

BURY ST EDMUNDS ACADEMY TRUST
(A Company Limited by Guarantee)
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

BURY ST EDMUNDS ACADEMY TRUST
(A Company Limited by Guarantee)

CONTENTS

	Page
Reference and Administrative Details	1
Trustees' Report	2 - 7
Governance Statement	8 - 10
Statement on Regularity, Propriety and Compliance	11
Statement of Trustees' Responsibilities	12
Independent Auditors' Report on the Financial Statements	13 - 15
Independent Reporting Accountant's Report on Regularity	16 - 17
Statement of Financial Activities Incorporating Income and Expenditure Account	18
Balance Sheet	19
Statement of Cash Flows	20
Notes to the Financial Statements	21 - 43

BURY ST EDMUNDS ACADEMY TRUST
(A Company Limited by Guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS

Members	M Culpin (resigned 24 September 2018) S Boor C Pamplin I Cox
Trustees	V Neale S Boor C Pamplin, Vice Chairman A Wilkinson (appointed 24 September 2018) C Quinn, Chair (appointed 16 July 2019) M Wilcock (appointed 12 March 2018, resigned 16 July 2019)
Member	E White (appointed 9 July 2018) I Cox
Company Registered Number	07697600
Company name	Bury St Edmunds Academy Trust
Registered and Principal Office	Beetons Way Bury St Edmunds IP32 6RF
Company Secretary	A Bryant
Accounting Officer	V Neale
Senior Leadership Team	Mrs V Neale, Headteacher (County Upper School) Nr N Templeton, Headteacher (Westley Middle School) Mr S Palmer, Headteacher (Horringer Court Middle School) Mrs C Bates, Headteacher (Tollgate Primary School)
Independent Auditors	Price Bailey LLP Chartered Accountants Causeway House 1 Dane Street Bishop's Stortford Hertfordshire CM23 3BT
Bankers	Lloyds Bank Plc Bury St Edmunds Suffolk IP33 3AH
Solicitors	Birketts Providence House 141-145 Princes Street Ipswich IP1 1QJ

BURY ST EDMUNDS ACADEMY TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2019

The Trustees present their Annual Report together with the financial statements and Auditor's Report of The Bury St Edmunds Academy Trust (the Charitable Company or the Trust) for the year 1 September 2018 to 31 August 2019. The Annual Report serves the purposes of both a Trustees' Report, and a Directors' Report under company law.

The Charitable Company operates Tollgate Primary School, Horringer Court Middle School, Westley Middle School and County Upper School Academies (the Schools or the Academies). County Upper School and Westley remain routinely oversubscribed and Horringer Court is almost full now after years of being undersubscribed prior to conversion. The numbers at Tollgate have increased significantly during the year.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Trust is a company limited by guarantee and an exempt charity. The Charitable Company's Memorandum and Articles of Association are its primary governing documents. The Trustees of the Charitable Company are also the Directors for the purposes of company law. The terms Trustee and Director are interchangeable in this report and refer to a member of the Board of Trustees (MGB). The term Governor refers to a member of a Local Governing Body (LGB).

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 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.

Method of Recruitment and Appointment or Election of Trustees

Arrangements as set out in the articles/funding agreement. Recruitment to the MGB ensures due representation of parents, staff and community Trustees as well as representation from each phase (primary, middle and upper) and each Academy.

Parent Trustee vacancies are advertised on the Schools' websites and communicated via the weekly information sheet. Staff Trustee vacancies are advertised on the staff noticeboards and communicated via staff briefings. Community Trustee vacancies are advertised on the Schools' websites. The management of the Trust is the responsibility of the Trustees who are appointed under the terms of the Articles of Association.

Trustees are appointed for a four year period, except that this time limit does not apply to the Accounting Officer. Subject to remaining eligible to be a particular type of Trustee, any Trustee can be re-appointed or re-elected.

All new Trustees will be given a tour of the Academies and the chance to meet with staff and students. All Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Trustees. As there are normally very few new Trustees a year, induction tends to be done informally and is tailored specifically to the individual.

Policies and Procedures Adopted for the Induction and Training of Trustees and Governors

For 2018-2019, joint training sessions for Trustees and Governors across the Academies continued. Governors also were given access to online training and to 'The Key'. The training and induction provided for new Trustees depended on their existing experience. "How do I get started?" sessions were provided for all new Trustees on education, legal and financial matters.

BURY ST EDMUNDS ACADEMY TRUST
(A Company Limited by Guarantee)

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

Organisational Structure

The governance of the Trust is defined in the Memorandum and Articles of Association together with the funding agreement with the Department of Education.

The MGB meets on at least 6 occasions during the year, and is responsible for setting general policy, adopting an annual plan and budget, monitoring the Academies by the use of budgets and making major decisions about the direction of the Trust, capital expenditure and staff appointments. This MGB contains the Accounting Officer.

The Senior Leadership Team (SLT) of each Academy report to the MGB and their LGB and are responsible at an executive level for implementing policies; responsible for the day to day operation of the Academies, in particular organising staff, resources and children. They are responsible for the authorisation of spending within agreed budgets and for the appointment all following vetting and safeguarding recruitment process.

The Accounting Officer has overall responsibility for the day to day financial management of the Charitable Company and has delegated responsibility for low values of expenditure to specific budget holders who are each responsible for managing their own Academy and departments within the constraints of their allocated budgets. A system of financial controls is in place to manage this process.

Pay Policy for Key Management Personnel

Key management personnel include Trustees and those staff to whom the Trustees have delegated significant authority and responsibility in the day-to-day running of the Trust, as shown on page 1.

The Trust chooses to follow both the School Teacher's Pay and Conditions Document and the NJC Local Government arrangements for school based staff. In addition it operates a rigorous appraisal process for all staff which is based on current best practice to ensure that staff are both supported to do their jobs to the best of their ability, and also challenged when this is found not to be the case.

The MGB and LGB's review key benchmarks which relate to the performance and appraisal process and review criteria, such as the progress made by individual, small groups and cohorts of pupils among others. They also utilise the services of an external 'critical friend' to support both the annual in-depth performance management meeting and mid-year review of the Accounting Officer.

Connected Organisations, Including Related Party Relationships

Owing to the nature of the Trust's operations and the composition of the MGB being drawn from local public and private sector organisations, transactions may take place with organisations in which a Trustee has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Trust's financial regulations and normal procurement procedures. No such transactions took place in 2018-19.

Trade Unions

During the year no employees of the Trust acted as union officials. The employees spent no hours of their time on union facility. The total cost of facility time is therefore £Nil for the year.

Trustees Indemnities

In accordance with normal commercial practice the Trust has purchased insurance to protect Trustees, Governors and Officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business. The insurance provides cover up to £5,000,000 on any one claim and details of the costs are disclosed in Note 12 to the accounts.

BURY ST EDMUNDS ACADEMY TRUST
(A Company Limited by Guarantee)

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

Risk Management

The Trustees have assessed the major risks to which the Trust is exposed, in particular those related to the operations and finances of the Trust, and are satisfied that systems and procedures are in place to mitigate our exposure to the major risks.

Objectives and Activities

Objects and Aims

The principal object and aim of the Charitable Company is the operation of academies to provide free education and care for pupils of different abilities.

Objectives, Strategies and Activities

During the year the individual Academies have worked towards achieving these aims by;

- ensuring that every child enjoys the same high quality education in terms of resourcing, tuition, extra-curricular activity and care;
- raising the standard of educational achievement of all pupils;
- improving the effectiveness of their Academy by keeping the curriculum and organisational structure under continual review;
- providing value for money for the funds expended;
- complying with all appropriate statutory and curriculum requirements; and
- conducting the Trust's business in accordance with the highest standards of integrity.

The Trust aims to get the best for, and from, each child. We intend to enable each child to realise his or her full academic, creative and physical potential and to develop positive social and moral values. The Trust has further developed all-through curriculum route plans from 4-16 which address both changes to the primary curriculum and GCSEs so as to prevent 'dips on transfer.' The Trust has developed an assessment system that tracks children from 4-14. The Trust also has an all-through sports programme which is delivering primary sports, addressing fitness concerns and providing 'sporty Saturdays' and holiday activities. In 2018-19, a Director of Performing Arts and a Director of Sport were appointed further to strengthen an already strong offering. A highly trained Safeguarding Officer across the Trust has been appointed and enhances the work of the separate DSLs on each campus in this very important aspect of our work.

Public Benefit

The Trustees believe that by working towards the objects and aims of the Trust as detailed above, they have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission.

Fundraising

The Trust only held small fundraising events during the year including Summer Fayres, Christmas fetes and non-uniform days. The Trust does not work with professional fundraisers or companies who carry out fundraising on its behalf. During the year no complaints or issues have arisen as a result of the fundraising events.

Employees and disabled persons

Applications for employment by disabled persons are given full and fair consideration for all vacancies in accordance with their particular aptitude and abilities. In the event of employees becoming disabled, the Trust seeks advice and then every effort is made to retain them in either their current role or an alternative position within the Trust, in order that their employment within the Trust may continue.

BURY ST EDMUNDS ACADEMY TRUST
(A Company Limited by Guarantee)

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

STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

Key Performance Indicators

The Trustees receive half termly information to enable them to monitor the performance of the Academies compared to aims, strategies and financial budgets.

As funding is based on pupil numbers this is a key performance indicator. Pupil numbers for 2019 are 2,118, not including the 38 in nursery (2018: 2,134 and 31 in nursery).

Another key financial performance indicator is staffing costs as a percentage of total income, excluding income transferred on conversion. For 2018-19 this was 71% (2017-18: 71%).

Going Concern

After making appropriate enquiries, the Trustees have a reasonable expectation that the 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.

Review of Activities

Bury St Edmunds County Upper School marks the final School on the all-age continuum. It is an oversubscribed all-ability School taking students between the ages of thirteen and nineteen. There are some 1,000 pupils on roll. The School has been judged 'outstanding' by Ofsted in eight inspections across twenty years and is renowned for both its extracurricular achievement and examination results. In January 2019, Ofsted found all areas remained outstanding except safeguarding and awaits another inspection when it expects safeguarding to be effective. This summer the School had a 99.6% pass rate for A-levels. 82% were A*- C grades, being the second highest maintained school in Suffolk. The GCSE results on all but one measure were comfortably above average and the EBacc was especially high in terms of entry, attainment and progress, the latter was the highest in Suffolk.

Horringer Court Middle School is one of the two middle campuses of an all-through school covering ages 9-13. The number of pupils from well out of area remains high. Attainment in English and Maths at KS2 has been consistently above the National Average for the last three years. Progress over pupils' four years at the campus is good. Averaging the last three years the results have been 7.5 percentage points above the national average and current predictions for KS2 and progress over four years show that a similar trend will prevail and this is sustainable. Horringer Court received a strong Good from Ofsted in June 2016.

Westley Middle School is an oversubscribed middle campus providing a broad and balanced curriculum for pupils aged 9-13. The School continues to be oversubscribed for Y5. The School was judged as good in December 2016. The School provides an extensive extra curriculum covering art, music, sport, drama and much more. The SATs Results for 2019 were above the national average.

Tollgate Primary is a School which became an academy on 1 July 2014. Up to that point it was in Special Measures and is now making good progress with the support of the Trust. In May 2017 it was inspected by Ofsted and given a 'Good' grading. A new substantive Head took up post at Easter 2019 since when staffing has been very stable and pupil numbers have risen significantly better results are being seen in the early years which should continue through the School as these pupils move through.

BURY ST EDMUNDS ACADEMY TRUST
(A Company Limited by Guarantee)

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

FINANCIAL REVIEW

The principal source of funding for the Trust is the General Annual Grant (GAG) and other grants that it receives from the ESFA. For the year ended 31 August 2019 the Trust received £12,413,058 (2018: £12,070,224) of GAG and other funding. A high percentage of this income is spent on wages and salaries and support costs to deliver the Trusts primary objective of the provision of education. During the year the Trust spent £12,115,768 (2018: £11,601,745) and had an in year surplus (excluding fixed assets and pensions) of £171,800. The overall fund surplus carried forward, including fixed asset funds and pensions, was £31,424,502 (2018: £32,106,212).

Reserves Policy

The Trustees 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

The total of restricted and unrestricted funds before fixed assets and pension reserves at the year-end was £429,712 (2018 - £601,512). The Trust's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is £135,795 (2018 - £323,795).

The cash balance of the Trust has been very healthy all year, ending the year with a balance of £1,544,353 (2018: £1,533,358). The Trustees have determined that they should hold a cash contingency equivalent to two weeks' expenditure, approximately £450,000. The Trust also has some capital plans to make better use of its sites. School reorganisation in the rest of Bury St. Edmunds means there is considerable uncertainty about what additional places, resources and classrooms the Trust may need.

Due to the accounting rules for the Local Government Pension Scheme under FRS102, the Trust is recognising a significant pension fund deficit of £2,416,000 (2018 - £1,160,000). This does not mean that an immediate liability for this amount crystallises and that such a deficit generally results in a cash flow effect in the form of increased employer contributions over a number of years.

Principal Risks and Uncertainties

The Trustees maintain a risk register identifying the major risks to which the Trust is exposed, and identifying actions and procedures to mitigate those risks. A formal review of the risk management process is undertaken on an annual basis and the internal control systems and the exposure to said risks are monitored on behalf of the Trustees at each Finance Committee meeting. The principal risks facing the Trust are outlined below; those facing the Academies at an operational level are addressed by its systems and by internal financial and other controls.

The Trustees report that the Trust's financial and internal controls conform to guidelines issued by the ESFA, and that improvements to the wider framework of systems dealing with business risk and risk management strategy continue to be made and formally documented.

It is recognised that systems can only provide reasonable but not absolute assurance that major risks have been adequately managed.

As an academy trust, the level of financial risk is low. Cash flows can be reliably forecast, monitored and reported. Staff costs make up the majority of expenditure and this is relatively stable with contingencies in place to cover such items as sickness and maternity.

Investment Policy

An Investment Plan was approved by the Trustees in November 2013 and remains unchanged.

The aim of the plan is to ensure funds that the Trust does not immediately need to cover anticipated expenditure are invested in such a way as to maximise the Trust's income but with minimal risk. The aim is to research where funds may be deposited applying prudence in ensuring there is minimum risk. The Trustees do not consider the investment of surplus funds as a primary activity, rather as a result of good stewardship and as and when circumstances allow.

BURY ST EDMUNDS ACADEMY TRUST
(A Company Limited by Guarantee)

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

PLANS FOR FUTURE PERIODS

Future Developments

The Trust's priorities are to continue to effect improvements at Tollgate Primary School; to continue to drive up standards at KS2 in the middle phase and to ensure that GCSE and 'A' level results in the upper phase remain at least as good as they are now. Currently, they are at least 10 percentage points above national on all the indicators. The Trust continues to explore ways in which it can expand its provision in the first and middle phases. A new housing development for 1,200 homes is under phased construction and this will increase the schools intake.

Disclosure of Information to Auditors

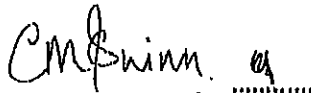
Each of the persons who are Trustees at the time when this Trustees' Report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the Charitable Company's Auditor is unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the Charitable Company's Auditor is aware of that information.

AUDITORS

The Auditors, Price Bailey LLP, have indicated their willingness to continue in office. The Members will propose a motion re-appointing the Auditors at a meeting of the Members.

The Trustees' Report, incorporating a Strategic Report, was approved by the Board of Trustees, on 09/12/2019 and signed on its behalf by:



G Quinn, Chair
Chair of Trustees

BURY ST EDMUNDS ACADEMY TRUST
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GOVERNANCE STATEMENT

Scope of responsibility

As Trustees, we acknowledge we have overall responsibility for ensuring that Bury St Edmunds 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 Headteacher of County Upper, 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 Bury St Edmunds 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 9 times during the year.

Attendance during the year at meetings of the board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
V Neale	9	9
S Boor	9	9
C Pamplin, Vice Chairman	9	9
A Wilkinson	5	8
C Quinn, Chair of Trustees, Chair	1	1
M Wilcock	4	9
E White	9	9
I Cox	9	9

The Board of Trustees meets as a whole and does not have separate committees, the entire Board will act as the Finance Committee. Its purpose is to monitor the annual budget, review management accounts and their performance against financial resources. It also reviews the investment plans regularly of the Trust. During the year the Trust appointed a new Trustee and elected her as Chair.

During the year the Board of Trustees has been working towards a clear division of Members and Trustees. Each Local Governing Body (LGB) has a finance and general working group which reports to the Board of Trustees termly. The Board of Trustees acts as the Finance and General Purpose Committee meetings are convened at the same time as the Trust Board meetings as shown in the table above. The Committee monitors the budget across each campus and the Trust as a whole. It sets the Trust budget and approves that for each campus. Whilst it is a challenge to run a balanced budget in difficult times, this has been successfully achieved.

BURY ST EDMUNDS ACADEMY TRUST
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GOVERNANCE STATEMENT (CONTINUED)

Review of value for money

As Accounting Officer, the Headteacher of County Upper has responsibility for ensuring that the 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 appropriate. The Accounting Officer has delivered improved value for money during the year by:

- carefully tendering for additional capital work during the year;
- using benchmarking effectively against similar sized Trusts; and
- applying joint purchasing of necessary ICT equipment across all campus's.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of 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 Bury St Edmunds Academy Trust for the year 1 September 2018 to 31 August 2019 and up to the date of approval of the Annual Report and financial statements.

Capacity to handle risk

The Board of Trustees has reviewed the key risks to which the Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Trust's significant risks that has been in place for the year 1 September 2018 to 31 August 2019 and up to the date of approval of the Annual Report and financial statements. This process is regularly reviewed by the Board of Trustees.

BURY ST EDMUNDS ACADEMY TRUST
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GOVERNANCE STATEMENT (CONTINUED)

The risk and control framework

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

The Board of Trustees has considered the need for a specific internal audit function and has decided to appoint Schools Choice as Internal Auditor.

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

Income control, monitoring and review, governance, insurance, tax, inventory, payroll, purchasing, petty cash, data security, planning cycle and budget and day to day record keeping.

The Internal Auditor has carried out their schedule of work as planned.

On a termly basis, the Internal Auditor reports to the Board of Trustees on the operation of the systems of control and on the discharge of the Trustees' financial responsibilities.

Review of effectiveness

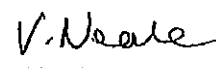
As Accounting Officer, the Headteacher of County Upper has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

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

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

Approved by the Board of Trustees on 09/12/2019 and signed on their behalf by:


.....
C Quinn, Chair
Chair of Trustees


.....
V Neale
Accounting Officer

BURY ST EDMUNDS ACADEMY TRUST
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Bury St Edmunds Academy Trust I have considered my responsibility to notify the Board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Trust, under the funding agreement in place between the Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

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

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

V. Neale

V Neale
Accounting Officer
Date: 09/12/2019

BURY ST EDMUNDS ACADEMY TRUST
(A Company Limited by Guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2019

The Trustees (who 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 Academies Accounts Direction published by the Education & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

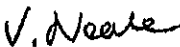
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2016 and the Academies Accounts Direction 2018 to 2019;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 the Board of Trustees on 09/12/2019 and signed on its behalf by:


.....
V Neale
Accounting Officer

BURY ST EDMUNDS ACADEMY TRUST
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF BURY
ST EDMUNDS ACADEMY TRUST**

Opinion

We have audited the financial statements of Bury St Edmunds Academy Trust (the 'Trust') for the year ended 31 August 2019 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Trust's affairs as at 31 August 2019 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

Basis for opinion

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

Conclusions relating to going concern

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

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Trust'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.

BURY ST EDMUNDS ACADEMY TRUST
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF BURY
ST EDMUNDS ACADEMY TRUST (CONTINUED)**

Other information

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

BURY ST EDMUNDS ACADEMY TRUST
(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF BURY
ST EDMUNDS ACADEMY TRUST (CONTINUED)

Responsibilities of Trustees

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

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

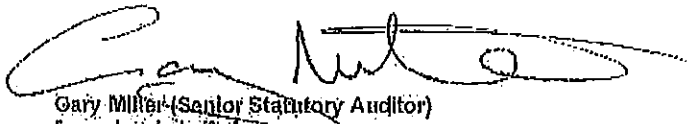
Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

This Report is made solely to the Trust'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 Trust'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 Trust and its Members, as a body, for our audit work, for this Report, or for the opinions we have formed.



Gary Miller (Senior Statutory Auditor)
for and on behalf of
Price Bailey LLP
Chartered Accountants
Statutory Auditors
Causeway House
1 Danes Street
Bishop's Stortford
Hertfordshire
CM23 3BT

Date: 19/12/19

BURY ST EDMUNDS ACADEMY TRUST
(A Company Limited by Guarantee)

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO BURY ST EDMUNDS ACADEMY TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 22 January 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Bury St Edmunds Academy Trust during the year 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This Report is made solely to Bury St Edmunds 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 Bury St Edmunds Academy Trust and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Bury St Edmunds Academy Trust and ESFA, for our work, for this Report, or for the conclusion we have formed.

Respective responsibilities of Bury St Edmunds Academy Trust's Accounting Officer and the Reporting Accountant

The Accounting Officer is responsible, under the requirements of Bury St Edmunds Academy Trust's funding agreement with the Secretary of State for Education dated 1 March 2012 and the Academies Financial Handbook, extant from 1 September 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2018 to 2019. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2018 to 31 August 2019 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2018 to 2019 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

BURY ST EDMUNDS ACADEMY TRUST
(A Company Limited by Guarantee)

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO BURY ST EDMUNDS ACADEMY TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY (CONTINUED)

The work undertaken to draw to our conclusion includes:

- An assessment of the risk of material irregularity, impropriety and non-compliance.
- Consideration and corroboration of the evidence supporting the Accounting Officer's statement on regularity, propriety and compliance and how the Trust complies with the framework of authorities.
- Evaluation of the general control environment of the Academy Trust, extending the procedures required for financial statements to include regularity, propriety and compliance.
- Discussions with and representations from the Accounting Officer and other key management personnel.
- An extension of substantive testing from our audit of the financial statements to cover matters pertaining to regularity, in order to support the regularity conclusion, including governance, internal controls, procurement and the application of income.

Conclusion

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


Reporting Accountant

Price Bailey LLP

Date: 19/12/19

BURY ST EDMUNDS ACADEMY TRUST
(A Company Limited by Guarantee)

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

	Note	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	Total funds 2018 £
Income from:						
Donations and capital grants	3	70,241	57,468	1,227,184	1,354,893	1,296,852
Charitable activities	4	292,381	10,485,582	-	10,777,963	10,467,824
Other trading activities	5	160,290	116,135	-	276,425	296,315
Investments	6	3,777	-	-	3,777	9,233
Total income		526,689	10,659,185	1,227,184	12,413,058	12,070,224
Expenditure on:						
Charitable activities	7	477,033	10,865,709	773,026	12,115,768	11,601,745
Total expenditure		477,033	10,865,709	773,026	12,115,768	11,601,745
Net income/ (expenditure)		49,656	(206,524)	454,158	297,290	468,479
Transfers between funds	18	(237,656)	(54,276)	291,932	-	-
Net movement in funds before other recognised gains/(losses)		(188,000)	(260,800)	746,090	297,290	468,479
Other recognised gains/(losses):						
Actuarial losses on defined benefit pension schemes	23	-	(979,000)	-	(979,000)	523,000
Net movement in funds		(188,000)	(1,239,800)	746,090	(681,710)	991,479
Reconciliation of funds:						
Total funds brought forward		323,795	(882,283)	32,664,700	32,106,212	31,114,733
Net movement in funds		(188,000)	(1,239,800)	746,090	(681,710)	991,479
Total funds carried forward		135,795	(2,122,083)	33,410,790	31,424,502	32,106,212

The Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 21 to 43 form part of these financial statements.

BURY ST EDMUNDS ACADEMY TRUST
(A Company Limited by Guarantee)
REGISTERED NUMBER: 07697600

BALANCE SHEET
AS AT 31 AUGUST 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	13	32,929,019	32,295,661
		<u>32,929,019</u>	<u>32,295,661</u>
Current assets			
Debtors	14	540,160	507,568
Cash at bank and in hand		1,544,353	1,533,358
		<u>2,084,513</u>	<u>2,040,926</u>
Creditors: amounts falling due within one year	15	(1,135,600)	(1,035,115)
Net current assets		<u>948,913</u>	<u>1,005,811</u>
Total assets less current liabilities		<u>33,877,932</u>	<u>33,301,472</u>
Creditors: amounts falling due after more than one year	16	(37,430)	(35,260)
Net assets excluding pension liability		<u>33,840,502</u>	<u>33,266,212</u>
Defined benefit pension scheme liability	23	(2,416,000)	(1,160,000)
Total net assets		<u><u>31,424,502</u></u>	<u><u>32,106,212</u></u>
 Funds of the Trust			
Restricted funds:			
Fixed asset funds	18	33,410,790	32,664,700
Restricted income funds	18	283,917	277,717
		<u>33,704,707</u>	<u>32,942,417</u>
Restricted funds excluding pension liability	18	33,704,707	32,942,417
Pension reserve	18	(2,416,000)	(1,160,000)
Total restricted funds	18	<u>31,288,707</u>	<u>31,782,417</u>
Unrestricted income funds	18	135,795	323,795
Total funds		<u><u>31,424,502</u></u>	<u><u>32,106,212</u></u>

The financial statements on pages 18 to 42 were approved by the Trustees, and authorised for issue on 09/12/2019 and are signed on their behalf, by:

C Quinn
C Quinn
Chair of Trustees

The notes on pages 21 to 42 form part of these financial statements.

BURY ST EDMUNDS ACADEMY TRUST
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2019

	Note	2019 £	2018 £
Cash flows from operating activities			
Net cash provided by operating activities	20	1,413,604	1,646,836
Cash flows from investing activities	21	(1,402,609)	(1,104,990)
Change in cash and cash equivalents in the year		10,995	541,846
Cash and cash equivalents at the beginning of the year		1,533,358	991,512
Cash and cash equivalents at the end of the year	22	<u>1,544,353</u>	<u>1,533,358</u>

The notes on pages 21 to 43 form part of these financial statements

BURY ST EDMUNDS ACADEMY TRUST
(A Company Limited by Guarantee)

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

1. Accounting policies

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

1.1 Basis of preparation of financial statements

The financial statements of the Trust, which is a public benefit entity under FRS 102, have been prepared under the historic cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Bury St Edmunds Academy Trust meets the definition of a public benefit entity under FRS 102.

1.2 Going concern

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

1.3 Income

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

• **Grants**

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

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

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

• **Donations**

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

BURY ST EDMUNDS ACADEMY TRUST
(A Company Limited by Guarantee)

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

1. Accounting policies (continued)

1.4 Expenditure

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

• **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

1.5 Government grants

Government grants relating to tangible fixed assets are treated as deferred income and released to the Statement of Financial Activities over the expected useful lives of the assets concerned. Other grants are credited to the Statement of Financial Activities as the related expenditure is incurred.

1.6 Taxation

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

Accordingly, the Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Part 11, chapter 3 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

1.7 Tangible fixed assets

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

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

BURY ST EDMUNDS ACADEMY TRUST
(A Company Limited by Guarantee)

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

1. Accounting policies (continued)

1.7 Tangible fixed assets (continued)

Depreciation is provided on the following bases:

Long term leasehold land	- over the life of the lease (125 years)
Long term leasehold property	- 2% straight line
Plant and machinery	- 10% straight line
Plant and machinery	- 20% straight line
Motor vehicles	- 10% 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.

1.8 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.

1.9 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.

1.10 Liabilities

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

1.11 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. 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 cost as detailed in notes 15 and 16. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

1.12 Operating leases

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

BURY ST EDMUNDS ACADEMY TRUST
(A Company Limited by Guarantee)

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

1. Accounting policies (continued)

1.13 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Trust in such a way that the pension cost is 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 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 methods and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of the scheme introductions, benefit 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 compromise 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 asset and the actual return on the scheme asset is recognised in other recognised gains and losses.

1.14 Fund accounting

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

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

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

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

BURY ST EDMUNDS ACADEMY TRUST
(A Company Limited by Guarantee)

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

2. Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 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 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

3. Income from donations and capital grants

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	Total funds 2018 £
Donations	70,241	57,468	-	127,709	139,029
Capital grants	-	-	1,227,184	1,227,184	1,157,823
	<u>70,241</u>	<u>57,468</u>	<u>1,227,184</u>	<u>1,354,893</u>	<u>1,296,852</u>
Total 2018	<u><u>60,342</u></u>	<u><u>78,687</u></u>	<u><u>1,157,823</u></u>	<u><u>1,296,852</u></u>	

In 2018 income from donations was £139,029 of which £60,342 related to unrestricted funds and £78,687 related to restricted funds.

In 2018 income from capital grants was £1,157,823 and all of this income related to restricted fixed asset funds.

BURY ST EDMUNDS ACADEMY TRUST
(A Company Limited by Guarantee)

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

4. Funding for the Trust's provision of education

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
DfE/ESFA grants				
General Annual Grant (GAG)	-	9,099,201	9,099,201	8,959,795
Other DfE/ESFA grants	-	723,685	723,685	695,356
	-	9,822,886	9,822,886	9,655,151
Other government grants				
Local Authority grants	13,307	177,073	190,380	218,910
Other Government grants	-	102,691	102,691	81,440
	13,307	279,764	293,071	300,350
Other funding				
Other income	16,375	-	16,375	24,578
Trip donations	-	382,932	382,932	261,725
Catering income	262,699	-	262,699	226,020
	292,381	10,485,582	10,777,963	10,467,824
Total 2018	269,657	10,198,167	10,467,824	

In 2018 unrestricted income of £15,368 was received for other DfE / ESFA grants, £19,059 for Local Authority grants, £2,414 for other Government grants, £24,578 for other income and £226,020 for catering income.

In 2018 restricted income of £8,959,795 was received in respect of GAG funding, £679,988 for other DfE / ESFA grants, £199,851 for Local Authority grants, £79,026 for other Government grants and £261,725 for trip donations.

5. Income from other trading activities

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Hire of facilities	62,299	-	62,299	70,434
Other income	97,991	116,135	214,126	225,881
	160,290	116,135	276,425	296,315
Total 2018	254,771	41,544	296,315	

BURY ST EDMUNDS ACADEMY TRUST
(A Company Limited by Guarantee)

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

5. Income from other trading activities (continued)

In 2018 £70,434 income from the hire of facilities was unrestricted funding.

In 2018 other trading income of £225,881 included £191,639 of unrestricted funds and £34,242 of restricted funds.

6. Investment income

	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Bank interest	3,777	3,777	9,233
	<u>3,777</u>	<u>3,777</u>	<u>9,233</u>

In 2018 all investment income was unrestricted income.

7. Expenditure

	Staff Costs 2019 £	Premises 2019 £	Other 2019 £	Total 2019 £	Total 2018 £
Provision of education:					
Direct costs	7,752,547	-	1,256,733	9,009,280	8,520,337
Support costs	1,062,014	571,696	1,472,778	3,106,488	3,081,408
	<u>8,814,561</u>	<u>571,696</u>	<u>2,729,511</u>	<u>12,115,768</u>	<u>11,601,745</u>
Total 2018	<u>8,517,821</u>	<u>585,301</u>	<u>2,498,623</u>	<u>11,601,745</u>	

Of total expenditure £546,281 (2018: £284,049) related to unrestricted expenditure, £10,796,461 (2018: £10,634,448) related to restricted expenditure and £773,026 (2018: £683,248) related to restricted fixed asset funds.

In 2018 direct expenditure of £8,520,337 consisted of £7,526,802 of staff costs and £993,535 of other costs.

In 2018 support costs of £3,081,408 consisted of £991,019 of staff costs and £585,301 of premises costs and £1,505,088 of other costs.

BURY ST EDMUNDS ACADEMY TRUST
(A Company Limited by Guarantee)

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

8. Charitable activities

	2019	2018
	£	£
Direct costs	9,009,280	8,520,337
Support costs	3,106,488	3,081,408
Total	12,115,768	11,601,745

	2019	2018
	£	£
Analysis of support costs		
Support staff costs	1,062,014	991,019
Depreciation	773,028	683,248
Technology costs	44,206	51,163
Premises costs	571,696	585,301
Other support costs	550,951	716,349
Governance costs	104,593	54,328
	3,106,488	3,081,408

9. Net income/(expenditure)

Net (expenditure)/income for the year includes:

	2019	2018
	£	£
Depreciation of tangible fixed assets:		
- owned or leased by the Trust	773,028	683,248
Auditors' remuneration - audit	12,300	12,350
Auditors' remuneration - other services	8,215	8,000
Operating leases	41,699	-
	835,242	703,600

BURY ST EDMUNDS ACADEMY TRUST
(A Company Limited by Guarantee)

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

10. Staff costs

a. Staff costs

Staff costs during the year were as follows:

	2019 £	2018 £
Wages and salaries	6,795,319	6,581,139
Social security costs	628,223	604,412
Pension costs	1,391,019	1,332,270
	8,814,561	8,517,821

b. Non-statutory/non-contractual staff severance payments

During the year £25,000 was paid to 1 employee (2018: £nil) in relation to termination payments as agreed by the Board of Trustees.

c. Staff numbers

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

	2019 No.	2018 Restated No.
Teachers	155	142
Administration and support	159	117
Management	11	14
	325	273

d. Higher paid staff

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

	2019 No.	2018 No.
In the band £60,001 - £70,000	2	1
In the band £70,001 - £80,000	2	2
	4	3

BURY ST EDMUNDS ACADEMY TRUST
(A Company Limited by Guarantee)

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

10. Staff costs (continued)

e. Key management personnel

The key management personnel of the Trust comprise the Trustees and the Senior Leadership Team as listed on page 1. The amount of members included within the Senior Leadership Team was 4 (2018 - 4). The total amount of employee benefits (including employer pension contributions and employer NI) received by key management personnel for their services to the Trust was £263,678 (2018: £329,627).

Full time equivalent employees

	2019 No.	2018 No.
Teachers	126	121
Administration and support	68	74
Management	12	12
	206	207
	206	207

11. Trustees' remuneration and expenses

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

		2019 £	2018 £
V Neale	Remuneration	75,000 - 80,000	75,000 - 80,000
	Pension contributions paid	0 - 5,000	0 - 5,000
E White	Remuneration	15,000 - 20,000	0 - 5,000
	Pension contributions paid	0 - 5,000	0 - 5,000

During the year, retirement benefits were accruing to 1 Trustees (2018 - 1) in respect of defined benefit pension schemes.

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

12. Trustees' and Officers' insurance

In accordance with normal commercial practice, the Trust has purchased insurance to protect Trustees, Governors and Officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business. The insurance provides cover up to £5,000,000 (2018: £5,000,000) on any one claim. The cost of this insurance is included in the total insurance cost.

BURY ST EDMUNDS ACADEMY TRUST
(A Company Limited by Guarantee)

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

13. Tangible fixed assets

	Long-term leasehold property £	Assets under construction £	Furniture and equipment £	Plant and machinery £	Computer equipment £	Total £
Cost or valuation						
At 1 September 2018	35,211,041	65,342	299,749	256,459	478,180	36,310,771
Additions	1,097,833	-	25,739	204,588	86,450	1,414,610
Disposals	-	-	(32,688)	-	-	(32,688)
Transfers between classes	65,342	(65,342)	-	-	-	-
At 31 August 2019	<u>36,374,216</u>	<u>-</u>	<u>292,800</u>	<u>461,047</u>	<u>564,630</u>	<u>37,692,693</u>
Depreciation						
At 1 September 2018	3,265,096	-	222,117	79,824	448,073	4,015,110
Charge for the year	628,022	-	23,802	82,406	38,798	773,028
On disposals	-	-	(24,464)	-	-	(24,464)
At 31 August 2019	<u>3,893,118</u>	<u>-</u>	<u>221,455</u>	<u>162,230</u>	<u>486,871</u>	<u>4,763,674</u>
Net book value						
At 31 August 2019	<u>32,481,098</u>	<u>-</u>	<u>71,345</u>	<u>298,817</u>	<u>77,759</u>	<u>32,929,019</u>
At 31 August 2018	<u>31,945,945</u>	<u>65,342</u>	<u>77,632</u>	<u>176,635</u>	<u>30,107</u>	<u>32,295,661</u>

14. Debtors

	2019 £	2018 £
Due within one year		
Trade debtors	94,632	28,579
Other debtors	-	1,139
Prepayments and accrued income	394,409	328,668
VAT	51,119	149,182
	<u>540,160</u>	<u>507,568</u>

BURY ST EDMUNDS ACADEMY TRUST
(A Company Limited by Guarantee)

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

15. Creditors: Amounts falling due within one year

	2019 £	2018 £
Other loans	7,332	6,924
Trade creditors	344,459	378,130
Other taxation and social security	152,713	147,877
Other creditors	150,733	136,669
Accruals and deferred income	480,363	365,515
	1,135,600	1,035,115

	2019 £	2018 £
Deferred income at 1 September 2018		
Deferred income at 1 September 2018	216,386	109,345
Resources deferred during the year	151,223	216,386
Amounts released from previous periods	(216,386)	(109,345)
	151,223	216,386

Deferred income relates to rates funding, UFISM and lettings income.

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

	2019 £	2018 £
Other loans	37,430	35,260
	37,430	35,260

Included within other loans are 3 salix loans provided to the Trust by the Department for Education. The loans are repayable in instalments every six months and bear no interest. The amount due within one year is £7,332 (2018: £6,924) due in 2 - 5 years is (2018: £24,260) and due in more than 5 years is £8,102 (2018: £11,000).

17. Central services

Costs including mini bus hire, insurance and professional fees were recharged from County Upper to each Academy within the Trust based upon usage. No central services arose in the previous year. The amounts recharged were as follows: County Upper £97,724, Horringer £45,588, Westley £34,190 and Tollgate £50,638.

BURY ST EDMUNDS ACADEMY TRUST
(A Company Limited by Guarantee)

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

18. Statement of funds

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
Unrestricted funds						
General Funds	323,795	526,689	(477,033)	(237,656)	-	135,795
Restricted general funds						
General Annual Grant (GAG)	170,540	9,099,202	(9,041,300)	(30,387)	-	198,055
Other DfE/ESFA revenue grants	61,453	723,685	(709,428)	(25,211)	-	50,499
Other Government grants	45,724	279,764	(280,190)	65	-	45,363
Other restricted funds	-	556,534	(557,791)	1,257	-	-
Pension reserve	(1,160,000)	-	(277,000)	-	(979,000)	(2,416,000)
	<u>(882,283)</u>	<u>10,659,185</u>	<u>(10,865,709)</u>	<u>(54,276)</u>	<u>(979,000)</u>	<u>(2,122,083)</u>
Restricted fixed asset funds						
Restricted Fixed Asset Fund	32,295,666	-	(773,026)	1,406,379	-	32,929,019
Dfe/ESFA capital grants	362,352	1,091,407	-	(993,875)	-	459,884
Other Dfe/ESFA revenue grants	6,682	135,777	-	(120,572)	-	21,887
	<u>32,664,700</u>	<u>1,227,184</u>	<u>(773,026)</u>	<u>291,932</u>	<u>-</u>	<u>33,410,790</u>
Total Restricted funds	<u>31,782,417</u>	<u>11,886,369</u>	<u>(11,638,735)</u>	<u>237,656</u>	<u>(979,000)</u>	<u>31,288,707</u>
Total funds	<u><u>32,106,212</u></u>	<u><u>12,413,058</u></u>	<u><u>(12,115,768)</u></u>	<u><u>-</u></u>	<u><u>(979,000)</u></u>	<u><u>31,424,502</u></u>

BURY ST EDMUNDS ACADEMY TRUST
(A Company Limited by Guarantee)

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

18. Statement of funds (continued)

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

General Annual Grant (GAG)

This represents funding from the EFA to cover the costs of recurrent expenditure.

Other DfE and ESFA

This represents funding received from the DfE/ESFA which is restricted in nature and includes:

Pupil Premium:

This funding is to be used to raise achievements and improve outcomes for pupils from low income families who are eligible for free school meals.

Special Educational Needs (SEN):

This represents allocated funding for special educational needs pupils.

Early years funding:

This represents funding from the EFA to provide places for 3 and 4-year-old children to attend early years.

Other Government grants

This represents various small grants from local and national Government bodies for the provision of specific services to pupils of the Academies.

Trip donations

This represents contributions made by parents to the running of educational visits for the pupils of the Academies and the associated costs of running the trips.

Pension reserve

This fund represents the Trust's share of the deficit on the Local Government Pension Scheme (LGPS) transferred to the Trust on conversion from state controlled schools.

Restricted fixed asset fund

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

Devolved formula capital (DFC)

The Trust is to use the DFC allocation to maintain and improve its buildings and facilities.

Capital Income

This represents grants received or receivable for building improvements.

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

BURY ST EDMUNDS ACADEMY TRUST
(A Company Limited by Guarantee)

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

18. Statement of funds (continued)

Total funds analysis by Academy

Fund balances at 31 August 2019 were allocated as follows:

	2019 £	2018 £
County Upper	22,585	175,789
Tollgate	164,525	150,666
Westley	14,033	67,137
Horringer	228,569	207,920
	<hr/>	<hr/>
Total before fixed asset funds and pension reserve	429,712	601,512
Restricted fixed asset fund	33,410,790	32,664,700
Pension reserve	(2,416,000)	(1,160,000)
	<hr/>	<hr/>
Total	31,424,502	32,106,212
	<hr/> <hr/>	<hr/> <hr/>

Total cost analysis by Academy

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2019 £	Total 2018 £
County Upper	3,821,575	782,072	185,405	1,410,380	6,199,432	5,986,289
Tollgate	850,695	121,548	115,903	116,639	1,204,785	1,064,154
Horringer Court	1,167,218	161,579	66,740	258,545	1,654,082	1,678,136
Westley Middle	1,654,424	196,680	54,287	379,052	2,284,443	2,189,919
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Trust	7,493,912	1,261,879	422,335	2,164,616	11,342,742	10,918,498
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

In 2018, teaching and educational support staff costs was £7,493,443 of which £3,950,633 was by spent by County Upper, £748,365 by Tollgate, £1,194,200 by Horringer, and £1,600,245 by Westley.

In 2018, other support staff costs was £1,028,922 of which £603,708 was by spent by County Upper, £109,924 by Tollgate, £144,363 by Horringer, and £170,927 by Westley.

In 2018, educational supplies was £524,860 of which £283,628 was by spent by County Upper, £93,989 by Tollgate, £57,160 by Horringer, and £90,083 by Westley.

In 2018, other costs excluding depreciation was £1,871,273 of which £1,148,320 was by spent by County Upper, £111,876 by Tollgate, £282,413 by Horringer, and £328,664 by Westley.

BURY ST EDMUNDS ACADEMY TRUST
(A Company Limited by Guarantee)

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

18. Statement of funds (continued)

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

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Unrestricted funds						
General Funds	17,752	619,087	(284,049)	(28,995)	-	323,795
Restricted general funds						
General Annual Grant (GAG)	-	8,959,795	(8,689,243)	(100,012)	-	170,540
Other DfE/ESFA revenue grants	333,530	679,988	(952,065)	-	-	61,453
Other Government grants	80,538	278,877	(313,691)	-	-	45,724
Other restricted funds	40,186	374,654	(415,449)	609	-	-
Pension reserve	(1,419,000)	-	(264,000)	-	523,000	(1,160,000)
	<u>(964,746)</u>	<u>10,293,314</u>	<u>(10,634,448)</u>	<u>(99,403)</u>	<u>523,000</u>	<u>(882,283)</u>
Restricted fixed asset funds						
Restricted Fixed Asset Fund	31,864,686	-	(683,248)	1,114,228	-	32,295,666
DfE/ESFA capital grants	197,041	1,122,659	-	(957,348)	-	362,352
Other DfE/ESFA revenue grants	-	35,164	-	(28,482)	-	6,682
	<u>32,061,727</u>	<u>1,157,823</u>	<u>(683,248)</u>	<u>128,398</u>	<u>-</u>	<u>32,664,700</u>
Total Restricted funds	<u>31,096,981</u>	<u>11,451,137</u>	<u>(11,317,696)</u>	<u>28,995</u>	<u>523,000</u>	<u>31,782,417</u>
Total funds	<u><u>31,114,733</u></u>	<u><u>12,070,224</u></u>	<u><u>(11,601,745)</u></u>	<u><u>-</u></u>	<u><u>523,000</u></u>	<u><u>32,106,212</u></u>

BURY ST EDMUNDS ACADEMY TRUST
(A Company Limited by Guarantee)

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

19. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Tangible fixed assets	-	-	32,929,019	32,929,019
Current assets	1,308,824	293,918	481,771	2,084,513
Creditors due within one year	(1,135,600)	-	-	(1,135,600)
Creditors due in more than one year	(37,430)	-	-	(37,430)
Provisions for liabilities and charges	-	(2,416,000)	-	(2,416,000)
Total	<u>135,795</u>	<u>(2,122,083)</u>	<u>33,410,790</u>	<u>31,424,502</u>

Analysis of net assets between funds - prior year

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	32,295,661	32,295,661
Current assets	1,394,170	277,717	369,039	2,040,926
Creditors due within one year	(1,035,115)	-	-	(1,035,115)
Creditors due in more than one year	(35,260)	-	-	(35,260)
Provisions for liabilities and charges	-	(1,160,000)	-	(1,160,000)
Total	<u>323,795</u>	<u>(882,283)</u>	<u>32,664,700</u>	<u>32,106,212</u>

BURY ST EDMUNDS ACADEMY TRUST
(A Company Limited by Guarantee)

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

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

	2019 £	2018 £
Net income for the year (as per Statement of Financial Activities)	297,290	468,479
Adjustments for:		
Depreciation	773,028	683,248
Interest receivable	(3,777)	(9,233)
Defined benefit pension scheme adjustment	277,000	264,000
Increase in debtors	(32,592)	(182,142)
Increase in creditors	102,655	422,484
Net cash provided by operating activities	<u>1,413,604</u>	<u>1,646,836</u>

21. Cash flows from investing activities

	2019 £	2018 £
Interest	3,777	9,233
Purchase of tangible fixed assets	(1,414,610)	(1,114,223)
Proceeds from the sale of tangible fixed assets	8,224	-
Net cash used in investing activities	<u>(1,402,609)</u>	<u>(1,104,990)</u>

22. Analysis of cash and cash equivalents

	2019 £	2018 £
Cash in hand	<u>1,544,353</u>	<u>1,533,358</u>

BURY ST EDMUNDS ACADEMY TRUST
(A Company Limited by Guarantee)

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

23. Pension commitments

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

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

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

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS or scheme) is a statutory, unfunded, defined benefit occupational scheme, governed by the Teachers' Pensions Regulations 2010 (as amended), and the Teachers' Pension Scheme Regulations 2014 (as amended). These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities.

In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting and Valuation Account

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

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

Valuation of the Teachers' Pension Scheme

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

BURY ST EDMUNDS ACADEMY TRUST
(A Company Limited by Guarantee)

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

23. Pension commitments (continued)

The employer's pension costs paid to TPS in the year amounted to £1,261,871 (2018 - £1,014,270).

A copy of the valuation report and supporting documentation is on the [Teachers' Pensions website](#).

Under the definitions set out in FRS 102, the TPS is an unfunded 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.

Scheme Changes

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

In December 2018, the Court of Appeal held that transitional protection provisions contained in the reformed judicial and firefighter pension schemes, introduced as part of public service pension reforms in 2015, gave rise to direct age discrimination and were therefore unlawful. The Supreme Court, in a decision made in June 2019, have rejected the Government's application for permission to appeal the Court of Appeal's ruling. The case will now be referred to an Employment Tribunal for a decision regarding the remedy which will need to be offered to those members of the two schemes who were subject of the age discrimination.

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

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £396,000 (2018 - £391,000), of which employer's contributions totalled £322,000 (2018 - £318,000) and employees' contributions totalled £ 74,000 (2018 - £73,000). The agreed contribution rates for future years are 24.6 per cent for employers and between 5.5% - 12.5% per cent 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

	2019	2018
	%	%
Rate of increase in salaries	2.60	2.70
Rate of increase for pensions in payment	2.30	2.40
Discount rate for scheme liabilities	1.80	2.80

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

BURY ST EDMUNDS ACADEMY TRUST
(A Company Limited by Guarantee)

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

23. Pension commitments (continued)

	2019 Years	2018 Years
<i>Retiring today</i>		
Males	21.3	21.9
Females	23.5	24.4
<i>Retiring in 20 years</i>		
Males	22.3	23.9
Females	24.9	26.4

Sensitivity analysis

	2019 £000	2018 £000
Discount rate +0.1%	(186,432)	(141,864)
Discount rate -0.1%	186,432	141,864
Mortality assumption - 1 year increase	31,072	47,288
Mortality assumption - 1 year decrease	(31,072)	(47,288)
CPI rate +0.1%	155,360	118,220
CPI rate -0.1%	(155,360)	(118,220)

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

	At 31 August 2019 £	At 31 August 2018 £
Equities	2,676,000	2,946,000
Corporate bonds	1,445,000	1,283,000
Property	1,177,000	475,000
Cash and other liquid assets	54,000	48,000
Total market value of assets	5,352,000	4,752,000

The actual return on scheme assets was £255,000 (2018 - £216,000).

The amounts recognised in the Statement of Financial Activities are as follows:

	2019 £	2018 £
Current service cost	(537,000)	(526,000)
Past service cost	(27,000)	(18,000)
Interest income	138,000	109,000
Interest cost	(173,000)	(147,000)
Total amount recognised in the Statement of Financial Activities	(599,000)	(582,000)

BURY ST EDMUNDS ACADEMY TRUST
(A Company Limited by Guarantee)

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

23. Pension commitments (continued)

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

	2019 £	2018 £
At 1 September	5,911,000	5,608,000
Transferred out on existing academies leaving the trust	537,000	526,000
Interest cost	173,000	147,000
Employee contributions	74,000	73,000
Actuarial losses/(gains)	1,096,000	(416,000)
Benefits paid	(50,000)	(45,000)
Past service costs	27,000	18,000
At 31 August	<u>7,768,000</u>	<u>5,911,000</u>

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

	2019 £	2018 £
At 1 September	4,751,000	4,189,000
Interest income	138,000	109,000
Actuarial gains	117,000	107,000
Employer contributions	322,000	318,000
Employee contributions	74,000	73,000
Benefits paid	(50,000)	(45,000)
At 31 August	<u>5,352,000</u>	<u>4,751,000</u>

24. Operating lease commitments

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

	2019 £	2018 £
Not later than 1 year	28,223	13,836
Later than 1 year and not later than 5 years	30,361	97,043
	<u>58,584</u>	<u>110,879</u>

BURY ST EDMUNDS ACADEMY TRUST
(A Company Limited by Guarantee)

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

25. 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.

26. Related party transactions

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

Trustee's remuneration is included within note 11. There are no other related party transactions to note.