

Better Futures
Multi-Academy Trust



**Better Futures Multi
Academy Trust**
(A Company Limited by Guarantee)
Annual Report and Financial Statements
Year ended 31 August 2019

**Company Registration Number:
10817914 (England and Wales)**

Better Futures Multi Academy Trust

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Better Futures Multi Academy Trust

Reference and Administrative Details

Current Members

Better Futures Multi Academy – Members at 18th November 2019

Professor John Latham
Philip Hamilton OBE
David Frost CBE
John Dishman
Kate Quantrell

Better Futures Multi Academy – Trustees at 18th November 2019

Graham Parker
Simon Wright
Nigel Alcock (resigned 7 November 2019)
John Dishman (resigned 8 July 2019)
Ulysses Lyons (appointed 28 August 2019)
Kevin Grindley (appointed 28 August 2019)
Gemma Towns (appointed 18 September 2018, resigned 9 May 2019)
Guy Daly
Kate Quantrell
Lorraine Gearing
Eileen Hartley (appointed 6 November 2019)

King Edward VI College LGB - at 18th November 2019

Stuart Stanley
Jacqui Clements
Richard Greenway
William Rupp
Leanne de Main
Paul Hickling
Adam Dewfield
Ebenezer Chatawe
Jacob Peace
Tim Rogers (Principal)

Company Secretary

J Twigger

Executive Team:

Chief Executive Officer (BFMAT)	Ulysses Lyons
Director of Professional Services (BFMAT)	Lee Sands
Principal (KEC)	Tim Rogers
Director of Finance (KEC)	Norman MacDonald

Company Name

Better Futures Multi Academy Trust

Principal and Registered Office

Alan Berry Building
Coventry University
Priory Street
Coventry CV1 5FB

Company Registration Number

10817914 (England and Wales)

Independent Auditor

Mazars
Park View House
58 The Ropewalk
Nottingham NG1 5DW

Bankers

Barclays Bank
High Street
Coventry CV 1 1 ZZ

Solicitors

Mills & Reeve
78-84 Colmore Row
Birmingham B3 2AB

Better Futures Multi Academy Trust

Trustees' Report for the year ending 31 August 2019

The Trustees present their annual report together with the Financial Statements and auditor's report of the charitable company for the year ended 31 August 2019. The Academy Trust was incorporated on 14 June 2017 with the first set of Accounts being prepared to 31 August 2018. During the initial accounting period the Academy Trust incurred costs of £86,000 in respect of set-up costs in preparation for the Academy Trust recruiting Sixth Form Colleges. In the year to 31 August 2019 King Edward VI College, Nuneaton (KEC) joined the Academy Trust. The conversion date was 1 January 2019 when KEC activities, assets, liabilities and staff transferred to the Academy Trust. The information in this report solely relates to the activities of KEC.

The annual report serves the purposes of both a Trustees' report, and a directors' report under company law.

The Academy Trust operates an academy for pupils aged 16+ serving a catchment area in Coventry and North Warwickshire/South Leicestershire.

It has a student capacity of c1,350 students with current student numbers of c1,200 in September 2019.

Structure, Governance and Management

Constitution

The Academy Trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Academy Trust.

The Trustees of Better Futures Multi Academy Trust are also the directors of the charitable company for the purposes of company law. The charitable company operates as Better Futures Multi Academy Trust. Initially KEC is the only active member although plans are in place to extend the number of institutions joining the Academy Trust.

Details of the Trustees who served during the year, and to the date these accounts are approved are included in the Reference and Administrative Details on page 1.

Members' Liability

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

Trustees' Indemnities

Trustees benefit from indemnity insurance purchased at the Academy Trust's expense to cover the liability of the Trustees which by virtue of any rule of law would otherwise attach to them in respect of negligence, default or breach of duty of which they may be guilty in relation to the Academy Trust, provided that any such insurance shall not extend to any claim arising from any act or omission which the Trustees knew to be a breach of trust or breach of duty or not, and provided also that any such insurance shall not extend to the costs of any unsuccessful defence to a criminal prosecution brought against the Trustees in their capacity as Directors of the Academy Trust.

Method of Recruitment and Appointment or Election of Trustees

Eligibility to act as a Trustee of the Academy Trust is within the Constitutional Framework and clauses 68 to 80 of the Articles of Association. Trustees are appointed by both the Members and Coventry University as the Sponsor. Membership of Committees, including Local Governing Bodies, is determined by the Trustees and outlined in a written Scheme of Delegation.

The Search and Governance Committee has an on-going policy of attracting Trustees with a range of skills and background to provide the Academy Trust with the best possible advice and support. Recruitment is informed by a Skills Audit.

Better Futures Multi Academy Trust

Trustees' Report for the year ending 31 August 2019 (continued)

Policies and Procedures Adopted for the Induction and Training of Trustees

All new Trustees receive an induction pack and are provided with support from other Trustees and the Company Secretary. The Academy Trust invites specialists to provide on-going training for the Trustees in accordance with a training plan.

The Company Secretary meets regularly with other college and Academy Clerks/Company Secretaries and shares best practice. Trustees are referred to the ESFA Accounts Direction when appropriate.

Organisational Structure

The Academy Trust central roles include that of Chief Executive Officer, Director of Professional Services, Company Secretary and Executive Director of Student Leadership. Within KEC the Senior Management Team consist of the Principal, Director of Finance and two Assistant Principals.

The committee structure of the Board of Trustees consists of:-

- Audit and Risk
- Search and Governance
- Executive Performance and Remuneration
- Local Governing Body

The Chief Executive Officer is the Accounting Officer.

Arrangements for setting pay and remuneration of Key Management Personnel

The Trust Board has established a new Executive Performance and Remuneration Committee to ensure that decisions regarding levels of Executive pay (including salary and any other benefits) are transparent, proportionate and justifiable. A robust pay policy is in place.

Trade Union Facility Time

Percentage of pay bill spent on facility time

Under the provisions of the Trade Union (Facility Time Publication Requirements) Regulations 2017, The Academy Trust is required to provide information required by Schedule 2 of the Regulations:

Relevant union officials

Number of employees who were relevant union officials during the year	Full-time equivalent employee numbers
2	1.75

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	0
1%-50%	2
51%-99%	0
100%	0

Better Futures Multi Academy Trust

Trustees' Report for the year ending 31 August 2019 (continued)

Percentage of pay bill spent on facility time

Provide the total cost of facility time	£1,440
Provide the total pay bill	£2.014m
Provide the percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) × 100	0.07%

Paid trade union activities

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

(total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) × 100

Connected Organisations, including Related Party Relationships

The Academy Trust works with Coventry University (Academy Sponsor) on a number of different initiatives. These includes a Franchise Agreement for teaching HE students at KEC. During the year to 31 August 2019 the Academy Trust did not procure any other services from Coventry University. The University have entered into a Sponsorship Agreement with the Academy Trust under which they will contribute £300,000 towards certain Academy Trust expenditure with a further £100,000 retained towards any Academy Trust expenditure directly incurred by the sponsor.

In line with other Academy Trusts, Colleges and Universities, the Academy Trust has many stakeholders. These include:

- Students and their families
- Education and Skills Funding Agency (ESFA)
- Regional Schools Commissioner
- Staff
- Local employers
- Local authorities
- Local community
- Other FE institutions
- Trade unions
- Sector representative organisations

The Academy Trust recognizes the importance of these relationships and engages in regular communication with them through the website and meetings.

Better Futures Multi Academy Trust

Trustees' Report for the year ending 31 August 2019 (continued)

Objectives and Activities

Aims

The Academy Trust currently aims to continue to be the only provider of sixth form education to 16-19 year old students in Nuneaton and the surrounding areas. The Academy Trust expects KEC to maintain its Good OfSTED grade.

The long-term aim of the Academy Trust is to expand by recruiting more sixth form colleges into the Academy Trust. A second sixth form college joined the Academy Trust on 1 November 2019 and due diligence is currently being undertaken with a further sixth form colleges.

Objectives

KEC

- To provide a high quality education to 16-19 year old students in Nuneaton and the surrounding areas
- To provide a high level of pastoral support to individual students
- To provide additional enrichment activities for students
- To assist students with progressing their chosen career paths

Public Benefit

Better Futures Multi Academy Trust is an exempt charity under part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Education. The Directors, who are Trustees of the charitable company, are disclosed on page 1.

In setting and reviewing the Academy Trust strategic objectives, the Trustees had due regard for the Charity Commission's guidance on public benefit and particularly upon its supplementary guidance on the advancement of education. This guidance sets out the requirement that all organisations wishing to be recognised as charities must demonstrate, explicitly, that their aims are for the public benefit.

In delivering its mission the Academy Trust provides the following identifiable public benefits through the advancement of education:

- High quality teaching
- Widening participation and tackling social exclusion
- Providing excellent career advice for students
- Range of employment opportunities for students
- Excellent pastoral support for students

Implementation of Strategic Plan

The Strategic Plan of the Academy Trust is that of expansion. It is recognised that each member institution will have their own Strategic Plan. The key current Strategic Plan objectives for KEC are:

Aim One

Taking students on the journey from being school children to being young adults ready for the wider world and already active in making a positive contribution to that world

Aim Two

Developing a curriculum that meets the needs and interests of students through excellent learning experiences delivered by highly developed & reflective practitioners

Better Futures Multi Academy Trust

Trustees' Report for the year ending 31 August 2019 (continued)

Aim Three

Creating a thriving culture where all staff & students give, receive and use feedback that results in high levels of engagement with college life and continuous improvement

Aim Four

Securing financial strength to ensure the best resources are available to facilitate teaching, learning and student support

Performance Indicators

Progress	Destinations	Finance	Enrolments	Feedback
<p>Ensure high levels of retention and achievement above benchmarks.</p> <p>Grades per Starter (GPS) will be at least:</p> <p>Academic Progress: +0.2</p> <p>Vocational Progress: +0.3</p>	<p>The percentage of students who progress on to employment, education or training will be above benchmark with positive destinations above 97%</p>	<p>Our Financial Health Grade will continue to remain as Good, aiming to become graded as Outstanding by 2020</p>	<p>To ensure we recruit and retain over 1,200 students by September 2021.</p>	<p>To ensure staff, student and parent satisfaction levels are above 90% positive</p>

Financial Objectives

Whilst the Academy Trust incurred expenditure in the initial period of trading no formal budgets were set for the year to 31 August 2019. However when KEC joined the Academy Trust on 1 January 2019 a financial plan was prepared for the eight months to 31 August 2019 with the following performance indicators:

Financial Performance Indicator	Target for 8 months to 31 August 2019	Actual as at 31 August 2019
EBITDA as % of income	2.15	3.7
Staff costs as % of income	77.4	76.6
Adjusted Current Ratio	1.59	1.74
Borrowings as % of income	0.93	1.4
ESFA financial health score	190-Good	200-Good

*Income is excluding donated balances on conversion and capital grants.

Strategic Report

Student Numbers

KEC recruited 1,132 students in September 2018 and those numbers form the basis for the 2019/20 ESFA contract allocation. The corresponding number for September 2019 is c1,200 which will ensure increased funding in 2020/21.

Better Futures Multi Academy Trust

Trustees' Report for the year ending 31 August 2019 (continued)

Student Achievement

The following key highlights are from the academic year 2018/19

	Achievement/National Achievement	Retention/National Retention	Pass/National Pass
2018/19	89.2%/83% +6.2%	95.3%/85.5% +9.8%	93.6%/95.9% -2.3%
2017/18	85.8%/85.8% +0%	91.9%/89.4% + 2.5%	94.5%/97.7% -3.2%

A real success is that the number of high grades (A* - B) has increased by 2.2%.

The results for students undertaking Maths and English at GCSE level is shown below:-

Subject	2014-2015 A*-C	2015-2016 A*-C	2016-2017 A*-C / 9-4	2017-2018 9-4	2018-2019 9-4 (post 17 benchmark)
Maths	47.6%	45.5%	18.0%	36.0%	51.9% (21.2%)
English	43.3%	61.0%	79.0%	84.6%	60.7% (30.3%)

Curriculum Developments

KEC have decided to offer a level 2 introductory programme from September 2019 to ensure that the local students who do not meet the strict academic entry requirements for a level 3 programme are still able to enter FE. The SMT will assess the impact of this new curriculum development throughout 2019/20. In other curriculum developments, KEC has re-instated the HNC in Business (franchised through Coventry University) but has decided to withdraw from the full time Counselling programmes from September 2020.

Going Concern

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

Financial Overview

The Academy Trust receives the majority of its funding from the Education & Skills Funding Agency (ESFA) in the form of recurrent grants paid on a monthly basis. The grants received in the year are shown as "restricted funds" in the Statement of Financial Activities. The Academy Trust is also in receipt of an allocation from the ESFA's Devolved Formula Capital Grant. This grant is held in the Balance Sheet as Deferred Income until it is matched against maintenance projects. During the year a total of £61,000 was transferred from Deferred Income and included as "restricted income" in these Financial Statements.

During the period the Academy Trust generated a deficit (before FRS102 pension adjustments and donated balances) of £49k against a budgeted deficit of £29k. The Academy Trust has used £86,000 of the sponsors withheld funds of £100,000 to off-set expenditure incurred in the Financial Statements to 31 August 2018.

At 31 August 2019 the net book value of fixed assets was £4.7m (2018 £Nil). Movements in tangible fixed assets are shown in note 11 to the Financial Statements.

The closing level of unrestricted and restricted reserves (excluding fixed asset reserves and the LGPS deficit) stands at £354k (2018 deficit of £86k).

Better Futures Multi Academy Trust

Trustees' Report for the year ending 31 August 2019 (continued)

Treasury Management and Investment Policy

Treasury management is the management of the Academy Trust's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

The Academy Trust inherited three commercial interest free loans from Salix Finance Limited on the conversion of KEC. These Loans are repaid over various periods and are unsecured.

Any new borrowings require the authorisation of the Trustees who must comply with the requirements of the Funding Agreement with the ESFA.

Whilst there is no formal Investment Policy in place the Academy Trust has identified surplus funds not required for day to day operations. These funds have been placed in a Deposit Account with Barclays Bank. Should the cash reserves increase sufficiently to consider longer-term investments, the Academy Trust would discuss options with the Trustees.

Fundraising

The Academy Trust is predominantly funded by the ESFA based upon student numbers from the preceding academic year. The Academy Trust completes a number of in-year funding returns to the ESFA. The Academy Trust does not actively engage in fundraising and does not actively canvas for donations on a local, regional, national or international basis. The Academy Trust does not contact with any external agencies to fundraise on its behalf.

First year students are asked to make a voluntary contribution to the Academy Trust of £330. Any funds raised through this process are used to support students on optional visits and to assist those students who do not qualify for Bursary support.

Reserves Policy

Academy Trusts are expected to create reserves from their annual funding. However in the current financial climate of funding cuts and high wage pressures it is extremely difficult to declare surpluses. A further financial impact of the conversion to an Academy is the treatment of Deferred Capital Grants. KEC would historically transfer c£90,000 from liabilities to income to off-set Depreciation costs on the assets acquired with Capital Grants. On conversion into an academy the book value of Deferred Capital Grants is transferred from liabilities into Reserves.

The Academy Trust has ended the year with total restricted reserves of £354k (2018 £86k deficit) including the adjustment for the LGPS pension deficit. The Reserves will be required to cover unforeseen building maintenance issues and to notionally cover the LGPS deficit, currently £1,919k.

Principal Risks and Uncertainties

The Academy Trust has undertaken further work during the year to develop and embed the system of internal control, including financial, operational and risk management, which is designed to protect the Academy's assets and reputation.

Based on the Strategic Plan, the Executive Team undertakes a comprehensive review of the risks to which the Academy is exposed. They identify systems and procedures, including specific preventable actions, which should mitigate any potential impact on the Academy. The internal controls are then implemented and the subsequent year's appraisal will review their effectiveness and progress against risk mitigation actions. In addition to the annual review, the Executive Team will also consider any risks which may arise as a result of a new area of work being undertaken by the Academy.

Better Futures Multi Academy Trust

Trustees' Report for the year ending 31 August 2019 (continued)

A risk register is maintained at Academy Trust level, which is reviewed at least annually by the Audit and Risk Committee and more frequently where necessary. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the Academy and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

Outlined below is a description of the principal finance risk factors that may affect the Academy. Not all the factors are within the Academy's control. Other factors besides those listed below may also adversely affect the Academy.

Risk	Impact	Mitigation measure
Failure of Government to substantially increase national funding rate	Potential reduction in operating surplus with College having to prioritise resource requests	Continue to promote KEC Good OfSTED grade more effectively and aggressively in particular making more consistent and creative use of social media. Review level of pastoral support.
Substantial pay increases	The current 2019/20 budget includes a 2%/1.5% pay increase well below that requested by the teaching and support staff unions. Each further 1% will cost the Academy c£31k excluding on-costs	Continue to efficiently manage the curriculum through a combination of teaching and pastoral support in delivering programmes
Substantial increase in LGPS employer contributions	Each 1% increase in employer contributions will cost the College c£10k per annum. A 3% increase plus a further 1% scale point increase would effectively result in wiping out the VAT benefit and ensuring that operating deficits would continue for the foreseeable future. This would put the College's sustainability and liquidity into question.	Increases of c3% would result in the College reviewing staffing structures with an indirect impact on student outcomes and staff wellbeing. The College would also need to be more ruthless in cutting out programmes with low enrolments

Better Futures Multi Academy Trust

Trustees' Report for the year ending 31 August 2019 (continued)

Failure to grow the Academy Trust	The strategy of the Academy Trust is to grow through the addition of more sixth form colleges. The central BFMAT costs cannot be sustained by one Academy in the long term. However, the Trustees also need to be assured that any new Academy member does not constitute a financial risk to the BFMAT. BFMAT is fortunate in that the University sponsorship agreement is for 10 years.	The Trustees may need to review the level of central BFMAT costs to ensure the ongoing financial stability of the Trust.
Withdrawal of ESFA Teachers Pension Grant after March 2021	The TPS grant is worth c£150k to the Academy per annum.	Again the Academy would have to undertake a rigorous review of the curriculum and how it is delivered. This would have a real risk that student outcomes could fall.
Implications arising from BREXIT	Disruption to services and supplies from Academy suppliers.	Ongoing review and discussions with key suppliers.

Current and Future Development and Performance

Staffing

The Academy Trust considers good communication with its staff and students to be very important. Weekly staff briefings are held. Staff and student involvement is encouraged through membership of formal committees. The Academy Trust also has a Student Leadership Director on its payroll to encourage and spread the student voice and their participation in Academy matters.

Maintenance Programme

The Academy is working through the recommendations from a Condition Survey prepared in 2018. The maintenance costs are charged to the Statement of Financial Activities. In exceptional circumstances any major projects would be capitalised where they meet accounting guidelines.

Future Prospects

The Academy Trust firmly believes that it has to expand to enable financial and other efficiencies to be achieved. Recent Government announcements on an increase in the national funding rate, increased financial support for STEM subjects, Maths & English extra funding and the extension of the Teachers Pension Grant until at least March 2021 are all welcome news and will ensure that the Academy Trust can continue to deliver high quality teaching and learning whilst providing fit for purpose facilities for both students and staff.

Better Futures Multi Academy Trust

Trustees' Report for the year ending 31 August 2019 (continued)

Resources

The Academy Trust has various resources that it can deploy in pursuit of its strategic objectives:

- Estate on a long lease between the King Edward VI Foundation and the Academy Trust
- Net current assets of £387k
- Established staff numbers of 92 (expressed as full time equivalents) of which 50 are teaching staff
- A high reputation in Warwickshire for achieving excellent student results
- Excellent pastoral support to students

Events after the end of the Reporting Period

The Academy Trust has been extended with Bilborough Sixth Form College in Nottingham joining the Academy Trust on 1 November 2019.

Equal Opportunities

The Academy Trust is proud of its commitment to equalising opportunity for all who learn and work at the Academy. The Academy Trust respects and values differences in race, gender, sexual orientation, physical ability, class and age. The Academy Trust has in place policies to address these issues and has a coordinating Equality and Diversity Committee which has oversight of the implementation, monitoring and development of policy and reports to the Local Governing Body.

The Academy Trust Equal Opportunities Policy, including its Equalities Policies, is published on the KEC intranet site.

The Academy Trust considers all applications from disabled persons and offers an interview to all disabled people who meet the job and person specification for any post. Where existing employees become disabled, every effort is made to ensure that their employment at the Academy continues. An equalities action plan setting clear targets is published each year and the identified actions are monitored by the Local Governing Body. This complies with Equality legislation.

Better Futures Multi Academy Trust

Trustees' Report for the year ending 31 August 2019 (continued)

Disability statement

The Academy Trust is committed to a policy of responding to the general needs of the community and the specific needs of the individual. Disability or additional educational needs shall be defined as learning requirements that need support or provision additional to or different from that which is normally available. The Academy Trust has published a policy statement in relation to students with learning difficulties or disability. The main provisions of this statement include:

- to ensure increased access to the Academy from all sections of the community, regular liaison with schools, community groups, careers and guidance services and agencies working with those with specific learning difficulties and / or disabilities (SLDD) will be promoted and supported.
- the Academy application procedure will offer applicants the opportunity to provide information and discuss any special learning difficulty or disability that affects them. However, the Academy recognises that not all students may be willing or able to do this and that it is the responsibility of the College to ensure that alternative procedures are in place to identify and assess potential learning difficulties and that other opportunities exist to enable students to disclose any SLDD.
- in the event of a place not being offered to a student with a learning difficulty or disability, a record will be kept of the reasons given. Where possible, alternative options and guidance will be given in liaison with Prospects and Social Services, etc.
- advice will be available to students with disabilities or additional learning needs before, during and at the end of their course so that students can examine their individual needs within their progression route.

The Academy has a specific Inclusive Learning leader, who provides information, advice and guidance and support to students who apply or are at the Academy. She interviews all prospective students with declared difficulties or disabilities and prepares a support plan for them should they enrol at the Academy. Use is made of specialist sign language and care staff.

Better Futures Multi Academy Trust

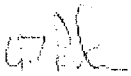
Trustees' Report for the year ending 31 August 2019 (continued)

Disclosure of Information to auditors

Insofar as the Trustees are aware:

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

This Report incorporating was approved by order of the Board of Trustees as the company directors and signed on the Boards behalf by:



G Parker
Chair of Trustees

Date 19 December 2019

Better Futures Multi Academy Trust

Governance Statement

Scope of Responsibility

As Trustees, we acknowledge we have overall responsibility for ensuring that Better Futures Multi Academy Trust has an effective and appropriate system of control, financial and otherwise. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Board of Trustees has delegated the day-to-day responsibility to the 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 agreement between Better Futures Multi 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 7 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Board of Trustees

Trustee	Meetings Attended	Out of Possible
Graham Parker, Chair	5	7
Simon Wright, Vice-Chair	5	7
Nigel Alcock (resigned 7 November 2019)	6	7
Guy Daly	3	7
Lorraine Gearing	7	7
Kate Quantrell	3	7
John Dishman (resigned 8 July 2019)	6	7
Kevin Grindley (appointed 28 August 2019)	0	0
Ulysses Lyons, CEO (appointed 28 August 2019)	0*	0

* Ulysses Lyons was in attendance at all seven meetings during the academic year 2018/19 prior to his appointment as a Trustee on 28 August 2019.

The Company Secretary maintains a register of financial and personal interests of the Trustees which is available for inspection at the registered office.

All Trustees are able to take independent professional advice in furtherance of their duties at the Academy Trust's expense and have access to the Company Secretary, who is responsible to the Board of Trustees for ensuring that all applicable procedures and regulations are complied with. The appointment, evaluation and removal of the Company Secretary are matters for the Board of Trustees as a whole.

Formal agendas, papers and reports are supplied to the Trustees in a timely manner, prior to Board meetings, and ad-hoc briefings are also provided.

The Board of Trustees has a strong and independent non-executive element and no individual or group dominates its decision making process. The Board of Trustees considers that each of its Non-Executives is independent of management and free from any business or other relationship that could materially interfere with the exercise of their independent judgement.

Better Futures Multi Academy Trust

Governance Statement

Scope of Responsibility (continued)

There is a clear division of responsibility in that the roles of the Chair of the Board of Trustees and the Accounting Officer are separate.

The Trustees conduct their business through a Committee structure that comprises Audit and Risk; Search and Governance; Executive Performance and Remuneration (newly established and due to meet for the first time in January 2020); and Local Governing Bodies. Each Committee has Terms of Reference that have been approved by the Board of Trustees. Attendance at Committee meetings during the year was as follows:

Audit and Risk Committee

Trustee	Meetings Attended	Out of Possible
Simon Wright (Chair)	2	2
Nigel Alcock (resigned 7 November 2019)	2	2
Richard Greenway (LGB Governor)	0	2

Search and Governance Committee

Trustee	Meetings Attended	Out of Possible
Graham Parker (Chair)	2	2
Simon Wright	2	2
Guy Daly	2	2
Ulysses Lyons	2	2

LGB at King Edward VI College

Governor	Meetings Attended	Out of Possible
Stuart Stanley (Chair)	5	5
Jacqui Clements (Joint Vice-Chair)	5	5
Richard Greenway (Joint Vice-Chair)	3	5
Mahad Ahmed	2	5
Hannah Birch	3	5
Adam Dewfield	3	5
Paul Hickling	5	5
Qamar Khan	3	5
Ulysses Lyons	5	5
Leanne de Main	3	5
William Rupp	4	5

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.

The Board of Trustees is provided with regular and timely information on the overall financial performance of the Academy Trust together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel related matters such as health and safety and environmental issues.

Better Futures Multi Academy Trust

Governance Statement

Scope of Responsibility (continued)

Appointments to the Board of Trustees

Any new appointments to the Board of Trustees are a matter for the consideration of the Board of Trustees as a whole. The Board of Trustees has a Search and Governance committee comprising the Chair of the Board of Trustees, the Chair of the Audit and Risk Committee, the Chief Executive Officer and one other Trustee. This Committee is responsible for the selection and nomination of any new potential Trustee for the Board of Trustees consideration. The Board of Trustees is responsible for ensuring that appropriate training is provided as required. Trustees are appointed for a term of office not exceeding 4 years upon which they may be re-elected.

Board of Trustees Performance

The Board of Trustees understands that regular self-assessment is an integral process to both their and the Academy Trust's performance. During the period covered by these accounts, the governance structure has been reviewed to ensure that it remains effective. The review resulted in an increase in the number of Members from 3 to 5 in line with guidance in the Academies Financial Handbook. There is significant separation between the individuals who are Members and those who are Trustees.

A review of the composition of the Trust Board has resulted in a recent appointment to strengthen skills and experience in safeguarding and student welfare. The CEO is the only Trustee who is an employee of the Trust.

The governance structure will continue to be reviewed in line with the Trust's planned growth in 2019/20.

Better Futures Multi Academy Trust

Governance Statement (continued)

Internal Control

Scope of responsibility

The Governing Body is ultimately responsible for the College's system of internal control and for reviewing its effectiveness. 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 Governing Body has delegated the day to day responsibility to the Principal, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and assets for which he is personally responsible, in accordance with the responsibilities assigned to him in the Funding Agreement between King Edward VI College and the funding bodies. He is also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Academy Trust for the year ended 31 August 2019 and up to the date of approval of the annual report and Financial Statements.

Capacity to handle risk

The Board of Trustees has reviewed the key risks to which the Academy Trust is exposed, together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the year ending 31 August 2019 and up to the date of approval of the annual report and Financial Statements. This process is regularly reviewed by the Board of Trustees.

The risk and control framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees
- regular reviews by the Board of Trustees of periodic and annual financial reports, which indicate financial performance against forecasts
- setting targets to measure financial and other performance
- clearly defined capital investment control guidelines
- delegation of authority and where possible segregation of duties
- identification and management of risks

Better Futures Multi Academy Trust

Governance Statement (continued)

The Academy Trust has engaged Mazars to undertake internal control audit assignments for the Academy. The work of the internal auditors is informed by an analysis of the risks to which the Academy Trust is exposed. During the 2019/20 financial year the Academy Trust intends to tender for a more formal arrangement if new regulation from the Institute of Chartered Accountants in England and Wales comes into place prohibiting one firm providing both internal and external audit services.

The review delivered their schedule of working

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, the review of the effectiveness of the system of internal control has been informed by:

- the assignment undertaken by the internal auditors
- the work of the Financial Statement auditors
- the work of the executive managers within the Academy who have responsibility for the development and maintenance of the internal control framework
- the financial management and governance self-assessment process

The Accounting Officer has been advised on the implications of the result of his review of the effectiveness of the system of internal control by the Audit and Risk Committee, which oversees the work of the internal auditor and other sources of assurance, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The Executive Team receives reports setting out key performance and risk indicators and considers possible issues brought to their attention by early warning mechanisms which are embedded within the departments and reinforced by risk awareness training. The Executive Team and the Audit and Risk Committee also receive reports from internal audit, which include recommendations for improvement. The Audit and Risk Committee's role in this area is confined to a high level review of the arrangements for internal control. The Board of Trustees agenda includes a regular item for consideration of risk and control and receives reports thereon from the Executive Team and the Audit and Risk Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception.

Approved by order of the Board of Trustees on 19 December 2019 and signed on its behalf by:



Mr G Parker
Chair of Trustees



Mr U Lyons
Accounting Officer

Better Futures Multi Academy Trust

Statement of Regularity, Propriety and Compliance

As Accounting Officer of Better Futures Multi Academy Trust, I have considered my responsibility to notify the Academy Trust Board of Trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, 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 2018/19.

I confirm that I and the Academy Trust 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 2018/19.

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 promptly notified to the Board of Trustees and the ESFA.



Mr U Lyons
Accounting Officer

Date 19 December 2019

Better Futures Multi Academy Trust

Statement of Trustees' Responsibilities

The Trustees of Better Futures Multi Academy Trust (also the Directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the Financial Statements in accordance with the annual Accounts Direction published by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom generally accepted Accounting Practice) and applicable law and regulations.

Company law requires the Trustees to prepare Financial Statements for each financial year. Under company law, the Trustees must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for the year.

In preparing the Financial Statements, the Trustees are required to:

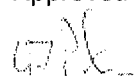
- select suitable accounting policies and apply them consistently
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019
- make judgements and estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards (FRS102) have been followed, subject to any material departures disclosed and explained in the Financial Statements
- prepare Financial Statements on the going concern basis, unless it is inappropriate to assume that the charitable company will continue in business.

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

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

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

Approved by order of the Board of Trustees on 19 December 2019 and signed on its behalf by:



Mr G Parker
Chair of Trustees

Independent auditor's report to the members of Better Futures Multi-Academy Trust

Opinion

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

In our opinion, the financial statements:

- give a true and fair view of the state of the Academy Trust's affairs at 31 August 2019 and of its incoming resources and application of resources, including its income and expenditure, for the Year then ended
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 Academies Accounts Direction 2018 to 2019.

Basis for opinion

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

Other matter

Without qualifying our opinion, we draw attention to the Accounting Policies on page 30 to the financial statements and the fact that the comparative information in the financial statements was unaudited as the company was entitled to exemption from audit.

Independent auditor's report to the members of Better Futures Multi-Academy Trust

The impact of uncertainties due to Britain exiting the European Union on our audit

The Trustees' view on the impact of Brexit is disclosed on page 10.

The terms on which the United Kingdom may withdraw from the European Union are not clear, and it is therefore not currently possible to evaluate all the potential implications to the Academy Trust's operations, service users, suppliers and the wider economy.

We considered the impact of Brexit on the Academy Trust as part of our audit procedures, applying a standard firm wide approach in response to the uncertainty associated with the Academy Trust's future prospects and performance.

However, no audit should be expected to predict the unknowable factors or all possible implications for the Academy Trust and this is particularly the case in relation to Brexit.

Conclusions relating to going concern

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

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Academy Trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Trustees' Report, other than the financial statements and our auditors' reports thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Independent auditor's report to the members of Better Futures Multi-Academy Trust

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 financial statements are prepared is consistent with the financial statements; and
- the Trustees' Report including the incorporated Strategic Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement set out on page 20, the Trustees (who are directors for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Academy Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Academy Trust or to cease operations, or have no realistic alternative but to do so.

Better Futures Multi-Academy Trust

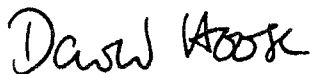
Auditor's responsibilities for the audit of the financial statements

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

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

Use of the audit report

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



David Hoose (Senior Statutory Auditor) for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

Park View House

58 The Ropewalk

Nottingham

NG1 5DW

Date

19/02/19

Independent Reporting Accountant's Assurance Report on Regularity to Better Futures Multi-Academy Trust and the Education & Skills Funding Agency

In accordance with the terms of our engagement letter dated 27 August 2019 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Better Futures Multi-Academy Trust during the period 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Better Futures Multi-Academy Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Better Futures Multi-Academy Trust and the ESFA those matters we are required to state to it 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 Better Futures Multi-Academy Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Better Futures Multi-Academy Trust's Accounting Officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of Better Futures Multi-Academy Trust's funding agreement with the Secretary of State for Education dated 1 January 2019 and the Academies Financial Handbook, extant from 1 September 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

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

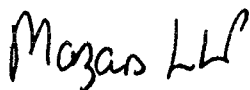
Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the Academy Trust's income and expenditure.

The work undertaken to draw to our conclusion includes:

- Planning our assurance procedures including identifying key risks;
- Carrying out sample testing on controls;
- Carrying out substantive testing including analytical review; and
- Concluding on procedures carried out.

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 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Mazars LLP

Park View House
58 The Ropewalk
Nottingham
NG1 5DW

Date 19/12/19

Better Futures Multi-Academy Trust

Statement of Financial Activities for the Year Ended 31 August 2019 (incorporating Income and Expenditure Accounts and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2019 £000	Unaudited Total 2018 £000
Incoming resources						
Donations and capital grants	2	392	61	-	453	-
Transfer on conversion from King Edward VI College, Nuneaton	26	230	(1,233)	4,865	3,862	-
Charitable activities	3	-	2,882	-	2,882	-
Other trading activities	4	83	85	-	168	-
Investment income	5	-	-	-	-	-
Total incoming resources		705	1,795	4,865	7,365	-
Resources expended						
<i>Costs of generating funds:</i>						
Raising funds	6	46	86	-	132	-
Charitable activities: Academy Trust educational operations	6	214	3,098	161	3,473	86
Total resources expended		260	3,184	161	3,605	86
Net income/(expenditure) for the year		445	(1,389)	4,704	3,760	(86)
Transfers between funds		(91)	91	-	-	-
Other recognised gains/(losses)						
Actuarial gain/ (losses) on defined benefit pension schemes	22	-	(535)	-	(535)	-
Net movement in funds		354	(1,833)	4,704	3,225	(86)
Reconciliation of funds						
Total funds brought forward at 1 September	15	-	(86)	-	(86)	-
Total funds carried forward at 31 August	15	354	(1,919)	4,704	3,139	(86)

Better Futures Multi-Academy Trust

Balance Sheet as at 31 August 2019

Company Number 10817914

	Notes	2019 £000	2019 £000	Unaudited 2018 £000	Unaudited 2018 £000
Fixed assets					
Tangible assets	10	-	4,704	-	-
Current assets:					
Debtors	11	118		-	
Cash at bank and in hand		793		-	
		<u>911</u>		-	
Liabilities					
Creditors: Amounts falling due within one year	12	524		86	
Net Current Assets/(Current Liabilities)			<u>387</u>		<u>(86)</u>
Total assets less current liabilities			5,091		(86)
Creditors: Amounts falling due after more than one year	13		<u>(33)</u>		<u>(86)</u>
Net assets excluding pension liability			<u>5,058</u>		
Pension scheme liability	23		<u>(1,919)</u>		<u>(86)</u>
Net assets including pension liability			<u>3,139</u>		<u>(86)</u>
Funds of the Academy Trust:					
Restricted Funds					
• Fixed asset fund			4,704	-	
• Restricted income fund			-	-	
• Pension reserve			<u>(1,919)</u>	-	
Total restricted funds			2,785	-	
Unrestricted income funds					
• General fund			<u>354</u>	<u>(86)</u>	
Total unrestricted funds			354	(86)	
Total funds	14		<u>3,139</u>		<u>(86)</u>

The financial statements on pages 27 to 52 were approved by the Board of Trustees, and authorised for issue on 19 December 2019 and are signed on their behalf by:



Mr Graham
Chair of Trustees

Better Future Multi-Academy Trust

Cash-Flow Statement for the Year Ended 31 August 2019

	Notes	2019 £000	Unaudited 2018 £000
Cash flows from operating activities			
Net cash provided by operating activities	17	803	-
Cash flows from investing activities	18	(6)	-
Cash flows from financing activities		(4)	-
Change in cash and cash equivalents in the reporting period		<hr/> 793	<hr/> -
Cash and cash equivalents at 1 September 2018	20	-	-
Cash and cash equivalents at 31 August 2019	20	<hr/> 793	<hr/> -

Better Future Multi-Academy Trust

Cash-Flow Statement for the Year Ended 31 August 2019

1. Statement of Accounting Policies

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

Basis of Preparation

The financial statements of the Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Better Futures Multi-Academy Trust meets the definition of a public benefit entity under FRS 102.

The comparative information in the financial statements was unaudited as the company was entitled to exemption from audit.

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 cause significant doubt on the ability of the company to continue as a going concern. The Trustees make this assessment in respect of the period of at least one year from the date of authorisation to sign the Financial Statements.

Incoming Resources

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

- **Grants Receivable**

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

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

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

Better Future Multi-Academy Trust

Cash-Flow Statement for the Year Ended 31 August 2019

1. Statement of Accounting Policies (continued)

- **Sponsorship Income**

Sponsorship income provided to the Academy 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.

Resources Expended

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

- **Expenditure on Raising Funds**

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

- **Charitable Activities**

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

All resources expended are inclusive of irrecoverable VAT.

Better Future Multi-Academy Trust

Cash-Flow Statement for the Year Ended 31 August 2019

1. Statement of Accounting Policies (continued)

Tangible Fixed Assets

Capital projects 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. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet.

Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy Trust's depreciation policy. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

Leasehold land (not depreciated)	125 years
Leasehold Buildings	10-50 years
Furniture & Equipment	3-15 years
Computer Equipment	3-10 years

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

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate 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.

Taxation

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

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

Better Future Multi-Academy Trust

Cash-Flow Statement for the Year Ended 31 August 2019

1. Statement of Accounting Policies (continued)

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.

Leased Assets

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

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 Academy Trust does not have control over the charitable application of the funds. The funds received and paid and any balances held are disclosed in note 25.

Financial Instruments

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

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 11. Prepayments are not financial instruments.

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

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 12 and 13. 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.

Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 22, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

Better Future Multi-Academy Trust

Cash-Flow Statement for the Year Ended 31 August 2019

1. Statement of Accounting Policies (continued)

Pensions (continued)

The LGPS is a funded scheme and the assets are held separately from those of the Academy Trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities.

The actuarial valuations are obtained at least triennially and are updated at each Balance Sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

Fund Accounting

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

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

Restricted general funds comprise all other funds received with restrictions from the funder/donor and include grants from the Education and Skills Funding Agency/Department for Education.

Critical accounting estimates and areas of judgement

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

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 (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Better Future Multi-Academy Trust

Cash-Flow Statement for the Year Ended 31 August 2019

2. Donations and capital grants

	Unrestricted Funds £000	Restricted Funds £000	Total 2019 £000	Total 2018 £000
Capital grants	-	61	61	-
Private Sponsorship	386	-	386	-
Other donations	6	-	6	-
	392	61	453	-

In 2018, of the total income from donations and capital grants, £Nil was to unrestricted funds and £Nil to restricted funds

3. Funding for Better Futures Multi-Academy Trust Educational Operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2019 £000	Total 2018 £000
DfE / ESFA grants				
General Annual Grant (GAG)	-	2,837	2,837	-
Other DfE/ESFA grants	-	45	45	-
	-	2,882	2,882	-
Local Authority Grants				
	-	-	-	-
	-	2,882	2,882	-

In 2018, of the total income from charitable activities, £Nil was to unrestricted funds and £Nil was to restricted funds

4. Other trading activities

	Unrestricted Funds £000	Restricted Funds £000	Total 2019 £000	Total 2018 £000
Trip income	-	85	85	-
Other income	83	-	83	-
	83	85	168	-

In 2018, of the total other trading activities income, £Nil was to unrestricted funds and £Nil was to restricted funds.

Better Future Multi-Academy Trust

Cash-Flow Statement for the Year Ended 31 August 2019

5. Investment income

	Unrestricted Funds £000	Restricted Funds £000	Total 2019 £000	Total 2018 £000
Bank interest	-	-	-	-
	-	-	-	-

In 2018, of the total investment income, £Nil was to unrestricted funds and £Nil to restricted funds.

6. Resources Expended

	Staff costs £000	Non Pay Expenditure Premises £000	Other costs £000	Total 2019 £000	Total 2018 £000
Expenditure on raising funds					
Allocated support costs	26	-	106	132	-
Academy's educational operations					
Direct costs	1,553	157	130	1,840	-
Allocated support costs	1,165	161	307	1,633	86
	2,744	318	543	3,605	86

Net income/ (expenditure) for the period includes:

	Total 2019 £000	Total 2018 £000
Depreciation	167	-
Operating leases	8	-
Fees payable to auditor for:		
- Audit	10	-
- Other services	4	-

Better Future Multi-Academy Trust

Cash-Flow Statement for the Year Ended 31 August 2019

6. Charitable Activities

	Total 2019 £000	Total 2018 £000
Direct costs – educational operations	1,840	-
Support costs – educational operations	1,633	86
	<hr/>	<hr/>
	3,473	86
Support costs-Educational Operations		
Support staff costs	1,191	35
Depreciation	167	-
Technology	112	18
Premises	6	-
Other support	143	-
Governance	14	33
	<hr/>	<hr/>
	1,633	86

7. Staff

a) Staff Costs

Staff costs during the period were:

	Total 2019 £000	Total 2018 £000
Wages and salaries	2,007	31
Social security costs	187	-
Pension costs	513	-
	<hr/>	<hr/>
	2,707	31
Supply staff costs	30	-
Staff restructuring costs – statutory costs	7	-
	<hr/>	<hr/>
	2,744	31

Better Future Multi-Academy Trust

Cash-Flow Statement for the Year Ended 31 August 2019

b) Staff Numbers

The average number of persons employed by Better Futures Multi-Academy Trust during the period expressed as full time equivalents was as followed:

	2019	2018
	No.	No.
Teachers	62	-
Administration and support	61	-
Management	4	-
	<hr/>	<hr/>
	127	-
	<hr/>	<hr/>

c) Higher Paid Staff

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

	2019	2018
	No.	No.
£70,000- £80,000	1	-
£100,000 - £110,000	1	-

The above employees participated in the Teachers' Pension Scheme.

d) Key management personnel

The key management personnel of Better Future Multi-Academy Trust comprise the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employers national insurance contributions) received by key management personnel for their services to the trust was £217,199 (2018: £Nil).

Better Future Multi-Academy Trust

Cash-Flow Statement for the Year Ended 31 August 2019

8. Related Party Transactions - Trustees' Remuneration & Expenses

One or more Trustees has been paid remuneration or has received other benefits from employment with the Academy Trust. Members of the King Edward Academy Local Governing Body including the Principal and two staff members received remuneration in respect of services they provide undertaking their Academy roles under their contracts of employment.

The value of Trustees' remuneration was £Nil.

During the period ended 31 August 2019, travel and subsistence expenses totalling £Nil were reimbursed or paid directly to Trustees (2018: £Nil).

Other related party transactions involving the Trustees are set out in note 24.

9. Trustees' and Officers' Insurance

In accordance with normal commercial practice Better Futures Multi-Academy Trust has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides £1,000,000 cover on any one claim and the cost for the period ended 31 August 2019 is included in the total insurance cost.

Better Future Multi-Academy Trust

Cash-Flow Statement for the Year Ended 31 August 2019

10. Tangible Fixed Assets

	Leasehold land and buildings	Furniture & equipment	Computer equipment	Total
	£000	£000	£000	£000
Cost				
Transferred 1 January 2019	4,508	267	90	4,865
Additions in year	-	1	5	6
At 31 Aug 2019	4,508	268	95	4,871
Depreciation				
Charged in year	121	28	18	167
At 31 Aug 2019	121	28	18	167
Net book values				
At 31 August 2018	-	-	-	-
At 31 Aug 2019	4,387	240	77	4,704

11. Debtors

	2019 £000	2018 £000
Trade Debtors	5	-
VAT recoverable	43	-
Prepayments and Accrued income	70	-
	118	-

Better Future Multi-Academy Trust

Cash-Flow Statement for the Year Ended 31 August 2019

12. Creditors: amounts falling due within one year

	2019 £000	2018 £000
Trade creditors	47	-
Other taxation and social security	69	-
Loan	14	-
Other creditors	66	86
Accruals and deferred income	328	-
	<hr/> 524	<hr/> 86

	2019 £000	2018 £000
Deferred income		
Deferred income at 31 Aug 2018	-	-
Resources deferred in the year	268	-
Amounts released from previous years	-	-
	<hr/> 268	<hr/> -
Deferred income at 31 Aug 2019		

At the Balance Sheet date the Better Futures Multi-Academy Trust held funds received in advance relating to student deposits £44k, SCIF project funds £52k, exam collaboration projects £22k, Bursary Support £40k, Rates Relief £23k and ESFA Devolved Grants £63k. There is a residual balance of £24k covering a variety of other income receipts.

13. Creditors: amounts falling due in greater than one year

	2019 £000	2018 £000
Salix Finance Commercial Loan	33	-
	<hr/> 33	<hr/> -

Better Future Multi-Academy Trust

Cash-Flow Statement for the Year Ended 31 August 2019

14. Funds

	Balance at 1 Sep 2018	Incoming Resources	Resources Expended	Gains, losses & transfers	Balance at 31 Aug 2019
	£000	£000	£000	£000	£000
Restricted general funds					
General annual grant (GAG)	-	2,837	(2,837)	-	-
Other restricted income	(86)	191	(196)	91	-
Pension reserve		(1,233)	(151)	(535)	(1,919)
	(86)	1,795	(3,184)	(444)	(1,919)
Restricted fixed asset funds					
Transfer on conversion	-	4,865	-	-	4,865
DfE / ESFA capital grants	-	-	(161)	-	(161)
	-	4,865	(161)	-	4,704
Total restricted funds	(86)	6,660	(3,345)	(444)	2,785
Unrestricted funds					
Unrestricted funds	-	705	(260)	(91)	354
Total unrestricted funds	-	705	(260)	(91)	354
Total funds	(86)	7,365	(3,605)	(535)	3,139

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

Restricted general funds:

- Donations have been applied in accordance with the donor's wishes.

Restricted fixed assets fund has been used to fund the capital build programme for the Academy Trust.

There are no central services costs.

Transfers relate to unrestricted funds used to reduce the restated fund deficits.

Better Future Multi-Academy Trust

Cash-Flow Statement for the Year Ended 31 August 2019

14 Funds (continued)

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

	Balance at 1 Sep 2017	Incoming Resources	Resources Expended	Gains, losses & transfers	Balance at 31 Aug 2018
	£000	£000	£000	£000	£000
Restricted general funds					
General annual grant (GAG)	-	-	-	-	-
Start-up grant	-	-	-	-	-
Pupil premium	-	-	-	-	-
Other	-	-	(86)	-	(86)
Pension reserve	-	-	-	-	-
	-	-	(86)	-	(86)
Restricted fixed asset funds					
DfE / ESFA capital grants	-	-	-	-	-
Donation of assets	-	-	-	-	-
	-	-	-	-	-
Total restricted funds	-	-	(86)	-	(86)
Unrestricted funds					
Unrestricted funds	-	-	-	-	-
Total unrestricted funds	-	-	-	-	-
Total funds	-	-	(86)	-	(86)

Better Future Multi-Academy Trust

Cash-Flow Statement for the Year Ended 31 August 2019

15. Analysis of net assets between funds

Fund balances at 31 August 2019 are represented by:

	Unrestricted funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds £000
Tangible fixed assets	-	-	4,704	4,704
Current assets	354	557	-	911
Current liabilities	-	(524)	-	(524)
Non-current liabilities	-	(33)	-	(33)
Pension Scheme liability	-	(1,919)	-	(1,919)
Total net assets	354	(1,919)	4,704	3,139

16. Analysis of net assets between funds

Fund balances at 31 August 2018 are represented by:

	Unrestricted funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds £000
Tangible fixed assets	-	-	-	-
Current assets	-	-	-	-
Current liabilities	-	(86)	-	(86)
Non-current liabilities	-	-	-	-
Pension Scheme liability	-	-	-	-
Total net assets	-	(86)	-	(86)

Better Future Multi-Academy Trust

Cash-Flow Statement for the Year Ended 31 August 2019

17. Reconciliation of net income/(expenditure) to net cash inflow from operating activities

	2019 £000	2018 £000
Net expenditure income for the reporting period (as per the statement of financial activities)	3,760	(86)
Adjusted for:		
Conversion	(3,862)	-
Cash on conversion	230	-
Depreciation	167	-
Defined benefit pension scheme cost less contributions payable	131	-
Defined benefit pension scheme finance cost	20	-
(Increase) in debtors	(118)	-
Increase/(decrease)/ in creditors	475	86
Net cash provided by / (used in) Operating Activities	803	86

18. Cash flows from financing activities

	2019 £000	2018 £000
Repayments of borrowings	4	-

19. Cash flows from investing activities

	2019 £000	2018 £000
Purchase of tangible fixed assets	(6)	-
	(6)	-

20 Analysis of cash and cash equivalents

	At 31 August 2019 £000	At 31 August 2018 £000
Cash in hand and at bank	793	-
Total cash and cash equivalents	793	-

Better Future Multi-Academy Trust

Cash-Flow Statement for the Year Ended 31 August 2019

21. Members' liability

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

22. Commitments under operating leases

At 31 August 2019 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2019 £'000	2018 £'000
Amounts due within one year	15	-
Amounts due between one and five years	13	-
Amounts due after five years	-	-
	<hr/>	<hr/>
	28	-

23. Pension and similar obligations

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

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

Contributions amounting to £61k were payable to the schemes at 31 August 2019 (2018: £Nil) and are included within other creditors.

Better Future Multi-Academy Trust

Cash-Flow Statement for the Year Ended 31 August 2019

23. Pension and similar obligations (cont)

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS or scheme) is a statutory, unfunded, defined benefit occupational scheme, governed by the Teachers' Pensions Regulations 2010 (as amended), and the Teachers' Pension Scheme Regulations 2014 (as amended). These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting and Valuation Account

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

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

Valuation of the Teachers' Pension Scheme

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

A copy of the latest valuation report can be found by following this link to [the Teachers' Pension Scheme website](#)

Better Future Multi-Academy Trust

Cash-Flow Statement for the Year Ended 31 August 2019

23. Pension and similar obligations (cont.)

Scheme Changes

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

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

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

The pension costs paid to TPS in the year amounted to £212k (2018: £Nil).

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

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £189k (2018: £Nil), of which employer's contributions totalled £150k (2018: £Nil) and employees' contributions totalled £39k (2018: £Nil). The agreed contribution rates for future years are 20.6% for employers and between 5.5% and 12.5% for employees.

The current valuation does not reflect the expected increase in benefits and therefore liability as a result of Guaranteed Minimum Pension (GMP) equalisation between men and women which is required as a result of the removal of the Additional State Pension. Methodologies for a long-term solution are still being investigated by the Government as set out in the published (January 2018) outcome of the Government Consultation "Indexation and Equalisation of GMP in Public Sector Pensions Schemes" and therefore the expected impact cannot be reliably estimated and consequently no provision/liability has been recognised.

These Financial Statements show a past service cost of £35,000 in respect of the McCloud judgement which ruled that the transitional protection for some members of public service schemes implemented when they were reformed constituted age discrimination. This provision is just under 0.65% of the total scheme obligations as at 31 August 2019.

Better Future Multi-Academy Trust

Cash-Flow Statement for the Year Ended 31 August 2019

23. Pension and similar obligations (cont.)

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

Principal actuarial assumptions	2019	2018
Rate of increase in salaries	2.9%	-
Rate of increase for pensions in payment/inflation	2.3%	-
Discount rate for scheme liabilities	1.8%	-
Commutation of pensions to lump sums	50%	-
Inflation assumption (CPI)	2.3%	-

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

	2019	2018
<i>Retiring today:</i>		
Males	21.4	-
Females	23.6	-
<i>Retiring in 20 years</i>		
Males	22.4	-
Females	25.0	-

Sensitivity analysis	At 31 August 2019	At 31 August 2018
	£000	£000
Discount rate +0.1%	(677)	-
Discount rate -0.5%		-
Mortality assumption – 1 year increase	(217)	-
Mortality assumption – 1 year decrease		-
CPI rate/Pension rate +0.5%	(566)	-
CPI rate/Pension rate -0.1%		-
Salary increase +0.5%	(97)	

The above financial impact would increase liabilities of the scheme.

Better Future Multi-Academy Trust

Cash-Flow Statement for the Year Ended 31 August 2019

23. Pension and similar obligations (cont.)

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

	Fair value at 31 August 2019	Fair value at 31 August 2018 £000
Equity instruments	2,146	-
Debt instruments	915	-
Property	422	-
Cash	35	-
Total market value of assets	<u>3,518</u>	<u>-</u>

Amount recognised in the Statement of Financial Activities

	2019 £'000	2018 £'000
Amounts included in staff costs		
Current service cost	246	-
Past service	35	-
Total	<u>281</u>	<u>-</u>
Amounts included in interest and other finance costs		
Net interest expense	(20)	-
Amount recognized in other comprehensive income		
Return on pension plan assets	335	-
Changes in assumptions underlying the present value of plan obligations	(870)	-
Amounts recognized in other comprehensive income	<u>(535)</u>	<u>-</u>

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

	2019 £000	2018 £000
At 1 January 2019 on conversion	4,216	-
Current service cost	246	-
Past service cost	35	-
Interest cost	82	-
Employee contributions	39	-
Actuarial (gain)/loss	870	-
Benefits paid	(51)	-
At 31 August	<u>5,437</u>	<u>-</u>

Better Future Multi-Academy Trust

Cash-Flow Statement for the Year Ended 31 August 2019

23. Pension and similar obligations (cont.)

	2019 £000	2018 £000
At 1 January 2019 on conversion	2,983	-
Interest income	62	-
Return on plan assets (excluding net interest on the net defined pension liability)	335	-
Employer contributions	150	-
Employee contributions	39	-
Benefits paid	(51)	-
At 31 August	3,518	-

24. 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 a trustee 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 transactions took place in the period of account:

The total values of transactions from related parties to the Academy Trust were:

	2019 £000	2018 £000
Other costs	-	-
Total	-	-

25. Agency arrangements

The Academy Trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2019 the trust received £37,247 (2018: £Nil) and disbursed £105,890 (2018: £Nil) from the fund. On conversion the Academy Trust inherited an unspent balance of £108,876. A residual amount of £40,233 is included in other creditors relating to undistributed funds that in certain circumstances may be repayable to ESFA.

The Academy Trust distributes 16-19 bursary funds to students as an agent for the ESFA. The Academy Trust only acts as a paying agent. In these circumstances, the grants and related disbursements are therefore excluded from the Statement of Financial Activity (SOFA).

Better Future Multi-Academy Trust

Cash-Flow Statement for the Year Ended 31 August 2019

26. Conversion to an Academy Trust

On 1 January 2019 King Edward VI College, Nuneaton converted to a Multi Academy Trust (Better Futures Multi Academy Trust-BFMAT) and all of the operations, assets and liabilities were transferred to BFMAT (company number 10817914) from the King Edward VI Form College, Nuneaton for £Nil consideration. This transfer was approved by the Department for Education.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were at their net book values at 31 December 2018 and recognised in the Balance Sheet under the appropriate headings with a corresponding net amount recognised as a new gain in the Statement of Financial Activities (SOFA) as a Donation on Conversion.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the SOFA.

	Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Total Funds £'000
Tangible Fixed Assets			4,865	4,865
Current Assets	832	-	-	832
Creditors less than 1 year	(565)	-	-	(565)
Creditors more than 1 year	(37)	-	-	(37)
LGPS Pension deficit	-	(1,233)	-	(1,233)
Total Net Assets	230	(1,233)	4,865	3,862

Since the formation of King Edward VI Form College, Nuneaton in 1992, the College had been successful in bidding to the ESFA and former funding bodies for capital funding to enable the construction of the current campus and its maintenance.

On conversion to BFMAT on 1 January 2019, the Balance Sheet of the former College included Deferred Income relating to ESFA government capital grants of £2,092k. These funds have been accounted for in the opening balances in line with the requirements of the Academies Accounts Direction 2018 to 2019.

Current assets on conversion included cash and bank balances of £230k.

27. Post Balance Sheet Events

On 1 November 2019, Bilborough College joined the Academy Trust.