

BRIGHT FUTURES EDUCATIONAL TRUST

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2017

	Notes	Unrestricted Funds £000's	Restricted funds: General £000's	Fixed asset £000's	Total 2017 £000's	Total 2016 £000's
Income and endowments from:						
Donations and capital grants	3	-	114	938	1,052	7,388
Charitable activities:						
- Funding for educational operations	4	-	31,276	-	31,276	32,253
Other trading activities	5	872	327	-	1,199	644
Investments	6	-	3	-	3	3
Total income and endowments		<u>872</u>	<u>31,720</u>	<u>938</u>	<u>33,530</u>	<u>40,288</u>
Expenditure on:						
Charitable activities:						
- Educational operations	7,8	-	34,303	3,165	37,468	38,837
Academy transferred out	24	-	(85)	4,305	4,220	-
Total expenditure		<u>-</u>	<u>34,218</u>	<u>7,470</u>	<u>41,688</u>	<u>38,837</u>
Net (expenditure)/income		872	(2,498)	(6,532)	(8,158)	1,451
Transfers between funds		(872)	803	69	-	-
Other recognised gains and losses						
Actuarial gains/(losses) on defined benefit pension schemes	18	-	5,345	-	5,345	(4,881)
Net movement in funds		-	3,650	(6,463)	(2,813)	(3,430)
Reconciliation of funds						
Total funds brought forward		-	(14,583)	48,922	34,339	37,769
Total funds carried forward		-	(10,933)	42,459	31,526	34,339

BRIGHT FUTURES EDUCATIONAL TRUST

STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2017

Comparative year information Year ended 31 August 2016	Notes	Unrestricted Funds £000's	Restricted funds: General £000's	Fixed asset £000's	Total 2016 £000's
Income and endowments from:					
Donations and capital grants	3	-	212	7,176	7,388
Charitable activities:					
- Funding for educational operations	4	-	32,253	-	32,253
Other trading activities	5	401	243	-	644
Investments	6	-	3	-	3
Total income and endowments		<u>401</u>	<u>32,711</u>	<u>7,176</u>	<u>40,288</u>
Expenditure on:					
Charitable activities:					
- Educational operations	8	401	34,928	3,508	38,837
Total expenditure	7	<u>401</u>	<u>34,928</u>	<u>3,508</u>	<u>38,837</u>
Net income/(expenditure)		-	(2,217)	3,668	1,451
Other recognised gains and losses					
Actuarial losses on defined benefit pension schemes	18	-	(4,881)	-	(4,881)
Net movement in funds		-	(7,098)	3,668	(3,430)
Reconciliation of funds					
Total funds brought forward		-	(7,485)	45,254	37,769
Total funds carried forward		<u>-</u>	<u>(14,583)</u>	<u>48,922</u>	<u>34,339</u>

BRIGHT FUTURES EDUCATIONAL TRUST

BALANCE SHEET

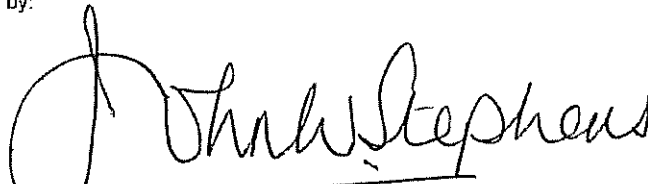
AS AT 31 AUGUST 2017

		2017		2016	
	Notes	£000's	£000's	£000's	£000's
Fixed assets					
Tangible assets	12		42,459		48,922
Current assets					
Debtors	13	1,535		1,457	
Cash at bank and in hand		3,098		3,037	
		<u>4,633</u>		<u>4,494</u>	
Current liabilities					
Creditors: amounts falling due within one year	14	<u>(7,784)</u>		<u>(6,924)</u>	
Net current liabilities			<u>(3,151)</u>		<u>(2,430)</u>
Net assets excluding pension liability			39,308		46,492
Defined benefit pension liability	18		<u>(7,782)</u>		<u>(12,153)</u>
Net assets			<u>31,526</u>		<u>34,339</u>
Funds of the academy trust:					
Restricted funds	16				
- Fixed asset funds			42,459		48,922
- Restricted income funds			(3,151)		(2,430)
- Pension reserve			<u>(7,782)</u>		<u>(12,153)</u>
Total restricted funds			31,526		34,339
Unrestricted income funds	16		-		-
Total funds			<u>31,526</u>		<u>34,339</u>

The accounts set out on pages 22 to 48 were approved by the board of trustees and authorised for issue on 15 December 2017 and are signed on its behalf by:



Mr Yakub Patel
Chairman



Dr John Stephens CBE
Accounting Officer

Company Number 07695771

BRIGHT FUTURES EDUCATIONAL TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2017

	Notes	2017 £000's	2016 £000's
Cash flows from operating activities			
Net cash provided by operating activities	19	248	2,834
Cash flows from investing activities			
Dividends, interest and rents from investments		3	3
Capital grants from DfE and EFA		888	442
Capital funding from sponsors and others		50	6,734
Payments to acquire tangible fixed assets		(1,010)	(7,176)
Cash transferred out		(118)	-
		<u>(187)</u>	<u>3</u>
Change in cash and cash equivalents in the reporting period		61	2,837
Cash and cash equivalents at 1 September 2016		3,037	200
Cash and cash equivalents at 31 August 2017		<u>3,098</u>	<u>3,037</u>

BRIGHT FUTURES EDUCATIONAL TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

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

1.1 Basis of preparation

The accounts 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 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Bright Futures Educational Trust meets the definition of a public benefit entity under FRS 102.

1.2 Going concern

The trustees assess whether the use of going concern is appropriate, ie whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charitable 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 accounts.

The financial statements have been prepared on the going concern basis, which assumes that the charitable company will continue in operational existence for the foreseeable future. The validity of this assumption depends on the continued provision of adequate funding. The financial statements do not include any adjustments that would result if the funds were not made available.

The charitable company finances its operations with bank facilities provided by Lloyds Bank and borrowings from the Education Skills Funding Agency (ESFA). At the balance sheet date, amounts due to the ESFA total £5.8m and this includes £2.5m for capital projects and £2.1m for pupil number adjustments. The trustees are in the process of agreeing a repayment plan for these liabilities and for ongoing support to enable the charitable company to continue trading for the foreseeable future.

Whilst there is currently nothing to suggest that these negotiations will not be concluded successfully, if the ESFA withdrew its support, the charitable company would need to make material changes to its future financial planning.

The trustees have concluded that this represents an uncertainty that casts doubt upon the company's ability to continue as a going concern. Nevertheless, after preparing financial forecasts which assume the successful negotiations with the ESFA, the trustees have a reasonable expectation that the charitable company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the annual report and accounts.

1.3 Income

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

Grants receivable

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.

BRIGHT FUTURES EDUCATIONAL TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

General Annual Grant is recognised in full in the statement of financial activities in the period 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.

Sponsorship income

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the statement of financial activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

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.

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'.

Donated fixed assets

Donated fixed assets are measured at fair value unless it is impractical to measure this reliably, in which case the cost of the item to the donor is used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's accounting policies.

1.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

BRIGHT FUTURES EDUCATIONAL TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies (continued)

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.

Governance costs

These include the costs attributable to the academy trust's compliance with constitutional and statutory requirements, including audit, strategic management, trustees' meetings and reimbursed expenses.

1.5 Tangible fixed assets and depreciation

Tangible fixed assets acquired since the trust was established are stated at historical costs less accumulated depreciation and any accumulated impairment losses.

In the case of fixed assets transferred from predecessor schools these are treated as acquired at fair value, calculated by reference to either:

- net book value at date of transfer; or
- in the absence of reliable net book value data, an estimate of fair value calculated by reference to an assumed value of fixed assets as compared to the pupil roll.

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

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding that require 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

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

Land and buildings	50 years straight line
Plant and machinery	10 years straight line
Computer equipment	3 years straight line
Fixtures, fittings & equipment	10 years straight line

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

1.6 Liabilities

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

BRIGHT FUTURES EDUCATIONAL TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies (continued)

1.7 Leasing and hire purchase commitments

Rentals payable under operating leases are charged against income on a straight line basis over the period of the lease.

1.8 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 cost. Prepayments are not financial instruments.

Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities

Trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost. Taxation and social security are not included in the financial instruments disclosure definition.

Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

1.9 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 chapter 3 part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

1.10 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 and the assets are held separately from those of the academy trust.

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 18, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions are recognised in the period to which they relate.

BRIGHT FUTURES EDUCATIONAL TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

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

1.11 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 Education and Skills Funding Agency.

1.12 Agency Arrangements

The academy trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the Statement of Financial Activities. The funds received and paid and any balance held are disclosed in note 23.

2 Critical accounting estimates and areas of judgement

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 18, 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 2017 has been used by the actuary in valuing the pensions liability at 31 August 2017. 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.

BRIGHT FUTURES EDUCATIONAL TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2017

3 Donations and capital grants	Unrestricted funds £000's	Restricted funds £000's	Total 2017 £000's	Total 2016 £000's
Private sponsorship	-	114	114	212
Capital grants	-	938	938	7,176
	<u>-</u>	<u>1,052</u>	<u>1,052</u>	<u>7,388</u>
4 Funding for the academy trust's educational operations	Unrestricted funds £000's	Restricted funds £000's	Total 2017 £000's	Total 2016 £000's
DfE / ESFA grants				
General annual grant (GAG)	-	25,366	25,366	26,294
Start up grants	-	-	-	9
Other DfE / ESFA grants	-	2,063	2,063	3,007
	<u>-</u>	<u>27,429</u>	<u>27,429</u>	<u>29,310</u>
Other government grants				
Local authority grants	-	3,847	3,847	2,943
	<u>-</u>	<u>3,847</u>	<u>3,847</u>	<u>2,943</u>
Total funding	<u>-</u>	<u>31,276</u>	<u>31,276</u>	<u>32,253</u>
5 Other trading activities	Unrestricted funds £000's	Restricted funds £000's	Total 2017 £000's	Total 2016 £000's
Hire of facilities	175	-	175	168
Catering income	-	125	125	125
Other income	697	202	899	351
	<u>872</u>	<u>328</u>	<u>1,199</u>	<u>644</u>
6 Investment income	Unrestricted funds £000's	Restricted funds £000's	Total 2017 £000's	Total 2016 £000's
Short term deposits	-	3	3	3
	<u>-</u>	<u>3</u>	<u>3</u>	<u>3</u>

BRIGHT FUTURES EDUCATIONAL TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

7 Expenditure

	Staff costs £000's	Premises & equipment £000's	Other costs £000's	Total 2017 £000's	Total 2016 £000's
Academy's educational operations					
- Direct costs	21,801	-	2,843	24,644	25,666
- Allocated support costs	4,788	5,581	2,455	12,824	13,171
	<u>26,589</u>	<u>5,581</u>	<u>5,298</u>	<u>37,468</u>	<u>38,837</u>

Net income/(expenditure) for the year includes:

	2017 £000's	2016 £000's
Fees payable to auditor for:		
- Audit	65	59
- Other services	49	-
Operating lease rentals	144	209
Depreciation of tangible fixed assets	3,165	3,508
Net interest on defined benefit pension liability	253	254

Central services

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

- human resources co-ordination and casework
- financial services via hub managers
- IT Services
- Facilities and estates via hub managers

The academy trust charges for these services on a flat 4% of GAG income.

The amounts charged during the year were as follows:

	Total £000's
Altrincham Grammar School for Girls	235
Cedar Mount Academy	171
Connell Sixth Form College	49
Marion Primary Academy and Nursery	58
Melland High School	66
Rushbrook Primary Academy	115
South Shore Academy	176
Stanley Grove Primary Academy	117
Wigan University Technical College	6
Bright Futures Educational Trust	-
	<u>993</u>

BRIGHT FUTURES EDUCATIONAL TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2017

8 Charitable activities		
	2017	2016
	£000's	£000's
All from restricted funds:		
Direct costs - educational operations	24,644	25,666
Support costs - educational operations	12,824	13,171
	<u>37,468</u>	<u>38,837</u>
	2017	2016
	£000's	£000's
Analysis of support costs		
Support staff costs	4,788	4,659
Depreciation and amortisation	3,165	3,508
Technology costs	388	354
Premises costs	2,330	2,576
Other support costs	1,979	1,956
Governance costs	174	118
	<u>12,824</u>	<u>13,171</u>
9 Staff costs		
	2017	2016
	£000's	£000's
Wages and salaries	23,532	22,883
Social security costs	1,091	1,692
Operating costs of defined benefit pension schemes	1,001	761
	<u>25,624</u>	<u>25,336</u>
Staff costs	25,624	25,336
Supply staff costs	712	1,116
Staff restructuring costs	29	138
Staff development and other staff costs	224	66
	<u>26,589</u>	<u>26,656</u>
Staff numbers		
The average number of persons employed by the academy trust during the year was as follows:		
	2017	2016
	Number	Number
Teachers	293	288
Administration and support	285	286
Management	57	60
	<u>635</u>	<u>634</u>

BRIGHT FUTURES EDUCATIONAL TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2017

9 Staff costs

Higher paid staff

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

	2017 Number	2016 Number
£60,001 to £70,000	5	11
£70,001 to £80,000	4	3
£80,001 to £90,000	4	4
£90,001 to £100,000	2	2
£100,001 to £110,000	1	1
£110,001 to £120,000	1	1
£220,001 to £230,000	-	1

Non statutory/non-contractual staff severance payments

Included in staff costs are non-statutory/non-contractual severance payments totalling £40,785 (2016: £88,000). Individually the payments were £536, £3,100, £648, £28,815 and £7,686.

Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £478,500 (2016: £775,000).

10 Trustees' remuneration and expenses

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

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

Dr J Stephens (CEO and trustee)	£90,001 - £100,000	(2016: £nil)
Dame D Ross-Wawrzynski (Former CEO and trustee)	£70,001 - £80,000	(2016: £225,001 - £230,000)
J Poole (Staff trustee)	£35,001 - £40,000	(2016: £70,001 - £75,000)

The value of trustees' employers pension contributions was as follows:

Dr J Stephens (CEO and trustee)	£15,001 - £20,000	(2016: £nil)
Dame D Ross-Wawrzynski (Former CEO and trustee)	£nil	(2016: £nil)
J Poole (Staff trustee)	£nil	(2016: £nil)

Other related party transactions involving the trustees are set out within the related parties note

BRIGHT FUTURES EDUCATIONAL TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

11 Trustees and officers insurance

In accordance with normal commercial practice, the academy trust has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy trust business. The insurance provides cover up to £2,000,000 on any one claim. The cost for the year ended 31 August 2017 was included within the combined insurance policy and has not been specified separately.

12 Tangible fixed assets

	Land and buildings	Plant and machinery	Computer equipment	Fixtures, fittings & equipment	Total
	£000's	£000's	£000's	£000's	£000's
Cost					
At 1 September 2016	55,641	457	1,416	1,604	59,118
Additions	399	-	268	339	1,006
Transfer on school leaving	(4,133)	(457)	(188)	(146)	(4,924)
At 31 August 2017	51,907	-	1,496	1,797	55,200
Depreciation					
At 1 September 2016	8,670	80	958	488	10,196
Transfer on school leaving	(307)	(102)	(175)	(36)	(620)
Charge for the year	2,628	22	313	202	3,165
At 31 August 2017	10,991	-	1,096	654	12,741
Net book value					
At 31 August 2017	40,916	-	400	1,143	42,459
At 31 August 2016	46,971	377	458	1,116	48,922

BRIGHT FUTURES EDUCATIONAL TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2017

13 Debtors	2017 £000's	2016 £000's
Trade debtors	177	136
Other debtors	602	433
Prepayments and accrued income	756	888
	<u>1,535</u>	<u>1,457</u>
14 Creditors: amounts falling due within one year	2017 £000's	2016 £000's
Trade creditors	716	729
EFA creditors	5,796	4,621
Other creditors	8	11
Accruals and deferred income	1,264	1,563
	<u>7,784</u>	<u>6,924</u>
15 Deferred income	2017 £000's	2016 £000's
Deferred income is included within:		
Creditors due within one year	<u>382</u>	<u>2</u>
Deferred income at 1 September 2016	2	91
Released from previous years	(2)	(91)
Amounts deferred in the year	<u>382</u>	<u>2</u>
Deferred income at 31 August 2017	<u>382</u>	<u>2</u>

BRIGHT FUTURES EDUCATIONAL TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2017

16 Funds	Balance at 1 September 2016 £000's	Income £000's	Expenditure £000's	Gains, losses and transfers £000's	Balance at 31 August 2017 £000's
Restricted general funds					
General Annual Grant	(2,430)	25,366	(33,244)	7,157	(3,151)
Other DfE / ESFA grants	-	2,063	-	(2,063)	-
Other government grants	-	3,847	-	(3,847)	-
Other restricted funds	-	444	-	(444)	-
	<u>(2,430)</u>	<u>31,720</u>	<u>(33,244)</u>	<u>803</u>	<u>(3,151)</u>
Funds excluding pensions	(2,430)	31,720	(33,244)	803	(3,151)
Pension reserve	(12,153)	-	(974)	5,345	(7,782)
	<u>(14,583)</u>	<u>31,720</u>	<u>(34,218)</u>	<u>6,148</u>	<u>(10,933)</u>
Restricted fixed asset funds					
DfE / ESFA capital grants	48,922	938	(7,470)	69	42,459
	<u>48,922</u>	<u>938</u>	<u>(7,470)</u>	<u>69</u>	<u>42,459</u>
Total restricted funds	<u>34,339</u>	<u>32,658</u>	<u>(41,688)</u>	<u>6,217</u>	<u>31,526</u>
Unrestricted funds					
General funds	-	872	-	(872)	-
	<u>-</u>	<u>872</u>	<u>-</u>	<u>(872)</u>	<u>-</u>
Total funds	<u>34,339</u>	<u>33,530</u>	<u>(41,688)</u>	<u>5,345</u>	<u>31,526</u>

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

- (i) General Annual Grant (GAG) must be used for the normal running costs of the academy.
- (ii) The other DfE/ESFA grants fund is used to track grants provided by local and central government departments.
- (iii) The other restricted funds tracks grants, donations and other income arising from sources other than grants provided by central and local government departments.
- (iv) The pensions reserve is a restricted fund to account for the liability arising under the Local Government Pension Scheme.
- (v) The restricted fixed asset funds are carried forward to meet the specific costs of fixed asset projects and to cover the depreciation charges that will be required on these projects going forward as well as the current fixed assets held.

Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2017.

BRIGHT FUTURES EDUCATIONAL TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2017

16 Funds

Movements in funds - previous year

	Balance at 1 September 2015 £000's	Income £000's	Expenditure £000's	Gains, losses and transfers £000's	Balance at 31 August 2016 £000's
Restricted general funds					
General Annual Grant	(785)	26,647	(28,292)	-	(2,430)
Start up grants	-	9	(9)	-	-
Other DfE / ESFA grants	-	3,007	(3,007)	-	-
Other government grants	-	3,048	(3,048)	-	-
	<u>(785)</u>	<u>32,711</u>	<u>(34,356)</u>	<u>-</u>	<u>(2,430)</u>
Funds excluding pensions	(785)	32,711	(34,356)	-	(2,430)
Pension reserve	(6,700)	-	(572)	(4,881)	(12,153)
	<u>(7,485)</u>	<u>32,711</u>	<u>(34,928)</u>	<u>(4,881)</u>	<u>(14,583)</u>
Restricted fixed asset funds					
DfE / ESFA capital grants	45,254	7,176	(3,508)	-	48,922
	<u>45,254</u>	<u>7,176</u>	<u>(3,508)</u>	<u>-</u>	<u>48,922</u>
Total restricted funds	<u>37,769</u>	<u>39,887</u>	<u>(38,435)</u>	<u>(4,881)</u>	<u>34,339</u>
Unrestricted funds					
General funds	-	401	(401)	-	-
	<u>-</u>	<u>401</u>	<u>(401)</u>	<u>-</u>	<u>-</u>
Total funds	<u>37,769</u>	<u>40,288</u>	<u>(38,836)</u>	<u>(4,881)</u>	<u>34,339</u>

BRIGHT FUTURES EDUCATIONAL TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2017

16 Funds

Total funds analysis by academy

Fund balances at 31 August 2017 were allocated as follows:

	Total £000's
Altrincham Grammar School for Girls	536
Cedar Mount Academy	(641)
Connell Sixth Form College	(2,938)
Marton Primary Academy and Nursery	318
Melland High School	449
Rushbrook Primary Academy	436
South Shore Primary Academy	(154)
Stanley Grove Primary Academy	1,033
Wigan University Technical College	-
Bright Futures Educational Trust	<u>(2,190)</u>
Total before fixed assets fund and pension reserve	(3,151)
Restricted fixed asset fund	42,459
Pension reserve	<u>(7,782)</u>
Total funds	<u>31,526</u>

BRIGHT FUTURES EDUCATIONAL TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2017

16 Funds

Total cost analysis by academy

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

	Teaching and educational support staff costs	Other support staff costs	Educational supplies	Other costs excluding depreciation	Total
	£000's	£000's	£000's	£000's	£000's
Altrincham Grammar School for Girls	4,444	838	817	1,197	7,296
Cedar Mount Academy	3,142	812	324	1,029	5,307
Connell Sixth Form College	1,393	339	136	385	2,253
Marlon Primary Academy and Nursery	1,399	144	94	302	1,939
Molland High School	2,118	330	144	389	2,981
Rushbrook Primary Academy	2,267	283	169	809	3,528
South Shore Primary Academy	3,212	453	256	737	4,658
Stanley Grove Primary Academy	2,456	305	182	685	3,628
Wigan University Technical College	230	123	27	166	546
Bright Futures Educational Trust	214	925	140	574	1,853
	<u>20,875</u>	<u>4,552</u>	<u>2,289</u>	<u>6,273</u>	<u>33,989</u>

BRIGHT FUTURES EDUCATIONAL TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2017

16 Funds

Funds analysis by academy - previous year

	Total 2016 £000's
Fund balances at 31 August 2016 were allocated as follows:	
Altrincham Grammar Schools for Girls	322
Cedar Mount Academy	(298)
Connell Sixth form	(2,140)
Marton primary School and Nursery	288
Melland High School	319
Rushbrook Primary Academy	55
South Shore Primary Academy	(185)
Stanley Grove Primary Academy	592
Wigan UTC	168
Bright Futures Educational Trust	(1,551)
	<hr/>
Total before fixed assets fund and pension reserve	(2,430)
Restricted fixed asset fund	48,922
Pension reserve	(12,153)
	<hr/>
Total funds	34,339
	<hr/>

BRIGHT FUTURES EDUCATIONAL TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

16 Funds

Total cost analysis by academy - previous year

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

	Teaching and educational support staff costs	Other support staff costs	Educational supplies	Other costs excluding depreciation	Total 2016
	£000's	£000's	£000's	£000's	£000's
Altrincham Grammar Schools for Girls	4,492	790	833	1,223	7,338
Cedar Mount Academy	3,489	514	582	855	5,440
Connell Sixth form	1,677	382	184	893	3,136
Marlon primary School and Nursery	1,368	136	148	461	2,113
Melland High School	2,188	272	131	130	2,721
Rushbrook Primary Academy	2,257	280	342	538	3,417
South Shore primary Academy	3,241	469	607	2,287	6,604
Stanley Grove Primary Academy	2,497	270	244	681	3,692
Wigan UTC	702	208	76	666	1,652
Bright Futures Educational Trust	362	1,020	248	1,094	2,724
	<u>22,273</u>	<u>4,341</u>	<u>3,395</u>	<u>8,828</u>	<u>38,837</u>

17 Analysis of net assets between funds

	Unrestricted Funds	Restricted funds:		Total 2017
	£000's	General	Fixed asset	£000's
		£000's	£000's	
Fund balances at 31 August 2017 are represented by:				
Tangible fixed assets	-	-	42,459	42,459
Current assets	-	4,633	-	4,633
Creditors falling due within one year	-	(7,784)	-	(7,784)
Defined benefit pension liability	-	(7,782)	-	(7,782)
	<u>-</u>	<u>(10,933)</u>	<u>42,459</u>	<u>31,526</u>

BRIGHT FUTURES EDUCATIONAL TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

18 Pensions 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 both the Greater Manchester Pension Fund and Lancashire County Pension Fund. Both are multi-employer defined benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012, and that of the LGPS related to the period ended 31 March 2016.

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

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014.

The key elements of the valuation and subsequent consultation are:

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

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 employer's pension costs paid to the TPS in the period amounted to £1,928,000 (2016: £2,029,000).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

BRIGHT FUTURES EDUCATIONAL TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

18 Pensions and similar obligations

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

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds.

The Trust currently has 2 schemes in operation, one with Greater Manchester Pension Fund, covering the following schools; Altrincham Girls Grammar School, Melland High School, Stanley Grove Primary Academy, Cedar Mount Academy, Rushbrook Primary Academy and Connell Sixth Form. The second scheme is with Lancashire County Pension Fund and includes South Shore Academy, Marton Primary Academy and Nursery and Bright Futures Educational Trust.

The total contributions are as noted below. The contributions per Fund are as follows:

Greater Manchester Pension Fund - employer's contributions £901,000 (2016: £843,000), employee's contributions £293,000 (2016: £280,000)

Lancashire County Pension Fund - employer's contributions £223,000 (2016: £221,000), employee's contributions £67,000 (2016: £69,000).

The agreed contribution rates for future years are % for employers and % for employees.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of academy closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

Total contributions made	2017	2016
	£000's	£000's
Employer's contributions	1,124	1,064
Employees' contributions	360	349
Total contributions	<u>1,484</u>	<u>1,413</u>

Principal actuarial assumptions	2017	2016
	%	%
Rate of increases in salaries	3.2 - 3.7	3.3 - 3.4
Rate of increase for pensions in payment	2.2 - 2.4	1.9 - 2.1
Discount rate	2.5	2.1
Inflation assumption (CPI)	<u>2.2</u>	<u>1.9 - 2.1</u>

BRIGHT FUTURES EDUCATIONAL TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

18 Pensions and similar obligations

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

	2017 Years	2016 Years
Retiring today		
- Males	21.5 - 22.6	21.4 - 23
- Females	24.1 - 25.2	24 - 25.6
Retiring in 20 years		
- Males	23.7 - 24.9	24 - 26.6
- Females	26.2 - 27.9	25.2 - 27.9

Scheme liabilities would have been affected by changes in assumptions as follows:

The academy trust's share of the assets in the scheme	2017 Fair value £000's	2016 Fair value £000's
Equities	9,800	8,105
Bonds	2,066	1,820
Cash	695	574
Property	907	764
Other assets	552	645
Total market value of assets	<u>14,020</u>	<u>11,908</u>
Actual return on scheme assets - gain	<u>1,300</u>	<u>1,922</u>
Amounts recognised in the statement of financial activities	2017 £000's	2016 £000's
Current service cost	2,050	1,382
Interest income	(254)	603
Interest cost	507	(349)
Total operating charge	<u>2,303</u>	<u>1,636</u>

BRIGHT FUTURES EDUCATIONAL TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2017

18 Pensions and similar obligations		
Changes in the present value of defined benefit obligations	2017	2016
	£000's	£000's
Obligations at 1 September 2016	24,061	15,416
Current service cost	2,044	1,377
Interest cost	507	603
Employee contributions	360	349
Actuarial (gain)/loss	(4,293)	6,459
Benefits paid	(233)	(143)
Transferred out	(644)	-
	<u>21,802</u>	<u>24,061</u>
At 31 August 2017		
Changes in the fair value of the academy trust's share of scheme assets	2017	2016
	£000's	£000's
Assets at 1 September 2016	11,908	8,716
Interest income	248	344
Actuarial gain	1,052	1,578
Employer contributions	1,124	1,064
Employee contributions	360	349
Benefits paid	(233)	(143)
Transferred out	(439)	-
	<u>14,020</u>	<u>11,908</u>
At 31 August 2017		
19 Reconciliation of net income/(expenditure) to net cash flows from operating activities	2017	2016
	£000's	£000's
Net (expenditure)/income for the reporting period	(8,158)	1,451
Adjusted for:		
Capital grants from DiE/ESFA and other capital income	(938)	(7,176)
Investment income receivable	(3)	(3)
Defined benefit pension costs less contributions payable	926	319
Defined benefit pension net finance cost	253	254
Depreciation of tangible fixed assets	3,165	3,508
Transfer out of Wigan UTC	4,220	-
(Increase) in debtors	(77)	(265)
Increase in creditors	860	4,746
	<u>248</u>	<u>2,834</u>
Net cash provided by operating activities		

BRIGHT FUTURES EDUCATIONAL TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2017

20 Commitments under operating leases

At 31 August 2017 the total future minimum lease payments under non-cancellable operating leases were as follows:

	2017 £000's	2016 £000's
Amounts due within one year	64	164
Amounts due in two and five years	58	102
	<u>122</u>	<u>266</u>

21 Related party transactions

Owing to the nature of the academy trust's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the academy trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy trust's financial regulations and normal procurement procedures. The following related party transaction took place in the period of account.

Challenge Partners - a company whose director is considered key management and head at Marton Primary School.

- The Trust purchased educational resources totalling £36,804 and had income totalling £22,369 for room hire and courses provided by the maths hub.

ESSA Academy - a member of the board of Trustees is also a Trustee and Member at Bright Futures,

- The Trust had income totalling £21,785 for the provision of courses and had purchases totalling £1,450. There is a balance of £6,150 owing to the trust at the year end.

Marsh Limited - a company whose director is a Trustee and member.

- The Trust purchased educational resources totalling £20,119.

Hill Dickinson LLP - a limited partnership whose member is a Trustee.

- The Trust incurred legal costs totalling £2,842.

GBritish Elite Schools (Together) Limited - a company whose director is a member.

- During the year the Trust recharged wage costs of £59,392 to this company.

In entering into these transactions, the academy trust has complied with the requirements of the Academies Financial Handbook 2016.

22 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 or she is a member, or within one year after he or she ceases to be a member, such amount as may be required, not exceeding £1 for the debts and liabilities contracted before he or she ceases to be a member.

BRIGHT FUTURES EDUCATIONAL TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

23 Agency arrangements

The academy trust distributes 16-19 bursary funds to students as an agent for the ESFA. In the accounting period ending 31 August 2017 the trust received £70,000 (2016: £64,000) and disbursed £70,000 (2016: £61,000) from the fund, with the balance carried forward totalling £nil.

24 Academy transferred out of the Trust

On 1st February 2017 Wigan UTC left the academy trust. All the operations and assets and liabilities were transferred from Bright Futures Educational Trust to Northern Schools Trust for £nil consideration.

The assets and liabilities were transferred at their carrying value and de-recognised from the balance sheet with a corresponding net amount recognised as a net loss in the Statement of Financial Activities.

The following table sets out the carrying values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of Financial Activities.

Funds surplus/(deficit) transferred:	Unrestricted	Restricted funds:		Total
	Funds	General	Fixed asset	2017
	£000's	£000's	£000's	£000's
Tangible fixed assets – land & buildings	-	-	3,827	3,827
Tangible fixed assets – Other	-	-	478	478
Cash and bank	-	120	-	120
Pension fund	-	(205)	-	(205)
	-	(85)	4,305	4,220

25 Post balance sheet events

On 1st September 2017, South Shore Primary Academy moved into new premises, which have been constructed under a PFI agreement.