

BROOK LEARNING TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019

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BROOK LEARNING TRUST (A Company Limited by Guarantee)
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CONTENTS

	Page
Reference and Administrative Details	1 - 2
Trustees' Report	3 - 17
Governance Statement	18 - 23
Statement on Regularity, Propriety and Compliance	24
Statement of Trustees' Responsibilities	25
Independent Auditors' Report on the Financial Statements	26 - 28
Independent Reporting Accountant's Report on Regularity	29 - 30
Statement of Financial Activities Incorporating Income and Expenditure Account	31 - 32
Balance Sheet	33 - 34
Statement of Cash Flows	35
Notes to the Financial Statements	36 - 68

BROOK LEARNING TRUST
(A company limited by guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2019

Members

Ian Daker
Bruce Walsh
Martin Garner

Trustees

Ian Daker
Linda Garratt
Martin Garner *
Carol Morris *#
Bruce Walsh * (resigned 31/08/19)
Myles McIntosh #
Natalina Bertoli # (appointed 19/12/17)
Jeanette Batten # (appointed 13/02/19)

*members of the Finance Committee

#members of the Audit and Risk Committee

Company Secretary

Louise Burgess

Senior Management Team – Brook Learning Trust

Carol Morris (Chief Executive Officer)
Nicola Taylor (Education Director)
Louise Burgess (Finance Director)
Amanda Lee (HR Manager)

Senior Management Team – The Hayesbrook School

Daniel Hatley (Executive Principal)
Colette Nelson (Head of School)
Steven Reader (Assistant Principal)
Gillian Ansell (Assistant Principal)
Thomas Knight (Assistant Principal)
Sebastian St John (Assistant Principal from 01/09/18)

Senior Management Team – The High Weald Academy

Daniel Hatley (Executive Principal from 01/09/18)
Lisa Barker (Head of School from 01/09/18)
Michael Endicott (Assistant Principal to 31/12/19)
James Case (Assistant Principal to 31/08/19)
Daniel Lloyd (Assistant Principal from 23/04/19)
Andrew Greenall (Assistant Principal from 01/09/19)
Sebastian St John (Assistant Principal from 01/09/18)

BROOK LEARNING TRUST
(A company limited by guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2019

Senior Management Team – The Ebbsfleet Academy

Alison Colwell (Principal to 31/08/19)
Gurjit Kaur Shergill (Principal from 01/09/19)
Crystal Cardnell (Vice Principal)
Jessica Eales-White (Vice Principal)
Jodie Facer (Vice Principal to 31/08/19)
Jonathan Field (Assistant Principal)
Helen Evans (Assistant Principal)

Company Name

Brook Learning Trust

Principal and Registered Office

Brook Street, Tonbridge, Kent. TN9 2PH.

Company Registered Number

07368292 (England & Wales)

Independent Auditor

MHA MacIntyre Hudson, Abbey Place, 24 - 28 Easton Street, High Wycombe, Buckinghamshire, HP11 1NT

Bankers

Lloyds Bank Plc, 121 High Street, Tonbridge, Kent TN9 1DB

Solicitors

Thomson Snell & Passmore, 3 Lonsdale Gardens, Tunbridge Wells, Kent. TN1 1NX
Lyons Davidson, 43 Queens Square, Bristol. BS1

BROOK LEARNING TRUST
(A company limited by guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 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 **1 September 2018** to 31 August 2019. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The Trust operates three secondary academies in Kent. Its academies have a combined pupil capacity of 2850 and had a roll of 1358 in the school census on October 2018.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The 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 Trust. The trustees of Brook Learning Trust Limited are also the directors of the charitable company for the purposes of company law. The charitable company is known as Brook Learning 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 pages 1 and 2.

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.

BROOK LEARNING TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019

Trustees' Indemnities

Method of Recruitment and Appointment or Election of Trustees

The members may appoint up to 15 trustees, and trustees may appoint any number of other trustees. Trusteeship shall include:

- A minimum of two parent trustees, unless there are Academy Councils which include at least two parent members
- The Chief Executive Officer as long as he/she remains in office as Chief Executive Officer
- No more than a third of their number as employees of Brook Learning Trust, including the Chief Executive Officer.

Trustees may be appointed at any time and are subject to retirement on the anniversary of their fourth year of office. They are eligible for re-appointment at the meeting at which they retire.

Policies and Procedures Adopted for the Induction and Training of Trustees

Formal centrally run governance training is calendared to take place twice a year. The first training session covers four main areas:

- safeguarding training and KCSIE 2019 update
- how to provide appropriate support and challenge to the Principal and SLT
- monitoring the Academy Improvement Plan
- an introduction to the new Ofsted framework and the implications for school governance

The second annual training session covers more bespoke training needs as identified through the cycle of Academy Council meetings and monitoring visits. Trustees and Councillors are also members of the National Governors' Association (NGA) and can access the online training modules, with direction from the Education Director about the mandatory and optional modules to be completed. Progress through the training modules is monitored by the Clerk and reported at each academy council meeting.

The process of self-review for those responsible for Trust governance follows a cycle of individual skills audits in February based on the NGA model review documentation, discussion and planning from the April Board and Academy Council meetings.

All Trustees and Academy Councillors are given access to policies and procedures via the Trust website. All documentation for meetings and monitoring visits is shared via a secure area on the Trust website.

The Trust is active in recruiting highly skilled and competent trustees and governors to hold trust and academy leaders to account.

Organisational Structure

The Board of Trustees

The Board of Trustees is responsible for setting general policy, adopting an annual plan and budget, monitoring the Trust by the use of budgets and making major decisions about the direction of the Trust, capital expenditure and senior staff appointments, including the Chief Executive Officer. The Board delegates specific responsibilities to its committees and Academy Councils. The Board of Trustees meets at least five times a year and has four committees:

- Finance Committee
- Audit and Risk Committee
- Pay Committee
- Standards Panel

BROOK LEARNING TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019

Academy Councils

Each Academy has its own Academy Council. ACs have their own terms of reference and comprise appropriately qualified and experienced Councillors. The activities of ACs are reported to the Standards Panel and at Board Meetings.

The Senior Leadership Team

Day to day management of the Trust is undertaken by the Chief Executive Officer and the Academy Principals, supported by other members of the Senior Leadership Teams. The Chief Executive Officer is the Accounting Officer and the Finance Director is the Chief Financial Officer. The responsibilities for conducting financial transactions within the Trust are set out in the Trust's Scheme of Delegation.

Arrangements for setting pay and remuneration of key management personnel

Salaries and salary ranges for all posts are agreed by the Chief Executive Officer and Finance Director before recruitment. Principals' salary ranges are set with reference to the headteacher groupings within the School Teachers Pay and Conditions Document. All support staff, including senior positions, carry a salary which is set with reference to the Kent Scheme Pay Range. Pay progression for all staff is awarded within an already agreed salary range, and in accordance with the Trust's appraisal process. Proposals for pay progression are presented to the Pay Committee for review and decision.

In making their determination of the pay range for executive staff, trustees will undertake the following every five years or after a significant change – e.g. significant expansion or change in responsibilities:

- Executive pay levels are compared to organisations of similar size and type to ensure proportionality
- Executive pay range reflects the context, complexity and challenge of the roles in relation to the nature of the schools in the MAT
- Executive pay reflects the recruitment and retention challenges within the locality
- Independence is ensured through objective scrutiny of the above by all trustees, supplemented by an external professional opinion in the case of divergent views.

In making a decision around progression within the pay range, trustees will undertake the following annually:

- Appraisal outcomes are reviewed and challenged by trustees
- Metrics for improved educational standards are reviewed and challenged by trustees
- Metrics for financial performance are reviewed and challenged by trustees
- Proposed increase reflects any contextual considerations and the degree of challenge in the role
- Proposed increase is proportional in relation to increases received by staffing body as a whole (executive pay should not increase at a faster rate than that of teachers in any one year and over the longer term)
- Proposed increase represents value for money in relation to whole trust performance
- Independence is ensured through objective scrutiny of the above by all trustees, supplemented by an external professional opinion in the case of divergent views.
- The rationale behind the decision-making process, including whether the level of pay reflects value for money, is recorded and retained

BROOK LEARNING TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019

Employees and disabled persons

BLT and its academies are committed to advancing and achieving equality of opportunity for all. We recognise the three aims of the public sector equality duty to eliminate unlawful discrimination, harassment and victimisation and other conduct, advance equality of opportunity between people who share a protected characteristic and those who do not, and to foster good relations between people who have a shared characteristic and those who do not. We are committed to fair and open recruitment processes and to the positive development of all staff. This commitment is codified in our Equality and Diversity policy.

Trade union facility time

There were no trade union representatives employed by Brook Learning Trust during the period ending 31 August 2019.

Related Parties and other Connected Charities and Organisations

As well as its three academies, Brook Learning Trust runs the Tonbridge and West Kent Schools Sports Partnership. The Partnership fulfils the School Games Organiser (SGO) role for both The Hayesbrook School and the High Weald Academy. This involves organising sporting competitions, events and festivals between competing primary and secondary schools, coordinating sports leadership training whilst promoting healthy lifestyle programmes for 75 local schools as part of the Kent School Games. 34 of these primary schools buy in additional support using the primary sports premium funding to improve PE lessons through CPD, sports clubs and enrichment opportunities for targeted groups such as SEN. Membership to the TWKSSP also allows access to additional events which widens the sporting opportunities available to young people in West Kent, such as the popular Colour Dash and Cheerleading events which attracts up to 500 participants at each event. The Partnership also delivers bikeability training to a number of primary pupils each year enabling them to safely ride a bicycle and learn road safety. Not only does the Partnership set out to high quality sporting opportunities for students and development for staff, but it seeks to ensure strong and positive community relationships between trust schools and the ones they serve. The partnership is heavily cemented into the Brook Learning Trust, and facilitates the BLT Games, whereby all three academies compete in a whole day sporting event where each academy selects their best athletes to participate. The Hayesbrook School won the title in the 2018/19 academic year.

BROOK LEARNING TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019

OBJECTIVES AND ACTIVITIES

Objects and Aims

Brook Learning Trust is a non-profit-making multi academy trust operating in the South East of England. The overarching objective of the Trust is the advancement of education in the United Kingdom. It achieves this object through the operation of The Hayesbrook School, The High Weald Academy, The Ebbsfleet Academy and the Tonbridge and West Kent School Sports Partnership. Our core purpose is

- To challenge and defy the barriers that constrain the educational progress of our children, setting high aims for academy aspiration and providing the framework within which to achieve academy goals.
- To secure collective responsibility for all our children's achievements, demanding that challenge and change are embraced and lead to school improvement. We invest in all our staff, we are proud of our profession, we grow our own talent, we retain, attract and empower great people.
- To have a principled and measured approach to collaboration and growth that is rooted in the greater good for the young people we serve. Membership of our network provides the security and confidence that liberates opportunity and innovation.
- To provide a network of high quality service, support and opportunity for each individual academy, responding to the unique profile and community of each one, and recognising that each has an important role to play in the growth and success of the Trust.

BROOK LEARNING TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019

Objectives, Strategies and Activities

Core Priority 1: Trust: Maximising Impact – CEO

Objectives
1. Support the leaders in our academies to identify and address barriers to progress for disadvantaged pupils.
2. Advance the processes of curriculum and assessment design and implementation in our academies.
3. Develop a model for professional learning which establishes and delivers on a shared vision for educational excellence.
4. Embed structures and systems of governance and introduce opportunities for self-evaluation and succession planning.

Core Priority 1 : KPIs
<ul style="list-style-type: none">• All PP and SEND leaders in each academy actively participate in at least one shared development opportunity• From the September baseline gaps in progress and attainment for disadvantaged pupils narrow in each year group by PC3• PP and SEND leaders are working at least 'advancing to great' on the improvement matrix by July 2019
<ul style="list-style-type: none">• Clear and shared vision for delineation of authority for elements of curriculum design• Common framework of curriculum entitlement in operation across the Trust• Greater engagement with external subject specialists in each academy• Common framework for assessment standardisation and moderation in operation across the Trust.
<ul style="list-style-type: none">• Clear and shared vision for what excellence in education looks like in the classroom day to day for planning, assessment, teaching and learning• Common lexicon for pedagogy in operation across the Trust• All academies will identify as and evidence at least 'advancing to great' characteristics for teaching.
<ul style="list-style-type: none">• Refined reporting tools at all levels of governance• Self-evaluation undertaken at Trust and local governance levels• Succession planning mechanisms identified and in use at all levels of governance• Policy schedule in place and adhered to.

Core Priority 2: The High Weald Academy: Maximising Impact

Objectives
1. Develop and support the new leadership team
2. Support the academy to remove the barriers for SEND and disadvantaged pupils.
3. Support the academy to increase targeted marketing activity and community engagement, leading to an increase in pupil numbers.
4. Project manage the planning and construction phases of the new build.

BROOK LEARNING TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019

Objectives
5. Improve quality of learning experience through staff retention and talent development.

Core Priority 2: KPIs
<ul style="list-style-type: none">• All new leaders experience a minimum of two opportunities• Application of data reaches into teachers' practice demonstrated in classroom visits• Ofsted April 2019 rated L&M Good.
<ul style="list-style-type: none">• FD and PP lead meetings in place• Academy council reports improved management and impact of PP spend• SEN department systematised• Improvement in boys attainment• Improvement in SEND attainment• Improvement in PP attainment.
<ul style="list-style-type: none">• External expertise contributes to marketing• Marketing plan in place• Newsletter published• Increase in first choice applicants for 2019 Year 7.
<ul style="list-style-type: none">• No internal barriers to programme delivery schedule• Pupils education experience not compromised during build or demolition phases• Legacy buildings maintained to good standard at best value for money.
<ul style="list-style-type: none">• Accepted onto DfE programme• Improvement in staff retention, reducing teacher turnover.

Core Priority 3: Finance: Maximising Impact

Objectives
1. To maintain systems of effective financial control, ensuring compliance with accounting standards, the BLT finance policy and the Academies Financial Handbook
2. To improve the systems for planning and budgeting of staffing resources across the Trust
3. To continue to seek a solution to funding challenges

BROOK LEARNING TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019

Core Priority 3 : KPIs
<ul style="list-style-type: none">• Auditors sign off accounts with no qualifications• Management letter, Year-end audit and Compliance reports flag up few recommendations of low priority.• All academies and other business units within BLT set balanced budgets• Reserves are managed in accordance with the new policy and reviewed by Finance Committee• PP spend is clearly identified and systems are in place to assess the impact of interventions.
<ul style="list-style-type: none">• Increase in sign up for THWA lettings for 2019/20 within new build• Learning resources supplemented through sponsorship.

Core Priority 4: HR: Realising Impact and Growth

Objectives
1. To develop and embed recruitment and on-boarding strategies in line with Trust / Academy aspirations ensuring compliance with the DfE's KCSIE document.
2. Improve the retention of talented members of staff through development of retention and talent management strategies (with a view to developing workforce planning further next year)
3. Improve the effectiveness and abilities of BLT line managers in respect of healthy employee relations and staff engagement.
4. Modernise the HR function and its links across the academies to further enable HR resource to contribute to strategic direction and enhance HR professionalism across the Trust
5. Support managers to effectively plan and lead on changes which are aligned to academy and Trust direction

Core Priority 4 : KPIs
<ul style="list-style-type: none">• Professional modernised HR service in place• Qualitative and quantitative data shows that the service has the maximum impact on organisational success.
<ul style="list-style-type: none">• The Trust's approach to recruitment and retention promotes career opportunities rather than just jobs• Internal talent is harnessed, nurtured and retained.• The reach to potential candidates is increased.
<ul style="list-style-type: none">• Development and provision of advice to line managers of line managers ensures consistency and growth confidence in people management across the Trust• HR partnerships internally and externally are strengthened to improve the HR offer to academies.
<ul style="list-style-type: none">• Professional modernised HR service in place• An improved approach to workforce data and metrics enables accurate and meaningful data to inform HR strategy and management action.

BROOK LEARNING TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019

Core Priority 5: Infrastructure: Maximising Impact

Objectives
1. To develop and implement a strategy for ICT across the Trust which ensures effective operation and security of ICT systems and equipment across and between sites, responds to the GDPR change and provides a responsive efficient service to all users.
2. To provide an effective and positive learning environment in each academy, taking into account the needs of the curriculum, available funding and achieving the best possible value for money.
3. To maintain a safe and compliant learning and working environment for students, staff and visitors
4. To ensure academies are prepared to deal with unplanned or emergency situations
5. To maintain close oversight of the PSBP2 works at The High Weald Academy

Core Priority 5 : KPIs
<ul style="list-style-type: none">• ICT team in place and embedded and academies report service to be effective• ICT is compliant, including new GDPR and cyber security response plan.
<ul style="list-style-type: none">• Scheduled maintenance is carried out on time and within budget evidenced in monitoring of maintenance plan• Unplanned maintenance is carried out promptly to agreed priorities• Progress towards service improvement or contract termination is evidenced through correspondence with KCC• Successful CIF or other bid applications.
<ul style="list-style-type: none">• Across all sites, full compliance with no enforcement notices being issued.
<ul style="list-style-type: none">• Policies and operating procedures are up to date, published as necessary and disseminated to staff• Emergency situations dealt with in a planned, controlled manner, with all parties understanding the process and their role therein.
<ul style="list-style-type: none">• Trust meets project deadlines for PSPB2 project and academy disruption is minimised.

Public Benefit

In setting the objectives and planning the associated activities, trustees have given careful consideration to the Charity Commission's general guidance on public benefit.

BROOK LEARNING TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019

STRATEGIC REPORT

Achievements and Performance

Key Performance Indicators

Achievements and performance including key financial performance indicators

During the year, one BLT academy was subject to Ofsted inspection. Leadership at The High Weald Academy was judged to be Good, whilst overall effectiveness remained Requires Improvement. All other academies are Ofsted Good. On average, the quality of teaching across all academies is good or better.

At KS4, *provisional* pupil outcomes for all BLT academies against key performance measures for 2019 are given in the table below. Gaps in progress and attainment for disadvantaged pupils narrowed in 2019.

KS4	HWA	TEA	THS	BLT
Attainment 8 APS	32	44	37	39
% 4-9 EM	40	66	51	55
%4-9 English	60	79	79	68
%4-9 Maths	49	71	55	60

At KS5, *provisional* pupil outcomes against key performance indicators are noted in the table below. The outcomes for academic qualifications at The Hayesbrook School maintain a three year rising trend in attainment.

KS5	TEA	THS
Academic APS	25	29
Applied APS	27	37

Staff absence and staff turnover decreased across the trust in 2018-19.

The Trust uses the following key performance indicators for financial elements of school organisation:

	2018/19	2017/18
Staff costs as % of income*	72.38%	78%
Revenue reserves (£k)	£524k	£559k
Revenue reserves as % of GAG*	6.7%	7.5%

*excluding PFI affordability gap income

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 for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

BROOK LEARNING TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019

FINANCIAL REVIEW

Brook Learning Trust receives income from a number of different sources. The majority of income comes from central government via the Education Funding Agency who provide grant funding, based largely on student numbers to cover staffing and other general running costs (General Annual Grant - GAG). The ESFA may provide additional grants which are earmarked for specific purposes (such as Pupil Premium which must be used to raise the attainment of disadvantaged pupils). These appear in the accounts as DfE/ESFA grants. Where grant or other funding is received from the Local Authority (such as where the Trust undertakes responsibilities in respect of its students on the behalf of the LA) this appears in the accounts as Other Government Grants. Such income is collectively referred to as "Restricted Funds". Other income is received from parents (for example as contributions to trip or other costs) and from third parties (for example interest on our bank account balances or from hirers of the Trust's facilities). Such other income may be restricted or unrestricted, depending on whether it is received with conditions as to its use or whether it is available for spending at the discretion of the trustees.

Funds are held in two broad categories, funds which are available for spending and other funds which are not available for spending.

Spendable funds are in turn sub-categorised between those which are available for spending at the discretion of trustees ("Unrestricted Funds") and those which are subject to condition or restriction, ("Restricted Funds").

Funds not available for spending include the book value of fixed assets such as land, buildings and equipment. These have a value and are therefore included as assets in the accounts but clearly, this value is not available to spend. In common with all academies and Local Authorities, our share of the Local Government Pension Scheme deficit must also be reflected in the accounts and as this is not a conventional liability, it does not need to be deducted from spendable funds. The Trust meets its obligations in respect of the LGPS by paying pension contributions due as calculated by the scheme's actuaries.

The following balances held were held at 31 August 2019;

Fund	Category	2019 £'000	2018 £'000
GAG	Restricted General Funds	457	500
Other DfE/ESFA Grants	Restricted General Funds	0	0
Other Income	Restricted General Funds	<u>16</u>	<u>42</u>
Sub-total General Restricted Funds		473	424
Unspent Capital Grants	Restricted Fixed Asset Fund	551	202
Other Income	Unrestricted General Fund	52	58
	Sub-Total	1076	801
	Spendable Funds		
Net Book Value of Fixed Assets	Restricted Fixed Asset Fund	18,058	18,297
Share of LGPS Deficit	Restricted Pension Reserve	(5,691)	(4,168)
RDF	Restricted Loan Fund	<u>(381)</u>	<u>0</u>
	Total	13,062	14,931
	All Funds		

BROOK LEARNING TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019

Reserves Policy

The Finance Committee reviews the level of reserves held by the Trust at termly meetings. Reserves fall under four different funds:

Revenue reserves stand at £525k, including voluntary funds of £52k. These reserves are held centrally, with no reserves being carried forward at academy level. This policy allows the Trust to prioritise resources where they are most needed, in line with the curriculum led financial planning process. Offset against this reserve is a revenue loan fund of £381k representing the recoverable deficit funding received from the ESFA during the year. This funding is not recoverable until affordable by the Trust.

The Trust holds a capital reserve of £551k. The Trust has committed £260k to the completion of projects currently underway, and £180k represents a 'sinking fund', set aside for replacing the surface of the 3G pitch in 2020.

A fixed asset fund is maintained representing the net book value of the Trust's fixed assets, currently standing at £18,058k. This fund is unavailable for spending and can only be realised on the disposal of tangible fixed assets.

The Local Government Pension Scheme (LGPS) fund is currently in deficit by £5,691k, a deterioration of £1,523k during the course of the year. This represents the Trust's share of Kent County Council's pension fund deficit, in relation to its non-teaching staff who are members of the scheme. The deficit will be met, over time, by the contribution rates set for employers and employees, changes to scheme benefits, investment gains, or a combination of such measures. The Department for Education guarantees to meet the cost of any outstanding LGPS deficit in the event of the closure of any academy trust. The deficit has been calculated in accordance with the requirements of Financial Reporting Standard (FRS) 102; further details of the calculations and assumptions underlying the balance on this fund are set out in note 18 to the accounts.

BROOK LEARNING TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019

Investment Policy

There are no investments held beyond cash deposits retained with the major UK clearing banks. Speculative investments are not permitted.

Principal Risks and Uncertainties

The trustees have assessed the major risks to which the Trust is exposed, in particular those relating to academic performance, finances and child welfare. The trustees have implemented a number of systems to assess risks that the Trust faces and have developed policies and procedures to mitigate those risks. The Trust maintains comprehensive insurance cover for all of its operations through the government's Risk Protection Arrangement (RPA). The Trust has an effective system of internal financial controls and this is explained in more detail in the Governance Statement. Budgets are set using a curriculum led financial planning tool to ensure that efficiency is maximised in terms of the curriculum design and staffing need. The risk management process has been codified in a risk register overseen by the Audit and Risk Committee.

The Trust operates a termly (5 times a year) budget monitoring timetable overseen by the Finance Committee. Finance Committee members scrutinize financial performance against budget in order to mitigate risks as far as possible.

The principal financial risk faced by the Trust is the risk that deficits may be experienced. This has become more acute as funding from the DfE has reduced in real terms over the past eight years. The Trust mitigates this risk by focusing on the delivery of high quality educational outcomes, and through the appointment of a trust wide marketing coordinator.

The vast majority of the funding received by the Trust is sensitive to changes in pupil numbers. As a Trust operating three non-selective schools in a highly selective system, pupil numbers can be volatile and subject to risk, particularly when neighbouring schools exercise their freedom to increase their intake in response to parental demand. All three Academies face challenges in this area, but most acutely at the High Weald Academy which has experienced falling rolls in recent years, posing a challenge in terms of setting a balanced budget. Two out of three academies have begun to experience a rising roll, which will improve sustainability in the longer term but results in a budget shortfall as funding is based on the previous year's pupil census. The Trust has worked closely with the ESFA, securing additional funds to balance the budget in 2018/19, and a commitment to funding actual rather than lagged pupil numbers during times of rising rolls. The Trust continues to work closely with the ESFA to ensure the long term viability of its academies.

The risk resulting from the Trust's share of the LGPS deficit is managed by following the advice of the scheme's actuaries, specifically as regards the level of contributions payable, ensuring that annual budgets are drawn up to reflect the actuary's advice.

BROOK LEARNING TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019

FUNDRAISING

Brook Learning Trust conducts limited fundraising activities through its voluntary fund to enable students to access wider educational and enrichment opportunities. Fundraising is limited to community events and support from the parent body for specific activities.

Before embarking on any new fundraising activity, Brook Learning Trust considers the following:

- is the nature of the fundraising compatible with the trust's values and ethos
- could the nature of the fundraising cause reputational damage to the trust
- might the donor wish to exert undue influence on the trust or its academies in exchange for the donation
- might the activity risk placing undue pressure on prospective donors, in particular vulnerable groups

Brook Learning Trust is a member of easyfundraising, which enables its supporters to raise money for the trust through online retail purchases at no additional cost to the supporter. Brook Learning Trust does not currently engage in any other commercial fundraising nor does it employ professional fundraisers.

Brook Learning Trust receives the vast majority of any fundraising through its online payments system which ensures the highest standards of data protection in relation to the personal and financial details of donors.

Students of Brook Learning Trust's academies periodically enter into fundraising activities on behalf of other charities. Funds are collected in line with the charity's guidance and passed onto the charity in full.

Brook Learning Trust has received no complaints during the year in relation to its fundraising practices.

BROOK LEARNING TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019

PLANS FOR FUTURE PERIODS

BLT will continue to put student success and well-being at the heart of everything it does. We will continue to have high aspiration for all our pupils and plan to focus internally on providing central support for the development of the curriculum offer in each academy. The academy curriculum will be implemented through well-taught and appropriately sequenced content, thoughtfully designed assessment practice and consideration of an appropriate model of progression.

BLT recognises that recruiting and retaining leaders, teachers and support staff of the highest quality is essential and we will continue to develop our workforce. Working to a new Recruitment Policy, effective professional recruitment campaigns increased the reach of BLT to prospective candidates. A revised induction system provided for more targeted programmes to support the induction of key groups or individual employees. Membership of the South East Coaching Network, and further enhancement of the BLT benefits package for employees, supported retention of our staff. A review of the efficacy of performance management arrangements was undertaken leading to change for 2019/20. Cross academy deployment of leaders continues into future years and includes training and professional development opportunities.

Self-evaluation and business planning indicate that, having embedded core systems and structures, the trust is well placed to grow. We anticipate consolidating our provision geographically and developing expertise across phases.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

AUDITOR

Insofar as the trustees are aware:

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

Trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on ... ~~12 December~~ ... 2019 and signed on the board's behalf by:



.....
Ian Daker
Chair of Trustees

BROOK LEARNING TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2019

SCOPE OF RESPONSIBILITY

As trustees we acknowledge we have overall responsibility for ensuring that Brook Learning 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 Brook Learning Trust and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

GOVERNANCE

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The **Board of Trustees** has formally met 6 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
Ian Daker (chair)	6	6
Linda Garratt	6	6
Martin Garner	5	6
Carol Morris	6	6
Bruce Walsh	5	6
Myles McIntosh	4	6
Natalina Bertoli	6	6
Jeanette Batten	4	4

Bruce Walsh resigned from the board with effect from 31/08/19, and Jeanette Batten was appointed on 13/02/19. Ms Batten is a Director of Estates and Facilities in a university establishment.

BROOK LEARNING TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019

Governance reviews:

The governance function underwent a fundamental review last year and has just completed a full year under the new system of governance. Trustees now have a greater oversight of the educational standards of each academy, through the Standards Panel set up for this purpose. Academy Councils focus on local compliance around Health and Safety, safeguarding, SEN, pupil premium and family and community networks. The system incorporates a new scheme of delegation which now covers a wider remit, including key decisions around education, HR and estates as well as finance. The Board meets at least five times a year, and has four sub committees: Finance (meets 5 times per year), Audit and Risk (meets 3 times per year), Pay (meets twice per year), Standards Panel (meets 4 times per year). Each academy has its own Academy Council, which undertakes a monitoring role, covering the Academy Improvement Plan, support for Pupil Premium and SEND children, Health and Safety and Safeguarding, and meets 4 times per year.

The Board retains effective oversight of the trust's finances by reporting to and from the Finance Committee, which also meets 5 times a year and studies a detailed forecast of the trust's financial position to the end of the financial year, including scrutiny of any variances against budget. Where necessary, trustees will schedule Extraordinary General Meetings (EGMs), of which there were two during the year ended 31 August 2018.

The composition of Academy Councils is continually reviewed and, where appropriate, is strengthened by trustees working with Academy Councillors to improve performance.

Trustees complete a self-evaluation annually based on the NGA model, and this is scheduled to take place in the December meetings of the Trust Board and Academy Councils.

The **Finance Committee** is a sub-committee of the main board of Trustees. Its purpose is to oversee the finances of the Trust and its constituent academies by reviewing periodic monitoring reports.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Martin Garner	5	5
Bruce Walsh	5	5
Carol Morris	5	5

The **Audit and Risk Committee** is a sub-committee of the main board of Trustees. Its purpose is to oversee compliance and risk management of the Trust and its constituent academies by reviewing period reports in relation to financial compliance, health and safety and safeguarding, and maintaining a risk register.

Attendance at meetings in the year was as follows:

Committee Member	Meetings attended	Out of a possible
Jeanette Batten (chair)	3	3
Natalina Bertoli	2	3
Myles McIntosh	3	3
Julia Richards	2	3
Carol Morris	3	3

Jeanette Batten was initially an Academy Councillor representative at this committee until becoming a trustee representative from 13/02/19 after her appointment to the Board.

BROOK LEARNING TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019

The **Pay Committee** is a sub-committee of the main board of Trustees. Its purpose is to review and ratify all pay recommendations in the context of the Pay Policy and budget for pay.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Ian Daker	2	2
Martin Garner	1	2
Myles McIntosh	2	2
Carol Morris	2	2

The **Standards Panel** is a sub-committee of the main board of Trustees. Its purpose is to hold academy leaders to account for the educational standards within their academies.

Attendance at meetings in the year was as follows:

Panel Member	Meetings attended	Out of a possible
Ian Daker	4	4
Linda Garratt	4	4
Martin Garner	3	4
Robert Gordon	1	4
Carol Morris	4	4
Kyle Stealey	3	4
Bruce Walsh	3	4

BROOK LEARNING TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019

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

Educational Standards

In delivering against our key aims we have focused upon providing the highest quality and bespoke support to enable each academy to move into its next phase of development. In utilising a combination of high quality central and school based resources a culture of sharing best practice has been achieved, reducing the requirement for external based consultancy. Such opportunity has led to expenditure reductions and a reduction in senior staff turnover. Working closely with local teaching school alliances and the Department for Education, the development of educational standards was supported through a substantial SSIF project and work with the Kent Maths Hub. Where further external expertise has been sought, this has predominantly been provided on a pro-bono basis, for example a professional coach providing leadership development for senior colleagues.

Staffing resources

Curriculum planning is carried out in by academy senior leaders in collaboration with central Trust staff using the Trust's curriculum led financial planning tool. The tool enables decisions to be made which ensure the curriculum is broad, balanced and also cost effective, serving the needs of students and ensuring sufficient resources are available to support Pupil Premium and SEND students. The trust continues to use the DfE benchmarking toolkit. The work of the HR team on staff wellbeing and the BLT staff benefits package continues to improve overall staff attendance and reduce staff turnover and related costs.

Procurement

All purchase orders must be raised through our finance team who seek the best price through having access to internet purchasing facilities as well as knowledge of our preferred suppliers and the discounts they can offer us. Purchases over £5,000 have to be authorised by the Academy Principal after three competitive quotes have been sought. Purchases over £15,000 are referred to the CEO as Accounting Officer for review alongside the Trust Finance Director. Purchases over £25,000 must be authorised by the Trust Finance Committee. A number of contracts are negotiated at central level, offering greater value for money than stand alone academy contracts.

Income generation

The Trust generates over £100k per year from letting out its premises outside of academy hours, and this is set to increase with the move into the new build at The High Weald Academy. The Trust also encourages staff to take up outreach opportunities to support local schools in improving their performance. This generates additional income for the Trust as well as being a valuable means of developing staff and nurturing talent.

Central functions

The Trust operates centralised finance, HR, clerking, data management and estates management functions. This ensures the consistent application of financial processes, employment practices and health and safety methods, as well as achieving economies of scale. Internal benchmarking is carried out to compare costs between academies and also against national benchmarking data.

BROOK LEARNING TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Brook Learning Trust for the period **1 September 2018** to 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 period **1 September 2018** to 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 Academy Trust's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees
- regular reviews by the finance and general purposes committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes
- setting targets to measure financial and other performance
- clearly defined purchasing (asset purchase or capital investment) guidelines
- delegation of authority and segregation of duties
- identification and management of risks

The board of trustees has considered the need for a specific internal audit function and has decided:

- to appoint **Williams Giles Ltd** as internal auditor

BROOK LEARNING TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019

THE RISK AND CONTROL FRAMEWORK (continued)

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

- Fixed Assets/Inventory
- Banking & Cash Handling
- Income
- Expenditure
- Governance & Procedures
- Voluntary Fund & School Journey
- Payroll & Recruitment
- School Meals
- Financial Monitoring & Reporting
- Contracts & Procurement
- Lettings and Income generation

On an annual basis, the **internal auditor** reports to the board of trustees, through the **Audit and Risk Committee** on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

REVIEW OF EFFECTIVENESS

As accounting officer the **Chief Executive Officer** has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the **internal auditor**
- the work of the external auditor
- the financial management and governance self-assessment process
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the **Audit and Risk Committee** and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on ~~18 December~~ 2019 and signed on its behalf by:


.....
Ian Baker
Chair of Trustees


.....
Carol Morris
Accounting Officer

BROOK LEARNING TRUST
(A Company Limited by Guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Brook Learning Trust I have considered my responsibility to notify the Trust Board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Trust, under the funding agreement in place between the 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.

I confirm that I and the Trust Board of Trustees are able to identify any material irregular or improper use of all funds by the Trust, or material non-compliance with the terms and conditions of funding under the Trust's funding agreement and the Academies Financial Handbook 2018.

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

e Morris

Carol Morris
Accounting Officer

Date: 18 December 2014

BROOK LEARNING TRUST
(A Company Limited by Guarantee)

**STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2019**

The Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Academies Accounts Direction published by the Education & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

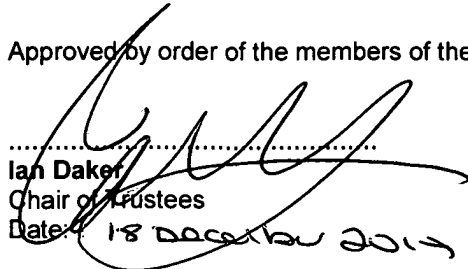
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting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

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

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

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

Approved by order of the members of the board of Trustees and signed on its behalf by:


.....
Ian Daker
Chair of Trustees
Date: 18 December 2019

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF BROOK LEARNING TRUST

Opinion

We have audited the financial statements of Brook Learning Trust (the 'trust') for the year ended 31 August 2019 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Trust's affairs as 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; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

BROOK LEARNING TRUST (A Company Limited by Guarantee)
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INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF BROOK LEARNING TRUST (CONTINUED)

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Other information includes the Reference and Administrative details, Trustees' Report, incorporating the Strategic Report and the Directors' Report, the Governance Statement, the Statement on Regularity, Propriety and Compliance and the Trustees' Responsibilities Statement. 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.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report (incorporating the Strategic Report and the Directors' Report) for the financial statements are prepared is consistent with the financial statements and.
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

BROOK LEARNING TRUST
(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF BROOK LEARNING TRUST (CONTINUED)

Responsibilities of trustees

As explained more fully in the Trustees' Responsibilities Statement, the Trustees (who are also the directors of the Trust 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 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 Trust or to cease operations, or have no realistic alternative but to do so.

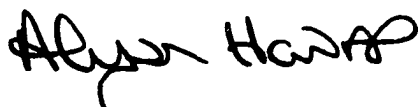
Auditors' responsibilities for the audit of the financial statements

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 Auditors' 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 Auditors' Report.

Use of our report

This report is made solely to the charitable 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 charitable Trust's members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable Trust and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



Alyson Howard FCCA DChA CF (Senior Statutory Auditor)

for and on behalf of

MHA MacIntyre Hudson

Chartered Accountants

Statutory Auditors

71 New Dover Road

Canterbury

Kent

CT1 3DZ

Date: **23 December 2019**

BROOK LEARNING TRUST (A Company Limited by Guarantee)
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INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO BROOK LEARNING TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 28 June 2018 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 Brook Learning Trust during the year 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 Brook Learning Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Brook Learning Trust and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Brook Learning Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Brook Learning Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Brook Learning Trust's funding agreement with the Secretary of State for Education dated 30 September 2013 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 year 1 September 2018 to 31 August 2019 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

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

Approach

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

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

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

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

The work undertaken to draw our conclusions includes:

- reviewing the minutes of meetings of the Governing Body and other evidence made available to us, relevant to our consideration of regularity;
- a review of the objectives and activities of the Trust, with reference to the income streams and other information available to us as auditors of the Trust;
- testing of a sample of payroll payments to staff;
- testing of a sample of payments to suppliers and other third parties;
- consideration of governance issues; and
- evaluating the internal control procedures and reporting lines, and testing as appropriate and making appropriate enquiries of the Accounting Officer.

Conclusion

In the course of our work, nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the year 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.

MHA MacIntyre Hudson

Reporting Accountant

MHA MacIntyre Hudson

71 New Dover Road
Canterbury
Kent
CT1 3DZ

Date: *23 December 2019*

BROOK LEARNING TRUST
(A Company Limited by Guarantee)

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2019

	Note	Unrestricted funds 2019 £	Restricted general funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	Total funds 2018 £
Income from:						
Donations and capital grants	4	32,144	-	499,188	531,332	66,816
Charitable activities	5	-	9,794,932	-	9,794,932	9,663,137
Other trading activities	6	260,915	120,231	-	381,146	538,440
Investments	7	1,099	-	-	1,099	957
Total income		294,158	9,915,163	499,188	10,708,509	10,269,350
Expenditure on:						
Raising funds		-	126,017	-	126,017	114,241
Charitable activities	9	280,355	10,181,756	499,575	10,961,686	13,013,495
Total expenditure	8	280,355	10,307,773	499,575	11,087,703	13,127,736
Net income/(expenditure)		13,803	(392,610)	(387)	(379,194)	(2,858,386)
Transfers between funds	21	(20,000)	(90,713)	110,713	-	-
Net movement in funds before other recognised gains/(losses)		(6,197)	(483,323)	110,326	(379,194)	(2,858,386)
Other recognised gains/(losses):						
Actuarial (losses)/gains on defined benefit pension schemes	28	-	(1,109,000)	-	(1,109,000)	1,277,000
Unrealised loss on loan		-	(381,056)	-	(381,056)	-
Net movement in funds		(6,197)	(1,973,379)	110,326	(1,869,250)	(1,581,386)

BROOK LEARNING TRUST
(A Company Limited by Guarantee)

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
(CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	Total funds 2018 £
Note					
Reconciliation of funds:					
Total funds brought forward	57,910	(3,626,136)	18,499,260	14,931,034	16,512,420
Net movement in funds	(6,197)	(1,973,379)	110,326	(1,869,250)	(1,581,386)
Total funds carried forward	51,713	(5,599,515)	18,609,586	13,061,784	14,931,034

The Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 36 to 68 form part of these financial statements.

BROOK LEARNING TRUST
(A Company Limited by Guarantee)
REGISTERED NUMBER: 07368292

BALANCE SHEET
AS AT 31 AUGUST 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	16	18,058,306	18,296,771
		18,058,306	18,296,771
Current assets			
Stocks	17	13,030	13,460
Debtors	18	634,141	387,175
Cash at bank and in hand	26	1,606,999	1,327,609
		2,254,170	1,728,244
Creditors: amounts falling due within one year	19	(1,178,636)	(925,981)
Net current assets		1,075,534	802,263
Total assets less current liabilities		19,133,840	19,099,034
Creditors: amounts falling due after more than one year	20	(381,056)	-
Net assets excluding pension liability		18,752,784	19,099,034
Defined benefit pension scheme liability	28	(5,691,000)	(4,168,000)
Total net assets		13,061,784	14,931,034
Funds of the Trust			
Restricted funds:			
Restricted fixed asset funds	21	18,609,586	18,499,260
Restricted general funds	21	91,485	541,864
Restricted funds excluding pension liability	21	18,701,071	19,041,124
Restricted general funds - pension reserve	21	(5,691,000)	(4,168,000)
Total restricted funds	21	13,010,071	14,873,124
Unrestricted funds	21	51,713	57,910
Total funds		13,061,784	14,931,034

BROOK LEARNING TRUST
(A Company Limited by Guarantee)

BALANCE SHEET (CONTINUED)
AS AT 31 AUGUST 2019

The financial statements on pages 31 to 68 were approved by the Trustees, and authorised for issue on 18 December 2019 and are signed on their behalf, by:

.....
Ian Daker
Chair of Trustees
Date:

The notes on pages 36 to 68 form part of these financial statements.

BROOK LEARNING TRUST (A Company Limited by Guarantee)
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2019

	Note	2019 £	2018 £
Cash flows from operating activities			
Net cash used in operating activities	23	(362,690)	(252,092)
Cash flows from investing activities	25	261,024	(28,563)
Cash flows from financing activities	24	381,056	-
		<hr/>	<hr/>
Change in cash and cash equivalents in the year		279,390	(280,655)
Cash and cash equivalents at the beginning of the year		1,327,609	1,608,264
		<hr/>	<hr/>
Cash and cash equivalents at the end of the year	26	1,606,999	1,327,609
		<hr/>	<hr/>

The notes on pages 36 to 68 form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. General information

Brook Learning Trust is a company limited by guarantee, incorporated in England and Wales. The address of the registered office and principal place of operation are detailed on page 1. The nature of the Trust's operations and principal activity are detailed in the Trustees Report.

2. Accounting policies

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

2.1 Basis of preparation of financial statements

The financial statements of the Trust, which is a public benefit entity under FRS 102, have been prepared under the historic 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 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Brook Learning Trust meets the definition of a public benefit entity under FRS 102. The financial statements are prepared in sterling which is the functional currency of the Trust and rounded to the nearest pound.

2.2 Going concern

The Trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Trust to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

2. Accounting policies (continued)

2.3 Income

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

• **Grants**

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

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

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

• **Donations**

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

• **Other income**

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

2.4 Expenditure

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

• **Expenditure on raising funds**

This includes all expenditure incurred by the 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 Trust's educational operations, including support costs and costs relating to the governance of the Trust apportioned to charitable activities.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

2. Accounting policies (continued)

2.4 Expenditure (continued)

All resources expended are inclusive of irrecoverable VAT.

2.5 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Trust; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

2.6 Taxation

The 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 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

2. Accounting policies (continued)

2.7 Tangible fixed assets

Assets costing £10,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities. Where tangible fixed assets have been acquired with unrestricted general funds, a transfer is made to reflect these assets in the restricted fixed asset fund.

The valuation for freehold property at The Hayebrook School is taken from the land and buildings valuation provided by the Valuation Office Agency, completed for the ESFA. The valuations have been prepared in accordance with the Valuation Standards 7th Edition, published by the Royal Institution of Chartered Surveyors (RICS) and effective from 2 May 2011, in so far as this is consistent with current HM Treasury guidance and requirements of the Charities SORP. The basis of the valuation for specialised property is depreciated replacement cost (DRC) and for property other than specialised property is existing use value (EUV).

The valuation for freehold property at High Weald Academy is taken from the land and buildings valuation provided by Mouchel, completed for the ESFA. The valuations have been prepared in accordance with the Valuation Standards 7th Edition, published by the Royal Institution of Chartered Surveyors (RICS) and effective 2 May 2011, in so far as this is consistent with current HM Treasury guidance and requirements of the Charities SORP. The basis of the valuation is Fair Value.

The buildings occupied by The Ebbsfleet Academy are owned by a PFI company. These buildings will transfer to the Academy on conclusion of the PFI contract in 2027. The land is occupied under a 125 year lease from Kent County Council. No values for land and buildings are recognised in these financial statements in respect of the Ebbsfleet Academy as the academy does not control these assets.

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

Depreciation is provided on the following bases:

Freehold property	- 2-20% Straight Line
Furniture and fixtures	- 20% Straight Line
Computer equipment	- 20% Straight Line
Motor vehicles	- 15% Straight Line

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

2. Accounting policies (continued)

2.8 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

2.9 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

2.10 Cash at bank and in hand

Cash at bank and in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

2.11 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 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.

2.12 Provisions

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

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

2.13 Financial instruments

The Trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the Trust and their measurement bases 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 18. 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 19 and 20. 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

2. Accounting policies (continued)

2.14 Operating leases

Rentals paid under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

2.15 Pensions

Retirement benefits to employees of the 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 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. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

Actuarial gains and losses are recognised immediately in Other Recognised Gains and Losses.

2.16 Agency arrangements

The Trust acts as an agent in distributing 16-19 Bursary Funds from the ESFA. Payments received from the ESFA and subsequent disbursements to students are excluded from the Statement of Financial Activities as the Trust does not have control over the charitable application of the funds. The Trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the Statement of Financial Activities. Where funds have not been fully applied in the accounting period then an amount will be included as amounts due to the ESFA. The Trust also acts as an agent on behalf of parents in respect of the purchase of 16+ travel cards for students.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

3. Critical accounting estimates and areas of judgment

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 28, 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.

Critical areas of judgment:

The judgements that have had a significant effect on amounts recognised in the financial statements are those concerning the choice of depreciation policies and asset lives.

BROOK LEARNING TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

4. Income from donations and capital grants

	Unrestricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Donations	32,144	-	32,144
Capital grants	-	499,188	499,188
	<u>32,144</u>	<u>499,188</u>	<u>531,332</u>

	Unrestricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Donations	34,230	-	34,230
Capital grants	-	32,586	32,586
	<u>34,230</u>	<u>32,586</u>	<u>66,816</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

5. Charitable Activities - Funding for the Trust's educational operations

	Restricted general funds 2019 £	Total funds 2019 £	Total funds 2018 £
DfE/ESFA grants			
General Annual Grant (GAG)	8,995,510	8,995,510	8,970,782
Pupil Premium	396,174	396,174	411,396
Start Up Grants	5,035	5,035	2,850
Other DfE / ESFA revenue grants	182,553	182,553	78,868
	9,579,272	9,579,272	9,463,896
Other government grants			
Local Authority revenue grants	119,687	119,687	59,379
Other Government revenue grants	-	-	139,862
	119,687	119,687	199,241
Other funding			
Non-Government revenue grants	95,973	95,973	-
Total 2019	9,794,932	9,794,932	9,663,137

There are no unfulfilled conditions or contingencies attached to the government grants above.

In 2018, all Income from charitable activities was allocated to Restricted general funds.

BROOK LEARNING TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

6. Income from other trading activities

	Unrestricted funds 2019 £	Restricted general funds 2019 £	Total funds 2019 £
Hire of facilities	128,889	-	128,889
Other income	8,466	-	8,466
School trip income	-	120,231	120,231
Sale of goods and services	123,560	-	123,560
	<u>260,915</u>	<u>120,231</u>	<u>381,146</u>

	Unrestricted funds 2018 £	Restricted general funds 2018 £	Total funds 2018 £
Hire of facilities	114,859	-	114,859
Other income	22,410	-	22,410
School trip income	-	110,686	110,686
Sale of goods and services	290,485	-	290,485
	<u>427,754</u>	<u>110,686</u>	<u>538,440</u>

7. Investment income

	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Bank interest receivable	1,099	1,099	957

In 2018, all Income from investments was allocated to Unrestricted funds.

BROOK LEARNING TRUST
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

8. Total expenditure

	Staff costs 2019 £	Premises costs 2019 £	Other costs 2019 £	Total 2019 £
Expenditure on raising funds:				
Direct costs	-	-	120,876	120,876
Support costs	-	-	5,141	5,141
Educational operations:				
Direct costs	5,383,756	-	569,693	5,953,449
Support costs	1,894,396	751,051	2,362,790	5,008,237
Total 2019	7,278,152	751,051	3,058,500	11,087,703

	Staff costs 2018 £	Premises costs 2018 £	Other costs 2018 £	Total 2018 £
Expenditure on raising funds:				
Direct costs	-	-	5,141	5,141
Support costs	-	-	6,927	6,927
Educational operations:				
Direct costs	5,478,898	-	772,484	6,251,382
Support costs	2,099,916	706,707	3,955,490	6,762,113
Total 2018	7,578,814	706,707	4,740,042	13,025,563

In 2018, of the total expenditure of £13,127,736, £521,374 was from unrestricted funds, £10,487,577 was from restricted general funds and £2,118,785 was from restricted fixed asset funds.

9. Analysis of expenditure by charitable activities

	Activities undertaken directly 2019 £	Support costs 2019 £	Total funds 2019 £
Educational operations	5,953,449	5,008,237	10,961,686

BROOK LEARNING TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

9. Analysis of expenditure by charitable activities (continued)

	Activities undertaken directly 2018 £	Support costs 2018 £	Total funds 2018 £
Educational operations	6,251,382	6,762,113	13,013,495

Analysis of support costs

	Educational operations 2019 £	Total funds 2019 £	Total funds 2018 £
Defined benefit pension scheme finance cost	110,000	110,000	129,000
Staff costs	1,784,396	1,784,396	1,970,916
Depreciation	477,728	477,728	2,118,785
Technology costs	17,751	17,751	14,655
Premises costs	751,051	751,051	706,707
Other costs	1,831,515	1,831,515	1,785,500
Governance costs	35,796	35,796	36,550
Total 2019	5,008,237	5,008,237	6,762,113

10. Governance costs

	2019 £	2018 £
Legal and professional fees	18,458	18,275
Auditors' remuneration - Audit of the financial statements	9,050	8,750
Auditors' remuneration - Other services	8,288	9,525
Total	35,796	36,550

BROOK LEARNING TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

11. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2019 £	2018 £
Operating lease rentals	14,369	32,979
Depreciation of tangible fixed assets	477,728	2,118,785
Fees paid to auditors for:		
- Auditors' remuneration - Audit of the financial statements	9,050	8,750
- Auditors' remuneration - Other services	8,288	9,525
	<u>17,347</u>	<u>18,275</u>

12. Staff costs

a. Staff costs

Staff costs during the year were as follows:

	2019 £	2018 £
Wages and salaries	5,149,531	5,350,861
Social security costs	532,365	541,238
Pension costs	1,107,618	1,275,400
	<u>6,789,514</u>	<u>7,167,499</u>
Agency staff costs	377,147	243,225
Staff restructuring costs	1,491	39,090
Defined benefit pension scheme finance cost	110,000	129,000
	<u>7,278,152</u>	<u>7,578,814</u>

Staff restructuring costs comprise:

	2019 £	2018 £
Redundancy payments	-	26,794
Severance payments	1,491	12,296
	<u>1,491</u>	<u>39,090</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

12. Staff costs (continued)

b. Non-statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments for 1 member of staff totalling £1,491 (2018 - 3 members, £12,296).

c. Staff numbers

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

	2019 No.	2018 No.
Teachers	84	89
Administration and Support	104	102
Management	3	3
	<u>191</u>	<u>194</u>

d. Higher paid staff

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

	2019 No.	2018 No.
In the band £60,001 - £70,000	3	4
In the band £70,001 - £80,000	4	2
In the band £80,001 - £90,000	1	-
In the band £90,001 - £100,000	1	3
	<u>1</u>	<u>3</u>

The above employees participated in both the Teachers Pension Scheme and the Local Government Pension Scheme. Total employer pension contributions paid to these employees during the year amounted to £113,990 (2018 - £105,059).

e. Key management personnel

The Key Management Personnel of the Trust comprise the Trustees' and the Senior Leadership Team. The total amount of employee benefits (including employers national insurance contributions and employer pension contributions) received by Key Management Personnel for their services to the Trust was £226,408 (2018 - £245,516).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

13. Central services

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

- Finance
- HR
- Educational services
- Governance
- Estates

The Trust charges for these services on the following basis:

Each Academy's contribution is set at 6.25% (2018 - 6%) of its grant income (excluding PFI grants).

The actual amounts charged during the year were as follows:

	2019 £	2018 £
The Hayesbrook School	192,252	203,480
The High Weald Academy	118,476	146,945
The Ebbsfleet Academy	211,224	201,345
Total	521,952	551,770

14. Trustees' remuneration and expenses

One or more Trustees has been paid remuneration or has received other benefits from an employment with the Trust. The principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment. The value of Trustees' remuneration and other benefits was as follows:

		2019 £	2018 £
Carol Morris, Chief Executive officer and Accounting Officer	Remuneration	70,000 -	90,000 -
		75,000	95,000
	Pension contributions paid	10,000 -	15,000 -
		15,000	20,000

During the year ended 31 August 2019, no Trustee expenses have been incurred (2018 - £1,246 for 2 Trustees).

15. Trustees' and Officers' insurance

The Trust has opted into the Department of Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to £5,000,000. It is not possible to quantify the Trustees and officers indemnity element from the overall cost of the RPA scheme membership.

BROOK LEARNING TRUST
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

16. Tangible fixed assets

	Freehold property £	Furniture and equipment £	Computer equipment £	Motor vehicles £	Total £
Cost or valuation					
At 1 September 2018	29,371,226	10,495	254,922	55,600	29,692,243
Additions	183,445	-	55,818	-	239,263
At 31 August 2019	<u>29,554,671</u>	<u>10,495</u>	<u>310,740</u>	<u>55,600</u>	<u>29,931,506</u>
Depreciation					
At 1 September 2018	11,191,185	2,099	167,388	34,800	11,395,472
Charge for the year	410,290	2,099	60,139	5,200	477,728
At 31 August 2019	<u>11,601,475</u>	<u>4,198</u>	<u>227,527</u>	<u>40,000</u>	<u>11,873,200</u>
Net book value					
At 31 August 2019	<u>17,953,196</u>	<u>6,297</u>	<u>83,213</u>	<u>15,600</u>	<u>18,058,306</u>
At 31 August 2018	<u>18,180,041</u>	<u>8,396</u>	<u>87,534</u>	<u>20,800</u>	<u>18,296,771</u>

The Hayesbrook School

Included in freehold property is freehold land at valuation of £4,160,000 (2018 - £4,160,000) which is not depreciated.

The freehold property was professionally valued on 17 November 2011 by a representative of Kent County Council, a RICS Registered Valuer using the Depreciated Replacement Cost method. The Trustees consider that the valuation remains appropriate for the purposes of the financial statements.

The High Weald Academy

Included in freehold property is freehold land at valuation of £5,517,000 (2018 - £5,517,000) which is not depreciated.

The freehold property was professionally valued on 31 March 2013 by a representative of Kent County Council, a RICS Registered Valuer using the Depreciated Replacement Cost method. The Trustees consider that the valuation remains appropriate for the purposes of the financial statements.

BROOK LEARNING TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

17. Stocks

	2019 £	2018 £
Stocks	<u>13,030</u>	<u>13,460</u>

18. Debtors

	2019 £	2018 £
Due within one year		
Trade debtors	18,981	80,148
Other debtors	183,128	174,782
Prepayments and accrued income	432,032	132,245
	<u>634,141</u>	<u>387,175</u>

BROOK LEARNING TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

19. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	266,685	252,279
Other taxation and social security	132,325	134,259
Other creditors	570,716	275,267
Accruals and deferred income	208,910	264,176
	<u>1,178,636</u>	<u>925,981</u>
	2019 £	2018 £
Deferred income		
Deferred income at 1 September	184,051	163,063
Resources deferred during the year	189,278	184,051
Amounts released from previous periods	(184,051)	(163,063)
Deferred income at 31 August	<u>189,278</u>	<u>184,051</u>

Deferred income comprises grants received in the year ended 31 August 2019 but relating to the year ended 31 August 2020 and income received in advance for a skiing trip.

20. Creditors: Amounts falling due after more than one year

	2019 £	2018 £
Other loans	<u>381,056</u>	<u>-</u>

During the year, deficit funding was approved by the ESFA for the Trust totalling £381,056. Recovery of this funding will not be arranged until the Trust is in a position to afford repayments, currently estimated as 2022/23 and so this is currently treated as an unrealised loss on the Statement of Financial Activities.

BROOK LEARNING TRUST
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

21. Statement of funds

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
Unrestricted funds						
General funds	57,910	294,158	(280,355)	(20,000)	-	51,713
Restricted general funds						
General Annual Grant (GAG)	500,273	8,995,510	(8,948,283)	(90,713)	-	456,787
Pupil Premium	-	396,174	(396,174)	-	-	-
Start Up Grants	-	5,035	(5,035)	-	-	-
Other DfE / ESFA revenue grants	-	182,553	(182,553)	-	-	-
Local Authority revenue grants	-	119,687	(119,687)	-	-	-
Non- Government revenue grants	-	95,973	(95,973)	-	-	-
Other activities	41,591	120,231	(146,068)	-	-	15,754
Revenue Loan reserve	-	-	-	-	(381,056)	(381,056)
Pension reserve	(4,168,000)	-	(414,000)	-	(1,109,000)	(5,691,000)
	<u>(3,626,136)</u>	<u>9,915,163</u>	<u>(10,307,773)</u>	<u>(90,713)</u>	<u>(1,490,056)</u>	<u>(5,599,515)</u>
Restricted fixed asset funds						
NBV of fixed assets	18,296,771	-	(477,728)	239,263	-	18,058,306
DfE / ESFA capital grants	202,489	499,188	(21,847)	(128,550)	-	551,280
	<u>18,499,260</u>	<u>499,188</u>	<u>(499,575)</u>	<u>110,713</u>	<u>-</u>	<u>18,609,586</u>
Total Restricted funds	<u>14,873,124</u>	<u>10,414,351</u>	<u>(10,807,348)</u>	<u>20,000</u>	<u>(1,490,056)</u>	<u>13,010,071</u>
Total funds	<u><u>14,931,034</u></u>	<u><u>10,708,509</u></u>	<u><u>(11,087,703)</u></u>	<u><u>-</u></u>	<u><u>(1,490,056)</u></u>	<u><u>13,061,784</u></u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

21. Statement of funds (continued)

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

Unrestricted funds are used for charitable purposes at the discretion of the Trustees.

The General Fund has been created to recognise the incoming and outgoing resources in respect of activities undertaken by the Trust which fall outside the scope of its core activities. During the year, £20,000 was transferred to the NBV of fixed assets fund for capital additions made using unrestricted funds.

The General Annual Grant (GAG) represents the core funding for the educational activities of the school that has been provided to the Trust via the Education and Skills Funding Agency by the Department for Education. The GAG fund has been set up because the GAG must be used for the normal running costs of the Trust. During the year, £90,713 was transferred to the NBV of fixed assets fund for capital additions made using restricted GAG funds.

The Pupil Premium fund has been established to recognise the restricted funding from the Education and Skills Funding Agency to raise the attainment of disadvantaged pupils and close the gap between them and their peers.

The Start Up Grants fund has been established to recognise income provided from the ESFA on conversion to academy status.

The Local Authority revenue grants fund has been set up to recognise the income received from Essex County Council as a contribution towards the cost of the Trust's revenue expenditure.

The Other Government Grants fund has been established to recognise grants from Government bodies other than the DfE/ESFA and Local Authorities that fall outside the scope of core funding.

The Other activities fund has been established to recognise all other restricted funding that cannot be classified above but fall outside the scope of its core activities.

The LGPS deficit (pension reserve) fund has been created to separately identify the pension deficit inherited from the Local Authority upon conversion to Trust status, and through which all the pension scheme movements are recognised.

The NBV of Fixed Assets fund has been set up to recognise the tangible assets held by the Trust and is equivalent to the net book value of tangible fixed assets. Depreciation of tangible fixed assets is allocated to this fund. As capital additions were purchased, a transfer is made into this fund.

The DfE/ESFA Capital grants fund has been created to recognise capital grants received for the purpose of the acquisition of tangible fixed assets. During the year, £128,550 was transferred to the NBV of fixed assets fund for capital additions made using DfE/ESFA capital grants.

Under the funding agreement with the Secretary of State, the Trust was not subject to a limit on the amount of GAG it could carry forward at 31 August 2019.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

21. Statement of funds (continued)

Total funds analysis by academy

Fund balances at 31 August 2019 were allocated as follows:

	2019	2018
	£	£
The Hayesbrook School	15,754	9,808
The High Weald Academy	-	86,865
The Ebbsfleet Academy	-	2,828
Central services	127,444	500,273
	<hr/>	<hr/>
Total before fixed asset funds and pension reserve	143,198	599,774
Restricted fixed asset fund	18,609,586	18,499,260
Pension reserve	(5,691,000)	(4,168,000)
	<hr/>	<hr/>
Total	13,061,784	14,931,034
	<hr/> <hr/>	<hr/> <hr/>

In 2019, all revenue reserves were held centrally except for the balance relating to the School Sports Partnership which is held in The Hayebrook School.

BROOK LEARNING TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

21. Statement of funds (continued)

Total cost analysis by academy

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2019 £
The Hayesbrook School	1,991,786	430,017	251,933	627,079	3,300,815
The High Weald Academy	1,140,707	342,617	163,463	338,122	1,984,909
The Ebbsfleet Academy	2,210,850	342,089	225,519	1,666,294	4,444,752
Central services	184,038	526,047	12,642	156,772	879,499
Trust	5,527,381	1,640,770	653,557	2,788,267	10,609,975

BROOK LEARNING TRUST
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

21. Statement of funds (continued)

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

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Unrestricted funds						
General funds	157,211	462,941	(521,374)	(40,868)	-	57,910
Restricted general funds						
General Annual Grant (GAG)	755,154	8,970,782	(9,222,127)	(3,536)	-	500,273
Pupil Premium	-	411,396	(411,396)	-	-	-
Start Up Grants	-	2,850	(2,850)	-	-	-
Other DfE / ESFA revenue grants	-	78,868	(78,868)	-	-	-
Local Authority revenue grants	-	59,379	(59,379)	-	-	-
Other Government revenue grants	-	139,862	(139,862)	-	-	-
Other activities	-	110,686	(69,095)	-	-	41,591
Pension reserve	(4,941,000)	-	(504,000)	-	1,277,000	(4,168,000)
	<u>(4,185,846)</u>	<u>9,773,823</u>	<u>(10,487,577)</u>	<u>(3,536)</u>	<u>1,277,000</u>	<u>(3,626,136)</u>
Restricted fixed asset funds						
NBV of fixed assets	20,353,450	-	(2,118,785)	62,106	-	18,296,771
DfE / ESFA capital grants	187,605	32,586	-	(17,702)	-	202,489
	<u>20,541,055</u>	<u>32,586</u>	<u>(2,118,785)</u>	<u>44,404</u>	<u>-</u>	<u>18,499,260</u>
Total Restricted funds	<u>16,355,209</u>	<u>9,806,409</u>	<u>(12,606,362)</u>	<u>40,868</u>	<u>1,277,000</u>	<u>14,873,124</u>
Total funds	<u>16,512,420</u>	<u>10,269,350</u>	<u>(13,127,736)</u>	<u>-</u>	<u>1,277,000</u>	<u>14,931,034</u>

BROOK LEARNING TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

22. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2019 £	Restricted general funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Tangible fixed assets	-	-	18,058,306	18,058,306
Current assets	51,713	1,651,177	551,280	2,254,170
Creditors due within one year	-	(1,178,636)	-	(1,178,636)
Creditors due in more than one year	-	(381,056)	-	(381,056)
Defined benefit pension scheme liability	-	(5,691,000)	-	(5,691,000)
Total	51,713	(5,599,515)	18,609,586	13,061,784

Analysis of net assets between funds - prior year

	Unrestricted funds 2018 £	Restricted general funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	18,296,771	18,296,771
Current assets	57,910	1,467,845	202,489	1,728,244
Creditors due within one year	-	(925,981)	-	(925,981)
Defined benefit pension scheme liability	-	(4,168,000)	-	(4,168,000)
Total	57,910	(3,626,136)	18,499,260	14,931,034

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

23. Reconciliation of net expenditure to net cash flow from operating activities

	2019 £	2018 £
Net expenditure for the year (as per Statement of Financial Activities)	(379,194)	(2,858,386)
Adjustments for:		
Depreciation	477,728	2,118,785
Capital grants from DfE and other capital income	(499,188)	(32,586)
Investment income	(1,099)	(957)
Defined benefit pension scheme cost less contributions payable	304,000	375,000
Defined benefit pension scheme finance cost	110,000	129,000
Decrease in stocks	430	5,300
(Increase)/decrease in debtors	(246,966)	64,103
Increase/(decrease) in creditors	252,655	(52,351)
Unrealised loss on loan	(381,056)	-
Net cash used in operating activities	(362,690)	(252,092)

24. Cash flows from financing activities

	2019 £	2018 £
Cash inflows from new borrowing	381,056	-
Net cash provided by financing activities	381,056	-

25. Cash flows from investing activities

	2019 £	2018 £
Investment income	1,099	957
Purchase of tangible fixed assets	(239,263)	(62,106)
Capital grants from DfE Group	499,188	32,586
Net cash provided by/(used in) investing activities	261,024	(28,563)

BROOK LEARNING TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

26. Analysis of cash and cash equivalents

	2019 £	2018 £
Cash in hand	1,606,999	1,327,609
Total cash and cash equivalents	1,606,999	1,327,609

27. Capital commitments

	2019 £	2018 £
Contracted for but not provided in these financial statements	395,919	-

28. Pension commitments

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

Contributions amounting to £102,228 were payable to the schemes at 31 August 2019 (2018 - £102,314) and are included within creditors.

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

28. Pension commitments (continued)

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

28. Pension commitments (continued)

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

The employer's pension costs paid to TPS in the period amounted to £712,000 (2018 - £538,598).

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £380,000 (2018 - £439,000), of which employer's contributions totalled £289,000 (2018 - £342,000) and employees' contributions totalled £ 91,000 (2018 - £97,000). The agreed contribution rates for future years are 20.0 per cent for employers and 5.5 - 12.5 per cent for employees, rising to 21% in April 2021, and 22.5% in April 2022.

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.

BROOK LEARNING TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

28. Pension commitments (continued)

Principal actuarial assumptions

	2019	2018
	%	%
Rate of increase in salaries	3.70	3.80
Rate of increase for pensions in payment/inflation	2.20	2.30
Discount rate for scheme liabilities	1.85	2.65
Inflation assumption (CPI)	2.20	2.30
Commutation of pensions to lump sums	50.00	50.00

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

	2019	2018
	Years	Years
<i>Retiring today</i>		
Males	22.1	23.1
Females	24.0	25.2
<i>Retiring in 20 years</i>		
Males	23.7	25.3
Females	25.8	27.5

Sensitivity analysis

	2019	2018
	£000	£000
Discount rate +0.1%	(285)	(237)
Discount rate -0.1%	292	243
Mortality assumption - 1 year increase	470	376
Mortality assumption - 1 year decrease	(453)	(363)

BROOK LEARNING TRUST
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

28. Pension commitments (continued)

The Trust's share of the assets in the scheme was:

	At 31 August 2019 £	At 31 August 2018 £
Equities	4,847,000	4,468,000
Gilts	51,000	50,000
Other bonds	641,000	582,000
Property	829,000	811,000
Cash	190,000	201,000
Absolute return fund	552,000	444,000
Total market value of assets	7,110,000	6,556,000

The actual return on scheme assets was £301,000 (2018 - £274,000).

The amounts recognised in the Statement of Financial Activities are as follows:

	2019 £	2018 £
Current service cost	(489,000)	(602,000)
Past service cost	(104,000)	(115,000)
Interest income	174,000	157,000
Interest cost	(284,000)	(286,000)
Total amount recognised in the Statement of Financial Activities	(703,000)	(846,000)

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

	2019 £	2018 £
At 1 September	10,724,000	11,003,000
Current service cost	489,000	602,000
Interest cost	284,000	286,000
Employee contributions	91,000	97,000
Actuarial losses/(gains)	1,233,000	(1,163,000)
Benefits paid	(124,000)	(216,000)
Past service costs	104,000	115,000
At 31 August	12,801,000	10,724,000

BROOK LEARNING TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

28. Pension commitments (continued)

Changes in the fair value of the Trust's share of scheme assets were as follows:

	2019 £	2018 £
At 1 September	6,556,000	6,062,000
Interest income	174,000	157,000
Actuarial gains	124,000	114,000
Employer contributions	289,000	342,000
Employee contributions	91,000	97,000
Benefits paid	(124,000)	(216,000)
At 31 August	7,110,000	6,556,000

Reconciliation of opening to closing Defined Benefit Pension Scheme Liability

	2019 £	2018 £
Balance brought forward at 1 September	4,168,000	4,941,000
Defined benefit pension scheme cost less contributions payable	304,000	375,000
Defined benefit pension scheme finance cost	110,000	129,000
Actuarial losses/(gains) on defined benefit pension scheme	1,109,000	(1,277,000)
Balance carried forward at 31 August	5,691,000	4,168,000

The amounts recognised in the Balance Sheet are as follows:

	2019 £	2018 £
Present value of the defined benefit obligation	(12,801,000)	(10,724,000)
Fair value of scheme assets	7,110,000	6,556,000
Total	(5,691,000)	(4,168,000)

BROOK LEARNING TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

29. Operating lease commitments

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

	2019 £	2018 £
Amounts payable:		
Not later than 1 year	9,033	18,336
Later than 1 year and not later than 5 years	12,032	6,890
Total	21,065	25,226

30. Other financial commitments

The Ebbsfleet Academy was built under the Private Finance Initiative (PFI). The PFI remains between Kent County Council and the PFI company, but the Trust has agreed to the following payment arrangements with Kent County Council. PFI payments payable are fully funded by Kent County Council.

For the duration of the PFI contract, or up until termination of the Ebbsfleet Academy's Supplementary Funding Agreement (whichever is soonest), the Trust will pay:

The Affordability Gap, being the sum of money specifically allocated to the Trust for the purposes of the PFI payments. The full year allocation for 2018/19 was £1,200k (2017/18 - £1,200k) and will increase by RPIX each year for the remainder of the PFI contract. The exact sum of money assigned to Ebbsfleet Academy for the PFI contributions in it's annual budget will be paid over to Kent County Council in monthly installments.

The Academy Contribution, being the amount which the Trust pays to Kent County Council as contribution towards PFI facilities management contract. This amount is determined by a formula based on a lump sum and a per pupil sum £243k in 2018/19 (2017/18 - £253k). This sum was increased by RPIX for the year and by agreement between both parties thereafter.

The commitment for the PFI agreement is shown under land and building above.

The Trustees take the view that the substance of the agreement is such that the principal rights and obligations under the contract remain with Kent County Council. Accordingly, the buildings are not recognised as an asset in these accounts and commitments to future payments are not recognised as a liability.

31. Members' liability

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

32. Related party transactions

No related party transactions took place in the period of account, other than certain Trustees' remuneration and expenses already disclosed in note 14.

33. Post balance sheet events

The new building at The High Weald Academy was handed over on 28 October 2019, at this date it was valued at £10,554,753. This is not included in fixed assets as at 31 August 2019 but will be included in accounts ending 31 August 2020.