

Registered number: 07704968
(England and Wales)

BORDESLEY MULTI ACADEMY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

BORDESLEY MULTI ACADEMY TRUST
(A company limited by guarantee)

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REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS MEMBERS/TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2019

Members (up to 31/3/19)	Mr B Prever Mr A Ward Mr M Smith Mr P Roberts
Members (from 1/4/19)	Mrs S Amor Mrs M Clack Mr P Roberts
Trustees (up to 31/3/19)	Mr B Prever, Chair (resigned as Chair 2/10/2018) Mr A Ward, Headteacher Mr M Smith Mr P Roberts, (resigned as Vice Chair 2/10/2018) Mrs D Sheffield Mrs S Harvey Mrs D Andrews (Chair from 3/10/2018) Mr T Bristowe, Staff governor Mrs H L Green, Staff governor Mrs A Rickard (Vice-Chair from 3/10/2018) Mr F Boakye-Gyabaahf governor (resigned 31/3/2019) Mr D Watkins (resigned 8/1/2019))
Trustees (from 1/4/19)	Mr B Allbut Mrs D Andrews (Chair of Trustees) Mr B Prever Mr M Semens Mr M Smith Mr A Ward (MAT Chief Executive Officer and Headteacher Trinity High School) Mrs A Rickard
Senior Leadership Team	Mr A Ward - Headteacher Trinity High School & MAT Chief Executive Officer Mrs P Duncan - Business Manager Trinity High School & MAT Chief Finance Officer Mr T Jones – Headteacher, Birchensale Middle School Mrs C Newton - Headteacher Holyoakes Field First School (retired 31/8/19) Mrs T Koser, Headteacher Holyoakes Field First School (from 1/9/19)
Company Name	Trinity High School & Sixth Form Centre (to 31/3/19) Bordesley Multi Academy Trust (from 1/4/19)
Company registered number	07704968
Principal and registered office	Easemore Road Redditch Worcestershire B98 8HB
Company secretary	Ms E Stewart

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REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS MEMBERS/TRUSTEES AND ADVISERS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Independent auditor	MHA MacIntyre Hudson Chartered Accountants & Registered Auditors Rutland House 148 Edmund Street Birmingham West Midlands B3 2FD
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Bankers	Lloyds Bank Plc PO Box 1000 BX1 2HG
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BORDESLEY MULTI ACADEMY TRUST
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2019

The Trustees present their annual report together with the audited financial statements of Trinity High School and Sixth Form Centre (THS) and Bordesley Multi Academy Trust (BMAT) for the year 1 September 2018 to 31 August 2019. The annual report serves the purposes of both a trustees' report and a directors' report under company law.

Trinity High School and Sixth Form Centre is an independent academy for students aged 13 to 18 which serves a catchment area of Redditch, Worcestershire. Bordesley Multi Academy Trust was formed on 1 April 2019 with Trinity High School and Birchensale Middle School (BMS). Holyoakes Field First School (HFS) joined the Trust on 1 May 2019. All schools are in the same pyramid and serve the same catchment area. The Trust as a whole has a student capacity of 2,000 and had a roll of 1719 in the school census in October 2019.

Structure, governance and management

Constitution

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

The Trustees of Bordesley Multi Academy Trust are also the directors of the Academy Trust for the purposes of company law. The Charitable Company was known as Trinity High School and Sixth Form Centre until 31 March 2019 and Bordesley Multi Academy Trust from 1 April 2019.

Details of the Trustees who served throughout the year, and to the date these accounts are approved, are included in the Reference and Administrative Details on page 1.

Members' liability

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

Trustees' indemnities

Trustees benefit from indemnity insurance to cover the liability of the Trustees which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Academy Trust. For the period ending 31 August 2019 this cover was provided under the DfE Risk Protection Arrangement.

Method of recruitment and appointment or election of Trustees

The Academy Trust shall have a minimum of three Trustees. In addition, the CEO of the MAT is a Trustee ex-officio. The number of Trustees who are employees of the Multi Academy Trust (including the CEO) must not exceed one third of the total number of Trustees.

When appointing new Trustees, consideration is given to the skills audit, short and long term needs of the MAT, succession planning and the aim to represent the community which the MAT serves.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019

Policies and procedures adopted for the induction and training of Trustees

Upon appointment new Trustees undertake Induction Training (currently provided by Governor Services, WCC). This policy is reviewed annually.

Organisational structure

Up to 31 March 2019 the structure consisted of Trustees, Senior Leadership Team and Senior Managers. With effect from 1 April 2019 the structure consists of Members, Trustees, Local Governing Bodies and a Senior Leadership Team within each school. The aim of the organisation structure is to devolve responsibility and encourage involvement in decision making at all levels.

The Headteacher of Trinity High School & Sixth Form Centre is the BMAT Accounting Officer. The Scheme of Delegation and Terms of Reference set out the financial authorisation levels.

The Trustees are responsible for setting general policy, adopting annual development plans and budgets for each school (the latter via the Finance & Site Committee), monitoring the academies and making strategic decisions about the direction of the MAT, capital expenditure and senior staff appointments. The constitution allows for this to be done by either committees of the Trustees or the full board as appropriate.

The Senior Leadership Teams within each school consist of the Headteacher, the Deputy Headteacher/s, the Assistant Headteacher/s and the School Business Manager. These leaders control the academies at an executive level implementing the policies laid down by the Trustees and reporting back to them.

The Senior Managers include Heads of Faculty/Departments who are responsible for both the day to day running and the strategic leadership of their faculty/department.

Throughout this document the term student refers to children of all ages who attend the Trust schools. Student pastoral care is undertaken by a team of Heads of Year or Key Stage Leaders overseen by a Senior Leader in each school.

Arrangements for setting pay and remuneration of key management personnel

Salaries for the Senior Leadership Teams are set at the appropriate point on the Leadership Pay Spine and, in the case of the Business Managers, the National Joint Council for Local Government Employees scale. Salaries are reviewed annually as part of the performance management cycle; an external advisor has been appointed to work with Trustees in reviewing the Headteachers' performance and salary. As the MAT becomes established, reviews will be carried out to ensure parity across the MAT schools.

Trade Union Facility Time

During the year ended 31 August 2019, two employees were school-based union officials and spent 0% of their time on paid Trade Union activity. In this respect there was no cost to the Trust. For this accounting period Trinity High School had a service level agreement in place with the Local Authority for % of time spent on facility time trade union facility at a cost of £1,656 which is less than 0.04% of the total pay bill.

Related Parties and other Connected Charities and Organisations

Bordesley Multi Academy Trust and its member schools do not have any connected organisations.

Public benefit

In setting objectives and planning activities the Trustees have given careful consideration to the Charity Commission's guidance on public benefit. Students are admitted to each school at the appropriate age, without reference to ability or aptitude using the criteria as per the Admissions Policies. Admission to the BMAT schools is not dependent on any "voluntary" contribution.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019

The key public benefit delivered by the academies is the provision of high quality education in a comprehensive setting available to all students.

The schools aim to offer a complete education, delivering opportunities for personal as well as academic success. The schools seek to provide for the social, moral, spiritual and cultural development of students through a wide range of educational and extra-curricular activities.

In addition to the sports and arts events mentioned elsewhere in this report, international links have been developed through working with the ALCOA company in delivering a science, technology and maths programme, which involves schools throughout the MAT, the county and beyond.

Wider community links in the schools are extensive, with many groups and organisations hiring our facilities, including the Special Olympics, the YMCA and numerous youth and adult sporting clubs. The Trustees consider this to be an important aspect of the MAT's work and will continue to promote community use of the facilities.

Objectives and Activities

Objects and aims

- To ensure that every child enjoys the same high-quality education in terms of resources, tuition and care
- To raise the standard of educational achievement of all students with a particular focus on the disadvantaged
- To improve the effectiveness of the MAT by keeping the curriculum and organisational structure under continual review
- To provide value for money for the funds expended
- To comply with all appropriate statutory and curriculum requirements
- To maintain close links with pyramid schools and the local community
- To conduct the MAT's business in accordance with the highest standards of integrity, probity and openness

Achievement and Performance

Each year the School Development Plans for each school set out details of intended actions, timescales and impact required to deliver each of its objectives. These can be summarised as follows:

HOLYOAKES FIELD FIRST SCHOOL

Results 2019

The information below compares the attainment of students with national averages. The very pleasing results are a tribute to the children and the staff.

EARLY YEARS FOUNDATION STAGE	Holyoakes Field First School	National Average
% Good Level of Development	74%	72%
Year 1 Phonics Screening – students attaining expected standard	89%	82%

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019

Key Stage One

END OF KS1 SATs RESULTS	Holyoakes Performance 2019	National Average 2018
Reading – Expected and above Standard	77%	75%
Writing – Expected Standard	70%	70%
Maths – Expected Standard	81%	76%
Science – Expected Standard	85%	83%
Reading, Writing and Maths combined – Expected Standard	70%	65%

BIRCHENSALE MIDDLE SCHOOL

KS2 SATs Results

	Birchensale Middle School 2019 (%)	National 2019 (5)
Reading	78	73
Writing	78	78
Spelling and Grammar	76	78
Maths	76	79
Combined	69	65

Entry to Exit Progress	Expected Progress	More than Expected Progress
English	80%	46%
Maths	95%	87%
Science	85%	67%

Trinity High School

Key Stage 4 2019

Progress 8	2019	2018	2017
Progress 8 score	-0.1	-0.02	-0.02
Progress 8 element breakdown			
English	-0.03	-0.05	-0.12
Maths	-0.03	0.05	0.08
EBacc	-0.31	0.05	-0.28
Other	-0.17	-0.08	0.24

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019

	2019		2018		2017	
	4+ %	5+ %	4+ %	5+ %	4+ %	5+ %
English	76	51	72	51	68	44
Maths	63	33	66	38	64	43
English & Maths	56	25	56	31	54	32
5+ including English & Maths	53		50		48	

KS5 Value Added	2018-19	2017-18
A Level	-0.26	-0.27
Academic	-0.28	-0.28
Applied	0.36	0.31

Key Performance Indicators (KPIs)

On a regular basis both the Senior Leadership Teams and Trustees consider KPIs including: Ofsted inspection outcomes, internal and external examination results, student attendance/exclusion data and student numbers. Financial KPIs are included in the Financial Report section of this document.

Attendance Data

Trinity High School	2018-19	2017-18	2016-17
Target	95.5%		
Actual	94%	94.8%	93.9%
Birchensale Middle School	2018-19	2017-18	2016-17
Target	95%	95%	
Actual	95.6%	95%	
Holyoakes Field First School	2018-19	2017-18	2016-17
Target	96%	96%	
Actual	95.3%	95.3%	

Going concern

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

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019

Financial review

Most of the MAT's income is obtained from the Education and Skills Funding Agency (ESFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the year ended 31 August 2019 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities (SOFA).

In accordance with the Charities SORP 2015, grants and donations received for specific capital purposes are shown in the Statement of Financial Activities (SOFA) 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.

Capital income of £157,000 (2018: £814,000) was awarded in the year. Of this £70,000 was CIF funding for heating replacement work at Trinity High School, the remainder was Devolved Formula Capital Funding for each of the schools.

The school contribution to capital works for the year was £38,000 (2018: £57,000).

There was an operational deficit of £165,000, excluding adjustments relating to the local government pension scheme and capital income of £157,000 (2018: £42,000). There was investment in capital assets of £315,000 in the year (2018: £1,210,000) which has been funded partly by the grant funding and partly by school contributions from the General Annual Grant and accumulated reserves. At 31 August 2019, the net book value of the fixed assets was £18,833,000 (2018: £8,597, 000). The assets were used exclusively for meeting the aims and objectives of the academies.

Financial monitoring

The Trustees' financial aim is to ensure recurrent commitments do not exceed recurrent grant income. Prudent financial management and strong financial control have enabled the MAT to generate surplus funds over recent years, but current funding levels and the impact of increased costs which are beyond the control of the MAT (pay awards, increased employer pension and NI contributions) have resulted in in-year deficits which are being met from these reserves in the short term. Schools in Worcestershire are historically funded at below the national average rate. The evidence suggests that if funding levels were at the national average and the pay and pension increases were fully funded, the schools in the MAT would be able to operate balance budgets. Despite funding pressures, measures to reduce costs in a controlled and sustainable way were implemented by Trinity High School and a similar approach will be taken by MAT, utilising reserves whilst plans are developed to restore in-year financial balance. In two of the MAT schools, governors have agreed working budgets with an in year deficit totalling £159,000 for the 2019-20 year. The third school has set a surplus budget with the Trust as a whole setting an in-year planned deficit of £156,000.

Financial oversight of the Trust is delegated to the Finance & Site Committee, which reports to Board of Trustees via the Chair and Chief Executive Reports and minutes of the meeting. The Chair of the Finance & Site Committee and the Chair of Trustees (who also attends Finance & Site Committee meetings) receive monthly management reports, including income and expenditure, forecast outturn and balance sheet statistics. The Finance and Site Committee meets five times a year. At each meeting they receive and review financial management reports which include actual and forecast performance against budget, consideration of the balance sheet, and an analysis of cashflow and cash invested. On a termly basis the committee receives a report from the Responsible Officer. This committee also approves the individual Academy annual budgets for recommendation to the Board of Trustees, considers and agrees virements between budget headings and monitors the five year strategic financial plans.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019

The MAT has identified several key performance indicators which it uses to monitor and inform budgets:-

	2019	2018	2017	2016	2015
Staff costs % of revenue grants	88%	86%	84%	75%	74%
Staff costs % of total costs	78%	77%	76%	74%	73%
Current ratio (current assets/current liabilities)	5.76	6.89	9.96	8.66	5.26

NB figures for 2019 include Birchensale Middle School from 1/4/19 and Holyoakes Field First School from 1/5/19. Staff costs indicators have again increased relative to funds received.

The current ratio reflects the fact that there is no significant ongoing capital works at the year end.

Reserves and Investment Policy

Any reserves are held in accordance with the requirements laid down in the Master Funding Agreement and by the ESFA. The Board of Trustees review the level of, and policy for, reserves annually.

The MAT's general reserves at 31 August 2019 are £2,204,000 (2018: £2,110,000); the amount of restricted funds not available for general purposes is £13,717,000 (2018: £6,920,000). The Restricted Fixed Assets funds of £18,779,000 can only be realised by disposing of tangible fixed assets.

The pension reserve is materially in deficit. This reserve reflects the MAT's share of the deficit of its employees in the Local Government Pension Scheme (LGPS). The MAT will continue to contribute towards the deficit reduction plan as agreed with the actuaries, as well as making its employer contributions based on the current service of employees.

At 31 August 2019 the total funds comprised:

	£'000's
Unrestricted	2,204
Restricted:	
Fixed asset funds	18,779
Pension reserve	(5,301)
Other	<u>241</u>
	<u>15,921</u>

Risk management

Principal risks and uncertainties

The Trustees have assessed the major risks to which the MAT is exposed which have been identified as:

- Changes to national funding methodology resulting in reduction in ESFA funding
- Fall in student numbers
- Failure to maintain/improve academic standards
- Impact of changes to admission arrangements of neighbouring schools
- Loss of/failure to replace key personnel
- Failure to recruit teaching staff in shortage subjects (English, maths & science)

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019

The plans and strategies for managing these risks are:

- Maintaining and regularly reviewing the Risk Register, in which mitigation strategies are documented.
- The School Self Evaluation and Development Plans detail the schemes in place to address the academic risks
- Continuing Professional Development and the performance review cycle identifies opportunities for staff retention and progression
- Regularly reviewing the staffing structure to ensure it is fit for purpose

Fundraising

The Academies do not undertake any fundraising other than small scale events, which take place within the Academies to raise funds for charity appeals. Students are encouraged, but not required, to participate. No professional fundraisers are used. The Trustees monitor all fundraising.

Plans for future periods

To review structures, policies and procedures across all MAT schools to ensure consistency and compliance.

To ensure continued academic success and pastoral development for all students in the MAT.

To review and integrate the school development plans across the MAT

To keep under review the accommodation and develop a MAT Premises Maintenance Plan.

Funds held as custodian trustee on behalf of others

The school does not hold any funds on behalf of other bodies/organisations.

Disclosure of information to 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 the 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

This report, incorporating the strategic report, was approved by order of the Board of Trustees, as the company directors, on 10 December 2019 and signed on the board's behalf by:



Mrs D Andrews
Chair of Trustees

BORDESLEY MULTI ACADEMY TRUST
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GOVERNANCE STATEMENT

Scope of responsibility

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

The Board of Trustees has delegated to the Chief Executive Officer, as Accounting Officer, and the Finance & Site Committee, the day-to-day responsibility for ensuring financial controls conform with the requirements of both propriety and good financial management and are in accordance with the requirements and responsibilities assigned in the funding agreements between Trinity High School and Sixth Form Centre, Birchensale Middle School and Holyoakes Field First School and the Secretary of State for Education. The Chief Executive Officer and Finance & Site Committee are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Trustees' responsibilities statement. The Board of Trustees has formally met five times during the year. Attendance during the year at meetings of the Governing Body of Trinity High School and the MAT Board of Trustees was as follows:

Governor	Meetings attended	Out of a possible
Mr B Prever, Chair	5	5
Mr A Ward, Headteacher and Accounting Officer	5	5
Mr M Smith	4	5
Mr P Roberts, Vice Chair	5	5
Mrs D Sheffield	3	5
Mrs S Harvey	5	5
Mrs D Andrews	3	5
Mr T Bristowe, Staff governor	3	5
Mrs H L Green, Staff governor	5	5
Mr D Watkins	4	4
Mrs A Rickard	4	4
Mr F Boakye-Gyabaah	4	4

The Finance and Site Committee is a committee of the main Governing Body. Its purpose is to oversee and monitor the financial operations of the school and ensure that the school site is fit for purpose.

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
Mr M Smith (Chairman)	5	5
Mr B Prever	3	5
Mr A Ward	5	5
Mr P Roberts	5	5
Mr F Boakye-Gyabaah	4	4

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GOVERNANCE STATEMENT (CONTINUED)

Review of Value for Money

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

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

- that teaching and learning is a consistently high standard
- that students achieve well academically
- that budget outturn was in line with forecasts
- that reserves have been used to improve the site and general provision for students

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 Trust/Academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Trinity High School and Sixth Form Centre from 1 September 2018, in Birchensale Middle school from 1 April 2019 and in Holyoakes Field First School from 1 May 2019, to 31 August 2019 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Board of Trustees have reviewed the key risks to which the Multi 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 ongoing process for identifying, evaluating and managing the MAT's significant risks that has been in place for the year 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements. As a newly formed MAT this process is still developing and is regularly reviewed by the Trustees.

The risk and control framework

The 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. The system and processes in place will be reviewed and developed over the coming months as the MAT becomes more established. The framework in place includes:

- comprehensive financial planning and monitoring systems with annual budgets and periodic financial reports which are reviewed and agreed by the Board of Trustees
- regular reviews by the Finance and Site Committee of reports which indicate financial performance against forecasts and of major purchase plans, capital works and expenditure programmes
- setting targets to measure financial and other performance
- clearly defined purchasing (asset purchase or capital investment) guidelines
- delegation of authority and segregation of duties
- identification and management of risks

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GOVERNANCE STATEMENT (CONTINUED)

The Board of Trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed MHA MacIntyre Hudson, the external auditor, to perform additional checks within a framework determined by the Finance and Site Committee with reference to the Academies Financial Handbook. The last review in the year was prior to the formation of the MAT and applied to Trinity High School. The auditors have also been commissioned to provide feedback to the Trustees on the additional audit work necessitated by the conversion to a MAT, focusing on processes and controls.

The additional work included performing a range of checks on the Trinity High School's financial systems. In particular, the checks carried out in the current period included:

- Testing of payroll systems
- Testing of purchasing systems
- Testing of control accounts/bank reconciliations
- Testing of income systems

On a termly basis, reports are made to the Board of Trustees (via the Finance & Site Committee) on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities. The programme of work will resume on a termly basis in the next financial year across all schools in the MAT.

The Trustees are satisfied that this function has been fully delivered in accordance with the agreed schedule.

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

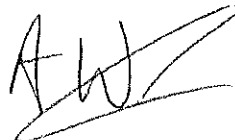
The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance and Site Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees and signed on its behalf, by:



Mrs D Andrews
Chair of Trustees

10 December 2019



Mr A Ward
Accounting Officer

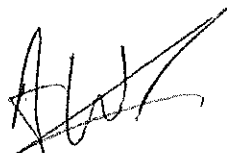
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Bordesley Multi Academy Trust I have considered my responsibility to notify the Board of Trustees and the ESFA of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreements in place between the Academies and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

I confirm that I and the Board of Trustees are able to identify any material, irregular or improper use of funds by the Trust, or material non-compliance with the terms and conditions of funding under the academy funding agreements and the Academies Financial Handbook 2018.

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



Mr A Ward
Accounting Officer

10 December 2019

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**TRUSTEES RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2019**

The Trustees (who act as Trustees of Bordesley Multi Academy Trust and are also the Directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' report (including the strategic report) and the financial statements in accordance with the Annual Accounts Direction issued by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019
- make judgments and accounting estimates that are reasonable and prudent
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business

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

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

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

Approved by order of the members of the Board of Trustees on 10 December 2019 and signed on its behalf by:



Mrs D Andrews
Chair of Trustees

BORDESLEY MULTI-ACADEMY TRUST
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
BORDESLEY MULTI-ACADEMY TRUST**

Opinion

We have audited the financial statements of Bordesley Multi-Academy Trust (the 'academy') for the year ended 31 August 2019 which comprise the Statement of financial activities, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including 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 2018 to 2019 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31 August 2019 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 2018 to 2019 issued by the Education & 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Academy in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

BORDESLEY MULTI-ACADEMY TRUST

(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
BORDESLEY MULTI-ACADEMY TRUST (CONTINUED)**

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditors' report thereon. Other information includes the Reference and administrative details, the Trustees' report including the Strategic report, and the Governance statement. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

BORDESLEY MULTI-ACADEMY TRUST
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
BORDESLEY MULTI-ACADEMY TRUST (CONTINUED)**

Responsibilities of trustees

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

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

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

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

Use of our report

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



Helen Blundell LLB FCA FCIE DChA (Senior statutory auditor)
for and on behalf of
MHA MacIntyre Hudson
Chartered Accountants
Statutory Auditors
Rutland House
148 Edmund Street
Birmingham
B3 2FD

Date: *18 December 2019*

BORDESLEY MULTI-ACADEMY TRUST
(A company limited by guarantee)

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO BORDESLEY MULTI-ACADEMY TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 23 September 2019 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Bordesley Multi-Academy Trust during the year 1 September 2018 to 31 August 2019 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 Bordesley Multi-Academy Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Bordesley Multi-Academy 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 Bordesley Multi-Academy Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Bordesley Multi-Academy Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Bordesley Multi-Academy Trust's funding agreement with the Secretary of State for Education dated 28 March 2019 and the Academies Financial Handbook, extant from 1 September 2018, 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 2018 to 2019. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2018 to 31 August 2019 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 2018 to 2019 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's income and expenditure.

- a review of the objectives and activities of the Academy, with reference to the income streams and other information available to us as auditors of the Academy;
- testing of a sample of grants received and other income streams;
- testing of a sample of payments to suppliers and other third parties;
- testing of a sample of payroll payments to staff;
- evaluating the internal control procedures and reporting lines, and testing as appropriate;
- reviewing the Minutes of the meetings of the Board of Trustees and other evidence made available to us, relevant to our consideration of regularity; and
- consideration of governance issues.

BORDESLEY MULTI-ACADEMY TRUST
(A company limited by guarantee)

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO BORDESLEY
MULTI-ACADEMY TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY (CONTINUED)

Conclusion

In the course of our work, nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the year 1 September 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

MHA MacIntyre Hudson

MHA MacIntyre Hudson
Rutland House
148 Edmund Street
Birmingham
B3 2FD

Date: *18 December 2019*

BORDESLEY MULTI-ACADEMY TRUST
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2019**

	Note	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Restricted fixed asset funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
Income from:						
Donations and capital grants	3	-	(1,006)	10,435	9,429	816
Charitable activities	4	220	6,569	-	6,789	5,397
Other trading activities	5	105	-	-	105	79
Investments	6	7	-	-	7	7
Total income		332	5,563	10,435	16,330	6,299
Expenditure on:						
Raising funds	7	17	-	-	17	2
Charitable activities	7	220	6,890	357	7,466	5,795
Total expenditure		237	6,890	357	7,484	5,797
Net income/ (expenditure)		95	(1,327)	10,078	8,846	502
Transfers between funds	17	-	(38)	38	-	-
Net movement in funds before other recognised gains/(losses)		95	(1,365)	10,116	8,846	502
Other recognised gains/(losses):						
Actuarial losses on defined benefit pension schemes	25	-	(1,954)	-	(1,954)	366
Net movement in funds		95	(3,319)	10,116	6,892	868

BORDESLEY MULTI-ACADEMY TRUST
(A company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
(CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Restricted fixed asset funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
Note					
Reconciliation of funds:					
Total funds brought forward	2,110	(1,750)	8,670	9,030	8,162
Net movement in funds	95	(3,319)	10,116	6,892	868
Total funds carried forward	2,205	(5,069)	18,786	15,922	9,030

The Statement of financial activities includes all gains and losses recognised in the year.

The notes on pages 26 to 54 form part of these financial statements.

BORDESLEY MULTI-ACADEMY TRUST
(A company limited by guarantee)
REGISTERED NUMBER: 07704968

BALANCE SHEET
AS AT 31 AUGUST 2019

	Note	2019 £000	2018 £000
Fixed assets			
Tangible assets	13	18,834	8,597
Debtors	14	429	172
Cash at bank and in hand		2,521	2,474
		<u>21,784</u>	<u>11,243</u>
Creditors: amounts falling due within one year	15	(512)	(385)
Net current assets		<u>21,272</u>	<u>10,858</u>
Total assets less current liabilities		<u>21,272</u>	<u>10,858</u>
Creditors: amounts falling due after more than one year	16	(50)	(57)
Net assets excluding pension liability		<u>21,222</u>	<u>10,801</u>
Defined benefit pension scheme liability	25	(5,301)	(1,771)
Total net assets		<u><u>15,921</u></u>	<u><u>9,030</u></u>
Funds of the Academy			
Restricted funds:			
Fixed asset funds	17	18,786	8,670
Restricted income funds	17	232	21
		<u>19,018</u>	<u>8,691</u>
Restricted funds excluding pension asset	17	19,018	8,691
Pension reserve	17	(5,301)	(1,771)
Total restricted funds	17	<u>13,717</u>	<u>6,920</u>
Unrestricted income funds	17	<u>2,204</u>	<u>2,110</u>
Total funds		<u><u>15,921</u></u>	<u><u>9,030</u></u>

The financial statements on pages 21 to 54 were approved by the Trustees, and authorised for issue on and are signed on their behalf, by:

Mrs D Andrews *D Andrews*

Date: *17/12/19*

BORDESLEY MULTI-ACADEMY TRUST
(A company limited by guarantee)

BALANCE SHEET (CONTINUED)
AS AT 31 AUGUST 2019

The notes on pages 26 to 54 form part of these financial statements.

BORDESLEY MULTI-ACADEMY TRUST
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2019

	Note	2019 £000	2018 £000
Cash flows from operating activities			
Net cash provided by operating activities	19	198	231
Cash flows from investing activities	21	(151)	(398)
Cash flows from financing activities	20	-	57
Change in cash and cash equivalents in the year		47	(110)
Cash and cash equivalents at the beginning of the year		2,474	2,584
Cash and cash equivalents at the end of the year	22	2,521	2,474

The notes on pages 26 to 54 form part of these financial statements

BORDESLEY MULTI-ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies

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

1.1 Basis of preparation of financial statements

The financial statements of the Academy, which is a public benefit entity under FRS 102, have been prepared under the historic 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 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Bordesley Multi-Academy Trust meets the definition of a public benefit entity under FRS 102.

1.2 Going concern

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

1. Accounting policies (continued)

1.3 Income

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

- **Grants**

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

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

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

- **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 year it is receivable and to the extent the Academy has provided the goods or services.

- **Transfer on conversion**

Where assets and liabilities are received by the Academy on conversion to an academy, the transferred assets are measured at fair value and recognised in the Balance sheet at the point when the risks and rewards of ownership pass to the Academy. An equal amount of income is recognised as a transfer on conversion within 'Income from Donations and Capital Grants' to the net assets received.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

1. Accounting policies (continued)

1.4 Expenditure

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

- **Expenditure on raising funds**

This includes all expenditure incurred by the Academy 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's educational operations, including support costs and costs relating to the governance of the Academy apportioned to charitable activities.

All resources expended are inclusive of irrecoverable VAT.

1.5 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Academy; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

1.6 Tangible fixed assets

Assets costing £5000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

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

BORDESLEY MULTI-ACADEMY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

1. Accounting policies (continued)

1.6 Tangible fixed assets (continued)

The estimated useful lives are as follows:

Freehold property	- 50 years
Furniture and equipment	- 10 years
Computer equipment	- 5 years
Motor vehicles	- 10 years
Long-term leasehold improvements	- 20 years

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

1. Accounting policies (continued)

1.7 Operating leases

Rentals paid under operating leases are charged to the Statement of financial activities on a straight line basis over the lease term.

1.8 Taxation

The Academy is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Accordingly, the Academy is potentially exempt from taxation in respect of income or capital gains received within categories covered by 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.

1.9 Debtors

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

1.10 Cash at bank and in hand

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

1.11 Liabilities and provisions

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

1.12 Provisions

Provisions are recognised when the Academy 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.

BORDESLEY MULTI-ACADEMY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

1. Accounting policies (continued)

1.13 Financial instruments

The Academy only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the Academy and their measurement bases 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 14. Prepayments are not financial instruments. Amounts due to the Academy's wholly owned subsidiary are held at face value less any impairment. 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 15 and 16. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

1.14 Pensions

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

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

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

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

BORDESLEY MULTI-ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

1. Accounting policies (continued)

1.15 Fund accounting

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

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

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

Investment income, gains and losses are allocated to the appropriate fund.

2. Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 25, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. 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.

BORDESLEY MULTI-ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

3. Income from donations and capital grants

	Restricted funds 2019 £000	Restricted fixed asset funds 2019 £000	Total funds 2019 £000
Donations	42	-	42
Capital Grants	-	157	157
Transfer from local authority on conversion	(1,048)	10,278	9,230
Total 2019	(1,006)	10,435	9,429

	Restricted funds 2018 £000	Restricted fixed asset funds 2018 £000	Total funds 2018 £000
Donations	2	-	2
Capital Grants	814	-	814
Total 2018	816	-	816

BORDESLEY MULTI-ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

4. Charitable activities - Funding for Academy's educational operations.

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Total funds 2019 £000
DfE/ESFA grants			
General annual grant	-	6,034	6,034
Pupil Premium	-	321	321
Earmarked annual grant	-	85	85
	-	6,440	6,440
Other funding			
Other grants	-	129	129
Catering income	111	-	111
School trips and similar	109	-	109
	220	129	349
Total 2019	220	6,569	6,789

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Total funds 2018 £000
DfE/ESFA grants			
General annual grant	-	4,855	4,855
Pupil premium	-	213	213
Earmarked annual grant	-	120	120
	-	5,188	5,188
Other funding			
Other earned education funding	44	-	44
Catering income	86	-	86
School trips and similar	79	-	79
	209	-	209

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4. Charitable activities - Funding for Academy's educational operations. (continued)

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Total funds 2018 £000
Total 2018	209	5,188	5,397

There are no unfulfilled grant conditions in respect of Government grants above.

5. Other trading activities

	Unrestricted funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
Hire of facilities	105	105	78
	-	-	-
Training	-	-	1
	105	105	79

6. Investment income

	Unrestricted funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
Interest receivable	7	7	7

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7. Expenditure

	Staff Costs 2019 £000	Premises 2019 £000	Other 2019 £000	Total 2019 £000
Expenditure on trading activities:				
Direct costs	-	-	17	17
Educational Activities				
Direct costs	4,665	-	336	5,001
Allocated support costs	1,158	484	824	2,466
Total 2019	5,823	484	1,177	7,484
	Staff Costs 2018 £000	Premises 2018 £000	Other 2018 £000	Total 2018 £000
Expenditure on trading activities:				
Direct costs	-	-	2	2
Educational Activities:				
Direct costs	3,605	-	350	3,955
Allocated support costs	834	346	660	1,840

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NOTES TO THE FINANCIAL STATEMENTS
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8. Analysis of expenditure by activities

	Activities undertaken directly 2019 £000	Support costs 2019 £000	Total funds 2019 £000
Educational activities	5,001	2,466	7,467

	Activities undertaken directly 2018 £000	Support costs 2018 £000	Total funds 2018 £000
Educational activity	3,955	1,840	5,795

Analysis of direct costs

	Total funds 2019 £000	Total funds 2018 £000
Staff costs	4,664	3,605
Educational supplies	145	161
Exam fees	114	124
Training and development	22	27
Trips and similar	54	38
Total 2019	5,001	3,955

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**NOTES TO THE FINANCIAL STATEMENTS
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8. Analysis of expenditure by activities (continued)

Analysis of support costs

	Total funds 2019 £000	Total funds 2018 £000
Pension income	65	45
Staff costs	1,158	834
Depreciation	357	261
Cleaning	112	109
Catering	111	52
Heat and light	101	81
Insurance	41	23
Maintenance of premises and equipment	194	212
Office costs	69	40
Other support costs	14	14
Professional fees	117	75
Rent and rates	53	39
Subscriptions	36	24
Transport	12	12
Auditor's remuneration	26	19
Total 2019	2,466	1,840

9. Auditors' remuneration

	2019 £000	2018 £000
Fees payable to the Academy's auditor for the audit of the Academy's annual accounts	19	9
Fees payable to the Academy's auditor in respect of:		
All assurance services not included above	3	3
All non-audit services not included above	4	7

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**NOTES TO THE FINANCIAL STATEMENTS
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10. Staff costs

a. Staff costs

Staff costs during the year were as follows:

	2019 £000	2018 £000
Wages and salaries	4,366	3,412
Social security costs	388	294
Pension costs	1,024	705
	5,778	4,411
Agency staff costs	44	28
	5,822	4,439

b. Staff numbers

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

	2019 No.	2018 No.
Teachers	97	62
Administration and support	129	50
Management	15	7
	241	119

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10. Staff costs (continued)

c. Higher paid staff

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

	2019 No.	2018 No.
In the band £60,001 - £70,000	5	2
In the band £70,001 - £80,000	1	-
In the band £90,001 - £100,000	1	1
	<u>7</u>	<u>3</u>

d. Key management personnel

Key management personnel, other than trustees who are not remunerated, are considered to be the Chief Executive Officer, Heads of Schools and MAT Chief Finance Officer.

There is a senior leadership team in each school responsible for local school delivery.

The total cost of employee benefits (including employer pension contributions and employer national insurance contributions) to the MAT in respect of key management personnel for their services to the MAT was £246,307. The 2018 key management personnel was considered to be the senior leadership team of Trinity High School (£703,000).

11. Trustees' remuneration and expenses

One or more Trustees has been paid remuneration or has received other benefits from an employment with the Academy. The principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment. The value of Trustees' remuneration and other benefits was as follows:

		2019 £000	2018 £000
Headteacher: Mr A Ward	Remuneration	90-95	90-95
	Pension contributions paid	15-20	10-15
Staff governor: Mrs H L Green	Remuneration	50-55	45-50
	Pension contributions paid	5-10	5-10
Staff Governor: Mr T A Bristowe	Remuneration	35-40	30-35
	Pension contributions paid	5-10	5-10
Staff Governor: Mr F Boakye-Gyabaah	Remuneration	35-40	35-40
	Pension contributions paid	5-10	5-10

During the year, retirement benefits were accruing to 3 Trustees (2018 - none) in respect of defined benefit pension schemes.

During the year ended 31 August 2019, no Trustee expenses have been incurred (2018 - £NIL).

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12. Governors' and Officers' insurance

In accordance with normal commercial practice, the Academy has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £10mil on any one claim and the cost for the year ended 31 August 2019 is included in the total cost and cannot be separately identified as it forms part of the overall premium

13. Tangible fixed assets

	Long-term leasehold property £000	Leasehold property improvements £000	Furniture and equipment £000	Computer equipment £000	Motor vehicles £000	Total £000
Cost or valuation						
At 1 September 2018	6,577	2,979	254	691	14	10,515
Additions	10,278	269	16	30	-	10,593
At 31 August 2019	16,855	3,248	270	721	14	21,108
Depreciation						
At 1 September 2018	652	465	208	583	11	1,919
Charge for the year	162	153	6	35	1	357
At 31 August 2019	814	618	214	618	12	2,276
Net book value						
At 31 August 2019	16,041	2,630	56	103	2	18,832
At 31 August 2018	5,924	2,515	46	108	4	8,597

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14. Debtors

	2019 £000	2018 £000
Due within one year		
Trade debtors	18	20
VAT recoverable	261	86
Prepayments and accrued income	150	66
	<u>429</u>	<u>172</u>

15. Creditors: Amounts falling due within one year

	2019 £000	2018 £000
Other loans	4	-
Trade creditors	182	148
Other taxation and social security	142	86
Other creditors	119	69
Accruals and deferred income	65	82
	<u>512</u>	<u>385</u>

Other loans due within and after one year are from Salix Finance, as part of the capital improvement works. The loan is interest free and repayable in instalments over a period of eight years.

Deferred income relates to a grant received in advanced which is not required to be recognised yet.

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

	2019 £000	2018 £000
Other loans	<u>50</u>	<u>57</u>

Other loans due within and after one year are from Salix Finance, as part of the capital improvement works. The loan is interest free and repayable in instalments over a period of eight years. Of the balance falling due after more than one year £25,000 (2018: £32,000) falls due after more than five years.

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17. Statement of funds

	Balance at 1 September 2018 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2019 £000
Unrestricted funds						
General funds	2,110	331	(237)	-	-	2,204
Restricted general funds						
General annual grant (GAG)	5	6,034	(5,932)	(38)	-	69
Pupil premium	-	262	(262)	-	-	-
Awards and prizes fund	16	-	(1)	-	-	15
Earmarked grants	-	273	(273)	-	-	-
Charity events	-	42	(42)	-	-	-
Transfer reserve re BMS	-	105	-	-	-	105
Transfer reserve re HFF	-	43	-	-	-	43
Pension reserve	(1,771)	(1,196)	(380)	-	(1,954)	(5,301)
	<u>(1,750)</u>	<u>5,563</u>	<u>(6,890)</u>	<u>(38)</u>	<u>(1,954)</u>	<u>(5,069)</u>
Restricted fixed asset funds						
Net book value of fixed assets	8,597	10,278	(357)	315	-	18,833
Capital funding	130	157	-	(280)	-	7
Salix loan	(57)	-	-	3	-	(54)
	<u>8,670</u>	<u>10,435</u>	<u>(357)</u>	<u>38</u>	<u>-</u>	<u>18,786</u>
Total Restricted funds	<u>6,920</u>	<u>15,998</u>	<u>(7,247)</u>	<u>-</u>	<u>(1,954)</u>	<u>13,717</u>
Total funds	<u>9,030</u>	<u>16,329</u>	<u>(7,484)</u>	<u>-</u>	<u>(1,954)</u>	<u>15,921</u>

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

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17. Statement of funds (continued)

General annual grant

The general annual grant must be used for the normal running costs of the academy. Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG it could carry forward at 31 August 2019.

Pupil Premium

This is additional funding to raise the attainment of disadvantaged pupils of all abilities.

Charity events

Funds collected by students through events for specific charities.

Awards and prizes fund

Funds held to be distributed as prizes and awards to students for achievements in certain areas.

Earmarked grants

Funds awarded by the DfE to fund rates and insurance obligations.

Pension reserve

Represents the pension liability under FRS 102 in respect of the Local Government Pension Scheme. The fund is in deficit but is not payable immediately. There are plans in place to meet the deficit such that there is no constraint on reserves going forward.

DfE/EFA capital grants

Funding for capital purposes.

Fixed asset fund

Representing the net book value of assets held by the school and the value of capital grants as yet unspent net of creditors for fixed asset loans.

Transfers between funds

Transfers from the DfE/EFA capital grant represent a transfer to the fixed asset fund of expenditure on capital items in fulfilment of the grant restrictions. The transfer from GAG represents the shortfall in capital funding grants or where the academy has committed school funds as part of the capital programme.

Unrestricted funds

Unrestricted funds are to be used towards meeting any of the charitable objectives of the academy at the discretion of the trustees.

Under the funding agreement with the Secretary of State, the Academy was not subject to a limit on the amount of GAG it could carry forward at 31 August 2019.

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17. Statement of funds (continued)

Total funds analysis by academy

Fund balances at 31 August 2019 were allocated as follows:

	2019 £000	2018 £000
Trinity High School and Sixth Form Centre	1,878	2,131
Birchensale Middle School	422	-
Holyoakes Field First School	166	-
BMAT	(23)	-
Total before fixed asset funds and pension reserve	2,443	2,131
Restricted fixed asset fund	18,786	8,670
Pension reserve	(5,301)	(1,771)
Total	15,928	9,030

Total cost analysis by academy

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

	Teaching and educational support staff costs £000	Other support staff costs £000	Educational supplies £000	Other costs excluding depreciation £000	Total 2019 £000
Trinity High School and Sixth Form Centre	3,613	984	248	672	5,517
Birchensale Middle School	793	135	38	142	1,108
Holyoakes Field First School	281	104	14	80	479
Central services	-	-	-	23	23
Academy	4,687	1,223	300	917	7,127

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17. Statement of funds (continued)

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

	Balance at 1 September 2017 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2018 £000
Unrestricted funds						
General funds	1,891	292	(16)	(57)	-	2,110
Restricted general funds						
General annual grant (GAG)	51	4,855	(4,901)	-	-	5
Pupil premium	-	213	(213)	-	-	-
Awards and prizes fund	16	-	-	-	-	16
Earmarked grants	-	120	(120)	-	-	-
Charity events	-	2	(2)	-	-	-
Pension reserve	(1,922)	-	(215)	-	366	(1,771)
	<u>(1,855)</u>	<u>5,190</u>	<u>(5,451)</u>	<u>-</u>	<u>366</u>	<u>(1,750)</u>
Restricted fixed asset funds						
Net book value of fixed assets	7,639	-	(261)	1,218	-	8,596
Capital funding	487	814	(66)	(1,161)	-	74
	<u>8,126</u>	<u>814</u>	<u>(327)</u>	<u>57</u>	<u>-</u>	<u>8,670</u>
Total Restricted funds	<u>6,271</u>	<u>6,004</u>	<u>(5,778)</u>	<u>57</u>	<u>366</u>	<u>6,920</u>
Total funds	<u><u>8,162</u></u>	<u><u>6,296</u></u>	<u><u>(5,794)</u></u>	<u><u>-</u></u>	<u><u>366</u></u>	<u><u>9,030</u></u>

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18. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Restricted fixed asset funds 2019 £000	Total funds 2019 £000
Tangible fixed assets	-	-	18,834	18,834
Current assets	2,204	739	7	2,950
Creditors due within one year	-	(507)	(5)	(512)
Creditors due in more than one year	-	-	(50)	(50)
Provisions for liabilities and charges	-	(5,301)	-	(5,301)
Total	2,204	(5,069)	18,786	15,921

Analysis of net assets between funds - prior year

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Restricted fixed asset funds 2018 £000	Total funds 2018 £000
Tangible fixed assets	-	-	8,597	8,597
Current assets	2,110	406	130	2,646
Creditors due within one year	-	(385)	-	(385)
Creditors due in more than one year	-	-	(57)	(57)
Provisions for liabilities and charges	-	(1,771)	-	(1,771)
Total	2,110	(1,750)	8,670	9,030

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19. Reconciliation of net income to net cash flow from operating activities

	2019 £000	2018 £000
Net income for the year (as per Statement of financial activities)	8,846	502
Adjustments for:		
Depreciation	357	261
Capital grants from DfE and other capital income	(157)	(814)
Dividends, interest and rents from investment	(7)	(7)
Defined benefit pension scheme obligation inherited	1,196	-
Defined benefit pension scheme cost less contributions payable	310	170
Defined benefit pension scheme finance cost	65	45
Increase in debtors	(257)	(37)
Increase in creditors	123	111
Transfer of property and pension liability from Local Authority	(10,278)	-
Net cash provided by operating activities	198	231

20. Cash flows from financing activities

	2019 £000	2018 £000
Cash inflows from new borrowing	-	57
Net cash provided by financing activities	-	57

21. Cash flows from investing activities

	2019 £000	2018 £000
Bank interest	7	7
Purchase of tangible fixed assets	(315)	(1,219)
Capital grants from DfE Group	157	814
Net cash used in investing activities	(151)	(398)

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22. Analysis of cash and cash equivalents

	2019 £000	2018 £000
Cash in hand	2,521	2,474
Total cash and cash equivalents	2,521	2,474

23. Conversion to an academy trust

On 1 April 2019 Birchensale Middle School, and on 1 May 2019 Holyoakes Field First School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Bordesley Multi-Academy Trust from Worcestershire County Council for £NIL consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the Balance sheet under the appropriate heading with a corresponding net amount recognised as a net gain in the Statement of financial activities as Income from Donations and Capital Grants - transfer from local authority on conversion.

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

	Restricted funds £000	Restricted fixed asset funds £000	Total funds £000
Tangible fixed assets			
Freehold land and buildings	-	10,278	10,278
Current assets			
Cash - representing budget surplus on LA funds	148	-	148
Non-current liabilities			
Pension liability	(1,196)	-	(1,196)
Net (liabilities)/assets	(1,048)	10,278	9,230

The property has transferred to the Multi academy trust on a long leasehold of 125 years on a peppercorn rent.

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24. Related party transactions

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

25. Pension commitments

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

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

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

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers Pensions Regulations 2010 (as amended) and the Teachers' Pension Scheme Regulations 2014 (as amended). These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

The Teachers' Pension budgeting and valuation account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and Public Service Pensions Act (2013) and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis - contributions from members, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Acts.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pension Scheme

The latest actuarial valuation of the Teachers' Pension Scheme has now taken place, in line with directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation TPS employers will pay an increased contribution rate of 23.68% from September 2019 (this includes the administration levy of 0.8%). The timing of the implementation is to align its current introduction with employers' budget planning cycles. Until then, employers will pay the current rate of 16.48%.

**NOTES TO THE FINANCIAL STATEMENTS
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25. Pension commitments (continued)

The employer's pension costs paid to TPS in the year amounted to £533,000 (2018 - £417,000).

A copy of the latest valuation report can be found by following the link to the [Teachers' Pensions website](#).

Scheme changes

The arrangements for a reformed Teachers' Pension Scheme, in line with the recommendations made by Lord Hutton, in particular the introduction of a Career Average Revalued Earnings (CARE) scheme, were implemented from 1 April 2015.

In December 2019, the Court of Appeal held that transitional protection provisions contained in the reformed judicial and firefighter pension schemes, introduced as part of public service pension reforms in 2015, gave rise to direct age discrimination and were therefore unlawful. The Supreme Court, in a decision made in June 2019, have rejected the Government's application for permission to appeal the Court of Appeal's ruling. The case will now be referred to an Employment Tribunal for a decision regarding the remedy which will need to be offered to those members of the two schemes who were subject of the age discrimination.

HM Treasury are clear that the ruling has implications for the other public service schemes, including the Teachers' Pension Scheme. Those implications are currently being considered and any impact on scheme costs is expected to be looked at within the next scheme valuation, which is currently scheduled to be based on April 2020 data and implemented in April 2023.

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £230,000 (2018 - £192,000), of which employer's contributions totalled £163,000 (2018 - £136,000) and employees' contributions totalled £ 67,000 (2018 - £56,000).

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

Principal actuarial assumptions

	2019	2018
	%	%
Rate of increase in salaries	3.5	3.6
Rate of increase for pensions in payment/inflation	2.1	2.2
Discount rate for scheme liabilities	1.8	2.8
Inflation assumption (CPI)	2.0	2.1

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

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25. Pension commitments (continued)

	2019 Years	2018 Years
<i>Retiring today</i>		
Males	22.7	22.8
Females	25.7	25.8
<i>Retiring in 20 years</i>		
Males	24.9	25.1
Females	28	28.2

Sensitivity analysis

	2019 £000	2018 £000
Discount rate +0.1%	(179)	(81)
Discount rate -0.1%	183	81
Mortality assumption - 1 year increase	135	69
Mortality assumption - 1 year decrease	(133)	(69)
CPI rate +0.1%	184	94
CPI rate -0.1%	(180)	(94)

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

	At 31 August 2019 £000	At 31 August 2018 £000
Equities	1,359	1,504
Government bonds	141	159
Corporate bonds	81	106
Property	83	127
Cash and other liquid assets	37	62
Other	64	163
Total market value of assets	1,765	2,121

The actual return on scheme assets was £87,000 (2018 - £104,000).

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25. Pension commitments (continued)

The amounts recognised in the Statement of financial activities are as follows:

	2019 £000	2018 £000
Current service cost	(330)	(306)
Past service cost	(148)	-
Interest income	53	40
Interest cost	(118)	(85)
Total amount recognised in the Statement of financial activities	(543)	(351)

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

	2019 £000	2018 £000
At 1 September	88	-
Current service cost	330	306
Interest cost	118	85
Actuarial losses/(gains)	1,987	(303)
At 31 August	2,523	88

Changes in the fair value of the Academy's share of scheme assets were as follows:

	2019 £000	2018 £000
At 1 September	199	-
Actuarial gains	33	63
Employer contributions	163	136
At 31 August	395	199

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26. Operating lease commitments

At 31 August 2019 the Academy had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2019 £000	2018 £000
Not later than 1 year	34	12
Later than 1 year and not later than 5 years	21	21
	<u>55</u>	<u>33</u>

27. 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.