

Beacon MULTI-ACADEMY TRUST LIMITED



Beacon Academy Trust

A COMPELLING VISION FOR SUCCESS

OUR SCHOOLS



ANNUAL REPORT & FINANCIAL STATEMENTS

For the year ended 31 August 2017

Registered number: **07835788** (England and Wales)

(A company limited by guarantee)

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Members

M Woodcock
A Weinberg (resigned 11 October 2016)
W Gent
E Sidwell (appointed 11 October 2016)

Trustees

M Woodcock, Chairman¹
W Gent, Vice Chairman
A Weinberg
S Ratnam¹
F Samaha (resigned 3 October 2016)
M Corck
E Darley (resigned 11 July 2017)
E Sidwell
K Burns, Managing Director/Accounting Officer¹
S Gibbons
M Fuller (appointed 11 July 2017)

¹ members of the Finance and Compliance Committee

Company Name

Beacon Multi-Academy Trust Limited

Senior Management Team

K Burns, Managing Director
T Wilmot, BHS Principal
W Thompson, TFA Principal
P Bray, SCITT Principal
D Bamrah, Finance Director
S Augustin, HR Director
L Thompson, BBIH Principal

Principal and Registered Office

Woodford Bridge Road
Ilford Essex IG4 5LP

Company Secretary

W Gent

Company Registration Number

07835788 (England and Wales)

Independent Auditors

Williams Giles Limited
Chartered Accountants and Registered
Auditors
12 Conqueror Court
Sittingbourne Kent ME10 5BH

Bankers

NatWest
PO Box 414
38 Strand
London WC2N 5JB

Solicitors

Eversheds
1 Wood Street
London EC2V 7WS

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2017

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

The trust operates 2 secondary academies and 1 Alternative Provision academy in Redbridge. Its academies have a combined pupil capacity of 3760 and had a roll of 3080 in the school census on January 2017.

Structure, governance and management

a. Constitution

The academy is a charitable 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 Beacon Multi-Academy Trust Limited are also the directors of the charitable company for the purpose of company law.

The charitable company is known as Beacon Multi-Academy Trust.

Details of the Trustees who served during the financial year are included in the Reference and administrative details on page 3.

b. 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.

c. Trustees' indemnities

The Academy Trust through its Articles has indemnified its Trustees and Governors to the fullest extent permissible by law. During the period the Academy also purchased and maintained liability insurance for its Trustees and Governors.

d. Method of recruitment and appointment or election of Trustees

The Trustees and Governors are processed by a majority resolution of the board. A similar process will be used if it becomes necessary to remove a Trustee. These are then subject to confirmation by Members. Parent Governors are appointed in compliance with a process set out in accordance with Department of Education guidelines. Other Governors are recruited and appointed to ensure there is a breadth of skills and knowledge necessary to advance the Academy Trust in all areas. The articles of association require members of the Charitable Company to appoint at least three Trustees to be responsible for the statutory and constitutional affairs of the Charitable Company and the management of the Academy Trust.

e. Policies and procedures adopted for the induction and training of Trustees

New Trustees and Governors will be given a tour of the Academies and the chance to meet staff, students, the MD and the Principals with a view to ensuring the Trustee/Governor has a good understanding of the Academy Trust's philosophy and its day-to-day operation. Trustee and Local Governor Training is taken very seriously by the Trust. The executive and leadership teams on governance, financial and other educational matters brief trustees and Governors regularly. The Trust Executive provides a regular educational update on topical matters for Trustees and Governors. Members are encouraged to participate in training programmes and courses arranged by the Academies. Specific training is provided on technical issues to keep Trustees and Governors updated on all relevant developments affecting their role and responsibilities.

f. Organisational structure

The management structure of the Trust consists of the Board of Trustees, The Trust Executive, the Local Governing Bodies, specific committees and the Senior Leadership Teams of the schools.

The Trustees and Trust Executive fulfil a strategic role: setting general policy, approving an annual Trust plan and budget, monitoring performance against the plan and budget and making decisions about the Trustees of the charitable company, capital expenditure and the Senior Leadership Team appointments across the Trust. Detailed decisions are delegated to the Trust Executive Team. The MD is the Accounting Officer. The board delegates a number of monitoring and evaluation functions to the Local Governing Bodies (LGBs) at each academy. Each Local Governing Body (LGB) reviews annual improvement plans and budgets and recommends these to the board of trustees, monitors academy performance and oversees parent and community liaison.

g. Pay policy for key management personnel

Key management personnel (Trust Executive) include:

K Burns	BMAT MD
W Thompson	TFA Principal
T Wilmot	BHS Principal
P Bray	SCITT Principal
L Thompson	BBIH Principal
S Augustin	BMAT HR Director
D Bamrah	BMAT Finance Director

The pay and remuneration of the Trust Executive and School Senior Leadership Teams is reviewed and agreed by the Trust Pay & Personnel Committee annually linked to performance management targets and appraisal.

h. Related parties and other connected charities and organisations

Previously Beal High School, as a maintained school established The Forest Academy Trust in order to sponsor the local failing Hainault Forest High School which became the Forest Academy (from 1 January 2012). Now both organisations are comprised in the same multi-academy trust alongside Beacon Business Innovation Hub. Formal Partnership arrangements are in place with our Initial Teacher Training (ITT) partner schools and HEIs via our SCITT. This involves distributing ITT central funding monies to our ITT partner providers. The SCITT has separate accounts from the BMAT schools and has a separate Ofsted inspection as an HEI ITT provider.

Objectives and Activities

Ensuring clarity of vision, ethos and strategic direction by holding the principals to account for the educational performance of the school and its' pupils. Overseeing the financial performance of the schools and making sure its money is well spent.

As trustees of a charity, academy trustees must comply with the following duties:

Compliance – they must ensure that the charity's resources are used for the charitable purpose and that the charity complies with the law and its governing document i.e. the Articles of Association.

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Care – they should take reasonable care in their work. In practice it simply means ensuring that the academy trust is managed efficiently and effectively. It also means considering the need for professional advice on matters where there may be material risk to the charity.

Prudence – they must act responsibly, making sure that the academy trust's assets are protected and used for the benefit of the charity. The trustees must ensure that the academy trust is solvent and keeps appropriate financial records. These requirements are reflected in the funding agreement and Academies Financial Handbook 2016.

a. Objects and aims

Beacon Multi-Academy Trust was established as a Multi-Academy Trust on the 1st February 2014, prior to this date the trust comprised only The Forest Academy. BMAT runs a small network of successful schools. Our compelling vision for success encompasses a partnership model that is driven by our high expectations inclusion model. As well as providing individual students access to an extensive range of programmes and pathways we ensure that all our students get enough opportunities through alternative 'stretch' and leadership opportunities that make them stand out from the crowd. Put simply we have created '...a coherent approach that aligns education, training, skills and employment services' within our partnership that employs both a values added and a value added approach to schooling. Our trust's aim is to raise standards in education for all; we believe every young person deserves to have the best education possible.

We were compelled to set up BMAT once our Beacon 14-19 Business Innovation Hub Free School (BBIH) free school application was approved. This has led to the set up and implementation of our Trust structure. This coincided with Beal High School converting to an academy. Beal High School is an outstanding 11-18 comprehensive school that is at the heart of the Trust; that also incorporates a unit for autistic students aged 11-

It is currently in the process of expanding from 8 to 12 form entry with a new Key Stage three building opened in September 2014.

The Trust incorporates: Beal High School; The Forest Academy; The Beacon Communication School (BCS): a specialist 11-18 autistic unit; BBIH: Beacon 14-19 Business Innovation Hub Free School (opened 1 September 2014) and NELTA (North East London Teaching Alliance) incorporating our SCITT

b. Objectives, strategies and activities

The principal activity of the Charitable Company is to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing the academies within the Trust by offering a broad and balanced curriculum.

Beacon Multi Academy Trust provides excellent education, constantly striving to meet the needs of all students regardless of socio-economic background or ability. Beal High School (BHS) provides outstanding 11-18 secondary education to over 2,400 students; the majority are drawn from the academies designated catchment area. Our carefully designed curriculum provides rigorous pathways to different types of success. The Forest Academy (TFA) provides good 11-18 secondary education to over 800 students, serving the local community with increasing confidence. The Beacon Business Innovation Hub (BBIH) opened in September 2014 and provides an innovative high quality alternative provision driven by career related learning to 'broaden horizons' and 'close the gap' for vulnerable learners. BBIH had a recent Section 5 Ofsted inspection as is on an upward trajectory of improvement linked to 3 clear improvement priorities. The broadening curriculum offer and increasing roll are testament to its' sustainable success.

All 3 Trust schools, BCS and the SCITT have had a successful year in terms of attainment, progress and attendance as key performance indicators.

c. Public benefit

The primary purpose of the Beacon Multi Academy Trust is the advancement of education within the local area. The Trust has given a high priority to providing public benefit to a cross section of the community and regardless of family background, but perhaps the greatest benefit that the Trust can offer is the provision of an education that maximises each student's potential to develop into principled, informed, open minded and confident citizens who respect the beliefs of others and who are determined to make a positive contribution to society.

The Trustees have referred to the guidance in the Charity Commission's general guidance on public benefit when reviewing their aims and objectives and in planning future activities. In particular, the Trustees consider how planned activities will contribute to the aims and objectives they have set.

Strategic report

Achievements and performance

All 3 Trust schools and the SCITT have had a successful year in terms of progress, attainment and attendance as key performance indicators; the following headlines exemplify this upward trajectory.

TFA: Key performance indicators show significant improvement for the second year in succession in achievement and progress at both KS4 and KS5.

The gap between the disadvantaged and others has been eliminated at KS4.

Achievement and progress were the highest ever in the school's history at KS5. Despite a number of unique challenges, attendance is in line with the National Average. Fixed term exclusions are also in line with the National Average. There have been no permanent exclusions. 0% NEET

BHS: Outstanding outcomes and improvement 2107 for students – attainment and progress - at all Key Stages. This reflects reflect excellent leadership and management at all levels and the high levels of excellent quality provision.

- 100% progression for all learners at all stages;
- Attendance above NA; persistent absence below NA; exclusion below NA;
- 0% NEET.
- The school is heavily oversubscribed at 12 FE with very high retention rates of both students and staff.

BBIH: 100% of leavers have achieved valid progression routes. There are no significant gaps in the attainment of SEN, MABLE or PP within the core. 60% of students within the core met or exceeded their recovery target. Overall 78.6% of students on vocational courses met or exceeded their recovery target

68% level 2 passes in Maths*

81% level 2 passes in English*

72% level 2 passes in ICT

87% overall pass rate in vocational courses

100% passes in Childcare, Enterprise, Financial Capability and Performance skills

0% NEET

*There are some functional skills results still pending

NELTA (North East London Teaching Alliance): The focus of our teaching school alliance has been on ITT, school-to-school support and continuing professional development.

- **SCITT:** 18 trainees - 100% completion (national benchmark 91% for 2015/2016), 100% trainees graded good or outstanding (no national benchmarks are produced for this) and 100% employment (national benchmark 95% for 2015/2016).
- **ITT:** In addition, a further 19 School Direct Trainees have qualified in partnership with NELTA, King's College, London and the Institute of Education – University College London.

ITT: The SCITT (School Centred Initial Teacher Training) has now trained two cohorts of teachers with 100% completion, 100% trainees graded good or outstanding and an expected 100% employment rate for both cohorts. SCITT recruitment for the 2017/2018 cohort now stands at 28 trainees, a 56% increase in recruitment over 2016/2017. We have been successful in our bid for an allocation of 20 to train primary teachers for 2018/2019.

Continuing Professional Development: Beal High School, through our teaching school alliance, NELTA, offers many programmes of professional development including, NQT training, Middle Leaders programme, Leadership Programme (senior leadership) etc.

School-to-School Support/SLEs: Our teaching alliance brokers school-to-school support within and beyond the alliance.

We have a number of SLEs and Professional Development Consultants (PDCs) who are deployed regularly.

Subject Hubs: The Subject Hubs are across NELTA collaborative partnership of predominately middle leaders. Subjects Hubs and focus groups such as Sixth Form, leadership and inclusion are groups of colleagues across institutions who meet to develop their practice, share ideas and carry out action research.

a. Key performance indicators

Our risk register sets out the principal risks facing the Trust and the controls that exist to mitigate their effect. The Trustees consider that the principal risks and uncertainties facing the Trust are:

1. Balancing the BMAT budget with reduced income; whilst maintaining the quality of provision
2. Future proof BMAT leadership succession planning and development

The Trust has produced a three year recovery forecast to determine the effects of funding changes on the bottom line and considered the effect of funding reforms in future years. This includes:

- Increased salary expenditure linked to national pay award and incremental increases
- Loss of grant funding
- Anticipation of the national funding formula and its impact
- Mitigating the income reduction at TFA due to falling roll via the significant change strategy
- Realising the impact of steady state funding of Beal High School, as it has reached 12FE throughout
- Income generation beyond central funding
- A summary KPI recovery forecast up to 2021 is under review.
- Prudent financial planning and management of resources are core activities with the current focus on staffing, central services, income generation, contract management and ITT via our SCITT and leadership development and capacity to increase capacity and thus enable strategic Trust expansion.

Financial review

Most of the Trust's income is obtained from the DfE in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the year ended 31 August 2017 and the associated expenditure are shown as restricted funds in the statement of financial activities.

During the year ended 31 August 2017, total expenditure of £21,896,242 (before depreciation and FRS102 pension adjustment) was not covered by recurrent grant funding from the ESFA together with other incoming resources. The excess of expenditure over income (before depreciation and FRS 102 pension adjustment and after fund transfers) was £1,239,993. At 31 August 2017, the net book value of fixed assets was £59,081,292 and movements in tangible fixed assets are shown in note 17 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Trust.

a. Going concern

In common with many schools nationally the Academy trust has faced a period where funding has not increased in line with costs and this has now virtually eliminated historical reserves. The Academy has submitted a recovery plan to the ESFA and is in discussion with them in the hope of obtaining an advance of GAG funding in order to carry out the necessary re-structuring to reduce costs going forward. Whilst the trust has concerns about its ability to continue operating with sufficient funding, it continues to adopt the going concern basis in preparing these financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting policies.

b. Reserves policy

The Trustees review the reserve levels of the Trust annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Trustees have determined that the appropriate level of free reserves should be equivalent to 2 weeks expenditure which would total some £835,000 the reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance.

The Trust's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is £137,883.

c. Principal risks and uncertainties

A risk register has been prepared which sets out the principal risks facing the Trust and the controls that exist to mitigate their effect. The Trustees consider that the principal risks and uncertainties facing the Trust are:

- Balancing the BMAT budget with reduced income; whilst maintaining the quality of provision
- Future proof BMAT leadership succession planning and development

The Trust has undertaken a rigorous review of teaching staff and curriculum efficiency across the Trust; incorporating pupil teacher ratios, contact time, pupil adult ratios and class sizes. In addition, we have centralised services and through a support staff review, contracts, suppliers across the Trust. Our key risks are:

- Increased pay expenditure, including the 1% increase and incremental increases totalling circa £640K
- Grant reduction forecast across the Trust totalling circa £882K;
- Further compounded by the falling roll at TFA, although our significant change plans will mitigate that risk and the sixth form has exceeded predictions at circa 201FTE
- We have produced contingency budgets should further unscheduled cuts be applied and where information from the ESFA has not been confirmed the implementation of the national funding formula or per pupil amounts.
- The Trust has undertaken reviews of its staffing structure to contain and monitor payroll costs in view of the potential risks to future funding.

All BMAT policies are available on our Trust and school websites

Plans for future periods

- BMAT has strategic significant change plans
- BMAT has a broad and interesting range of institutions
- BMAT has a solid basis and infrastructure to support expansion in the next 3 years

BMAT is ready to expand to maximise economies of scale and address the falling roll at TFA through its strategic significant change plans. The plans have been discussed and supported in principal by both the RSC and LA. TFA has been significantly under-subscribed over the last 4 years; this is not sustainable financially. We are scoping a multi-faceted solution that will be implemented from 2018 onwards:

Three-year growth and expansion plan to maximise income, value for money and mitigate identified risks:

- ASD unit incorporated into TFA as a satellite of Beal ASD unit to meet demand through increased places, offering the same USP of mainstream co-location and access
- 18 FTE places in 2018-19, growing to 30FTE in 2019-20 and steady state of 42FTE in the following year
- Beal Sixth Form expansion to 1000FTE maximising the Beal brand and incorporating the TFA sixth form to increase the breadth and progression routes available
- Current sixth form numbers across both school stand at circa 720
- In 2018-19 we intend to grow the Beal sixth form to circa 800 (with the combined numbers) then to steady state of 1000 for 2019-20
- The SCITT is expanding to offer primary ITT; 20 places have been approved for 2018-19; this will generate significant income
- Set up two nurseries located on both Trust sites, to generate income, but also as a staff benefit to support recruitment and retention
- Expand to incorporate 3-5 primary and/or secondary schools locally or as a BMAT Hub within our RSC region, maximising the areas of opportunity within the region
- Expressions of interested submitted for 1 x ASD through age free school in Havering and 1 x mainstream secondary free school in Essex
- Maximise the commercial value of our sites to generate income; this may include, sports, retail, and Key Worker housing options
- BMAT has set up a trading company (BEST Ltd), this will afford the Trust traded services flexibility to maximise income through central services
- Applications for CIF, SIFF and Regional growth funding in the upcoming application rounds

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Funds held as custodian

After making appropriate enquires, the Board of Trustees has reasonable expectation that the Beal Academy Trust has adequate resources to continue its operational existence for the foreseeable future. For this reason it has adopted the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern can be found in the Statement of Accounting Policies.

Disabled persons:

The policy of the Trust is to support recruitment and retention of students and employees with disabilities. The Trust does this by adapting the physical environment, by making support resources available and through training and career development.

Employee Consultation

BMAT support staff review incorporating full support staff, teaching and leadership including individual, team and whole school consultation. This continues as we implement recommendations and conclusions and assimilate staff into the overarching BMAT administrative and central service structure. In July 2017 the cleaning staff employed by an external company went through the consultation and TUPE process. On the 1st August, the cleaners became BEST Ltd staff a trading entity of BMAT.

Disclosure of information to auditors

In so far as the Trustees are aware:

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

Auditors

It was agreed by Trustees on 01/04/16 to appoint William Giles as auditors for a further two years to support the stability of the Trust.

The Trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 17 January 2018 and signed on its behalf by:

Mel Woodcock
Chair of Trustees

Kathryn Burns
Managing Director

Governance Statement

Scope of Responsibility

As trustees, we acknowledge we have overall responsibility for ensuring that Beacon Multi-Academy Trust Limited 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 Managing Director, 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 Beacon Multi-Academy Trust Limited 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 7 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
M Woodcock, Chairman	7	7
W Gent, Vice Chairman	6	7
K Burns, Managing Director/Accounting Officer	7	7
M Corck	4	7
E Darley (resigned 11.07.17)	0	7
S Gibbons	2	7
S Ratnam	6	7
F Samaha (resigned 03.10.16)	0	7
E Sidwell	6	7
A Weinberg	4	7

- 2 appointments terminated for non-attendance.
- 1 trustee appointed bringing valuable safeguarding experience to the Board.
- The Board oversees the performance of the schools within the Academy, included recruitment of senior personnel and oversees the financial performance of the Trust.
- The Board has been actively involved with the Regional School Commissioners office in connection with performance of the schools in the academy and with the Free School bids submitted.
- The Board has been regularly presented with the requested data, enabling them to keep a close watch on performance, progress and outcomes
- The board is engaging with the Academy Ambassadors programme to recruit Trustees with the requisite skill identified through the governance review

Governance reviews:

- The Board members regularly review the Trustees membership and skills
- New Trustee appointment made, who brings to the Board, valuable safeguarding experience
- An LGB review was undertaken in December 2016 incorporating a skills analysis of all LGB members. The key findings and outcome of the review were as follows:
 - Retain the current LGB constitution
 - Amalgamate the Beal and BBIH LGBs into one integrated Campus LGB in the spirit of co-location and collaboration
 - Appoint LGB members to the Beacon Campus LGB with the requisite skills
 - A trustee's skills audit will be undertaken in 2017/2018 academic year; meanwhile we are with the Academy Ambassadors programme to recruit additional Trustees.

The Finance and Compliance Committee is a sub-committee of the main board of trustees. Its purpose is in general terms, an advisory body without executive powers.

1. The Committee has authority to investigate any activity that it deems relevant to its inquiries and to seek any information from staff that it requires.
2. The Committee will seek to promote a climate of financial discipline and control to help ensure the highest standards of probity and efficiency.
3. Review the School's internal and external financial statements and reports to ensure that they reflect best practice;
4. Discuss with the external auditor the nature and scope of each forthcoming audit and the findings of the audit once completed;
5. Consider all relevant reports by the 'Responsible Officer', any internal auditors or the appointed external auditor, including reports on the School's accounts, achievement of value for money and the response to any management letters;
6. Monitor the implementation of action to address adverse control findings by the Responsible Officer, any internal auditors or the appointed external auditor;
7. Review the effectiveness of the School's internal control system established to ensure that the aims, objectives and key performance targets of the organisation are achieved in the most economic, effective and environmentally preferable manner;
8. Consider and advise the Trust's on the Schools' annual and long-term audit programmes, ensuring that the Schools' internal controls are subject to appropriate independent scrutiny at least in accordance with Government standards;
9. Review the operation of the School's code of practice for Governors and code of conduct for staff;
10. Consider any other matters where requested to do so by the Board
11. The Committee shall report on its deliberations to the Trust at least once a year on the discharge of the above duties
12. The F&C Committee is authorised to obtain independent professional advice if it considers this necessary.

Attendance at meetings in the year was as follows:

	Meetings attended	Out of a possible
13. S Ratnam (Chair)	1	1
14. M Woodcock (BMAT Chair)	1	1
15. K Burns (BMAT MD)	1	1
16. D Bamrah - BMAT Finance Director	1	1
17. S Augustin - BMAT HR Director	1	1

Review of Value for Money

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

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

- Carrying out a curriculum and staffing audit across the Trust
- Review and cost benefit analysis of contracts and services
- Streamlining central services and school administration across the Trust

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Beacon Multi-Academy Trust Limited for the year 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of trustees has reviewed the key risks to which the academy 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 academy trust's significant risks, that has been in place for the year 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

The Risk and Control Framework

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

The board of trustees has considered the need for a specific internal audit function and has decided to appoint Williams Giles as internal auditor.

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

- testing of payroll systems
- testing of purchase systems
- testing of control account/ bank reconciliations
- testing of procurement process and thresholds

On a termly basis, the internal auditor reports to the board of trustees through the FD and Finance and Compliance Committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

The internal auditor/reviewer has delivered their schedule of work as planned; no material control issues have arisen as a result of the internal auditor's work

Review of Effectiveness

As Accounting Officer, the Managing Director 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 internal auditor;
- the work of the external auditors;
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the board of trustees on 17 January 2018 and signed on their behalf, by:

Mel Woodcock
Chair of Trustees

Kathryn Burns
Accounting Officer

Statement on Regularity, Propriety and Compliance

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

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

I confirm that the following instances of material irregularity, impropriety or funding non-compliance discovered to date have been notified to the board of trustees and ESFA. If any instances are identified after the date of this statement, these will be notified to the board of trustees and ESFA:

The Academy was misinformed by two qualified accountants acting in the Chief Financial Officer role to the extent that the 2016/17 budget forecast completed and submitted was reflected on the in house accounting software. This meant that the reporting they produced for the board was inaccurate.

Once they left the Academy's service an interim CFO was appointed whilst the permanent appointment was made, and they also lacked the necessary skills to work in an academy trust. So there remained a short period without a CFO when the Academy was unable to report against budget effectively and accurately.

As soon as the Academy's accurate performance against budget became apparent, following the appointment of a new CFO in June 2017, the Academy rectified the inaccuracy of BMAT's financial position and contacted the ESFA in accordance with the Academies Financial Handbook guidance to agree a recovery plan.

Kathryn Burns
Accounting Officer

Date: 17 January 2018

Statement of Trustees' Responsibilities For the year ended 31 August 2017

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

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

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

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

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

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

Approved by order of the members of the board of trustees on 17 January 2018 and signed on its behalf by:

Mel Woodcock
Chair of Trustees

Independent Auditors' Report on the Financial Statements to the Members of Beacon Multi-Academy Trust Limited

Opinion

We have audited the financial statements of Beacon Multi-Academy Trust Limited (the 'academy') for the year ended 31 August 2017 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

This report is made solely to the academy'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.

In our opinion the financial statements:

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

Basis 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.

Emphasis of matter

In seeking to form our opinion on the financial statements we have considered the adequacy of the disclosures made in notes 1.3 on page 23 to the financial statements. Without additional grant funding the board may have insufficient funds to operate the academy beyond April 2018. These conditions along with other matters set forth in page 6 of the trustees report indicate the existence of a material uncertainty about the academy's ability to continue as a going concern.

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

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

In preparing the financial statements, the Trustees are responsible for assessing the academy's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the academy 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.

Alyson Howard FCCA DChA CF (Senior statutory auditor)

for and on behalf of

Williams Giles Limited

Chartered Accountants
Registered Auditors

12 Conqueror Court
Sittingbourne
Kent
ME10 5BH
Date:

Independent Reporting Accountants' Assurance Report on Regularity to Beacon Multi-Academy Trust Limited and the Education and Skills Funding Agency

In accordance with the terms of our engagement letter dated 21 March 2016 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Beacon Multi-Academy Trust Limited during the year 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

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

The Accounting Officer is responsible, under the requirements of Beacon Multi-Academy Trust Limited's funding agreement with the Secretary of State for Education dated October 2010, and the Academies Financial Handbook extant from 1 September 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2016 to 2017. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2016 to 2017 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

- An assessment of the risk of material misstatement and irregularity
- Testing and review of areas identified through risk assessment including enquiry, inspection and review, observation and re-performance
- Review of system controls, policies and procedures in place to ensure compliance with the regularity regime
- Consideration of evidence obtained through the work performed as part of our audit in order to support the regularity conclusion

Conclusion

In the course of our work, except for the matters listed below, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

In the course of our work, we except for the matters listed below, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 01 September 2016 to 31 August 2017 have not been applied to the purposes intended by Parliament and the financial transactions do not conform to the authorities that govern them.

Following a period when those carrying out the Chief Financial Officer role were found to be incompetent and then an interregnum period, the academy was unable to properly monitor expenditure against budget for part of the financial year. It was thus unaware of the deficit that was accumulating. This is a breach of the Academies Financial Handbook requirement to ensure good financial management which was corrected when the new CFO took up post in June 2017.

Reporting Accountant

Williams Giles Limited

Chartered Accountants
Registered Auditors

12 Conqueror Court
Sittingbourne
Kent
ME10 5BH

Date:

BEACON MULTI-ACADEMY TRUST LIMITED

A COMPANY LIMITED BY GUARANTEE

Statement of Financial Activities incorporating Income and Expenditure Account For the year ended 31 August 2017

		Unrestricted funds 2017	Restricted funds 2017	Restricted fixed asset funds 2017	Total funds 2017	As restated Total funds 2016
	Note	£	£	£	£	£
Income from:						
Donations and capital grants	2	7,282	21,537	114,340	143,159	762,805
Charitable activities	3	-	18,652,081	-	18,652,081	17,272,001
Other trading activities	4	244,491	1,233,976	-	1,478,467	1,319,134
Investments	5	6,408	-	-	6,408	18,577
Teaching schools		-	710,298	-	710,298	439,312
Total income		258,181	20,617,892	114,340	20,990,413	19,811,829
Expenditure on:						
Raising funds:						
Teaching schools		-	417,463	-	417,463	251,046
Charitable activities		35	21,687,713	1,757,823	23,445,571	21,367,542
Other expenditure		186,363	22,668	-	209,031	205,944
Total expenditure	8	186,398	22,127,844	1,757,823	24,072,065	21,824,532
Net income / (expenditure) before transfers		71,783	(1,509,952)	(1,643,483)	(3,081,652)	(2,012,703)
Transfers between Funds	20	(871,860)	652,036	219,824	-	-
Net expenditure before other recognised gains and losses		(800,077)	(857,916)	(1,423,659)	(3,081,652)	(2,012,703)
Actuarial gains/(losses) on defined benefit pension schemes	24	-	2,046,000	-	2,046,000	(1,674,000)
Net movement in funds		(800,077)	1,188,084	(1,423,659)	(1,035,652)	(3,686,703)
Reconciliation of funds:						
Total funds brought forward		1,001,269	(4,494,393)	60,521,331	57,028,207	60,714,910
Total funds carried forward		201,192	(3,306,309)	59,097,672	55,992,555	57,028,207

BEACON MULTI-ACADEMY TRUST LIMITED

A COMPANY LIMITED BY GUARANTEE

Balance Sheet As at 31 August 2017

	Note	2017		2016	
		£	£	£	£
Fixed assets					
Intangible assets	16		16,380		5,194
Tangible assets	17		59,081,292		60,340,234
			<u>59,097,672</u>		<u>60,345,428</u>
Current assets					
Debtors	18	732,865		1,093,340	
Cash at bank and in hand		1,218,858		4,086,159	
		<u>1,951,723</u>		<u>5,179,499</u>	
Creditors: amounts falling due within one year	19	(1,813,840)		(3,625,720)	
			<u>137,883</u>		<u>1,553,779</u>
Net current assets					
			<u>59,235,555</u>		<u>61,899,207</u>
Total assets less current liabilities			<u>(3,243,000)</u>		<u>(4,871,000)</u>
Defined benefit pension scheme liability	24				
Net assets including pension scheme liabilities					
			<u>55,992,555</u>		<u>57,028,207</u>
Funds of the academy					
Restricted income funds:					
Restricted income funds	20	(63,309)		376,607	
Restricted fixed asset funds	20	59,097,672		60,521,331	
			<u>59,034,363</u>	<u>60,897,938</u>	
Restricted income funds excluding pension liability					
Pension reserve		(3,243,000)		(4,871,000)	
			<u>55,791,363</u>	<u>56,026,938</u>	
Total restricted income funds					
Unrestricted income funds	20		201,192		1,001,269
			<u>55,992,555</u>		<u>57,028,207</u>
Total funds					

The financial statements on pages 21 to 46 were approved by the Trustees, and authorised for issue, on 17 January 2018 and are signed on their behalf, by:

M Woodcock
Chair of Trustees

K Burns
Accounting Officer

Statement of Cash Flows For the year ended 31 August 2017

	Note	2017 £	2016 £
Cash flows from operating activities			
Net cash (used in)/provided by operating activities	22	(2,477,982)	129,189
Cash flows from investing activities:			
Dividends, interest and rents from investments		6,408	18,577
Purchase of tangible fixed assets		(489,592)	(556,988)
Capital grants from DfE/ESFA		114,340	732,891
Purchase of intangible assets		(20,475)	-
Net cash (used in)/provided by investing activities		(389,319)	194,480
Change in cash and cash equivalents in the year			
Cash and cash equivalents brought forward		4,086,159	3,762,490
Cash and cash equivalents carried forward	23	1,218,858	4,086,159

Notes to the Financial Statements For the year ended 31 August 2017

1. Accounting Policies

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

1.1 Basis of preparation of financial statements

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

Beacon Multi-Academy Trust Limited constitutes a public benefit entity as defined by FRS 102.

1.2 Company status

The academy is a company limited by guarantee. The members of the company are the Trustees named on page 1. In the event of the academy being wound up, the liability in respect of the guarantee is limited to £10 per member of the academy.

1.3 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.

In common with many schools nationally the Academy trust has faced a period where funding has not increased in line with costs and this has now virtually eliminated historical reserves. The Academy has submitted a recovery plan to the ESFA and is in discussion with them in the hope of obtaining an advance of GAG funding in order to carry out the necessary re-structuring to reduce costs going forward. Whilst the trust has concerns about its ability to continue operating with sufficient funding, it continues to adopt the going concern basis in preparing these financial statements.

1. Accounting Policies (continued)

1.4 Income

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

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

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

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

Sponsorship income provided to the academy which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable, where receipt is probable and it is measurable.

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

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

1.5 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 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.

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

All expenditure is inclusive of irrecoverable VAT.

1. Accounting Policies (continued)

1.6 Intangible fixed assets and amortisation

Intangible assets costing £NIL 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

1.7 Tangible fixed assets and depreciation

All assets costing more than £1,000 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

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

The Forest Academy

The valuation for leasehold property is taken from the Drivers Jonas Deloitte desktop valuation completed for the EFA. The basis of the value is Fair Value, as defined by the International Financial Reporting Standards (IFRS). No value for land had been included.

Beal High School and Beal Business Innovation Hub

The valuation for leasehold property on conversion is taken from 75% of the insurance valuation placed on the property. This is based on depreciated replacement cost. In addition to this subsequent buildings constructed post conversion have been included based on build cost provided by the London Borough of Redbridge or costs paid by the academy. No value for land had been included.

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

Long-term leasehold property	- 2% Straight line
Plant and machinery	- 10% Straight line
Motor vehicles	- 20% Straight line
Fixtures and fittings	- 10% Straight line
Computer equipment	- 20% Straight line

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

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

1. Accounting Policies (continued)

1.8 Operating leases

Rentals under operating leases are charged to the Statement of financial activities incorporating income and expenditure account on a straight line basis over the lease term.

1.9 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 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 18. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in note 19. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments.

1.13 Taxation

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

1. Accounting Policies (continued)

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.

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 Department for Education where the asset acquired or created is held for a specific purpose.

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

1. Accounting Policies (continued)

1.16 Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

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

Critical areas of judgment:

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual value of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancements, future investments, economic utilisation and the physical condition of the assets. See note 17 for the carrying amount of the property, plant and equipment, and note 1.7 for the useful economic lives for each class of assets.

1.17 Donated services and gifts in kind

The value of donated services and gifts in kind provided to the academy trust are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the academy trust can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of Financial Activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with academy trust's policies.

BEACON MULTI-ACADEMY TRUST LIMITED

A COMPANY LIMITED BY GUARANTEE

2. Income from donations and capital grants

	Unrestricted funds 2017	Restricted funds 2017	Restricted fixed asset funds 2017	Total funds 2017	Total funds 2016
	£	£	£	£	£
Donations	7,282	-	-	7,282	13,242
School fund	-	21,537	-	21,537	16,672
Devolved capital grant	-	-	66,939	66,939	63,368
Other capital grants	-	-	47,401	47,401	669,523
	7,282	21,537	114,340	143,159	762,805
<i>Total 2016</i>	13,242	16,672	732,891	762,805	

3. Funding for Academy's educational operations

	Unrestricted funds 2017	Restricted funds 2017	Total funds 2017	Total funds 2016
	£	£	£	£
DfE/ESFA grants				
General Annual Grant (GAG)	-	15,950,960	15,950,960	14,921,123
Start up grants	-	5,700	5,700	23,110
Other DfE/ESFA grants	-	127,024	127,024	249,164
Pupil Premium	-	594,763	594,763	574,467
	-	16,678,447	16,678,447	15,767,864
Other government grants				
Local Authority Grants	-	1,973,634	1,973,634	1,504,137
	-	1,973,634	1,973,634	1,504,137
	-	18,652,081	18,652,081	17,272,001
<i>Total 2016</i>	-	17,272,001	17,272,001	

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4. Other trading activities

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Lettings	45,886	-	45,886	71,496
Insurance income	-	128,191	128,191	354,697
School fund income	196,661	-	196,661	149,232
Other income	1,944	321,640	323,584	152,959
Catering income	-	784,145	784,145	506,750
NELTA income	-	-	-	84,000
	244,491	1,233,976	1,478,467	1,319,134
<i>Total 2016</i>	224,587	1,094,547	1,319,134	

5. Investment income

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Short term deposits	6,408	-	6,408	18,577
<i>Total 2016</i>	18,577	-	18,577	

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6. Direct costs	Educational operations	Total 2017	Total 2016
	£	£	£
Educational supplies	267,439	267,439	244,657
Examination fees	350,925	350,925	326,299
Staff development	44,345	44,345	49,055
Educational consultancy	124,371	124,371	174,538
Computer costs	135,750	135,750	235,124
Staff restructuring cost	20,380	20,380	36,250
Agency cost	219,729	219,729	121,129
Wages and salaries	10,991,672	10,991,672	10,212,364
National insurance	1,120,103	1,120,103	916,143
Pension cost	1,494,941	1,494,941	1,544,875
Depreciation	1,757,823	1,757,823	1,718,869
	16,527,478	16,527,478	15,579,303
<i>At 31 August 2016</i>	15,579,303	15,579,303	

7. Support costs	Educational operations	Total 2017	Total 2016
	£	£	£
LGPS cost	101,000	101,000	112,000
Recruitment and support	141,588	141,588	86,456
Maintenance of premises and equipment	588,104	588,104	699,125
Cleaning	459,460	459,460	437,148
Rent & rates	175,564	175,564	161,817
Light & heat	303,539	303,539	286,110
Insurance	76,366	76,366	82,570
Security & transport	58,206	58,206	69,766
Catering	603,451	603,451	522,969
Interest and charges	19,660	19,660	11,921
Computer costs	287,207	287,207	172,491
Printing, postage and stationery	301,549	301,549	200,353
Other support costs	371,224	371,224	250,248
Agency cost	449	449	-
Governance costs	71,413	71,413	43,760
Wages and salaries	2,430,370	2,430,370	2,074,429
National insurance	195,642	195,642	147,563
Pension cost	733,301	733,301	429,513
	6,918,093	6,918,093	5,788,239
<i>At 31 August 2016</i>	5,788,239	5,788,239	

During the year ended 31 August 2017, the academy incurred the following Governance costs: £71,413 (2016 - £43,760) included within the table above in respect of Educational operations.

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8. Expenditure

	Staff costs 2017 £	Premises 2017 £	Other costs 2017 £	Total 2017 £	Total 2016 £
Expenditure on fundraising trading	-	-	417,463	417,463	-
Educational operations:					
Direct costs	13,846,825	1,248,639	1,432,014	16,527,478	15,579,303
Support costs	3,359,762	588,104	2,970,227	6,918,093	6,039,285
	<u>17,206,587</u>	<u>1,836,743</u>	<u>4,819,704</u>	<u>23,863,034</u>	21,618,588
<i>Total 2016</i>	<u>15,482,016</u>	<u>2,320,606</u>	<u>3,815,966</u>	<u>21,618,588</u>	

9. Net income/(expenditure)

This is stated after charging:

	2017 £	2016 £
Depreciation/amortisation of fixed assets: - owned by the charity	1,748,534	1,703,285
Audit fees	41,610	33,005
Operating lease rentals	170,059	124,561
	<u>1,960,203</u>	<u>1,860,851</u>

10. Auditors' remuneration

	2017 £	2016 £
Fees payable to the academy's auditor and its associates for the audit of the academy's annual accounts	19,250	19,250
Fees payable to the academy's auditor and its associates in respect of:		
Audit-related assurance services	4,900	4,900
All other non-audit services not included above	15,310	17,460
	<u>29,460</u>	<u>41,610</u>
Fees payable to the academy's auditor and its associates in connection with the academy's pension scheme(s) in respect of:		
The auditing of accounts of the scheme(s)	2,150	975
	<u>2,150</u>	<u>975</u>

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11. Staff costs

Staff costs were as follows:

	2017	2016
	£	£
Wages and salaries	13,422,042	12,286,793
Social security costs	1,315,745	1,063,706
Operating costs of defined benefit pension schemes	2,228,242	1,974,388
	16,966,029	15,324,887
Supply teacher costs	220,178	121,129
Staff restructuring costs	20,380	36,000
	17,206,587	15,482,016

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £20,380 (2015: £36,000). Individually, the payments were: £2,108, £11,250, £2,147 and £5,175.

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

	2017	2016
	No.	No.
Teaching	255	255
Admin and Support	230	189
Management	24	23
	509	467

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

	2017	2016
	No.	No.
In the band £60,001 - £70,000	9	5
In the band £80,001 - £90,000	2	1
In the band £100,001 - £110,000	2	2
In the band £110,001 - £120,000	0	2
In the band £121,001 - £130,000	1	0

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on [page 1](#). The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £421,670 (2015: £369,041).

12. Central services

The academy has provided the following central services to its academies during the year:

- HR
- Finance
- Trust executive: support QA including VfM
- Trust and LGB constitution, delegation, management and clerk services
- S2SS (school to school support)
- ITT recruitment, selection and training
- Contracts, procurement and tendering
- Legal services
- Audit services

The academy charges for these services on the following basis:

7% of GAG income excluding pupil premium for all three schools.

The actual amounts charged during the year were as follows:

	2017	2016
	£	£
Beal High School	729,362	549,421
The Forest Academy	356,035	212,990
Beal Business Innovation Hub	49,722	42,113
	<hr/>	<hr/>
Total	1,135,119	804,524
	<hr/> <hr/>	<hr/> <hr/>

13. Trustees' remuneration and expenses

One or more Trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The Principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and other staff members under their contracts of employment, and not in respect of their role as Trustees. The value of Trustees' remuneration and other benefits was as follows:

		2017	2016
		£	£
S Snowdon	Remuneration		115,000-120,000
	Pension contributions paid		15,000-20,000
K Burns	Remuneration	115,000-120,000	110,000-115,000
	Pension contributions paid	15,000-20,000	15,000-20,000

During the year ended 31 August 2017, expenses totalling £2,177 (2016 - £894) were reimbursed to 3 Trustees (2016 - 3).

14. Trustees' and Officers' Insurance

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year is included in the total insurance cost.

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15. Other finance income

	2017	2016
	£	£
Interest income on pension scheme assets	129,000	180,000
Interest on pension scheme liabilities	(230,000)	(292,000)
	<u>(101,000)</u>	<u>(112,000)</u>

16. Intangible fixed assets

	Software Licences £
Cost	
At 1 September 2016	77,919
Additions	20,475
At 31 August 2017	<u>98,394</u>
Amortisation	
At 1 September 2016	72,725
Charge for the year	9,289
At 31 August 2017	<u>82,014</u>
Carrying amount	
At 31 August 2017	<u>16,380</u>
At 31 August 2016	<u>5,194</u>

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17. Tangible fixed assets

	Long-term leasehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
Cost						
At 1 September 2016	62,384,569	628,293	12,785	839,507	1,669,714	65,534,868
Additions	367,399	5,462	3,475	60,113	53,143	489,592
At 31 August 2017	62,751,968	633,755	16,260	899,620	1,722,857	66,024,460
Depreciation						
At 1 September 2016	3,854,715	212,302	11,933	238,502	877,182	5,194,634
Charge for the year	1,248,639	63,815	1,547	89,962	344,571	1,748,534
At 31 August 2017	5,103,354	276,117	13,480	328,464	1,221,753	6,943,168
Net book value						
At 31 August 2017	57,648,614	357,638	2,780	571,156	501,104	59,081,292
At 31 August 2016	58,529,854	415,991	852	601,005	792,532	60,340,234

18. Debtors

	2017 £	2016 £
Trade debtors	54,676	27,078
VAT debtor	112,122	54,086
Other debtors	11,346	28,541
Prepayments and accrued income	554,721	983,635
	732,865	1,093,340

19. Creditors: Amounts falling due within one year

	2017 £	2016 £
Bank loans and overdrafts	-	77,806
Trade creditors	153,987	585,966
Other taxation and social security	344,379	462,714
Other creditors	458,376	2,331,181
Accruals and deferred income	857,098	168,053
	1,813,840	3,625,720

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19. Creditors: Amounts falling due within one year (continued)

	2017 £	2016 £
Deferred income		
Deferred income at 1 September 2016	40,029	104,697
Resources deferred during the year	112,212	40,029
Amounts released from previous years	(40,029)	(104,697)
	<u>112,212</u>	<u>40,029</u>
Deferred income at 31 August 2017	<u>112,212</u>	<u>40,029</u>

At the balance sheet date the Academy Trust was holding funds received in advance for the reimbursements of rates and insurance in respect of the following financial year.

20. Statement of funds

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
Unrestricted funds						
Unrestricted funds	1,001,269	258,181	(186,398)	(871,860)	-	201,192
	<u>1,001,269</u>	<u>258,181</u>	<u>(186,398)</u>	<u>(871,860)</u>	<u>-</u>	<u>201,192</u>
Restricted funds						
General Annual Grant (GAG)	261,289	15,950,960	(16,985,943)	652,036	-	(121,658)
Start up grants	-	5,700	(5,700)	-	-	-
Pupil premium	-	594,763	(594,763)	-	-	-
Special education projects	-	1,596,636	(1,596,636)	-	-	-
Other DFE/EFA grant	-	127,024	(127,024)	-	-	-
Local Authority Grants	-	376,998	(376,998)	-	-	-
Teaching Schools	115,318	710,298	(767,267)	-	-	58,349
Other generated funds	-	1,233,976	(1,233,976)	-	-	-
School Trips	-	21,537	(21,537)	-	-	-
Pension reserve	(4,871,000)	-	(418,000)	-	2,046,000	(3,243,000)
	<u>(4,871,000)</u>	<u>-</u>	<u>(418,000)</u>	<u>-</u>	<u>2,046,000</u>	<u>(3,243,000)</u>
	<u>(4,494,393)</u>	<u>20,617,892</u>	<u>(22,127,844)</u>	<u>652,036</u>	<u>2,046,000</u>	<u>(3,306,309)</u>
Restricted Fixed Asset Fund						
Assets held for depreciation	60,345,428	-	(1,757,823)	510,067	-	59,097,672
Other capital funding	175,903	114,340	-	(290,243)	-	-
	<u>60,521,331</u>	<u>114,340</u>	<u>(1,757,823)</u>	<u>219,824</u>	<u>-</u>	<u>59,097,672</u>
Total restricted funds	<u>56,026,938</u>	<u>20,732,232</u>	<u>(23,885,667)</u>	<u>871,860</u>	<u>2,046,000</u>	<u>55,791,363</u>
Total of funds	<u>57,028,207</u>	<u>20,990,413</u>	<u>(24,072,065)</u>	<u>-</u>	<u>2,046,000</u>	<u>55,992,555</u>

20. Statement of funds (continued)

Statement of funds - prior year

	Balance at 1 September 2015 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2016 £
Unrestricted funds						
Unrestricted funds	926,486	256,406	(181,623)	-	-	1,001,269
	<u>926,486</u>	<u>256,406</u>	<u>(181,623)</u>	<u>-</u>	<u>-</u>	<u>1,001,269</u>
Restricted funds						
General Annual Grant (GAG)	828,018	14,921,123	(15,487,852)	-	-	261,289
Start up grants	-	23,110	(23,110)	-	-	-
Pupil premium	-	574,467	(574,467)	-	-	-
Other DFE/EFA grant	-	249,164	(249,164)	-	-	-
Other government grants	-	1,504,137	(1,504,137)	-	-	-
Teaching Schools	62,429	523,312	(470,423)	-	-	115,318
Other generated funds	392,668	1,027,219	(1,419,887)	-	-	-
Pension reserve	(3,002,000)	-	(195,000)	-	(1,674,000)	(4,871,000)
	<u>(1,718,885)</u>	<u>18,822,532</u>	<u>(19,924,040)</u>	<u>-</u>	<u>(1,674,000)</u>	<u>(4,494,393)</u>
Restricted Fixed Asset Fund						
Assets held for depreciation	61,507,309	-	(1,718,869)	556,988	-	60,345,428
Other capital funding	-	669,523	-	(493,620)	-	175,903
Devolved formula capital	-	63,368	-	(63,368)	-	-
	<u>61,507,309</u>	<u>732,891</u>	<u>(1,718,869)</u>	<u>-</u>	<u>-</u>	<u>60,521,331</u>
Total restricted funds	<u>59,788,424</u>	<u>19,555,423</u>	<u>(21,642,909)</u>	<u>-</u>	<u>(1,674,000)</u>	<u>56,026,938</u>
Total of funds	<u><u>60,714,910</u></u>	<u><u>19,811,829</u></u>	<u><u>(21,824,532)</u></u>	<u><u>-</u></u>	<u><u>(1,674,000)</u></u>	<u><u>57,028,207</u></u>

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

Unrestricted funds are applied to the general work of the academy to support activities inside and outside the curriculum.

Restricted funds are applied specifically in accordance with the rules of each grant and support the education provision delivered by the academy.

Restricted fixed asset funds are applied to the maintenance and improvement of all the academy's fixed assets.

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20. Statement of funds (continued)

Analysis of academies by fund balance

Fund balances at 31 August 2017 were allocated as follows:

	Total 2017 £	Total 2016 £
Beal High School	(260,459)	406,662
The Forest Academy	186,333	817,864
Beal Innovation Hub	138,801	8,844
Central services	14,859	29,188
SCITT	58,349	115,318
Total before fixed asset fund and pension reserve	<u>137,883</u>	<u>1,377,876</u>
Restricted fixed asset fund	59,097,672	60,521,331
Pension reserve	(3,243,000)	(4,871,000)
Total	<u><u>55,992,555</u></u>	<u><u>57,028,207</u></u>

Analysis of academies by cost

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2017 £	Total 2016 £
Beal High School	8,999,093	1,868,248	178,549	3,130,762	14,176,652	13,075,638
The Forest Academy	4,115,301	574,579	59,830	1,170,368	5,920,078	5,332,508
Beal Business Innovation Hub	492,322	53,370	28,912	159,047	733,651	424,913
Central services	-	964,116	113	500,082	1,464,311	1,272,605
	<u>13,606,716</u>	<u>3,460,313</u>	<u>267,404</u>	<u>4,960,259</u>	<u>22,294,692</u>	<u>20,105,664</u>

21. Analysis of net assets between funds

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Intangible fixed assets	-	-	16,380	16,380
Tangible fixed assets	-	-	59,081,292	59,081,292
Current assets	201,192	1,750,531	-	1,951,723
Creditors due within one year	-	(1,813,840)	-	(1,813,840)
Provisions for liabilities and charges	-	(3,243,000)	-	(3,243,000)
	<u>201,192</u>	<u>(3,306,309)</u>	<u>59,097,672</u>	<u>55,992,555</u>

21. Analysis of net assets between funds (continued)

Analysis of net assets between funds - prior year

	Unrestricted funds	Restricted funds	Restricted fixed asset funds	Total funds
	2016	2016	2016	2016
	£	£	£	£
Intangible fixed assets	-	-	5,194	5,194
Tangible fixed assets	-	-	60,340,234	60,340,234
Current assets	1,079,075	3,924,521	175,903	5,179,499
Creditors due within one year	(77,806)	(3,547,914)	-	(3,625,720)
Provisions for liabilities and charges	-	(4,871,000)	-	(4,871,000)
	<u>1,001,269</u>	<u>(4,494,393)</u>	<u>60,521,331</u>	<u>57,028,207</u>

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

	2017	2016
	£	£
Net expenditure for the year (as per Statement of Financial Activities)	(3,081,652)	(2,012,703)
Adjustment for:		
Depreciation charges	1,748,534	1,703,285
Amortisation charge	9,289	15,584
Dividends, interest and rents from investments	(6,408)	(18,577)
Decrease/(increase) in debtors	360,475	(245,298)
(Decrease)/increase in creditors	(1,811,880)	1,224,789
Capital grants from DfE and other capital income	(114,340)	(732,891)
Defined benefit pension scheme finance cost	418,000	195,000
Net cash (used in)/provided by operating activities	(2,477,982)	129,189

23. Analysis of cash and cash equivalents

	2017	2016
	£	£
Cash in hand	1,218,858	4,086,159
Total	1,218,858	4,086,159

24. Pension commitments

The academy's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by The London Borough of Redbridge. Both are Multi-employer defined benefit pension schemes.

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

Contributions amounting to £239,435 were payable to the schemes at 31 August 2017 (2016 - 465,342) and are included within creditors.

Teachers' Pension

Scheme Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

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

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

The employer's pension costs paid to TPS in the period amounted to £1,313,382 (2016 - £1,371,230).

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

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

24. Pension commitments (continued)

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £726,000 (2016 - £651,000), of which employer's contributions totalled £579,000 (2016 - £521,000) and employees' contributions totalled £147,000 (2016 - £130,000). The agreed contribution rates for future years are 23.1% for employers and var% for employees.

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

Principal actuarial assumptions:

	2017	2016
Discount rate for scheme liabilities	2.50 %	2.00 %
Rate of increase in salaries	2.40 %	3.10 %
Rate of increase for pensions in payment / inflation	2.40 %	2.10 %

The current mortality assumptions include sufficient allowance for future improvements in mortality rates.

The assumed life expectations on retirement age 65 are:

	2017	2016
Retiring today		
Males	22.1	22.0
Females	24.2	24.1
Retiring in 20 years		
Males	23.9	24.3
Females	26.3	26.7

24. Pension commitments (continued)

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

	Fair value at 31 August 2017	Fair value at 31 August 2016
	£	£
Equities	4,443,000	4,153,000
Bonds	1,234,000	1,466,000
Property	494,000	488,000
Debt instruments	-	-
Derivatives	-	-
	<hr/>	<hr/>
Total market value of assets	6,171,000	6,107,000
	<hr/> <hr/>	<hr/> <hr/>

The actual return on scheme assets was £163,000 (2016 - £128,000).

The amounts recognised in the Statement of financial activities incorporating income and expenditure account are as follows:

	2017	2016
	£	£
Current service cost	(896,000)	(604,000)
Interest income	129,000	180,000
Interest cost	(230,000)	(292,000)
	<hr/>	<hr/>
Total	(997,000)	(716,000)
	<hr/> <hr/>	<hr/> <hr/>

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

	2017	2016
	£	£
Opening defined benefit obligation	10,978,000	7,556,000
Current service cost	896,000	604,000
Interest cost	230,000	292,000
Employee contributions	147,000	130,000
Remeasurements; Changes in assumptions	(2,837,000)	2,429,000
Benefits paid	-	(33,000)
	<hr/>	<hr/>
Closing defined benefit obligation	9,414,000	10,978,000
	<hr/> <hr/>	<hr/> <hr/>

24. Pension commitments (continued)

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

	2017	2016
	£	£
Opening fair value of scheme assets	6,107,000	4,554,000
Interest income	129,000	180,000
Actuarial gains/(losses)	(791,000)	755,000
Employer contributions	579,000	521,000
Employee contributions	147,000	130,000
Benefits paid	-	(33,000)
	<hr/>	<hr/>
Closing fair value of scheme assets	6,171,000	6,107,000
	<hr/> <hr/>	<hr/> <hr/>

25. Operating lease commitments

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

	2017	2016
	£	£
Amounts payable:		
Within 1 year	227,075	167,503
Between 1 and 5 years	155,596	170,610
After more than 5 years	85,887	-
	<hr/>	<hr/>
Total	468,558	338,113
	<hr/> <hr/>	<hr/> <hr/>

26. Contingent liabilities

During the period of the funding agreement, should any asset for which a capital grant was received be sold or otherwise disposed of, in the event of the Academy not reinvesting the proceeds, it will be required to pay the grant related proportion of the proceeds to the ESFA.

Should the funding agreement be terminated for any reason, the Academy shall repay to the ESFA the current value of the academy's land and buildings and other assets, to the extent that such assets were funded by sums received from the ESFA.

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.

28. 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 the trust 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.

One of the trustees, Alan Weinberg, is a councillor for the London Borough of Redbridge. The Academy uses various services from the London Borough of Redbridge as part of their normal course of business.

During the year, Benjamin Burns, son of trustee Kathryn Burns. Works as a Teacher at the Beal Academy, he is paid an annual salary of £29,130.

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

29. Agency Arrangements

The academy trust distributes 16-19 bursary funds to students as an agent for EFA. In the accounting period ending 31 August 2017 the trust received £124,769 and disbursed £96,273 from the fund. £148,376 remained undistributed at the 31 August 2017 and is included in other creditors (2016 - £119,880)