

**The Bay Learning Trust  
(A Company Limited by Guarantee)**

**Annual Report and Financial Statements**

**Year Ended 31<sup>st</sup> August 2017**

**The Bay Learning Trust**  
**Annual Report and Financial Statements**  
**Year Ended 31<sup>st</sup> August 2017**

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## **The Bay Learning Trust**

### **Reference and Administrative Details**

#### **Year Ended 31<sup>st</sup> August 2017**

In the period from 1<sup>st</sup> September 2016 – 31<sup>st</sup> August 2017 the Ripley CE Academy Trust was reconstituted as a Multi Academy Trust named The Bay Learning Trust

1<sup>st</sup> September 2016 – 6<sup>th</sup> March 2017  
(Ripley CE Academy Trust):

#### **Members**

Prof J Crewdson  
Mr S Whittaker  
Rev C Newlands  
Mrs E Nicholls  
Rev J Scamman

#### **Trustees**

Mr D Bateman  
Mrs R Buckland  
Mrs D Cheetham  
Prof J Crewdson (Chairman)  
Miss S Exton  
Dr P Gager  
Mrs J Garnett  
Rev M Gisbourne  
Mrs M Humphreys  
Mrs A Kinder  
Mrs S Lane-Dixon  
Mr P Marshall  
Rev C Newlands  
Mrs E Nicholls (Accounting Officer)  
Mr R Partington  
Rev J Scamman  
Mr M Sim  
Mr C Whiteside  
Cllr Mrs V Wilson

#### **Ripley St Thomas Senior Leadership Team**

Mrs E Nicholls (Principal)  
Mr M Wood (Senior Vice Principal)  
Mrs A Casson (Vice Principal)  
Mr I Gomersall (Director of Operations)  
Mrs C Walmsley (Assistant Principal)  
Mr M Sim (Head of Sixth Form)  
Mr A McKinnell (Director of Business & Finance)  
Mr M Salthouse (Assistant Principal)

## **The Bay Learning Trust**

### **Reference and Administrative Details**

#### **Year Ended 31<sup>st</sup> August 2017**

**In the period 6<sup>th</sup> March 2017 – 31<sup>st</sup> August 2017  
(The Bay Learning Trust)**

Members	Prof J Crewdson Mr S Whittaker Rev C Newlands The Bishop of Lancaster
Trustees	Rev Canon P Ballard Mrs D Cheetham Prof J Crewdson (Chairman) Mrs J Garnett Rev M Gisbourne Mrs N Gomersall Mrs E Nicholls (Accounting Officer) Mrs J Watson Mr R Webb Cllr Mrs V Wilson
The Bay Learning Trust Executive Team	Mrs E Nicholls (CEO) Mr M Wood (Principal, Ripley St Thomas CE Academy) Mr A McKinnell (Finance Director) Mr I Gomersall (Director of Operations) Mrs J Rees (Clerk to the Trust)
Company Registration Number	07588464
Independent Auditor	CWR Chartered Accountants 20 Mannin Way Lancaster Business Park Caton Road Lancaster LA1 3SW
Bankers	Lloyds Bank PLC 49 Market Street Lancaster LA1 1JH
Solicitors	Hill Dickinson No 1 St Paul's Square Liverpool L3 9SJ

# **The Bay Learning Trust**

## **Trustees' Report**

### **Year Ended 31<sup>st</sup> August 2017**

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period from the 1<sup>st</sup> September 2016 to 31<sup>st</sup> August 2017. The annual report serves the purposes of both a trustees' report, and a directors' report including a strategic report under company law.

The Trust operates an Academy for pupils aged 11-18 in Lancaster, Lancashire. The Bay Learning Trust operated as a Multi Academy School (MAT) with one operational school in the accounting period, Ripley St Thomas CE Academy.

## **1. Structure, Governance and Management**

### **1.1 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 Bay Learning Trust are also the directors of the charitable company for the purposes of company law. The charitable company is known as The Bay Learning Trust.

Details of the Trustees who served throughout the year except as noted are included in the Reference and Administrative Details on page 2.

### **1.2 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.

### **1.3 Trustees' Indemnities**

The Trustees' are indemnified in respect of their legal liability for financial loss arising as a result of a negligent act, accidental error or omission in the course of their official duties. The limit of this indemnity is £10,000,000 (note 10).

### **1.4(a) Method of Recruitment and Appointment or Election of Trustees – to the Ripley CE Academy (Single Academy Trust)**

The Trustees make up the Governing Body of the Academy and each Trustee is a Governor of the Academy. The Board of Governors consists of 20 Governors.

(i) 9 Foundation Governors:

- 3 appointed by the Ripley Trust
- 2 appointed by the Blackburn Diocese
- 2 appointed by St Thomas' Church PCC
- 2 appointed by St Mary's Church PCC

(ii) 2 Parent Governors

Parent Governors are elected by the parents of registered pupils of the Academy and must themselves be parents of a pupil at the time of their election. When a vacancy occurs, every parent is informed of the vacancy and that he/she is entitled to stand as a candidate. If the number of candidates exceeds the number of vacancies, an election is held by secret ballot.

(iii) 3 Staff Governors

Staff Governors are elected by all staff under a contract of employment with the Academy. When a vacancy occurs, every member of staff is notified and may stand as a candidate. If the number of candidates exceeds the number of vacancies, an election is held by secret ballot.

(iv) 3 Co-opted Governors appointed by the Board of Governors

## **The Bay Learning Trust**

### **Trustees' Report**

#### **Year Ended 31<sup>st</sup> August 2017**

- (v) The Principal, ex officio
- (vi) The Chairman of the Ripley Trust, ex-officio
- (vii) The Director of Education, Blackburn Diocese, ex-officio, or his representative

The term of appointment for Governors is generally four years except for the Principal, Chairman of the Ripley Trust and Diocesan Director of Education who hold their appointments for the terms of their office. Also, if a Staff Governor leaves the employment of the Academy, they are deemed to have resigned from the Board of Governors.

#### **1.4(b) Method of Recruitment and Appointment or Election of Trustees – to The Bay Learning Trust (Multi Academy Trust)**

The Members appoint a minimum of 7 Directors.

#### **1.5 Policies and Procedures Adopted for the Induction and Training of Trustees**

Newly appointed Trustees are provided with recent minutes and other key documents prior to an induction session with the CEO and Chair of Trustees. The Trustees have access to training and the agenda of each Trustees meeting includes a focus item on key issues.

#### **1.6 Organisational Structure**

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

The Bay Learning Trust Executive Team consisted of the Chief Executive Officer, Finance Director, Director of Operations and the Clerk to the Trustees. These leaders control the Trust at an executive level implementing the policies laid down by the Trustees and reporting back to them. As a group the Trust Executive Team is responsible for the authorisation of spending within agreed budgets and the appointment of staff, though appointment boards for posts in the Executive Team always contain a Trustee.

#### **1.7 Arrangements for Setting Pay and Remuneration of Key Management Personnel**

This is delegated by the Governing Body to the Staffing and Remuneration Committee.

#### **1.8 Related Parties and Other Connected Charities and Organisations**

There are no connected organisations in the year. Related party transactions are disclosed in note 27 to the accounts.

### **2. Objectives and Activities**

#### **2.1 Objects and Aims**

The Academy puts great emphasis on service and our young people are involved in local, national and international charity projects, raising significant sums of money each year for those in need.

In addition, the Academy aims to:

- Provide value for money for the funds expended
- Comply with all appropriate statutory and curriculum requirements
- Conduct the Academy's business in accordance with the highest standards of integrity, probity and openness

## **The Bay Learning Trust**

### **Trustees' Report**

**Year Ended 31<sup>st</sup> August 2017**

#### **2.2 Objectives, Strategies and Activities**

The Trust's strategic activities have included:

- Tuition and learning opportunities for all students appropriate to their ability in order to attain academic and vocational qualifications
- Development opportunities for all staff
- A comprehensive programme of extra-curricular activities and trips and visits for students
- Careers advice and guidance to help students move to the next stage of their education
- Opportunities for parents and guardians to work in partnership with the Academy

The Trustees recognise that equal opportunities should be an integral part of all 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.

#### **2.3 Public Benefit**

The Trustees have considered the Charity Commission's guidance on Public Benefit. The key public benefit is currently delivered by The Bay Learning Trust through the maintenance and development of the high quality education provided by the Academy.

In doing this The Bay Learning Trust not only offers a broadly-based academic education but aims to educate the whole individual. A very wide range of extra-curricular activities, educational trips, visits and foreign trips are offered and undertaken.

#### **Strategic report**

### **3. Achievements and Performance**

This has been the first year of the new GCSE grading in English and Mathematics, alongside a new raft of accountability measures. In terms of percentage pupils achieving the new standard (Grade 5 which is defined as a strong pass), the school was in the top 20% in terms of performance against other similar schools. Mathematics continue to perform extremely strongly, as did RE, Computer Science, Food Technology, Biology, Chemistry, Physics and Product Design. A level results were strong and placed us in the top 25% nationally for value added.

The number of students on roll continues to increase with the total number now having passed the 1700 mark. Despite demographic decline and a very competitive market, sixth form numbers have increased again at the beginning of 2017. The extra-curricular life of the Academy, one of the strengths of Ripley, continues to grow with the addition of an Australian Exchange, a South African exchange and the Duke of Edinburgh award. We are now the largest Duke of Edinburgh award provider in the North West. Plans are well developed for an Air Cadet Force based in the academy, offering new opportunities for our young people.

We continue to improve our estate with a number of refurbishment projects completed over the year. Security improvements are now almost complete and include the installation of new barriers, a fence along the railway line and plans to put an additional barrier at the sixth form and farm entrance. Repairs to the tower began and continue following storm damage. Our CIF bid for this project was not successful and the academy has had to bear the cost of the work, which is both necessary and urgent. The academy is very grateful to The Ripley Trust for a very generous donation towards the repairs. Significant alterations have been made to the Lodge to accommodate the new Multi Academy trust.

The Academy continues to pursue excellence in all aspects of its life, with high expectations and a culture of hard work at its core. The past year has continued to see an emphasis on developing the new curriculum at all Key Stages. Teachers and leaders have had significant extra workload and pressure in managing and implementing these changes and we are confident that schemes of work and resources are now in place to allow our young people to succeed. Our priorities for the year ahead include a continuing focus on literacy, and on the progress of the most able and

## **The Bay Learning Trust**

### **Trustees' Report**

#### **Year Ended 31<sup>st</sup> August 2017**

disadvantaged. We have introduced more vocational A level subjects in 2017 to widen our offer, this has been successful.

A new Principal was appointed in June 2017. Mr Martin Wood has worked at Ripley in a range of roles, most recently Senior Vice Principal, since 2007. He brings a breadth of experience across all aspects of the Academy's provision.

The Academy is fortunate to have a committed and dedicated staff and governing body who understand that every child matters and are willing to do whatever it takes to enable young people to achieve. We look forward to a productive and positive year ahead.

#### **3.1 Key Performance Indicators**

The Academy monitors its performance on the examination results and Ofsted reports it receives. The Academy operates in line with the requirements of its Funding Agreement with the ESFA and manages its reserves in line with the policies set out on page 8.

#### **3.2 Going Concern**

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Accounting Policies note of the financial statements (note 1).

### **4. Financial Review**

#### **4.1 Operating and Financial Review**

Most of the Academy's income is obtained from the Department for Education (DfE) in the form of its General Annual Grant (GAG), the use of which is restricted to particular purposes; i.e. the objectives of the Academy. The GAG received during the period covered by this report and the associated expenditure is shown as restricted funds in the statement of financial activities.

On conversion to an academy on the 1<sup>st</sup> May 2011, all of the fixed assets of the former school were transferred to the new Academy Trust, and are shown as restricted fixed asset funds. The balance sheet restricted fixed asset fund is reduced by depreciation charges over the expected useful life of the assets concerned, as explained in note 1 to the Financial Statements.

Restricted expenditure for the period covered by this report was more than covered by the GAG received from the DfE together with other restricted incoming resources.

For the year ending 31<sup>st</sup> August 2017 the surplus of total income over expenditure, before other recognised gains and losses, equated to £70,000 (2016 - £26,000). This is the result of detailed and accurate budgeting and tight budgetary control procedures which have been firmly embedded in the Academy's daily financial management.

At 31<sup>st</sup> August 2017 the Trust held revenue fund balances of £1,239,000 (2016 - £1,009,000) comprising £774,000 of restricted general funds (2016 - £549,000) and £465,000 of unrestricted funds (2016 - £460,000). In addition to this the pension reserve shows a deficit of £2,091,000 (2016 - £2,248,000) and the Diocese of Blackburn balance stands at £152,000 (2016 - £213,000).

The Trustees remain concerned with the large deficit that the Local Government Pension Fund is reporting, (see note 26 to the Financial Statements) but are aware of the deficit recovery programme now in place.



## **The Bay Learning Trust**

### **Trustees' Report**

#### **Year Ended 31<sup>st</sup> August 2017**

##### **4.2 Reserves Policy**

The Trustees 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.

Under its Funding Agreement with the Secretary of State for Education The Bay Learning Trust is permitted to hold unlimited reserves at the year end.

The Trustees' Finance Committee has reviewed these reserve levels and believes that they should provide sufficient working capital to cover delays between spending and receipt of grants and to allow for unexpected emergencies. The Academy will maintain free reserves at a minimum level of 2% of GAG up to a maximum of 10% of GAG as an appropriate cushion.

As at 31<sup>st</sup> August 2017 the Trustees consider that the Trust's reserves of GAG and unrestricted funds held are satisfactory for the level of the Trust's operations.

##### **4.3 Investment Policy**

The Trust aims to manage cash balances to provide the working capital required for its day-to-day operations, whilst protecting the long-term value of any surpluses against inflation. The Trust therefore aims to invest surplus cash funds in a way that optimises returns whilst ensuring there is minimal risk of loss of these funds. In order to make the best use of surplus cash funds to generate additional income the Trust must ensure the following objectives are met:

- Manage cash flow to ensure that sufficient cash balances are maintained in the current account to cover the working capital requirements of the Trust.
- Ensure there is minimal risk to loss of the capital value of any cash funds invested by ensuring that the Trust is only exposed to low risk investments.
- Protect the capital value of the invested funds against inflation.
- Ensure optimum returns on the funds invested.
- Ensure that income generated from investments is used for furthering the Trust's aims.
- Investments must be placed with FSA registered companies.
- The CEO is responsible for the management of investments, with responsibility delegated to the Finance Director.

Regular cash flow forecasts are to be prepared and monitored to ensure there are adequate liquid funds to meet all payroll commitments and outstanding creditors due for payment.

Where cash flow forecasts indicate that a base level of cash funds will be surplus to the day-to-day requirements of the Trust these funds may be invested following approval by the Finance Committee.

In making decisions with regard to investment options the Finance Director will compare interest rates and returns across the market to ensure the Trust is getting a fair return, having due regard for the economic situation at that time.

In general, the cash shall be invested in short term investment accounts, with an average duration of less than one year. Proposals for longer term investments would need further approval of the Finance Committee.

## **The Bay Learning Trust**

### **Trustees' Report**

#### **Year Ended 31<sup>st</sup> August 2017**

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

The continuing existence of the Trust can best be guaranteed by the standards of education at Ripley St Thomas CE Academy in its widest sense, which it provides. This is the preferred school for many families who could easily favour another. Anything less than oversubscription could signal the beginning of financial and educational problems.

The principal risk to the Trust is the maintenance of pupil numbers as funding is directly related to the number of pupils on roll. Emerging risks include the sharp rise in the cost of travel as this is an increasing barrier to parents opting to send their children to Ripley St Thomas CE Academy and the forthcoming rises in employer costs. These coupled with the cuts to sixth form funding and the Education Services Grant are likely to affect our ability to develop facilities and offer our usual breadth of curriculum.

#### **4.5 Risk Management**

The Trustees have assessed the major risks to which the Academy is exposed. The Trustees have implemented a number of systems to assess risks in the operational areas of the Academy and in relation to the control of finance. A Risk Register has been completed and is reviewed annually.

Where significant financial risk still remains they have ensured they have adequate insurance cover. The Academy has an effective system of internal financial controls and this is explained in more detail in the Governance Statement.

#### **5. Plans for Future Periods**

The Trust through Ripley St Thomas Church of England Academy will continue to work to maintain the performance of its students at all levels. Additionally, it will continue to review the curriculum content to ensure future pathways for students, particularly in the light of curriculum change and financial constraints.

Ripley continues to support the wider system through its role as a National Teaching School and to contribute towards the workforce through its role as a School Centred Initial Teacher Training (SCITT). Our SCITT was the first to have an Ofsted inspection under the new framework and we were delighted to achieve Outstanding in all categories.

The Academy continues to focus on delivering outstanding teaching and learning through ensuring all staff members are highly trained. It continues to pursue its ambition to raise achievement even further, working towards improved outcomes for our students in both terminal examinations and rates of progress. Trustees and leaders retain a commitment to ensure all students have a high quality education.

In 2017, with encouragement from the DfE and the Diocese, Ripley set up a Multi Academy Trust, named The Bay Learning Trust, with the aim of building a family of church and community schools in the Morecambe Bay area to raise standards and provision for all our young people. The Trust received a significant development grant from the DfE to expand the trust. We are delighted that one of our local high schools is in the process of converting to an academy and joining the trust and a number of primary schools have expressed interest. There remains opposition to academisation in the local area which is likely to slow conversion rates.

The Trustees recognise that through outstanding financial management over the past four years they have been able to invest in and improve very significantly the quality of the building environment and the upgrading of many areas of the Academy. The Academy has benefited significantly from grants through the Academies Capital Maintenance Fund (ACMF) and latterly the Condition Improvement Fund (CIF) which have enabled the flat roofs to be replaced and which has allowed us to replace ancient boilers and the aligned heating systems as well as to build two new science laboratories. They have ambition for this to continue but recognise, however, that future plans will be dependent on funding availability.

## **The Bay Learning Trust**

### **Trustees' Report**


**Year Ended 31<sup>st</sup> August 2017**

#### **6. Auditor**

In so far as the trustees are aware:

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

The trustees' report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on the .....30/11/2017.. and signed on the board's behalf by:

  
.....  
Prof J Crewdson  
Chair of Trustees

## **The Bay Learning Trust**

### **Governance Statement**

**Year Ended 31<sup>st</sup> August 2017**

#### **7.1 Scope of Responsibility**

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

The Board of Trustees has delegated the day-to-day responsibility to the Headteacher, 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 Bay Learning Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

#### **7.2 Governance**

The information on governance included here supplements that information described in the Trustees' Report and in the Statement of Trustees Responsibilities.

Trustees are allocated to Committees which are as follows: Admissions; Buildings, Grounds and Health & Safety; Curriculum; Pupil Discipline; Finance, Staffing, Other ad hoc committees are convened as and when needed. These committees meet on a regular termly cycle.

The Governing Body has formally met once during the period 1<sup>st</sup> September 2016 to 6<sup>th</sup> March 2017. Attendance at this meeting of the Governing Body was as follows:

<b>Trustee</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
Mr D Bateman	1	1
Mrs R Buckland	1	1
Mrs D Cheetham	1	1
Prof J Crewdson (Chairman)	1	1
Mrs S Exton	1	1
Dr P Gager	1	1
Mrs J Garnett	1	1
Rev M Gisbourne	1	1
Mrs M Humphreys	0	1
Mrs A Kinder	1	1
Mrs S Lane-Dixon	1	1
Mr P Marshall	1	1
Rev C Newlands	0	1
Mrs E Nicholls (Accounting Officer)	1	1
Mr R Partington	1	1
Rev J Scamman	0	1
Mr M Sim	1	1
Mr C Whiteside	1	1
Cllr Mrs V Wilson	1	1

## The Bay Learning Trust

### Governance Statement

#### Year Ended 31<sup>st</sup> August 2017

The Finance Committee is a sub-committee of the Governing Body and formally met once during the period 1<sup>st</sup> September 2016 to 6<sup>th</sup> March 2017. Trustee attendance during the year at meetings of the Finance Committee was as follows:

Trustee	Meetings attended	Out of a possible
Mrs D Cheetham	1	1
Prof J Crewdson	1	1
Dr P Gager (Finance Committee Chair)	1	1
Rev M Gisbourne	1	1
Mrs M Humphreys	0	1
Mr R Partington	1	1

From 7<sup>th</sup> March 2017 the Trustees of The Bay Learning Trust were:

Trustee	Meetings attended	Out of a possible
Rev Canon P Ballard	2	2
Mrs D Cheetham	2	2
Prof J Crewdson	2	2
Mrs J Garnett	2	2
Revd M Gisbourne	2	2
Mrs N Gomersall	2	2
Mr R Webb	1	2
Mrs J Watson	1	2
Cllr Mrs V Wilson	2	2

#### 7.3 Review of Value for Money

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

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

- **Benchmarking:** The Finance Director is a member of a regional group of 300 school and academy business managers, and attends a local group of 25 academy business managers. Both groups focus on sharing best practice and comparing prices for goods and services. Collaborative purchasing opportunities have enabled the Academy to obtain discounts on costs of a number of purchases. Financial benchmarking exercises carried out during the year, utilising professionally produced reports to compare key income and expenditure types with local and national academies of similar size and form indicate that our costs were below the median, across the board, and show that the strict budgeting and financial control has been effective.
- **Options appraisal:** The Trust has clear systems for purchasing, with a hierarchy for purchasing decisions including Governing Body authorisation at the highest level. Purchases of goods and services valued at over £5,000 require three quotes, although in practice we generally obtain quotes for goods and services of much lower value, to ensure best value. Orders for all goods and services are authorised only after meeting the stringent procedures for obtaining value for money. Even relatively low value orders are intercepted by the Finance Manager or Director of Business & Finance if they are not considered to be cost-effective.
- **Negotiation:** The Finance Director and his team have successfully driven down costs through determined negotiation with suppliers throughout the year. Quotations for goods and services have been routinely challenged and most prices have subsequently been reduced. Significant reductions have continued to be achieved in many cases.

## **The Bay Learning Trust**

### **Governance Statement**

#### **Year Ended 31<sup>st</sup> August 2017**

##### **7.4 The Purpose of the System of Internal Control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Academy Trust's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Bay Learning Trust for the year ended 31<sup>st</sup> August 2017 and up to the date of approval of the annual report and financial statements.

##### **7.5 Capacity to Handle Risk**

The Board of Trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the year ended 31<sup>st</sup> 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.

##### **7.6 The Risk and Control Framework**

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the 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, and;
- identification and management of risks.

The Trustees have considered the need for a specific internal audit function and have decided not to appoint an internal auditor. However, the trustees have appointed CWR Chartered Accountants, as Responsible Officer (RO). The RO's role includes giving advice on financial matters and performing a range of checks on the Trust's financial systems. On a quarterly basis, the RO reports to the trustees, through the Finance Committee on the operation of the systems of control and on the discharge of the trustees financial responsibilities. The RO function has been fully delivered in line with the ESFA's requirements and no material control issues arose as a result of the RO's work.

## The Bay Learning Trust

### Governance Statement

Year Ended 31<sup>st</sup> August 2017

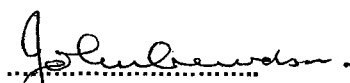
#### 7.7 Review of Effectiveness

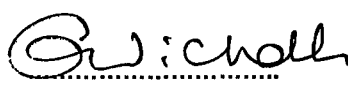
As Accounting Officer, the CEO has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the Board of Trustees;
- the Responsible Officer;
- external audit;
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

Internal financial procedures have been updated and reviewed as applicable. All recommendations by the Responsible Officer have been considered and implemented if appropriate.

Approved by order of the members of the Board of Trustees on the .....30/11/2017..... and signed on its behalf by:

  
.....  
Prof J Crewdson  
Chair of Trustees

  
.....  
Mrs E Nicholls  
Accounting Officer

## **The Bay Learning Trust**

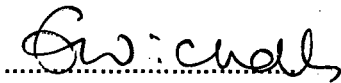
### **Statement on Regularity, Propriety and Compliance**

**Year Ended 31<sup>st</sup> August 2017**

As Accounting Officer of The Bay Learning Trust 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 all 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.



**Mrs E Nicholls**  
**Accounting Officer**

Date: 14/12/17



## The Bay Learning Trust

### Statement of Trustees' Responsibilities

Year Ended 31<sup>st</sup> August 2017

The trustees (who act as governors of The Bay Learning Trust and are also directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report (including the Strategic Report and Directors' Report) and the financial statements in accordance with 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 the incoming resources and application of resources, including its income and expenditure. In preparing these financial statements, the trustees are required to:

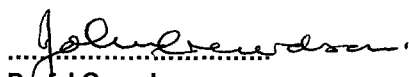
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (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 operation.

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 to the requirements both of propriety and good financial management. They are also responsible for ensuring that grants received from the Education and Skills Funding Agency and Department for Education 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 the .....30/11/2017..... and signed on its behalf by:

  
.....  
Prof J Crewdson  
Chair of Trustees

## **The Bay Learning Trust**

### **Independent Auditor's Report to the Members of The Bay Learning Trust**

#### **Year Ended 31<sup>st</sup> August 2017**

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

This report is made solely to the Academy Trust's Members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Academy Trust's Members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Academy Trust and the Academy Trust's 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 Trust's affairs as at the 31<sup>st</sup> 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 for opinion**

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

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

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

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

#### **Other information**

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

*(Continued)*

## **The Bay Learning Trust**

### **Independent Auditor's Report to the Members of The Bay Learning Trust**

#### **Year Ended 31<sup>st</sup> August 2017**

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.

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

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

- the information given in the trustees' report (incorporating the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' 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 Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

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

#### **Responsibilities of trustees**

As explained more fully in the trustees' responsibilities statement set out on page 16, the trustees (who are also the directors of the Academy Trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

*(Continued)*

## The Bay Learning Trust

### Independent Auditor's Report to the Members of The Bay Learning Trust

Year Ended 31<sup>st</sup> August 2017

#### 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: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>. This description forms part of our auditor's report.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

 .....

Mr Robert Mitchell ACA (Senior Statutory Auditor)  
For and on behalf of CWR Chartered Accountants  
Statutory Auditor  
20 Mannin Way  
Lancaster Business Park  
Caton Road  
Lancaster  
LA1 3SW

Date: 20/12/17 .....

## **The Bay Learning Trust**

### **Independent Reporting Accountant's Assurance Report on Regularity to The Bay Learning Trust and the Education and Skills Funding Agency**

#### **Year Ended 31<sup>st</sup> August 2017**

In accordance with the terms of our engagement letter dated 31<sup>st</sup> August 2017 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 Bay Learning Trust during the year from the 1<sup>st</sup> September 2016 to the 31<sup>st</sup> 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 Bay Learning Trust and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to The Bay Learning Trust and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than The Bay Learning Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

#### **Respective responsibilities of The Bay Learning Trust's Accounting Officer and the reporting accountant**

The Accounting Officer is responsible, under the requirements of The Bay Learning Trust's funding agreement with the Secretary of State for Education and the Academies Financial Handbook, extant from 1<sup>st</sup> 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 from the 1<sup>st</sup> September 2016 to the 31<sup>st</sup> 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 ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw our conclusions includes:

- Obtaining evidence including those tests relevant to the circumstances of the Academy Trust as prescribed in Section 9.4 of the Academies Accounts Direction 2016 to 2017 issued by the ESFA; and
- Planning and performing any additional tests we deemed necessary to express an opinion on regularity.

*(Continued)*

**The Bay Learning Trust**

**Independent Reporting Accountant's Assurance Report on Regularity to The Bay Learning Trust  
and the Education and Skills Funding Agency**

**Year Ended 31<sup>st</sup> August 2017**

**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 from the 1<sup>st</sup> September 2016 to the 31<sup>st</sup> August 2017 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

*RM*.....

Mr Robert Mitchell ACA (Senior Statutory Auditor)  
For and on behalf of CWR Chartered Accountants  
Statutory Auditor  
20 Mannin Way  
Lancaster Business Park  
Caton Road  
Lancaster  
LA1 3SW

Date: *20/12/17*.....

# The Bay Learning Trust

## Statement of Financial Activities (including Income and Expenditure Account)

Year Ended 31<sup>st</sup> August 2017

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2017 £000	Total 2016 £000
<b>Income and endowments from:</b>						
Donations and capital grants	2	-	250	74	324	1,013
Charitable activities:						
Funding for the Academy Trust's educational operations	5	-	8,366	-	8,366	8,472
Teaching schools	5	-	48	-	48	-
Other trading activities	3	500	-	-	500	507
Investments	4	5	-	-	5	9
<b>Total</b>		<b>505</b>	<b>8,664</b>	<b>74</b>	<b>9,243</b>	<b>10,001</b>
<b>Expenditure on:</b>						
Raising funds		-	-	-	-	-
Charitable activities:						
Academy trust's educational operations	6,7	500	8,429	167	9,096	8,813
Teaching schools	6,7	-	48	-	48	48
<b>Total</b>		<b>500</b>	<b>8,477</b>	<b>167</b>	<b>9,144</b>	<b>8,861</b>
<b>Net income/(expenditure)</b>		<b>5</b>	<b>187</b>	<b>(93)</b>	<b>99</b>	<b>1,140</b>
<b>Transfers between funds</b>	16	-	(122)	122	-	-
<b>Other recognised gains/(losses)</b>						
Actuarial gains/(losses) on defined benefit pension schemes	16, 26	-	378	-	378	(920)
<b>Net movement in funds</b>		<b>5</b>	<b>443</b>	<b>29</b>	<b>477</b>	<b>220</b>
<b>Reconciliation of funds:</b>						
Total funds brought forward	16	460	(1,912)	12,997	11,545	11,325
<b>Total funds carried forward</b>	16	<b>465</b>	<b>(1,469)</b>	<b>13,026</b>	<b>12,022</b>	<b>11,545</b>

All income and expenditure derive from continuing activities.

The statement of financial activities includes all gains and losses recognised during the year.

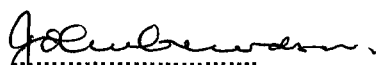
# The Bay Learning Trust

## Balance Sheet

Year Ended 31<sup>st</sup> August 2017

	Notes	2017 £000	2017 £000	2016 £000	2016 £000
<b>Fixed assets</b>					
Tangible assets	11		13,026		12,769
<b>Current assets</b>					
Stocks	12	5		5	
Debtors	13	131		157	
Cash at bank and in hand		1,764		2,031	
		<u>1,900</u>		<u>2,193</u>	
<b>Liabilities</b>					
Creditors: Amounts falling due within one year	14	<u>(635)</u>		<u>(924)</u>	
<b>Net current assets</b>			<u>1,265</u>		<u>1,269</u>
<b>Total assets less current liabilities</b>			<u>14,291</u>		<u>14,038</u>
Creditors: Amounts falling due after more than one year	15		(178)		(245)
<b>Net assets excluding pension liability</b>			<u>14,113</u>		<u>13,793</u>
Defined benefit pension scheme liability	26		(2,091)		(2,248)
<b>Net assets including pension liability</b>			<u>12,022</u>		<u>11,545</u>
<b>Funds of the Academy Trust:</b>					
<b>Restricted funds</b>					
Fixed asset fund	16	13,026		12,997	
General fund	16	622		336	
Pension reserve	16	<u>(2,091)</u>		<u>(2,248)</u>	
<b>Total restricted funds</b>			<u>11,557</u>		<u>11,085</u>
<b>Unrestricted income funds</b>	16		465		460
<b>Total funds</b>			<u>12,022</u>		<u>11,545</u>

The financial statements on pages 22 to 46 were approved by the trustees, and authorised for issue on the .....30/11/2017..... and are signed on their behalf by:

  
 .....  
 Prof J Crewdson  
 Chair of Trustees

Company Limited by Guarantee  
 Registration Number: 07588464



**The Bay Learning Trust**

**Statement of Cash Flows**

**Year Ended 31<sup>st</sup> August 2017**

	Notes	2017 £000	2016 £000
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities	20	139	920
<b>Cash flows from investing activities</b>	22	(345)	(346)
<b>Cash flows from financing activities</b>	21	(61)	(1)
<b>Change in cash and cash equivalents in the reporting period</b>		<u>(267)</u>	<u>573</u>
<b>Cash and cash equivalents at 1<sup>st</sup> September 2016</b>		2,031	1,458
<b>Cash and cash equivalents at 31<sup>st</sup> August 2017</b>	23	<u>1,764</u>	<u>2,031</u>

## **The Bay Learning Trust**

### **Notes to the Financial Statements**

#### **Year Ended 31<sup>st</sup> August 2017**

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

###### **General information and basis of preparation**

The Bay Learning Trust is a company limited by guarantee incorporated in England. The address of the registered office is given in the Reference and Administrative Details given on page 2 of these financial statements and the principal place of business is Ashton Road, Lancaster, LA1 4RS. The nature of the Academy Trust's operations and principal activities are set out in the Trustees' Report on page 4.

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.

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

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

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

###### **Income**

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

- **Grants receivable**

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

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

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

## **The Bay Learning Trust**

### **Notes to the Financial Statements**

#### **Year Ended 31<sup>st</sup> August 2017**

##### **1 Statement of accounting policies (continued)**

###### **Income (continued)**

- **Donations**

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

- **Other income**

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

- **Donated goods, facilities and services**

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

###### **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.

## The Bay Learning Trust

### Notes to the Financial Statements

Year Ended 31<sup>st</sup> August 2017

#### 1 Statement of accounting policies (continued)

##### Expenditure (continued)

- **Expenditure on raising funds**

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

- **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

##### Tangible fixed assets

Assets costing £5,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

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

Long leasehold buildings	over the remainder of the 125 year lease straight line
Fixtures, fittings and equipment	33% straight line
Computer hardware	33% straight line
Motor Vehicles	25% straight line

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

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

The building valuation represents the value of leasehold assets as per the ESFA valuation carried out in 2016 by a RICS approved valuer. In this valuation the leasehold buildings were valued at £12,284,000. The assets were valued using a depreciated replacement cost model and are to be depreciated over a 125 year period (note 11).

## **The Bay Learning Trust**

### **Notes to the Financial Statements**

#### **Year Ended 31<sup>st</sup> August 2017**

##### **1 Statement of accounting policies (continued)**

###### **Agency arrangements**

The Academy Trust acts as an agent in distributing 16-19 bursary funds from the ESFA. Payments received from the ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the statement of financial activities. In addition, the Academy Trust acts as an agent in distributing School Centred Initial Teacher Training (SCITT) Bursary funding to student teachers as an agent for the Department for Education. The funds received and paid and any balances held are disclosed in note 28.

###### **Liabilities**

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

###### **Provisions**

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

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

###### **Leased assets**

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

###### **Financial instruments**

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

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 13. 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 cost as detailed in notes 14 and 15. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

# **The Bay Learning Trust**

## **Notes to the Financial Statements**

### **Year Ended 31<sup>st</sup> August 2017**

#### **1 Statement of accounting policies (continued)**

##### **Stocks**

Stock consists of unused stationery stores and is valued at the lower of cost or net realisable value.

##### **Taxation**

The Academy Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Academy Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Part 11, Chapter 3 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.

##### **Pensions Benefits**

Retirement benefits to employees of the Academy Trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 26, 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 is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

## **The Bay Learning Trust**

### **Notes to the Financial Statements**

**Year Ended 31<sup>st</sup> August 2017**

#### **1 Statement of accounting policies (continued)**

##### **Fund Accounting**

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

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

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

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

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

##### *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 26, 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<sup>st</sup> March 2016 has been used by the actuary in valuing the pensions liability at 31<sup>st</sup> 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.

# The Bay Learning Trust

## Notes to the Financial Statements

Year Ended 31<sup>st</sup> August 2017

### 2 Donations and capital grants

	Unrestricted Funds £000	Restricted Funds £000	Total 2017 £000	Total 2016 £000
ESFA capital grants	-	74	74	673
Trips and other non-public funds	-	234	234	288
Other donations	-	16	16	52
	<u>-</u>	<u>324</u>	<u>324</u>	<u>1,013</u>

Income from donations and capital grants was £324,000 (2016 - £1,013,000) of which £nil (2016 - £nil) was attributable to unrestricted funds, £250,000 (2016 - £340,000) was attributable to restricted general funds and £74,000 (2016 - £673,000) was attributable to restricted fixed asset funds.

£74,000 (2016 - £673,000) of government grants were received for capital and maintenance works.

### 3 Other trading activities

	Unrestricted Funds £000	Restricted Funds £000	Total 2017 £000	Total 2016 £000
Hire of facilities	31	-	31	33
Catering income	312	-	312	305
Sale of educational goods and services	110	-	110	88
Music tuition	41	-	41	39
Supplies of staff	3	-	3	9
Teaching school income	3	-	3	33
	<u>500</u>	<u>-</u>	<u>500</u>	<u>507</u>

Income from other trading activities was £500,000 (2016 - £507,000) of which £500,000 (2016 - £507,000) was attributable to unrestricted funds, £nil (2016 - £nil) was attributable to restricted general funds and £nil (2016 - £nil) was attributable to restricted fixed asset funds.

### 4 Investment income

	Unrestricted Funds £000	Restricted Funds £000	Total 2017 £000	Total 2016 £000
Short term deposits	5	-	5	9
	<u>5</u>	<u>-</u>	<u>5</u>	<u>9</u>

Investment income was £5,000 (2016 - £9,000) of which £5,000 (2016 - £9,000) was attributable to unrestricted funds, £nil (2016 - £nil) was attributable to restricted general funds and £nil (2016 - £nil) was attributable to restricted fixed asset funds.



# The Bay Learning Trust

## Notes to the Financial Statements

Year Ended 31<sup>st</sup> August 2017

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

	Unrestricted Funds £000	Restricted Funds £000	Total 2017 £000	Total 2016 £000
<b>DfE/ESFA revenue grants</b>				
General Annual Grant (GAG)	-	7,962	7,962	7,986
MAT grant	-	60	60	-
Other DfE/ESFA grants	-	178	178	175
National College grants	-	192	192	284
	-	8,392	8,392	8,445
<b>Other Government grants</b>				
Local Authority grants	-	22	22	27
Other government grants	-	-	-	-
	-	22	22	27
Other income from the Academy Trust's educational operations	-	-	-	-
	-	8,414	8,414	8,472

Funding for Academy Trust's educational operations was £8,414,000 (2016 - £8,472,000) of which £nil (2016 - £nil) was attributable to unrestricted funds, £8,414,000 (2016 - £8,472,000) was attributable to restricted general funds and £nil (2016 - £nil) was attributable to restricted fixed asset funds.

£8,414,000 (2016 - £8,472,000) of government grants were received for the purposes of the day to day running costs of the academy and its charitable objectives.

# The Bay Learning Trust

## Notes to the Financial Statements

Year Ended 31<sup>st</sup> August 2017

### 6 Expenditure

	Staff Costs £000	Non Pay Expenditure Premises £000	Other Costs £000	Total 2017 £000	Total 2016 £000
Expenditure on raising funds	-	-	-	-	-
Academy Trust's educational operations					
Direct costs	5,881	150	1,006	7,037	6,980
Allocated support costs	961	763	335	2,059	1,833
Teaching School:					
Direct costs	27	-	-	27	27
Allocated support costs	9	-	12	21	21
	<u>6,878</u>	<u>913</u>	<u>1,353</u>	<u>9,144</u>	<u>8,861</u>

£500,000 (2016 - £507,000) of the above expenditure on the Academy Trust's educational operations was attributable to unrestricted funds, £8,477,000 (2016 - £8,253,000) was attributable to restricted general funds and £167,000 (2016 - £101,000) was attributable to restricted fixed asset funds.

Net income/expenditure for the year includes:

	2017 £000	2016 £000
Operating lease rentals	1	1
Depreciation	167	101
(Gain)/loss on disposal of fixed assets	-	-
Amortisation of intangible fixed assets (included within Charitable Activities – Academy Trust educational operations)	-	-
Fees payable to the auditor for:		
Audit	5	5
Other services	6	4
	<u>179</u>	<u>111</u>

No transactions have taken place under Section 3.1.8 of the 2016 Academies Financial Handbook which require additional disclosure.

# The Bay Learning Trust

## Notes to the Financial Statements

Year Ended 31<sup>st</sup> August 2017

### 7 Charitable activities

	Total 2017 £000	Total 2016 £000
Direct costs – educational operations	7,037	6,980
Direct costs – teaching school	27	27
Support costs – educational operations	2,059	1,833
Support costs – teaching school	21	21
	<u>9,144</u>	<u>8,861</u>

Analysis of support costs	Educational operations £000	Teaching school £000	Total 2017 £000	Total 2016 £000
Support staff costs	961	9	970	856
Depreciation	16	-	16	16
Premises costs	746	-	746	668
Other support costs	313	12	325	282
Governance costs	23	-	23	32
<b>Total support costs</b>	<u>2,059</u>	<u>21</u>	<u>2,080</u>	<u>1,854</u>

Included within governance costs are any costs associated with the strategic as opposed to day to day management of the academy's activities. This will include the cost of any administrative support provided to the trustees and costs relating to the statutory requirements including audit and preparation of statutory accounts.

# The Bay Learning Trust

## Notes to the Financial Statements

Year Ended 31<sup>st</sup> August 2017

### 8 Staff

#### (a) Staff costs

	2017 £000	2016 £000
Staff costs during the period were:		
Wages and salaries	5,306	5,287
Social security costs	462	455
Operating costs of defined benefit pension schemes	1,018	791
	<u>6,786</u>	<u>6,533</u>
Apprenticeship Levy	4	-
	<u>6,790</u>	<u>6,533</u>
Supply staff costs	70	134
Staff restructuring costs	18	21
	<u>6,878</u>	<u>6,688</u>
Staff restructuring costs comprise:		
Redundancy payments	-	-
Severance payments	18	21
Other restructuring costs	-	-
	<u>18</u>	<u>21</u>

#### (b) Staff severance payments

Included in staff restructuring costs are non-statutory / non-contractual severance payments totalling £18,000 (2016: £21,000). Individually, the payments were for £10,000 and £8,000 (2016: one payment of £21,000).

#### (c) Staff numbers

The average number of persons employed by the Academy Trust during the year, and the full time equivalents, was as follows:

	2017 Number	2017 Full-time equivalent	2016 Number	2016 Full-time equivalent
Teachers	100	90	99	91
Administration and support	81	58	80	57
Management	9	9	9	9
	<u>190</u>	<u>157</u>	<u>188</u>	<u>157</u>

## The Bay Learning Trust

### Notes to the Financial Statements

#### Year Ended 31<sup>st</sup> August 2017

#### 8 Staff (continued)

##### (d) Higher paid staff

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

	2017 No.	2016 No.
£60,001 - £70,000	2	2
£70,001 - £80,000	2	2
£80,001 - £90,000	-	-
£90,001 - £100,000	-	-
£110,001 - £120,000	1	1
	<u>5</u>	<u>5</u>

##### (e) Key management personnel

The key management personnel of the Academy Trust comprise the trustees and the senior leadership team as listed on page 2. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £716,000 (2016: £644,000).

#### 9 Related party transactions - Trustees' remuneration and expenses

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

Mrs E Nicholls (Principal to 31<sup>st</sup> August 2017 and trustee):

Remuneration	£115,000 - £120,000 (2016: £115,000 - £120,000)
Employers' pension contributions	£15,000 - £20,000 (2016: £15,000 - £20,000)

Miss S Exton (staff trustee) (appointed 5<sup>th</sup> October 2015 and retired 6<sup>th</sup> March 2017):

Remuneration	£20,000 - £25,000 (2016: £35,000 - £40,000)
Employers' pension contributions	£nil - £5,000 (2016: £5,000 - £10,000)

Mrs R Buckland (staff trustee) (retired 6<sup>th</sup> March 2017):

Remuneration	£10,000 - £15,000 (2016: £25,000 - £30,000)
Employers' pension contributions	£nil - £5,000 (2016: £nil - £5,000)

Mr M Sim (staff trustee) (retired 6<sup>th</sup> March 2017):

Remuneration	£35,000 - £40,000 (2016: £60,000 - £65,000)
Employers' pension contributions	£5,000 - £10,000 (2016: £5,000 - £10,000)

During the year ended 31<sup>st</sup> August 2017, travel and subsistence expenses totalling £1,246 was reimbursed or paid directly to 1 trustees (2016: £1,349 to 1 trustee).

Other related party transactions involving the trustees are set out in note 27.

#### 10 Trustees' and officers' insurance

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

# The Bay Learning Trust

## Notes to the Financial Statements

Year Ended 31<sup>st</sup> August 2017

### 11 Tangible fixed assets

	Leasehold Land and Buildings £000	Furniture and Equipment £000	Computer Equipment £000	Motor Vehicles £000	Total £000
<b>Cost</b>					
At 1 <sup>st</sup> September 2016	13,092	166	142	7	13,407
Additions	410	6	-	8	424
Disposals	-	-	-	-	-
At 31 <sup>st</sup> August 2017	13,502	172	142	15	13,831
<b>Depreciation</b>					
At 1 <sup>st</sup> September 2016	400	129	102	7	638
Charged in period	120	29	16	2	167
Disposals	-	-	-	-	-
At 31 <sup>st</sup> August 2017	520	158	118	9	805
<b>Net book values</b>					
At 31 <sup>st</sup> August 2016	12,692	37	40	-	12,769
At 31 <sup>st</sup> August 2017	12,982	14	24	6	13,026

### 12 Stocks

	2017 £000	2016 £000
Stationery	5	5
	<u>5</u>	<u>5</u>

### 13 Debtors

	2017 £000	2016 £000
Trade debtors	3	4
VAT recoverable	54	82
Other debtors	8	-
Prepayments and accrued income	66	71
	<u>131</u>	<u>157</u>

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

	2017 £000	2016 £000
Trade creditors	30	82
Other taxation and social security	126	129
Diocese of Blackburn	61	61
Other creditors	172	195
Accruals and deferred income	246	457
	<u>635</u>	<u>924</u>

# The Bay Learning Trust

## Notes to the Financial Statements

Year Ended 31<sup>st</sup> August 2017

### 15 Creditors: amounts falling due after more than one year

	2017 £000	2016 £000
Diocese of Blackburn	91	152
Salix loan	87	93
Other creditors	-	-
	<u>178</u>	<u>245</u>

The Salix loan received to fund energy efficient projects in the school funded via the ESFA Salix scheme with no interest charged on the balance outstanding. The cost of repaying the loan will be offset by the energy cost savings resulting from the works carried out. Loan repayments are made in September and March of each year for the life of the loan. The total repayable after more than five years on this balance is £37,347.

### 16 Funds

	Balance at 1 <sup>st</sup> September 2016 £000	Income £000	Expenditure £000	Gains, Losses and Transfers £000	Balance at 31 <sup>st</sup> August 2017 £000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	445	7,962	(7,549)	(183)	675
Pupil premium	-	170	(170)	-	-
Other DfE/ESFA grants	-	8	(8)	-	-
MAT Grant	-	60	(26)	-	34
Local Authority grants	-	22	(22)	-	-
National College grants	104	192	(231)	-	65
Other restricted funds	-	250	(250)	-	-
Diocese of Blackburn	(213)	-	-	61	(152)
Pension reserve	(2,248)	-	(221)	378	(2,091)
	<u>(1,912)</u>	<u>8,664</u>	<u>(8,477)</u>	<u>256</u>	<u>(1,469)</u>
<b>Restricted fixed asset funds</b>					
DfE/ESFA capital grants	228	74	-	(302)	-
Other capitalised assets	485	-	(58)	-	427
ESFA building valuation	12,284	-	(109)	424	12,599
	<u>12,997</u>	<u>74</u>	<u>(167)</u>	<u>122</u>	<u>13,026</u>
<b>Total restricted funds</b>	<u>11,085</u>	<u>8,738</u>	<u>(8,644)</u>	<u>378</u>	<u>11,557</u>
<b>Total unrestricted funds</b>	<u>460</u>	<u>505</u>	<u>(500)</u>	<u>-</u>	<u>465</u>
<b>Total funds</b>	<u>11,545</u>	<u>9,243</u>	<u>(9,144)</u>	<u>378</u>	<u>12,022</u>

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

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<sup>st</sup> August 2017 the carry forward of GAG was £675,000.

## **The Bay Learning Trust**

### **Notes to the Financial Statements**

#### **Year Ended 31<sup>st</sup> August 2017**

##### **16 Funds (continued)**

Other DfE/ESFA grants include monies received outside of GAG funding and includes the Year 7 Catch-up grant. At 31<sup>st</sup> August 2017 these funds had been utilised in full.

Local Authority grants represent amounts payable to the Academy predominantly from Lancashire County Council and includes Special Educational Needs (SEN) funding. This funding had been fully utilised at the 31<sup>st</sup> August 2017.

National College grants represent amounts received by the Academy with respect to the Teaching Schools and School Centred Initial Teach Training (SCITT) programmes. As at the 31<sup>st</sup> August 2017 the balance carried forward on these funds was £65,000.

Other restricted funds includes the income and related expenditure for educational visits, supplies of staff, after school clubs and all donations for specified purposes such as charitable or educational trust grants, fundraising proceeds and general donations with restrictions attached. As at the 31<sup>st</sup> August 2017 all of these funds had been spent in full.

DfE/ESFA capital grants received during the year relate to Devolved Formula Capital and Condition Improvement Funding. The capital projects funded from these grants had been fully utilised in the period.

Other capitalised assets post conversion represents the value of assets purchased since conversion to academy status. These are depreciated in line with the accounting policies set out in note 1.

The ESFA building valuation represents the value of leasehold assets as per the ESFA valuation carried out in 2016 by a RICS approved valuer. In this valuation the leasehold buildings were valued at £12,284,000. The assets were valued using a depreciated replacement cost model and are to be depreciated over a 125 year period.

Unrestricted funds includes the income and related expenditure for; lettings, sales of goods and services, Teaching School activities, external catering, student placements and school productions. It also includes all investment income and gift aid donations. The balance on this fund at the 31<sup>st</sup> August 2017 is £465,000 and these funds can be used at the discretion of the Trustees, in order to meet the charitable objectives of the Academy.



# The Bay Learning Trust

## Notes to the Financial Statements

### Year Ended 31<sup>st</sup> August 2017

#### 17 Analysis of net assets between funds

Fund balances at the 31<sup>st</sup> August 2017 are represented by:

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds £000
Tangible fixed assets	-	-	13,026	13,026
Current assets	465	1,435	-	1,900
Current liabilities	-	(635)	-	(635)
Non-current liabilities	-	(178)	-	(178)
Pension scheme liability	-	(2,091)	-	(2,091)
<b>Total net assets/(liabilities)</b>	<b>465</b>	<b>(1,469)</b>	<b>13,026</b>	<b>12,022</b>

#### 18 Capital commitments

	2017 £000	2016 £000
Contracted for, but not provided in the financial statements	-	336

#### 19 Commitments under operating leases

##### Operating leases

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

	2017 £000	2016 £000
Amounts due within one year	-	1
Amounts due between one and five years	-	-
Amounts due after five years	-	-
	<b>-</b>	<b>1</b>

# The Bay Learning Trust

## Notes to the Financial Statements

Year Ended 31<sup>st</sup> August 2017

### 20 Reconciliation of net income/(expenditure) to net cash inflow from operating activities

	2017 £000	2016 £000
Net income for the reporting period (as per the Statement of Financial Activities)	99	1,140
Adjusted for:		
Depreciation (note 11)	167	101
Capital grants from DfE and other capital income	(74)	(673)
Interest receivable (note 4)	(5)	(9)
Defined benefit pension scheme cost less contributions payable (note 26)	176	51
Defined benefit pension scheme finance cost (note 26)	45	46
(Increase)/decrease in stocks	-	-
Decrease/(increase) in debtors	26	(41)
(Decrease)/increase in creditors	(295)	305
<b>Net cash provided by operating activities</b>	<b>139</b>	<b>920</b>

### 21 Cash flows from financing activities

	2017 £000	2016 £000
Repayments of borrowing	(61)	(101)
Cash inflows from borrowing	-	100
<b>Net cash (used in) financing activities</b>	<b>(61)</b>	<b>(1)</b>

### 22 Cash flows from investing activities

	2017 £000	2016 £000
Dividends, interest and rents from investments	5	9
Proceeds from sale of tangible fixed assets	-	-
Purchase of tangible fixed assets	(424)	(1,028)
Capital grants from DfE/ESFA	74	673
<b>Net cash (used in) investing activities</b>	<b>(345)</b>	<b>(346)</b>

### 23 Analysis of cash and cash equivalents

	2017 £000	2016 £000
Cash at bank and in hand	1,764	2,031
Notice deposits (less than 3 months)	-	-
<b>Total cash and cash equivalents</b>	<b>1,764</b>	<b>2,031</b>

## **The Bay Learning Trust**

### **Notes to the Financial Statements**

#### **Year Ended 31<sup>st</sup> August 2017**

#### **24 Contingent Liabilities**

During the year of the funding agreement, in the event of the sale or disposal by other means of any leasehold building the Academy is required to either re-invest the proceeds or to repay the Secretary of State for Education or the Trustees of Lancaster, Ripley Church of England Educational Trust (Charity number 526393) the proceeds of the sale or disposal as these two bodies would jointly have an interest in the proceeds of any sale.

#### **25 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.

#### **26 Pension and similar obligations**

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

The latest actuarial valuation of the TPS was 31<sup>st</sup> March 2012 and of the LGPS 31<sup>st</sup> March 2013.

Contributions amounting to £105,933 (2016: £104,708) were payable to the schemes at 31<sup>st</sup> August 2017 and are included within creditors.

##### **Teachers' Pension Scheme**

###### **Introduction**

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

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

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

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors.

## The Bay Learning Trust

### Notes to the Financial Statements

#### Year Ended 31<sup>st</sup> August 2017

#### 26 Pension and similar obligations (continued)

##### Teachers' Pension Scheme (continued)

The latest actuarial valuation of the TPS was carried out as at 31<sup>st</sup> 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<sup>th</sup> June 2014. The key elements of the valuation and subsequent consultation are:

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

The TPS valuation for 2012 determined an employer rate of 16.4% from September 2015, which will be payable during the implementation period until the next valuation as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1<sup>st</sup> April 2019.

The pension costs paid to TPS in the period amounted to £948,000 (2016: £972,000).

A copy of the valuation report and supporting documentation is on the [Teachers' Pensions website](#).

Under the definitions set out in FRS 102, the TPS is 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 the assets held in separate trustee-administered funds. The total contribution made for the year ended 31<sup>st</sup> August 2017 was £309,000 (2016: £295,000), of which employer's contributions totalled £238,000 (2016: £225,000), and employees' contributions totalled £71,000 (2016: £70,000). The agreed contribution rates for future years are 17.6% for employers and the rate for employees remains dependent on the salary of the employee.

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

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

# The Bay Learning Trust

## Notes to the Financial Statements

### Year Ended 31<sup>st</sup> August 2017

#### 26 Pension and similar obligations (continued)

##### Local Government Pension Scheme (continued)

Principal Actuarial Assumptions	At 31 <sup>st</sup> August 2017	At 31 <sup>st</sup> August 2016
Rate of increase in salaries	3.7%	3.3%
Rate of increase for pensions in payment/inflation	2.2%	1.9%
Discount rate for scheme liabilities	2.4%	2.1%
Inflation assumption (CPI)	2.2%	1.8%

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

	At 31 <sup>st</sup> August 2017	At 31 <sup>st</sup> August 2016
<i>Retiring today</i>		
Males	22.6	23.0
Females	25.2	25.6
<i>Retiring in 20 years</i>		
Males	24.9	25.2
Females	27.9	27.9

##### Sensitivity analysis

		Sensitivity 1	Sensitivity 2	Sensitivity 3	Sensitivity 4
	Central	+0.1% pa discount rate	+0.1% pa inflation	+0.1% pa pay growth	1 year inc in life expectancy
	£000	£000	£000	£000	£000
Liabilities	5,162	5,057	5,269	5,184	5,253
Assets	(3,071)	(3,071)	(3,071)	(3,071)	(3,071)
Deficit	2,091	2,198	2,198	2,113	2,182
Projected service cost	411	422	422	411	420
Projected net interest	47	50	50	48	49

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

	Fair value at 31 <sup>st</sup> August 2017 £000	Fair value at 31 <sup>st</sup> August 2016 £000
Equity instruments	1,349	956
Government bonds	58	-
Other bonds	71	62
Property	319	235
Cash	141	87
Other	1,133	1,137
<b>Total market value of assets</b>	<b>3,071</b>	<b>2,477</b>

The actual return on scheme assets was £319,000 (2016: £467,000).

# The Bay Learning Trust

## Notes to the Financial Statements

Year Ended 31<sup>st</sup> August 2017

### 26 Pension and similar obligations (continued)

#### Local Government Pension Scheme (continued)

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

	2017 £000	2016 £000
Current service cost (net of employee contributions)	408	269
Interest income	-	-
Interest expense	-	-
Benefit changes, gain/(loss) on curtailment and gain/(loss) on settlement	-	-
Total operating charge	<u>408</u>	<u>269</u>

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

	2017 £000	2016 £000
<b>At 1<sup>st</sup> September</b>	4,725	2,959
Current service cost	408	269
Past service cost	-	-
Interest cost	99	121
Employee contributions	71	68
Actuarial (gain)/loss	(49)	1,313
Benefits paid	(92)	(5)
Plan introductions, benefit changes, curtailments and settlements	-	-
Losses or gains on curtailments	-	-
Past service costs	-	-
Unfunded pension payments	-	-
Effect of non-routine transactions	-	-
<b>At 31<sup>st</sup> August</b>	<u>5,162</u>	<u>4,725</u>

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

	2017 £000	2016 £000
<b>At 1<sup>st</sup> September</b>	2,477	1,728
Upon conversion	-	-
Interest income	54	75
Return on plan assets (excluding interest income)	-	-
Assets distributed on settlements	-	-
Actuarial gain	329	393
Administration expenses	(6)	(5)
Employer contributions	238	223
Employee contributions	71	68
Benefits paid	(92)	(5)
Effect of non-routine settlements	-	-
Plan introductions, benefit changes, curtailments and settlements	-	-
<b>At 31<sup>st</sup> August</b>	<u>3,071</u>	<u>2,477</u>

## **The Bay Learning Trust**

### **Notes to the Financial Statements**

#### **Year Ended 31<sup>st</sup> August 2017**

##### **27 Related Party Transactions**

Owing to the nature of the Academy Trust's operations and the composition of the Board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trust has an interest. All transactions involving such organisations are conducted at cost and in accordance with the trust's financial regulations, the Academies Financial Handbook 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 9.

##### **28 Agency arrangements**

The Academy Trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting year ending 31<sup>st</sup> August 2017, the trust received £28,248 (2016: £27,505) and disbursed £28,248 (2016: £27,505) from the fund.

Similarly, the Academy distributes School Centred Initial Teacher Training (SCITT) Bursary funding to student teachers as an agent for the Department for Education. In the accounting year ending 31<sup>st</sup> August 2017, the trust received £235,000 (2016: £212,000) and disbursed £235,000 (2016: £208,800) from the fund. The balance of £nil (2016: £3,200) is included in other creditors in relation to the undistributed funds.