors

In accordance with the articles, the directors of the charitable company are the trustees. They are appointed as follows;

- a) Up to eight directors appointed by the Members;
- b) Minimum of two parent directors elected by parents; unless there are Local Governing Bodies which include at least two Parent Members;
- c) The Chief Executive Officer;
- d) Up to three Co-opted directors appointed by the Directors;
- e) Further directors may be appointed by the Secretary of State.

In respect of those appointed by the Members, ((a), above) when a vacancy arises, the Members seek to make an appointment that would maximise the relevant skills and experience on the board as a whole.

##### Policies and procedures adopted for the induction and training of directors (trustees)

The training and induction provided for new trustees will depend on their existing experience. Where necessary, induction will provide training in charity, educational, legal and financial matters. All trustees are provided with the information needed (including policies, minutes, budgets, etc) to undertake their role as directors. The Trust also purchases the Governor Training run by the local authority for members of the local governing body as required.

# BENFLEET SCHOOLS TRUST

## TRUSTEES' REPORT

### FOR THE YEAR ENDED 31 AUGUST 2018

#### Organisational structure

The Benfleet Schools Trust is a Multi Academy Trust. It operates with a Board of Directors of the Multi Academy Trust and a local governing body for The Appleton School. The directors of Benfleet Schools Trust are responsible for the strategic direction of the school, appointment of the local governing body and senior management of the school. They have delegated all other responsibilities to the local governing body. To enable them to carry out these duties the directors meet at least four times a year to consider the strategic priorities of the Trust. The local governing body meets at least three times a year and has two committees.

- Standards, Staffing and Curriculum
- Finance, Estates and General Purposes

Both committees are formally constituted with terms of reference and comprise appropriately qualified and experienced members.

Day to day management of the company is undertaken by the Head Teacher supported by the Leadership Team. The Head Teacher is the Accounting Officer.

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

The arrangements for setting the pay and remuneration of the key personnel are as follows:  
Head Teacher of The Appleton School salary is set by the Benfleet Schools Trust at Board level.  
Company Secretary of Benfleet Schools Trust salary is set by the Benfleet Schools Trust at Board level.  
All other key personnel have salaries approved and set by the local governing body pay committee.

#### **Trade Union Facility Time**

##### **Relevant union officials**

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
0	0

##### **Percentage of time spent on facility time**

Percentage of time	Number of Employees
0%	0
1% - 50%	0
51% - 99%	0
100%	0

##### **Percentage of pay bill spent on facility time**

Total Cost of facility time	£0
Total Pay bill	£6,216k
Percentage of the total pay bill spent on facility time	0%

##### **Paid trade union activities**

Time spent on paid trade union activities as a percentage of total paid facility time hours.	0%
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#### Related Parties and other Connected Charities and Organisations

Benfleet Schools Trust is a sponsor and member of Takely Education Trust which operates the state funded academy known as Woodlands School.

# **BENFLEET SCHOOLS TRUST**

## **TRUSTEES' REPORT**

***FOR THE YEAR ENDED 31 AUGUST 2018***

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### **Objectives and activities**

#### Objects and aims

The principal object of the company is the advancement of education in the United Kingdom. It achieves this object principally through the operation of The Appleton School, the aim being to provide the highest possible standard of education and pastoral care, maximising the life-chances of its students.

#### Objectives, strategies and activities

The principal object of the company is to advance for the public benefit, education in the United Kingdom. It achieves this object through the operation of The Appleton School, providing a state education, free of charge, to pupils aged 11 to 18.

#### Public benefit

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

### **Strategic report**

#### Achievements and performance

The school was judged to be outstanding by Ofsted in 2010 and 2013. Since then examination results have continued to rise. The school continues to have attainment well above national averages.

The school has also had many sporting successes at district and county level.

In terms of the National Business Challenge for Schools the school was runner up.

There are also many enrichment opportunities at The Appleton School including trips to France, Germany, Austria, Thailand, and America.

#### Key Financial Performance Indicators

No key financial performance indicators have been set by the directors, beyond the requirement that the financial position should remain sufficient to fund future needs. The principal performance measures are non-financial; these are largely educational and pastoral plus retention of an amount equal to 5% of the annual grant.

#### Other Key Performance Indicators

The Appleton School is outstanding. In 2018 71% achieved 9 - 4 in English and Maths. 99% of students gained 5GCSE's.

#### Going concern

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

# BENFLEET SCHOOLS TRUST

## TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2018

### Financial review

We receive our income from a number of different sources. The majority of our income comes from central government via the Education and Skills Funding Agency who provide us with grant, based largely on our student numbers to cover our staffing and other general running costs (General Annual Grant -GAG). The ESFA may provide us with additional grants which are earmarked for specific purposes (such as Pupil Premium which must be used to raise the attainment of disadvantaged pupils). These appear in the accounts as DfE/ESFA grants. Where we receive grant or other funding from the Local Authority (such as where we undertake responsibilities on their behalf in respect of our students) this appears in the accounts as Other government grants. Such income is collectively referred to as "Restricted Funds". Other income is received from parents (for example as contributions to trip or other costs) and from third parties (for example from our bank for interest on our account balances or from others who are charged for their use of our facilities). Such other income may be restricted or unrestricted, depending on whether it comes to us with conditions as to its use or whether it is available for spending at the discretion of the trustees.

We hold funds in two broad categories, funds which are available for spending and other funds which are not available for spending. Spendable funds are in turn sub-categorised between those which are available for spending at the discretion of trustees ("Unrestricted Funds") and those which are subject to condition or restriction, ("Restricted Funds").

Funds not available for spending include the book value of fixed assets such as land, buildings and equipment. These have a value and are therefore included as assets in the accounts but clearly, we cannot spend this value. In common with all academies and Local Authorities, our share of the Local Government Pension Scheme deficit must also be reflected in our accounts and as this is not a conventional liability, it does not need to be deducted from spendable funds. We meet our obligations in respect of the LGPS by paying over pension contributions due as calculated by the scheme's actuaries.

The following balances held were held at 31 August;

<b>Fund</b>	<b>Category</b>	<b>2018 £'000</b>	<b>2017 £'000</b>
GAG	Restricted General Funds	87	56
Other DfE/ESFA Grants	Restricted General Funds	13	8
Other Government Grants	Restricted General Funds	5	12
Other Income	Restricted General Funds	<u>89</u>	<u>207</u>
	<b>Sub-total      General Restricted Funds</b>	<b>194</b>	<b>283</b>
Unspent Capital Grants	Restricted Fixed Asset Fund	95	425
Capital Salix Loan	Restricted Fixed Asset Fund	(92)	(240)
Other Income	Unrestricted General Fund	<u>340</u>	<u>421</u>
	<b>Sub-Total              Spendable Funds</b>	<b>537</b>	<b>606</b>
Net Book Value of Fixed Assets	Restricted Fixed Asset Fund	13,513	13,829
Share of LGPS Deficit	Restricted Pension Reserve	<u>(2,868)</u>	<u>(3,224)</u>
	<b>Total                      All Funds</b>	<b><u>11,182</u></b>	<b><u>11,494</u></b>

During the year under review, there was a deficit of £(292k) (2017 : £(442k)) on general restricted funds, a surplus/(deficit) of £(81k) (2017 : £199k) on unrestricted funds and after actuarial gains, LGPS valuation adjustments, depreciation and capital income and expenditure, an overall deficit of £(312k) (2017 :£(390k)).

# **BENFLEET SCHOOLS TRUST**

## **TRUSTEES' REPORT**

### **FOR THE YEAR ENDED 31 AUGUST 2018**

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#### Reserves policy

Reserve levels are regularly monitored by Directors and Management to ensure that sufficient reserves are maintained to meet anticipated future needs while avoiding long term accumulation of excessive sums. A Reserves Policy of 5% of the annual General Income Grant has been approved by the Directors and will be reviewed annually.

#### Investment Policy

There are no investments held beyond cash deposits retained with the major UK clearing banks. Speculative investments are not permitted.

#### **Principal Risks and Uncertainties**

The Directors have assessed the major risks to which the Academy is exposed, in particular those relating to academic performance/finances/child welfare. The Directors have implemented a number of systems to assess risks that the Academy faces, and have developed policies and procedures to mitigate those risks. Where significant financial risk still remains they have ensured they have adequate insurance cover. The Academy has an effective system of internal financial controls and this is explained in more detail in the Governance Statement.

The risk management process has been codified in a risk register implemented by the Leadership Team and overseen by Directors. The major risks to which the academy trust is exposed are:

- Closure due to fall in student numbers
- Closure due to examination outcomes
- The academy falling into financial deficit
- Child protection failings
- 

Procedures to mitigate these risks:

- Academy heavily oversubscribed in 2018, 2017, and 2016 with over 900 (2017 & 2018), and 845 (2016) students applying for 270 places, Open Evenings are advertised in local papers and at Primary Schools.
- Examination outcomes and risks closely monitored by the Leadership Team, Trustees and external reviewers. Students are tracked closely to ensure that they make satisfactory progress.
- Regular monitoring of income and expenditure is undertaken by the Leadership Team and is reported to and overseen by the Finance, Estates and General Purposes committee.
- Regular risk assessments for trips, all staff subject to DBS checks, visitors are accompanied while on-site if not DBS checked and regular training is provided to staff on child protection issues.

#### Other Financial Risks

As the nature of the financial instruments dealt with by the company is relatively simple (bank balances, debtors and "trade" creditors), trustees consider the associated risk in this area to be minimal.

The risk resulting from the company's share of the LGPS deficit is managed by following the advice of the scheme's actuaries, specifically as regards the level of contributions payable, ensuring that annual budgets are drawn up to reflect the actuary's advice.

#### **Our fundraising practices**

The trust and individual academies within it organise fundraising events and appeals and co-ordinate the activities of our supporters both in the academies and in the wider community on behalf of the trust. The trust does not use professional fundraisers or involve commercial participants.

There have been no complaints about fundraising activity this year. The trust complies with the Fundraising Regulator's Code of Fundraising Practice. All fundraising is undertaken by the trust in a manner that seeks to ensure that it is not unreasonably intrusive or persistent. Contact is made through email, academy newsletters, our websites and via students. All fundraising material contains clear instructions on how a person can be removed from mailing lists.



# **BENFLEET SCHOOLS TRUST**

## **TRUSTEES' REPORT**

***FOR THE YEAR ENDED 31 AUGUST 2018***

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### **Plans for Future Periods**

- Governors wish to move to a PAN of 300 but this requires a capital build
- Permission has been granted by the Education and Skills Funding Agency to increase to 300 PAN but we are unable to do so without a capital bid
- Capital bid resubmitted in December 2016 to increase the number of general teaching spaces in the school but was unsuccessful. This will be resubmitted.
- Lagged impact of funding to be considered in budget planning.

### **Funds Held as Custodian Trustee on Behalf of Others**

The Academy is the "banker school" holding funds on behalf of the Benfleet Teaching School Alliance. At 31 August 2018 £363k (2017: £126k) remains unspent and is held within deferred income.

### **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.

Approved by order of the board of trustees on 10<sup>th</sup> December 2018 and signed on its behalf by:



.....  
P Hillman  
**Chair**

# BENFLEET SCHOOLS TRUST

## GOVERNANCE STATEMENT

**FOR THE YEAR ENDED 31 AUGUST 2018**

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### Scope of responsibility

As trustees we acknowledge we have overall responsibility for ensuring that Benfleet Schools Trust has an effective and appropriate system of control, financial and otherwise. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The board of trustees has delegated the day-to-day responsibility to K Kerridge, the Head Teacher, as Accounting Officer (AO), 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 Benfleet Schools Trust and the Secretary of State for Education. The AO is 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 four times during the year. Attendance during the year at meetings of the board of trustees was as follows:

<b>Trustees</b>	<b>Meetings attended</b>	<b>Out of possible</b>
S Dignasse	3	4
J Fryer	4	4
P Hillman (Member, Chair)	4	4
S Johnson	1	1
K Kerridge (Head Teacher)	4	4
R Nolan	1	4
C Purdy	3	4
T Reynolds (Member)	2	4

A Multi Academy Trust was established in February 2015 and became operational in April 2015. At Trust level the members include a recently retired head teacher to advise on educational matters and a chartered accountant to strengthen the financial oversight at trust level.

### Governance reviews:

- The annual review of Governors at local level has also taken place facilitated by the stepping down of one long serving governor. The school has now successfully appointed a governor with an extensive legal background.

The Finance, Estates and General Purposes Committee is a sub-committee of the Local Governing Body of The Appleton School to which the main board of trustees has delegated responsibility. Its purpose is:

- Regular monitoring of actual income and expenditure
- Review and recommendation of the annual budget
- Review the reports of the auditors on the effectiveness of the financial procedures and controls

Attendance at meetings of the Finance, Estates and General Purposes Committee during the year was as follows:

	<b>Meetings attended</b>	<b>Out of possible</b>
M Scott (Chair of Committee) resigned 26/6/2018	3	3
P Hillman	3	3
K Kerridge	3	3
S Warnes	2	3
G Webb	3	3
M Weale resigned 26/6/2018	2	3

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# **BENFLEET SCHOOLS TRUST**

## **GOVERNANCE STATEMENT**

**FOR THE YEAR ENDED 31 AUGUST 2018**

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### **Review of Value for Money**

As accounting officer the head teacher 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 has delivered improved value for money during the year by:

- The School has been judged as outstanding by OFSTED in its last two inspections thereby giving excellent value for money. In 2015 the school's GCSE results were particularly strong, increasing 8% on the previous year. In 2016 the results improved by a further 7% making the school the highest performing in the local area and one of the highest performing in Essex. The school's results place the school as either first or second on all examination indicators when comparing it with similar schools across the country. 2016 and 2017 results were the best in the history of the school suggesting excellent value for money. In 2018 attainment remained strong.

### **The purpose of the system of internal control**

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

### **Capacity to handle risk**

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

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

The 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, estates 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.

# **BENFLEET SCHOOLS TRUST**

## **GOVERNANCE STATEMENT**

**FOR THE YEAR ENDED 31 AUGUST 2018**

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The Board of Trustees has considered the need for a specific internal audit function and has appointed Baxter & Co to conduct a programme of internal assurance work. On a termly basis, Baxter & Co report to the Trustees on the operation of the systems of control and compliance checks carried out included:

- Testing of payroll systems
- Testing of purchases system
- Testing of control account/bank reconciliations
- Testing of compliance with some of the key regularity requirements within the ESFA's Academies Financial Handbook

The Governing Body are satisfied that the internal assurance function has been fully delivered in line with the Education and Skills Funding Agency's requirements. No material control issues have been notified to the Governors as a result of the RO's work.

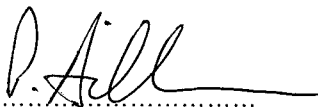
### **Review of effectiveness**

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

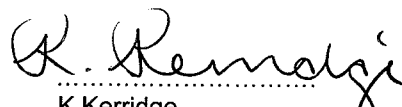
- the work of the responsible officer;
- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the Finance, Estates 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 board of trustees on 10<sup>th</sup> December 2018 and signed on its behalf by:



P Hillman  
Chair



K Kerridge  
Head Teacher & Accounting Officer

# **BENFLEET SCHOOLS TRUST**

## **STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE**

***FOR THE YEAR ENDED 31 AUGUST 2018***

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

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

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



K Kerridge  
**Accounting Officer**

10 December 2018

# **BENFLEET SCHOOLS TRUST**

## **STATEMENT OF TRUSTEES' RESPONSIBILITIES**

***FOR THE YEAR ENDED 31 AUGUST 2018***

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The trustees (who are also the directors of Benfleet Schools Trust for the purposes of company law) are responsible for preparing the Trustees' report and the Financial Statements in accordance with the Annual Accounts Direction issued by the Education & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

In preparing these Financial Statements, the Trustees are required to:

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

The 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 ESFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the Board of Trustees on 10 December 2018 and signed on its behalf by:



P Hillman  
Chair

# **BENFLEET SCHOOLS TRUST**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BENFLEET SCHOOLS TRUST**

**FOR THE YEAR ENDED 31 AUGUST 2018**

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### **Opinion**

We have audited the Financial Statements of Benfleet Schools Trust for the year ended 31 August 2018 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

In our opinion the Financial Statements:

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

### **Basis for opinion**

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

### **Conclusions relating to going concern**

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

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

### **Other information**

The other information comprises the information included in the annual report, other than the Financial Statements and our auditor's report thereon. The Trustees are responsible for the other information. Our opinion on the Financial Statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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# **BENFLEET SCHOOLS TRUST**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BENFLEET SCHOOLS TRUST (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2018**

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### **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the Trustees' report including the incorporated strategic report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements; and
- the Trustees' report including the incorporated strategic report have been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the Academy Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report, including the incorporated strategic report.

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

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

### **Responsibilities of Trustees**

As explained more fully in the statement of Trustees' responsibilities, the Trustees are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditor's responsibilities for the audit of the Financial Statements**

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

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



# **BENFLEET SCHOOLS TRUST**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BENFLEET SCHOOLS TRUST (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2018**

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### **Use of our report**

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



**David John Walsh FCCA (Senior Statutory Auditor)**

**For and on behalf of Baxter & Co**

**Statutory Auditor**

**Chartered Certified Accountants**

Lynwood House

Crofton Road

Orpington

Kent

BR6 8QE

Dated: 13 December 2018

# **BENFLEET SCHOOLS TRUST**

## **INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO BENFLEET SCHOOLS TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY**

***FOR THE YEAR ENDED 31 AUGUST 2018***

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In accordance with the terms of our engagement letter dated 1 November 2012 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Benfleet Schools Trust during the period 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Benfleet Schools Trust and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Benfleet Schools Trust and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Benfleet Schools Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

### **Respective responsibilities of Benfleet Schools Trust's accounting officer and the reporting accountant**

The Accounting Officer is responsible, under the requirements of Benfleet Schools Trust's funding agreement with the Secretary of State for Education dated 1 April 2011 and the Academies Financial Handbook, extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

### **Approach**

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

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

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

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

The work undertaken to draw to our conclusion includes:

- Review of payments to staff;
- Review of payments to suppliers and other third parties;
- Review of grant and other income streams;
- Review of some key financial control procedures;
- Discussions with finance staff;
- Consideration of the record maintained by the Accounting Officer of the oversight they have exercised;
- Consideration of the programme of risk review and checking of financial controls implemented by the trust in order to comply with its obligations under 2.4.9 of the Academies Financial Handbook 2017, issued by the ESFA.

# **BENFLEET SCHOOLS TRUST**

## **INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO BENFLEET SCHOOLS TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY (CONTINUED)**

***FOR THE YEAR ENDED 31 AUGUST 2018***

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### **Conclusion**

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



**Baxter & Co**  
**Independent Reporting Accountants**  
**Chartered Certified Accountants**  
Lynwood House  
Crofton Road  
Orpington  
Kent  
BR6 8QE

Dated: 13 December 2018

# BENFLEET SCHOOLS TRUST

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2018

	Notes	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total 2018 £'000	Total 2017 £'000
<b>Income and endowments from:</b>						
Donations and capital grants	3	10	-	30	40	314
Charitable activities:						
- Funding for educational operations	4	1	8,179	-	8,180	8,038
- Funding for teaching school	28	-	217	-	217	-
Other trading activities	5	22	39	-	61	148
Investments	6	1	-	-	1	4
<b>Total</b>		<b>34</b>	<b>8,435</b>	<b>30</b>	<b>8,499</b>	<b>8,504</b>
<b>Expenditure on:</b>						
Raising funds	7	8	64	-	72	77
Charitable activities:						
- Educational operations	9	107	8,446	627	9,180	8,949
- Teaching school	28	-	217	-	217	-
<b>Total</b>	<b>7</b>	<b>115</b>	<b>8,727</b>	<b>627</b>	<b>9,469</b>	<b>9,026</b>
<b>Net expenditure</b>		<b>(81)</b>	<b>(292)</b>	<b>(597)</b>	<b>(970)</b>	<b>(522)</b>
Transfers between funds	19	-	(98)	99	1	-
<b>Other recognised gains/(losses)</b>						
Actuarial gains on defined benefit pension schemes	21	-	657	-	657	132
<b>Net movement in funds</b>		<b>(81)</b>	<b>267</b>	<b>(498)</b>	<b>(312)</b>	<b>(390)</b>
<b>Reconciliation of funds</b>						
Total funds brought forward		421	(2,941)	14,014	11,494	11,884
Total funds carried forward		340	(2,674)	13,516	11,182	11,494

# BENFLEET SCHOOLS TRUST

## STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2018

### SUPPLEMENTARY NOTE: COMPARATIVE INFORMATION FOR THE YEAR ENDED 31 AUGUST 2017

	Notes	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total 2017 £'000
<b>Income and endowments from:</b>					
Donations and capital grants	3	15	-	299	314
Charitable activities:					
- Funding for educational operations	4	90	7,948	-	8,038
Other trading activities	5	105	43	-	148
Investments	6	4	-	-	4
<b>Total</b>		<u>214</u>	<u>7,991</u>	<u>299</u>	<u>8,504</u>
<b>Expenditure on:</b>					
Raising funds	7	12	65	-	77
Charitable activities:					
- Educational operations	9	3	8,368	578	8,949
<b>Total</b>	7	<u>15</u>	<u>8,433</u>	<u>578</u>	<u>9,026</u>
<b>Net income/(expenditure)</b>		199	(442)	(279)	(522)
Transfers between funds	19	-	(189)	189	-
<b>Other recognised gains/(losses)</b>					
Actuarial gains on defined benefit pension schemes	21	-	132	-	132
<b>Net movement in funds</b>		199	(499)	(90)	(390)
<b>Reconciliation of funds</b>					
Total funds brought forward		<u>222</u>	<u>(2,442)</u>	<u>14,104</u>	<u>11,884</u>
Total funds carried forward		<u>421</u>	<u>(2,941)</u>	<u>14,014</u>	<u>11,494</u>

# BENFLEET SCHOOLS TRUST

## BALANCE SHEET

AS AT 31 AUGUST 2018

		2018		2017	
	Notes	£'000	£'000	£'000	£'000
<b>Fixed assets</b>					
Tangible assets	13		13,513		13,829
<b>Current assets</b>					
Stocks	14	18		10	
Debtors	15	152		359	
Cash at bank and in hand		1,068		1,149	
		<u>1,238</u>		<u>1,518</u>	
<b>Current liabilities</b>					
Creditors: amounts falling due within one year	16	(629)		(544)	
<b>Net current assets</b>			609		974
<b>Total assets less current liabilities</b>			14,122		14,803
Creditors: amounts falling due after more than one year	17		(72)		(85)
<b>Net assets excluding pension liability</b>			14,050		14,718
Defined benefit pension scheme liability	21		(2,868)		(3,224)
<b>Total net assets</b>			<u>11,182</u>		<u>11,494</u>
<b>Funds of the Academy Trust:</b>					
<b>Restricted funds</b>	19				
- Fixed asset funds			13,516		14,014
- Restricted income funds			194		283
- Pension reserve			(2,868)		(3,224)
<b>Total restricted funds</b>			10,842		11,073
<b>Unrestricted income funds</b>	19		340		421
<b>Total funds</b>			<u>11,182</u>		<u>11,494</u>

The Financial Statements on pages 18 to 45 were approved by the Trustees and authorised for issue on 10 December 2018 and are signed on their behalf by:



P Hillman  
Chair

Company Number 07561574

# BENFLEET SCHOOLS TRUST

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2018

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	Notes	2018 £'000	£'000	2017 £'000	£'000
<b>Cash flows from operating activities</b>					
Net cash provided by/(used in) operating activities	22		190		(16)
<b>Cash flows from investing activities</b>					
Dividends, interest and rents from investments		1		4	
Capital grants from DfE Group		30		299	
Purchase of tangible fixed assets		(289)		(538)	
<b>Net cash used in investing activities</b>			(258)		(235)
<b>Cash flows from financing activities</b>					
Long term loan		(13)		105	
<b>Net cash (used in)/provided by financing activities</b>			(13)		105
<b>Net decrease in cash and cash equivalents in the reporting period</b>			(81)		(146)
Cash and cash equivalents at beginning of the year			1,149		1,295
<b>Cash and cash equivalents at end of the year</b>			<u>1,068</u>		<u>1,149</u>

# BENFLEET SCHOOLS TRUST

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 AUGUST 2018

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#### 1 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.

##### 1.1 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 Financial Statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Benfleet Schools Trust meets the definition of a public benefit entity under FRS 102.

##### 1.2 Going concern

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

##### 1.3 Income

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

###### Grants 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 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 period for which it is receivable, and any abatement in respect of the period is deducted from income and recognised as a liability.

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

###### 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.



# BENFLEET SCHOOLS TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2018

---

#### 1 Accounting policies

##### 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'.

##### Donated fixed assets

Donated fixed assets are measured at fair value unless it is impractical to measure this reliably, in which case the cost of the item to the donor is 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.

#### 1.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

##### Expenditure on raising funds

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

##### Charitable activities

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

##### Governance costs

These include the costs attributable to the Academy Trust's compliance with constitutional and statutory requirements, including audit, strategic management, Trustees' meetings and reimbursed expenses.

# BENFLEET SCHOOLS TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2018

---

#### 1 Accounting policies

##### 1.5 Tangible fixed assets and depreciation

Assets costing £5,000 or more per item (or less if they form part of a larger purchase or project where the total cost exceeds £25,000) 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.

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:

Freehold land is not depreciated

Freehold buildings	2% Straight Line
Computer equipment	20% Straight Line
Fixtures, fittings & equipment	10% - 15% Straight Line
Motor vehicles	10% Straight Line

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.

##### 1.6 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.

##### 1.7 Leased assets

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

##### 1.8 Financial instruments

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

###### Financial assets

Trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments.

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

# **BENFLEET SCHOOLS TRUST**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### **FOR THE YEAR ENDED 31 AUGUST 2018**

---

#### **1 Accounting policies**

##### Financial liabilities

Trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost. Taxation and social security are not included in the financial instruments disclosure definition.

Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

#### **1.9 Stock**

Stock is valued at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less further costs to completion and disposal. Provision is made for obsolete and slow moving stock.

#### **1.10 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.

#### **1.11 Pensions benefits**

Retirement benefits to employees of the Academy Trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes 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 quadrennial valuations using a prospective unit credit method. The TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions are recognised in the period to which they relate.

The LGPS is a funded multi-employer scheme and the assets are held separately from those of the Academy Trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each 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.

#### **1.12 Fund accounting**

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

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

# BENFLEET SCHOOLS TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2018

#### 1 Accounting policies

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

#### 1.13 Agency arrangements

Where the Academy Trust acts as agent in collecting and / or distributing from the ESFA or others, and subsequent disbursements are excluded from the Statement of Financial Activities as the Trust does not have control over charitable application of the funds. The funds received and paid, and any balances held are disclosed in note 27.

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

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

##### Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

##### Critical areas of judgement

In preparing these Financial Statements, the Trustees have not needed to exercise any subjective judgements that would be critical to the Academy Trust's Financial Statements.

#### 3 Donations and capital grants

	Unrestricted funds £'000	Restricted funds £'000	Total 2018 £'000	Total 2017 £'000
Capital grants	-	30	30	299
Other donations	10	-	10	15
	<u>10</u>	<u>30</u>	<u>40</u>	<u>314</u>

# BENFLEET SCHOOLS TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

### 4 Funding for the Academy Trust's educational operations

	Unrestricted funds £'000	Restricted funds £'000	Total 2018 £'000	Total 2017 £'000
<b>DfE / EFA grants</b>				
General annual grant (GAG)	-	7,038	7,038	6,966
Other DfE / EFA grants	-	310	310	291
	<u>-</u>	<u>7,348</u>	<u>7,348</u>	<u>7,257</u>
<b>Other government grants</b>				
Local authority grants	-	98	98	108
	<u>-</u>	<u>98</u>	<u>98</u>	<u>108</u>
<b>Other funds</b>				
Other incoming resources	1	733	734	673
	<u>1</u>	<u>733</u>	<u>734</u>	<u>673</u>
<b>Total funding</b>	<u>1</u>	<u>8,179</u>	<u>8,180</u>	<u>8,038</u>

### 5 Other trading activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2018 £'000	Total 2017 £'000
Hire of facilities	22	-	22	105
Transport income	-	39	39	43
	<u>22</u>	<u>39</u>	<u>61</u>	<u>148</u>

### 6 Investment income

	Unrestricted funds £'000	Restricted funds £'000	Total 2018 £'000	Total 2017 £'000
Short term deposits	1	-	1	4
	<u>1</u>	<u>-</u>	<u>1</u>	<u>4</u>

# BENFLEET SCHOOLS TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

### 7 Expenditure

	Staff costs £'000	Non Pay Expenditure Premises £'000	Other £'000	Total 2018 £'000	Total 2017 £'000
Expenditure on raising funds					
- Direct costs	2	-	70	72	77
Academy's educational operations					
- Direct costs	5,622	485	879	6,986	6,879
- Allocated support costs	1,053	610	531	2,194	2,070
Teaching school					
- Direct costs	-	-	160	160	-
- Allocated support costs	-	-	57	57	-
	<u>6,677</u>	<u>1,095</u>	<u>1,697</u>	<u>9,469</u>	<u>9,026</u>

#### Net income/(expenditure) for the year includes:

	2018 £'000	2017 £'000
Fees payable to auditor for:		
- Audit	8	9
- Other services	8	8
Operating lease rentals	13	20
Depreciation of tangible fixed assets	605	578
Net interest on defined benefit pension liability	81	66
	<u>815</u>	<u>781</u>

Included within expenditure are the following transactions:

	2018 £
Gifts made by the Academy Trust - total	<u>1,474</u>

Clarification - While the majority of disclosure in these accounts are rounded to £'000, disclosure of gifts made are not. The value of gifts made for the year was £1,474 (and not £1,474k).

### 8 Central services

The company's Articles of Association enable it to operate as a Multi Academy Trust. No new academies joined the trust during the year, therefore all of the above expenditure relates exclusively to The Appleton School. On this basis, no central services were charged during the year.

# BENFLEET SCHOOLS TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

### 9 Charitable activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2018 £'000	Total 2017 £'000
<b>Direct costs</b>				
Educational operations	-	6,986	6,986	6,879
Teaching school	-	160	160	-
<b>Support costs</b>				
Educational operations	107	2,087	2,194	2,070
Teaching school	-	57	57	-
	<u>107</u>	<u>9,290</u>	<u>9,397</u>	<u>8,949</u>
<b>Analysis of costs</b>				
	Teaching School £'000	Educational operations £'000	Total 2018 £'000	Total 2017 £'000
<b>Direct costs</b>				
Teaching and educational support staff costs	-	5,622	5,622	5,614
Staff development	-	22	22	22
Depreciation	-	485	485	462
Technology costs	-	129	129	93
Educational supplies and services	160	357	517	347
Examination fees	-	138	138	121
Educational consultancy	-	19	19	40
Other direct costs	-	214	214	180
	<u>160</u>	<u>6,986</u>	<u>7,146</u>	<u>6,879</u>
<b>Support costs</b>				
Support staff costs	-	833	833	757
Defined benefit pension scheme - staff costs (FRS102 adjustment)	-	220	220	164
Depreciation	-	120	120	116
Maintenance of premises and equipment	-	125	125	176
Cleaning	-	138	138	128
Energy costs	-	132	132	125
Rent, rates and other occupancy costs	-	55	55	48
Insurance	-	40	40	35
Catering	-	225	225	218
Defined benefit pension scheme - finance costs (FRS102 adjustment)	-	81	81	66
Other support costs	57	156	213	169
Governance costs	-	69	69	68
	<u>57</u>	<u>2,194</u>	<u>2,251</u>	<u>2,070</u>

# BENFLEET SCHOOLS TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

### 10 Staff

#### Staff costs

Staff costs during the year were:

	2018 £'000	2017 £'000
Wages and salaries	4,943	4,975
Social security costs	479	486
Pension costs	794	803
Defined benefit pension scheme - staff costs (FRS102 adjustment)	220	164
Staff costs	6,436	6,428
Agency staff costs	241	110
Total staff expenditure	6,677	6,538

#### Staff numbers

The average number of persons employed by the Academy Trust during the year was as follows:

	2018 Number	2017 Number
Teachers	84	86
Administration and support	115	100
Management	10	9
	209	195

The number of persons employed, expressed as a full time equivalent, was as follows:

	2018 Number	2017 Number
Teachers	80	83
Administration and support	54	67
Management	9	9
	143	159

#### Higher paid staff

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

	2018 Number	2017 Number
£60,000 - £70,000	4	3
£70,001 - £80,000	2	2
£120,001 - £130,000	1	1



# **BENFLEET SCHOOLS TRUST**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2018**

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### **10 Staff**

#### **Key management personnel**

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 and employer national insurance contributions) received by key management personnel for their services to the Academy Trust was £799,363.

### **11 Trustees' remuneration and expenses**

One or more of the Trustees has been paid remuneration or has received other benefits from an employment with the Academy Trust. The Head Teacher and other Staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Head Teacher and staff members under their contracts of employment, and not in respect of their services as Trustees.

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

K Kerridge (Head Teacher):

- Remuneration £120,000 - £125,000 (2017: £120,000 - £125,000)
- Employer's pension contributions £20,000 - £25,000 (2017: £15,000 - £20,000)

During the year, expenses payments totalling £2,199 (2017: £1,465) were reimbursed or paid directly to 1 Trustee (2017: 3 Trustees). Expenses were incurred in performing the normal duties of employment.

Other related party transactions involving the Trustees are set out within the related parties note.

### **12 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 Trust 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.

# BENFLEET SCHOOLS TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2018

#### 13 Tangible fixed assets

	Freehold land and buildings £'000	Computer equipment £'000	Fixtures, fittings & equipment £'000	Motor vehicles £'000	Total £'000
<b>Cost</b>					
At 1 September 2017	15,501	122	739	24	16,386
Additions	219	-	70	-	289
At 31 August 2018	15,720	122	809	24	16,675
<b>Depreciation</b>					
At 1 September 2017	2,265	46	240	6	2,557
Charge for the year	510	22	71	2	605
At 31 August 2018	2,775	68	311	8	3,162
<b>Net book value</b>					
At 31 August 2018	12,945	54	498	16	13,513
At 31 August 2017	13,236	76	499	18	13,829

Freehold land and buildings include land of £1,894k which is not depreciated.

#### 14 Stocks

	2018 £'000	2017 £'000
Stores of catering, stationary and uniform supplies	18	10

#### 15 Debtors

	2018 £'000	2017 £'000
Trade debtors	1	1
VAT recoverable	51	102
Other debtors	40	204
Prepayments and accrued income	60	52
	152	359

# BENFLEET SCHOOLS TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

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<b>16</b>	<b>Creditors: amounts falling due within one year</b>	<b>2018</b>	<b>2017</b>
		<b>£'000</b>	<b>£'000</b>
	Loans	20	20
	Trade creditors	34	87
	Other creditors	75	27
	Accruals and deferred income	500	410
		<u>629</u>	<u>544</u>
<b>17</b>	<b>Creditors: amounts falling due after more than one year</b>	<b>2018</b>	<b>2017</b>
		<b>£'000</b>	<b>£'000</b>
	Loans	<u>72</u>	<u>85</u>
	<b>Analysis of loans</b>		
	Wholly repayable within five years	92	105
	Less: included in current liabilities	<u>(20)</u>	<u>(20)</u>
	Amounts included above	<u>72</u>	<u>85</u>
	<b>Loan maturity</b>		
	Debt due in one year or less	20	20
	Due in more than one year but not more than two years	13	13
	Due in more than two years but not more than five years	39	52
	Due in more than five years	<u>20</u>	<u>20</u>
		<u>92</u>	<u>105</u>

The loan relates to a Salix Loan and is repayable over 8 years.

# BENFLEET SCHOOLS TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2018

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18	<b>Deferred income</b>	<b>2018</b>	<b>2017</b>
		<b>£'000</b>	<b>£'000</b>
	Deferred income is included within:		
	Creditors due within one year	457	245
		<u>          </u>	<u>          </u>
	Deferred income at 1 September 2017	245	201
	Released from previous years	(245)	(201)
	Resources deferred in the year	457	245
		<u>          </u>	<u>          </u>
	<b>Deferred income at 31 August 2018</b>	<b>457</b>	<b>245</b>
		<u>          </u>	<u>          </u>

Deferred income above relates to rates income of £18k (2017: £17k); trips and activities income of £49k (2017: £60k); catering income received in advance of £8k (2017: £7k); unspent 16-19 bursary funding of £19k (2017: £29k); unspent BTSA income £363k (2017: £126k) and £nil (2017: £6k) of income received during the year where the related activities are due to be take place after 31 August 2018.

# BENFLEET SCHOOLS TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

### 19 Funds

	Balance at 1 September 2017 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2018 £'000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	56	7,038	(6,909)	(98)	87
Other DfE / ESFA grants	8	58	(59)	-	7
Pupil premium	-	252	(246)	-	6
Other government grants	12	98	(105)	-	5
Teaching school	-	217	(217)	-	-
Other restricted funds	207	772	(890)	-	89
Pension reserve	(3,224)	-	(301)	657	(2,868)
	<u>(2,941)</u>	<u>8,435</u>	<u>(8,727)</u>	<u>559</u>	<u>(2,674)</u>
<b>Restricted fixed asset funds</b>					
Transfer on conversion	8,546	-	(371)	-	8,175
DfE group capital grants	4,392	30	(158)	12	4,276
Capital expenditure from GAG and other funds	1,050	-	(97)	87	1,040
Private sector capital sponsorship	26	-	(1)	-	25
	<u>14,014</u>	<u>30</u>	<u>(627)</u>	<u>99</u>	<u>13,516</u>
<b>Total restricted funds</b>	<u>11,073</u>	<u>8,465</u>	<u>(9,354)</u>	<u>658</u>	<u>10,842</u>
<b>Unrestricted funds</b>					
General funds	421	34	(115)	-	340
<b>Total funds</b>	<u>11,494</u>	<u>8,499</u>	<u>(9,469)</u>	<u>658</u>	<u>11,182</u>

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

The Restricted General Funds are used to fund the general operating costs of the Academy.

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

The Restricted LGPS Fund represents the Academy's share of the LGPS Pension Fund deficit.

The Restricted Fixed Asset Fund represents the net book value of fixed assets £13,513k (2017: £13,829k) plus the unspent element of Capital funds £95k (2017: £289k), less the balance on a capital (Salix) loan of £92k (2017: £104k). When assets are purchased and/or the loan is repaid, the fund is increased and depreciation charges reduce the fund.

Unrestricted Funds represent balances held at period end that can be applied at the discretion of the Governors, to support any of the Academy's charitable purposes.

# BENFLEET SCHOOLS TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

### 19 Funds

Comparative information in respect of the preceding period is as follows:

	Balance at 1 September 2016 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2017 £'000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	-	6,966	(6,870)	(40)	56
Other DfE / ESFA grants	370	31	(393)	-	8
Pupil premium	-	260	(260)	-	-
Other government grants	105	108	(152)	(49)	12
Other restricted funds	209	626	(528)	(100)	207
Pension reserve	(3,126)	-	(230)	132	(3,224)
	<u>(2,442)</u>	<u>7,991</u>	<u>(8,433)</u>	<u>(57)</u>	<u>(2,941)</u>
<b>Restricted fixed asset funds</b>					
Transfer on conversion	8,921	-	(375)	-	8,546
DfE group capital grants	4,215	299	(122)	-	4,392
Capital expenditure from GAG and other funds	941	-	(80)	189	1,050
Private sector capital sponsorship	27	-	(1)	-	26
	<u>14,104</u>	<u>299</u>	<u>(578)</u>	<u>189</u>	<u>14,014</u>
<b>Total restricted funds</b>	<u>11,662</u>	<u>8,290</u>	<u>(9,011)</u>	<u>132</u>	<u>11,073</u>
<b>Unrestricted funds</b>					
General funds	<u>222</u>	<u>214</u>	<u>(15)</u>	<u>-</u>	<u>421</u>
<b>Total funds</b>	<u>11,884</u>	<u>8,504</u>	<u>(9,026)</u>	<u>132</u>	<u>11,494</u>

# BENFLEET SCHOOLS TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2018

#### 19 Funds

A current year 12 months and prior year 12 months combined position is as follows:

	Balance at 1 September 2016 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2018 £'000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	-	14,004	(13,779)	(138)	87
Other DfE / ESFA grants	370	89	(452)	-	7
Pupil premium	-	512	(506)	-	6
Other government grants	105	206	(257)	(49)	5
Teaching school	-	217	(217)	-	-
Other restricted funds	209	1,398	(1,418)	(100)	89
Pension reserve	(3,126)	-	(531)	789	(2,868)
	<u>(2,442)</u>	<u>16,426</u>	<u>(17,160)</u>	<u>502</u>	<u>(2,674)</u>
<b>Restricted fixed asset funds</b>					
Transfer on conversion	8,921	-	(746)	-	8,175
DfE group capital grants	4,215	329	(280)	12	4,276
Capital expenditure from GAG and other funds	941	-	(177)	276	1,040
Private sector capital sponsorship	27	-	(2)	-	25
	<u>14,104</u>	<u>329</u>	<u>(1,205)</u>	<u>288</u>	<u>13,516</u>
<b>Total restricted funds</b>	<u>11,662</u>	<u>16,755</u>	<u>(18,365)</u>	<u>790</u>	<u>10,842</u>
<b>Unrestricted funds</b>					
General funds	<u>222</u>	<u>248</u>	<u>(130)</u>	<u>-</u>	<u>340</u>
<b>Total funds</b>	<u>11,884</u>	<u>17,003</u>	<u>(18,495)</u>	<u>790</u>	<u>11,182</u>

# BENFLEET SCHOOLS TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

### 19 Funds

#### Total funds analysis by academy

	2018 £'000	2017 £'000
Fund balances at 31 August 2018 were allocated as follows:		
The Appleton School	534	704
Total before fixed assets fund and pension reserve	534	704
Restricted fixed asset fund	13,516	14,014
Pension reserve	(2,868)	(3,224)
Total funds	<u>11,182</u>	<u>11,494</u>

The company's Articles of Association enable it to operate as a Multi Academy Trust. No new academies joined the trust during the year, therefore all funds quoted above relate exclusively to The Appleton School.

#### Total cost analysis by academy

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

	Teaching and educational support staff £'000	Other support staff costs £'000	Educational supplies £'000	Other costs excluding depreciation £'000	Total £'000
The Appleton School	5,622	835	517	1,890	8,864
	<u>5,622</u>	<u>835</u>	<u>517</u>	<u>1,890</u>	<u>8,864</u>

### 20 Analysis of net assets between funds

	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total Funds £'000
<b>Fund balances at 31 August 2018 are represented by:</b>				
Tangible fixed assets	-	-	13,513	13,513
Current assets	340	803	95	1,238
Creditors falling due within one year	-	(609)	(20)	(629)
Creditors falling due after one year	-	-	(72)	(72)
Defined benefit pension liability	-	(2,868)	-	(2,868)
<b>Total net assets</b>	<u>340</u>	<u>(2,674)</u>	<u>13,516</u>	<u>11,182</u>



# BENFLEET SCHOOLS TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2018

#### 20 Analysis of net assets between funds

	Unrestricted Funds £'000	Restricted funds: General      Fixed asset £'000      £'000		Total Funds £'000
<b>Fund balances at 31 August 2017 are represented by:</b>				
Tangible fixed assets	-	-	13,829	13,829
Current assets	421	672	425	1,518
Creditors falling due within one year	-	(389)	(155)	(544)
Creditors falling due after one year	-	-	(85)	(85)
Defined benefit pension liability	-	(3,224)	-	(3,224)
<b>Total net assets</b>	<b>421</b>	<b>(2,941)</b>	<b>14,014</b>	<b>11,494</b>

#### 21 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 Essex County Council. Both are multi-employer 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 2012, and that of the LGPS related to the period ended 31 March 2016.

There were no outstanding or prepaid contributions at the end of the financial year (2017: £nil).

##### Teachers' Pension Scheme

###### Introduction

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

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

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

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

# BENFLEET SCHOOLS TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2018

#### 21 Pension and similar obligations

The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%

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

The employer's pension costs paid to the TPS in the period amounted to £573k (2017: £597k).

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

Under the definitions set out in FRS 102, the TPS is an unfunded 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 pension scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 22.1% to 23.1% for employers and 5.5% to 12.5% for employees.

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

<b>Total contributions made</b>	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Employer's contributions	222	211
Employees' contributions	61	63
Total contributions	<u>283</u>	<u>274</u>
<b>Principal actuarial assumptions</b>	<b>2018</b>	<b>2017</b>
	<b>%</b>	<b>%</b>
Rate of increase in salaries	3.80	4.20
Rate of increase for pensions in payment/inflation	2.30	2.70
Discount rate for scheme liabilities	2.65	2.60
RPI Increase	3.30	3.60
CPI Increase	<u>2.30</u>	<u>2.70</u>

# BENFLEET SCHOOLS TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2018

#### 21 Pension and similar obligations

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

	<b>2018</b>	<b>2017</b>
	<b>Years</b>	<b>Years</b>
Retiring today		
- Males	22.30	22.20
- Females	24.80	24.70
Retiring in 20 years		
- Males	24.50	24.30
- Females	27.10	27.00

Scheme liabilities would have been affected by changes in assumptions as follows:

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Discount rate + 0.1%	5,041	5,066
Discount rate - 0.1%	5,288	5,315
Mortality assumption + 1 year	5,339	5,362
Mortality assumption - 1 year	4,993	5,021
Salary rate + 0.1%	5,178	5,212
Salary rate - 0.1%	5,148	5,167
Pension rate + 0.1%	5,273	5,292
Pension rate - 0.1%	5,055	5,088

#### Defined benefit pension scheme net liability

Scheme assets	2,295	1,965
Scheme obligations	(5,163)	(5,189)
Net liability	(2,868)	(3,224)

#### The Academy Trust's share of the assets in the scheme

	<b>2018</b>	<b>2017</b>
	<b>Fair value</b>	<b>Fair value</b>
	<b>£'000</b>	<b>£'000</b>
Equities	1,461	1,282
Gilts	123	122
Other Bonds	134	77
Cash	78	61
Property	205	190
Other assets	294	233
Total market value of assets	2,295	1,965

The actual return on scheme assets was £129,000 (2017: £223,000).

# BENFLEET SCHOOLS TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

### 21 Pension and similar obligations

Amount recognised in the Statement of Financial Activities	2018 £'000	2017 £'000
Current service cost	442	375
Interest income	(54)	(36)
Interest cost	135	102
Total operating charge	<u>523</u>	<u>441</u>

#### Changes in the present value of defined benefit obligations

	2018 £'000
At 1 September 2017	5,189
Current service cost	441
Interest cost	135
Employee contributions	61
Actuarial (gain)/loss	(582)
Benefits paid	(81)
At 31 August 2018	<u>5,163</u>

#### Changes in the fair value of the Academy Trust's share of scheme assets

	2018 £'000
At 1 September 2017	1,965
Interest income	53
Actuarial gain	75
Employer contributions	222
Employee contributions	61
Benefits paid	(81)
At 31 August 2018	<u>2,295</u>

# BENFLEET SCHOOLS TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

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<b>22 Reconciliation of net expenditure to net cash flow from operating activities</b>	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Net expenditure for the reporting period (as per the Statement of Financial Activities)	(969)	(522)
Adjusted for:		
Capital grants from DfE/ESFA and other capital income	(30)	(299)
Investment income receivable	(1)	(4)
Defined benefit pension costs less contributions payable	220	164
Defined benefit pension net finance cost	81	66
Depreciation of tangible fixed assets	605	578
(Increase) in stocks	(8)	-
Decrease/(increase) in debtors	207	(48)
Increase in creditors	85	49
<b>Net cash provided by/(used in) operating activities</b>	<u>190</u>	<u>(16)</u>

### 23 Commitments under operating leases

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

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Amounts due within one year	28	15
Amounts due in two and five years	49	37
	<u>77</u>	<u>52</u>

### 24 Capital commitments

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Expenditure contracted for but not provided in the Financial Statements	<u>-</u>	<u>225</u>

# **BENFLEET SCHOOLS TRUST**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2018**

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### **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 Trustees have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy Trust's financial regulations and normal procurement procedures.

Income of £750 (2017: £14,000) and expenditure of £3,870 (2017: £11,610) took place with Takely Education Trust, an academy trust that operates Woodlands School (a charitable company incorporated in the UK, - England and Wales -company number 09451372). This is a related party by virtue of the fact Benfleet Schools Trust is a member of Takely Education Trust. No balances were outstanding at the balance sheet date.

In entering into the transactions the trust has complied with the requirements of the ESFA's Academies Financial Handbook 2017.

### **26 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.

### **27 Agency arrangements**

The academy trust distributes 16-19 bursary funds to students as an agent for the ESFA. In the accounting period ending 31 August 2018 the trust received £18,238 (2017: £20,638) and disbursed £28,088 (2017: £7,378) from the fund. An amount of £19,208 (2017: £29,058) is included within creditors: amounts falling due within one year relating to undistributed funds that are repayable to the ESFA.

In the previous year, the academy trust distributed funds to other Essex schools on behalf of the Benfleet Teaching Schools Alliance (BTSA). In 2017/18, due to Teaching School status, the income and expenditure is included within the financial statements. In the accounting period ended 31 August 2018, the trust recognised income of £217k (2017: receipts of £243k), (including the transfer from the school who previously managed the BTSA) and disbursed £217k (2017: £229k) from the fund. An amount of £363k (2017: £126k) is included within creditors: amounts falling due within one year relating to undistributed funds.

# BENFLEET SCHOOLS TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

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28 Teaching school trading account	2018		2017	
	£'000	£'000	£'000	£'000
<b>Direct income</b>				
Other external funding		217		-
<b>Direct costs</b>				
Educational supplies and services	160		-	
<b>Other costs</b>				
Other support costs	57		-	
Total expenditure		(217)		-
<b>Surplus/(deficit) from all sources</b>		-		-
Teaching school balances at 1 September 2017		-		-
<b>Teaching school balances at 31 August 2018</b>		-		-

The Benfleet TSA is run in partnership with The King John School and Kingston Primary School. The unspent balance at the end of the year has been included with creditors and detailed in note 18.

