

Blackbird Academy Trust
(A Company Limited by Guarantee)
Annual Report and Financial Statements
Year ended 31 August 2018



Company Registration Number:
08544741 (England and Wales)

Period of account: 1 September 2017 – 31 August 2018

Blackbird Academy Trust

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Blackbird Academy Trust
Reference and Administrative Details

Members

Mr C I M Jones
Dr J A F Spence
Mrs G H Wilson
Mr M O'Regan
Mr N Hamway
Sir T Brighouse
Mr I Caws

Trustees

Mr C I M Jones	* p
Dr J A F Spence	
Mrs G H Wilson	* p
Mr M O'Regan	
Mr N Hamway	*
Sir T Brighouse	
Mr C Scrivener (Windale IEB Chair)	* s
Ms J Watret (Pegasus Chair)	* p
Mrs Mary Taylor	
Mrs G Walker (Orchard Meadow IEB Chair)	
Mr I Caws	*
Mrs D McIlveen	
Tom James (Orchard Meadow IEB Chair from Jan)	

* members of the Finance and Estates
Committee
p members of the Personnel and Remuneration
Committee
s Safeguarding Lead

Blackbird Academy Trust

Reference and Administrative Details (continued)

Academy Trust Management Team

- | | |
|------------------------------|----------------|
| • Headteacher Orchard Meadow | Mrs C Godden |
| • Headteacher Pegasus | Mr F Murphy |
| • Headteacher Windale | Ms K Geran-Haq |

Other Senior Leadership Team

- | | |
|-------------------|--------------------|
| • Finance Manager | Ms N Bateman |
| | Mrs Alyson Bateman |
| • HR Manager | Ms T Arundell |
| • Academy Manager | Ms J Caffyn |

Company Name

Blackbird Academy Trust

Principal and Registered Office

Wesley Close
Oxford
OX4 6BG

Company Registration Number

08544741 (England and Wales)

Independent Auditor

Critchleys Audit LLP
Beaver House
23 – 38 Hythe Bridge Street
Oxford
OX1 1BE

Bankers

Lloyds Bank Plc
201 Banbury Road
Oxford
OX1 4AA

Solicitors

Stone King
16 St John's Lane
London
EC1M 4BS

Blackbird Academy Trust

Trustees' Report

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year 1 September 2017 to 31 August 2018. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

During the year ended 31 August 2018, the academy trust managed three schools for pupils aged 4 to 11 serving a catchment area including Blackbird Leys and Greater Leys. It has a pupil capacity of 1,260 and had a roll of 1,036 in the school census on 1st October 2017. It also had a nursery capacity of 208, with a total of 101 nursery pupils. Since 1 September 2018, United Learning Trust has taken over this responsibility from Blackbird Academy Trust.

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 Blackbird Academy Trust are also the directors of the charitable company for the purposes of company law. The charitable company is known as Blackbird Academy Trust.

Details of the trustees who served during the year, and to the date these accounts are approved 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

There were no provisions required for third party indemnity. In accordance with normal commercial practice, the academy trust purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on trust business.

Method of Recruitment and Appointment or Election of Trustees

Up to eight Trustees are appointed by the Sponsors, four of whom are appointed by Dragon Academy Holdings Ltd, two of whom are appointed by Hamilton Trust, and two of whom are appointed by Family Links. The Sponsors review collectively the balance of skills and expertise of Trustees appointed by them separately to determine an appropriate balance.

The Chair of each of the Academy Trust's three Advisory Boards/Local Governing Body and Interim Executive Board are nominated by the members of the Advisory Board/Local Governing Body or Interim Executive Board and if thought fit, appointed by the Trustees of the Academy Trust at a meeting of the full Board. The Local Authority may appoint one Trustee.

Policies and Procedures Adopted for the Induction and Training of Trustees

New trustees receive a detailed induction from each of the Sponsors and, on site, from one of the Headteachers and Senior Leadership Team. This is accompanied by appropriate documentation. Further information is provided to trustees through presentations at board meetings. Opportunities to attend appropriate seminars and training are offered when they occur.

Blackbird Academy Trust

Trustees' Report (continued)

Organisational Structure

The trustees set general policy, approve an annual plan and budget, monitor performance against the plan and budget and take major decisions about the direction of the academy trust, the appointment of non-sponsor trustees, and senior staff appointments. The full board of trustees meets twice each term. It has established five sub-committees to support its role and enable the board to fulfil its responsibilities:

- Finance and Estates Committee
- Personnel and Remuneration Committee
- Advisory Board/Local Governing Body (Pegasus)
- Interim Executive Board (Windale)
- Interim Executive Board (Orchard Meadow)

Each sub-committee aims to meet twice each term and reports to the Trust Board. In addition, the board delegates some functions to the advisory boards in each School.

The Local Governing Body and Interim Executive Boards support and monitor performance in their schools and advise the Trust Board. The Chair of each advisory board is a trustee and each of the advisory boards is represented on each of the six supporting sub-committees.

Day to day running of the Academy Trust is delegated to the Headteachers and Senior Leadership Team. The Headteacher at Pegasus is the Chair of the Headteachers and the Headteacher at Orchard Meadow is the Academy Trust's Accounting Officer, both attend all board meetings along with the other Headteacher and the Academy Trust's Finance Manager except where restricted business is discussed.

Arrangements for setting pay and remuneration of key management personnel

The Trust has adopted the National Teacher pay rates and the Oxfordshire County Council Green Book pay policies and rates for support and admin staff. Pay rates for the Academy Trust's Leadership Team are set in accordance with National Pay guide lines and are subject to the trust's appraisal process. All rates and increases in pay are agreed and authorised by the Personnel and Remuneration Committee.

In addition, each sponsor plays a key role in the Academy Trust plan: to strengthen leadership across the Academy Trust; to improve teaching and learning; and to raise the aspirations of children and families. Specifically:

- a) The Dragon School works collaboratively with the Academy Trust to:
 - Raise staff and children's expectations;
 - Instil in children a life-long interest in learning;
 - Improve professional development of staff and invigorate a cross fertilization of teaching ideas;
 - Share learning experiences and provide access to enriched facilities for sport, music and arts.
- b) The Hamilton Trust provides practical support to raise children's educational attainment through the provision of:
 - Training in mathematics for teachers led by nationally recognized experts;
 - Educational material for children, staff and parents.
- c) Family Links works in partnership with the Academy Trust to build an emotionally calm school environment to enable top quality teaching and learning by:
 - Providing training for all staff, teaching and non-teaching;
 - Supporting the emotional and mental wellbeing of all children, staff and parents.

For further details of related parties and transactions during the year see Notes 11 and 27.

Objectives and Activities

Objectives and Aims

The Academy Trust's charitable objectives are to:

- Advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing the Academy Trust by offering a broad and balanced curriculum;
- Promote for the benefit of the inhabitants of Oxford and the surrounding area the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances or for the public at large in the interests of social welfare and with the object of improving the condition of life of the said inhabitants;
- Provide childcare facilities and adult training to develop the capacity and skills of parents-to-be and parents with children, primarily but not exclusively under five, in such a way that they are better able to identify and help meet the needs of children.

The Academy Trust's aims are to:

- Raise the achievement of pupils throughout the Academy Trust by ensuring that:
 - the great majority of pupils in all year groups make good progress (i.e. greater than the national average and in the top quartile for all primary schools in terms of progress);
 - average attainment levels in English and Maths are comfortably above the floor standard by the end of Key Stage 2 (KS2).
- Ensure through high-quality professional development, good coaching and effective performance management that the majority of teaching in all years is good.
- Create a common learning culture across all the three schools in the Academy Trust that will enhance the rate and sustainability of improvement.

Blackbird Academy Trust
Trustees' Report (continued)

Trade Union Facility Time

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
0	0

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	N/A
1%-50%	N/A
51%-99%	N/A
100%	N/A

Percentage of pay bill spent on facility time

Provide the total cost of facility time	N/A
Provide the total pay bill	N/A
Provide the percentage of the total pay bill spent on facility time	N/A

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	N/A
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Related Parties and other Connected Charities and Organisations

The Academy Trust is sponsored by the Dragon School, Hamilton Trust and Family Links. The three sponsor charities work closely with the Academy Trust. Each sponsor brings relevant expertise and experience to the Trust Board through their appointment of Trustees. The Headteachers are held to account for improved performance by the Trust Board, which provides strong central accountability and effective governance in the challenge to improve standards.

Blackbird Academy Trust

Trustees' Report (continued)

Objectives and Activities

To secure sustained improvement in pupil outcomes the Academy Trust will:

- a. Strengthen the leadership across and through each of the three schools by:
 - Establishing a coherent leadership structure across all three schools, with a leadership training programme enhanced and supported by the sponsors.
 - Setting accountability structures with a clear emphasis upon appraisal with pupil outcomes as the reference point for all reviews.
 - Establishing an agreed, rigorous programme of monitoring of pupils' learning and outcomes.
 - Developing and implementing a programme of Continuing Professional Development to address needs and share identified good practice.
 - Ensuring high quality governance, and accountability for the Senior Leadership Team, through the new academy structure.
- b. Improve the quality of teaching and learning across the three schools by:
 - Utilising the leadership structures set up to assure quality of learning and pupil progress and outcomes.
 - Implementing a coherent programme of peer support and challenge across all three schools to identify and share good practice and extend the skills set for all staff.
 - Utilising Hamilton Trust sponsorship to develop a new calculation policy in maths across all three schools.
 - Developing work to secure positive attitudes to learning, and qualities of resilience and risk taking through the Family Links' programme.
- c. Raise aspirations of children and families by:
 - Implementing a coherent and purposeful programme to raise aspirations drawing on the expertise and links of each sponsor with the Dragon providing the impetus to raise children's, parents' and staff aspirations and expectations based on the experience of the existing successful partnership with Pegasus School.
 - Through the Dragon, providing access to enriched facilities and coaching for sport, music and arts.
 - Work with the Family Links programme for families to raise aspirations, emotional health and stability, also linking to the Department for Education (DfE) troubled families' programme.
 - Through Hamilton Trust, enable a greater involvement by parents in their children's English and maths at home, including booklets and materials, parent workshops and website.
 - Engaging with the local community throughout the Blackbird and Greater Leys Estates through a range of intergenerational learning opportunities.

Public Benefit

The trustees of Blackbird Academy Trust consider that the Academy Trust's aims are for the public benefit and confirm that they have complied with their duty in Section 17(5) of the 2011 Charities Act to have due regard to the guidance on public benefit published by the Charity Commission in exercising their powers or duties. The Academy Trust's approach has additionally included:

- Letting its facilities (halls and sports facilities) to local community groups.

Strategic Report

Achievements and Performance

This report reflects the achievements and performance of the Trust for the year 2017/18.

The recruitment strategy to attract high calibre teachers to our schools which included generous recruitment and retention incentives and the offer to appoint from the end of June has allowed teachers to complete an induction and gain vital experience before starting with their class in September and generated some success for the start of the new academic year 2018/19. However, the recruitment and retention of high calibre staff will remain a concern moving forward. House prices in Oxford continue to rise making teaching in the area unaffordable. As a consequence, many of our teachers continue to be Newly Qualified Teachers (NQTs) or overseas teachers, which places high demand on training and support needs and can impact the speed at which improvements can be made.

The Trust has continued to pride itself on providing excellent support for NQTs with a specialist teacher responsible for devising and leading a training programme which involves a variety of experienced trainers such as SEND, EAL and Maths.

The Trust has worked tirelessly to ensure that it operates well within its financial means. It fully embedded the use of new budgeting tools which allowed the Headteachers to have sound understanding of the financial position of the schools and make decisions accordingly.

The overall performance of the Trust, detailed for each school is laid out below for the academic year ending August 2018:

	Pegasus	Orchard Meadow	Windale
GLD			
	66	76	59
Phonics			
	68	83	89
Key stage One			
Reading	65	63	64
Writing	58	61	52
Maths	70	67	70
Key Stage Two			
Reading	77	71	73
Writing	76	65	69
SPAG	74	79	79
Maths	70	71	67
Combined	61	53	59

Blackbird Academy Trust

Trustees' Report (continued)

Going Concern

The academy trust has adequate resources to continue in operational existence for the foreseeable future, however to ensure the continued improving trajectory and future sustainability for all three schools in the Trust, the Trustees decided that it was in the school's best interests to join a larger Multi Academy Trust. Therefore The Blackbird Academy Trust will cease to operate and Pegasus Primary School, Windale Primary School and Orchard Meadow Primary School joined United Learning from 1st September 2018.

Financial Review

The Academy Trust reported an operating surplus of £7k. Most of the Academy Trust's income is obtained from the Education & Skills Funding Agency (ESFA) in the form of recurrent grants for particular restricted purposes. In 2017/18 revenue grants of £5,763k was received from the ESFA and Local Authority a decrease from the previous period of £156k. These grants and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

Other income for educational operations and donations received totalled £296k.

Reserves Policy

The Trustees review the level of reserves regularly and the policy annually. The amount of reserves required is reviewed and determined annually as part of the budget setting process. Income and expenditure are monitored termly, and cash flows projected to the end of the academic year. Trustees have determined that net reserves should be equal to the monthly General Annual Grant (GAG), which for 2017/18 is £372k (before pupil number adjustment) and in line with one month's employee payroll salary costs, this is to provide flexibility and certainty in forward planning where funds allow. At 31 August 2018, the Trust had GAG reserves amounting to £229k.

On 31 August 2018 the Academy held the following Reserves (excluding Fixed Asset Fund which represents Net Book Value of Fixed Assets and Pension Deficit):

	£
Unrestricted General Funds	48k
Restricted Capital Funds	4k
Restricted General Funds	<u>229k</u>
Reserves at 31 August 2018	281k

The LGPS Pension Deficit is likely to be met in the longer term from any combination of increased employer contributions, increased government funding or change to scheme benefits. The restricted funds will be spent in accordance with the terms of the particular funds.

Investment Policy

The Academy Trust's investment powers are governed by its Articles of Association. These permit the deposit or investment of funds not immediately required but only after obtaining advice from a financial expert. With limited reserves, Trustees have delegated authority to the Academy Trust Finance Manager to utilise term deposits not to exceed 12 months, providing the projected cash flow does not fall below the monthly salary expenditure.

Blackbird Academy Trust

Trustees' Report (continued)

Principal Risks and Uncertainties

Trustees review regularly a register of the principal risks thought most likely to materialise or have the greatest effect, together with the action taken to mitigate the risks. Key amongst these, are the steps being taken to:

- Manage the day to day running of the Academy Trust within forecast funding levels, whilst achieving sustained improvement in academic performance.
- Recruit and retain high quality teachers particularly for leadership posts.
- Improve pupil numbers.
- Rationalise the support services across the three Schools.

The Academy Trust has developed and implemented a system of internal control including financial, operational and risk management procedures. Critchleys continue to act as Internal Auditor to the Academy Trust.

Fundraising

On occasion, charitable donations maybe received and the schools raise small amounts of money individually through events such as Christmas fairs and Bingo nights.

Plans for Future Periods

The Trust has put plans in place to ensure a smooth transition to United Learning. This includes financial transfer.

Funds Held as Custodian Trustee on Behalf of Others

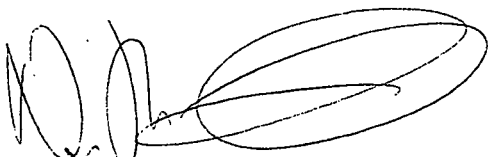
The trust holds no Assets and Funds as Custodian Trustee on behalf of others.

Auditor

Insofar as the trustees are aware:

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

Trustees' report, incorporating a strategic report, approved by order of the board of trustees, as the company directors, on 19 December 2018 and signed on the board's behalf by:



N Hamway
Trustee

Blackbird Academy Trust

Governance Statement

Scope of Responsibility

As trustees we acknowledge we have overall responsibility for ensuring that Blackbird 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, 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 Blackbird 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 nine 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
Mr C I M Jones (Chairman)	8	9
Dr J A F Spence	2	9
Mrs G H Wilson	9	9
Mr M O'Regan	9	9
Sir T Brighouse	7	9
Mr C Scrivener	4	9
Ms J Watret	8	9
Mrs Mary Taylor	3	5
Mr I Caws	6	9
Ms D McIlveen	2	9
Nigel Hamway	4	9
Tom James	9	9
Gloria Walker	3	9

Committees

The Finance and Estates Committee is a sub-committee of the main board of trustees. Its purpose is to support the Board by reviewing the Academy Trust's financial position along with its financial control and risk management.

Key issues for the Finance and Estates Committee were:

- Appointment of a new interim Finance Manager.
- Transfer to a new trust.
- Application for Capital Improvement Fund for repairs to the roof at Orchard Meadow Primary School. Subsequently unsuccessful.

Blackbird Academy trust

Governance Statement (continued)

Attendees as follows:-

Trustee	Meetings Attended	Out of a Possible
Mr C I M Jones	2	7
Mrs G H Wilson	7	7
Mr C Scrivener	5	7
Mr I Caws	7	7
Nigel Hamway (Chair)	5	7

The Finance and Estates Committee also acts as the audit committee.

Review of Value for Money

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

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

- As we move forward into the academic year 2017-18 and a new Multi Academy Trust, we have restructured the Administration staff. This has delivered further savings from each of the schools in the trust.
- Continued to provide high quality musical opportunities. This is a key part of our work to significantly raise expectations and aspirations for pupils and staff in all areas of school life. One teacher continues to provide subject expertise, organise extra-curricular activities and work alongside teachers across the three schools, this is a reduction on staff from last year but enables this work to continue in a more cost-effective way.
- The Principal Technician for IT that has been appointed has now settled into the role and is able to take on more responsibility. This has enabled the external support contract to be reduced and therefore cost.
- The Hamilton maths support continues throughout the Academy Trust and is provided free to our schools by one of our sponsors. This has provided high quality training to all teachers, maths sessions for parents/ carers and all necessary resources to teach this subject effectively. In addition, we have intensive support (at least one a day a week per school) from a leading maths teacher for individual coaching for teachers to secure their subject knowledge and teaching in maths.

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 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 The Blackbird Academy Trust for the period 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

Blackbird Academy trust

Governance Statement (continued)

Capacity to Handle Risk

The board of trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- regular reviews by the 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.

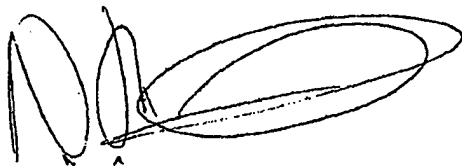
The board of trustees has considered the need for specific internal audit function and has decided not to appoint an internal auditor.

Review of Effectiveness

The accounting officer 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 external auditor;
- the financial management and governance committee work
- working closely with the academy finance team
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

Approved by order of the members of the board of trustees on 19 December 2018 and signed on its behalf by:



N Hamway
Trustee



C Godden
Accounting Officer

Blackbird Academy Trust

Statement on Regularity, Propriety and Compliance

As accounting officer of The Blackbird Academy Trust I have considered my responsibility to notify the academy trust's 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 academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

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

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



C Godden
Accounting Officer
19 December 2018

Blackbird Academy Trust

Statement of Trustees' Responsibilities

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:

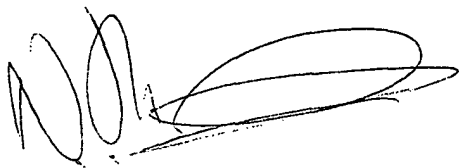
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards 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 ESFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the board of trustees on 19 December 2018 and signed on its behalf by:



N Hamway
Trustee

Opinion on financial statements

We have audited the financial statements of Blackbird Academy Trust ('the academy trust') for the year ended 31 August 2018 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Academies Accounts Direction 2017 to 2018 issued by the ESFA.

In our opinion the financial statements:

- give a true and fair view of the state of the academy trust's affairs as at 31 August 2018 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;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been properly prepared in accordance with the Charities SORP 2015 and Academies Accounts Direction 2017 to 2018.

Basis for opinion

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

Conclusions relating to going concern

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

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

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 auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Blackbird Academy Trust

Independent Auditor's Report to the members of Blackbird Academy Trust (continued)

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 for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The Trustees' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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 trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Statement of Trustees Responsibilities (set out on page 15), 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 academy 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 academy trust or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Independent Auditors 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 Report of the Independent Auditors.

Blackbird Academy Trust

Independent Auditor's Report to the members of Blackbird Academy Trust (continued)

Use of our report

This report is made solely to the academy 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 academy trust'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 academy trust and the academy trust's members as a body, for our audit work, for this report, or for the opinions we have formed.



Robert Kirtland (Senior statutory auditor)
For and on behalf of Critchleys Audit LLP
Statutory Auditor
Oxford

Date: 20/12/2018

Critchleys Audit LLP is eligible to act as an auditor in terms of sections 1212 of the Companies Act 2006.

Blackbird Academy Trust

Independent Reporting Accountant's Assurance Report on Regularity to Blackbird Academy Trust and the Education and Skills Funding Agency

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

Respective responsibilities of Blackbird Academy Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Blackbird Academy Trust's funding agreement with the Secretary of State for Education dated 24 July 2013 and the Academies Financial Handbook, extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2017 to 2018. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2017 to 2018 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

1. Reviewing of minutes of meetings of the Board of Trustees and obtaining representations concerning access to information, disclosure and provision of information.
2. Evaluation of the general control environment of the academy trust, extending the procedures required for financial statements to include regularity.
3. Assessment and testing of a sample of the specific control activities over regularity of a particular activity.
4. Carrying out substantive testing to cover authorisation of expenditure within internal delegated authorities and externally imposed limits.
5. Consideration of whether activities carried out are within the charitable objects.

Blackbird Academy Trust

Independent Reporting Accountant's Assurance Report on Regularity to Blackbird Academy Trust and the Education and Skills Funding Agency (continued)

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2017 to 31 August 2018 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Use of our report

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



Critchleys Audit LLP
Reporting Accountant
Oxford

Date:

20/12/2018

Blackbird Academy Trust
Statement of Financial Activities
For the year ended 31 August 2018
(including Income and Expenditure Account)

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2018 £	Total 2017 £
Income and endowments from:						
Donations and capital grants	2	39,777	54,695	17,683	112,155	408,496
Charitable activities						
Funding for the academy trust's educational operations	3	-	5,763,687	-	5,763,687	5,919,898
Other income for educational operations	4	199,900	-	-	199,900	232,477
Other trading activities	5	1,530	-	-	1,530	1,140
Investments	6	401	-	-	401	428
Total		241,608	5,818,382	17,683	6,077,673	6,562,439
Expenditure on:						
Charitable activities						
Academy trust's educational operations	7,8	199,900	6,441,277	252,494	6,893,671	6,734,022
Total		199,900	6,441,277	252,494	6,893,671	6,734,022
Net income / (expenditure) before transfers		41,708	(622,895)	(234,811)	(815,998)	(171,583)
Transfers between funds	16	-	6,063	(6,063)	-	-
Net income / (expenditure) for the period		41,708	(616,832)	(240,874)	(815,998)	(171,583)
Other recognised gains / (losses):						
Actuarial (losses) / gains on defined benefit pension schemes	16,26	-	1,670,000	-	1,670,000	1,888,000
Net movement in funds		41,708	1,053,168	(240,874)	854,002	1,716,417
Reconciliation of Funds						
Funds brought forward at 1 September 2017		6,311	(3,716,045)	6,733,362	3,023,628	1,307,211
Funds carried forward at 31 August 2018		48,019	(2,662,877)	6,492,488	3,877,630	3,023,628

All of the academy trust's activities derive from continuing operations.

A Statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities.

Blackbird Academy Trust
Balance sheet
As at 31 August 2018

Company number:
08544741

	Note	2018 £	2018 £	2017 £	2017 £
Fixed assets					
Tangible assets	13		6,488,560		6,733,362
Current assets					
Debtors	14	182,396		420,248	
Cash at bank and in hand		<u>563,472</u>		<u>607,592</u>	
		745,868		1,027,840	
Liabilities					
Creditors: Amounts falling due within one year	15	<u>(464,798)</u>		<u>(753,574)</u>	
Net current (liabilities)/ assets			<u>281,070</u>		<u>274,266</u>
Total assets less current liabilities			6,769,630		7,007,628
Net assets excluding pension liability			<u>6,769,630</u>		<u>7,007,628</u>
Defined benefit pension scheme liability	26		<u>(2,892,000)</u>		<u>(3,984,000)</u>
Total net assets			<u>3,877,630</u>		<u>3,023,628</u>
Funds of the academy trust:					
Restricted fixed asset funds	16		6,492,488		6,733,362
Restricted funds					
Restricted funds-excluding pension liability	16	229,123		267,955	
Pension reserve	16	<u>(2,892,000)</u>		<u>(3,984,000)</u>	
			(2,662,877)		(3,716,045)
Total restricted funds			<u>3,829,611</u>		<u>3,017,317</u>
Unrestricted funds	16		48,019		6,311
Total funds			<u>3,877,630</u>		<u>3,023,628</u>

The financial statements on pages 21 to 46 were approved by the trustees and authorised for issue on 19 December 2018 and are signed on their behalf by



N Hamway
Trustee

Blackbird Academy Trust
Statement of Cash Flows
For the year ended 31 August 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Net cash provided by (used in) operating activities	20	(54,512)	453,066
Cash flows from investing activities	22	10,392	(83,215)
Cash flows from financing activities	21	-	-
Change in cash and cash equivalents in the reporting period		<u>(44,120)</u>	<u>369,851</u>
Reconciliation of net cash flow to movement in net funds			
Cash and cash equivalents at 1 September 2017		607,592	237,741
Cash and cash equivalents at 31 August 2018	23	<u><u>563,472</u></u>	<u><u>607,592</u></u>

All of the cash flows are derived from continuing operations.

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.

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 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Blackbird Academy Trust meets the definition of a public benefit entity under FRS 102.

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. Therefore, they continue to adopt the going concern basis of accounting in preparing the financial statements.

However, to ensure the continued improving trajectory and future sustainability for all three schools in the Trust, the Trustees decided that it was in the school's best interests to join a larger Multi Academy Trust. The Blackbird Academy Trust will cease to operate and Pegasus Primary School, Windale Primary School and Orchard Meadow Primary School transferred to United Learning Trust from 1st September 2018 as a going concern.

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 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.

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.

1 Statement of Accounting Policies (continued)

Income (continued)

Donated goods, facilities and services

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

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.

Intangible Fixed Assets

Intangible assets costing £1,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment.

1 Statement of Accounting Policies (continued)

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.

The property transferred on conversion has been valued on a depreciated replacement cost basis which is not representative of market value (see note 13 for further details).

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 straight-line basis over its expected useful life, as follows:

Leasehold buildings	35-45 years from conversion
Leasehold improvements	10-30 years
Fixtures, fittings and equipment	5 years
ICT equipment	3 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 and reclassified to freehold or leasehold land and buildings.

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.

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.

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.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

Leased Assets

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

1 Statement of Accounting Policies (continued)

Financial Instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised costs as detailed in note 14. 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 note 15. 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.

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.

1 Statement of Accounting Policies (continued)

Pensions 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.

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 an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is 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 multi-employer 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 gains and losses.

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 Group.

1 Statement of Accounting Policies (continued)

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.

Critical accounting estimates and assumptions

The academy trust makes estimate 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 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement

The academy trust participates in the Teacher's Pension Scheme (TPS) for qualifying employees. Under the definitions set out in FRS 102, this is a multi-employer pension scheme. There is insufficient information about the plan assets and liabilities to be able to reliably account for its share of the defined benefit obligation and plan assets in the financial statements and therefore the plan is accounted for as a defined contribution scheme (see note 26).

Blackbird Academy Trust
Notes to the financial statements
For the year ended 31 August 2018

2 Donations and capital grants

	Unrestricted Funds £	Restricted Funds £	Total 2018 £	Total 2017 £
DfE/ESFA capital grants				
Condition Improvement Fund	-	(6,946)	(6,946)	300,259
Devolved formula capital grant	-	24,629	24,629	25,086
	<u>-</u>	<u>17,683</u>	<u>17,683</u>	<u>325,345</u>
 Other donations	 39,777	 54,695	 94,472	 83,151
	<u>39,777</u>	<u>72,378</u>	<u>112,155</u>	<u>408,496</u>

The income from donations and capital grants was £112,155 (2017: £408,496) of which £39,777 was unrestricted (2017: £4,743), £54,695 restricted (2017: £78,408) and £17,683 restricted fixed assets (2017: £325,345).

3 Funding for Academy Trust's educational operations

	Unrestricted Funds £	Restricted Funds £	Total 2018 £	Total 2017 £
DfE/ESFA revenue grants				
General Annual Grant (GAG)	-	4,366,048	4,366,048	4,503,966
Other DfE Group grants	-	843,456	843,456	806,857
	<u>-</u>	<u>5,209,504</u>	<u>5,209,504</u>	<u>5,310,823</u>
 Other Government grants				
Early Years funding	-	472,043	472,043	487,205
Local Authority revenue funding	-	82,140	82,140	121,870
	<u>-</u>	<u>554,183</u>	<u>554,183</u>	<u>609,075</u>
	<u>-</u>	<u>5,763,687</u>	<u>5,763,687</u>	<u>5,919,898</u>

The funding for the academy's educational operations was £5,763,687 (2017: £5,919,898) of which £Nil was unrestricted (2017: £Nil), £5,763,687 restricted (2017: £5,919,898) and £Nil restricted fixed assets (2017: £Nil).

Blackbird Academy Trust
Notes to the financial statements
For the year ended 31 August 2018

4 Other income for educational operations

	Unrestricted Funds	Restricted Funds	Total 2018	Total 2017
	£	£	£	£
Trip and activity income	66,698	-	66,698	61,130
Catering income	41,781	-	41,781	70,975
Other income	91,421	-	91,421	100,372
	<u>199,900</u>	<u>-</u>	<u>199,900</u>	<u>232,477</u>

The other income for educational operations was £199,900 (2017: £232,477) of which £199,900 was unrestricted (2017: £232,477), £Nil restricted (2017: £Nil) and £Nil restricted fixed assets (2017: £Nil).

5 Other trading activities

	Unrestricted Funds	Restricted Funds	Total 2018	Total 2017
	£	£	£	£
Hire of facilities	1,530	-	1,530	1,140
	<u>1,530</u>	<u>-</u>	<u>1,530</u>	<u>1,140</u>

The other trading activities income was £1,530 (2017: £1,140) of which £1,530 was unrestricted (2017: £1,140), £Nil restricted (2017: £Nil) and £Nil restricted fixed assets (2017: £Nil).

6 Investment Income

	Unrestricted Funds	Restricted Funds	Total 2018	Total 2017
	£	£	£	£
Short term deposits	401	-	401	428
	<u>401</u>	<u>-</u>	<u>401</u>	<u>428</u>

The investment income was £401 (2017: £428) of which £401 was unrestricted (2017: £428), £Nil restricted (2017: £Nil) and £Nil restricted fixed assets (2017: £Nil).

7 Expenditure

	Staff Costs £	Non Pay Expenditure Premises Costs £	Other Costs £	Total 2018 £	Total 2017 £
Academy Trust's educational operations					
Direct costs (note 8)	4,225,742	-	358,619	4,584,361	4,427,370
Allocated support costs costs (note 8)	1,496,005	281,951	531,354	2,309,310	2,306,652
	<u>5,721,747</u>	<u>281,951</u>	<u>889,973</u>	<u>6,893,671</u>	<u>6,734,022</u>
	<u>5,721,747</u>	<u>281,951</u>	<u>889,973</u>	<u>6,893,671</u>	<u>6,734,022</u>

The expenditure on academy's educational operations was £6,893,671 (2017: £6,734,022) of which £199,900 was unrestricted (2017: £232,477), £6,441,277 restricted (2017: £6,246,693) and £252,494 restricted fixed assets (2017: £254,852).

The 2017 allocated support costs have been amended for a reallocation of expenditure related to the Local Government Pension Scheme. This reallocation is between Other Finance Costs and Actuarial (Loss)/Gain.

Net income/(expenditure) for the period includes:

	2018 £	2017 £
Operating lease rentals	5,103	7,421
Depreciation	252,494	254,852
Fees payable to auditor for:		
Audit services	8,600	8,485
Internal audit services	-	1,500
Other services	<u>16,338</u>	<u>5,925</u>

8 Charitable activities

	Total 2018 £	Total 2017 £
Direct costs - educational operations	4,584,361	4,427,370
Support costs - educational operations	<u>2,309,310</u>	<u>2,306,652</u>
	<u>6,893,671</u>	<u>6,734,022</u>

Analysis of support costs

	Educational operations £	Total 2018 £	Total 2017 £
Support staff costs	918,005	918,005	829,725
Depreciation	252,494	252,494	254,852
Technology costs	29,069	29,069	24,865
Premises costs	281,951	281,951	229,318
Other support costs	207,805	207,805	302,209
Governance costs	41,986	41,986	29,683
Other pension costs	469,000	469,000	525,000
Other finance costs (FRS102 pension)	109,000	109,000	111,000
	<u>2,309,310</u>	<u>2,309,310</u>	<u>2,306,652</u>

The 2017 support costs have been amended for a reallocation of expenditure related to the Local Government Pension Scheme. This reallocation is between Other Finance Costs and Actuarial (Loss)/Gain.

Blackbird Academy Trust
Notes to the financial statements
For the year ended 31 August 2018

9 Staff Costs

	2018	2017
	£	£
Staff costs during the period were:		
Wages and salaries	3,990,568	3,807,197
Social security costs	325,842	319,562
Operating costs of defined benefit pension schemes		
Employer contributions to pension schemes	665,436	626,621
FRS102 Other pension and finance costs	578,000	636,000
Apprenticeship levy	4,611	1,996
	<u>5,564,457</u>	<u>5,391,376</u>
Agency supply teacher costs	89,116	180,626
Agency support staff costs	35,268	3,203
Staff restructuring costs	32,906	-
	<u>5,721,747</u>	<u>5,575,205</u>

The trust uses agency staff where appropriate on normal commercial terms.

Staff restructuring costs comprise:

Redundancy payments	32,906	-
Severance payments	-	-
Other restructuring costs	-	-
	<u>32,906</u>	<u>-</u>

The 2017 staff costs have been amended for a reallocation of expenditure related to the Local Government Pension Scheme. This reallocation is between Other Finance Costs and Actuarial (Loss)/Gain.

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

	2018	2017
	No.	No.
Teachers	48	61
Administration and support	146	134
Management	15	12
	<u>209</u>	<u>207</u>

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

	2018	2017
	No.	No.
£60,001 - £70,000	1	2
£70,001 - £80,000	1	-

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on pages 1-2. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £248,647 (2017: £252,257).

10 Central services

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

Finance	Website support
Human Resources	Administration
Headteachers Personal Assistant	

The trust charges for these services on the basis of an academy schools % of the total pupil numbers in the trust.

The actual amounts charged during the period were as follows:

	2018	2017
	£	£
Orchard Meadow	185,556	243,240
Pegasus	231,904	317,450
Windale	150,548	199,672
	<u>568,008</u>	<u>760,362</u>

11 Related Party Transactions - Trustees' remuneration and expenses

Neither the Headteachers of the academy schools nor any other staff are trustees. Therefore no disclosure of trustees' remuneration is required.

During the period ended 31 August 2018, travel and subsistence expenses totalling £215 were reimbursed or paid directly to 1 trustee for travel and subsistence expenses incurred in their role as a trustee (2017: £702 to 1 trustee).

12 Trustees and officers insurance

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £2m (2017: £2m) on any one claim.

The cost of this insurance is included in the total insurance cost but has not been separately identified.

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13 Tangible fixed assets

	Leasehold Buildings £	Furniture and Equipment £	Computer Equipment £	Motor Vehicles £	Total £
Cost					
At 1 September 2017	7,300,416	194,422	132,499	24,867	7,652,204
Additions	(9,987)	-	17,679	-	7,692
At 31 August 2018	7,290,429	194,422	150,178	24,867	7,659,896
Depreciation					
At 1 September 2017	733,941	64,393	110,560	9,948	918,842
Charges in period	196,224	38,685	12,611	4,974	252,494
At 31 August 2018	930,165	103,078	123,171	14,922	1,171,336
Net book values					
At 31 August 2018	6,360,264	91,344	27,007	9,945	6,488,560
At 31 August 2017	6,566,475	130,029	21,939	14,919	6,733,362

Leasehold property

The academy trust took out 125 year leases over the property at the date of conversion. Leasehold buildings are recognised in the accounts as the academy trust has the right to use the property. The valuation was arranged by the ESFA and was carried out on a desktop depreciated replacement cost basis. Due to restrictions in the leases on the use of the land, the Trustees consider that the land has no value and as such is included in the financial statements at nil value. The freehold of this property is owned by the Local Authority.

14 Debtors

	2018 £	2017 £
Trade debtors	-	1,045
VAT recoverable	26,330	118,949
Prepayments and accrued income	150,381	293,710
Other debtors	5,685	6,544
	<u>182,396</u>	<u>420,248</u>

15 Creditors: amounts falling due within one year

	2018 £	2017 £
Trade creditors	(12,761)	162,898
Other taxation and social security	75,751	77,976
Other creditors	76,055	80,842
ESFA creditor: abatement of GAG	99,691	219,109
Loans		
Accruals and deferred income	226,062	212,749
	<u>464,798</u>	<u>753,574</u>

Deferred income

	2018 £	2017 £
Deferred income at 1 September 2017	72,381	79,314
Released from previous years	(72,381)	(79,314)
Resources deferred in the period	139,015	72,381
Deferred income at 31 August 2018	<u>139,015</u>	<u>72,381</u>

Deferred income represents funding received specifically for next financial year, together with trips and activities income received in advance.

Blackbird Academy Trust
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16 Funds

	Balance at 1 September 2017 £	Income £	Expenditure £	Gains, losses and transfer £	Balance at 31 August 2018 £
Restricted general funds					
General Annual Grant (GAG)	267,955	4,366,048	(4,410,943)	6,063	229,123
Pupil Premium funding	-	658,855	(658,855)	-	-
Other DfE funding	-	184,601	(184,601)	-	-
Early Years funding	-	472,043	(472,043)	-	-
Local Authority revenue funding	-	82,140	(82,140)	-	-
Other restricted funds	-	54,695	(54,695)	-	-
Pension reserve (note 26)	(3,984,000)	-	(578,000)	1,670,000	(2,892,000)
	(3,716,045)	5,818,382	(6,441,277)	1,676,063	(2,662,877)
Restricted fixed asset funds					
Condition Improvement Fund	-	(6,946)	-	6,946	-
Devolved formula capital	-	24,629	-	(20,701)	3,928
Fixed asset fund (note 13)	6,733,362	-	(252,494)	7,692	6,488,560
	6,733,362	17,683	(252,494)	(6,063)	6,492,488
Total restricted funds	3,017,317	5,836,065	(6,693,771)	1,670,000	3,829,611
Unrestricted funds					
Unrestricted funds	6,311	241,608	(199,900)	-	48,019
Total unrestricted funds	6,311	241,608	(199,900)	-	48,019
Total funds	3,023,628	6,077,673	(6,893,671)	1,670,000	3,877,630

The General Annual Grant represents funding received from the Education and Skills Funding Agency during the period in order to fund the continuing activities of the school. Under the funding agreement with the Secretary of State, the academy trust was not subject to limits on the amount of GAG that it could carry forward at 31 August 2018.

Pupil Premium Funding represents funding received from the Department for Education (DfE) to raise the attainment of disadvantaged pupils of all abilities. The eligibility of the pupils and rates of grant per pupil are set-out by the DfE. This funding is to be used for the provision of education.

Other DfE funding represents other forms of funding received from the Department for Education. This includes but is not limited to Rates Relief Income, UIFSM funding and PE grant.

Early Years funding represents funding provided by Local Authorities for use with children aged 3-4.

Local Authority Revenue funding represents various grant funding provided by Local Authorities.

Other restricted funds represent amounts given to the academy for specific revenue purposes.

The pension reserve fund separately identifies the pension deficit on the Local Government Pension Scheme, and through which all the movements on the pension scheme are recognised.

Capital Improvement Funding represents funding provided by the Department for Education to be used for specific capital projects in line with the funding application.

Devolved Formula Capital represents funding provided by the Department for Education to be used for capital projects. This funding may be used for specific capital projects which are not considered to be fixed asset additions.

The Fixed Asset fund recognises the net book value of tangible fixed assets transferred to the trust on conversion and additions since conversion.

Unrestricted funds represent other income to the academy trust which is not received as funding or with a specific purpose.

16 Funds (continued)

Total funds analysis by academy

Fund balances at 31 August 2018 were allocated as follows:

	2018 Total £	2017 Total £
Revenue reserves		
Central	(62,199)	(65,081)
Orchard Meadow	70,261	151,384
Pegasus	162,319	130,501
Windale	106,761	57,462
Total before fixed assets and pension reserve	277,142	274,266
Capital reserves	3,928	-
Fixed asset fund (representing net book value of fixed assets - note 13)	6,488,560	6,733,362
Pension reserve	(2,892,000)	(3,984,000)
Total funds	3,877,630	3,023,628

The Trust is carrying a deficit on its Central revenue reserves due to expenditure being incurred by the central function but not recharged to the individual academy schools. The Trust does not have a deficit in total on its revenue reserves.

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 (including all non staff direct costs) £	Other costs (excluding depreciation) £	Total 2018 £	Total 2017 £
Central	85,487	326,130	57,505	105,108	574,230	760,362
Orchard Meadow	1,355,899	237,797	97,215	159,259	1,850,170	1,636,735
Pegasus	1,699,554	171,349	130,082	162,360	2,163,345	2,010,867
Windale	1,084,802	182,729	102,853	105,049	1,475,433	1,435,206
	4,225,742	918,005	387,655	531,776	6,063,178	5,843,170
				Depreciation	252,494	254,852
				Other finance costs and pension costs	578,000	636,000
				Note 7	6,893,672	6,734,022

16 Funds (continued)

Comparative Funds

	Balance at 1 September 2016 £	Income £	Expenditure £	Gains, losses and transfer £	Balance at 31 August 2017 £
Restricted general funds					
General Annual Grant (GAG)	(36,015)	4,503,966	(4,116,353)	(83,643)	267,955
Pupil Premium funding	-	674,625	(674,625)	-	-
Other DfE funding	-	132,232	(132,232)	-	-
Early Years funding	-	487,205	(487,205)	-	-
Local Authority revenue funding	-	121,870	(121,870)	-	-
Other restricted funds	-	78,408	(78,408)	-	-
Pension reserve (note 26)	(5,236,000)	-	(636,000)	1,888,000	(3,984,000)
	<u>(5,272,015)</u>	<u>5,998,306</u>	<u>(6,246,693)</u>	<u>1,804,357</u>	<u>(3,716,045)</u>
Restricted fixed asset funds					
Condition Improvement Fund	-	300,259	-	(300,259)	-
Devolved formula capital	-	25,086	-	(25,086)	-
Fixed asset fund (note 13)	6,579,226	-	(254,852)	408,988	6,733,362
	<u>6,579,226</u>	<u>325,345</u>	<u>(254,852)</u>	<u>83,643</u>	<u>6,733,362</u>
Total restricted funds	1,307,211	6,323,651	(6,501,545)	1,888,000	3,017,317
Unrestricted funds					
Unrestricted funds	-	238,788	(232,477)	-	6,311
Total unrestricted funds	-	238,788	(232,477)	-	6,311
Total funds	1,307,211	6,562,439	(6,734,022)	1,888,000	3,023,628

The Comparative Funds Pension Reserve figures have been amended for a reallocation of expenditure related to the Local Government Pension Scheme. This reallocation is between Other Finance Costs and Actuarial (Loss)/Gain.

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

	Balance at 1 September 2016 £	Income £	Expenditure £	Gains, losses and transfer £	Balance at 31 August 2018 £
Restricted general funds					
General Annual Grant (GAG)	(36,015)	8,870,014	(8,527,296)	(77,580)	229,123
Pupil Premium funding	-	1,333,480	(1,333,480)	-	-
Other DfE funding	-	316,833	(316,833)	-	-
Early Years funding	-	959,248	(959,248)	-	-
Local Authority revenue funding	-	204,010	(204,010)	-	-
Other restricted funds	-	133,103	(133,103)	-	-
Pension reserve (note 26)	(5,236,000)	-	(1,214,000)	3,558,000	(2,892,000)
	<u>(5,272,015)</u>	<u>11,816,688</u>	<u>(12,687,970)</u>	<u>3,480,420</u>	<u>(2,662,877)</u>
Restricted fixed asset funds					
Condition Improvement Fund	-	293,313	-	(293,313)	-
Devolved formula capital	-	49,715	-	(45,787)	3,928
Fixed asset fund (note 13)	6,579,226	-	(507,346)	416,680	6,488,560
	<u>6,579,226</u>	<u>343,028</u>	<u>(507,346)</u>	<u>77,580</u>	<u>6,492,488</u>
Total restricted funds	1,307,211	12,159,716	(13,195,316)	3,558,000	3,829,611
Unrestricted funds					
Unrestricted funds	-	480,396	(432,377)	-	48,019
Total unrestricted funds	-	480,396	(432,377)	-	48,019
Total funds	1,307,211	12,640,112	(13,627,693)	3,558,000	3,877,630

17 Analysis of net assets between funds

Fund balances at 31 August 2018 are represented by:

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total Funds £
Tangible fixed assets	-	-	6,488,560	6,488,560
Current assets	48,019	693,921	3,928	745,868
Current liabilities	-	(464,798)	-	(464,798)
Pension Scheme liability	-	(2,892,000)	-	(2,892,000)
Total net assets	48,019	(2,662,877)	6,492,488	3,877,630

Comparative analysis of net assets between funds

Fund balances at 31 August 2017 are represented by:

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total Funds £
Tangible fixed assets	-	-	6,733,362	6,733,362
Current assets	6,311	1,021,529	-	1,027,840
Current liabilities	-	(753,574)	-	(753,574)
Pension Scheme liability	-	(3,984,000)	-	(3,984,000)
Total net assets	6,311	(3,716,045)	6,733,362	3,023,628

18 Capital commitments

	2018 £	2017 £
Contracted for, but not provided in the financial statements	-	-

19 Commitments under operating leases

Operating leases

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

	2018 £	2017 £
Amounts due within one year	2,450	5,021
Amounts due between one and five years	425	2,875
Amounts due after five years	-	-
	2,875	7,896

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20 Reconciliation of net income/(expenditure) to net cash flow from operating activities

	2018 £	2017 £
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	(815,998)	(171,583)
Adjusted for:		
Depreciation (note 13)	252,494	254,852
Capital grants from DfE and other capital income	(17,683)	(325,345)
Interest receivable (note 6)	(401)	(428)
Defined benefit pension scheme cost less contributions payable (note 26)	469,000	525,000
Defined benefit pension scheme finance cost (note 26)	109,000	111,000
(Increase)/decrease in debtors	237,852	(177,686)
Increase/(decrease) in creditors	(288,776)	237,256
Net cash (used in)/provided by operating activities	(54,512)	453,066

21 Cash flows from financing activities

	2018 £	2017 £
Repayments of borrowing	-	-
Cash inflows from new borrowing	-	-
Net cash used in financing activities	-	-

22 Cash flows from investing activities

	2018 £	2017 £
Dividends, interest and rents from investments	401	428
Purchase of tangible fixed assets	(7,692)	(408,988)
Capital grants from DfE Group	17,683	325,345
Net cash provided by/(used in) investing activities	10,392	(83,215)

23 Analysis of cash and cash equivalents

	At 1 September 2017 £	Cash flows £	At 31 August 2018 £
Cash at bank and in hand	607,592	(44,120)	563,472
	<u>607,592</u>	<u>(44,120)</u>	<u>563,472</u>

24 Contingent liabilities

There are no contingent liabilities that require disclosure.

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 Pension and similar obligations

The academy trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Oxfordshire 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.

Contributions amounting to £74,956 were payable to the schemes at 31 August 2018 (2017: £75,582) and are included within creditors.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, unfunded, defined benefit scheme governed by the Teachers' Pension Regulations (2010) and the Teachers' Pension Scheme Regulations 2014. 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 the 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 - these contributions, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Act.

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 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 results of the valuation are:

- employer contribution rates were set at 16.4% of pensionable pay; in line with current regulations, not including the additional 0.08% employers pay for the cost of Scheme administration;
- total scheme liabilities for service to the effective date of £191.5 billion, and notional assets of £176.6 billion giving a notional past service deficit of £15.0 billion;
- an employer cost cap of 10.9% of pensionable pay;
- actuarial assessments are undertaken in intervening years between formal valuations for financial reporting purposes, using updated membership data.

26 Pension and similar obligations (continued)

Teachers' Pension Scheme (continued)

The new employer contribution rate and administration levy for the TPS were implemented in September 2015.

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The pension costs paid to TPS in the period amounted to £307,088 (2017: £309,665).

A copy of the valuation report and supporting documentation is on the Teachers' Pension Scheme website at the following location:

<https://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx>

Scheme Changes

Lord Hutton, who chaired the Independent Public Service Pensions Commission, published his final report in March 2011 and made recommendations about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation and Ministers engaged in extensive discussions with trade unions and other representative bodies on the reform of the TPS. Those discussions concluded on 9 March 2012, and the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

The key provisions of the reformed schedule include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to the State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Importantly, pension benefits built up before 1 April 2015 will be fully protected.

In addition, the Proposed Final Agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall up to three and a half years outside of the 10 year protection.

In his interim report of October 2010, Lord Hutton recommended that short-term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the Spending Review 2010 the Government announced an average increase of 3.2 percentage points on the contribution rates by 2014-15. The increases have been phased in since April 2012.

The arrangements for a reformed Teachers' Pension Scheme, in line with the remainder of the recommendations made by Lord Hutton, have now been implemented. The Career Average Revalued Earnings (CARE) scheme was implemented from 1 April 2015, whereby benefits will accrue on a career average basis and there is a normal pension age aligned to the state pension age.

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.

26 Pension and similar obligations (continued)

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 2018 was £466,000 (2017: £417,000), of which employer's contributions totalled £357,000 (2017: £319,000) and employees' contributions totalled £109,000 (2017: £98,000). The agreed contribution rates for future years are 14.4% for employers and 5.5-12.5% for employees until 31st March 2020. In addition, employer top-up contributions of £86,000 and £88,000 are due for the years ended 31st March 2019 and 2020 respectively. The next full triennial valuation will be carried out as at 31 March 2019 with new contribution rates set from 1 April 2020.

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 31 August 2018	At 31 August 2017
Rate of increase in salaries	3.60%	4.20%
Rate of increase for pensions in payment / inflation	2.30%	2.70%
Discount rate for scheme liabilities	2.80%	2.60%
Inflation assumption (CPI)	2.40%	2.70%
Commutation of pensions to lump sums	50.00%	50.00%

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

	At 31 August 2018	At 31 August 2017
<i>Retiring today</i>		
Males	23.4	23.4
Females	25.5	25.5
<i>Retiring in 20 years</i>		
Males	25.7	25.7
Females	27.9	27.9

Sensitivity Analysis - Effect on Scheme Liabilities

	At 31 August 2018	At 31 August 2017
Present value of total obligation	£	£
Discount rate +0.1%	7,352,000	7,395,000
Discount rate -0.1%	7,842,000	7,805,000
Mortality assumption - 1 year increase	N/A	7,842,000
Mortality assumption - 1 year decrease	N/A	7,360,000
CPI rate +0.1%	N/A	N/A
CPI rate -0.1%	N/A	N/A

26 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

The academy trust's share of the assets in the scheme were:

	Fair value at 31 August 2018 £	Fair value at 31 August 2017 £
Equities	3,029,000	2,229,000
Gilts	-	538,000
Other bonds	736,000	175,000
Property	346,000	235,000
Cash and other liquid assets	216,000	139,000
LLPs	-	117,000
Diversified growth fund	-	177,000
Alternative assets	-	3,000
Total market value of assets	4,327,000	3,613,000
Present value of scheme liabilities		
- Funded	(7,219,000)	(7,597,000)
Surplus/(deficit) in the scheme	(2,892,000)	(3,984,000)

The actual return on scheme assets was £299,000 (2017: £391,000).

Amounts recognised in the statement of financial activities

	2018 £	2017 £
Current service cost (net of employee contributions)	826,000	844,000
Net interest cost	109,000	111,000
Total amount recognised in the SOFA	935,000	955,000

26 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

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

	2018	2017
	£	£
At 1 September	7,597,000	8,026,000
Current service cost	826,000	844,000
Interest cost	209,000	177,000
Employee contributions	109,000	98,000
Actuarial (gain)/loss	(1,501,000)	(1,533,000)
Estimated benefits paid net of transfers in	(21,000)	(15,000)
At 31 August	<u>7,219,000</u>	<u>7,597,000</u>

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

	2018	2017
	£	£
At 1 September	3,613,000	2,790,000
Interest income	100,000	66,000
Return on plan assets (excluding net interest on the net defined pension liability)	169,000	325,000
Actuarial (gain)/loss	-	30,000
Employer contributions	357,000	319,000
Employee contributions	109,000	98,000
Estimated benefits paid plus unfunded net of transfers in	(21,000)	(15,000)
At 31 August	<u>4,327,000</u>	<u>3,613,000</u>

Reconciliation of opening and closing deficit				
	2018		2017	
	£	£	£	£
At 1 September		(3,984,000)		(5,236,000)
Current service cost	(826,000)		(844,000)	
Employer contributions	357,000		319,000	
Additional pension cost		(469,000)		(525,000)
Other finance costs		(109,000)		(111,000)
Actuarial gains/(losses)		1,670,000		1,888,000
At 31 August		(2,892,000)		(3,984,000)

The 2017 pension figures have been amended for a reallocation of expenditure related to the Local Government Pension Scheme. This reallocation is between Other Finance Costs and Actuarial (Loss)/Gain.

27 Related party transactions

Owing to the nature of the academy trust and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the Academies Financial Handbook and with the academy trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

The Dragon School, Family Links and The Hamilton Trust which are all sponsors to Blackbird Academy Trust, have trustees who also sit on the Academy's Board of Trustees.

Family Links provided donations of £1,000 (2017: £2,000) to Blackbird Academy Trust during the period. The amount due from Family Links at 31 August 2018 was £Nil (2017: £Nil).

The Hamilton Trust provided donations of £57,212 (2017: £36,592) during the period. The amount due from The Hamilton Trust at 31 August 2018 was £Nil (2017: £Nil).

The Dragon School provided donations of £5,000 (2017: £2,000) during the period. The amount due from the Dragon School at 31 August 2018 was £Nil (2017: £Nil).

C Jones (Trustee) is a Director of Pew Charitable Trust. Pew Charitable Trust provided donations of £Nil (2017: £12,000) during the period.

In aggregate, trustees individually provided donations totalling £Nil (2017: £7,800) during the period.

28 Events after the balance sheet date

On 1 September 2018 all activities of the company were transferred to United Learning Trust, the schools will continue to operate as normal within the new Trust and as such the accounts are prepared on a going concern basis.