

**Bacup and Rawtenstall Grammar School
(A Company Limited by Guarantee)**

Annual Report and Financial Statements

Year ended 31 August 2018

Company Registration Number:
08205021 (England and Wales)

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Reference and Administrative Details

Trustees:	D S King (Chairman) P H Skilling (Vice Chairperson) S Bradshaw* (resigned 11 th October 2018) D Cain* K Harwood B Lynch C Merrifield A Porteous (Headteacher and Accounting Officer)* D Rawding (appointed 18 th July 2018) G Rishton*(resigned 27 th January 2018) P Terry (Chair of Finance Committee)* M Spencer (staff trustee) M Tomlinson* A Wardle (staff trustee)* M White N Wild (Chair of Audit Committee)* * members of the Finance Committee
Company Secretary:	A J Hughes
Senior Leadership Team:	
Headteacher	A B Porteous
Deputy Headteacher	P W Reeves (Appointed Deputy Headteacher 16 th March 2018)
Assistant Headteacher	J E Dougherty
Assistant Headteacher	P W Reeves
Assistant Headteacher	D F Morriss
Assistant Headteacher	W M Seddon
Assistant Headteacher	J Caton (Appointed Assistant Headteacher 16 th March 2018)
Development Director	E C Gauntlett
School Business Manager	S L Taggart
Principal and Registered Office:	Bacup and Rawtenstall Grammar School Glen Road Waterfoot Rossendale Lancashire BB4 7BJ
Company Registration Number:	08205021 (England and Wales)
Independent Auditor:	Mazars LLP One St Peter's Square Manchester M2 3DE
Bankers:	Natwest 28 Bank Street Rawtenstall Lancashire BB4 8TS

Reference and Administrative Details (continued)

Solicitors:

Browne Jacobson LLP
5th Floor, Tower 12
18-22 Bridge Street
Manchester
M3 3BZ

Trustees' Report

The trustees (who act as governors of Bacup and Rawtenstall Grammar School) present their annual report together with the financial statements and auditor's reports of the charitable company for the year 1st September 2017 to 31st August 2018. The annual report serves the purpose of both a trustees' report and a directors' report under company law.

The trust operates an Academy for pupils aged 11 to 18 serving the Rossendale Valley and other nearby towns. It has a pupil capacity of 1,227 and had a roll of 1,261 pupils on Census day, Thursday 5th October 2017.

Structure, Governance and Management

Constitution

The Academy is a company limited by guarantee and an exempt charity (company registration number 08205021). The charitable company's Memorandum and Articles of Association are the primary governing documents of the Academy Trust. The trustees of the Academy Trust are also the directors of the charitable company for the purpose of company law. The charitable company is known as Bacup and Rawtenstall Grammar School.

Details of the trustees who served during the year are included in the Reference and Administrative Details on page 2.

Members' Liability

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

Trustees' Indemnities

Since the incorporation of the charitable company, the trustees have been indemnified in respect of their legal liability for financial loss arising as a result of a negligent act, error or omission in the course of their official duties. As explained in note 11 to the financial statements, the limit of this indemnity is £10,000,000.

Method of Recruitment and Appointment or Election of Trustees

Appointment of trustees

The number of trustees shall not be less than three.

The members may appoint one trustee and no more than one third of the total number of individuals appointed as trustees shall be employees of the Academy Trust (including the Headteacher).

The Headteacher shall be a Trustee Ex-Officio.

The proportions of the Governing Body at Bacup and Rawtenstall Grammar School are as follows:

- up to seven Parent Trustees, elected by parents of registered pupils at the Academy. A Parent Trustee must be a parent of a pupil at the Academy at the time when he/she is elected. The Governing Body shall make all necessary arrangements for, and determine all other matters relating to, an election of the Parent Trustees. Any election of Parent Trustees which is contested shall be held by secret ballot. Arrangements for the election shall provide, for every person entitled to vote, an opportunity by post or, if they prefer, by having his/her ballot paper returned to the Academy Trust by a registered pupil at the Academy;

Trustees' Report (continued)

- up to three Staff Trustees. The Governing Body shall make all necessary arrangements for, and determine all matters relating to, an election of Staff Trustees;
- up to ten Community Trustees appointed by the Governing Body provided that the person appointed as a Community Trustee is a person who lives or works in the community served by the Academy or a person who in the opinion of the Governing Body is committed to the government and success of the Academy; and
- the Trustees may appoint up to three Co-Opted Trustees.

Policies and Procedures Adopted for the Induction and Training of Trustees

The training and induction provided for the new trustees will depend on their existing experience. Where necessary, induction will provide training on charity, educational, legal and financial matters. All new trustees will be given a tour of the Academy and the chance to meet with staff and students. All trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their roles as trustees.

As there are normally only two or three new trustees a year, induction tends to be done informally and is tailored specifically to the individual. All trustees receive copies of all minutes and new trustees are invited to attend sub-committee meetings.

Organisational Structure

The trustees are responsible for setting the strategic vision and direction of the Academy. This is achieved by taking account of the changing educational landscape both nationally and locally, the educational aspirations of the staff and students and the constraints of current resources. These responsibilities are applied through the determination of the Academy vision, the adoption and challenge of the Academy development plan, which is reviewed annually, adopting an annual plan and related budget, monitoring the Academy financial position through annual and three year forecasts and the approval of capital expenditure and all staff appointments.

Senior Managers control the Academy at an executive level implementing the policies laid down by the trustees and reporting back to them. As a group, the Senior Leadership Team are responsible for the authorisation of spending within agreed budgets. They are also responsible for the appointment of staff in conjunction with members of the Governing Body. Some spending control is devolved to members of the Management Team, with limits above which a Senior Leadership Manager must countersign.

Arrangements for setting pay and remuneration of key management personnel

The key management personnel of the Academy comprise the Trustees, Company Secretary and the Senior Leadership Team.

The Academy's policy is that no trustees are remunerated for their services as a trustee.

The Academy has a Pay Committee made up of current trustees. The Committee has responsibility for agreeing the pay and remuneration of the Academy's key staff on an individual basis.

The key staff are currently remunerated in accordance with the Academy's pay scales. The pay scales are determined by reference to advice and guidance in the School Teachers Pay and Conditions Document and the Pay Policies of the Academy. Pay progression within the pay scales is determined by reference to performance against agreed objectives.

Trustees' Report (continued)

Individual performance objectives are designed to promote the long-term success of the Academy. Achievement against individual objectives is assessed in the first instance by the Headteacher, and then reviewed by the Pay Committee annually. The Committee has access to external professional advice regarding the performance of the Headteacher.

Related Parties and other Connected Charities and Organisations

These financial statements include the activities and net assets of the BRGS Fundraising Trust as it is controlled by the same trustees as the Academy.

The Academy is a member of the following local networks:

- District 14 Headteachers;
- East Lancashire Teaching School Alliance;
- Ripley Teaching School Alliance;
- BBL Academy Trust Network;
- Grammar School Heads Association; and
- National Governors Association.

Membership of the above networks does not have either an influence or an impact on the operating policies of the Academy Trust.

The Academy also purchases some services from the local authority, Lancashire County Council, under normal business arrangements.

Objectives and Activities

Objects and Aims

The principal object and activity of the charitable company is the operation of the Bacup and Rawtenstall Grammar School to provide education for pupils between the ages of 11 and 18.

In accordance with the Articles of Association, the charitable company has adopted a "Scheme of Government" approved by the Secretary of State for Education and Skills. The Scheme of Government specifies, amongst other things, the basis for admitting students to the Academy.

The Academy aims:

- to provide value for money for the funds expended;
- to comply with all appropriate statutory and curriculum requirements; and
- to conduct the Academy's business in accordance with the highest standards of integrity, probity and openness.

Objectives, Strategies and Activities

The Academy's strategic activities have included:

- tuition and learning opportunities for all students appropriate to their ability in order to attain academic and vocational qualifications;
- development opportunities for all staff;
- a comprehensive programme of extra-curricular activities, trips and visits for students; and
- careers advice and guidance to help students move to the next stage of their education.

The trustees recognise that equal opportunities should be an integral part of all good practice within the workplace.

The Academy aims to establish equal opportunity in all areas of its activities, including creating a working environment in which the contribution and needs of all people are fully valued.

Trustees' Report (continued)

Public Benefit

The trustees have considered the Charity Commission's guidance on public benefit. The key public benefit delivered by Bacup and Rawtenstall Grammar School is the maintenance and development of the high quality education provided by the Academy.

In doing this, Bacup and Rawtenstall Grammar School not only offers a broadly-based academic education but aims to educate the whole individual. A very wide range of extra-curricular activities, educational trips, visits and foreign trips is offered and undertaken.

Strategic Report

Achievements and Performance

The school has completed its sixth year of operation as an Academy. The number of students on roll in the year ended 31st August 2018 numbered 1261, of which 395 were in the Sixth Form.

Key Performance Indicators

In February 2016 the Academy was rated "Outstanding" by Ofsted. The Inspectors acknowledged that the "remarkably good teaching supports pupils' very high, and ever improving, levels of attainment and progress".

In 2018, the Academy continued its record of sustained academic excellence, with very impressive examination results, both at A-level and GCSE. At A-level, the overall pass rate at A*-E, excluding General Studies, was 98%. 62% of grades were A*, A or B and 36% were A* or A grades. 91% of students went on to university with 55% gaining places at Russell Group universities; 2% of students gained higher level apprenticeships.

At GCSE, results were similarly excellent. 100% of our students this year achieved 5 or more GCSEs, including English and Maths, at Grade 4 or above, 54.8% of grades were the top grades of 7, 8 or 9 and 60% of our students achieved a strong pass in the English Baccalaureate.

The Academy also places a strong emphasis on the broader development of the individual students, and offers a very wide range of activity outside the taught curriculum to support this.

The Academy complies with all the terms and conditions of its Funding Agreement. Financial performance is regularly monitored and action taken to ensure that:

- revisions to budgeted expenditure are properly authorised and controlled;
- cash levels are sufficient to meet financial obligations; and
- reserve levels are reviewed and held at appropriate levels.

Going Concern

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

Trustees' Report (continued)

Financial Review

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

The Academy also receives grants for fixed assets from the Education Skills Funding Agency (ESFA). In accordance with the Charity's Statement of Recommended Practice, "FRS102", such grants are shown in the SOFA as restricted income in the Restricted Fixed Asset Fund. The Restricted Fixed Asset Fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the period under review, the Academy received income of £7.38m (2017: £6.74m). Of this sum 77% (2017: 85%) was received from the ESFA in respect of the GAG, used for day-to-day running costs. Other income includes that received towards the provision of trips and visits, and catering income. This is a significant level of income but is matched by corresponding levels of expenditure.

At 31st August 2018, the net value of fixed assets was £10.89m (2017: £10.89m) as shown in note 13 to the financial statements. The assets were used exclusively for providing education and additional support services to the students of the Academy.

The Academy's non-teaching staff are entitled to membership of the Local Government Pension Scheme. The Academy's share of the scheme's assets is currently assessed to be less than its liabilities in the scheme, and consequently the Academy balance sheet shows a net liability of £1.141m (2017: £1.381m).

Reserves Policy

The trustees review the reserve levels of the Academy regularly. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves.

The trustees' Finance Committee has reviewed these reserve levels and believes that they should provide sufficient working capital to cover delays between spending and receipt of grants and to allow for unexpected emergencies, such as urgent maintenance. Under normal circumstances, the trustees would aim to maintain reserves of between 2% and 5% of GAG as an appropriate cushion.

The trustees consider the level of reserves presently held to be satisfactory for the level of the Academy's operations and in view of the planned capital expenditure programme.

Financial position

The Academy held reserve fund balances at 31st August 2018 of £11,739k comprising £10,456k of restricted funds and £1,283k of unrestricted general funds. Included within restricted funds is the pension reserve which shows a balance of £1,141k. Further details of the carry forward balances on each fund can be found in note 17 to the financial statements.

Investment Policy

Apart from the cash held for the operation of the Academy, Bacup and Rawtenstall Grammar School has no material investments. With respect to its cash holdings, the Governing Body has adopted a low risk strategy. The Academy holds a current account, an interest bearing account and holds a Treasury Reserve Investment Account.

Trustees' Report (continued)

Principal Risks and Uncertainties

The Academy maintains a prioritised risk register which is reviewed on a regular basis.

The trustees have assessed the principal risks and uncertainties facing the Academy. These include:

- a reduction in the number of students applying to join the Academy arising from:
 - demographic trends within the catchment area;
 - a reduction in the demand for selective education in years 7-11;
 - structural changes arising in the primary feeder schools or from the creation of multi-academy trusts and free schools;
 - competition from other sixth form providers;
 - a lower level of exam performance making the Academy less attractive.
- changes to the level of government funding for schools reducing the school's ability to deliver high standards of education.

The trustees have put in place a number of strategies to address these risks. These include:

- maintaining close links with local primary schools;
- a comprehensive marketing strategy to attract Sixth Form students;
- the significant investment of management time in the continual improvement of education standards and outcomes;
- regular reviews of three year financial projections to identify funding challenges; and
- on-going assessments of the Academy's reserves in view of the need to balance expenditure on improvements in the Academy estate with the need to meet future revenue funding requirements.

Plans for Future Periods

The Academy will continue to provide a challenging and balanced curriculum that meets the needs of students across all year groups and maintains and, where possible, improves the academic success of the students. The Academy will continue to invest in a broad range of extra-curricular activities.

The Academy has continued to improve and develop the school site and in particular the refurbishment of the Music and Art Faculties. Work on the creation of a second storey extension to the existing Art block is still under construction at the year end. Additionally during the year there has been modernisation of classrooms on the Extension corridor, Canopy and first floor Sixth Form classrooms. The 5 year Buildings Development Plan for the school site has successfully completed its first year and is currently at the planning and tendering stage for phase two. The trustees recognise that these plans can only be implemented when the necessary funding is available but are hopeful that, with a combination of accumulated reserves, continued prudent financial management, support from the ESFA's capital fund and, where appropriate, donations from parents, alumni and other supporters, they will be able to achieve some if not all of the development plan.

Provision of Information to the Auditor

Insofar 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.

The Trustees' Report, incorporating a Strategic Report, was approved by the order of the board of trustees, as the company directors, on 6th December 2018 and signed on the board's behalf by:



D S King
Chair of Trustees

Governance Statement

Scope of Responsibility

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

The board of trustees has delegated the day-to-day responsibility to the Headteacher, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Bacup and Rawtenstall Grammar School and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The board of trustees has formally met 4 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
D S King (Chairman)	4	4
P H Skilling (Vice Chairperson)	4	4
S Bradshaw (resigned 11 th October 2018)	0	4
D Cain	1	4
K Harwood	2	4
B Lynch	4	4
C Merrifield	4	4
A Porteous (Headteacher and Accounting Officer)	4	4
D Rawding (appointed 18 th July 2018)	1	1
G Rishton (resigned 27 th January)	2	2
M Spencer (staff trustee)	3	4
P Terry (Chair of Finance committee)	4	4
M Tomlinson	4	4
A Wardle (staff trustee)	4	4
M White	4	4
N Wild	3	4

Where trustees are unable to attend meetings they are encouraged to pass on comments to the Chair for discussion at the meeting.

The Finance Committee is a sub-committee of the main board of trustees. Its purpose is to:

- review and authorise the annual budget and recommend the budget for approval by the board of trustees;
- monitor expenditure against budget;
- ensure the annual accounts are produced in accordance with the requirements of the Companies Act 2006 and the DfE guidance issued to academies;
- authorise the award of contracts over £5,000; and
- approve items not included within the budget.

Governance Statement (continued)

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
P Terry (Chairman)	3	3
S Bradshaw	2	3
D Cain	0	3
A Porteous (Headteacher and Accounting Officer)	3	3
G Rishton	1	1
S Taggart (School Business Manager)	3	3
M Tomlinson	2	3
A Wardle (staff trustee)	3	3
N Wild	3	3

The Audit Committee is a sub-committee of the main board of trustees. Its purpose is to:

- advise the board of trustees on the adequacy and effectiveness of the systems of internal control, arrangements for risk management, control and governance processes, and securing economy, efficiency and effectiveness;
- advise the board of trustees on the appointment, reappointment, dismissal and remuneration of auditors;
- monitor the effectiveness of the auditors;
- consider the reports of the auditors and, when appropriate, advise the board of trustees on material control issues;
- monitor the implementation of agreed audit recommendations; and
- ensure that allegations of fraud and irregularity are appropriately investigated and control weaknesses addressed.

The Executive Committee is also a sub-committee of the main board of trustees. The main purposes of this committee are to ensure the coordination of the activities of the other sub-committees, to give the chairs of those committees the opportunity to review collectively the policies of the Academy, to formulate long term strategy for discussion by the main board and to review risk management.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
D S King (Chairman)	3	3
S Bradshaw	2	3
B Lynch	1	3
A Porteous (Headteacher and Accounting Officer)	3	3
P H Skilling	3	3
P Terry	3	3
M White	2	3

Review of Value for Money

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

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

Governance Statement (continued)

- undertaking a curriculum and staffing review to ensure staff are deployed in line with their skill set and courses are financially viable;
- better use of Cover Supervisors and timetabled contracts to significantly reduce supply costs;
- improved purchasing procedures and controls to ensure we are getting value for money;
- reviewed capitation spend with a focus on need instead of reliance on a formula allocation;
- reliance on the in house Site Team for delivery of some refurbishment projects, rather than always using external contractors; and
- reduced staffing through natural wastage.

The Purpose of the System of Internal Control

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

Capacity to Handle Risk

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

Governance Statement (continued)

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- regular reviews by the finance committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties; and
- identification and management of risks, including a risk register that is reviewed regularly by the Executive Committee.

The board of trustees has considered the need for a specific internal audit function and has decided to appoint Mazars LLP to support the Executive Committee in their responsibilities for maintaining proper systems of internal control.

Their work includes performing a range of checks on the Academy Trust's financial systems. On a termly basis, Mazars LLP reports to the Executive Committee on the operations of the systems of control and on the discharge of the board of trustees' financial responsibilities.

Review of Effectiveness

As Accounting Officer, the Headteacher 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 carried out by Mazars LLP in supporting the Executive and Finance Committees;
- the work of the external auditor;
- the financial management and governance self-assessment process; and
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by the order of the members of the board of trustees on 6th December 2018 and signed on its behalf by:



D S King
Chair of Trustees



A B Porteous
Accounting Officer

Statement on Regularity, Propriety and Compliance

As Accounting Officer of Bacup and Rawtenstall Grammar School, I have considered my responsibility to notify the Academy Trust board of trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration, I have had due regard to the requirements of the Academies Financial Handbook 2018.

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



A B Porteous
Accounting Officer
6th December 2018

Statement of Trustees' Responsibilities

The trustees are responsible for preparing the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction published by the Education and Skills Funding Agency (ESFA), 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 income and expenditure for that year. In preparing these financial statements, the trustees are required to:

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

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

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

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

Approved by order of the members of the board of trustees on 6th December 2018 and signed on its behalf by:



D S King
Chair of Trustees

Independent auditor's report to the Members of Bacup and Rawtenstall Grammar School

We have audited the financial statements of Bacup and Rawtenstall Grammar School ("the 'trust'") for the year ended 31 August 2018 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, the Academies Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

Independent auditor's report to the Members of Bacup and Rawtenstall Grammar School (continued)

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement set out on page 15, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the company'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 company or to cease operations, or have no realistic alternative but to do so.

Independent auditor's report to the Members of Bacup and Rawtenstall Grammar School (continued)

Auditor's responsibilities for the audit of the financial statements

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

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

Use of the audit report

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



Janine Fox (Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
One St Peter's Square
Manchester
M2 3DE

14 December 2018

Independent Reporting Accountant's Assurance Report on Regularity to Bacup and Rawtenstall Grammar School and the Education and Skills Funding Agency

In accordance with the terms of our engagement letter dated 19 October 2018 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Bacup and Rawtenstall Grammar School during the period 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Bacup and Rawtenstall Grammar School and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Bacup and Rawtenstall Grammar School and the ESFA those matters we are required to state to it 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 Bacup and Rawtenstall Grammar School and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Bacup and Rawtenstall Grammar School's Accounting Officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of Bacup and Rawtenstall Grammar School's funding agreement with the Secretary of State for Education dated 25 May 2012 and the Academies Financial Handbook, extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

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

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

Independent Reporting Accountant's Assurance Report on Regularity to Bacup and Rawtenstall Grammar School and the Education and Skills Funding Agency (continued)

The work undertaken to draw to our conclusion includes:

- Planning our assurance procedures including identifying key risks;
- Carrying out sample testing on controls;
- Carrying out substantive testing including analytical review; and
- Concluded on procedures carried out.

Conclusion

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


Reporting Accountant

Mazars LLP
One St Peter's Square
Manchester
M2 3DE

Date: 14 December 2018

Statement of Financial Activities for the Year Ended 31 August 2018
(including Income and Expenditure Account)

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	2018 Total £000	2017 Total £000
Income and endowments from:						
Donations and capital grants	3	19	-	-	19	23
<i>Charitable activities:</i>						
Funding for the Academy						
Trust's educational operations	4	-	5,784	736	6,520	5,795
Other trading activities	5	620	221	-	841	920
Investments	6	3	-	-	3	4
Total		642	6,005	736	7,383	6,742
Expenditure on:						
Raising funds		-	-	-	-	18
<i>Charitable activities:</i>						
Academy Trust educational operations	8	207	6,423	326	6,956	6,980
Total	7	207	6,423	326	6,956	6,998
Net income/(expenditure)		435	(418)	410	427	(256)
Gross transfer between funds	17	(1,520)	267	1,253	-	-
Other recognised gains/(losses)						
Actuarial gains/(losses)	17					
on defined benefit pension schemes	& 24	-	391	-	391	236
Net movement in funds		(1,085)	240	1,663	818	(20)
Reconciliation of funds						
Total funds brought forward at 1 September 2017	17	2,368	(1,381)	9,934	10,921	10,941
Total funds carried forward at 31 August 2018	17	1,283	(1,141)	11,597	11,739	10,921

All of the Academy Trust's activities derive from continuing operations during the above two financial periods.

Balance Sheet as at 31 August 2018
Company Number 08205021

	Notes	2018 £000	2018 £000	2017 £000	2017 £000
Fixed assets					
Intangible assets	12		1		3
Tangible assets	13		10,885		10,888
Current assets					
Stock	14	5		5	
Debtors	15	408		138	
Cash at bank and in hand		2,150		1,822	
		<u>2,563</u>		<u>1,965</u>	
Liabilities					
Creditors: Amounts falling due within one year	16	(569)		(554)	
Net current assets			<u>1,994</u>		<u>1,411</u>
Total assets less current liabilities			12,880		12,302
Pension scheme liability	24		<u>(1,141)</u>		<u>(1,381)</u>
Net assets including pension liability			<u>11,739</u>		<u>10,921</u>
Funds of the Academy Trust:					
Restricted Income Funds					
Fixed Asset Fund	17	11,597		9,934	
General Fund	17	-		-	
Pension Reserve	17	<u>(1,141)</u>		<u>(1,381)</u>	
Total Restricted Funds			10,456		8,553
Unrestricted Income Funds					
General Fund	17	<u>1,283</u>		<u>2,368</u>	
Total Unrestricted Funds			<u>1,283</u>		<u>2,368</u>
Total Funds			<u>11,739</u>		<u>10,921</u>

The financial statements on pages 24 to 41 were approved by the trustees, and authorised for issue on 6th December 2018 and are signed on their behalf by:


D S King
 Chair of Trustees

Statement of Cash Flows for the Year Ended 31 August 2018

	Notes	2018 £000	2017 £000
Cash flows from operating activities			
Net cash provided by operating activities	20	(90)	200
Cash flows from investing activities	21	418	(431)
Cash flows from financing activities		-	-
Change in cash in the reporting period	22	328	(231)
Cash at 1 September 2017		1,822	2,053
Cash at 31 August 2018	22	2,150	1,822

Notes to the Financial Statements for the Year Ended 31 August 2018

1. Statement of Accounting Policies

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

Basis of Preparation

The financial statements of the Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2017 to 2018 issued by the ESFA, the Charities Act 2011 and the Companies Act 2006.

Bacup and Rawtenstall Grammar School meets the definition of a public benefit entity under FRS 102.

Going Concern

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

Income

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

- **Grants Receivable**

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the year 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 unspent amount is reflected as a balance in the restricted general fund. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

- **Sponsorship Income**

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

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

1. Statement of Accounting Policies (continued)

- **Donations**

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

- **Other Income**

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

Expenditure

All expenditure is recognised in the year in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

- **Expenditure on Raising Funds**

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

- **Charitable Activities**

These are costs incurred on the Academy Trust's educational operations including support costs and costs relating to the governance of the Academy Trust apportioned to charitable activities. Governance costs include the costs attributable to the Academy Trust's compliance with constitutional and statutory requirements, including audit, strategic management and trustees' meetings and reimbursed expenses.

Intangible Fixed Assets

Intangible assets costing £2,500 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment. Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset on a straight line basis over its expected useful life, as follows:

- Purchased computer software 3 years

Tangible Fixed Assets

Assets costing £2,500 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 so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy Trust's depreciation policy. Where tangible assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

1. Statement of Accounting Policies (continued)

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

- | | |
|------------------------------------|------------|
| • Freehold buildings | 50 years |
| • Motor vehicles | 4 years |
| • Fixtures, fittings and equipment | 3-10 years |
| • ICT equipment | 3 years |

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

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

Liabilities

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

Provisions

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

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

Leased Assets

Rentals under operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against the Statement of Financial Activities on a straight line basis over the period of the lease.

Financial Instruments

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

- Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at face value. Prepayments are not financial instruments. Amounts due to the charity'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 face value. 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. Amounts due to charity's wholly owned subsidiary are held at face value.

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

1. Statement of Accounting Policies (continued)

Stock

Unsold catering stocks are valued at the lower of cost or net realisable value.

Taxation

The Academy Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Academy Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by chapter 3 part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Pensions Benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of the pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 24, the TPS is a multi-employer scheme and the Academy Trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised as they are paid each year.

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 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 the scheme introductions, benefit charges, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses. Actuarial gains and losses are recognised immediately in other gains and losses.

Fund Accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the Academy Trust at the discretion of the trustees. Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Education and Skills Funding Agency (ESFA) 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 ESFA.

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

1. Statement of Accounting Policies (continued)

Agency Arrangements

The Academy Trust acts as an agent in distributing 16-19 bursary funds from the ESFA. Payments received from the ESFA and subsequent disbursements to students are excluded from the Statement of Financial Activities as the Trust does not have control over the charitable application of the funds. The Trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the Statement of Financial Activities. The funds received and paid and any balances held are disclosed in note 25.

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The present value of the LGPS defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Fixed assets are carried in the financial statements using an estimate of current value. They are depreciated from cost on a straight line basis over their estimated useful life.

2. General Annual Grant (GAG)

Under the funding agreement with the Secretary of State, the Academy Trust was not subject to limits at 31 August 2018 on the amount of GAG that could be carried forward from one year to the next.

3. Donations and capital grants

	Unrestricted Funds £000	Restricted Funds £000	2018 Total £000	2017 Total £000
Donations	19	-	19	23
	19	-	19	23

For the year ended 31 August 2017, unrestricted funds were £17k and restricted funds were £6k. All related to donations.

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

4. Funding for the Academy Trust's Educational Operations

	Unrestricted Funds £000	Restricted Funds £000	2018 Total £000	2017 Total £000
DFE/ESFA Grants				
General Annual Grant (GAG)	-	5,717	5,717	5,755
Capital Grants	-	736	736	27
Other(s)	-	60	60	-
	-	6,513	6,513	5,782
Other Government Grants				
Local authority grants	-	7	7	13
	-	7	7	13
	-	6,520	6,520	5,795

The funding for the year ended 31 August 2017 all related to restricted funds.

5. Other trading activities

	Unrestricted Funds £000	Restricted Funds £000	2018 Total £000	2017 Total £000
Catering income	360	-	360	376
Trip income	-	221	221	310
Music lesson income	54	-	54	57
Other income	206	-	206	177
	620	221	841	920

For the year ended 31 August 2017, only trip income (£310k) was restricted. All other income types were unrestricted.

6. Investment Income

	Unrestricted Funds £000	Restricted Funds £000	2018 Total £000	2017 Total £000
Short term deposits	3	-	3	4
	3	-	3	4

The investment income for the year ended 31 August 2017 all related to unrestricted funds.

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

7. Expenditure

Expenditure for the year ended 31 August 2018 is as follows:

	Staff Costs £000	Non Pay Expenditure Premises £000	Other Costs £000	2018 Total £000
Expenditure on raising funds	-	-	-	-
Academy's educational operations				
Direct costs	4,345	-	892	5,237
Allocated support costs	931	279	509	1,719
	<u>5,276</u>	<u>279</u>	<u>1,401</u>	<u>6,956</u>

Expenditure for the year ended 31 August 2017 is as follows:

	Staff Costs £000	Non Pay Expenditure Premises £000	Other Costs £000	2017 Total £000
Expenditure on raising funds	18	-	-	18
Academy's educational operations				
Direct costs	4,323	-	965	5,288
Allocated support costs	932	272	488	1,692
	<u>5,273</u>	<u>272</u>	<u>1,453</u>	<u>6,998</u>

Net (expenditure)/income for the year includes:

	2018 £000	2017 £000
Operating leases	6	5
Depreciation	324	307
Amortisation of intangible fixed assets (included within Charitable Academy Trust educational operations)	2	1
Fees payable to auditors		
a. External audit	12	12
b. Other services	6	6

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

8. Charitable Activities – Academy's Educational Operations

	2018 £000	2017 £000
Direct costs – educational operations		
Teaching and educational support staff costs	4,345	4,324
Depreciation	324	307
Amortisation of intangible assets	2	1
Technology costs	8	10
Educational supplies	183	149
Examination fees	124	122
Staff development	18	55
Other direct costs	233	320
	<u>5,237</u>	<u>5,288</u>
	2018 £000	2017 £000
Support costs – educational operations		
Support staff costs	930	903
Technology costs	67	59
Recruitment and support	6	14
Maintenance of premises and equipment	96	104
Cleaning	10	10
Rent and rates	-	1
Energy costs	134	119
Insurance	30	27
Security and transport	7	11
Catering	207	208
Bank interest and charges	12	12
Other support costs	203	191
Governance costs	17	33
	<u>1,719</u>	<u>1,692</u>
	2018 £000	2017 £000
Total direct and support costs	<u>6,956</u>	<u>6,980</u>

For the year ended 31 August 2017, unrestricted expenditure was £208k and restricted £6,772k.

9. Staff

a. Staff costs

Staff costs during the year were:

	2018 £000	2017 £000
Wages and salaries	4,089	4,088
Social security costs	392	395
Pension costs	774	750
	<u>5,255</u>	<u>5,233</u>
Supply teacher costs	21	26
Staff restructuring costs	-	-
	<u>5,276</u>	<u>5,259</u>

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

9. Staff (continued)

b. Staff severance payments

There are no non-statutory/non-contractual payments included in staff restructuring costs (2017: no payments).

c. Staff numbers

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

	2018 No	2017 No
Teachers	75	71
Administration and support	67	66
Management	8	9
	<u>150</u>	<u>146</u>

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

	2018 No	2017 No
Teachers	68	65
Administration and support	43	42
Management	8	9
	<u>119</u>	<u>116</u>

d. Higher paid staff

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

	2018 No	2017 No
£100,001 - £110,000	1	1
£ 60,001 - £ 70,000	3	5

The employees noted above participated in the Teachers' Pension Scheme. During the year ended 31 August 2018, pension contributions for these staff amounted to £49,880 (2017, £71,419).

e. Key management personnel

The key management personnel of the Academy Trust comprise the trustees and the senior management team as listed on page 2. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Academy Trust was £799,166 (2017: £871,391).

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

10. Related Party Transactions – Trustees' Remuneration & Expenses

The Headteacher and other staff trustees only receive remuneration in respect of the services they provide undertaking the roles of Headteacher and staff, and not in respect of their services as trustees. Other trustees did not receive any payments, other than expenses, from the Academy Trust in respect of their roles as trustees. The value of trustees' remuneration was as follows:

A Porteous (Headteacher and trustee):	£105,000 - £110,000 (2016/17: £105,000 - £110,000)
Employers pension contributions:	£15,000 - £20,000 (2016/17: £15,000 - £20,000)
M Spencer (staff trustee)	£45,000 - £50,000 (2016/17: £45,000 - £50,000)
Employers pension contributions:	£5,000 - £10,000 (2016/17: £5,000 - £10,000)
A Wardle (staff trustee)	£20,000 - £25,000 (2016/17: £15,000 - £20,000)
Employers pension contributions:	£0 - £5,000 (2016/17: £0 - £5,000)

During the year ended 31 August 2018, travel and subsistence expenses totalling £425 (2016/17: £324) was incurred to 2 trustees (2017: 4 trustees). During the year ended 31 August 2018, no payments to trustees were made in relation to providing assistance with the entrance exam (2016/17: 2 payments of £50).

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

11. Trustees' and Officers' Insurance

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

12. Intangible Fixed Assets

	Computer Software £000	Total £000
Cost		
At 1 September 2017	5	5
Additions	-	-
At 31 August 2018	5	5
Amortisation		
At 1 September 2017	2	2
Charged in year	2	2
At 31 August 2018	4	4
Carrying amount		
At 31 August 2017	3	3
At 31 August 2018	1	1

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

13. Tangible Fixed Assets

	Freehold land & buildings £000	Furniture & equipment £000	Computer equipment £000	Motor vehicles £000	Total £000
Cost					
At 1 September 2017	11,439	291	446	14	12,190
Additions	166	109	46	-	321
At 31 August 2018	11,605	400	492	14	12,511
Depreciation					
At 1 September 2017	824	108	361	9	1,302
Charge for the year	190	82	49	3	324
At 31 August 2018	1,014	190	410	12	1,626
Net book values					
At 31 August 2017	10,615	183	85	5	10,888
At 31 August 2018	10,591	210	82	2	10,885

14. Stock

	2018 £000	2017 £000
Catering	5	5
	<u>5</u>	<u>5</u>

15. Debtors

	2018 £000	2017 £000
Trade debtors	1	5
VAT recoverable	71	70
Other debtors	2	2
Prepayments and accrued income	334	61
	<u>408</u>	<u>138</u>

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

16. Creditors: amounts falling due within one year

	2018 £000	2017 £000
Trade creditors	308	274
Taxations and social security	16	109
Other creditors	4	8
Accruals and deferred income	241	163
	<u>569</u>	<u>554</u>

Deferred income (included above)

	2018 £000
Deferred income at 1 September 2017	74
Resources deferred at 31 August 2018	(74)
Amounts released from previous years	185
Deferred income at 31 August 2018	<u>185</u>

At the balance sheet date, the Academy Trust was holding funds received in advance for catering sales and school trips booked in advance for the following accounting period.

17. Funds

	Balance at 1 Sep 2017 £000	Income £000	Expenditure £000	Gains, losses & transfers £000	Balance at 31 Aug 2018 £000
Restricted general funds					
General Annual Grant (GAG)	-	5,784	(6,051)	267	-
Other donations	-	221	(221)	-	-
Pension reserve	(1,381)	-	(151)	391	(1,141)
	<u>(1,381)</u>	<u>6,005</u>	<u>(6,423)</u>	<u>658</u>	<u>(1,141)</u>
Restricted fixed asset funds					
DfE/ESFA capital grants	835	736	(136)	-	1,435
Gifts from predecessor school	9,099	-	(190)	-	8,909
Self-funded fixed assets	-	-	-	1,253	1,253
	<u>9,934</u>	<u>736</u>	<u>(326)</u>	<u>1,253</u>	<u>11,597</u>
Total restricted funds	<u>8,553</u>	<u>6,741</u>	<u>(6,749)</u>	<u>1,911</u>	<u>10,456</u>
Unrestricted funds					
Unrestricted funds	2,368	642	(207)	(1,520)	1,283
Total unrestricted funds	<u>2,368</u>	<u>642</u>	<u>(207)</u>	<u>(1,520)</u>	<u>1,283</u>
Total Funds	<u>10,921</u>	<u>7,383</u>	<u>(6,956)</u>	<u>391</u>	<u>11,739</u>

Included within unrestricted funds is an amount of £188,044 (2017: £180,035) relating to the BRGS Fundraising Trust. This is a separate legal entity but, because the majority of trustees are Academy trustees or appointed by Academy trustees, the fund has been treated as being under the control of the Academy trustees and the opening balance and movements in the year of the BRGS Fundraising Trust have been included in these financial statements. The transfers at the year end from unrestricted funds to restricted funds represents the support required from unrestricted funds to the GAG restricted fund.

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

17. Funds

	Balance at 1 Sep 2016 £000	Income £000	Expenditure £000	Gains, losses & transfers £000	Balance at 31 Aug 2017 £000
Restricted general funds					
General Annual Grant (GAG)	(723)	5,768	(6,016)	971	-
Other donations	636	316	(310)	(642)	-
Pension reserve	(1,479)	-	(138)	236	(1,381)
	(1,566)	6,084	(6,464)	565	(1,381)
Restricted fixed asset funds					
DfE/ESFA capital grants	927	27	(119)	-	835
Gifts from predecessor school	9,288	-	(189)	-	9,099
	10,215	27	(308)	-	9,934
Total restricted funds	8,649	6,111	(6,772)	565	8,553
Unrestricted funds					
Unrestricted funds	2,292	631	(226)	(329)	2,368
Total unrestricted funds	2,292	631	(226)	(329)	2,368
Total Funds	10,941	6,742	(6,998)	236	10,921

18. Analysis of net assets between funds

Fund balances at 31 August 2018 are represented by:

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds £000
Intangible fixed assets	-	-	1	1
Tangible fixed assets	-	-	10,885	10,885
Current assets	1,657	189	717	2,563
Current liabilities	(374)	(189)	(6)	(569)
Pension scheme liability	-	(1,141)	-	(1,141)
Total net assets	1,283	(1,141)	11,597	11,739

During 2017/18 a transfer of £957k has been made to transfer non-capital grant funded fixed assets to the restricted fixed asset fund.

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

18. Analysis of net assets between funds (continued)

Fund balances at 31 August 2017 are represented by:

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds £000
Intangible fixed assets	-	-	3	3
Tangible fixed assets	957	-	9,931	10,888
Current assets	1,873	92	-	1,965
Current liabilities	(462)	(92)	-	(554)
Pension scheme liability	-	(1,381)	-	(1,381)
Total net assets	2,368	(1,381)	9,934	10,921

19 (a) Capital Commitments

	2018 £000	2017 £000
Contracted for, but not provided in the financial statements	370	-
	370	-

In addition to the above amount, a further £417k of capital grants have been received during the year for projects where works had not been contracted for by the year-end.

19 (b) Commitments under operating leases

Operating Leases

The total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2018 £000	2017 £000
Amounts due within one year	3	8
Amounts due between one and five years	5	6
	8	14

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

	2018	2017
	Total £000	Total £000
Net income/ (expenditure) for the year	427	(256)
Adjusted for:		
Amortisation (note 12)	2	1
Depreciation (note 13)	324	307
Capital grants from DfE and other capital income	(736)	(27)
Interest receivable (note 6)	(3)	(4)
Defined benefit pension scheme costs less contributions payable (note 24)	151	138
Decrease/(increase) in stocks	-	-
(Increase)/decrease in debtors	(270)	(4)
Increase/(decrease) in creditors	15	45
Net cash (used in) / provided by operating activities	(90)	200

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

21. Cash flows from investing activities

	2018 Total £000	2017 Total £000
Interest received	3	4
Purchase of intangible fixed assets	-	-
Purchase of tangible fixed assets	(321)	(462)
Capital grants from DfE/ESFA	736	27
Net cash used in investing activities	418	(431)

22. Analysis of cash

	At 1 Sept 2017 £000	Cash Flows £000	At 31 Aug 2018 £000
Cash in hand and at bank	1,822	328	2,150
	<u>1,822</u>	<u>328</u>	<u>2,150</u>

23. Members' liability

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

24. Pension and similar obligations

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and the LGPS related to the period ended 31 March 2013.

Contributions amounting to £15,600 were due to be payable to the schemes at 31 August 2018 (2017: £14,833) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

24. Pension and similar obligations (continued)

and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge),
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million,
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations, and
- the assumed real rate of return is 3.0% in excess of prices and 2.0% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

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

The employer's pension costs paid to TPS in the period amounted to £483,824 (2017: £491,966).

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £163,532 (2017: £140,805), of which employer's contributions totalled £115,587 (2017: £98,344) and employees' contributions totalled £47,946 (2017: £42,461). The agreed contribution rates for future years are 13.7% for employers and between 5.5% and 8.5% for employees.

On 26 October 2018, the High Court handed down a judgement involving the Lloyds Banking Group's defined benefit pension schemes. The judgement concluded the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits, ('GMP'). The Government will need to consider this outcome in conjunction with the Government's recent consultation on GMP indexation in public sector schemes before concluding on any changes required to LGPS schemes.

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

	At 31 Aug 2018	At 31 Aug 2017
Principal actuarial assumptions	%	%
Rate of increase in salaries	3.7	3.7
Rate of increase for pensions in payment/inflation	2.3	2.2
Discount rate for scheme liabilities	2.9	2.5
Inflation assumption (CPI)	2.2	2.2
Commutation of pensions to lump sums	50.0	50.0

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

24. Pension and similar obligations (continued)

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

	At 31 Aug 2018	At 31 Aug 2017
<i>Retiring today</i>	%	%
Males	22.7	22.6
Females	25.4	25.2
<i>Retiring in 20 years</i>		
Males	25.0	24.9
Females	28.0	27.9

The Academy's share of the assets and liabilities in the scheme are the expected rates of return were:

	Fair value at 31 Aug 2018 £000	Fair value at 31 Aug 2017 £000
Equities	959	830
Government bonds	74	36
Bonds	13	43
Property	201	197
Cash	20	87
Other	917	698
Total market value of assets	2,184	1,891

The actual return on scheme assets was £119,000 (2017: £185,000).

Amounts recognised in the Statement of Financial Activities

	2018 £000	2017 £000
Current service cost (net of employee contributions)	204	179
Total operating charge	204	179

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

	2018 Total £000	2017 Total £000
At 1 September 2017	3,272	2,850
Current service cost	252	220
Interest cost	82	65
Employee contributions	48	41
Actuarial gain	(321)	(10)
Benefits paid	(8)	106
At 31 August 2018	3,325	3,272

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

24. Pension and similar obligations (continued)

Movements in the fair value of the Academy's share of scheme assets:	2018 Total £000	2017 Total £000
At 1 September 2017	1,891	1,371
Return on plan assets (excluding net interest on the net defined pension liability)	49	33
Actuarial gain/(loss)	70	226
Employer contributions	138	117
Employee contributions	48	41
Benefits paid	(8)	106
Administration expenses	(4)	(3)
At 31 August 2018	2,184	1,891

25. Agency Arrangements

The Academy Trust distributes 16-19 bursary funds to students as an agent for the Education and Skills Funding Agency (ESFA). In the accounting period ending 31 August 2018, the Trust received £28,868 (2017: £37,112) and disbursed £30,100 (2017: £31,466) from the fund. An amount of £4,414 (2017: £5,646) is included in other creditors relating to undistributed funds that are repayable to the ESFA to the extent that they are not used in subsequent years.

26. Related party transactions

Owing to the nature of the Academy Trust's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which a trustee has an interest.

The following related party transactions took place in the period of account:

Mr A B Porteous (Headteacher and Accounting Officer):

- Mrs K Porteous (spouse) employed as a Biology Teacher and Head of Year at the Academy. She received remuneration of £40,000 - £45,000 in the year (2016/17: £40,000 - £45,000). Employers pension contributions in the year amounted to £5,000 - £10,000 (2016/17: £5,000 - £10,000).

Mr D S King (Chair of Governors):

- Mrs G F King (daughter in law) employed as an English teacher at the Academy. She received remuneration of £25,000 - £30,000 in the year (2016/17: £25,000 - £30,000). Employers pension contributions in the year amounted to £0 - £5,000 (2016/17: £0 - £5,000).
- Rossendale United Junior FC: Mr King retired as President in May 2018. The club spent £2,110 (2016/17: £1,900) hiring sport facilities from the Academy.
- There is a long standing arrangement between the Academy and the Rossendale United Junior FC whereby the club have non-exclusive use of the Academy's football pitches known as The Glen, for which they incur no charge, on the basis that they maintain and improve the pitches at their cost. This is an arrangement which benefits the Academy's sports teams when they use the facilities.

Mr M A Spencer (Teacher Governor)

- Mrs Spencer (spouse) employed as a Biology Teacher at the Academy. She received remuneration of £20,000 - £25,000 in the year (2016/17: £20,000 - £25,000). Employers pension contributions in the year amounted to £0 - £5,000 (2016/17: £0 - £5,000).