

BRIDGNORTH AREA SCHOOLS' TRUST
GOVERNORS' REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2016



Whittingham Riddell

chartered accountants

BRIDGNORTH AREA SCHOOLS' TRUST
(A company limited by guarantee)

CONTENTS

	Page
Reference and administrative details	1
Governors' report	2 - 6
Governance statement	7 - 9
Statement on regularity, propriety and compliance	10
Statement of Governors' responsibilities	11
Independent auditors' report on the financial statements	12 - 13
Independent auditors' assurance report on regularity	14 - 15
Statement of financial activities incorporating income and expenditure account	16
Balance sheet	17
Statement of cash flows	18
Notes to the financial statements	19 - 37

BRIDGNORTH AREA SCHOOLS' TRUST
(A company limited by guarantee)

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS GOVERNORS AND ADVISERS
FOR THE PERIOD ENDED 31 AUGUST 2016**

Members

J Mondon (appointed 1 June 2015)
D Ravenscroft (appointed 1 June 2015)
C McLoughlin (appointed 1 June 2015)
R Gill (appointed 4 April 2016)
K Howell (appointed 4 April 2016)

Governors

S Godden, Exec Head (appointed 1 June 2015)¹
J Mondon, Chair (appointed 1 June 2015)¹
C McLoughlin (appointed 1 June 2015)¹
V Jones (appointed 1 June 2015)¹
G Baker (appointed 1 June 2015)²
A Crawford-Thomas (appointed 1 June 2015)²
G Mark, Staff Trustee (appointed 1 June 2015)¹
N Hooper (appointed 4 April 2016)
K Moreton (appointed 1 June 2015, resigned 4 April 2016)²
J Perfect (appointed 1 June 2015, resigned 20 July 2016)¹

¹ Member of The Resources Committee

² Member of the Audit Committee

Company registered number

09617166

Company name

Bridgnorth Area Schools' Trust

Principal and registered office

Oldbury Wells School, Oldbury, Bridgnorth, Shropshire, WV16 5JD

Senior management team

S Godden, Executive Headteacher
G Mark, Deputy Headteacher#
L Thomas, Deputy Headteacher
B Brown, Assistant Headteacher
K Warner, Assistant Headteacher
J S Wycherley, Assistant Headteacher
K Cook, Director of Finance and Business
P O'Malley, Head of School (appointed 22 October 2016)

Independent auditors

Whittingham Riddell LLP, Belmont House, Shrewsbury Business Park, Shrewsbury, Shropshire, SY2 6LG

Bankers

Lloyds Bank, 8 High Street, Bridgnorth, WV16 4DN

BRIDGNORTH AREA SCHOOLS' TRUST
(A company limited by guarantee)

GOVERNORS' REPORT
FOR THE PERIOD ENDED 31 AUGUST 2016

The Governors present their annual report together with the financial statements and auditor's report of the charitable company for the period 1 July 2015 to 31 August 2016. The Annual report serves the purposes of both a Governors' report, and a Directors' report under company law.

Structure, governance and management

a. Constitution

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The trustees of Bridgnorth Area Schools' Trust are also the directors of the charitable company for the purposes of company law. The charitable company is known as Bridgnorth Area Schools' Trust (BAST).

Details of the Governors who served during the period are included in the Reference and administrative details on page 1.

b. Members' liability

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

c. Method of recruitment and appointment or election of Governors

There are five Member appointed Trustees. These Trustees appoint a further three Trustees. One of these appointments is a Staff Trustee and two are Academy Trustees. In addition, the Executive Headteacher is also a Trustee. The Trustees use a Skills Audit to ensure the right skills blend in Trustees.

d. Policies and procedures adopted for the induction and training of Governors

An induction pack and meeting is arranged for new Trustees. Other training is provided after a need area is identified. One Trustee is responsible for this coordination.

e. Pay policy for key management personnel

The Board of Trustees follows the LA agreed Pay Policy which is endorsed annually by the Members with regard to the setting of key management personnel pay.

Following performance management meetings (comprising performance management governors, School Improvement Partner and key management personnel) pay recommendations within the local LA wage band are set. Performance management outcomes are assessed in line with evidence that targets have been met and pay progression recommendations are then recommended by the Pay, Performance Management and Personnel Committee and endorsed by the Resources Committee.

BRIDGNORTH AREA SCHOOLS' TRUST
(A company limited by guarantee)

GOVERNORS' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2016

f. Organisational structure

The Trust has a Scheme of Delegation which reserves some decisions to Trustees. This includes areas such as Finance, Audit and Premises matters. Policies related to staff terms and conditions are also reserved for Trustees. The Trustees organise their work into:

- Board level
- Audit Committee
- Resources Committee (Finance and Premises)
- Pay, Performance Management and Personnel Committee

Some work is devolved to the Oldbury Wells School Local Governing Body (LGB). This includes curriculum, behaviour and attendance matters. The senior team has devolved responsibility for the day to day running of the school, strategic development, monitoring and reporting.

g. Connected organisations, including related party relationships

The Trust works with Idsall School and William Brookes School to jointly deliver/support some Key Stage 4 vocational courses.

Strategic report

Objectives and Activities

a. Objects and aims

The object of the Bridgnorth Area Schools' Trust is to build on the current strengths of the founding school, Oldbury Wells, and support schooling in Bridgnorth and the surrounding area. The aims of the Trust are as follows:

- To bring about the very best educational outcomes for our academy students
- To support and enrich education in our area. As a school we are committed to local education and have been for a long time. Our aim is to help bring about the best learning for pupils that we can, beyond our own school gates where that is appropriate.
- To further develop and strengthen partnerships to the benefit of the Trust.

b. Objectives, strategies and activities

1. Establish our Academy and structure processes outside of the local authority:
 - Completed through Board of Trustees, Local Governing Bodies, Senior Leadership Group and Clerk to the Governors.
 - Aided by the appointment of the Director of Finance and Business.
2. Become a Sponsoring Trust
 - Negotiations with local school in need, by the Headteacher and Trustees. Liaison with DfE and RSC.
3. Ensure good educational outcomes.
 - Strategic work of Senior Leadership Group and school staff.
4. Ensure good financial control
 - Work with auditors, accountants and Director of Finance and Business.

BRIDGNORTH AREA SCHOOLS' TRUST
(A company limited by guarantee)

GOVERNORS' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2016

c. Main activities undertaken to further the charity's purposes for the public benefit

We have undertaken activities related to our purpose to the public benefit. This has been primarily to run Oldbury Wells School and provide education to its pupils. It has also been to work in collaboration with other local education providers such as feeder primary schools where that has been fitting to our purpose

Achievements and performance

a. Key financial performance indicators

Key Performance Indicators: all met.

KPI: Current performance is good or better: self evaluation, moderated by our independent School Improvement Advisor, judges current performance as 'Good'. Met.

KPI: Outcomes are above floor standards. Met.

KPI: Attendance should be at 94% or higher: attendance for 2015/16 was 94.7%. Met.

KPI: The local authority is not working with our school in response to concerns. Met.

KPI: 70% of PAN for Year 7 entry: entry exceeds PAN. Met.

Key Financial Performance Indicators: all met.

KFPI: Operate a realistic balanced budget. Met.

KFPI: Monitor a control budget. Met.

KFPI: Academy staff costs controlled between 70% and 80%. Met.

b. Review of activities

All floor standards were exceeded at Oldbury Wells School.

Oldbury Wells School's examination results were positive. A-level progress has improved over three years. Our own calculations at GCSE indicate positive scores.

Our work with local schools has supported master classes in Maths and for reluctant readers (the latter targeting Pupil Premium students).

We achieved 'Sponsorship Status' and are expanding as a Multi-Academy Trust.

The Academy is currently in its first year of operation. The total number of pupils have risen for next year's intake due to our largest ever intake in Year 7. Priority has been given to going through the academy process and ensuring that the recommended policies and systems have been put into place and are firmly embedded.

c. Investment policy and performance

The Academy does not hold any investments. Bridgnorth Area Schools' Trust operates interest bearing current account with a bank approved by the Trust Board and maintains a balance in the account that is sufficient to cover immediate and forthcoming financial commitments and sufficient contingency for unexpected payments. The Trust will not take out any long term investments until a reliable cash-flow pattern has been established.

BRIDGNORTH AREA SCHOOLS' TRUST
(A company limited by guarantee)

GOVERNORS' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2016

Financial review

a. Going concern

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

b. Principal risks and uncertainties

The Trustees have assessed the major risks to which the Academy is exposed. These include; specific teaching, provision of facilities and other operational areas of the Academy and its finances. The Trustees have implemented a number of systems to address the risks that the Academy faces especially in the areas relating to teaching, ICT, health and safety and internal financial controls.

c. Reserves policy

The Trustees review the level of reserves are aware of the requirement to balance current and future needs. The Trustees always aim to set a balanced budget with annual income balancing annual expenditure. As such, the Trustees review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams. The Academy's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is £24,348. The cash balance of the Academy has been much improved during the year, ending the year with a balance of £357,618. Trustees will seek to invest these free reserves in line with strategic objectives.

d. Principal funding

Most of the Academy's income is obtained from the Education Funding Agency (EFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFA during the period ended 31 August 2016 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

Under the Charities SORP, it is necessary to charge projected deficits on the Local Government Pension Scheme, which is provided to support staff, to a restricted fund. This results in reducing reserves shown in the total funds of the Academy but does not present the Academy with any current financial risk. The employer contributions are currently being assessed and it is expected that these will increase to bring a further reduction in the pension deficit in future. Overall the Academy has a healthy balance sheet and cashflow and will be using the reserves to maintain current assets and also to invest back into the school in the form of additional resources and facilities in the long and short term in conjunction with the school development plan and school aims.

Following conversion to academy status the academy appointed a Director of Finance and Business. The Director of Finance and Business has been reviewing the financial processes and controls to improve the monitoring of income and expenditure and improve the systems for the reporting of financial information to the Governors and Trust Board. The governors through the resources committee and Headteacher receive financial progress reports throughout the year and compare against budgets submitted to the EFA. The resources committee also review strategic financial models (up to 5 years) to plan and organise resources most effectively to fulfil the aims of the academy.

BRIDGNORTH AREA SCHOOLS' TRUST
(A company limited by guarantee)

GOVERNORS' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2016

Plans for future periods

a. Future developments

The Bridgnorth Area Schools' Trust has been approved from the Department of Education to become an academy sponsor and approval has now been given for Alveley Primary School to join the Trust with effect from 1 November 2016.

Disclosure of information to auditors

Each of the persons who are Governors at the time when this Governors' report is approved has confirmed that:

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

This report, incorporating a strategic report, was approved by order of the board of trustees as the company directors, on 14 December 2016 and signed on its behalf by:



J Mondon, Chair
Chair of Trustees

BRIDGNORTH AREA SCHOOLS' TRUST
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GOVERNANCE STATEMENT

Scope of Responsibility

As governors, we acknowledge we have overall responsibility for ensuring that Bridgnorth Area Schools' 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 Executive Headteacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Bridgnorth Area Schools' 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 Governors' report and in the Statement of Governors' responsibilities. The board of trustees has formally met 8 times during the period. Attendance during the period at meetings of the board of trustees was as follows:

Governor	Meetings attended	Out of a possible
S Godden ,Executive Headteacher	8	8
J Mondon, Chair	8	8
C McLoughlin	8	8
V Jones	7	8
G Baker	7	8
A Crawford-Thomas	5	8
G Mark, Staff Trustee	7	8
N Hooper	1	2
K Moreton	5	6
J Perfect	5	8

There have been three key changes to the composition of the Board of Trustees during the year. Mr Hooper was appointed to bring knowledge of school improvement and education to the Board. He replaced Mr Moreton as Trustee but remains a Governor on Oldbury Wells School's Local Governing Body. Dr Perfect resigned after consideration that the DfE expressed concern that there were two school appointees on the Board.

The Resources Committee is a sub-committee of the main board of trustees. The Committee is responsible for funding, budgeting, expenditure, financial procedures, health and safety, asset management, property management, insurances and policies within its remit. This year, particular issues dealt with have included the tendering process for the bus contract, the EFA Condition Improvement Bid, reviewing the school's cleaning and catering contracts and provision of asset management.

Attendance at meetings in the period was as follows:

Governor	Meetings attended	Out of a possible
S Godden, Executive Headteacher	3	4
J Mondon, Chair	4	4
C McLoughlin	4	4
V Jones	3	4
G Mark, Staff Trustee	4	4
J Perfect	4	4

BRIDGNORTH AREA SCHOOLS' TRUST
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GOVERNANCE STATEMENT (continued)

The Audit Committee is also a sub-committee of the main board of trustees. It is responsible for external audit, extended external audit procedures, financial management and policies within its remit. This year, particular issues dealt with have included the development of the Risk Register and a review of the school's IT software licences and subscription services.

Attendance at meetings in the period was as follows:

Governor	Meetings attended	Out of a possible
G Baker	4	4
A Crawford-Thomas	4	4
K Moreton	2	2

Review of Value for money

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

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

1. Carrying out a whole school organisational restructure to ensure that all current posts and their contracts are in line with delivering the Academies aims and objectives;
2. Reviewing current service contracts to ensure they deliver value for money;
3. Reviewing trading services to ensure they support in raising additional income for the Academy; and
4. The focus on next year will be around procurement of services to deliver further efficiency savings that will benefit the Bridgnorth Area Schools' Trust by achieving better quality, delivering economies of scale across the Academy in line with our expansion plans.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy 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 Bridgnorth Area Schools' Trust for the period 1 July 2015 to 31 August 2016 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 is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy's significant risks, that has been in place for the period 1 July 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

BRIDGNORTH AREA SCHOOLS' TRUST
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GOVERNANCE STATEMENT (continued)

The Risk and Control Framework

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

The board of trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Governors have appointed Whittingham Riddell LLP, the external auditors, to perform additional checks.

The auditors' role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. On a quarterly basis, the auditors report to the board of trustees on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

Review of Effectiveness

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

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

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

Approved by order of the members of the board of trustees on 14 December 2016 and signed on their behalf, by:



J Mondon, Chair
Chair of Trustees



S Godden, Executive Headteacher
Accounting Officer

BRIDGNORTH AREA SCHOOLS' TRUST
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Bridgnorth Area Schools' Trust I have considered my responsibility to notify the academy trust board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA 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 2015.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2015.

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 EFA.



S Godden, Executive Headteacher
Accounting Officer

Date: 14/12/2016

BRIDGNORTH AREA SCHOOLS' TRUST
(A company limited by guarantee)

STATEMENT OF GOVERNORS' RESPONSIBILITIES
FOR THE PERIOD ENDED 31 AUGUST 2016

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

Company law requires the Governors to prepare financial statements for each financial year. Under company law the Governors 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 Governors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies' Accounts Direction 2015 to 2016;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

The Governors 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 14 December 2016 and signed on its behalf by:



J Mondon, Chair
Chair of Trustees

BRIDGNORTH AREA SCHOOLS' TRUST
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
BRIDGNORTH AREA SCHOOLS' TRUST**

We have audited the financial statements of Bridgnorth Area Schools' Trust for the period ended 31 August 2016 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

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 Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

Respective responsibilities of Governors and auditors

As explained more fully in the Statement of Governors' responsibilities, the Governors (who are also the directors of the Academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Academy's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Governors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Governors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

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

BRIDGNORTH AREA SCHOOLS' TRUST
(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
BRIDGNORTH AREA SCHOOLS' TRUST

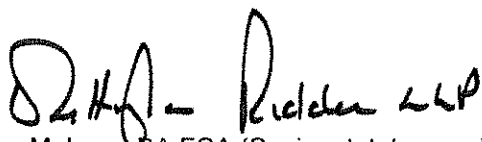
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Governors' report, incorporating the Strategic report, for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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



Andrew Malpass BA FCA (Senior statutory auditor)

for and on behalf of

Whittingham Riddell LLP

Chartered Accountants
Statutory Auditors

Belmont House
Shrewsbury Business Park
Shrewsbury
Shropshire
SY2 6LG
15 December 2016

BRIDGNORTH AREA SCHOOLS' TRUST
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**INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO BRIDGNORTH
AREA SCHOOLS' TRUST AND THE EDUCATION FUNDING AGENCY**

In accordance with the terms of our engagement letter dated March 2016 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Bridgnorth Area Schools' Trust during the period 1 July 2015 to 31 August 2016 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 Bridgnorth Area Schools' Trust and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Bridgnorth Area Schools' Trust and the EFA 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 Bridgnorth Area Schools' Trust and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Bridgnorth Area Schools' Trust's accounting officer and the reporting auditors

The accounting officer is responsible, under the requirements of Bridgnorth Area Schools' Trust's funding agreement with the Secretary of State for Education dated 23 March 2015, and the Academies Financial Handbook extant from 1 September 2015, 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 2015 to 2016. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 July 2015 to 31 August 2016 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 2015 to 2016 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

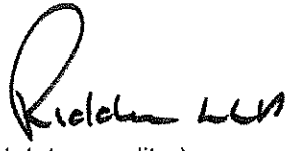
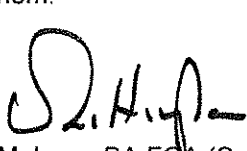
Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the Academy's income and expenditure.

BRIDGNORTH AREA SCHOOLS' TRUST
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**INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO BRIDGNORTH
AREA SCHOOLS' TRUST AND THE EDUCATION FUNDING AGENCY (continued)**

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 July 2015 to 31 August 2016 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Andrew Malpass BA FCA (Senior statutory auditor)

for and on behalf of

Whittingham Riddell LLP

Chartered Accountants
Statutory Auditors

Belmont House
Shrewsbury Business Park
Shrewsbury
Shropshire
SY2 6LG

15 December 2016

BRIDGNORTH AREA SCHOOLS' TRUST
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE PERIOD ENDED 31 AUGUST 2016**

	Note	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £
INCOME FROM:					
Donations & capital grants:					
Balances introduced on conversion	2	(192,508)	(742,374)	6,352,000	5,417,118
Other donations and capital grants	2	-	1,367	-	1,367
Charitable activities	3	24,348	4,900,404	-	4,924,752
TOTAL INCOME		<u>(168,160)</u>	<u>4,159,397</u>	<u>6,352,000</u>	<u>10,343,237</u>
EXPENDITURE ON:					
Charitable activities		-	4,692,265	59,505	4,751,770
TOTAL EXPENDITURE	6	<u>-</u>	<u>4,692,265</u>	<u>59,505</u>	<u>4,751,770</u>
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS					
Transfers between Funds	17	(168,160) 15,000	(532,868) (16,100)	6,292,495 1,100	5,591,467 -
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES					
		(153,160)	(548,968)	6,293,595	5,591,467
Actuarial losses on defined benefit pension schemes	21	-	(504,000)	-	(504,000)
NET MOVEMENT IN FUNDS		<u>(153,160)</u>	<u>(1,052,968)</u>	<u>6,293,595</u>	<u>5,087,467</u>
RECONCILIATION OF FUNDS:					
Total funds brought forward		-	-	-	-
TOTAL FUNDS CARRIED FORWARD		<u>(153,160)</u>	<u>(1,052,968)</u>	<u>6,293,595</u>	<u>5,087,467</u>

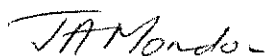
All of the Academy's activities derive from acquisitions in the current financial period.

BRIDGNORTH AREA SCHOOLS' TRUST
(A company limited by guarantee)
REGISTERED NUMBER: 09617166

BALANCE SHEET
AS AT 31 AUGUST 2016

	Note	£	2016 £
FIXED ASSETS			
Tangible assets	13		6,293,595
CURRENT ASSETS			
Debtors	14	65,997	
Cash at bank and in hand		357,618	
		423,615	
CREDITORS: amounts falling due within one year	15	(195,235)	
NET CURRENT ASSETS			228,380
TOTAL ASSETS LESS CURRENT LIABILITIES			6,521,975
CREDITORS: amounts falling due after more than one year	16		(117,508)
NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES			6,404,467
Defined benefit pension scheme liability	21		(1,317,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			5,087,467
FUNDS OF THE ACADEMY			
Restricted income funds:			
Restricted income funds	17	264,032	
Restricted fixed asset funds	17	6,293,595	
		6,557,627	
Restricted income funds excluding pension liability		6,557,627	
Pension reserve		(1,317,000)	
Total restricted income funds			5,240,627
Unrestricted income funds	17		(153,160)
TOTAL FUNDS			5,087,467

The financial statements were approved by the Governors, and authorised for issue, on 14 December 2016 and are signed on their behalf, by:



J Mondon, Chair
Chair of Trustees

The notes on pages 19 to 37 form part of these financial statements.

BRIDGNORTH AREA SCHOOLS' TRUST
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 AUGUST 2016

	Note	2016 £
Cash flows from operating activities		
Net cash provided by operating activities	19	<u>358,718</u>
Cash flows from investing activities:		
Purchase of tangible fixed assets		<u>(1,100)</u>
Net cash used in investing activities		<u>(1,100)</u>
Change in cash and cash equivalents in the period		357,618
Cash and cash equivalents brought forward		<u>-</u>
Cash and cash equivalents carried forward	20	<u><u>357,618</u></u>

All of the cash flows are derived from acquisitions in the current financial period.

BRIDGNORTH AREA SCHOOLS' TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES

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

1.1 Basis of preparation of financial statements

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

Bridgnorth Area Schools' Trust constitutes a public benefit entity as defined by FRS 102.

1.2 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 Governors.

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.

BRIDGNORTH AREA SCHOOLS' TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

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

General Annual Grant is recognised in full in the Statement of financial activities incorporating income and expenditure account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

Sponsorship income provided to the Academy which amounts to a donation is recognised in the Statement of financial activities incorporating income and expenditure account in the period in which it is receivable, where there is certainty of receipt and it is measurable.

Donations are recognised on a receivable basis where there is certainty of receipt 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.

1.4 Expenditure

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

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

Grants payable are charged in the year when the offer is made except in those cases where the offer is conditional, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to conditions which have not been met at the year end are noted as a commitment, but not accrued as expenditure.

All resources expended are inclusive of irrecoverable VAT.

BRIDGNORTH AREA SCHOOLS' TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

1.5 Going concern

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

1.6 Tangible fixed assets and depreciation

All assets costing more than £500 are capitalised.

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.

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.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Long-term leasehold property	-	125 years straight line
Fixtures and fittings	-	20% straight line

1.7 Interest receivable

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

1.8 Operating leases

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

BRIDGNORTH AREA SCHOOLS' TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

1.9 Debtors

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

1.10 Cash at Bank and in hand

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

1.11 Liabilities and provisions

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

1.12 Financial instruments

The Academy only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

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.

BRIDGNORTH AREA SCHOOLS' TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

1.14 Pensions

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

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 21, 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 Conversion to an academy trust

The conversion from a state maintained school to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for £NIL consideration. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below.

The assets and liabilities transferred on conversion from Oldbury Wells School to an academy trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in Charitable activities - transfer from local authority on conversion in the Statement of financial activities incorporating income and expenditure account and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Further details of the transaction are set out in note 7.

BRIDGNORTH AREA SCHOOLS' TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2016**

1. ACCOUNTING POLICIES (continued)

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.

Critical areas of judgement are:

Assumptions used in pensions valuation

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 21, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. 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.

Long term leasehold property

The Academy's land and buildings were brought in on conversion based on valuations provided by the EFA.

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £
Deficit introduced from local authority	(192,508)	-	-	(192,508)
Pension scheme introduced on conversion	-	(768,000)	-	(768,000)
School fund introduced on conversion	-	25,626	-	25,626
Land and buildings introduced on conversion	-	-	6,352,000	6,352,000
Balances introduced on conversion	(192,508)	(742,374)	6,352,000	5,417,118
Donations	-	1,367	-	1,367
Total donations and capital grants	(192,508)	(741,007)	6,352,000	5,418,485

BRIDGNORTH AREA SCHOOLS' TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2016**

3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £
DfE/EFA grants			
General Annual Grant (GAG)	-	4,363,813	4,363,813
	-	4,363,813	4,363,813
Other government grants			
Other DfE / EFA Grants	-	237,161	237,161
	-	237,161	237,161
Other funding			
Other Grants	-	73,876	73,876
Music Income	-	7,158	7,158
Coach Income	-	111,335	111,335
Other Income	2,633	-	2,633
Lettings Income	21,715	-	21,715
School fund Income	-	107,061	107,061
	24,348	299,430	323,778
	24,348	4,900,404	4,924,752

4. DIRECT COSTS

	Activities £	Total 2016 £
Pension income	31,000	31,000
Educational Supplies and Services	181,683	181,683
Staff Development	4,112	4,112
Other Costs	18,943	18,943
Examination Fees	70,500	70,500
Security and Transport	171,297	171,297
Other Support Costs	4,600	4,600
Wages and salaries	2,417,341	2,417,341
National insurance	269,069	269,069
Pension cost	313,364	313,364
	3,481,909	3,481,909

BRIDGNORTH AREA SCHOOLS' TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2016

5. SUPPORT COSTS

	Activities £	Total 2016 £
Maintenance of Premises	53,645	53,645
Catering & Hospitality	14,503	14,503
Governance Costs	55,870	55,870
Repairs and Maintenance	19,736	19,736
Technology Costs	36,122	36,122
Interest and Finance Costs	(421)	(421)
Cleaning	87,693	87,693
Energy Costs	72,577	72,577
Rent and Rates	39,644	39,644
Security and Transport	21,658	21,658
Other Support Costs	73,246	73,246
Insurance	23,329	23,329
Pension Costs	25,158	25,158
School fund Expenditure	87,407	87,407
Wages and salaries	502,979	502,979
National insurance	31,130	31,130
Pension cost	65,830	65,830
Depreciation	59,505	59,505
	<u>1,269,611</u>	<u>1,269,611</u>

6. EXPENDITURE

	Staff costs 2016 £	Premises 2016 £	Other costs 2016 £	Total 2016 £
Activities:				
Direct costs	2,999,774	-	482,135	3,481,909
Support costs	599,939	239,743	429,929	1,269,611
	<u>3,599,713</u>	<u>239,743</u>	<u>912,064</u>	<u>4,751,520</u>

BRIDGNORTH AREA SCHOOLS' TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2016**

7. CONVERSION TO AN ACADEMY TRUST

On 1 July 2015 Oldbury Wells School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Bridgnorth Area Schools' Trust from Shropshire Council for £nil consideration.

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

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

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Freehold/leasehold land and buildings	-	-	6,352,000	6,352,000
Budget surplus/(deficit) on LA funds	(192,508)	-	-	(192,508)
LGPS pension surplus/(deficit)	-	(768,000)	-	(768,000)
Net assets/(liabilities)	<u>(192,508)</u>	<u>(768,000)</u>	<u>6,352,000</u>	<u>5,391,492</u>

8. NET INCOMING RESOURCES/(RESOURCES EXPENDED)

This is stated after charging:

	2016 £
Depreciation of tangible fixed assets: - owned by the charity	<u>59,505</u>

9. GOVERNORS' AND OFFICERS' INSURANCE

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

BRIDGNORTH AREA SCHOOLS' TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2016

10. STAFF COSTS

Staff costs were as follows:

	2016 £
Wages and salaries	2,883,963
Social security costs	300,199
Operating costs of defined benefit pension schemes	379,194
	<hr/>
	3,563,356
Supply teacher costs	36,357
	<hr/>
	<u>3,599,713</u>

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

	2016 No.
Teachers	42
Administration and Support	46
Management	7
	<hr/>
	<u>95</u>

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

	2016 No.
In the band £60,001 - £70,000	2
In the band £70,001 - £80,000	1

The key management personnel received in total remuneration of £456,782 and pension contributions of £73,948.

BRIDGNORTH AREA SCHOOLS' TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2016**

11. GOVERNORS' REMUNERATION AND EXPENSES

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

		2016 £
S Godden, Exec Head	Remuneration	70,000-75,000
	Pension contributions paid	10,000-15,000

During the period, no Governors received any reimbursement of expenses.

12. OTHER FINANCE INCOME

	2016 £
Interest on pension scheme liabilities	(31,000)

13. TANGIBLE FIXED ASSETS

	Long-term leasehold property £	Fixtures and fittings £	Total £
Cost			
Additions	6,352,000	1,100	6,353,100
At 31 August 2016	6,352,000	1,100	6,353,100
Depreciation			
At 1 July 2015	-	-	-
Charge for the period	59,285	220	59,505
At 31 August 2016	59,285	220	59,505
Net book value			
At 31 August 2016	6,292,715	880	6,293,595

BRIDGNORTH AREA SCHOOLS' TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2016

14. DEBTORS

	2016 £
Trade debtors	4,478
Prepayments and accrued income	23,180
Tax recoverable	38,339
	<hr/>
	65,997
	<hr/> <hr/>

15. CREDITORS: Amounts falling due within one year

	2016 £
Trade creditors	1,650
Other taxation and social security	57,842
Due to EFA	60,000
Other creditors	34,029
Accruals and deferred income	41,714
	<hr/>
	195,235
	<hr/> <hr/>

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

	2016 £
Other creditors	117,508
	<hr/> <hr/>

BRIDGNORTH AREA SCHOOLS' TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2016**

17. STATEMENT OF FUNDS

	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Unrestricted funds						
General Funds	-	24,348	-	-	-	24,348
Deficit from Local Authority	-	(192,508)	-	15,000	-	(177,508)
	<u>-</u>	<u>(168,160)</u>	<u>-</u>	<u>15,000</u>	<u>-</u>	<u>(153,160)</u>
Restricted funds						
GAG Funds	-	4,363,813	(4,148,961)	(161,100)	-	53,752
Other DfE / EFA Grants	-	237,161	(217,161)	(20,000)	-	-
Other restricted Funds	-	164,736	(164,736)	-	-	-
School Fund Income	-	132,687	(87,407)	-	-	45,280
Capital improvement fund	-	-	-	20,000	-	20,000
IT equipment replacement fund	-	-	-	50,000	-	50,000
Fund for deficit repayment	-	-	-	95,000	-	95,000
Pension reserve	-	(739,000)	(74,000)	-	(504,000)	(1,317,000)
	<u>-</u>	<u>4,159,397</u>	<u>(4,692,265)</u>	<u>(16,100)</u>	<u>(504,000)</u>	<u>(1,052,968)</u>
Restricted Fixed Asset Funds						
Fixed assets introduced on conversion	-	6,352,000	(59,285)	-	-	6,292,715
Fixed asset additions	-	-	(220)	1,100	-	880
	<u>-</u>	<u>6,352,000</u>	<u>(59,505)</u>	<u>1,100</u>	<u>-</u>	<u>6,293,595</u>
Total restricted funds	<u>-</u>	<u>10,511,397</u>	<u>(4,751,770)</u>	<u>(15,000)</u>	<u>(504,000)</u>	<u>5,240,627</u>
Total of funds	<u>-</u>	<u>10,343,237</u>	<u>(4,751,770)</u>	<u>-</u>	<u>(504,000)</u>	<u>5,087,467</u>

BRIDGNORTH AREA SCHOOLS' TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2016**

17. STATEMENT OF FUNDS (continued)

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

The GAG, other DfE/EFA grants and other restricted funds are to be applied for educational purposes.

Capital improvement fund is being held for the purposes of repair work required to the school. The deficit repayment fund has been allocated to fund the portion of the inherited deficit falling due in the next 12 months.

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

Under the funding agreement with the Secretary of State, the Academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2016.

18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £
Tangible fixed assets	-	-	6,293,595	6,293,595
Current assets	24,348	399,267	-	423,615
Creditors due within one year	(60,000)	(135,235)	-	(195,235)
Creditors due in more than one year	(117,508)	-	-	(117,508)
Provisions for liabilities and charges	-	(1,317,000)	-	(1,317,000)
	<u>(153,160)</u>	<u>(1,052,968)</u>	<u>6,293,595</u>	<u>5,087,467</u>

BRIDGNORTH AREA SCHOOLS' TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2016

19. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2016 £
Net income for the year (as per Statement of financial activities)	5,591,467
Adjustment for:	
Depreciation charges	59,505
Increase in debtors	(65,997)
Increase in creditors	312,743
Defined benefit pension scheme finance cost	813,000
Net (loss) on assets and liabilities from local authority on conversion	(6,352,000)
Net cash provided by operating activities	<u><u>358,718</u></u>

20. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2016 £
Cash in hand	357,618
Total	<u><u>357,618</u></u>

BRIDGNORTH AREA SCHOOLS' TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2016**

21. PENSION COMMITMENTS

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

As described in note 7 the LGPS obligation relates to the employees of the academy trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the Scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy trust at the balance sheet date.

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

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

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

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The 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 (currently 14.1%)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

BRIDGNORTH AREA SCHOOLS' TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2016**

21. PENSION COMMITMENTS (continued)

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS will be as at March 2016, 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 £280,650.

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

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2016 was £153,903., of which employer's contributions totalled £121,677. and employees' contributions totalled £32,226.. The agreed contribution rates for future years are % for employers and % 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:

	2016
Discount rate for scheme liabilities	2.10 %
Expected return on scheme assets at 31 August	8.80 %
Rate of increase in salaries	3.30 %
Rate of increase for pensions in payment / inflation	1.90 %
Inflation assumption (CPI)	1.80 %

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

	2016
Retiring today	
Males	23.9
Females	26.4
Retiring in 20 years	
Males	26.2
Females	29.2

BRIDGNORTH AREA SCHOOLS' TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2016

21. PENSION COMMITMENTS (continued)

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

	Fair value at 31 August 2016 £
Equities	462,000
Other Bonds	171,000
Property	45,000
Cash/liquidity	15,000
Other	175,000
	868,000
	868,000

The actual return on scheme assets was £76,000.

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

	2016 £
Current service cost (net of employee contributions)	(133,000)
Net interest cost	(31,000)
Administration costs	(3,000)
	(167,000)
	(167,000)

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

	2016 £
Upon conversion	1,281,000
Current service cost	133,000
Interest cost	60,000
Member contributions	32,000
Remeasurements (liabilities)	
(Gain)/loss on assumptions	550,000
Benefits paid	129,000
	2,185,000
	2,185,000

BRIDGNORTH AREA SCHOOLS' TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2016

21. PENSION COMMITMENTS (continued)

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

	2016 £
Upon conversion	513,000
Interest income	29,000
Actuarial gains and (losses)	(504,000)
Remeasurements (liabilities)	
(Gain)/loss on assumptions	550,000
Contributions by employer	122,000
Contributions by employees	32,000
Benefits paid	129,000
Administration expenses	(3,000)
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Closing fair value of scheme assets	868,000
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22. OPERATING LEASE COMMITMENTS

At 31 August 2016 the total of the Academy trust's future minimum lease payments under non-cancellable operating leases was:

	2016 £
Amounts payable:	
Within 1 year	27,516
Between 1 and 5 years	3,354
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Total	30,870
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23. MEMBERS' LIABILITY

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

24. 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.

During the year there have not been any related party transactions.