

Company Registration No. 07695771 (England and Wales)

**BRIGHT FUTURES EDUCATIONAL TRUST
(A COMPANY LIMITED BY GUARANTEE)
TRUSTEES' REPORT AND AUDITED ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2018**

BRIGHT FUTURES EDUCATIONAL TRUST

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BRIGHT FUTURES EDUCATIONAL TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Members

Dame D Ross-Wawrzynski
J Kelly
Y Patel

Trustees

J Appleyard
L Nicholls
Dr J W Stephens CBE (Accounting Officer)
A Foster
D Rubin
C Shaw
Y Patel (Chairman)

Senior management team

- Chief Executive Officer	Dr J W Stephens CBE
- Chief Operating Officer	E Vitalis FCCA (Chief Financial Officer)
- Director of Primary Education	G Handforth
- Director of HR & strategy	L Beckett
- Director of Teaching School	L Fathers

Company secretary

Eversecretary Limited

Company registration number

07695771 (England and Wales)

Principal address

The Lodge
Cavendish Road
Bowdon
Cheshire
WA14 2NJ

Academies operated

Altrincham Grammar School for Girls
Cedar Mount Academy
Connell Sixth Form College
Marton Primary Academy and Nursery
Melland High School
Rushbrook Primary Academy
South Shore Academy
Stanley Grove Primary Academy

Location

Altrincham
Gorton
Manchester
Blackpool
Gorton
Gorton
Blackpool
Manchester

Principal

S Gill
P Mellen
J Hopcroft
A Coyle
S Warner
H Ting Yuen
N Reynolds
A Footman

Independent auditor

UHY Hacker Young Manchester LLP
St James Building
79 Oxford Street
Manchester
M1 6HT

BRIGHT FUTURES EDUCATIONAL TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Solicitors

Eversheds LLP
70 Great Bridgewater Street
Manchester
M1 5ES

Bankers

Lloyds Bank
223 Finney Lane
Heald Green
Cheadle
Cheshire
SK8 3PY

BRIGHT FUTURES EDUCATIONAL TRUST

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2018

The trustees present their annual report together with the accounts 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.

The trust operates eight academies in the north-west of England. These comprise of three primary schools, two 11-16 secondary schools, one 11-18 grammar school, one 11-18 special school and one sixth form college.

Structure, governance and management

Constitution

Bright Futures Educational Trust (BFET) is a company limited by guarantee (No. 07695771) and an exempt charity in accordance with the Academies Act 2010. The charitable company was incorporated on 6 July 2011. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The trustees of Bright Futures Educational Trust are also the directors of the charitable company for the purposes of company law.

The academy trust operates academies for pupils aged 3 to 19 serving the catchment areas of East Manchester, South Manchester and Blackpool. It has a pupil capacity of 5,624 and had a roll of 5,087 in the school census October 2017.

Details of the trustees who served during the year are included in the Reference and Administrative Details on page 1.

Members' liability

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

Trustees' indemnities

The Trust has purchased insurance to cover trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business. Details of the costs can be found in note 11 of the accounts.

Method of recruitment and appointment or election of trustees

The Members of the Trust are responsible for the appointment of Trust Directors. The number of appointed Directors shall be a minimum of seven up to a maximum of ten with the number of Executive Directors not exceeding one third.

Policies and procedures adopted for the induction and training of trustees

No formal policy has been adopted. Training requirements are discussed at directors' board meetings.

Organisational structure

The governance of the Trust is defined in the Memorandum and Articles of Association together with the funding agreements with the Department of Education. In addition to the Trustees, Local Governing Bodies ('LGBs') have been appointed for each school within the Trust. At Cedar Mount, the LGB has been dissolved and replaced by a School Improvement Board. These bodies report to the Board of Directors.

The Trust has a single Board Committee, the Audit and Risk Committee, who report directly to the Board of Directors. The Executive Team consists of the Chief Executive Officer, Chief Operating Officer, Director of HR & Strategy, Directors of Education and the Head of Teaching School/Co Principal BFET. The Executive Team meets each month in term time during each academic year.

The day to day running of the Trust is delegated by the trustees to management under the leadership of the Chief Executive Officer, who is the Accounting Officer.

BRIGHT FUTURES EDUCATIONAL TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Arrangements for setting pay and remuneration of key management personnel

Setting the pay on appointment

- We use the School Teachers Pay and Conditions Document as the benchmark and guide for school leadership posts
- For central Trust Leadership posts, we use external salary benchmarking as the guide to pay.

Annual Pay Reviews

Any pay review is dependent upon the successful outcome of an appraisal process.

- For leadership posts in schools, up to Vice Principal level, pay recommendations from Principals are moderated and approved by the local governing body
- For Principals, pay recommendations made by the Directors of Education, are moderated and approved by a committee chaired by the CEO of the Trust
- For the central Trust leadership posts, the recommendations made by the CEO are moderated and approved by the Chair of the Board
- The Chief Executives pay is set by the Remuneration Committee.

Trade union facility time

Relevant union officials

Number of employees who were relevant union officials during the relevant period

12

Full-time equivalent employee number

12.00

Percentage of time spent on facility time

Percentage of time

Number of employees

0%

5

1%-50%

7

51%-99%

-

100%

-

Percentage of pay bill spent on facility time

Total cost of facility time

17,675

Total pay bill

24,880,985

Percentage of the total pay bill spent on facility time

-

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours

88%

BRIGHT FUTURES EDUCATIONAL TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Related parties and other connected charities and organisations

Although there are a number of professional links to other schools and third party organisations, the Trust is an independent company with no affiliation to outside bodies.

The Trust works closely with a wide variety of organisations in the field of education, including but not restricted to:

- *The Prince's Teaching Institute*
- *National College for Teaching Leadership*
- *Challenge Partners*
- *Future Leaders*
- *Teaching Leaders*
- *Teach First*
- *Youth Sports Trust*

Altrincham Grammar School for Girls has established a Teaching School Alliance, which sits within the Trust. As well as the eight BFET schools, there are an additional sixty two partner organisation that make up the Alliance.

Objectives and activities

Objects and aims

The objective of BFET is to advance education, for the public benefit, by managing and developing academies, promoting co-operation between academies, promoting school improvement in respect of academies and ensuring the distinctive ethos of any academy which it manages or develops is upheld.

In order to achieve this, we have articulated our Vision as 'the best for everyone, the best from everyone'.

Through our mission, our family of schools place young people, families and communities at the heart of everything we do. We are a true community with shared responsibility and common core values which create a culture of collaboration, opportunity, respect and innovation. We inspire excellence and believe in nurturing the abilities of all within our schools and communities. We empower our young people to build purposeful lives and have the courage and confidence to make a positive contribution to society. Through excellence in education all of our young people will have a bright future.

Our core values are:

- Community – we work together for a common purpose acknowledging our diversity as strength
- Integrity – we do the right things for the right reasons
- Passion – we take responsibility, work hard and have high aspirations

Our commitment is: to foster collaborative and strong relationships; for professional learning; to be supportive, challenging and fair; for effective communication; for strong governance and accountability; to achieve value for money and to be united behind decisions.

Objectives, strategies and activities

Our Strategic Aims are:

- Excellent progress and achievement for all pupils - All schools to be improving at pace and have the capacity for sustainable continuous improvement in all aspects.
- Ensure financial viability - Long term sustainable viability, managed within a robust financial control environment that is effective and efficient.
- An environment where our people are valued - People are listened to, held to account, supported and challenged.
- The Trust's direction is clear and well defined - Any growth adds value to the rest of the trust. Roles, responsibilities and organisational systems are fit to deliver the strategy.

BRIGHT FUTURES EDUCATIONAL TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Public benefit

The Trustees of Bright Futures Educational Trust are committed to ensuring that the Trust's activities are for the public benefit and have complied with their statutory duties.

In particular, Trustees have been provided with the Public Benefit guidance published by the Charity Commission and public benefit is properly taken into account in exercising their powers and duties.

Strategic report

Achievements and performance

During the year, the Trust continued to make some significant progress on the back of that achieved in 2016/17. The third year review of Governance reported that the trust has continued to make strong progress in relation to governance over the last year citing three particular areas of improvement as; the finalisation of a clear organisational strategy, the development and maturation of local governance arrangements and the adoption of a distributed leadership approach to executive leadership of governance. The Trust worked closely with the Education and Skills Funding Agency (ESFA) and agreed a strategic financial recovery plan and actions towards removal of the Financial Notice to Improve. Despite carrying a £1m deficit for Connell Sixth Form College the Trust was still able to achieve a £313k surplus before capitalisation and depreciation, illustrating its strong move to becoming a financially viable and sustainable Multi Academy Trust.

In securing this long term financial sustainability, the Trust plans to transfer Connell Sixth Form College to the Co-operative Academies Trust on 1st February 2019, mitigating the risk of continuing deficits from this Academy. Additionally, the Trust has collaborated with key stakeholders to draw together a Blackpool Strategy to move to a sustainable solution in the region.

Three of our academies were inspected by Ofsted during the year. Both Connell Sixth Form College and Stanley Grove Primary Academy were judged to be "Good" schools. Rushbrook Primary Academy was judged as Requires Improvement and a plan has been agreed with the Regional Schools Commissioner to raise standards.

Some significant improvements in A level results at Connell Sixth Form College were achieved, where re-takes were significantly higher than the sixth form college benchmark. Connell achieved ALPS 2 at A level putting the College in the top 10% nationally for progress. There has been some significant highlights at Altrincham Grammar School for Girls, achieving our best results for years and a substantial number of the new Grade 9s in both English and maths. South Shore achieved a significant increase in English and Maths outcomes and some good performance in other subjects. Cedar Mount saw modest improvements in 'basics' but more significant progress in the humanities. There were improvements in outcomes at all primary schools with Marton achieving particularly well in Maths and a 50% increase in combined KS2 outcomes at Rushbrook.

BRIGHT FUTURES EDUCATIONAL TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Key performance indicators

Financial:

- income (percentage of general funds income derived from the GAG) – 73.9% (2017: 72.9%)
- staff costs as a percentage of general funds income – 79.15% (2017: 82.99%)
- cash balance – £4,460,000 (2017: £3,098,000)

Non-financial:

- Altrincham Grammar School for Girls has maintained its very high levels of performance at both GCSE and A level. In a number of subjects there was a high proportion of the top grades achieved. The measure of pupil progress from Year 7 to Year 11 is exceptional. The school continues to be one of the top performing state schools in the country.
- Connell College maintained high levels of performance at A level and Level 3 BTec this year. The College was also successful with students taking re-sit examinations in English and maths, performing above the Sixth Form College benchmarks. Destinations of students continue to reflect the positive impact of the College with increasing numbers accessing high tariff university courses and employment.
- Cedar Mount achieved significant improvements in student outcomes with the best results in the school's history. Significantly, the improvement in the Progress 8 score (provisional) is amongst the best rate of improvement in the country.
- Melland High School continues to make very strong provision for students with a diverse range of needs, including enabling students to engage positively with skills and learning to support independent living and meaningful employment. Academic targets in English and maths for individual students demonstrated strong progress and outcomes.
- Outcomes at South Shore Academy were disappointing after a two-year trend of strong improvement. The context of significant and necessary change at the school impacted negatively on outcomes and a priority for the coming year is to achieve rapid and sustainable improvement in overall quality.
- There was good progress in outcomes at Rushbrook Primary. Although results overall remain below national expected standards, there is evidence of an improving trend since 2016 and the school has impactful strategies and sufficient capacity in place to sustain the improvements.
- Marton Primary Academy and Nursery is demonstrating good progress overall and the outcomes at KS2 were above national expected standards. The school knows where its focused areas of improvement are and has plans in place to address them.
- Standards at Stanley Grove in 2018 showed a drop in comparison to previous years where progress has been positive since joining the Trust. The school has worked with colleagues in the Trust to undertake a careful analysis to determine the underlying reasons for the decline in this year's results and has sufficient capacity to take appropriate action.

BRIGHT FUTURES EDUCATIONAL TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

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 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. The trustees have agreed a repayment plan with the ESFA for these liabilities and for ongoing support to enable the charitable company to continue trading for the foreseeable future.

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.

Financial review

For the financial period ended 31 August 2018, financial performance has been analysed across the operating divisions of the Trust which are largely responsible for managing delegated budgets. These are: Altrincham Grammar School for Girls (AGGS), Melland High School (MHS), Cedar Mount Academy (CMA), Rushbrook Primary Academy (RPA), Stanley Grove Primary Academy (SGPA), Connell Sixth Form College (CSFC), South Shore Academy (SSA), Marton Primary Academy (MAR) and Head Office.

The main source of income for the Trust is revenue grant funding for individual academies. Funding is based largely on pupil numbers, and the key risk moving forward is a reduction in the number of pupils at schools within the Trust. AGGS, Melland, Rushbrook and Stanley Grove are currently oversubscribed, and pupil numbers at Cedar Mount Academy are nearing its pupil number admission threshold. In Blackpool, at South Shore Academy and Marton Primary Academy, student numbers continue to fall. Once again this is predominantly due to demographic factors but is further exacerbated by new entrant schools into the Blackpool economy. Additionally, Connell Sixth Form College is still not achieving student number targets set and not increasing from the previous year. As funding at Connell has been based on overestimated student numbers, the amount of funding over advanced is owed back to the ESFA.

Expenditure across the Trust is typical for the education sector with the main area of expenditure being staff costs.

During the year the Trust received revenues from general funds of £33,363,000 (2017: £32,592,000). Expenditure for the year, excluding pension and fixed asset costs, was £33,045,000 (2017: £34,218,000). The reduction of overheads has led to an operational surplus of £313,000 (2017: £1,627,000 deficit) which is a significant improvement on the prior year.

The trustees' policy on reserves is to strike a balance between financial prudence and achieving the Trust's educational objectives. It is acknowledged both that available assets should remain at a financially secure level and that current year government funding is to meet the educational needs of current year pupils.

Whilst the Trust continues to operate under a Financial Notice to Improve, the financial recovery plan will generate surplus contributions in each year from 2018/19.

BRIGHT FUTURES EDUCATIONAL TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Reserves policy

The level of net liabilities held at 31 August 2018 totals £2,838,000 (2017 net liabilities: £3,151,000). This excludes the fixed asset and pension liability reserves.

The deficit on the Local Government Pension Scheme (£6,670,000 at 31 August 2018) does not mean that an immediate liability crystallises. The deficit results in a cash flow effect for the Academy Trust in the form of possible future increases in pension contributions, which, if required, will be met from the budgeted annual income. There is therefore considered to be no material impact on free reserves of the Academy Trust because of recognising the deficit.

Investment policy

In line with the low levels of cash reserves across the Trust, all cash reserves are currently held in standard current accounts.

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

The Trust will, after constructing and reporting forecasts versus budgets, consider whether it is prudent to deposit funds into an account where improved terms are offered. As improved terms are generally only offered where funds are invested for a fixed term, it may be prudent for the Trust not to invest funds in this manner.

BRIGHT FUTURES EDUCATIONAL TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Principal risks and uncertainties

Risks across Trust are managed via a Trust Strategic Risk Register reviewed at each Audit and Risk Committee and individual School Risk Registers, which are reviewed regularly by their Local Governing Bodies. A Trust wide Risk Management Strategy is in place alongside an Academy Risk Management Strategy.

During the year, the Trust managed some significant risks;

The Trust is collaborating with the ESFA and the Regional Schools Commissioner to re-broker Connell Sixth Form College on 1st February 2019. As a standalone model within Bright Futures Educational Trust the College is not financially sustainable with student numbers not achieving targets set, and not reaching viable levels.

In Blackpool, at South Shore Academy and Marton Primary Academy, student numbers continue to fall. This is predominantly due to demographic factors but is further exacerbated by the introduction of a new provider into the Blackpool economy adding more school places in a part of the town that already had an over-supply of teaching places. This is destabilising the Blackpool economy and presents a strategic risk, which we are addressing through the formulation of a Blackpool Strategy to guide us to long term financial sustainability.

During the year, the Trust continued to strengthen its internal control environment through a series of proactive external reviews including: balance sheet integrity review, internal audit of asset management, procurement and purchasing, financial regulations, management accounts preparation, and safeguarding. An external review of Governance by a National Leader of Governance noted the marked improvements during the year commenting that "governance was now 'fundamentally different'. Acknowledging that the Trust had 'grasped the nettle' and made some courageous decisions to drive improvement.

Three of our academies were inspected by Ofsted during the year. Both Connell Sixth Form College and Stanley Grove Primary Academy were judged to be "Good" schools. Rushbrook Primary Academy was judged as Requires Improvement and a plan has been agreed with the Regional Schools Commissioner to raise standards.

The Trust managed its cash flows through close collaboration with the ESFA whilst negotiating its financial recovery package.

The Trust's employees are members of two defined benefit pension schemes, the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). The Trust has recognised its share of the LGPS assets and liabilities in accordance with Financial Reporting Standard 102 section 28. A deficit has been recognised at 31 August 2018. The TPS has been accounted for as a defined contribution scheme. Further details of the accounting policy adopted for each scheme are included in note 1 to the financial statements.

Due to the nature of the two pension schemes there is an underlying risk to the Trust which relates primarily to the uncertainty of the future funding requirements of each scheme, the results of which impact on the contribution rates for future employer contributions to each scheme.

BRIGHT FUTURES EDUCATIONAL TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Fundraising

The trust's approach to fundraising is not to actively participate but to seek out and apply for other bids and grants that may become available throughout the year.

Plans for future periods

Lead by the Chief Executive, the Trust continues to deliver its Strategy to 2020 which seeks to secure; excellent progress and achievement for all pupils, financial viability, an environment where our people are valued and a clear and well defined Trust's direction.

The strategic plan is underpinned by seven functional plans with strategic and short-term deliverables in the form of ambitions, programmes of work and success criteria. Governed by the Board of Trustees they will provide strategic leadership, monitor school improvement and compliance and oversee effective controls for financial viability. The Trust Executive will provide strategic and operational leadership. Our local governing bodies will provide scrutiny of school development plans and monitor that schools are working within agreed finances and policies.

Funds held as custodian trustee on behalf of others

No funds are held on behalf of other organisations.

Employee consultation and disabled employees

The Trust is committed to ensuring equality of opportunity for all who learn and work here. We respect and value positive differences in race, gender reassignment, sex, sexual orientation, marriage and civil partnerships, pregnancy and maternity, religion or belief and age.

The Trust considers all applications from disabled persons, bearing in mind the aptitudes of the individuals concerned. Where an existing employee becomes disabled, every effort is made to ensure that employment with the Trust continues. The Trust's policy is to provide training, career development and opportunities for promotion, which are, as far as possible, identical to those for other employees.

The Trust works with employee trade unions and professional associations across all our academies and engages in consultation, as required, to ensure that all aspects of the Trust affecting its employees in accordance with our recognition and procedure agreement.

Auditor

In so far 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.

A resolution proposing that UHY Hacker Young Manchester LLP be reappointed as auditor of the charitable company will be put to the members.

The trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 14 December 2018 and signed on its behalf by:



Dr J W Stephens CBE
Accounting Officer



Y Patel
Chairman

BRIGHT FUTURES EDUCATIONAL TRUST

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2018

Scope of responsibility

As trustees we acknowledge we have overall responsibility for ensuring that Bright Futures Educational 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 Chief Executive Officer, 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 agreements between the academy trust and the Secretary of State for Education. The Chief Executive Officer is 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 six times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustees	Meetings attended	Out of possible
J Appleyard	4	6
L Nicholls	5	6
Dr J W Stephens CBE (Accounting Officer)	6	6
A Foster	6	6
D Rubin	6	6
C Shaw	5	6
Y Patel (Chairman)	6	6

There was no movement of Trustees throughout the year.

The Audit and Risk Committee is a sub-committee of the main Board of Trustees. Its purpose is to advise the board on all strategic risk-related issues, in particular financial risk. There were four meetings during the period 1 September 2017 to 31 August 2018.

Attendance at meetings in the year was as follows:

Trustees	Meetings attended	Out of possible
A Foster	4	4
D Rubin	4	4
C Shaw	3	4

Review of value for money

As accounting officer, the Chief Executive 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.

BRIGHT FUTURES EDUCATIONAL TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

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 accounting officer for the academy trust has delivered improved value for money during the year by:

- Value for money is demonstrated by the improvement in outcome previously reported, whilst noting the achievement in an environment of reduced resources.
- Moving the Trust to a position of financial viability and longer term financial sustainability through a turnaround strategy that has led to an operating surplus position for the first time in a number of years.
- Reducing the Central Service cost base by £1m.
- Transferring Connell Sixth Form College to the Co-operative Academies Trust.
- Generating surplus funds in six of our eight Academies.

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 Bright Futures Educational Trust for the period 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and accounts.

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 ongoing 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 accounts. 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:

- budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Audit and Risk Committee who report to the full governing body;
- regular reviews by the Audit and Risk 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 and general expenditure purchase) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

Areas of weakness have been identified within the framework of internal financial controls and the Trust is committed to improving controls and systems in line with audit recommendations.

The board of trustees has considered the need for a specific internal audit function and has appointed RSM (formerly Baker Tilly Risk Advisory Services LLP) as internal auditor.

BRIGHT FUTURES EDUCATIONAL TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. On a termly basis, the internal auditor reports to the board of trustees, through the audit and risk committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

The internal auditor has delivered their schedule of planned work for the financial year ending 31 August 2018, which covered review of:

- Balance sheet integrity review
- Asset management
- Procurement and purchasing
- Financial regulations
- Management accounts preparation
- Safeguarding
- IT Cyber Security

Review of effectiveness

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

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

Approved by order of the members of the board of trustees on 14 December 2018 and signed on its behalf by:



Dr J W Stephens CBE
Accounting Officer

Y Patel
Chairman

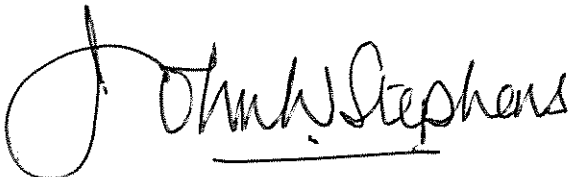
BRIGHT FUTURES EDUCATIONAL TRUST

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE FOR THE YEAR ENDED 31 AUGUST 2018

As accounting officer of Bright Futures Educational Trust I have considered my responsibility to notify the academy trust 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's board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 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.

A handwritten signature in black ink, reading 'Dr J W Stephens'.

Dr J W Stephens CBE
Accounting Officer

14 December 2018

BRIGHT FUTURES EDUCATIONAL TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2018

The trustees (who are also the directors of Bright Futures Educational Trust for the purposes of company law) are responsible for preparing the trustees' report and the accounts in accordance with the Annual Accounts Direction issued 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 accounts for each financial year. Under company law the trustees must not approve the accounts 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 accounts, the trustees are required to:

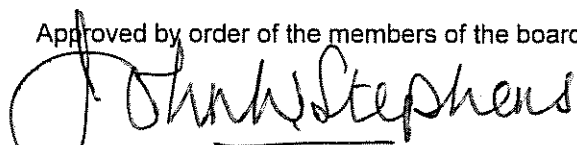
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts 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 accounts 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.

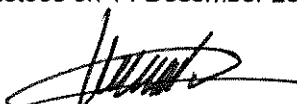
The trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring that grants received from ESFA/DfE have 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 accounts may differ from legislation in other jurisdictions.

Approved by order of the members of the board of trustees on 14 December 2018 and signed on its behalf by:



Dr J W Stephens CBE
Accounting Officer



Y Patel
Chairman

BRIGHT FUTURES EDUCATIONAL TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BRIGHT FUTURES EDUCATIONAL TRUST

FOR THE YEAR ENDED 31 AUGUST 2018

Opinion

We have audited the accounts of Bright Futures Educational Trust for the year ended 31 August 2018 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the accounts, 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, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

In our opinion the accounts:

- give a true and fair view of the state of the charitable company'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 prepared in accordance with the Charities SORP 2015 and the 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 accounts' 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 accounts 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 accounts is not appropriate; or
- the trustees have not disclosed in the accounts 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 accounts are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the accounts and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the accounts 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 accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts 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 accounts 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.

BRIGHT FUTURES EDUCATIONAL TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BRIGHT FUTURES EDUCATIONAL TRUST (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report including the incorporated strategic report for the financial year for which the accounts are prepared is consistent with the accounts; and
- the trustees' report including the incorporated strategic report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of 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, including the incorporated strategic report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the accounts 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, the trustees are responsible for the preparation of the accounts 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 accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, 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 charitable company, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the accounts

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

A further description of our responsibilities for the audit of the accounts is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

BRIGHT FUTURES EDUCATIONAL TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BRIGHT FUTURES EDUCATIONAL TRUST (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Use of our report

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



**Stephen Grayson FCCA (Senior Statutory Auditor)
for and on behalf of UHY Hacker Young Manchester LLP**

14 December 2018

**Chartered Accountants
Statutory Auditor**

**St James Building
79 Oxford Street
Manchester
M1 6HT**

BRIGHT FUTURES EDUCATIONAL TRUST

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO BRIGHT FUTURES EDUCATIONAL TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY

FOR THE YEAR ENDED 31 AUGUST 2018

In accordance with the terms of our engagement letter 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 Bright Futures Educational 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.

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

Respective responsibilities of Bright Futures Educational Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Bright Futures Educational Trust's funding agreement with the Secretary of State for Education 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 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.

We conducted our work in accordance with Technical Release TECH 08/12 AAF issued by the Institute of Chartered Accountants In England and Wales. In accordance with that Technical Release we have carried out the procedures we consider necessary to be able to report on whether anything has come to our attention which suggests that in all material respects expenditure disbursed and income received have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them. Other than those procedures undertaken for the purposes of our audit of the financial statements of Leverhulme Academy Church of England and Community Trust for the year ended 31 August 2018 which provide evidence on regularity, our work was limited to only those additional procedures necessary to provide limited assurance.

BRIGHT FUTURES EDUCATIONAL TRUST

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO BRIGHT FUTURES EDUCATIONAL TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

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.

Reporting Accountant

UHY Hacker Young Manchester LLP
St James Building
79 Oxford Street
Manchester
M1 6HT

Dated: 14 December 2018

BRIGHT FUTURES EDUCATIONAL TRUST

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2018

	Notes	Unrestricted Funds £000's	Restricted funds: General £000's	Fixed asset £000's	Total 2018 £000's	Total 2017 £000's
Income and endowments from:						
Donations and capital grants	3	-	58	436	494	1,052
Charitable activities:						
- Funding for educational operations	4	-	30,562	-	30,562	30,152
- Teaching school	26	-	2,009	-	2,009	1,517
Other trading activities	5	545	187	-	732	806
Investments	6	-	2	-	2	3
Total		<u>545</u>	<u>32,818</u>	<u>436</u>	<u>33,799</u>	<u>33,530</u>
Expenditure on:						
Charitable activities:						
- Educational operations	8	-	31,856	1,307	33,163	36,133
- Teaching school	26	-	1,908	-	1,908	1,335
Academy transferred out		-	-	-	-	4,220
Total	7	<u>-</u>	<u>33,764</u>	<u>1,307</u>	<u>35,071</u>	<u>41,688</u>
Net income/(expenditure)		545	(946)	(871)	(1,272)	(8,158)
Transfers between funds	17	(545)	227	318	-	-
Other recognised gains/(losses)						
Actuarial gains on defined benefit pension schemes	19	-	2,144	-	2,144	5,345
Net movement in funds		-	1,425	(553)	872	(2,813)
Reconciliation of funds						
Total funds brought forward		-	(10,933)	42,459	31,526	34,339
Total funds carried forward		-	(9,508)	41,906	32,398	31,526

BRIGHT FUTURES EDUCATIONAL TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2018

Comparative year information		Unrestricted	Restricted funds:		Total
Year ended 31 August 2017		Funds	General	Fixed asset	2017
	Notes	£000's	£000's	£000's	£000's
Income and endowments from:					
Donations and capital grants	3	-	114	938	1,052
Charitable activities:					
- Funding for educational operations	4	-	30,152	-	30,152
- Teaching school	26	-	1,517	-	1,517
Other trading activities	5	554	252	-	806
Investments	6	-	3	-	3
Total		<u>554</u>	<u>32,038</u>	<u>938</u>	<u>33,530</u>
Expenditure on:					
Charitable activities:					
- Educational operations	8	-	32,968	3,165	36,133
- Teaching school	26	-	1,335	-	1,335
Academy transferred out		-	(85)	4,305	4,220
Total	7	<u>-</u>	<u>34,218</u>	<u>7,470</u>	<u>41,688</u>
Net income/(expenditure)		554	(2,180)	(6,532)	(8,158)
Transfers between funds	17	(554)	485	69	-
Other recognised gains/(losses)					
Actuarial gains on defined benefit pension schemes	19	-	5,345	-	5,345
Net movement in funds		-	3,650	(6,463)	(2,813)
Reconciliation of funds					
Total funds brought forward		-	(14,583)	48,922	34,339
Total funds carried forward		-	(10,933)	42,459	31,526

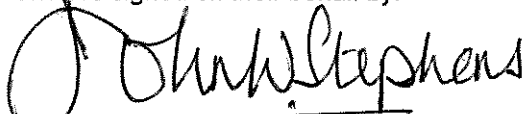
BRIGHT FUTURES EDUCATIONAL TRUST

BALANCE SHEET

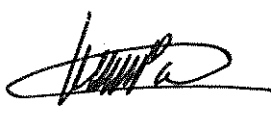
AS AT 31 AUGUST 2018

		2018	2017
	Notes	£000's	£000's
Fixed assets			
Tangible assets	12	41,906	42,459
Current assets			
Debtors	13	1,238	1,535
Cash at bank and in hand		4,460	3,098
		5,698	4,633
Current liabilities			
Creditors: amounts falling due within one year	14	(3,449)	(7,784)
Net current liabilities		2,249	(3,151)
Total assets less current liabilities		44,155	39,308
Creditors: amounts falling due after more than one year	15	(5,087)	-
Net assets excluding pension liability		39,068	39,308
Defined benefit pension scheme liability	19	(6,670)	(7,782)
Net assets		32,398	31,526
Funds of the academy trust:			
Restricted funds	17		
- Fixed asset funds		41,906	42,459
- Restricted income funds		(2,838)	(3,151)
- Pension reserve		(6,670)	(7,782)
Total restricted funds		32,398	31,526
Unrestricted income funds	17	-	-
Total funds		32,398	31,526

The accounts on pages 22 to 47 were approved by the trustees and authorised for issue on 14 December 2018 and are signed on their behalf by:



Dr J W Stephens CBE
Accounting Officer



Y Patel
Chairman

Company Number 07695771

BRIGHT FUTURES EDUCATIONAL TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2018

	Notes	2018 £000's	2017 £000's
Cash flows from operating activities			
Net cash provided by operating activities	20	1,658	248
Cash flows from investing activities			
Dividends, interest and rents from investments		2	3
Capital grants from DfE Group		436	888
Capital funding received from sponsors and others		-	50
Purchase of tangible fixed assets		(755)	(1,010)
Proceeds from sale of tangible fixed assets		-	(118)
Net cash used in investing activities		(317)	(187)
Cash flows from financing activities			
Salix loan		21	-
Net cash provided by/(used in) financing activities		21	-
Net increase in cash and cash equivalents in the reporting period		1,362	61
Cash and cash equivalents at beginning of the year		3,098	3,037
Cash and cash equivalents at end of the year		4,460	3,098

BRIGHT FUTURES EDUCATIONAL TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018

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 2017 to 2018 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, i.e. 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. The trustees have agreed a 8 year period, commencing from 1 September 2018 to repay the balance. This time frame should enable the charitable company to adequately manage cash flow allowing them to continue trading for the foreseeable future.

Considering the above 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

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 period for which it is receivable, and any abatement in respect of the period is deducted from income and recognised as a liability.

BRIGHT FUTURES EDUCATIONAL TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

(Continued)

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.

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.

BRIGHT FUTURES EDUCATIONAL TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

(Continued)

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.

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 unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset on a [straight-line/reducing balance] basis over its expected useful life, as follows:

Land and buildings	50 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.

1.7 Leased assets

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.

BRIGHT FUTURES EDUCATIONAL TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

(Continued)

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 projected unit method. 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 are 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 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.

BRIGHT FUTURES EDUCATIONAL TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

(Continued)

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 25.

1.13 PFI agreement

The Academy occupies buildings which are owned by Blackpool Council and utilised by the Academy under a PFI agreement. The Academy pays revenue contributions in respect of the facilities management and buildings use. The contract will expire in the year 2042. The Academy does not have any rights or obligations of ownership in respect of these assets and therefore they are not included on the Academy's balance sheet. The revenue payment is recognised in the SOFA. Where the Academy procures and pays for additional furniture or equipment or changes to the building, the costs are capitalised and depreciated in accordance with the tangible fixed assets policy.

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 19, 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.

BRIGHT FUTURES EDUCATIONAL TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

3 Donations and capital grants

	Unrestricted funds £000's	Restricted funds £000's	Total 2018 £000's	Total 2017 £000's
Private sponsorship	-	58	58	114
Capital grants	-	436	436	938
	-	494	494	1,052

4 Funding for the academy trust's educational operations

	Unrestricted funds £000's	Restricted funds £000's	Total 2018 £000's	Total 2017 £000's
DfE / ESFA grants				
General annual grant (GAG)	-	24,252	24,252	23,365
Other DfE group grants	-	4,017	4,017	4,064
	-	28,269	28,269	27,429
Other government grants				
Local authority grants	-	2,293	2,293	2,723
Other funding				
Teaching schools income	-	2,009	2,009	1,517
Total funding	-	32,571	32,571	31,669

5 Other trading activities

	Unrestricted funds £000's	Restricted funds £000's	Total 2018 £000's	Total 2017 £000's
Hire of facilities	153	-	153	175
Catering income	-	126	126	125
Other income	392	61	453	506
	545	187	732	806

6 Investment income

	Unrestricted funds £000's	Restricted funds £000's	Total 2018 £000's	Total 2017 £000's
Short term deposits	-	2	2	3

BRIGHT FUTURES EDUCATIONAL TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

7 Expenditure

	Staff costs £000's	Premises & equipment £000's	Other costs £000's	Total 2018 £000's	Total 2017 £000's
Academy transferred out	-	-	-	-	4,220
Academy's educational operations					
- Direct costs	20,284	-	2,222	22,506	23,519
- Allocated support costs	5,143	3,372	2,144	10,659	12,616
Teaching schools					
- Direct costs	467	-	1,308	1,775	1,125
- Allocated support costs	80	1	50	131	208
	<u>25,974</u>	<u>3,373</u>	<u>5,724</u>	<u>35,071</u>	<u>41,688</u>

Net income/(expenditure) for the year includes:

	2018 £000's	2017 £000's
Fees payable to auditor for:		
- Audit	33	65
- Other services	42	49
Operating lease rentals	21	144
PFI Unitary charge	17	
Depreciation of tangible fixed assets	1,231	3,165
Loss on disposal of fixed assets	76	-
Net interest on defined benefit pension liability	200	253

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.

BRIGHT FUTURES EDUCATIONAL TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

7 Expenditure

(Continued)

The amounts charged during the year were as follows:

	Total £000's
Altrincham Grammar School for Girls	235
Cedar Mount Academy	214
Connell Sixth Form College	65
Marton Primary Academy and Nursery	49
Melland High School	65
Rushbrook Primary Academy	120
South Shore Academy	166
Stanley Grove Primary Academy	118
	<u>1,032</u>

8 Charitable activities

	2018 £000's	2017 £000's
All from restricted funds:		
Direct costs		
Educational operations	22,506	23,519
Teaching schools	1,775	1,125
Support costs		
Educational operations	10,657	12,614
Teaching schools	133	210
Academy transferred out		4,220
	<u>35,071</u>	<u>41,688</u>

BRIGHT FUTURES EDUCATIONAL TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

8 Charitable activities

(Continued)

	Teaching schools £000's	Educational operations £000's	Total 2018 £000's	Total 2017 £000's
Analysis of support costs				
Support staff costs	80	5,143	5,223	4,788
Depreciation	-	1,307	1,307	3,165
Technology costs	1	391	392	387
Premises costs	1	2,065	2,066	2,330
Other support costs	49	1,656	1,705	1,980
Governance costs	2	95	97	174
	<u>133</u>	<u>10,657</u>	<u>10,790</u>	<u>12,824</u>

9 Staff

Staff costs

Staff costs during the year were:

	2018 £000's	2017 £000's
Wages and salaries	19,175	20,452
Social security costs	1,853	1,091
Pension costs	3,852	4,081
Staff costs	<u>24,880</u>	<u>25,624</u>
Agency staff costs	524	712
Staff restructuring costs	286	29
Staff development and other staff costs	284	224
Total staff expenditure	<u>25,974</u>	<u>26,589</u>

Staff restructuring costs comprise:

Redundancy payments	<u>286</u>	<u>29</u>
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Staff numbers

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

	2018 Number	2017 Number
Teachers	280	293
Administration and support	283	285
Management	49	57
	<u>612</u>	<u>635</u>

BRIGHT FUTURES EDUCATIONAL TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

9 Staff

(Continued)

Higher paid staff

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

	2018 Number	2017 Number
£60,001 to £70,000	5	5
£70,001 to £80,000	6	4
£80,001 to £90,000	4	4
£90,001 to £100,000	1	2
£101,001 to £110,000	3	1
£140,001 to £150,000	1	-

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 £485,500 (2017:£478,500)

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 W Stephens CBE (CEO and trustee)	£140,001 - £145,000	(2017: £90,001 - £100,000)
Dame D Ross-Wawrzynski (Former CEO and trustee)	£nil	(2017: £70,001 - £80,000)
J Poole (Former Staff trustee)	£nil	(2017: £35,001 - £40,000)

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

Dr J W Stephens CBE (CEO and trustee)	£25,001 - £30,000	(2017: £15,001 - £20,000)
Dame D Ross-Wawrzynski (Former CEO and trustee)	£nil	(2017: £nil)
J Poole (Former Staff trustee)	£nil	(2017: £nil)

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

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 2018 was included within the combined insurance policy and has not been specified separately.

BRIGHT FUTURES EDUCATIONAL TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

12 Tangible fixed assets

	Land and buildings	Computer equipment	Fixtures, fittings & equipment	Total
	£000's	£000's	£000's	£000's
Cost				
At 1 September 2017	51,907	1,496	1,797	55,200
Additions	251	172	331	754
Disposals	(6,335)	-	-	(6,335)
At 31 August 2018	45,823	1,668	2,128	49,619
Depreciation				
At 1 September 2017	10,991	1,096	654	12,741
On disposals	(6,259)	-	-	(6,259)
Charge for the year	878	192	161	1,231
At 31 August 2018	5,610	1,288	815	7,713
Net book value				
At 31 August 2018	40,213	380	1,313	41,906
At 31 August 2017	40,916	400	1,143	42,459

The academy trust's transactions relating to land and buildings included the disposal of the derelict buildings at South Shore Academy by the trust at a net book value of £76,000 for proceeds of £Nil.

13 Debtors

	2018 £000's	2017 £000's
Trade debtors	171	177
Other debtors	378	602
Prepayments and accrued income	689	756
	1,238	1,535

BRIGHT FUTURES EDUCATIONAL TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

14 Creditors: amounts falling due within one year	2018 £000's	2017 £000's
Government loans	5	-
Trade creditors	631	716
ESFA creditors	724	5,796
Other creditors	4	8
Accruals and deferred income	2,085	1,264
	<u>3,449</u>	<u>7,784</u>

Government loans represents an interest free loan of £4,706 from Salix, this amount represents two repayments of an initial £37,640 loan, repayable in biannual instalments of £2,353.

The ESFA creditor is due to be repaid over an 8 year period, commencing from 1 September 2018.

15 Creditors: amounts falling due after more than one year	2018 £000's	2017 £000's
Government loans	16	-
ESFA Creditor over 1 year	5,071	-
	<u>5,087</u>	<u>-</u>
Analysis of loans		
Wholly repayable within five years	21	-
Less: included in current liabilities	(5)	-
	<u>16</u>	<u>-</u>
Amounts included above		
	<u>16</u>	<u>-</u>
Loan maturity		
Debt due in one year or less	5	-
Due in more than one year but not more than two years	5	-
Due in more than two years but not more than five years	11	-
	<u>21</u>	<u>-</u>

Government loans represents an interest free loan of £16,468 from Salix, this amount represents seven repayments of an initial £37,640 loan, repayable in biannual instalments of £2,353.

The ESFA creditor is due to be repaid over an 8 year period, commencing from 1 September 2018.

BRIGHT FUTURES EDUCATIONAL TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

16	Deferred income	2018	2017
		£000's	£000's
	Deferred income is included within:		
	Creditors due within one year	920	382
		<u> </u>	<u> </u>
	Deferred income at 1 September 2017	382	2
	Released from previous years	(382)	(2)
	Resources deferred in the year	920	382
		<u> </u>	<u> </u>
	Deferred income at 31 August 2018	920	382
		<u> </u>	<u> </u>

17	Funds	Balance at			Gains,	Balance at
		1 September	Income	Expenditure	losses and	31 August
		2017	£000's	£000's	transfers	2018
		£000's			£000's	£000's
	Restricted general funds					
	General Annual Grant (GAG)	(3,151)	24,252	(30,824)	6,885	(2,838)
	Other DfE / ESFA grants	-	4,017	-	(4,017)	-
	Other government grants	-	2,293	-	(2,293)	-
	Teaching schools	-	2,009	(1,908)	(101)	-
	Other restricted funds	-	247	-	(247)	-
	Pension reserve	(7,782)	-	(1,032)	2,144	(6,670)
		<u>(10,933)</u>	<u>32,818</u>	<u>(33,764)</u>	<u>2,371</u>	<u>(9,508)</u>
		<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	Restricted fixed asset funds					
	DfE group capital grants	42,459	436	(1,307)	318	41,906
		<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	Total restricted funds	31,526	33,254	(35,071)	2,689	32,398
		<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	Unrestricted funds					
	General funds	-	545	-	(545)	-
		<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	Total funds	31,526	33,799	(35,071)	2,144	32,398
		<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

BRIGHT FUTURES EDUCATIONAL TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

17 Funds

(Continued)

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 2018.

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

	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 (GAG)	(2,430)	23,365	(31,789)	7,704	(3,151)
Other DfE / ESFA grants	-	4,064	-	(4,064)	-
Other government grants	-	2,723	-	(2,723)	-
Teaching schools	-	1,517	(1,335)	(182)	-
Other restricted funds	-	370	-	(370)	-
Pension reserve	(12,153)	-	(974)	5,345	(7,782)
	<u>(14,583)</u>	<u>32,039</u>	<u>(34,098)</u>	<u>5,710</u>	<u>(10,933)</u>
Restricted fixed asset funds					
DfE group capital grants	48,922	938	(7,590)	189	42,459
	<u>48,922</u>	<u>938</u>	<u>(7,590)</u>	<u>189</u>	<u>42,459</u>
Total restricted funds	<u>34,339</u>	<u>32,977</u>	<u>(41,688)</u>	<u>5,899</u>	<u>31,526</u>
Unrestricted funds					
General funds	-	554	-	(554)	-
	<u>-</u>	<u>554</u>	<u>-</u>	<u>(554)</u>	<u>-</u>
Total funds	<u>34,339</u>	<u>33,531</u>	<u>(41,688)</u>	<u>5,345</u>	<u>31,526</u>

BRIGHT FUTURES EDUCATIONAL TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

17 Funds

(Continued)

Total funds analysis by academy

	2018 £000's	2017 £000's
Fund balances at 31 August 2018 were allocated as follows:		
Altrincham Grammar School for Girls	454	536
Cedar Mount Academy	36	(641)
Connell Sixth Form College	(3,840)	(2,938)
Marton Primary Academy and Nursery	395	318
Melland High School	635	449
Rushbrook Primary Academy	683	436
South Shore Academy	(350)	(154)
Stanley Grove Primary Academy	1,494	1,033
Central services	(2,345)	(2,189)
Total before fixed assets fund and pension reserve	(2,838)	(3,150)
Restricted fixed asset fund	41,906	42,459
Pension reserve	(6,670)	(7,782)
Total funds	32,398	31,526

Total cost analysis by academy

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

	Teaching and educational support staff £000's	Other support staff costs £000's	Educational supplies £000's	Other costs excluding depreciation £000's	Total £000's
Altrincham Grammar School for Girls	4,354	873	1,663	729	7,619
Cedar Mount Academy	3,581	579	357	750	5,267
Connell Sixth Form College	1,529	305	454	409	2,697
Marton Primary Academy and Nursery	1,267	164	86	229	1,746
Melland High School	1,998	434	127	78	2,637
Rushbrook Primary Academy	2,292	390	230	475	3,387
South Shore Academy	3,177	573	400	571	4,721
Stanley Grove Primary Academy	2,299	439	207	459	3,404
Central services	257	1,465	5	560	2,287
	20,754	5,222	3,529	4,260	33,765

BRIGHT FUTURES EDUCATIONAL TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

18 Analysis of net assets between funds

	Unrestricted Funds £000's	Restricted funds: General £000's	Fixed asset £000's	Total Funds £000's
Fund balances at 31 August 2018 are represented by:				
Tangible fixed assets	-	-	41,906	41,906
Current assets	-	5,698	-	5,698
Creditors falling due within one year	-	(3,449)	-	(3,449)
Creditors falling due after one year	-	(5,087)	-	(5,087)
Defined benefit pension liability	-	(6,670)	-	(6,670)
Total net assets	-	(9,508)	41,906	32,398

	Unrestricted Funds £000's	Restricted funds: General £000's	Fixed asset £000's	Total Funds £000's
Fund balances at 31 August 2017 are represented by:				
Tangible fixed assets	-	-	42,459	42,459
Current assets	-	4,634	-	4,634
Creditors falling due within one year	-	(7,784)	-	(7,784)
Defined benefit pension liability	-	(7,782)	-	(7,782)
Total net assets	-	(10,932)	42,459	31,527

19 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, the Lancashire County Pension Fund and the Greater Manchester Pension Fund. The actuary for the Lancashire County Pension Fund is Mercer and the Greater Manchester Pension Fund is Hymans Robertson. Both schemes 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.

Contributions amounting to £23,843 (2017: £18,605) were payable to the schemes at 31 August 2018 and are included within creditors.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed 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.

BRIGHT FUTURES EDUCATIONAL TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

19 Pension and similar obligations

(Continued)

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)
- 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%

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 £1,906,000 (2017: £1,928,000).

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

Under the definitions set out in FRS 102, the TPS is an unfunded multi-employer pension scheme. The academy trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy 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 £694,000 (2017: £901,000), employee's contributions £208,000 (2017: £293,000).

Lancashire County Pension Fund - employer's contributions £238,000 (2017: £223,000), employee's contributions £65,000 (2017: £67,000).

The agreed contribution rates for future years are 14.9 - 19.1% for employers and 5.5 - 12.5% for employees.

BRIGHT FUTURES EDUCATIONAL TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

19 Pension and similar obligations

(Continued)

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	2018 £000's	2017 £000's
Employer's contributions	932	1,124
Employees' contributions	273	360
Total contributions	1,205	1,484

Principal actuarial assumptions	2018 %	2017 %
Rate of increase in salaries	3.2 - 3.6	3.2 - 3.7
Rate of increase for pensions in payment/inflation	2.2 - 2.4	2.2 - 2.4
Discount rate for scheme liabilities	2.8	2.5
Inflation assumption (CPI)	2.1	2.2

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

	2018 Years	2017 Years
Retiring today		
- Males	21.5 - 22.7	21.5 - 22.6
- Females	24.1 - 25.4	24.1 - 25.2
Retiring in 20 years		
- Males	23.7 - 25.0	23.7 - 24.9
- Females	26.2 - 28.0	26.2 - 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	2018 Fair value £000's	2017 Fair value £000's
Equities	10,970	9,800
Bonds	2,299	2,066
Cash	712	695
Property	1,006	907
Other assets	786	552
Total market value of assets	15,773	14,020

BRIGHT FUTURES EDUCATIONAL TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

19 Pension and similar obligations

(Continued)

The actual return on scheme assets was £794,000 (2017: £1,300,000).

Amount recognised in the Statement of Financial Activities	2018 £000's	2017 £000's
Current service cost	1,735	2,050
Past service cost	29	-
Interest income	(362)	(254)
Interest cost	562	507
Total operating charge	1,964	2,303

Changes in the present value of defined benefit obligations	2018 £000's
At 1 September 2017	21,802
Current service cost	1,730
Interest cost	562
Employee contributions	273
Actuarial gain	(1,707)
Benefits paid	(246)
Past service cost	29
At 31 August 2018	22,443

Changes in the fair value of the academy trust's share of scheme assets	2018 £000's
At 1 September 2017	14,020
Interest income	357
Actuarial gain	437
Employer contributions	932
Employee contributions	273
Benefits paid	(246)
At 31 August 2018	15,773

BRIGHT FUTURES EDUCATIONAL TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

20 Reconciliation of net expenditure to net cash flow from operating activities

	2018 £000's	2017 £000's
Net expenditure for the reporting period (as per the Statement of Financial Activities)	(1,272)	(8,157)
Adjusted for:		
Capital grants from DfE/ESFA and other capital income	(436)	(938)
Investment income receivable	(2)	(3)
Defined benefit pension costs less contributions payable	832	926
Defined benefit pension net finance cost	200	253
Depreciation of tangible fixed assets	1,231	3,165
Transfer out of Wigan UTC	-	4,220
Loss on disposal of fixed assets	76	-
Decrease/(increase) in debtors	298	(78)
Increase in creditors	731	860
Net cash provided by operating activities	1,658	248

21 Commitments under operating leases

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

	2018 £000's	2017 £000's
Amounts due within one year	156	64
Amounts due in two and five years	422	58
Amounts due after five years	1,756	-
	2,334	122

The Academy has a commitment to make a unitary payment to Blackpool Council under a PFI contract which commenced on 1 September 2017. The annual commitment for the year was £86k, although the final charge was significantly lower due to a rebate as a result of issues with the building. The contract is until 31 August 2042 and the annual unitary charges increase with inflation.

22 Capital commitments

	2018 £000's	2017 £000's
Expenditure contracted for but not provided in the accounts	328	-

BRIGHT FUTURES EDUCATIONAL TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

23 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 £3,988 (2017: £36,804) and had income totalling £2,061 (2017: £22,369) for room hire and courses provided by the maths hub.

ESSA Academy - a Member of ESSA Academy is also a Trustee and Member at Bright Futures,

- The Trust had income totalling £32,665 (2017: £21,785) for the provision of courses and had purchases totalling £60 (2017: £1,450). There is a balance of £3,570 (2017: £6,150) owing to the trust at year end.

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

- The Trust incurred legal costs totalling £7,331 (2017: £2,842).

Pioneer House High School - a high school for which the principal of Melland High School is a governor. During the year, the Trust incurred expenses of £1,000.

24 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.

25 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 2018 the trust received £226k (2017: £70k) and disbursed £226k (2017: £70k) from the fund, with the balance carried forward totalling £nil.

BRIGHT FUTURES EDUCATIONAL TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

26 Teaching schools trading account	2018		2017	
	£000's	£000's	£000's	£000's
Direct income				
Other external funding		2,009		1,517
Direct costs				
Direct staff costs	458		281	
Technology costs	-		5	
Educational supplies and services	16		40	
Staff development	9		(34)	
Educational consultancy	383		54	
Other direct costs	909		779	
	<u>1,775</u>		<u>1,125</u>	
Other costs				
Support staff costs	80		139	
Technology costs	1		5	
Maintenance of premises and equipment	1		-	
Security and transport	13		16	
Catering	9		13	
Other support costs	27		35	
Share of governance costs	2		2	
	<u>133</u>		<u>210</u>	
Total expenditure		(1,908)		(1,335)
Transfers between funds excluding depreciation		(101)		(182)
Surplus/(deficit) from all sources		-		-
Teaching schools balances at 1 September 2017		-		-
Teaching schools balances at 31 August 2018		-		-

Included within teaching schools is the Alliance for Learning SCITT which was approved for accreditation as a provider of Initial Teacher Training by the National College of Teaching and Leadership (now DFE) in May 2014 under the original name of the Greater Manchester Bright Futures SCITT. The name of the SCITT was subsequently changed in April 2017.

The Alliance for Learning SCITT offers Initial Teacher Training leading to Early Years Teacher Status for trainee teachers of the 0-5 age group, and Qualified Teacher Status for trainees of primary and secondary education.