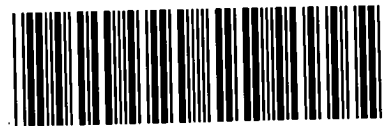


Registered number: 6308595 (England and Wales)

THE BASILDON ACADEMIES
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

FRIDAY



L6B5GZS8

LD4

21/07/2017

#118

COMPANIES HOUSE

THE BASILDON ACADEMIES
(A company limited by guarantee)

CONTENTS

	Page
Reference and Administrative Details	1 - 2
Trustees' Report	3 - 8
Governance Statement	9 - 11
Statement on Regularity, Propriety and Compliance	12
Statement of Trustees' Responsibilities	13
Independent Auditor's Report on the Financial Statements	14 - 15
Independent Reporting Accountant's Report on Regularity	16 - 17
Statement of Financial Activities incorporating Income & Expenditure Account	18 - 19
Balance sheet	20
Statement of Cash Flows	21
Notes to the Financial Statements, incorporating:	
Statement of Accounting Policies	22 - 27
Other Notes to the Financial Statements	28 - 42

THE BASILDON ACADEMIES
(A company limited by guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2016

Members

M. Turner
N. Luckock (appointed 1st September 2015)

Directors who are also Trustees

M. Turner
N Luckock (appointed 1st September 2015)
L Livermore (appointed 1st September 2015)

Governors

L. Livermore (Chair and Chief Executive Officer)*
N. Luckock*
Cllr. K. Bobbin
J. Lake*
L. George
K. Charman
B. Hart
D Lawson
M Logan

* Members of the Staffing committees
All Governors are members of the finance committee.

Clerk to the Governing Body

G. Slide

Executive leadership team

L. Livermore, (Chair and Chief Executive Officer)
D. Lawson, Executive Principal
S. Wilson, Head of Academy
G. Smith, Head of Academy
B. Collins, Director of Finance and Operations (resigned 31 December 2016)

Company registered number

06308595

Principal and registered office

Wickford Avenue
Pitsea, Basildon
Essex
SS13 3HL

THE BASILDON ACADEMIES
(A company limited by guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

Company secretary

Neptune Secretaries Limited
Jessop House
Cheltenham, Gloucestershire
GL50 3WG

Independent auditor

Moore Stephens LLP
Chartered Accountants and Registered Auditors
150 Aldersgate Street
London
EC1A 4AB

Banker

Lloyds
High Road
Basildon
SS13 3AR

THE BASILDON ACADEMIES
(A company limited by guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2016

The trustees (who are also directors of the charity for the purposes of Charity Law) present their annual report together with the audited financial statements of The Basildon Academies ("the Academy") for the period 1 September 2015 to 31 August 2016. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The trust operates an academy for pupils aged 11 to 19 serving a catchment area in Basildon, Essex. It has a pupil capacity of 2,750 and had a roll of 965 in the school census on August 2016.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academy Trust is a company limited by guarantee and an exempt charity. The Charitable Company's Memorandum and Articles of Association are the primary governing documents of the Academy Trust. The trustees of The Basildon Academies are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as The Basildon Academies.

Details of the Members, Directors and Governors who served throughout the year except as noted 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 charitable company in the event of it being wound up while they are a member, or within one year after they cease to be a member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before they ceased to be a member.

Trustees' indemnities

The Academy's insurers indemnify against any claims in respect of any civil liability and which arises out of the conduct of the insured in their personal capacity as a Director, Governor, Trustee or Officer of the Academy.

Method of recruitment and appointment or election of directors

The number of directors shall be not less than one but unless otherwise determined by ordinary resolution shall not be subject to any maximum.

The Academy can have the following directors:

- up to 12 Sponsor Directors
- up to eight Academy Directors
- any Parent Directors
- any DCSF Directors
- Any additional Directors

The Principal Sponsor can appoint up to 12 Directors and the Secretary of State may appoint one Director.

Term of Office

The term of office for any Director other than the Principal Sponsor shall be 3 years. Subject to remaining eligible to be a Director under the Articles, any Director may be re-appointed.

Governing Body

The Directors under the Articles of Association have appointed a Governing Committee to be responsible for the statutory and constitutional affairs of the Charitable Company and the management of the Academy.

THE BASILDON ACADEMIES
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

The committee can have a maximum of 15 members which include:

- the Executive Principal of the Academy;
- one elected parent/guardian of a pupil at the Academy;
- one elected non-teaching staff member employed at the Academy;
- one elected teacher member employed at the Academy;
- one person appointed by the appropriate Local Authority; and
- such other members as the Directors decide.

The Governing Body meets regularly and is advised by a range of sub-committees which includes the Staffing and Finance Committees.

Details of the Members, Directors and Governors who served throughout the year except as noted are included in the Reference and Administrative Details on Page 1.

Policies and procedures adopted for the induction and training of trustees

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

Organisational structure

The structure consists of the Directors, the Governing Body, The Executive Leadership Team and The Senior Leadership Team. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

The Directors and Governors are responsible for setting general policy, adopting an annual plan and budget, monitoring the Academy by the use of budgets and making major decisions about the direction of the Academy, capital expenditure and senior staff appointments.

The Executive Leadership Team includes the CEO, Executive Principal, Heads of Academy and the Director of Finance and Operations. These managers control the Academy at an executive level implementing the policies laid down by the Governors and reporting back to them. As a group, the Executive Leadership Team is responsible for the authorisation of spending within agreed budgets and the appointment of staff, though appointment for posts in the Executive Leadership Team always contain a Governor. Some spending control is devolved to other management including Directors, Faculty Heads and in some cases specialist teachers with responsibilities.

Each Academy has a separate Leadership Team structure led by the Head of the Academy; the Head of Academy is however accountable to the Executive Principal and is a member of the Executive Leadership Team. These managers are responsible for the day to day operation of the Academy, in particular organising the teaching staff, facilities and students.

Arrangements for setting pay and remuneration of key management personnel

Pay and remuneration for key management personnel is set in accordance with the Basildon Academies Pay Policy. Pay scales are set for all staff and there is a separate scale for the leadership team.

THE BASILDON ACADEMIES
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

Related Parties and other Connected Charities and Organisations

The Stanton Lane Educational Trust is the principal sponsor. Trustees of that Trust are M. Turner and N. Luckock. As the Academy's founding sponsor it has provided voluntary advisory support and guidance to the Academy.

OBJECTIVES AND ACTIVITIES

Objects and aims

The objects of the Charity are to promote and to provide for the advancement and education of children. In the furtherance of these Objects the Directors, as the charity trustees, have complied with the duty to have due regard to the Charity Commission's published general and relevant sub-sector guidance concerning the operation of the Public Benefit requirement under the Act. All activities undertaken by the Academy are for the public benefit.

The main objective of The Basildon Academies during the year ended 31 August 2016 is to provide an inclusive environment that is built around trust, openness, secure relationships, positive behaviours and effective partnership-working to enable all students to meet their potential that will equip these students with the skills, attitudes and knowledge so that they can progress into employment, further training or higher education, helping them to achieve more than they thought possible.

The current priorities for the Academy during the year ended 31 August 2016 are summarised below:

- To ensure that each pupil enjoys the same excellent education in terms of resourcing, tuition and care;
- To raise the standard of educational achievement of all pupils;
- To improve the effectiveness of the Academy by keeping the curriculum and organisational structure under continual review;
- To provide value for money for the funds expended;
- To comply with all appropriate statutory and curriculum requirements;
- To maintain close links with primary schools, industry and commerce;
- To conduct the Academy's business in accordance with the highest standards of integrity, probity and openness.

Objectives, strategies and activities

The Basildon Academies' strategy is encompassed in its aims and objectives stated above. To this end it recognises the need to be innovative and challenging in the approach to:

- the subdivision of the two Academies' populations by age range (11-14 and 14-19);
- the grouping of students;
- the organisation, management and governance of the Academies;
- the building design and organisation of the learning environments;
- the organisation, management and development of staff;
- the delivery of services that support individual pupils and families;
- the way business is engaged, and how the two Academies can impact on the prosperity, effectiveness and development of the local community and future business;
- the celebrating of success, the setting of targets and the robust monitoring of performance.

Public benefit

The Directors acknowledge the duty to have due regard to the Charity Commission's published general and relevant sub-sector guidance on public benefit. We have referred to this guidance when reviewing our aims, strategy and in planning future activities. All activities undertaken by the Academy are for the public benefit.

The Academy is specifically restricted to advance, for the public benefit, education in the United Kingdom and reports annually on the way in which it has successfully delivered in this regard.

THE BASILDON ACADEMIES
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

Equal opportunities

The Directors recognise that equal opportunities should be an integral part of good practice within the workplace. The Academy aims to establish equal opportunity in all areas of its activities including creating a working environment in which the contribution and needs of all people are fully valued.

Disabled persons

Lifts, ramps and disabled toilets are installed and door widths are adequate to enable wheelchair access to the Academies. The policy of the Academy is to support recruitment and retention of students and employees with disabilities. The Academy does this by adapting the physical environment, by making support resources available and through training and career development.

STRATEGIC REPORT

Principal activities

The principal activity of the Charitable Company is the operation of The Basildon Academies to provide education for pupils of different abilities between the ages of 11 and 19.

In accordance with the Articles of Association the Charitable Company has adopted a "Scheme of Government" approved by the Secretary of State for Education. The Government specifies, amongst other things, the basis for admitting students to the Academy, the catchment area from which the students are drawn, and that the curriculum should comply with the substance of the national curriculum with an emphasis on Mathematics & English.

Achievement and performance

The Academies have completed their sixth year of operation and have been judged by Ofsted as good schools in all categories and have been commended by them for high quality teaching and strong student achievement.

Systems have been embedded which drive further the quality of teaching, student progress and achievement through a rigorous system of reporting and the use of sophisticated data analytical tools. Governors working closely with its senior leaders have actioned purposeful decisions to re-shape the Academies management teams and to restructure its existing workforce to maintain and improve performance, attainment and value for money. Governor's communicate a clear vision for the Academies improvement to an outstanding school and have unequivocal expectation of all staff, students and stakeholders. Governors continue to support the Academies drive for further rapid and substantial improvement and an Action Plan has been developed and implemented that will further improve the quality of teaching and ensure that every student will have a pathway to ensure that they continue to make or are rapidly moving towards making or exceeding expected levels of progress.

Key performance indicators

The Directors and Governors Body assess performance of the academies through:

- Pupil numbers;
- Curriculum events;
- Exam results;
- Facilities;
- Post 16 learning and students moving onto University;
- Staff Performance Reviews;
- Ofsted Rating.

Going Concern

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

THE BASILDON ACADEMIES
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

Financial review

The Academy's principal income is from the Education Funding Agency in the form of recurrent, restricted grants. The grants received during the year ended 31 August 2016 and the associated expenditure are shown in the Statement of Financial Activities.

The Academy also receives grants for fixed assets from the Education Funding Agency. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2015), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund.

The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

At 31 August 2016 the net book value of fixed assets was £377,000. Movements in tangible fixed assets are shown in Note 11 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

During the year ended 31 August 2016, total expenditure of 10,586,000 (2015: £11,570,000) was covered by recurrent grant funding from the DfE together with other incoming resources. The net outgoing resources from private and public funds totalled £1,204,000 (2015: net outgoing resources £715,000). Total reserves at 31 August 2016 before deducting the pension scheme deficit, totalled £153,000 (2015: £1,215,000) and this is made up of: restricted general deficit of £926,000 (2015: surplus £150,000); restricted fixed asset funds of £377,000 (2015: £460,000) and unrestricted free reserves of £702,000 (2015: £605,000).

The deficit in the Local Government Pension Scheme (LGPS) is recognised in the balance sheet in accordance with FRS102. At 31 August 2016, the deficit stood at £6,670,000 (2015: £3,797,000) resulting in net liabilities including the pension scheme liability of £6,517,000 (2015: £2,582,000). The existence of the pension scheme deficit does not mean an immediate liability crystallises and is addressed over a series of years through the pension contributions recommended by the pension scheme actuaries during subsequent triennial valuations of the scheme.

Reserves policy

The Directors review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Directors have determined that the appropriate level of free reserves should be equivalent to 2 weeks' expenditure, approximately £403,000. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. The Academy's current level of free reserves is £702,000 (total funds before bursary fund, pension reserves but less the amount held in fixed assets and restricted funds).

Investment policy

Cash is held in a deposit account or higher interest deposit account to ensure any balances attract interest.

Principal risks and uncertainties

The Academies principal goal is to safeguard its long-term ability to continue to attract high-calibre staff and deliver an excellent education to Academy pupils, and to maintain and renew its physical facilities whilst driving growth in current student numbers.

Key uncertainties are student numbers and the extent and impact of changes to Government funding and an uncertain economic and financial environment that puts pressure on enterprise, capital projects and operational expenditures.

THE BASILDON ACADEMIES
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

Financial and risk management objectives and policies

In accordance with the Academy's statutes, the Directors through the Governors and senior staff are responsible for the administration and management of the Academy's affairs and ensuring that:

- effective systems of internal control are in place and that accounting records are properly kept;
- appropriate financial and management controls are in place to safeguard the assets of the Academy and prevent and detect fraud; and
- the Academy secures economical, efficient and effective management of its resources and expenditure.

Risk management

The Directors and Governors have assessed the major risks to which the Academy is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Academy, and its finances. The Directors and Governors have implemented a number of systems to assess risks that the Academy faces, especially in the operational area and in relation to the control of finance. They have introduced systems, including operational procedures and internal financial controls in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover.

Plans for future periods

The Academy will strive to raise the aspirations and achievement of all students within the Academy as well as those in the wider community of East Basildon through the use of the Academy's excellent facilities, curriculum materials and staff expertise and through the provision of excellent learning experiences.


Our aim is to have high expectations and belief in every child and continue to bring about further and sustainable improvement in attendance, behaviour and attainment and make the Academy a place in which children, parents and stakeholders can be justifiably proud.

AUDITOR

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

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

This report, incorporating the Strategic report, was approved by order of the Board of Directors, on 14th July 2017 and signed on the board's behalf by:



L Livermore
Trustee

THE BASILDON ACADEMIES
(A company limited by guarantee)

GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As trustees, we acknowledge we have overall responsibility for ensuring that The Basildon Academies 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 Directors has delegated the day-to-day responsibility to the Executive Principal, 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 The Basildon Academies and the Secretary of State for Education. They are also responsible for reporting to the Board of Directors any material weaknesses or breakdowns in internal control.

GOVERNANCE

The information on governance included here supplements that described in the Directors' report and in the Directors' responsibilities statement. The Governing Body has formally met five times during the year.

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

Governors	Meetings attended	Out of a possible
L. Livermore (Chair and Chief Executive Officer)	5	5
N. Luckock	4	5
Cllr. K. Bobbin	5	5
L. George	4	5
K. Charman	1	5
J. Lake	3	5
B. Hart	1	5
D. Lawson	5	5

Changes in composition of the board of governors and directors are detailed in the Reference and Administrative Details on Page 1.

Governance Reviews:

The Academy undertakes a programme of relevant and timely training to support Governors and Directors. The Governing Body and Directors are constituted with relevant experience ranging from education, legal, finance, human resources and community engagement. A review is made of skillsets/training requirements as part of self and group evaluations and this will continue in 2017.

The Finance committee is a sub-committee of the main governing body. Its terms of reference include financial management, risk management, management of physical resources and management of health and safety issues. They are also attended by the Executive Principal and the Finance and Operations Director.

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
L. Livermore	3	3
N. Luckock (Chair)	3	3
Cllr. K. Bobbin	2	3
J. Lake	2	3
D. Lawson	3	3

THE BASILDON ACADEMIES
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

REVIEW OF VALUE FOR MONEY

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

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

- The Academies continue to review their preferred suppliers to ensure that the best quality and value for money is received on the goods/services.
- The Academies, based on lower student numbers, have again reviewed the support staff levels across both Academies and have implemented a further restructuring exercise that is expected to remove a further 7 positions by the end of July 2017.
- Teacher contact time has been reviewed and strategies put in place to increase the percentage.

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 Academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Basildon Academies for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

The board of directors has reviewed the key risks to which the Academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of directors is of the view that there is a formal on-going process for identifying, evaluating and managing the Academy's significant risks, that has been in place for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

THE RISK AND CONTROL FRAMEWORK

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Directors;

THE BASILDON ACADEMIES
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

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

The Board of Directors have considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Board of Directors have appointed Moore Stephens LLP, the external auditor, to perform additional checks.

The reviewer's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. In particular, the checks carried out in the period included:

- A VAT review;
- Testing of purchases systems;
- Testing of lettings income;
- Testing of controls over bank reconciliations.

Two Responsible Officer visits have taken place in this financial year, the reviewer reports to the Board of Directors on the operation of the systems of control and on the discharge of the Board of Directors' financial responsibilities. No material control issues have been identified.


REVIEW OF EFFECTIVENESS

As Accounting Officer, the Executive Principal 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 reviewer;
- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance Committee and addresses any weaknesses raised to ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Directors on 14th July 2017 and signed on its behalf, by:



L Livermore
Trustee



G Smith
Acting Accounting Officer


THE BASILDON ACADEMIES
(A company limited by guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of The Basildon Academies I have considered my responsibility to notify the Academies Board of Directors and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Academies and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

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

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


G Smith
Acting Accounting Officer
Date: 17/7/17

THE BASILDON ACADEMIES
(A company limited by guarantee)

**STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2016**

The trustees (who act as Directors for the purposes of charity law) of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report (incorporating the Strategic report) and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

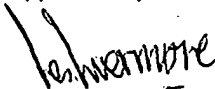
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting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

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

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

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

Approved by order of the members of the Board of Directors on 14th July 2017 and signed on its behalf by:


L Livermore
Trustee

THE BASILDON ACADEMIES

(A company limited by guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE BASILDON ACADEMIES

We have audited the financial statements of The Basildon Academies for the year ended 31 August 2016 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

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

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2016 and of its incoming resources and application of resources, including its income and expenditure, for the 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
- have been prepared in accordance with the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016.

THE BASILDON ACADEMIES
(A company limited by guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE BASILDON ACADEMIES (continued)

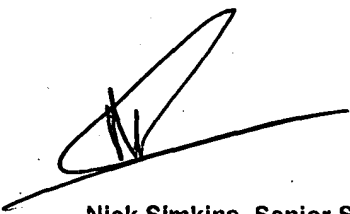
OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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



Nick Simkins, Senior Statutory Auditor
for and on behalf of
Moore Stephens LLP, Statutory Auditor
150 Aldersgate Street
London
EC1A 4AB
Date: 21/7/2017

THE BASILDON ACADEMIES
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE
BASILDON ACADEMIES AND THE EDUCATION FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 16 October 2015 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Basildon Academies during the period 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

RESPECTIVE RESPONSIBILITIES OF THE BASILDON ACADEMIES' ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT

The accounting officer is responsible, under the requirements of The Basildon Academies' funding agreement with the Secretary of State for Education dated 3 June 2008 and the Academies Financial Handbook extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2015 to 2016. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

APPROACH

We conducted our engagement in accordance with the Academies Accounts Direction 2015 to 2016 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

THE BASILDON ACADEMIES
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE
BASILDON ACADEMIES AND THE EDUCATION FUNDING AGENCY (continued)**

The work undertaken to draw to our conclusion includes:

- Reviewing minutes of meetings, management accounts and making enquiries of management.
- Performing sample testing of expenditure ensuring items are for the academies' purposes and are appropriately authorised.
- Sample testing on credit card expenditure, review for any indication of purchases for personal use by Staff, Governors or Directors.
- Reviewing the procedures for identifying and declaring related parties and other business interests.
- Obtaining formal representation from the governing body and accounting officer acknowledging their responsibilities.
- Scrutinising journals and other adjustments posted during the year for evidence of unusual entries and making further enquiries into any such items where relevant.
- Performing an evaluation of the general control environment of the Academy Trust.
- Reviewing nominal ledger accounts for any large or unusual entries and obtaining supporting documentation.

CONCLUSION

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



Moore Stephens LLP
Chartered Accountants
150 Aldersgate Street
London
EC1A 4AB

Date: 21/7/2017

THE BASILDON ACADEMIES
(A company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES
(Including an Income and expenditure account)
FOR THE YEAR ENDED 31 AUGUST 2016

	Note	Unrestricted funds 2016 £000	Restricted general funds 2016 £000	Restricted fixed asset funds 2016 £000	Total funds 2016 £000	Total funds 2015 £000
INCOME FROM:						
Donations and capital grants	3	13	1,025	26	1,064	1,074
Transfer from local authority on conversion						
Charitable activities:						
Funding for the academy trust's educational operations	5	-	8,084	-	8,084	9,587
Other trading activities	4	82	150	-	232	189
Investment income	6	2	-	-	2	5
TOTAL INCOME		97	9,259	26	9,382	10,855
EXPENDITURE ON:						
Charitable activities:						
Academy trust educational operations	7	-	10,477	109	10,586	11,570
Other		-	-	-	-	-
TOTAL EXPENDITURE	7	-	10,477	109	10,586	11,570
NET INCOME/(EXPENDITURE)		97	(1,218)	(83)	(1,204)	(715)
Transfers between funds	15	-	-	-	-	-
Other recognised gain/(losses)						
Actuarial gains/(losses) on defined benefit pension schemes	26	-	(2,731)	-	(2,731)	202
NET MOVEMENT IN FUNDS	15	97	(3,949)	(83)	(3,935)	(513)
Reconciliation of funds:						
Total funds brought forward		605	(3,647)	460	(2,582)	(2,069)
TOTAL FUNDS CARRIED FORWARD		702	(7,596)	377	(6,517)	(2,582)

THE BASILDON ACADEMIES
(A company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES
(including an income and expenditure account)
FOR THE YEAR ENDED 31 AUGUST 2015

	Note	Unrestricted funds 2015 £000	Restricted general funds 2015 £000	Restricted fixed asset funds 2015 £000	Total funds 2015 £000	Total funds 2014 £000
INCOME FROM:						
Donations and capital grants	3	1	1,043	30	1,074	1,080
Transfer from local authority on conversion		-	-	-	-	-
Charitable activities:						
Funding for the academy trust's educational operations	5	-	9,587	-	9,587	10,368
Other trading activities	4	83	106	-	189	426
Investment income	6	5	-	-	5	6
TOTAL INCOME		89	10,736	30	10,855	11,880
EXPENDITURE ON:						
Charitable activities:						
Academy trust educational operations	7	-	11,449	121	11,570	11,755
Other		-	-	-	-	-
TOTAL EXPENDITURE	7	-	11,449	121	11,570	11,755
NET INCOME/(EXPENDITURE)		89	(713)	(91)	(715)	125
Transfers between funds	15	-	2	(2)	-	-
Other recognised gains/(losses)						
Actuarial gains/(losses) on defined benefit pension schemes		-	202	-	202	1,306
NET MOVEMENT IN FUNDS	15	89	(509)	(93)	(513)	1,431
Reconciliation of funds:						
Total funds brought forward		<u>516</u>	<u>(3,138)</u>	<u>553</u>	<u>(2,069)</u>	<u>(3,500)</u>
TOTAL FUNDS CARRIED FORWARD		605	(3,647)	460	(2,582)	(2,069)

THE BASILDON ACADEMIES
(A company limited by guarantee)

BALANCE SHEET
AS AT 31 AUGUST 2016
Company Number: 06308595

	Note	£000	2016 £000	£000	2015 £000
FIXED ASSETS					
Tangible assets	11		377		460
CURRENT ASSETS					
Stocks	12	8		7	
Debtors	13	141		227	
Cash at bank and in hand		502		1,222	
		651		1,456	
CREDITORS: amounts falling due within one year	14	<u>(875)</u>		<u>(701)</u>	
NET CURRENT LIABILITIES			<u>(224)</u>		<u>755</u>
NET ASSETS EXCLUDING PENSION LIABILITY			153		1,215
Defined benefit pension scheme liability	26	<u>(6,670)</u>		<u>(3,797)</u>	
NET LIABILITIES			<u><u>(6,517)</u></u>		<u><u>(2,582)</u></u>
FUNDS OF THE ACADEMY TRUST:					
Restricted funds:					
Restricted general funds	15	(926)		150	
Restricted fixed asset funds	15	377		460	
Pension reserve	15	<u>(6,670)</u>		<u>(3,797)</u>	
Total restricted funds			(7,219)		(3,187)
Unrestricted income funds	15		<u>702</u>		<u>605</u>
TOTAL DEFICIT			<u><u>(6,517)</u></u>		<u><u>(2,582)</u></u>

The financial statements were approved by the Directors, and authorised for issue on, 14th July 2017 and are signed on their behalf, by:


L Livermore
Trustee

The notes on pages 22 to 42 form part of these financial statements.

THE BASILDON ACADEMIES
(A company limited by guarantee)

**STATEMENT of CASH FLOW
FOR THE YEAR ENDED 31 AUGUST 2016**

	Note	2016 £000	2015 £000
Net Cash flows from operating activities			
Net cash provided by (used in) operating activities	19	(727)	(141)
Cash flows from investing activities	21	7	7
Cash flows from financing activities	20	-	-
CHANGES IN CASH AND CASH EQUIVALENTS IN THE REPORTING PERIOD		<u>(720)</u>	<u>(134)</u>
Cash and cash equivalent at 1 September 2015		<u>1,222</u>	<u>1,356</u>
CASH AND CASH EQUIVALENTS AT 31 AUGUST 2016	22	<u>502</u>	<u>1,222</u>

The notes on pages 22 to 42 form part of these financial statements.

THE BASILDON ACADEMIES

(A company limited by guarantee)

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

1. STATEMENT OF ACCOUNTING POLICIES

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

1.1 Basis of preparation of financial statements

Basis of Preparation

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

The Basildon Academies meets the definition of a public benefit entity under FRS 102.

a. First time adoption of FRS 102

These financial statements are the first financial statements of The Basildon Academies prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland' (FRS 102) and Charities SORP (FRS 102). The financial statements of The Basildon Academies for the year ended 31 August 2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the trustees have amended certain accounting policies to comply with FRS 102 and SORP 2015.

Reconciliation to previous UK GAAP for the comparative figures are included in note b.

b. Explanation of transition to FRS 102

It is the first year that the Academy Trust has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 1 September 2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

Comparative figures have been restated to reflect the adjustments made, except to the extent that the Trustees have taken advantage of exemptions to retrospective application of FRS 102 permitted by FRS 102 Chapter 35 "Transition to this FRS".

Reconciliations and descriptions of the effect of the transition to FRS 102 and SORP 2015 on total funds and net income/(expenditure) for the comparative period reported under previous UK GAAP and SORP 2005 are given below:

THE BASILDON ACADEMIES
(A company limited by guarantee)

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

1. STATEMENT OF ACCOUNTING POLICIES (continued)

Reconciliation of net income/(expenditure)

	Notes	September 2015 £000
Net income/(expenditure) previously reported under UK GAAP		(666)
Change in recognition of LGPS interest cost	c	(49)
Total movement in funds reported under FRS 102		(715)

c. Changes in recognition of LGPS interest cost

Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in income/expense. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in income/expense. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to reduce the credit/debit to income/expense by £49,000 and increase the credit/debit in other recognised gains and losses in the SOFA by an equivalent amount.

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 company to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Income

All incoming resources are recognised when the academy 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 period is deducted from income and recognised as a liability.

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

THE BASILDON ACADEMIES
(A company limited by guarantee)

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

1. STATEMENT OF ACCOUNTING POLICIES (continued)

School trips and activities

These transactions are included in restricted funds. Income is recognised when received and expenditure is recognised when paid, any surpluses being carried forward as deferred within restricted funds until the trip or activity is completed.

Donations

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

Other income

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the academy trust has provided the goods or services.

Interest receivable

Interest receivable is included within the Statement of Financial Activities on an accruals basis.

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.

- **Expenditure on Raising Funds**

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

- **Charitable Activities**

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

All resources expended are inclusive of irrecoverable VAT.

THE BASILDON ACADEMIES
(A company limited by guarantee)

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

1. STATEMENT OF ACCOUNTING POLICIES (continued)

1.5 Tangible fixed assets

Assets costing more than £500 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. 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 such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy Trust's depreciation policy. Where tangible 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, at rates calculated to write off the cost of fixed assets on a straight-line basis over their expected useful lives as follows:

Long leasehold property improvements	-	Up to 125 years on useful life of improvement
Fixtures, fittings and equipment	-	5-10 years
Computer equipment	-	3-10 years
Motor vehicles	-	5 years

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

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

THE BASILDON ACADEMIES
(A company limited by guarantee)

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

1. STATEMENT OF ACCOUNTING POLICIES (continued)

1.6 Liabilities

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

1.7 Provisions

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

1.8 Leased Assets

Rentals under operating leases are charged on a straight line basis over the lease term.

1.9 Stock

Unsold uniform, food and stationery are valued at the lower of cost or net realisable value.

2.0 Taxation

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

Accordingly, the Academy Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by 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.

2.1 Pension Benefits

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

Teachers' Pension 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 academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 26, 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 BASILDON ACADEMIES
(A company limited by guarantee)

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

1. STATEMENT OF ACCOUNTING POLICIES (continued)

Local Government Pension Scheme

The LGPS is a funded scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

Actuarial gains and losses are recognised immediately in other recognised gains and losses.

2.1 Fund accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by 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.

Critical accounting estimates and areas of judgement

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

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 26, 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 2012 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

THE BASILDON ACADEMIES
(A company limited by guarantee)

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

2. GENERAL ANNUAL GRANT (GAG)

Under the funding agreement with the Secretary of State, the academies trust was subject to limits at 31 August 2016 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

No academies within the trust exceeded the limits during the year ended 31 August 2016.

3. DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2016 £000	Restricted general funds 2016 £000	Total funds 2016 £000	Total funds 2015 £000
Capital grant	-	26	26	30
Notional rent	-	1,025	1,025	1,043
Donations	13	-	13	1
		<u>1,051</u>		
	<u>13</u>		<u>1,064</u>	<u>1,074</u>

Use of school land and buildings

Essex County Council has made available free use of the land and buildings it owns to the Academies. In accordance with SORP (FRS 102), a notional market rent for the land and buildings has been included as a donation to the Academy. Likewise, an equivalent rental charge has been included within charitable activities as part of direct costs. The notional rent is based on the rateable value and totals £1,025,000.

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2016 £000	Restricted general funds 2016 £000	Total funds 2016 £000	Total funds 2015 £000
Hire of facilities	82	-	82	83
Trips and activities	-	15	15	16
Other	-	135	135	90
	<u>82</u>	<u>150</u>	<u>232</u>	<u>189</u>

THE BASILDON ACADEMIES
(A company limited by guarantee)

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

5. FUNDING FOR THE ACADEMY TRUST'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2016 £000	Restricted general funds 2016 £000	Total funds 2016 £000	Total funds 2015 £000
DfE/EFA grants				
General Annual Grant (GAG)	-	7,110	7,110	8,430
Start-up Grants	-	17	17	29
Other DfE/EFA Grants	-	820	820	955
	<u>-</u>	<u>7,947</u>	<u>7,947</u>	<u>9,414</u>
Other government grants				
Local authority grants	-	-	-	27
Other income from the academy trust's educational operations:				
Catering	-	137	137	146
	<u>-</u>	<u>137</u>	<u>137</u>	<u>173</u>
	<u>-</u>	<u>8,084</u>	<u>8,084</u>	<u>9,587</u>

6. INVESTMENT INCOME

	Unrestricted funds 2016 £000	Restricted general funds 2016 £000	Total funds 2016 £000	Total funds 2015 £000
Short term deposit	2	-	2	5
Other	-	-	-	-
	<u>2</u>	<u>-</u>	<u>2</u>	<u>5</u>

7. EXPENDITURE

	Staff costs 2016 £000	Premises 2016 £000	Other costs 2016 £000	Total 2016 £000	Total 2015 £000
Academy's educational operations:					
Direct costs	5,358	104	656	6,118	7,070
Allocated support costs	1,847	1,164	1,457	4,468	4,500
Charitable activities	<u>7,205</u>	<u>1,268</u>	<u>2,113</u>	<u>10,586</u>	<u>11,570</u>

Net income/(expenditure) for the period includes:

	2016 £000	2015 £000
Depreciation of tangible fixed assets	104	121
(Gain)/loss on disposal of fixed assets	-	-
Auditors' remuneration	13	13
Auditors' remuneration - non-audit	2	2
Operating leases – plant and machinery	-	-
- other leases	<u>24</u>	<u>24</u>
		29

THE BASILDON ACADEMIES
(A company limited by guarantee)

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

7. EXPENDITURE(continued)

Included within expenditure are the following transactions.

	Individual items above £5,000		
	Total £000	Amount £000	Reason/ nature
Ex-gratia payments	8	8	Beyond administrative rules

The legal authority sought to make ex-gratia payments was in compliance with the Academies Financial Handbook 2015, being delegated authority or approval from the Education Funding Agency.

	Unrestricted funds 2016 £000	Restricted general funds 2016 £000	Total funds 2016 £000	Total funds 2015 £000
DIRECT COSTS				
Teaching & educational support staff costs	-	5,358	5,358	5,972
Depreciation	-	104	104	121
Technology costs	-	149	149	168
Educational supplies	-	258	258	318
Examination fees	-	138	138	141
Staff development	-	40	40	45
Educational consultancy	-	55	55	290
Other direct costs	-	16	16	15
	-	6,118	6,118	7,070

THE BASILDON ACADEMIES
(A company limited by guarantee)

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

Analysis of support costs

Support staff costs	-	2,113	2,113	2,058
Pension finance costs	-	146	146	153
Recruitment and support	-	58	58	47
Maintenance of premises and equipment	-	248	248	221
Cleaning	-	50	50	42
Rent and rates	-	1,154	1,154	1,193
Energy costs	-	274	274	300
Insurance	-	94	94	103
Transport	-	12	12	12
Catering	-	70	70	84
Other support costs	-	212	212	256
Governance costs	-	37	37	31
	-	<u>4,468</u>	<u>4,468</u>	<u>4,500</u>
	-	<u>10,586</u>	<u>10,586</u>	<u>11,570</u>

8. STAFF COSTS

a. Staff costs

	2016 £000	2015 £000
Wages and salaries	5,783	6,430
Social security costs	461	456
Pension costs (Note 26)	983	1,038
	<u>7,227</u>	<u>7,924</u>
Supply teacher costs	187	192
Staff restructuring costs	57	18
	<u>7,471</u>	<u>8,134</u>

THE BASILDON ACADEMIES
(A company limited by guarantee)

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

8. STAFF COSTS(continued)

Staff restructuring costs comprise:

	2016 £000	2015 £000
Redundancy payments	61	12
Severance payments	-	6
	<u>61</u>	<u>18</u>

b. Non statutory/non-contractual staff severance payments

Included in staff severance payments are non-statutory/non-contractual severance payments totalling £nil (2015: £6,027).

c. Staff numbers

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

	2016 No.	2015 No.
Teachers	68	80
Administration and support	105	116
Management	10	16
	<u>183</u>	<u>212</u>

d. Higher paid staff

The number of employees whose emoluments (excluding employer's pension contributions) exceeded £60,000 was:

	2016 No.	2015 No.
£60,001 - £70,000	2	2
£70,001 - £80,000	2	3
£120,001 - £130,000	1	1
	<u>5</u>	<u>6</u>

Four of the above employees participated in the Teachers' Pension Scheme. The other employee participated in the Local Government Pension Scheme.

e. Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £305,800 (2015: £217,785).

THE BASILDON ACADEMIES
(A company limited by guarantee)

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

9. RELATED PARTY TRANSACTIONS - GOVERNORS' REMUNERATION AND EXPENSES

The executive principal and other staff governors only receive remuneration in respect of services they provide undertaking the roles of principal and staff, and not in respect of their services as trustees. Other trustees did not receive any payments, other than expenses, from the Academy Trust in respect of their role as trustees.

The value of governors' remuneration and other benefits was as follows:

L Livermore (Chief Executive Officer):

Remuneration £60,000 - £65,000 (2015: £60,000 - £65,000)

Employer's pension contributions paid £5,000 - £10,000 (2015: £5,000 - £10,000)

D Lawson (Executive Principal)

Remuneration £120,000 - £125,000 (2015: £120,000 - £125,000)

Employer's pension contributions £20,000 - £25,000 (2015: £15,000 - £20,000)

During the year ended 31 August 2016, travel and subsistence expenses totalling £NIL (2015: £NIL) were reimbursed to directors.

Other related party transactions involving the governors' are set out in note 28.

10. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the Academy has purchased insurance to protect Directors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the period ended 31 August 2016 was £1,485 (2015: £1,574). The cost of this insurance is included in the total insurance cost.

11. TANGIBLE FIXED ASSETS

	Leasehold Land & Buildings Improvement £000	Fixtures and fittings £000	Computer equipment £000	Total £000
Cost				
At 1 September 2015	260	659	169	1,088
Additions	-	20	1	21
At 31 August 2016	260	679	170	1,109
Depreciation				
At 1 September 2015	117	369	142	628
Charge for the year	28	64	12	104
At 31 August 2016	145	433	154	732
Net book value				
At 31 August 2016	115	246	16	377
At 31 August 2015	143	290	27	460

THE BASILDON ACADEMIES
(A company limited by guarantee)

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

11. TANGIBLE FIXED ASSETS (continued)

The buildings and the land on which it sits is owned by Essex County Council. Any alterations or improvements incurred by the Academy are shown as fixed assets.

12. STOCKS

	2016 £000	2015 £000
Stock	8	7

Stock relates to uniform, food and stationery.

13. DEBTORS

	2016 £000	2015 £000
Trade debtors	4	2
VAT recoverable	18	20
Prepayments and accrued income	119	205
	<u>141</u>	<u>227</u>

14. CREDITORS:

Amounts falling due within one year

	2016 £000	2015 £000
Trade creditors	62	89
Other taxation and social security	134	140
EFA Creditor: Abatement of GAG	499	290
Other creditors	3	4
Accruals and deferred income	177	178
	<u>875</u>	<u>701</u>

THE BASILDON ACADEMIES
(A company limited by guarantee)

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

Deferred Income

	2016 £000	2015 £000
Deferred income at 1 September 2015	59	60
Resources deferred in the year	63	59
Amount released from previous period	(59)	(60)
Deferred income at 31 August 2016	<u>63</u>	<u>59</u>

15. FUNDS

	Balance at 1 September 2015 £'000s	Incoming Resources £'000s	Resources Expended £'000s	Gains/ (Losses) and Transfers £'000s	Balance at 31 August 2016 £'000s
Restricted general funds					
General Annual Grant (i)	134	7,111	(8,187)	-	(942)
Start-up grant	-	17	(17)	-	-
Pupil Premium	-	505	(505)	-	-
Bursary Fund	16	29	(29)	-	16
Other DfE/EFA grants	-	286	(286)	-	-
Other Government grants (ii)	-	-	-	-	-
Other income (iii)	-	1,311	(1,311)	-	-
Pensions Reserve	(3,797)	-	(142)	(2,731)	(6,670)
	<u>(3,647)</u>	<u>9,259</u>	<u>(10,477)</u>	<u>(2,731)</u>	<u>(7,596)</u>
Restricted fixed asset fund					
Legacy income	95	-	-	-	95
Capital expenditure from GAG	155	-	(83)	-	72
EFA Capital Grant	-	26	(26)	-	-
Devolved capital grant	210	-	-	-	210
	<u>460</u>	<u>26</u>	<u>(109)</u>	<u>-</u>	<u>377</u>
Total restricted funds	<u>(3,187)</u>	<u>9,285</u>	<u>(10,586)</u>	<u>(2,731)</u>	<u>(7,219)</u>
Unrestricted funds					
General funds	605	97	-	-	702
Total unrestricted funds	<u>605</u>	<u>97</u>	<u>-</u>	<u>-</u>	<u>702</u>
Total Funds	<u>(2,582)</u>	<u>9,382</u>	<u>(10,586)</u>	<u>(2,731)</u>	<u>(6,517)</u>

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

(i) General Annual Grant must be used for the normal running costs of the Academy. The Academy is allowed to carry forward up to 12% of the current (GAG). Of the carried forward amount, up to 2% of GAG can be used for general purposes at the discretion of the Academy, but any balance over 2% must be used for premises/capital purposes. The limits were not exceeded.

(ii) This is made up of other grants and Special Education Needs (SEN) funding provided by the EFA to fund those pupils that require additional educational support.

THE BASILDON ACADEMIES
(A company limited by guarantee)

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

15. FUNDS (continued)

(iii) Includes insurance claims, settlements and mentor training, catering, school trips, uniforms and notional rent charge.

16. ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2016 were allocated as follows:

	B/FWD Total £'000s	Surplus/ (Deficit) For Year £'000s	C/FWD Total £'000s
Basildon Upper Academy	727	(587)	140
Basildon Lower Academy	28	(392)	(364)
Total before fixed asset fund and pension reserve	755	(979)	(224)
Restricted fixed asset fund	460	(83)	377
Pension reserve	(3,797)	(2,873)	(6,670)
Total	(2,582)	(3,935)	(6,517)

Total cost analysis by academy

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

	Teaching and Educational Support Staff £'000s	Other Support Staff Costs £'000s	Educational Supplies £'000s	Other Costs £'000s	Total 2016 £'000s
Basildon Lower Academy	3,215	1,268	155	1,714	6,352
Basildon Upper Academy	2,143	845	103	1,143	4,234
	<u>5,358</u>	<u>2,113</u>	<u>258</u>	<u>2,857</u>	<u>10,586</u>

17. CENTRAL SERVICES

The Trust does not charge for central costs. Costs are allocated directly to both academies with the exception of the following:

- Teachers' salaries and allowances 60% to upper: 40% to lower.
- Other salary and related costs
- Certain IT costs
- Recruitment related expenditure
- Professional services and agency staff

} Split equally

THE BASILDON ACADEMIES
(A company limited by guarantee)

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

18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2016 £000	Restricted general funds 2016 £000	Restricted fixed asset funds 2016 £000	Total funds 2016 £000	Total funds 2015 £000
Tangible fixed assets	-	-	377	377	460
Current assets	703	(52)	-	651	1,456
Creditors due within one year	-	(877)	-	(877)	(701)
Pension scheme liability	-	(6,670)	-	(6,670)	(3,797)
	<u>703</u>	<u>(7,599)</u>	<u>377</u>	<u>(6,519)</u>	<u>(2,582)</u>

19. RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2016 £000	2015 £000
Net (outgoing)/incoming resources before actuarial gains/(losses)	(1,064)	(666)
Adjusted for:		
Donation of free use of land and buildings	(1,025)	(1,043)
Notional value of rent on free use of land and buildings	1,025	1,043
Returns on investments and servicing of finance	(2)	(5)
Depreciation of tangible fixed assets	104	121
Capital grants from DfE/EFA	(26)	(30)
Decrease in stocks	1	5
(Increase)/decrease in debtors	86	148
Increase/(decrease) in creditors	174	218
Pension finance costs	-	104
Pension service costs less contributions paid	-	(36)
Net cash provided by / (used in) operating activities	<u>(727)</u>	<u>(141)</u>

20. CASH FLOWS FOR FINANCING ACTIVITIES

	2016 £000	2015 £000
Repayments of borrowing	-	-
Cash inflows from new borrowing	-	-
	<u>-</u>	<u>-</u>
Net cash provided by / (used in) financing activities	<u>-</u>	<u>-</u>

THE BASILDON ACADEMIES
(A company limited by guarantee)

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

21. CASH FLOWS FROM INVESTING ACTIVITIES

	2016 £000	2015 £000
Interest received	2	5
Purchase of tangible fixed assets	(21)	(28)
Capital grants from DfE/EFA	26	30
Net cash provided by /(used in) investment activities	7	7

22. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2016 £000	2015 £000
Cash in hand and at bank	502	1,222
Total cash and cash equivalents	502	1,222

23. CONTINGENT LIABILITIES

During the period of the Funding Agreement, in the event of the sale or disposal by other means of any asset for which a Government capital grant was received, the Trust is required either to re-invest the proceeds or to repay to the DfE (also known as the Department for Education) the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the DfE.

Upon termination of the Funding Agreement, whether as a result of the Secretary of State or the Trust serving notice, the Trust shall repay to the Secretary of State sums determined by reference to:

- a) the value at that time of the Trust's site and premises and other assets held for the purpose of the Trust; and
- b) the extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreement.

24. CAPITAL COMMITMENTS

At 31 August 2016 the Academy had capital commitments as follows:

	2016 £000	2015 £000
Contracted for but not provided in these financial statements	-	-

THE BASILDON ACADEMIES
(A company limited by guarantee)

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

25. COMMITMENTS UNDER OPERATING LEASES

Operating leases

At 31 August 2016 the Academy had total commitments under non-cancellable operating leases payable as follows:

	Land and buildings		Other	
	2016	2015	2016	2015
	£000	£000	£000	£000
Less than 1 year	-	-	19	24
Between 2 and 5 years	-	-	3	22

26. PENSION COMMITMENTS

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

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

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

THE BASILDON ACADEMIES
(A company limited by guarantee)

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

26. PENSION COMMITMENTS (continued)

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%);
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4% from September 2015, which will be payable during the implementation period until the next valuation as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The pension cost payable to TPS in the period amounted to £485,292 (2015: £471,256).

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £607,000 of which employer's contributions totalled £500,000 and employees' contributions totalled £107,000. The contribution rates for the following years are not yet known so the projected pension expenses assumes that the rates are increased in line with salaries from current rate.

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 at the Balance sheet date (expressed as weighted averages):

	2016	2015
Discount rate for scheme liabilities	2.20%	4.00%
Rate of increase in salaries	4.10%	4.45%
Rate of increase for pensions in payment / inflation	2.30%	2.65%
Inflation assumption (CPI)	2.30%	2.65%
Retail price increases	3.20%	3.55%

THE BASILDON ACADEMIES
(A company limited by guarantee)

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

26. PENSION COMMITMENTS (continued)

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

	2016	2015
Retiring today		
Males	22.9	22.8
Females	25.3	25.2
Retiring in 20 years		
Males	25.2	25.1
Females	27.7	27.6

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

	Fair value at 31 August 2016 £000	Fair value at 31 August 2015 £000
Equity instruments	3,219	2,375
Debt instruments	956	923
Property	520	354
Total market value of assets	4,695	3,652
Present value of scheme liabilities	(11,365)	(7,449)
(Deficit)/surplus in the scheme	<u>(6,670)</u>	<u>(3,797)</u>

The expected return was 15% per annum, which has been used to determine the profit and loss charge for the year ended 31 August 2016. The actual return on scheme assets was £582,000 (2015: £158,000).

The amounts recognised in the Statement of financial activities are as follows:

	2016 £000	2015 £000
Current service cost (net of employer contributions)	(419)	(465)
Interest on obligation	(146)	(153)
Net interest costs	427	35
Total	<u>(138)</u>	<u>(583)</u>
Actual return on scheme assets	<u>582</u>	<u>158</u>

The actuarial gains and losses for the current year are recognised in the Statement of Financial Activities. The cumulative amount of actuarial losses recognised in the Statement of Financial Activities was £2,731,000 (2015: gain of £202,000).

THE BASILDON ACADEMIES
(A company limited by guarantee)

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

26. PENSION COMMITMENTS (continued)

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

	2016 £000	2015 £000
Opening defined benefit obligation	7,449	6,824
Current service cost	419	465
Interest cost	299	276
Contributions by scheme participants	107	114
Actuarial (Gains)/Losses	3,158	(167)
Losses on curtailments	-	-
Past Service costs	77	-
Benefits paid	(144)	(63)
Closing defined benefit obligation	<u>11,365</u>	<u>7,449</u>

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

	2016 £000	2015 £000
Opening fair value of scheme assets	3,652	2,942
Interest income	153	-
Expected return on assets less interests	427	172
Actuarial gains and (losses)	-	(14)
Contributions by employer	500	501
Contributions by employees	107	114
Benefits paid	(144)	(63)
	<u>4,695</u>	<u>3,652</u>

27. MEMBERS' LIABILITY

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

28. RELATED PARTY TRANSACTIONS

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

There were no related party transactions.