

Company Registration Number: 06308595 (England and Wales)

THE BASILDON ACADEMIES
(A Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2017

THE BASILDON ACADEMIES
(A Company Limited by Guarantee)

CONTENTS

	Page
Reference and Administrative Details	1 - 2
Trustees' Report	3 - 10
Governance Statement	11 - 13
Statement on Regularity, Propriety and Compliance	14
Statement of Trustees' Responsibilities	15
Independent Auditors' Report on the Financial Statements	16 - 18
Independent Reporting Accountant's Assurance Report on Regularity	19 - 20
Statement of Financial Activities Incorporating Income and Expenditure Account	21
Balance Sheet	22
Statement of Cash Flows	23
Notes to the Financial Statements	24 - 47

THE BASILDON ACADEMIES
(A Company Limited by Guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2017

Members	M. Turner N. Luckock
Trustees	M. Turner N. Luckock ¹ L. Livermore, Chair and Chief Executive Officer ¹ Cllr. K. Bobbin J. Lake (resigned 31 July 2017) ¹ L. George (resigned 31 July 2017) K. Charman (resigned 31 July 2017) B. Hart (resigned 31 July 2017) D. Lawson (resigned 31 July 2017) M. Logan ¹ Members of the Staffing Committee All Trustees are members of the finance committee
Company registered number	06308595
Company name	The Basildon Academies
Principal and registered office	Wickford Avenue Pitsea Basildon Essex SS13 3HL
Company secretary	Neptune Secretaries Limited Jessop House Cheltenham, Gloucestershire GL503WG
Clerk to the Governing Body	G. Slide
Executive leadership team	L. Livermore, Chair and Chief Executive Officer D. Lawson, Executive Principal S. Wilson, Head of Academy G. Smith, Head of Academy B. Collins, Director of Finance and Operations (resigned 31 December 2016)
Independent auditors	Moore Stephens LLP Chartered Accountants Statutory Auditor 150 Aldersgate Street London EC1A 4AB

THE BASILDON ACADEMIES
(A Company Limited by Guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2017

Advisers (continued)

Bankers

Lloyds
High Road
Basildon
SS13 3AR

THE BASILDON ACADEMIES
(A Company Limited by Guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2017

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the 1 September 2016 to 31 August 2017. The Annual Report serves the purposes of both a Trustees' Report, and a Directors' report under company law.

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 The Basildon Academies are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as The Basildon Academies.

Details of the trustees who served during the year are included in the Reference and administrative details on page 1.

● **Members' liability**

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

● **Trustees' indemnities**

The Academy's insurers indemnify against any claims in respect of any civil liability and which arises out of the conduct of the insured in their personal capacity as a Director, Governor, Trustee or Officer of the Academy.

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

The number of directors shall be not less than one but unless otherwise determined by ordinary resolution shall not be subject to any maximum.

The Academy can have the following directors:

- up to 12 Sponsor Directors
- up to eight Academy Directors
- any Parent Directors
- any DCSF Directors
- Any additional Directors

The Principal Sponsor can appoint up to 12 Directors and the Secretary of State may appoint one Director.

The term of office for any Director other than the Principal Sponsor shall be 3 years. Subject to remaining eligible to be a Director under the Articles, any Director may be re appointed.

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

The training and induction provided for new Directors and Governors will depend on their existing experience. Where necessary, induction will provide training on charity and educational, legal and financial matters. All new

THE BASILDON ACADEMIES
(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

Directors and Governors will be given a tour of the Academy and the chance to meet with staff and students. All new appointees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents as appropriate to undertake their role.

● **Organisational structure**

The Directors under the Articles of Association have appointed a Governing Committee to be responsible for the statutory and constitutional affairs of the Charitable Company and the management of the Academy.

The committee can have a maximum of 15 members which include:

- the Executive Principal of the Academy;
- one elected parent/guardian of a pupil at the Academy;
- one elected non teaching staff member employed at the Academy;
- one elected teacher member employed at the Academy;
- one person appointed by the appropriate Local Authority; and
- such other members as the Directors decide.

The Governing Body meets regularly and is advised by a range of sub committees which includes the Staffing and Finance Committees.

The structure consists of the Directors, the Governing Body, The Executive Leadership Team and The Senior Leadership Team. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

The Directors and Governors are responsible for setting general policy, adopting an annual plan and budget, monitoring the Academy by the use of budgets and making major decisions about the direction of the Academy, capital expenditure and senior staff appointments.

The Executive Leadership Team includes the CEO, Head Teacher, Deputy Heads and the Director of Finance and Operations. These managers control the Academy at an executive level implementing the policies laid down by the Governors and reporting back to them. As a group, the Executive Leadership Team is responsible for the authorisation of spending within agreed budgets and the appointment of staff, though appointment for posts in the Executive Leadership Team always contain a Governor. Some spending control is devolved to other management including Directors, Faculty Heads and in some cases specialist teachers with responsibilities.

Both Academies have the same Executive Leadership Team. Each Academy has a Deputy Head led by the Head Teacher is a member of the Executive Leadership Team. These managers are responsible for the day to day operation of the Academy, in particular organising the teaching staff, facilities and students.

● **Pay policy for key management personnel**

The Governing Body has established a pay policy that specifies the pay scales for its Head Teacher and the Senior Leadership Team.

All pay decisions are made in relation to annual Performance Management reviews. Trustees are not paid for their roles within the academy.

● **Connected organisations, including related party relationships**

The Stanton Lane Educational Trust is the principal sponsor. Trustees of that Trust are M. Turner and N Luckock. As the Academy's founding sponsor it has provided voluntary advisory support and guidance to the Academy.

THE BASILDON ACADEMIES
(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

Objectives and Activities

• **Objects and aims**

The objects of the Charity are to promote and to provide for the advancement and education of children. In the furtherance of these Objects the Directors, as the charity trustees, have complied with the duty to have due regard to the Charity Commission's published general and relevant sub sector guidance concerning the operation of the Public Benefit requirement under the Act. All activities undertaken by the Academy are for the public benefit.

The main objective of The Basildon Academies during the year ended 31 August 2017 is to provide an inclusive environment that is built around trust, openness, secure relationships, positive behaviours and effective partnership working to enable all students to meet their potential that will equip these students with the skills, attitudes and knowledge so that they can progress into employment, further training or higher education, helping them to achieve more than they thought possible.

The current priorities for the Academy during the year ended 31 August 2017 are unchanged and are summarised below:

- To ensure that each pupil enjoys the same excellent education in terms of resourcing, tuition and care;
- To raise the standard of educational achievement of all pupils;
- To improve the effectiveness of the Academy by keeping the curriculum and organisational structure under continual review;
- To provide value for money for the funds expended;
- To comply with all appropriate statutory and curriculum requirements;
- To maintain close links with primary schools, industry and commerce;
- To conduct the Academy's business in accordance with the highest standards of integrity, probity and openness.

• **Objectives, strategies and activities**

The Basildon Academies' strategy is encompassed in its aims and objectives stated above. To this end it recognises the need to be innovative and challenging in the approach to:

- the subdivision of the two Academies' populations by age range (11-14 and 14-19);
- the grouping of students;
- the organisation, management and governance of the Academies;
- the building design and organisation of the learning environments;
- the organisation, management and development of staff;
- the delivery of services that support individual pupils and families;
- the way business is engaged, and how the two Academies can impact on the prosperity, effectiveness and development of the local community and future business;.
- the celebrating of success, the setting of targets and the robust monitoring of performance.

The Academies aim is to continue to provide high quality learning to enable students to fulfil their potential by providing a balanced curriculum to provide high education standards. This has been the continued aim of the academy during year ending 31 August 2017 to maintain such changes whilst dealing with the significant challenges following the changes in education policy and funding.

THE BASILDON ACADEMIES
(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

- **Public benefit**

The Directors acknowledge the duty to have due regard to the Charity Commission's published general and relevant sub sector guidance on public benefit. We have referred to this guidance when reviewing our aims, strategy and in planning future activities. All activities undertaken by the Academy are for the public benefit.

The Academy is specifically restricted to advance, for the public benefit, education in the United Kingdom and reports annually on the way in which it has successfully delivered in this regard.

The Academy serves the local community by providing resources and facilities for all people for a range of ages. Activities provided through the letting of the facilities are exercise classes, swimming lessons, football, netball and a range of other activities that can be accessed by the local community.

- **Equal opportunities**

The Directors recognise that equal opportunities should be an integral part of good practice within the workplace. The Academy aims to establish equal opportunity in all areas of its activities including creating a working environment in which the contribution and needs of all people are fully valued.

- **Disabled persons**

Lifts, ramps and disabled toilets are installed and door widths are adequate to enable wheelchair access to the Academies. The policy of the Academy is to support recruitment and retention of students and employees with disabilities. The Academy does this by adapting the physical environment, by making support resources available and through training and career development.

Strategic report

Achievements and performance

- **Review of activities**

The Academies have completed their eighth year of operation and have been judged by Ofsted as good schools in all categories and have been commended by them for high quality teaching and strong student achievement.

Systems have been embedded which drive further the quality of teaching, student progress and achievement through a rigorous system of reporting and the use of sophisticated data analytical tools. Governors working closely with its senior leaders have actioned purposeful decisions to re-shape the Academies management teams and to restructure its existing workforce to maintain and improve performance, attainment and value for money. Governor's communicate a clear vision for the Academies improvement to an outstanding school and have unequivocal expectation of all staff, students and stakeholders. Governors continue to support the Academies drive for further rapid and substantial improvement and an Action Plan has been developed and implemented that will further improve the quality of teaching and ensure that every student will have a pathway to ensure that they continue to make or are rapidly moving towards making or exceeding expected levels of progress.

THE BASILDON ACADEMIES
(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

The Basildon Academies achieved during year ending 31st August 2017:

- Improved GCSE results, 3 year improvement of 11% English/Maths A* - C crossover
- Improved attendance Levels, persistent absenteeism shows reduction of over 3% since 2014/15.
- Fixed Term Exclusions below national average
- Performed significantly better than had forecasted against budget
- Implemented strategies to return the academies to having a balanced budget for year ending 31st August 2018.

● **Key performance indicators**

The Directors and Governors Body assess performance of the Academies through:

- Pupil numbers;
- Curriculum events;
- Exam results;
- Facilities;
- Post 16 learning and students moving onto University;
- Staff Performance Reviews;
- Ofsted Rating.

The Basildon Academies have received a number of mid-term applications during year ending 31st August 2017. The number of pupils in our sixth form continue to grow. Year 7 pupil numbers for September 2017 have increased by more than 50%.

Exam results for year ending 31st August 2017 have shown a three year increase of 11% in English/Maths crossover. Progress 8 score has gone to 0 from -0.73 in 2015. Attainment 8 score has increased by 18% since 2015 with the academies achieving 41.8.

● **Going concern**

After making appropriate enquiries, the board of trustees has a reasonable expectation that the Academy 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 Accounting Policies.

The Basildon Academies Executive Leadership Team has reviewed its staffing structure during the year ending 31st August 2017 and has restructured the Leadership team, made 7 support staff redundancies and increased teacher contact time to create efficiencies. This restructure has been implemented to support the financial strategy for year ending 31st August 2018 of delivering a small surplus of 4k. Teacher redundancies were not needed as staffing levels were reduced through natural wastage.

The Basildon Academies continues to monitor its cash balance and with the restructuring of staff and increased pupil numbers is forecasting an operating surplus for year ending 31st August 2018. Increased reserves over the forthcoming years will enable the Basildon Academies to repay its GAG advance and build up a surplus to start re-investing in the schools IT infrastructure and facilities.

● **Financial review**

The Academy's principal income is from the Education Funding Agency in the form of recurrent, restricted grants. The grants received during the year ended 31 August 2017 and the associated expenditure are shown in the Statement of Financial Activities.

THE BASILDON ACADEMIES
(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

The Academy also receives grants for fixed assets from the Education Funding Agency. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2015), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund.

The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

At 31 August 2017 the net book value of fixed assets was £47,997,000. Movements in tangible fixed assets are shown in Note 14 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

During the year ended 31 August 2017, total expenditure of £9,133,000 (2016: £10,586,000) was covered by recurrent grant funding from the DfE together with other incoming resources. The net incoming resources from private and public funds, excluding actuarial gains/losses totalled £46,663,000 (2016: net outgoing resources £1,205,000). The results for the year includes the donation of the land and buildings the Academy operates in from Essex County Council so if this donation is excluded then results for the year showed a net outgoing resources of £1,453,000. Total reserves at 31 August 2017 before deducting the pension scheme deficit, totalled £47,057,000 (2016: £153,000) and this is made up of: restricted general funds of £(1,762,000) (2016: £(926,000)); restricted fixed asset funds of £48,007,000 (2016: £377,000) and unrestricted free reserves of £812,000 (2016: £702,000).

The deficit in the Local Government Pension Scheme (LGPS) is recognised in the balance sheet in accordance with FRS102. At 31 August 2017, the deficit stood at £5,969,000 (2016: £6,670,000) resulting in net assets including the pension scheme liability of £41,088,000 (2016: £(6,517,000)). The existence of the pension scheme deficit does not mean an immediate liability crystallises and is addressed over a series of years through the pension contributions recommended by the pension scheme actuaries during subsequent triennial valuations of the scheme.

- **Reserves policy**

The Directors review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Directors have determined that the appropriate level of free reserves should be equivalent to 2 weeks' expenditure, approximately £403,000. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. The Academy has been unable to maintain the amount determined as appropriate during the year ending 31st August 2017.

- **Investments policy**

Where available cash is held in a deposit account or higher interest deposit account to ensure any balances attract interest.

- **Principal risks and uncertainties**

The Academies principal goal is to safeguard its long term ability to continue to attract high calibre staff and deliver an excellent education to Academy pupils, and to maintain and renew its physical facilities whilst driving growth in current student numbers.

THE BASILDON ACADEMIES
(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

Key uncertainties are student numbers and the extent and impact of changes to Government funding and an uncertain economic and financial environment that puts pressure on enterprise, capital projects and operational expenditures.

• **Financial risk management objectives and policies**

In accordance with the Academy's statutes, the Directors through the Governors and senior staff are responsible for the administration and management of the Academy's affairs and ensuring that:

- effective systems of internal control are in place and that accounting records are properly kept;
- appropriate financial and management controls are in place to safeguard the assets of the Academy and prevent and detect fraud; and
- the Academy secures economical, efficient and effective management of its resources and expenditure.

• **Risk management**

The Directors and Governors have assessed the major risks to which the Academy is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Academy, and its finances. The Directors and Governors have implemented a number of systems to assess risks that the Academy faces, especially in the operational area and in relation to the control of finance. They have introduced systems, including operational procedures and internal financial controls in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover.

Plans for future periods

• **Future developments**

The Academy will strive to raise the aspirations and achievement of all students within the Academy as well as those in the wider community of East Basildon through the use of the Academy's excellent facilities, curriculum materials and staff expertise and through the provision of excellent learning experiences.

Our aim is to have high expectations and belief in every child and continue to bring about further and sustainable improvement in attendance, behaviour and attainment and make the Academy a place in which children, parents and stakeholders can be justifiably proud.

Disclosure of information to auditors

Insofar as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- that trustees have taken all the steps that ought to have been taken as a trustee in order to be aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

Auditors

The auditors, Moore Stephens LLP, have indicated their willingness to continue in office. The Designated trustees will propose a motion re-appointing the auditors at a meeting of the trustees.

THE BASILDON ACADEMIES
(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

The Trustees' Report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 18/12/2017 and signed on its behalf by: *LES LIVERMORE*.



Chair of Trustees

THE BASILDON ACADEMIES
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT

Scope of Responsibility

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

The board of trustees has delegated the day-to-day responsibility to the executive principal, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The Basildon Academies and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The board of trustees has formally met 3 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
N. Luckock	3	3
L. Livermore, Chair and Chief Executive Officer	3	3
Cllr. K. Bobbin	2	3
J. Lake	1	1
L. George	1	1
K. Charman	1	1
B. Hart	1	1
D. Lawson	2	3
M. Logan	1	3

Changes in composition of the board of governors and directors are detailed in the Reference and Administrative Details on Page 1.

The Academy undertakes a programme of relevant and timely training to support Governors and Directors. The Governing Body and Directors are constituted with relevant experience ranging from education, legal, finance, human resources and community engagement. A review is made of skillsets/training requirements as part of self and group evaluations and this will continue in 2017.

The Finance committee is a sub committee of the main governing body. Its terms of reference include financial management, risk management, management of physical resources and management of health and safety issues. They are also attended by the Executive Principal and the Finance and Operations Director.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
L. Livermore	3	3
N. Luckock (Chair)	3	3
Cllr. K. Bobbin	2	3
J. Lake	1	3
D. Lawson	2	3

THE BASILDON ACADEMIES
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (continued)

Review of Value for Money

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

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

- Ensuring all SLA's are reviewed at point of renewal
- Obtaining 3 quotes for all single expenditure items over 5k
- Maximising income from lettings
- Performance Management for all staff annually
- Reviewing staffing levels and continually streamline where possible. In total seven support staff positions were made redundant during the year ending and teaching staff levels were reduced through natural wastage by increasing teacher contact time.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy 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 The Basildon Academies for the year 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

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

The Risk and Control Framework

The Academy'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 Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.

THE BASILDON ACADEMIES
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (continued)

The board of trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the trustees have appointed Moore Stephens LLP, the external auditors, to perform additional checks.

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

- Cash Handling;
- Credit Card;
- Testing of lettings income.


On a termly basis, the auditors report to the board of trustees through the finance committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

Review of Effectiveness

As Accounting Officer, the executive principal 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 external auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the Academy 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 Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

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


Chair of Trustees


Accounting Officer


THE BASILDON ACADEMIES
(A Company Limited by Guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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

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

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

 18th December 2017

Accounting Officer

THE BASILDON ACADEMIES
(A Company Limited by Guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2017

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

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

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

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

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

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

Approved by order of the members of the board of trustees on 15 December 17 and signed on its behalf by:


Chair of Trustees

THE BASILDON ACADEMIES
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
BASILDON ACADEMIES**

Opinion

We have audited the financial statements of The Basildon Academies for the year ended 31 August 2017 which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

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

In our opinion the financial statements:

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

Basis of 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 in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Academy'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.

THE BASILDON ACADEMIES
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
BASILDON ACADEMIES**

Other information

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

THE BASILDON ACADEMIES
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
BASILDON ACADEMIES**

Responsibilities of trustees

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

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

Auditor's responsibilities for the audit of the financial statements

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

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



Nicholas Simkins FCA (Senior Statutory Auditor)

for and on behalf of

Moore Stephens LLP

Chartered Accountants
Statutory Auditor

150 Aldersgate Street
London

EC1A 4AB

Date: 18 December 2017

THE BASILDON ACADEMIES
(A Company Limited by Guarantee)

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO THE
BASILDON ACADEMIES AND THE EDUCATION AND SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 16 October 2015 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Basildon Academies during the year 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of The Basildon Academies's accounting officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of The Basildon Academies's funding agreement with the Secretary of State for Education dated 3 June 2008, and the Academies Financial Handbook extant from 1 September 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2016 to 2017. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2016 to 31 August 2017 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 2016 to 2017 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

- Reviewing minutes of meetings, management accounts and making enquiries of management;
- Performing sample testing of expenditure ensuring items are for the School's purposes and are appropriately authorised;
- Sample testing on credit card expenditure, reviewing for any indication of purchase for personal use by staff, Head or Governors;

THE BASILDON ACADEMIES
(A Company Limited by Guarantee)

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO THE
BASILDON ACADEMIES AND THE EDUCATION AND SKILLS FUNDING AGENCY (continued)**

- Reviewing the procedures for identifying and declaring related parties and other business interests;
- Obtaining formal representation from the governing body and accounting officer acknowledging their responsibilities;
- Scrutinising journals, and other adjustments posted during the year for evidence of unusual entries and making further enquiries into any such items where relevant;
- Performing an evaluation of the general control environment of the School;
- Reviewing nominal ledger accounts for any large or unusual entries and obtaining supporting documentation.

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 year 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Moore Stephens LLP

Moore Stephens LLP

Chartered Accountants
Statutory Auditor

150 Aldersgate Street
London
EC1A 4AB

Date: 18 December 2017

THE BASILDON ACADEMIES
(A Company Limited by Guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2017**

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Restricted fixed asset funds 2017 £000	Total funds 2017 £000	Total funds 2016 £000
Income from:					
Donations and capital grants	3	2	-	48,142	48,144
Charitable activities	4	-	7,406	-	7,406
Other trading activities	5	108	138	-	246
Investments	6	-	-	-	2
Total income	<u>110</u>	<u>7,544</u>	<u>48,142</u>	<u>55,796</u>	<u>9,381</u>
Expenditure on:					
Charitable activities	-	8,621	512	9,133	10,586
Total expenditure	7	<u>-</u>	<u>8,621</u>	<u>9,133</u>	<u>10,586</u>
Net income / (expenditure) before other recognised gains and losses		110	(1,077)	47,630	46,663
Actuarial gains/(losses) on defined benefit pension schemes	24	-	942	-	942
Net movement in funds		<u>110</u>	<u>(135)</u>	<u>47,630</u>	<u>47,605</u>
Reconciliation of funds:					
Total funds brought forward		702	(7,596)	377	(6,517)
Total funds carried forward		<u>812</u>	<u>(7,731)</u>	<u>48,007</u>	<u>41,088</u>

THE BASILDON ACADEMIES
(A Company Limited by Guarantee)
REGISTERED NUMBER: 06308595

BALANCE SHEET
AS AT 31 AUGUST 2017

	Note	£000	2017 £000	2016 £000
Fixed assets				
Tangible assets	14		47,997	377
Current assets				
Stocks	15	7		8
Debtors	16	175		141
Cash at bank and in hand		316		502
		<u>498</u>		<u>651</u>
Creditors: amounts falling due within one year	17	<u>(439)</u>		<u>(875)</u>
Net current assets/(liabilities)			<u>59</u>	<u>(224)</u>
Total assets less current liabilities			<u>48,056</u>	<u>153</u>
Creditors: amounts falling due after more than one year	18		<u>(999)</u>	<u>-</u>
Net assets excluding pension scheme liabilities			<u>47,057</u>	<u>153</u>
Defined benefit pension scheme liability	24		<u>(5,969)</u>	<u>(6,670)</u>
Net assets/(liabilities) including pension scheme liabilities			<u>41,088</u>	<u>(6,517)</u>
Funds of the academy				
Restricted income funds:				
Restricted income funds	19	(1,762)		(926)
Restricted fixed asset funds	19	48,007		377
Restricted income funds excluding pension liability		<u>46,245</u>		<u>(549)</u>
Pension reserve		<u>(5,969)</u>		<u>(6,670)</u>
Total restricted income funds			<u>40,276</u>	<u>(7,219)</u>
Unrestricted income funds	19		<u>812</u>	<u>702</u>
Total funds/(deficit)			<u>41,088</u>	<u>(6,517)</u>

The financial statements on pages 21 to 47 were approved by the trustees, and authorised for issue, on 18th December 2017 and are signed on their behalf, by:

W. Swermore
Chair of Trustees

THE BASILDON ACADEMIES
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2017

	Note	2017 £000	2016 £000
Cash flows from operating activities			
Net cash provided by/(used in) operating activities	21	47,904	(728)
Cash flows from investing activities:			
Interest received		-	2
Purchase of tangible fixed assets		(48,116)	(21)
Capital grants from DfE/ESFA		26	26
Loan from EFSA		(500)	-
Net cash (used in)/provided by investing activities		(48,590)	7
Cash flows from financing activities:			
Cash inflows from new borrowing		500	-
Net cash provided by financing activities		500	-
Change in cash and cash equivalents in the year		(186)	(721)
Cash and cash equivalents brought forward		502	1,223
Cash and cash equivalents carried forward	22	316	502

The notes on pages 24 to 47 form part of these financial statements.

THE BASILDON ACADEMIES
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. Accounting Policies

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

1.1 Basis of preparation of financial statements

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

The Basildon Academies constitutes a public benefit entity as defined by FRS 102.

1.2 Going concern

The trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Academy 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. At the year end the academy had a deficit on GAG funding and had received advanced GAG funding for future years by way of a loan. The academy has agreed a repayment plan with the EFSA for the repayment of its liabilities with them (see note 18) based on an anticipated increase in future pupil numbers and so consider that for the foreseeable future 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.

THE BASILDON ACADEMIES
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. Accounting Policies (continued)

1.3 Income

All income is recognised once the Academy has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

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

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

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

School trips and activities income is included in restricted funds. Income is recognised when received and expenditure is recognised when paid, any surpluses being carried forward as deferred within restricted funds until the trip or activity is completed.

Donated fixed asset are measured at fair value and 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.

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

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

Interest receivable is included within the Statement of Financial Activities on an accruals basis.

THE BASILDON ACADEMIES
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. Accounting Policies (continued)

1.4 Expenditure

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

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

All expenditure is inclusive of irrecoverable VAT.

1.5 Tangible fixed assets and depreciation

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

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

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

Long-term leasehold property	-	Up to 125 years or useful life of improvement
Fixtures and fittings	-	5-10 years
Computer equipment	-	3-10 years

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

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

THE BASILDON ACADEMIES
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. Accounting Policies (continued)

1.6 Operating leases

Rentals under operating leases are charged to the Statement of Financial Activities incorporating Income and Expenditure Account on a straight line basis over the lease term.

1.7 Stocks

Unsold uniform, food and stationery are valued at the lower of cost or net realisable value.

1.8 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.9 Cash at Bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.10 Liabilities and provisions

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

1.11 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 16. Prepayments are not financial instruments.

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

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in notes 17 and 18. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments.

THE BASILDON ACADEMIES
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. Accounting Policies (continued)

1.12 Taxation

The Academy 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 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.

1.13 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 24, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

THE BASILDON ACADEMIES
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. Accounting Policies (continued)

1.14 Fund accounting

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

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

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

1.15 Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2. General Annual Grant (GAG)

Under the funding agreement with the Secretary of State some academies within the academy trust were subject to limits at 31 August 2017 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

No academies within the trust exceeded the limits during the year ended 31 August 2017.

THE BASILDON ACADEMIES
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

3. Income from donations and capital grants

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Restricted fixed asset funds 2017 £000	Total funds 2017 £000	Total funds 2016 £000
Donated fixed assets	-	-	48,116	48,116	-
Capital Grants	-	-	26	26	26
Notional rent	-	-	-	-	1,025
Other donations	2	-	-	2	13
	<u>2</u>	<u>-</u>	<u>48,142</u>	<u>48,144</u>	<u>1,064</u>
<i>Total 2016</i>	<u>13</u>	<u>1,025</u>	<u>26</u>	<u>1,064</u>	

On the 6 June 2016 the land and buildings that were owned by Essex County Council was transferred to the Academy by way of a 125 year lease. This was not reflected as an addition at the time as there were funding issues at the time, subsequently resolved in 2016-17, which cast doubt on whether the Academy had control of the asset at the time of transfer.

Before the lease was transferred Essex County Council made available free use of the land and buildings it owned to the Academies. In accordance with SORP (FRS102), a notional market rent for the land and buildings was included as a donation to the Academy. Likewise an equivalent rental charge was included within charitable activities as part of direct costs. The notional rent was based on the rateable value at the time.

THE BASILDON ACADEMIES
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

4. Funding for Academy's educational operations

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Total funds 2017 £000	Total funds 2016 £000
DfE/ESFA grants				
General Annual Grant (GAG)	-	6,653	6,653	7,110
Start-up Grants	-	-	-	17
Other Dfe/EFA grants	-	625	625	821
	<u>-</u>	<u>7,278</u>	<u>7,278</u>	<u>7,948</u>
Other government grants				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other income from the academy trust's educational operations:				
Catering	-	128	128	137
	<u>-</u>	<u>128</u>	<u>128</u>	<u>137</u>
	<u>-</u>	<u>7,406</u>	<u>7,406</u>	<u>8,085</u>
<i>Total 2016</i>	<u>-</u>	<u>8,085</u>	<u>8,085</u>	

5. Other trading activities

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Total funds 2017 £000	Total funds 2016 £000
Hire of facilities	108	-	108	82
Trips and activities	-	30	30	15
Other	-	108	108	133
	<u>108</u>	<u>138</u>	<u>246</u>	<u>230</u>
<i>Total 2016</i>	<u>82</u>	<u>148</u>	<u>230</u>	

THE BASILDON ACADEMIES
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

6. Investment income

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Total funds 2017 £000	Total funds 2016 £000
Short term deposit	-	-	-	2
<i>Total 2016</i>	2	-	2	

7. Expenditure

	Staff costs 2017 £000	Premises 2017 £000	Other costs 2017 £000	Total 2017 £000	Total 2016 £000
Educational Operations:					
Direct costs	4,998	-	1,076	6,074	6,118
Support costs	1,809	625	625	3,059	4,468
	6,807	625	1,701	9,133	10,586
<i>Total 2016</i>	7,472	1,268	1,846	10,586	

THE BASILDON ACADEMIES
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

8. Charitable activities

	Total funds 2017 £000	<i>Total funds 2016 £000</i>
Direct costs - educational operations		
Wages and salaries	4,030	4,403
National insurance	401	373
Pension cost	567	583
Depreciation	499	103
Technology costs	108	149
Educational supplies	233	258
Examination fees	125	138
Staff development	57	40
Educational consultancy	25	55
Other direct costs	29	16
	<u>6,074</u>	<u>6,118</u>
Support costs - educational operations		
Wages and salaries	1,409	1,625
National insurance	81	88
Pension cost	319	400
Pension finance costs	241	146
Other support costs	210	212
Recruitment and support	24	58
Maintenance of premises and equipment	220	248
Cleaning	40	50
Rent & rates	133	1,154
Energy costs	270	274
Insurance	1	95
Security and transport	13	12
Governance costs	29	37
Catering	69	69
	<u>3,059</u>	<u>4,468</u>
	<u><u>9,133</u></u>	<u><u>10,586</u></u>

THE BASILDON ACADEMIES
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

9. Net income/(expenditure)

This is stated after charging:

	2017	<i>2016</i>
	£000	<i>£000</i>
Depreciation of tangible fixed assets:		
- owned by the charity	496	<i>103</i>
Auditors remuneration	12	<i>13</i>
Auditors remuneration - non audit	6	<i>2</i>
Operating leases - other leases	24	<i>24</i>
	=====	<i>=====</i>

THE BASILDON ACADEMIES
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

10. Staff costs

Staff costs were as follows:

	2017 £000	2016 £000
Wages and salaries	5,225	5,784
Social security costs	481	461
Operating costs of defined benefit pension schemes	885	983
	<u>6,591</u>	<u>7,228</u>
Apprenticeship levy	4	-
Supply teacher costs	136	187
Staff restructuring costs	78	57
	<u><u>6,809</u></u>	<u><u>7,472</u></u>

Staff restructuring costs comprise:

	2017 £000	2016 £000
Redundancy payments	<u>78</u>	<u>61</u>

Included in staff severance payments are non-statutory / non-contractual payments totalling £4,683 (2016 : £NIL). Individually, the payments were £1,015 and £3,668.

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

	2017 No.	2016 No.
Teachers	67	68
Administration and support	90	105
Management	1	10
	<u>158</u>	<u>183</u>

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

	2017 No.	2016 No.
In the band £60,001 - £70,000	3	2
In the band £70,001 - £80,000	1	2
In the band £80,001 - £90,000	1	0
In the band £120,001 - £130,000	1	1

Four of the above employees participated in the Teachers' Pension Scheme. The other two employees participated in the Local Government Pension Scheme.

The key management personnel of the academy trust comprises the trustees and the senior management

THE BASILDON ACADEMIES
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

10. Staff costs (continued)

team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £520,013 (2016 : £305,800).

11. Central services

No central services were provided by the Academy to its academies during the year and no central charges arose. Costs are allocated directly to both academies with the exception of the following:-

- Teachers' salaries and allowances 60% to upper: 40% to lower.
- Other salary and related costs : Split equally.
- Certain IT costs : Split equally.
- Recruitment related expenditure : Split equally.
- Professional services and agency staff : Split equally.

12. Trustees' remuneration and expenses

One or more trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The Executive Principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and other staff members under their contracts of employment, and not in respect of their role as trustees. Other trustees did not receive any payments, other than expenses, from the Academy Trust in respect of their role as trustees.

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

	2017	2016
	£000	£000
L. Livermore (Chief Executive Officer) Remuneration	60-65	60-65
Pension contributions paid	5-10	5-10
D. Lawson (Executive Principal) Remuneration	125-130	120-125
Pension contributions paid	20-25	20-25

During the year ended 31 August 2017, no trustees received any reimbursement of expenses (2016 - £NIL).

Other related party transactions involving the trustees are set out in note 26.

13. Trustees' and Officers' Insurance

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2017 was £1,485 (2016 - £1,485).

THE BASILDON ACADEMIES
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

14. Tangible fixed assets

	Long-term leasehold property £000	Fixtures and fittings £000	Computer equipment £000	Total £000
Cost				
At 1 September 2016	260	679	170	1,109
Additions	48,116	-	-	48,116
At 31 August 2017	<u>48,376</u>	<u>679</u>	<u>170</u>	<u>49,225</u>
Depreciation				
At 1 September 2016	145	433	154	732
Charge for the year	408	86	2	496
At 31 August 2017	<u>553</u>	<u>519</u>	<u>156</u>	<u>1,228</u>
Net book value				
At 31 August 2017	<u>47,823</u>	<u>160</u>	<u>14</u>	<u>47,997</u>
At 31 August 2016	<u>115</u>	<u>246</u>	<u>16</u>	<u>377</u>

As explained in note 3 the lease was transferred by Essex County Council free of charge. The cost represents the fair value of the right to use the leasehold property and has been capitalised and shown as a donated gift within the restricted fixed asset fund. The cost was professionally valued by Barker Associates.

15. Stocks

	2017 £000	2016 £000
Stock	<u>7</u>	<u>8</u>

Stock relates to uniform, food and stationery.

16. Debtors

	2017 £000	2016 £000
Trade debtors	8	4
VAT recoverable	18	18
Prepayments and accrued income	149	119
	<u>175</u>	<u>141</u>

THE BASILDON ACADEMIES
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

17. Creditors: Amounts falling due within one year

	2017	2016
	£000	£000
Trade creditors	94	62
ESFA Creditor : Abatement of GAG - short term element	47	499
Other taxation and social security	111	134
Other creditors	2	3
Accruals and deferred income	185	177
	439	875
	439	875
	2017	2016
	£000	£000
Deferred income		
Deferred income at 1 September 2016	63	59
Resources deferred during the year	65	63
Amounts released from previous years	(63)	(59)
	65	63
	65	63

Deferred income comprises a grant received to cover the costs of rates to be incurred in 2017-18 as well as lettings income received in advance.

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

	2017	2016
	£000	£000
Loan from the ESFA	500	-
ESFA Creditor : Abatement of GAG - long term element	499	-
	999	-
	999	-

During the course of the year the academy trust received advanced funding from the ESFA due to funding difficulties that had arisen. This is an interest free loan which is repayable by August 2021.

The trust also has to repay the ESFA for abatement of GAG received in earlier years over a four year period to August 2021 in line with an agreed repayment schedule with them.

THE BASILDON ACADEMIES
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

19. Statement of funds

	Balance at 1 September 2016 £000	Income £000	Expenditure £000	Gains/ (Losses) £000	Balance at 31 August 2017 £000
Unrestricted funds					
General Funds	702	110	-	-	812
Restricted funds					
General Annual Grant (GAG)	(942)	6,653	(7,489)	-	(1,778)
Pupil Premium	-	432	(432)	-	-
Bursary Fund	16	26	(26)	-	16
Other Dfe/EFA grants	-	167	(167)	-	-
Other income	-	266	(266)	-	-
Pension reserve	(6,670)	-	(241)	942	(5,969)
	<u>(7,596)</u>	<u>7,544</u>	<u>(8,621)</u>	<u>942</u>	<u>(7,731)</u>
Restricted fixed asset funds					
Legacy income	95	-	(16)	-	79
Capital expenditure from GAG	72	-	(72)	-	-
EFA Capital Grant	-	26	(16)	-	10
Devolved capital grant	210	-	-	-	210
Donation from local government	-	48,116	(408)	-	47,708
	<u>377</u>	<u>48,142</u>	<u>(512)</u>	<u>-</u>	<u>48,007</u>
Total restricted funds	<u>(7,219)</u>	<u>55,686</u>	<u>(9,133)</u>	<u>942</u>	<u>40,276</u>
Total of funds	<u>(6,517)</u>	<u>55,796</u>	<u>(9,133)</u>	<u>942</u>	<u>41,088</u>

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

General Annual Grant must be used for the normal running costs of the Academy. The Academy is allowed to carry forward up to 12% of the current (GAG). Of the carried forward amount, up to 2% of GAG can be used for general purposes at the discretion of the Academy, but any balance over 2% must be used for premises/capital purposes. The limits were not exceeded.

Other income includes catering, school trips and uniform income.

Under the funding agreement with the Secretary of State, the Academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2017.

THE BASILDON ACADEMIES
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

19. Statement of funds (continued)

Analysis of academies by fund balance

Fund balances at 31 August 2017 were allocated as follows:

	Total 2017 £000	<i>Total 2016 £000</i>
Basildon Upper Academy	(318)	140
Basildon Lower Academy	(66)	(364)
Central services	(566)	-
Total before fixed asset fund and pension reserve	<u>(950)</u>	<u>(224)</u>
Restricted fixed asset fund	48,007	377
Pension reserve	(5,969)	(6,670)
Total	<u><u>41,088</u></u>	<u><u>(6,517)</u></u>

The following academies are carrying net deficits on their portion of the funds as follows:

Name of academy	Amount of deficit £000
Basildon Upper Academy	318
Basildon Lower Academy	66

This was due to lower pupil numbers than anticipated resulting in an abatement of GAG in both the previous and current year.

The Academy is taking the following action to return the academies to surplus:

A 5 year plan for the academies have incorporated a number of strategic staffing restructures that have seen the reduction in executive positions and support staff resulting in reduction of staffing costs. Teacher contact time has increased by 2.8%. Increased pupil numbers will also generate additional income that the academies will use to reduce the deficit.

THE BASILDON ACADEMIES
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

19. Statement of funds (continued)

Analysis of academies by cost

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

	Teaching and educational support staff costs £000	Other support staff costs £000	Educational supplies £000	Other costs excluding depreciation £000	Total 2017 £000	Total 2016 £000
Basildon Lower Academy	2,496	917	94	590	4,097	6,352
Basildon Upper Academy	2,504	891	143	761	4,299	4,234
	<u>5,000</u>	<u>1,808</u>	<u>237</u>	<u>1,351</u>	<u>8,396</u>	<u>10,586</u>

20. Analysis of net assets between funds

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Restricted fixed asset funds 2017 £000	Total funds 2017 £000
Tangible fixed assets	-	-	47,997	47,997
Current assets	812	(324)	10	498
Creditors due within one year	-	(439)	-	(439)
Creditors due in more than one year	-	(999)	-	(999)
Provisions for liabilities and charges	-	(5,969)	-	(5,969)
	<u>812</u>	<u>(7,731)</u>	<u>48,007</u>	<u>41,088</u>

Analysis of net assets between funds - prior year

	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Restricted fixed asset funds 2016 £000	Total funds 2016 £000
Tangible fixed assets	(376,844)	45	377,176	377
Current assets	52,190	(51,540)	-	650
Creditors due within one year	874,598	(875,473)	-	(875)
Provisions for liabilities and charges	6,663,330	(6,670,000)	-	(6,670)
	<u>7,213,274</u>	<u>(7,596,968)</u>	<u>377,176</u>	<u>(6,518)</u>

THE BASILDON ACADEMIES
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

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

	2017	2016
	£000	£000
Net income/(expenditure) for the year (as per Statement of Financial Activities)	46,663	(1,205)
Adjustment for:		
Depreciation of tangible fixed assets	496	104
Notional value of rent on free use of land and buildings	-	1,025
Donation of free use land and buildings	-	(1,025)
Returns on investments and servicing of finance	-	(2)
(Increase)/decrease in debtors	(33)	86
Increase in creditors	564	174
Capital grants from DfE	(26)	(26)
Decrease in stocks	(1)	1
Pension finance costs	241	140
Net cash provided by/(used in) operating activities	47,904	(728)

22. Analysis of cash and cash equivalents

	2017	2016
	£000	£000
Cash in hand	316	502
Total	316	502

23. 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.

24. Pension commitments

The Academy's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Essex Pension Fund through Essex County Council. Both are Multi-Employer Defined Benefit Pension Schemes.

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

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

Teachers' Pension Scheme

Introduction

THE BASILDON ACADEMIES
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

24. Pension commitments (continued)

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

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

THE BASILDON ACADEMIES
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

24. Pension commitments (continued)

Valuation of the Teachers' Pension Scheme

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

- employer contribution rates set at 16.48% of pensionable pay, including a 0.08% employer administration charge (currently 14.1%)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

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

The employer's pension costs paid to TPS in the period amounted to £437,005 (2016 - £485,292).

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £542,000 (2016 - £607,000), of which employer's contributions totalled £450,000 (2016 - £500,000) and employees' contributions totalled £92,000 (2016 - £107,000). The agreed contribution rates for future years are 0% for employers and % 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.

THE BASILDON ACADEMIES
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

24. Pension commitments (continued)

Principal actuarial assumptions:

	2017	2016
Discount rate for scheme liabilities	2.60 %	2.20 %
Rate of increase in salaries	4.20 %	4.10 %
Rate of increase for pensions in payment / inflation	2.70 %	2.30 %
Inflation assumption (CPI)	2.70 %	2.30 %
Retail price index (RPI)	3.60 %	3.20 %

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

	2017	2016
Retiring today		
Males	22.2	22.9
Females	24.7	25.3
Retiring in 20 years		
Males	24.3	25.2
Females	27.0	27.7

Sensitivity analysis	At 31 August	At 31 August
	2017	2016
	£000	£000
Discount rate +0.1%	573	605
Discount rate -0.1%	600	633
Mortality assumption - 1 year increase	602	634
Mortality assumption - 1 year decrease	568	604

The Academy's share of the assets in the scheme was:

	Fair value at	Fair value at
	31 August	31 August
	2017	2016
	£000	£000
Equities	3,404	3,219
Gilts	326	169
Corporate bonds	204	211
Property	506	520
Cash and other liquid assets	161	142
Investment funds	221	225
Alternative assets	398	209
Total market value of assets	5,220	4,695

The actual return on scheme assets was £712,000 (2016 - £582,000).

THE BASILDON ACADEMIES
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

24. Pension commitments (continued)

The amounts recognised in the Statement of Financial Activities incorporating Income and Expenditure Account are as follows:

	2017 £000	2016 £000
Current service cost (net of employer contributions)	(532)	(419)
Interest on obligation	(142)	(146)
Net interest costs	605	427
Total	<u>(69)</u>	<u>(138)</u>
Actual return on scheme assets	<u>712</u>	<u>582</u>

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

	2017 £000	2016 £000
Opening defined benefit obligation	11,365	7,449
Interest cost	249	299
Employee contributions	92	107
Actuarial (gains)/losses	(854)	3,158
Benefits paid	(199)	(144)
Past service costs	4	77
Current service cost	532	419
Closing defined benefit obligation	<u>11,189</u>	<u>11,365</u>

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

	2017 £000	2016 £000
Opening fair value of scheme assets	4,695	3,652
Interest income	107	153
Actuarial losses	88	427
Employee contributions	92	107
Benefits paid	(199)	(144)
Administration expenses	(1)	-
Contributions by employer	438	500
Closing fair value of scheme assets	<u>5,220</u>	<u>4,695</u>

THE BASILDON ACADEMIES
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

25. Operating lease commitments

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

	2017 £000	2016 £000
Amounts payable:		
Within 1 year	7	19
Between 1 and 5 years	13	3
Total	<u>20</u>	<u>22</u>

26. Related party transactions

Owing to the nature of the Academy's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which a director has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy's financial regulations and normal procurement procedures.

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 12.