

**Beacon Multi-Academy
Trust**

**Consolidated report and
Financial Statements**

Year to 31 August 2018

Company Limited by Guarantee
Registration Number
07835788 (England and Wales)

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Reference and administrative information

Members	E Sidwell CBE (Chair) M Woodcock W Gent S Gable (from 17.01.18) A Sadanandan (from 01.05.18)
Trustees	E Sidwell CBE (Chair) S Ratnam (Vice Chair) K Burns (Resigned 13.03.18) N Butler (Appointed 19.01.18) M Corck I Farrer (Appointed 01.05.18, resigned 18.07.18) M Fuller W Gent (Resigned 17.01.18) S Gibbons J Saini (Appointed 01.05.18) E Slattery (Appointed 13.03.18) M Stokes (Appointed 13.03.18) A Weinberg MBE M Woodcock (Resigned 17.01.18)
Company Secretary	S Ratnam
Key Management Personnel	K Burns (CEO) W Thompson (TFA Principal) T Wilmot (BHS Principal) P Bray (SCITT Principal) L Thompson (BBIH Principal) M Mann (Primary Executive Principal) D Bamrah (Finance Director) S Augustin (HR Director)
Registered address	Beal High School (upper site) Woodford Bridge Road Ilford Essex IG4 5LP
Company registration number	07835788 (England and Wales)
Auditor	Buzzacott LLP Chartered Accountants and Registered Auditors 130 Wood Street London EC2V 6DL

Reference and administrative information

Bankers NatWest plc
PO Box 414
38 Strand
London
WC2N 5JB

Solicitors Eversheds
1 Wood Street
London
EC2V 7WS

INTRODUCTION

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company and its subsidiary (the group) for the period 1 September 2017 to 31 August 2018. The annual report serves the purposes of both a Trustees' report, and a directors' report under company law.

The financial statements have been prepared in accordance with the accounting policies set out on pages 36 to 41 of the attached financial statements and comply with the Academy's Memorandum and Articles of Association, applicable laws and 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 United Kingdom and Republic of Ireland (FRS 102).

The Trust operates 2 secondary academies and 1 Alternative Provision academy in Redbridge. Its academies have a combined pupil capacity of 3620 and had a roll of 3052 in the school census on January 2017.

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.

The Trust has one subsidiary of which it is the sole member; Beacon Education Services Trading Ltd. (BEST Ltd).

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution and governance

The Academy Trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Academy Trust. The Trustees of Beacon Multi-Academy Trust are also the directors of the charitable company for the purposes of company law. The charitable company is known as Beacon Multi-Academy Trust.

Details of the Trustees who served during the year are included in the Reference and Administrative Details on page 1.

Members' liability

Each member of the charitable company undertakes to contribute to the assets of the 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.

Trustees' indemnities

The Academy Trust through its Articles has indemnified its Trustees and Governors to the fullest extent permissible by law.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Method of recruitment and appointment or election of Trustees

The Trustees 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. 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.

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, CEO 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 brief and Trustees and governors on governance, financial, safeguarding and other educational matters 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.

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 CEO 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.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Arrangements for setting pay and remuneration of key management personnel

Trust Executive

The key management personnel (Trust Executive) are listed on page 1.

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, appraisal, national pay awards and budget forecasts.

Trade Union Facility Time

Relevant Union Officials

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
8	7.32

Percentage of time spent on facility time

Percentage of time	Number of Employees
0 - 1%	7
1 – 50%	1
51 – 99%	0
100%	0

Percentage of pay bill spent on facility time

Total cost of facility time	£984.87
Total pay bill	£17,208,672
Percentage of total pay bill spent on facility time	0.01%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	7.03%
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OBJECTIVES AND ACTIVITIES

Objects and aims

The Beacon Academy Trust seeks to secure 'Excellence for All' in all of its schools.

The Beacon Academy educational model is based on three key principles:

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

As Trustees of a charity, the 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.

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 2018.

Beacon Multi-Academy Trust (BMAT) 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, but its pupil numbers are equivalent to that of a medium sized Trust. 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; it incorporates ARP for autistic students aged 11-18. In 2017-18 the expansion from 8 the 12 forms of entry reached steady state with 360 students per year group.

OBJECTIVES AND ACTIVITIES (continued)

Principal 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 2200 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 700 students, serving the local community with increasing confidence by providing a good education. The Ofsted inspection in December 2017 validated this by judging The Forest Academy as Good for the second time in succession. The Academy is aiming for an Outstanding rating in the future.

The Beacon Business Innovation Hub (BBIH) opened in September 2014 and provides an innovative high quality alternative provision driven by occupational 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 'rapid improvement' linked to 3 clear improvement priorities. The broadening curriculum offer and increasing roll are testament to its' sustainable success.

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

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 three 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 continuous improvement.

Beal High School

Outstanding outcomes and improvement 2018 for students – attainment and progress - at all Key Stages. 100% progression for all learners at all stages; Attendance above National Average (NA); persistent absence below NA; exclusion below NA and 0% NEET.

Key Priorities

All priorities are set within the Trust Strategic Objectives including targets for financial and academic impact

- ◆ Systems and infrastructure review
- ◆ Curriculum efficiency review whilst maintaining the quality of the provision
- ◆ Beal Sixth Form soft launch
- ◆ Safeguarding – updated KCSIE; Beal Sixth Form procedures across both sites.

Key Risks

- ◆ Achieving curriculum efficiency within recovery plan timescale
- ◆ Beal sixth form numbers, quality assurance of dual location
- ◆ Impact of capacity school size and Beal Sixth Form Development

The Forest Academy

Provisional key performance indicators show improvement overall for the second year in succession in achievement and progress at both KS4 and KS5. Attendance at NA and PA below NA, exclusion below NA and 0% NEET.

Key Priorities

- ◆ Student numbers
- ◆ Systems and infrastructure review
- ◆ Curriculum efficiency review
- ◆ Beal Sixth Form soft launch
- ◆ Safeguarding – updated KCSIE; Beal Sixth Form procedures across both sites.

Key Risks

- ◆ Student numbers do not improve
- ◆ Impact on the curriculum breadth and specialist teaching due to reduced income
- ◆ Beal sixth form numbers, quality assurance of dual location

STRATEGIC REPORT (continued)

Achievements and performance (continued)

Beacon Business Innovation Hub – Alternative Provision

The overall picture of attainment (at the 4+ pass rate) of students across all subjects is very positive with most subjects achieving 100% pass rates or very close. Overall attendance was 92.2% in 2017-18 - Target for 2018-19 is 93%.

Key Priorities

- ◆ Curriculum offer; good attainment and achievement for all subjects;
- ◆ Improved students' attitude to reading; enrichment activities; continued improvement in attendance and punctuality; student recruitment;
- ◆ improve outcomes for GCSE, maths in particular

Key Risks

- ◆ Attainment and Achievement in Maths.
- ◆ Teaching over time % good or better lessons
- ◆ Leadership succession planning

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:

- ◆ Attainment – 97 % of trainees enrolled graded good or outstanding.
- ◆ Of those completing the course 100% were graded good or outstanding
- ◆ Completion rate 97% (national rate was 91% for 2016/2017)
- ◆ Employment rate is 92% (national rate was 94% for 2016/2017)

Key Priorities

- ◆ Maintaining a balanced budget in line with our budget forecast for 2018-19
- ◆ Undertake a cost benefit analysis of different delivery models for 2019-20, whilst maintaining the quality of provision.
- ◆ Monthly management accounts monitoring and evaluation to monitor predicted to actual income and expenditure linked to student recruitment targets

Key Risks

- ◆ **Recruitment** - National recruitment to ITT is still a concern. Other London SCITTs and University providers report a drop in the places they have filled. The UCAS end of 2018 cycle report should be available at the end of September 2018.

STRATEGIC REPORT (continued)

Achievements and performance (continued)

For 2018-19 we have 40 trainees in total (all providers) compared to 38 in 2017-18; 29 are SCITT (27 in 2017-18). A greater proportion of trainees (all providers) are tuition fee rather than salaried – bursaries have been increased in many subjects to such an extent that trainees are better off financially on the tuition fee route.

In addition, the Trust undertook an NGA governance review with the following key priorities identified, actioned and achieved in year.

- ◆ Broaden the balance of the board's skillset
- ◆ Review clerking arrangement
- ◆ Being Strategic
- ◆ Risk Management
- ◆ Convene an Finance and Risk committee in place of the Finance and Compliance Committee
- ◆ Recruit skilled individuals to sit on the Finance and Risk Committee alongside appropriately skilled Trustees
- ◆ Strategic vision - Develop a Trust strategic vision for the next 3-5 years
- ◆ Holding to Account

Key Financial 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:

Balancing the BMAT Budget whilst

- ◆ Continuously improving the quality of provision whilst balancing the budget
- ◆ Driving rigorous financial management, governance, business efficiencies and growth strategy
- ◆ Improving central Services Efficiency and Vfm

This will be achieved by

- ◆ Curriculum and staff cost efficiencies across BMAT schools in years 2018-19, 2019-20 and 2020-21 in line with recovery plan targets
- ◆ Achieving an in year balanced budget in 2019/20 in line with recovery plan target

Financial Position

The Trust is operating under a recovery plan with the ESFA.

The recovery plan actions initiated in 2017-18 will have a positive in year impact in 2018-19. Pay costs will be significantly reduced month on month to achieve our staff cost recovery plan targets. This is scheduled over three years, supported by the concurrent curriculum efficiency review across the Trust.

STRATEGIC REPORT (continued)

Financial Position (continued)

The recovery plan targets year on year are driven by the ESFA metrics, benchmarks and recommendations outlined below:

- ◆ Staff pay as percentage of total expenditure
- ◆ Average teacher cost
- ◆ Pupil-to-teacher ratio (PTR)
- ◆ Class sizes
- ◆ Teacher contact ratio
- ◆ Proportion of budget spent on the leadership team
- ◆ 3 to 5 year budget projections
- ◆ Spend per pupil for non-pay expenditure lines compared to similar schools
- ◆ School improvement plan priorities and the relative cost of options
- ◆ List of contracts with costs and renewal dates

Beacon schools were significantly overstaffed historically with notably low contact ratios and class sizes against national and local benchmarks. This has been addressed robustly at both The Forest academy and Beal High School whilst maintaining legacy curriculum models to protect a particular cohort of students, this will not be necessary beyond 2018-19 and will afford further efficiencies. This has enabled savings combined with non-curriculum expenditure of circa £1m in 2017-18 with forecast £900k in 2018-19.

Student recruitment at The Forest Academy is significantly improving in Year 7 when comparing 2017-18 77 students to 124 (November 2018 130 students) in 2018-19.

Financial targets at Trust, school and SCITT level and the monitoring cycle ensure milestones are being met and internal controls and scrutiny further ensure that school improvement priorities are costed for student and financial impact.

The Trust is on target to achieve a surplus circa £0.2m as forecast for 2018-19; in year adjustments are made as identified by the monitoring and evaluation cycle, monthly management accounts and cash flow.

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 2018 and the associated expenditure are shown as restricted funds in the statement of financial activities.

During the year ended 31 August 2018, total expenditure of £24.1m was not covered by recurrent grant funding from the ESFA together with other income. The deficit of income over expenditure for the year (excluding restricted fixed asset funds and assets and the actuarial loss on the Local Government Pension Scheme liability) was £1.41m (2017 - £1.02m). At 31 August 2018 the net book value of fixed assets was £57.73m and movements in tangible fixed assets are shown in note 16 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Trust.

The recovery plan discussed under the 'financial position' heading above sets out how the Trust aims to move to a surplus position in the next year, and future plans to build on the reserves balance over the next 3-5 years.

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 £0.8m. 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.

At present, the level of free reserves is a deficit of £1.3m, which is below the level set by the Trustees. The recovery plan discussed under the 'financial position' heading above sets out how the Trust aims to reach this target.

Going Concern

As stated above in the 'financial position' section, BMAT is operating under a recovery plan with the ESFA which is providing cash in order for the Trust to continue in operation. The Trust is dependent on this recovery plan for its financial viability.

After making appropriate enquiries, and in light of the current progress under the recovery plan, the Board of Trustees has a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies.

Investment Policy

No investments are made at this time.

FINANCIAL REVIEW (continued)

Principal risks and uncertainties

Risk management is a key governance task for the Trust Board. The Board has delegated the task of monitoring the Trust's Strategic Risk Register to the Finance & Risk Committee. Individual Local Governing Bodies have delegated operational risk management processes, including premises and Health & Safety.

Feedback from the operational level informs the Strategic Risk Register through the escalation route. Each Academy and the SCITT within Beacon Academy Trust also conducts their own individual Risk Assessments, including those for safeguarding, premises, Health & Safety.

The Trust actively seeks to recognise both threats and opportunities, and decides how to respond to them, including the setting of internal controls. It takes a strategic view of risk across the Trust, factoring together all the relevant input it can reasonably use. For example, it may consider to what extent risks interact, cumulate or cancel each other out. Consideration of risk features in all the Board's significant decisions.

BMAT risk register sets out the principal risks facing the Trust, achieving the milestones and targets set out in the financial recovery plan are paramount whilst maintaining the quality of provision in our schools and SCITT. The Trust considers the principal risks and uncertainties facing the Trust are the:

- ◆ Falling roll at The Forest Academy
- ◆ Reduced income and increased expenditure
- ◆ Curriculum efficiency and effectiveness
- ◆ Recruitment and retention
- ◆ Uncertainty surrounding national and Local Funding Formulas
- ◆ Uncertainty surrounding employer pension contributions beyond 2019-20

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. This has enabled savings combined with non-curriculum expenditure of circa £1m in 2017-18 with forecast £1.5m in 2018-19.

The curriculum efficiencies are projecting a surplus in 2018-19, 2019-20 and 2020-21 that are tracked back to the recovery plan spreadsheet. In both years support staff savings are projected but have not been included at this stage. The curriculum efficiency review at both schools has identified peripheral student support staff with no clear impact on student outcomes. This rationalisation of the BMAT SEND/EAL strategy across the Trust will be completed in year 2018-19 with cost benefits expected in 2019-20.

In addition to the curriculum efficiency work we are scoping additional income generation through NELTA[†]

[†] North East London Teaching Alliance

FINANCIAL REVIEW (continued)

Principal risks and uncertainties (continued)

As the recovery plan proves sustainable we must plan strategically for growth and income generation, based upon the assumption that this will further reduce the central service charge without increasing staffing. To date our integrated finance and HR model is effective. Our capacity for S2SS (school 2 school support) will increase in line with our accurate financial forecast and stability.

Regardless of the above our Trust can demonstrate an outstanding track record in delivering our core purpose proven by continuously improving student progress and outcomes for our learners.

All BMAT policies are available on our Trust and school websites.

Disabled Employees

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, they are now BMAT employees as of 1 August 2017, contracted to BEST Ltd.

PLANS FOR FUTURE PERIODS

BEACON ACADEMY TRUST STRATEGIC OBJECTIVES – THREE YEAR PLAN

SO1: Further improving outcomes for children and young people and the Ofsted grades of academies in the Trust

- ◆ Raise attainment and improve progress
- ◆ Future proof BMAT leadership succession planning and talent management
- ◆ Staff recruitment and retention

SO2: Ensuring a financially viable and sustainable MAT

- ◆ Continuously improve the quality of provision whilst balancing the budget
- ◆ Financial management, business efficiencies and growth strategy
- ◆ Central Services Efficiency and VFM

SO3: Risk management – strategic monitoring against KPIs

- ◆ Strategic and education policy context

PLANS FOR FUTURE PERIODS (continued)

BEACON ACADEMY TRUST STRATEGIC OBJECTIVES – THREE YEAR PLAN
(continued)

- ◆ Build a strong, scalable MAT infrastructure
- ◆ Key strategic risks and mitigating actions

SO4: Ensure strong leadership and governance

- ◆ School improvement and effectiveness strategies in place
- ◆ Rigorous financial governance at Board level
- ◆ Key performance indicators (KPIs) to track Trust Executive and school improvement targets

BMAT's significant change proposal to amalgamate the Beal and Forest sixth forms was approved by the DfE in year for implementation in 2018-19. TFA has been significantly under-subscribed over the last 4 years; this is not sustainable financially. We have scoped a multi-faceted solution at TFA that will be implemented from 2018 onwards with increased student numbers as the key performance indicator:

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
- ◆ Combined sixth form numbers were 693 for 2017-18
- ◆ In 2018-19 the Beal sixth form will be circa 778 (combined numbers – the reduction in forecast numbers of 900 has been accounted for through additional savings in 2018-19 and 2019-20) then to steady state of 900-1000 for 2019-20.
- ◆ Maximise the commercial value of our sites to generate income
- ◆ Maximise income generation across the MAT
- ◆ 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 in the upcoming application round

FUNDRAISING

The Trust does not actively solicit donations and therefore is not registered with the Fundraising Regulator or subscribe to any fundraising codes of practice. When donations from individuals are received, the Trust aims to protect personal data and never sells data or swaps data with other organisations. During 2017-2018, the Trust received no complaints about fundraising activities.

PLANS FOR FUTURE PERIODS (continued)

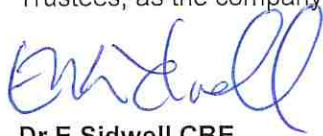
AUDITOR

In so far as the Trustees are aware:

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

It was agreed by Trustees on 11 June 2018 to appoint Buzzacott as auditor.

Trustees' report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors and signed on the Board's behalf by:



Dr E Sidwell CBE
Chair of Board of Trustees of the Trust



Kathryn Burns
Chief Executive Officer

Date: 4 December 2018

Date: 4 December 2018

Governance statement Year to 31 August 2018

Scope of Responsibility

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

The Board of Trustees has delegated the day-to-day responsibility to the CEO, 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 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 6 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustees	Meetings attended	Out of a possible
E Sidwell CBE (Chair)	6	6
S Ratman (Vice Chair)	6	6
K Burns (resigned 13.03.18)	4	4
N Butler (Appointed 19.01.18)	3	3
M Corck	4	6
I Farrer (Appointed 01.05.18, resigned 18.07.18)	1	2
M Fuller	4	6
W Gent (Resigned 17.01.18)	3	3
S Gibbons	5	6
J Saini (Appointed 01.05.18)	2	2
E Slattery (Appointed 13.03.18)	3	3
M Stokes (Appointed 13.03.18)	3	3
A Weinberg	5	6
M Woodcock (Resigned 17.01.18)	3	3

- ◆ 4 Trustees appointed bringing valuable financial and legal experience to the Board via Academy Ambassadors
- ◆ 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

Governance statement Year to 31 August 2018

Governance (continued)

- ◆ 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
- ◆ A Trustee's skills audit was undertaken in 2017/2018 academic year;
- ◆ An NGA governance Review was commissioned and action plan drafted and approved by the Board and shared with the ESFA in line with the financial recovery plan and NGA recommendations
- ◆ A financial governance review by auditors was completed in October 2018 and the report issued in November 2018.

The key actions following the governance reviews were:

- ◆ Reviewing the governance framework;
- ◆ Reviewing risk management and strategic vision; and
- ◆ Reviewing financial oversight.

Terms of reference

1. Membership

1.1. The Committee shall consist of at least three members with at least two qualifying as financial experts

1.2. Have an appropriate mix of skills and experience to allow it to discharge its duties effectively.

1.3. Collectively, members of the Committee should have recent, relevant experience in risk management, finance and audit and assurance

1.4. Members of the Finance and Risk Committee shall be appointed by the Board of Trustees and membership reviewed annually.

1.5. The Chair of the Finance and Risk Committee shall be appointed/reappointed annually by the Board of Trustees. The Chair should possess relevant financial experience.

2. Accountability and purpose

2.1. The Finance and Risk Committee is responsible to the Board of Trustees. The main purpose of the Committee is to advise the Board of Trustees on the Trust's assurance framework and the provision of the opinion in the annual accounts.

2.2. The Committee will deal with such other financial, audit and risk matters as may from time to time be referred to the Committee for consideration or approval

Terms of reference (continued)

2. Accountability and purpose (continued)

2.3. The Finance and Risk Committee has the authority to investigate any activity within its terms of reference.

2.4. The Finance and Risk Committee has the right of access to obtain all the information and explanations it considers necessary, from whatever source, to fulfil its remit and all officers of the Trust shall be directed to co-operate with any request made.

2.5. The Committee will also review its own effectiveness and these terms of reference on an annual basis and report the outcome and make recommendations to the Trust Board.

3. Responsibilities of the committee

3.1 To consider and advise the Board of Trustees on all aspects of the Trust's finances, financial policies, financial regulations, controls and strategy in accordance with the Articles of Association, Academies Financial Handbook and Funding Agreement.

3.2 To own a financial strategy for the Academy Trust and consider policies, procedures or plans required to realise such strategy.

3.3 To determine on behalf of the Board of Trustees appropriate financial and procurement policies to be adopted by the Trust.

3.4 To review financial policy including consideration of long term planning and resourcing in accordance with each of the Academies' development plans.

3.5 To review the Financial Regulations on an annual basis, or sooner if required due to structure changes in the Trust and its constituent academies.

3.6 To consider the Trust's indicative funding, once notified by the ESFA, and to assess its implications for the Trust, in consultation with the CEO and the Finance Director, in advance of the financial year, drawing any matters of significance or concern to the attention of the Trustees.

3.7 To receive and make recommendations on the broad budget headings and areas of expenditure to be adopted each year, including the level and use of any contingency fund or balances, ensuring the compatibility of all such proposals with the development priorities set out in the Trust development plan.

3.8 To monitor variances of greater than plus or minus 5% from the budget and ensure the ESFA is notified as required.

3.9 To review financial due diligence information for new schools/academies joining the Trust to recommend for approval by the Board for submission to the Education Funding Authority

Terms of reference (continued)

3. Responsibilities of the committee (continued)

3.10 To ensure that individual Academies' strategic plans are consistent with the overarching Trust strategic plan, in consultation with the relevant Principal and with the stated and agreed aims and objectives of the relevant Academy.

3.11 To monitor and review income and expenditure on a regular basis, at least three times a year, and ensure compliance with the overall financial plan for the Trust, drawing any matters of concern to the attention of the Trust Board.

3.12 To consider and advise the Board of Trustees on the adequacy and effectiveness of the Trust's audit arrangements, framework of governance, risk management and control and processes for the effective and efficient use of resources, the solvency of the Trust and the safeguarding of its assets.

3.13 To advise the Board of Trustees on the appointment, reappointment, dismissal and remuneration of the external auditors and internal auditors and establish that all such assurance providers adhere to relevant professional standards.

3.14 To advise the Board of Trustees on internal audit assignment reports and annual reports and on control issues included in reports of the external auditors and management's response to them.

3.15 To monitor, within an agreed timescale, the implementation of agreed audit recommendations.

3.16 To develop and keep under review risk management and measurement strategies across the Trust together with the procedures for monitoring the adequacy and effectiveness of those processes and mitigating actions, receiving and reviewing risk management and relevant regulatory information and reports.

3.17 To monitor the financial controls and risks at constituent academies.

3.18 To consider the Academy Trust's risk profile relative to current and future Trust strategy and identifying any such trends, concentrations or exposures and any requirement for policy change.

3.19 To recommend the Trust's annual report and financial statements and external auditor's management letter to the Board of Trustees for approval and ensure filing is carried out in accordance with requirements of the Companies Act, Charity Commission and Funding Agreement (including the Academies Financial Handbook).

3.20 To oversee the Trust's policies on fraud and irregularity and whistleblowing, and ensure the proper, proportionate and independent investigation of all allegations and instances of fraud, theft and/or irregularity; that investigation outcomes are reported to the Finance and Risk Committee; that the external auditor (and internal auditor where appointed) have been informed, and that appropriate follow-up action has been planned/actioned, and that all suspected cases of fraud, theft and/or irregularity are notified to the Education and Skills Funding Agency in accordance with the Academies Financial Handbook.

Terms of reference (continued)

3. Responsibilities of the committee (continued)

Attendance at meetings in the year was as follows:

Members	Meetings attended	Out of a possible
Suda Ratnam (Chair)	4	5
E Sidwell CBE	4	5
M Corck (from 13.03.18)	2	5
I Farrer (from 01.05.18, resigned 18.07.18)	1	2
J Saini (from 01.05.18)	3	3
K Burns - CEO/Accounting Officer (in attendance)	4	5
D Bamrah – Finance Director (in attendance)	5	5

Review of value for money

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

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

- ◆ Carrying out a curriculum efficiency and staffing audit across the Trust
- ◆ Systems and infrastructure efficiency review
- ◆ Review and cost benefit analysis of contracts and services

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. Therefore, it can only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of 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 for the period 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Board of Trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the period 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. The Board of Trustees regularly reviews this process at the Finance and Risk Committee

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 Risk 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 Members and Board of Trustees has considered the need for a specific internal audit function and has decided to appoint Buzzacott as internal auditor with effect from 11 June 2018.

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 income reconciliations
- ◆ testing of purchase systems
- ◆ testing of control account/ bank reconciliations
- ◆ review of financial planning
- ◆ review of governance

On a termly basis, the internal auditor reports to the Board of Trustees, through the Finance Director and Finance and Risk Committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

The risk and control framework (continued)

The internal auditor 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 CEO has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

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

The Finance and Risk Committee have advised the Accounting Officer of the implications of the result of their review of the system of internal control 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 4 December 2018 and signed on its behalf by:



Dr E Sidwell CBE
(BMAT Chair)



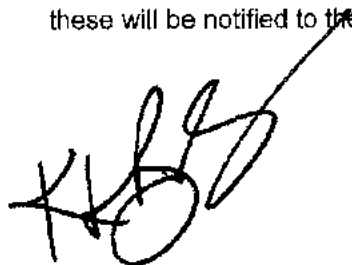
Kathryn Burns
(Accounting Officer)

Statement on regularity, propriety and compliance Year to 31 August 2018

As Accounting Officer of Beacon Multi-Academy Trust, I have considered my responsibility to notify the Academy Trust Board of Trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

I confirm that I and the Academy Trust Board of Trustees are able to identify any material irregular or improper use of all funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academies Financial Handbook 2017.

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

A handwritten signature in black ink, appearing to read 'K Burns', with a long horizontal line extending to the right from the end of the signature.

Kathryn Burns

Accounting Officer

Date: 4 December 2018

Statement of Trustees' responsibilities Year to 31 August 2018

The Trustees (who act as governors of Beacon Multi-Academy Trust and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report 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 in the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018
- ◆ 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 4 December 2018 and signed on its behalf by:



Dr E Sidwell CBE

BMAT Chair

Independent auditor's report to the members of Beacon Multi-Academy Trust Limited

Opinion

We have audited the financial statements of Beacon Multi Academy Limited (the 'charitable parent company') and its subsidiary (the 'group') for the year ended 31 August 2018 which comprise the group statement of financial activities, the group and charitable parent company's balance sheets, the group statement of cash flows, the principal accounting policies and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (the Charities SORP 2015) and the Academies Accounts Direction 2017 to 2018.

In our opinion, the financial statements:

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

Basis for opinion

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

Material uncertainty relating to going concern

The financial statements for the year ended 31 August 2018 have been prepared by the Trustees on a going concern basis. Details relating to the Trustees' assessment of the going concern position is disclosed on page 12 of the Trustees' report, and as part of the principal accounting policies on page 36. We draw your attention to these pages, where it states that the Trust is operating under a recovery plan with the ESFA.

Our opinion is not modified in respect of this matter.

Other conclusions relating to going concern

We have nothing further 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 charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- ◆ the information given in the Trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

the Trustees' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' 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:

Matters on which we are required to report by exception (continued)

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

Responsibilities of Trustees

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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



Hugh Swainson (Senior Statutory Auditor)
For and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

19 December 2018

Independent reporting accountant's assurance report on regularity to Beacon Multi Academy Trust and the Education and Skills Funding Agency

In accordance with the terms of our engagement letter dated 13 July 2018 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Beacon Multi Academy Trust during the period from 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Beacon Multi Academy Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Beacon Multi Academy Trust 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 and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Beacon Multi Academy Trust Accounting Officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of Beacon Multi Academy Trusts funding agreement with the Secretary of State for Education dated 20 August 2012 and the Academies Financial Handbook 2017, extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2017 to 2018. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period from 1 September 2017 to 31 August 2018 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 2017 to 2018 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

Independent reporting accountant's report Year to 31 August 2018

Approach (continued)

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

The work undertaken to draw to our conclusion includes:

- ◆ An assessment of the risk of material irregularity and impropriety across all of the Academy Trust's activities;
- ◆ Further testing and review of the areas identified through the risk assessment including enquiry, identification of control processes and examination of supporting evidence across all areas identified as well as additional verification work where considered necessary; and
- ◆ Consideration of evidence obtained through the work detailed above and the work completed as part of our financial statements audit in order to support the regularity conclusion.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects:

- a) the expenditure disbursed and income received during the period from 1 September 2017 to 31 August 2018 has not been applied to purposes intended by Parliament; and
- b) the financial transactions do not conform to the authorities which govern them.

Buzzacott LLP

Statutory Auditor
Buzzacott LLP
130 Wood Street
London
EC2V 8DL

19 December 2018

Consolidated statement of financial activities Year to 31 August 2018

	Notes	Restricted funds			Total funds 2018 £'000	As restated total funds 2017 £'000
		Un- restricted general funds £'000	Restricted general funds £'000	Fixed assets funds £'000		
Income from:						
Donations and capital grants	2	7	—	500	507	143
Charitable activities	3	—	18,439	—	18,439	18,653
Other trading activities	4	326	892	—	1,218	1,478
Investments		—	—	—	—	6
Teaching schools	3,28	—	666	—	666	710
Total income		333	19,997	500	20,830	20,990
Expenditure on:						
Teaching schools	5,28	—	476	—	476	417
Charitable activities	7	2,061	19,799	1,715	23,575	23,445
Other expenditure		—	—	—	—	209
Total expenditure	5	2,061	20,275	1,715	24,051	24,071
Net expenditure before transfers		(1,728)	(278)	(1,215)	(3,221)	(3,081)
Transfer between funds	19	—	2	(2)	—	—
Other recognised gains and losses						
Actuarial gains on defined benefit pensions schemes	23	—	969	—	969	2,046
Net movement in funds		(1,728)	693	(1,217)	(2,252)	(1,035)
Reconciliation of funds						
Fund balances brought forward at 1 September 2017		201	(3,306)	59,098	55,993	57,028
Fund balances carried forward at 31 August 2018	19	(1,527)	(2,613)	57,881	53,741	55,993

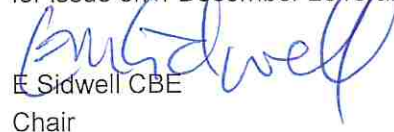
All of the Academy Trust's activities derive from continuing operations in the above two financial periods.

All gains and losses are included in the statement of financial activities.

Balance sheets As at 31 August 2018

	Notes	2018		2017	
		Group £'000	Academy £'000	Group £'000	Academy £'000
Fixed assets					
Intangible fixed assets	15	12	12	16	16
Tangible fixed assets	16	57,732	57,732	59,082	59,082
		<u>57,744</u>	<u>57,744</u>	<u>59,098</u>	<u>59,098</u>
Current assets					
Debtors	17	481	500	733	733
Cash at bank and in hand		245	235	1,219	1,219
		<u>726</u>	<u>735</u>	<u>1,952</u>	<u>1,952</u>
Creditors: amounts falling due within one year	18a	<u>(1,618)</u>	<u>(1,627)</u>	<u>(1,814)</u>	<u>(1,814)</u>
Net current assets		<u>(892)</u>	<u>(892)</u>	<u>138</u>	<u>138</u>
Total assets less current liabilities		<u>56,852</u>	<u>56,852</u>	<u>59,236</u>	<u>59,236</u>
Creditors: Amounts failing due after more than one year	18b	<u>(250)</u>	<u>(250)</u>	<u>—</u>	<u>—</u>
Net assets excluding pension scheme liability		<u>56,602</u>	<u>56,602</u>	<u>59,236</u>	<u>59,236</u>
Defined benefit pension scheme liability	23	(2,861)	(2,861)	(3,243)	(3,243)
Net assets including pension scheme liabilities		<u>53,741</u>	<u>53,741</u>	<u>55,993</u>	<u>55,993</u>
Funds of the Trust					
Restricted income funds:					
. Restricted income funds	19	248	248	(63)	(63)
. Restricted fixed assets fund	19	57,881	57,881	59,098	59,098
Restricted income funds excluding pension liability		<u>58,129</u>	<u>58,129</u>	<u>59,035</u>	<u>59,035</u>
. Pension reserve		<u>(2,861)</u>	<u>(2,861)</u>	<u>(3,243)</u>	<u>(3,243)</u>
Total restricted income funds		<u>55,268</u>	<u>55,268</u>	<u>55,792</u>	<u>55,792</u>
Unrestricted income funds	19	(1,527)	(1,527)	201	201
Total funds		<u>53,741</u>	<u>53,741</u>	<u>55,993</u>	<u>55,993</u>

The financial statements on page 32 to 60 were approved by the Trustees, and authorised for issue on 4 December 2018 and are signed on their behalf by:


E Sidwell CBE
Chair

Beacon Multi-Academy Trust
Company Limited by Guarantee
Registration Number: 07835788 (England and Wales)

Consolidated statement of cash flows Year to 31 August 2018

		2018 £'000	2017 £'000
Cash flows used in operating activities			
Net cash used in operating activities	A	(1,363)	(2,477)
Cash flows from investing activities			
Cash flows from investing activities	B	139	(390)
Cash flows from financing activities			
Cash flows from financing activities	C	250	—
Change in cash and cash equivalents in the year		(974)	(2,867)
Reconciliation of net cash flow to movement in net funds:			
Cash and cash equivalents at 1 September 2017		1,219	4,086
Cash and cash equivalents at 31 August 2018	D	245	1,219

A Reconciliation of income to net cash flow used in operating activities

		2018 £'000	2017 £'000
Net income for the year (as per the statement of financial activities)		(3,221)	(3,082)
Adjusted for:			
Depreciation (note 16)		1,711	1,749
Amortisation (note 15)		4	9
Capital grants from DfE and other capital income		(500)	(114)
interest receivable		—	(6)
Defined benefit pension scheme cost less contributions payable (note 23)		500	317
Defined benefit pension scheme finance cost (note 23)		87	101
Decrease in debtors		252	360
Decrease in creditors		(196)	(1,811)
Net cash used in operating activities		(1,363)	(2,477)

B Cash flows from investing activities

		2018 £'000	2017 £'000
Dividends, interest and rents from investments		—	6
Purchase of tangible fixed assets		(361)	(490)
Purchase of intangible fixed assets		—	(20)
Capital grants from DfE/EFSA		500	114
Net cash provided by (used in) operating activities		139	(390)

C Cash flows from financing activities

		2018 £'000	2017 £'000
Cash inflows from new borrowing		250	—

Consolidated statement of cash flows Year to 31 August 2018

D Analysis of cash and cash equivalents

	2018 £'000	2017 £'000
Cash at bank and in hand	245	1,219

Principal accounting policies Year to 31 August 2018

1 Statement of 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

These financial statements have been prepared for the year to 31 August 2018 with comparative information provided in respect to the year to 31 August 2017.

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.

The financial statements are presented in sterling and rounded to the nearest thousand.

1.2 Consolidation

The statement of financial activities and balance sheet consolidate the financial statements of the Academy Trust and its subsidiary undertaking, Beacon Education Services Trading Ltd, made up to the Balance Sheet date. Intragroup transactions are eliminated in full. The results of the trading subsidiary are set out in note 13.

1.3 Going concern

After making appropriate enquiries, and in light of the current progress under the recovery plan, the Board of Trustees has a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Trustees' report on page 12.

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.

1.4 Income (continued)

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.

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.

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.

1.6 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 £10,000 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

1.7 Tangible fixed assets and depreciation (continued)

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

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.

1.8 Liabilities

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.

1.9 Leased assets

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.

1.10 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.

1.11 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.

1.12 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 17. 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 18. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments.

Principal accounting policies Year to 31 August 2018

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.

1.14 Pensions benefits

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 23, 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.

Principal accounting policies Year to 31 August 2018

1.15 Fund accounting (continued)

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.

1.16 Critical accounting estimates and areas of judgement

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 23, 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 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

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 16 for the carrying amount of the property, plant and equipment, and note 1.7 for the useful economic lives for each class of assets.

Notes to the financial statements Year to 31 August 2018

2 Income from donations and capital grants

	Unrestricted funds 2018 £'000	Restricted funds 2018 £'000	Restricted fixed asset funds 2018 £'000	Total funds 2018 £'000	Total funds 2017 £'000
Donations	7	—	—	7	7
School fund	—	—	—	—	22
Capital grants	—	—	500	500	114
	7	—	500	507	143

3 Funding for Academy's educational operations

	Unrestricted funds 2018 £'000	Restricted funds 2018 £'000	Total funds 2018 £'000	Total funds 2017 £'000
DfE/ESFA grants				
General Annual Grant (GAG)	—	16,364	16,364	15,951
Start up grants	—	1	1	6
Other DfE/ESFA grants	—	750	750	722
Teaching School	—	666	666	710
Other government grants				
Local Authority Grants	—	1,324	1,324	1,974
	—	19,105	19,105	19,363

4 Other trading activities

	Unrestricted funds 2018 £'000	Restricted funds 2018 £'000	Total funds 2018 £'000	Total funds 2017 £'000
Lettings	77	—	77	46
Insurance income	—	—	—	127
School fund income	—	—	—	197
Catering income	—	762	762	784
Trip income	175	—	175	219
Other income	74	130	204	105
	326	892	1,218	1,478

Notes to the financial statements Year to 31 August 2018

5 Expenditure

	Staff costs £'000	Non pay expenditure		Total funds 2018 £'000	Total funds 2017 £'000
		Premises £'000	Other costs £'000		
Educational operations:					
. Direct costs	14,409	1,711	1,005	17,125	16,527
. Support costs	3,644	1,019	1,787	6,450	6,918
Teaching schools	184	—	292	476	417
	18,237	2,730	3,084	24,051	23,862

6 Net income/(expenditure)

	Year to 31 August 2018 Total funds £'000	Period to 31 August 2017 Total funds £'000
Net income (expenditure)		
This is stated after charging		
Depreciation of fixed assets:		
- Owned by the charity	1,711	1,749
Operating lease rentals	227	170
Amortisation	4	9
Fees payable to auditor		
. Statutory audit (parent charity and consolidation)	16	19
. Statutory audit (trading subsidiary)	2	—
. Other services	10	23

7 Charitable activities

	Unrestricted funds £'000	Restricted funds £'000	Total funds 2018 £'000	Total funds 2017 £'000
Direct costs – educational operations	—	17,125	17,125	16,527
Support costs – educational operations	1,808	4,642	6,450	6,918
	1,808	21,767	23,575	23,445

Analysis of support costs	Total funds 2018 £'000	Total funds 2017 £'000
Support staff costs	3,644	3,460
Technology costs	326	287
Premises costs	1,019	1,527
Other support costs	1,258	1,574
Governance costs	203	71
Total support costs	6,450	6,919

8 Governance costs – Auditors' remuneration

	2018 Total funds £'000	2017 Total funds £'000
Fees payable to the academy's auditor and its associates for the audit of the academy's annual accounts		
Fees payable to the academy's auditor and its associates in respect of:		
. Audit related assurance services	18	19
. All other non-audit services not included above	10	23

9 Comparative information

	Un- restricted general fund £'000	Restricted general fund £'000	Fixed assets fund £'000	2017 Total funds £'000
Income from:				
Donations and capital grants	7	22	114	143
Charitable activities:				
. Funding for the academy's educational operations	—	18,653	—	18,653
. Teaching schools	—	710	—	710
. Other trading activities	245	1,233	—	1,478
Investments	6	—	—	6
Total income	258	20,618	114	20,990
Expenditure on:				
Raising fund				
Charitable activities				
Academy's educational operations	—	21,687	1,758	23,445
. Teaching School	—	417	—	417
Other expenditure	186	23	—	209
Total expenditure	186	22,127	1,758	24,071
Net income (expenditure)	72	(1,509)	(1,644)	(3,081)
Transfers between funds	(872)	652	220	—
Other recognised gains and losses				
Actuarial gains on defined benefit pension scheme	—	2,046	—	2,046
Net movement in funds	(800)	1,189	(1,424)	(1,035)
Reconciliation of funds				
Total fund balances brought forward at 1 September 2016	1,001	(4,495)	60,522	57,028
Total fund balances carried forward at 31 August 2017	201	(3,306)	59,098	55,993

10 Staff costs

Staff costs were as follows:

	2018 Total funds £'000	2017 Total funds £'000
Wages and salaries	14,084	13,422
Social security costs	1,382	1,316
Operating costs of defined benefit pension schemes	2,626	2,228
Apprenticeship levy	54	—
	18,146	16,966
Supply teacher costs	5	220
Staff restructuring costs	86	20
	18,237	17,206

	2018 Total funds £'000	2017 Total funds £'000
Staff restricting costs comprise:		
Redundancy payments	6	—
Severance payments	80	20
	86	20

	2018 Total funds £'000	2017 Total funds £'000
Non statutory/non-contractual staff severance payments		
Total non-contractual severance payments 2018	59	20

Individually the payments for 2017-18 were: £31,795 and £27,225.

Individually the payments for 2016-17 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:

	2018 No.	2017 No.
Teaching	266	271
Admin and support	229	230
Management	7	8
	502	509

10 Staff costs (continued)

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

Higher paid staff	2018 No.	2017 No.
In the band £60,001 - £70,000	7	9
In the band £70,001 - £80,000	2	—
In the band £80,001 - £90,000	3	2
In the band £90,001 - £100,000	2	—
In the band £100,001 - £110,000	1	2
In the band £110,001 - £120,000	—	—
In the band £120,001 - £130,000	1	1

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 £932,455 (2017 - £718,499).

11 Trustees' remuneration and expenses

One Trustee has been paid remuneration or has received other benefits from an employment with the Academy Trust. The CEO only receives remuneration in respect of services they provide undertaking the roles of CEO under their contracts of employment, and not in respect of their role as Trustee. The value of Trustees' remuneration and other benefits was as follows:

	2018 £'000	2017 £'000
K Burns		
Remuneration	120-130	115-120
Pension contributions paid	—	—

During the year ended 31 August 2018, expenses totalling £1,457 (2017 - £2,177) were reimbursed to 3 Trustees (2017 - 3).

Notes to the financial statements Year to 31 August 2018

12 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 year is included in the total insurance cost.

13 Commercial trading operations

The share capital of Beacon Educational Services Trading Ltd, a company registered in England and Wales (company number 10877387), was issued to the Trust on 21 July 2017. The company is used for the provision of cleaning services to the Trust.

	2018 £'000
Turnover	334
Cost of sales	(334)
Gross profit	—
Administration expenses	—
Operating costs	—
Other interest receivable	—
Profit/(loss) before tax	—
Profit/(loss) for the financial period	—

The assets and liabilities of the subsidiary were:

	2018 £'000
Current assets	25
Creditors: amounts falling due within one year	(25)
Total assets less current liabilities	—

14 Central services

The Trust 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 proportionate to income per school recognised in the year.

Notes to the financial statements Year to 31 August 2018

14 Central services (continued)

The actual amounts charged during the year were as follows:

	2018 £'000	2017 £'000
Beal High School	1,354	729
The Forest Academy	550	356
Beal Business Innovation Hub	112	50
SCITT	43	—
Total	2,059	1,135

15 Intangible fixed assets

Group and Academy	Software Licences £'000	Total Funds £'000
Cost		
At 1 September 2017	98	98
Additions	—	—
At 31 August 2018	98	98
Amortisation		
At 1 September 2017	82	82
Charge for the year	4	4
At 31 August 2018	86	86
Carrying amount		
As 31 August 2018	12	12
At 31 August 2017	16	16

Notes to the financial statements Year to 31 August 2018

16 Tangible fixed assets

Group and Academy	Long-term leasehold property £'000	Plant and machinery £'000	Motor vehicles £'000	Fixtures and fittings £'000	Computer equipment £'000	Total funds £'000
Cost/valuation						
At 1 September 2017	62,752	634	16	900	1,723	66,025
Additions	357	4	—	—	—	361
Disposals	—	—	(13)	—	—	(13)
At 31 August 2018	63,109	638	3	900	1,723	66,373
Depreciation						
At 1 September 2017	5,103	276	13	329	1,222	6,943
Charge in year	1,260	63	1	90	297	1,711
Disposals	—	—	(13)	—	—	(13)
At 31 August 2018	6,363	339	1	419	1,519	8,641
Net book value						
At 31 August 2018	56,746	299	2	481	204	57,732
At 1 September 2017	57,649	358	3	571	501	59,082

17 Debtors

Group	2018 £'000	2017 £'000
Trade debtors	46	55
VAT detor	69	112
Other debtors	4	11
Prepayments and accrued income	362	555
	481	733
<hr/>		
Academy	2018 £'000	2017 £'000
Trade debtors	46	55
VAT detor	87	112
Other debtors	4	11
Prepayments and accrued income	363	555
	500	733

18a. Creditors: amounts falling due within one year

Group	2018 £'000	2017 £'000
Trade creditors	138	154
Other taxations and social security	352	344
Other creditors	253	458
Accruals and deferred income	875	858
	1,618	1,814

Notes to the financial statements Year to 31 August 2018

18a. Creditors: amounts falling due within one year (continued)

	2018 £'000	2017 £'000
Academy		
Trade creditors	154	154
Taxations and social security	352	344
Other creditors	253	458
Accruals and deferred income	868	858
	1,627	1,814
Group and Academy		
	2018 £'000	2017 £'000
Deferred income		
Deferred income at 1 September 2017	112	40
Resources deferred during the year	313	112
Amounts released from previous years	(112)	(40)
Deferred income at 31 August 2018	313	112

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.

18b. Creditors: Amounts falling due in greater than one year

	2018 £'000	2017 £'000
Group and academy		
Loans	250	—
	250	—

A loan of £250,000 was received from the ESFA, which is provided on the following terms;

- ◆ No interest is payable.
- ◆ The first repayment is due on 1 September 2020.
- ◆ Repayments will be made of £10,417 each month for 24 months.

Notes to the financial statements Year to 31 August 2018

19 Funds

	Balance at 1 September 2017 £'000	Income £'000	Expenditure £'000	Gains/ (losses) and transfers £'000	Balance at 31 August 2018 £'000
Unrestricted funds					
Unrestricted funds	201	333	(2,061)	—	(1,527)
Restricted general fund					
. General Annual Grant (GAG)	(121)	16,364	(16,245)	2	—
. Start up grants	—	1	(1)	—	—
. Pupil premium	—	592	(592)	—	—
. Other DfE/EFA grant	—	158	(158)	—	—
. Teaching schools	58	666	(476)	—	248
. Pension reserve	(3,243)	—	(587)	969	(2,861)
Local authority grants	—	1,324	(1,324)	—	—
Other restricted funds	—	892	(892)	—	—
Total restricted income funds	(3,306)	19,997	(20,275)	971	(2,613)
Restricted fixed asset fund					
Assets held for depreciation	59,098	—	(1,715)	361	57,744
DfE/ESFA capital grants	—	500	—	(363)	137
	59,098	500	(1,715)	(2)	57,881
Total funds	55,993	20,830	(24,051)	969	53,741

Notes to the financial statements Year to 31 August 2018

19 Funds (continued)

Comparative information

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

	Balance at 1 September 2016 £'000	Income £'000	Expenditure £'000	Gains/ (losses) and transfers £'000	Balance at 31 August 2017 £'000
Unrestricted funds					
Unrestricted funds	1,001	258	(186)	(872)	201
Restricted general fund					
. General Annual Grant (GAG)	261	15,951	(16,985)	652	(121)
. Start up grants	—	6	(6)	—	—
. Pupil premium	—	595	(595)	—	—
. Other DfE/EFA grant	—	127	(127)	—	—
. Teaching schools	115	710	(767)	—	58
. Other generated funds	—	1,234	(1,234)	—	—
. School trips	—	22	(22)	—	—
. Special educational projects	—	1,596	(1,596)	—	—
. Pension reserve	(4,871)	—	(418)	2,046	(3,243)
. Local authority grants	—	377	(377)	—	—
Total restricted income funds	(4,495)	20,618	(22,127)	2,698	(3,306)
Restricted fixed asset fund					
Assets held for depreciation	60,346	—	(1,758)	510	59,098
Other capital funding	176	114	—	(290)	—
	60,522	114	(1,758)	220	59,098
Total funds	57,028	20,990	(24,071)	2,046	55,993

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.

19 Funds (continued)

Comparative information (continued)

A current year 12 months and prior period combined position is as follows:

	Balance at 1 September 2016 £'000	Income £'000	Expenditure £'000	Gains/ (losses) and transfers £'000	Balance at 31 August 2018 £'000
Unrestricted fund					
Unrestricted funds	1,001	591	(2,247)	(872)	(1,527)
Restricted general fund					
General Annual Grant (GAG)	261	32,315	(33,230)	654	—
Start up grants	—	7	(7)	—	—
Pupil premium	—	1,187	(1,187)	—	—
Other DfE / ESFA grants	—	285	(285)	—	—
Teaching schools	115	1,376	(1,243)	—	248
Other generated funds	—	1,234	(1,234)	—	—
School trips	—	22	(22)	—	—
Pension reserve	(4,871)	—	(1,005)	3,015	(2,861)
Local authority grants	—	1,701	(1,701)	—	—
Other restricted funds	—	892	(892)	—	—
Total restricted funds	(4,495)	39,019	(40,806)	3,669	(2,613)
Restricted fixed asset funds					
Assets held for depreciation	60,346	—	(3,473)	871	57,744
Other capital funding	176	114	—	(290)	—
DfE/EFA capital grants	—	500	—	(363)	137
	60,522	614	(3,473)	218	57,881
Total funds	57,028	40,224	(46,526)	3,015	53,741

Analysis of fund balance by Academy

	2018 £'000	2017 £'000
Fund balances at 31 August 2018 were as follows:		
Beal High School	(1,897)	(260)
The Forest Academy	83	186
Beal Innovation Hub	282	139
SCITT	215	58
Central Trust	38	15
Total before fixed assets and pension reserve	(1,279)	138
Restricted fixed asset fund	57,881	59,098
Pension reserve	(2,861)	(3,243)
Total	53,741	55,993

19 Funds (continued)

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

	Teaching and educational support staff costs £'000	Other support staff costs £'000	Educational supplies £'000	Other costs (excluding depreciation) £'000	Total 2018 £'000	Total 2017 £'000
Beal High School	9,943	1,367	660	1,614	13,584	14,177
The Forest Academy	3,655	488	306	553	5,002	5,920
Beal Innovation Hub	743	42	34	38	857	734
SCITT	45	—	—	224	269	—
Central services	251	1,366	—	1,007	2,624	1,464
Total expenditure	14,637	3,263	1,000	3,436	22,336	22,296

20 Analysis of net assets between funds

Group	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset fund £'000	Total 2018 £'000
Fund balances at 31 August 2018 are represented by:				
Intangible fixed assets	—	12	—	12
Tangible fixed assets	—	—	57,732	57,732
Current assets	(1,527)	2,104	149	726
Current liabilities	—	(1,618)	—	(1,618)
Non-current liabilities	—	(250)	—	(250)
Pension scheme liability	—	(2,861)	—	(2,861)
Total net assets	(1,527)	(2,613)	57,881	53,741

21 Capital commitments

	2018 £'000	2017 £'000
Contracted for, but not provided in the financial statements	415	—

22 Commitments under operating leases

Operating leases

At 31 August 2018, the total of the Academy's future minimum lease payments under non-cancellable operating leases was:

	2018 £'000	2017 £'000
Amounts due within one year	160	227
Amounts due between one and five years	86	156
Amounts due after five years	—	86
	246	469

23 Pension and similar obligations

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 £252,105 were payable to the schemes at 31 August 2018 (2017 - £239,435) 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

23 Pension and similar obligations (continued)

Teachers' Pension Scheme (continued)

- ◆ 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 £1,429,299 (2017 - £1,359,334).

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

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

Local Government Pension Scheme (LGPS)

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 2018 was £766,000 (2017 - £726,000), of which employer's contributions totalled £607,000 (2017 - £579,000) and employees' contributions totalled £159,000 (2017 - £147,000). 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:

Principal Actuarial Assumptions	At 31 August 2018	At 31 August 2017
Discount rate for scheme liabilities	2.8%	2.5%
Rate of increase in salaries	2.4%	2.4%
Rate of increase for pensions in payment/inflation	2.4%	2.4%

23 Pension and similar obligations (continued)

Local Government Pension Scheme (LGPS) (continued)

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

	At 31 August 2018	At 31 August 2017
<i>Retiring today</i>		
Males	22.1	22.1
Females	24.3	24.2
<i>Retiring in 20 years</i>		
Males	23.9	23.9
Females	26.3	26.3

The Academy's share of the assets and liabilities in the scheme were:

	Fair value at 31 August 2018 £'000	Fair value at 31 August 2017 £'000
Equities	5,168	4,443
Bonds	1,345	1,234
Property	566	494
Total market value of assets	7,079	6,171
Present value of scheme liabilities		
· Funded	(9,940)	(9,414)
Deficit in the scheme	(2,861)	(3,243)

The actual return on scheme assets was £235,000 (2017 - £163,000).

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

	2018 £'000	2017 £'000
Amounts recognised in statement of financial activities		
Current service cost	(1,107)	(896)
Interest income	161	129
Interest cost	(248)	(230)
Total amount recognised in the SOFA	(1,194)	(997)

23 Pension and similar obligations (continued)

Local Government Pension Scheme (LGPS) (continued)

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

	2018 £'000	2017 £'000
Opening defined benefit obligation	9,414	10,978
Current service cost	1,107	896
Interest cost	248	230
Employee contributions	159	147
Remeasurements: Change in assumptions	(734)	(2,837)
Benefits paid	(254)	—
Closing defined benefit obligation	9,940	9,414

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

	2018 £'000	2017 £'000
Opening fair value of scheme assets	6,171	6,107
Interest income	161	129
Actuarial gains/(losses)	235	(791)
Employer contributions	607	579
Employee contributions	159	147
Benefits paid	(254)	—
Closing fair value of scheme assets	7,079	6,171

24 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.

25 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, Martin Corck claimed expenses for attending Board meetings through his company, Inspired Exchange. The total of these claims was £810.

25 Related party transactions (continued)

The son of the CEO is a director of a company BB5. This company provided the Trust with legal services at a total cost of £6,815. These have been provided 'at no more than cost' and BB5 has provided a statement of assurance confirming this.

The Trust Manager's son-in-law owns a web development company called Icy Mango. Purchases of a total cost of £22,210 were made by the Trust in the year.

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

26 Agency Arrangements

The Academy Trust distributes 16-19 bursary funds to students as an agent for EFA. In the accounting period ending 31 August 2018 the Trust received £95,048 and disbursed £79,369 from the fund. £169,535 remained undistributed at the 31 August 2018 and is included in other creditors (2017 - £148,376).

27 Post balance sheet events

As part of the recovery plan agreed with the ESFA, the Trust drew down £150,000 from the ESFA loan facility in September 2018.

28 Teaching School Trading Account

	2018 £'000	2018 £'000
Income		
Direct Income – Teaching School Grants	666	
Total income		666
Expenditure		
Direct expenditure	292	
Staff costs	184	
Total expenditure		(476)
Surplus from all sources		190