

BRANSTON ACADEMY TRUST

ANNUAL REPORT AND FINANCIAL STATEMENTS

PERIOD ENDED 31 AUGUST 2011

Registered Number 7419660

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BRANSTON ACADEMY TRUST
ANNUAL REPORT AND FINANCIAL STATEMENTS
PERIOD ENDED 31 AUGUST 2011

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BRANSTON ACADEMY TRUST
REFERENCE AND ADMINISTRATIVE DETAILS
PERIOD ENDED 31 AUGUST 2011

Governors

M Norman ^{*1,2}	Chair of Governors
D Dearden ^{*1 2}	Vice-Chair of Governors
P Baker	
H Baxendale	Staff Governor
M Bell ¹	Staff Governor from 8-12-2010
D Boyd ^{*2}	
P Coathup ¹	
P Coombes	
R Doe	
V Footitt ^{*1 2}	
N Harris	
Rev S Jones-Crabtree	
H Marriott	Staff Governor
R Woollen ^{*1 2}	
J Wilcox ¹	

Unless otherwise indicated, all governors were in post on 1 December 2010 when the company began trading

* Company Members

¹ Members of Finances & Resources Committee

² Members of Standing Committee

Senior Management Team

P Beighton*	Principal Ex officio Governor
J Campbell	Vice-Principal
K Lamming	Vice-Principal
J Turner	Vice-Principal
A Wright	Vice-Principal

Business Manager

C Osborne

Principal and Registered Office

Branston Community Academy
Station Road
Branston
Lincoln
LN4 1LH

Tel 01522 880410

Company Registration Number

7419660 (England and Wales)

BRANSTON ACADEMY TRUST
REFERENCE AND ADMINISTRATIVE DETAILS
PERIOD ENDED 31 AUGUST 2011

Independent Auditor	PKF (UK) LLP St Hugh's 23 Newport Lincoln LN1 3DN
Bankers	Lloyds TSB 202 High Street Lincoln LN5 7AP
Solicitors	Browne Jacobson 44 Castle Gate Nottingham NG1 7BJ
Insurers	Zurich Municipal Zurich House 2 Gladiator Way Farnborough GU14 6GB

BRANSTON ACADEMY TRUST
GOVERNORS' REPORT
PERIOD ENDED 31 AUGUST 2011

The governors present their annual report together with the financial statements and auditors' report of the charitable company for the period ended 31 August 2011

STRUCTURE, GOVERNANCE AND MANAGEMENT

Incorporation

Branston Academy Trust began trading as a Charitable Company on 1 December 2010, when Branston Community College ceased and was incorporated to Branston Community Academy. The Academy is required by the Young People's Learning Agency (YPLA) to submit its accounts up to 31 August 2011, consequently the first year is a short period of nine months.

Constitution

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

The governors, including the principal, act as the trustees for the charitable activities of Branston Academy Trust Limited and are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as Branston Community Academy.

Details of the governors who served throughout the period except as noted are included in the Reference and Administrative Details on page 1.

Members' Liability

The Charitable Company has six members, each of whom 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.

Governors' Indemnities

Qualifying third party indemnity provision has been obtained by the Academy for the benefit of the governors.

Principal Activities

The principal object and activity of the charitable company is the operation of Branston Academy Trust to provide education for students of all abilities between the ages of 11 and 19 with an emphasis on our specialist areas.

The main objectives of Branston Academy Trust during the period ended 31st August 2011 are summarised below:

- to ensure that every student receives the same high quality education
- to raise the standard of educational achievement for all of our students
- to improve the educational provision of the Academy by keeping the curriculum and all operations of the Academy under constant review
- to provide value for money on the spending of public money
- to comply with all appropriate statutory and curriculum requirements
- to maintain links with the wider community including through our on site community provision and to provide recreation and leisure facilities in the interests of social cohesion and the wider community
- to conduct Branston Community Academy business in accordance with the highest standards of integrity, probity and openness
- to work with other educational providers to advance the quality of education across the City of Lincoln and its surrounding area

BRANSTON ACADEMY TRUST
GOVERNORS' REPORT
PERIOD ENDED 31 AUGUST 2011

Method of Recruitment and Appointment or Election of Governors

The Academy currently has 15 governors including the principal (ex-officio) and is required to have a minimum of three, there is no maximum. Parent governors (5) are elected by paper ballot of parents and candidates must be parents at the time of their election. Staff governors (3) are elected by staff at the Academy. Community governors (4) who must live or work in the community served by the academy, and partnership governors (2) may be appointed by the Governing Body. Further governors may be appointed by the company members (1) and the local authority (1). All governors (except the principal) are appointed for four years and may be re-elected or re-appointed.

There is a core of long-standing, highly experienced governors and very low turnover of governors. All governors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents they need to fulfil their roles. Any induction required is tailored specifically to the needs of the individual.

Organisational Structure

The Governors are responsible for setting general policy, adopting an annual plan and budget, ensuring funding is spent in line with any restrictions, monitoring the Academy by the use of budgets and making major decisions about the direction of the Academy, capital expenditure and senior staff appointments. There are four committees – Finance and Resources, Curriculum and Staffing, Standards and Specialisms and the Governors Standing Committee. Standing Committee currently has six members – the Chair and Vice-Chair of the governing body, the Chairs of the other three committees and the Principal. It has delegated powers to act on behalf of any committee or the full Governing Body.

The senior management team comprises the Principal and four Vice-Principals. These managers control the Academy at an executive level implementing the policies laid down by the Governors and reporting back to them. The Principal is the Accounting Officer and the Business Manager is the senior financial manager / advisor. Other managers including the IT Systems Manager and heads of department are responsible for the authorisation of spending within agreed budgets, but limits have been set in the Financial Regulations above which the senior management team must be made aware of proposed expenditure.

Risk Management

The governors have assessed the major risks to which the Academy is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Academy, and its finances. The decision to obtain Academy status was in itself prompted by consideration of the risks of not doing so. The governors have ensured that appropriate systems have been implemented to assess risks that the school faces, especially in the operational areas (eg in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finance. Systems in place include operational procedures for vetting of new staff and visitors, supervision of the school grounds and internal financial controls (see below) in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover. The Academy has an effective system of internal financial controls and this is explained in more detail in the following statement.

Statement on the System of Internal Financial Control

As governors, we acknowledge we have overall responsibility for ensuring that Branston Community Academy has an effective and appropriate system of control, financial and otherwise. We are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Academy and enable us to ensure the financial statements comply with the Companies Act. We also acknowledge responsibility for safeguarding the assets of the Academy and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities and to provide reasonable assurance that

- the Academy is operating efficiently and effectively
- its assets are safeguarded against unauthorised use or disposition
- the proper records are maintained and financial information used within the Academy or for publication is reliable
- the Academy complies with relevant laws and regulations

BRANSTON ACADEMY TRUST
GOVERNORS' REPORT
PERIOD ENDED 31 AUGUST 2011

Statement on the System of Internal Financial Control cont.

The Academy'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 governing body
- regular reviews by the Finance and Resources 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 guidelines (including asset purchase and capital investment)
- delegation of authority and segregation of duties
- identification and management of risks

The governors have considered the need for a specific internal audit function and have decided not to appoint an internal auditor. However, the governors have appointed Mrs Greta Lawrence, a former Bursar of the establishment, as Responsible Officer. The RO's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. On a regular basis, the RO reports to the governing body on the operation of the systems of control and on the discharge of the governing body's financial responsibilities. Appropriate action is taken on all significant matters raised in reports from the Responsible Officer and external auditors.

The major risks to which the Academy is exposed have been identified and procedures or systems established to manage them, these are considered in more detail in the section Principal Risks and Uncertainties. The Financial Regulations and Scheme of Delegation detail the controls in place to ensure proper operation of the Academy's day to day finances.

Connected Organisations, including Related Party Relationships

The Academy has established a partnership with Lincolnshire Co-operative, a major business operation encompassing a range of individual businesses. This leading edge partnership is demonstrating how a modern business and school can work together in an innovative, sustainable and effective way. It has been a key element in creating, sustaining and developing an extensive range of curriculum projects and enrichment activities. It has enabled the Academy to promote a business ethics agenda that resonates with our young people. The partnership involves a steering group, joint budget, project co-ordinator and regular meetings between senior personnel of both organisations. A senior Lincolnshire Co-operative manager has been co-opted onto the governing body of the Academy.

Branston Community Academy is a member of the Lincoln Specialist Schools Group, a co-operative forum for seven specialist schools in the Lincoln area, some of which also have academy status. This furthers the charitable activities of Branston Academy Trust, particularly through the sharing of expertise and resources to deliver additional A level courses using high definition video conferencing technologies. Other collaborative activities include staff development, GCSE Maths days, Sports and Arts celebrations.

BRANSTON ACADEMY TRUST
GOVERNORS' REPORT
PERIOD ENDED 31 AUGUST 2011

OBJECTIVES AND ACTIVITIES

Objects and Aims

The Academy Trust's objects and aims as set out in the articles of association and funding agreement are described above in the section Principal Activities

Objectives, Strategies and Activities

Branston Community Academy is a place of learning where very high academic standards are complemented and supported by first class pastoral care and guidance

We promote values that support the achievement of that vision like ambition and compassion. We believe that these values can and should be complementary rather than in opposition

The curriculum recognises that the Academy serves an intake that mirrors the national average profile. As a result we need a curriculum that meets the needs of those requiring a traditional academic experience and other young people who need a curriculum that has a rich applied and work related learning component

The ability of our curriculum to meet those disparate needs extremely effectively is an undoubted strength of the Academy. As a High Performing Specialist School (HPSS) the Academy has taken on Applied Learning in addition to Business and Enterprise status as our specialisms. This expertise informs and supports the development of the curriculum, particularly at KS4 and KS5 and promotes breadth, relevance and flexibility in our provision. The Academy has twice had its curriculum used as a national case study

Equal opportunities policy

The governors recognise that equal opportunities should be an integral part of good practice within the workplace. The Academy aims to establish equal opportunity in all areas of its activities including creating a working environment in which the contribution and needs of all people are fully valued

Disabled persons

Door widths are adequate to enable wheelchair access to all the main areas of the Academy. Disabled toilets are installed. The policy of the Academy is to support recruitment and retention of students and employees with disabilities. The Academy does this by adapting the physical environment when required, by making support resources available and through training and career development

Public Benefit

In setting our objectives and planning our activities the governors have given careful consideration to the Charity Commission's general guidance on public benefit

An admissions policy is reviewed and published annually. These arrangements are determined in line with the School Admissions Code. In addition to providing education for the public benefit in the south Lincoln area, the Academy Trust provides a community nursery, community library and facilities for recreational and other leisure time occupation for the community at large in the interests of social welfare and with the interest of improving the life of the local community

BRANSTON ACADEMY TRUST
GOVERNORS' REPORT
PERIOD ENDED 31 AUGUST 2011

ACHIEVEMENTS AND PERFORMANCE

Student achievement at the end of compulsory education has been in the top 10% for similar schools since 2006. Achievement of students in traditional academic courses is outstanding. For example in English and Maths student achievement has been in the top 25% for the last three years and in 2011 it was well into the top 10%.

65% of Academy students in the Year 11 of 2011 gained at least 5 high grade passes (A*-C) including English and Maths. According to government value added information if 60% of students in this cohort had achieved this benchmark that would equate to performance in the top 10% of similar schools.

At Advanced Level over 50% of all grades achieved by the Y13 of 2011 were at grade 'A' or 'B'. For the third year in succession students achieved beyond value added expectations despite the very challenging targets set as a result of achievement at GCSE referred to above.

Alistair Douglas from the DfE contacted the Academy to include student achievement at Advanced level in a government special report about achievement of young people in state school 6th forms.

Students from the Academy qualified for the finals of the Cambridge Schools Debating competition. We were the only state school from our region to qualify. The Academy regularly produces Arkwright scholars from the outstanding Technology department. Students from the Academy were winners of the Lincoln area Young Enterprise competition.

The Academy is a member of the Leading Edge Schools Partnership and has been asked by the Schools Network (Specialist Schools and Academies Trust) to act as a mentor school on the Gaining Ground programme.

The Academy's partnership with Lincolnshire Co-operative demonstrates how a modern business and school can work together in an innovative, sustainable and effective way. This has provided significant support for vocational applied learning courses such as travel and tourism and made work experience placements available in various departments. Enrichment achievements, including careers preparation day, newspaper day and 6th form industry day have provided business-related activities which promote the Academy's business specialism to pupils. Lincolnshire Co-operative has also provided consultancy on renewable energy which contributed to the Academy's decision to install solar pv microgeneration.

The Academy curriculum pattern is constructed to allow students to follow traditional academic routes or to access one or more vocational options without identifying students in constricted 'pathways'. The quality and personalization of the curriculum is definitely a major factor in current success with student achievement.

Benchmarked surveys from students, parents and staff have all given the highest possible category rating (outstanding) in the last two years. (Responses from students, parents and staff are compared to responses from students, parents and staff nationally to the same questions to produce meaningful results).

The Academy has reached its published admissions number in each of the last five years.

The Academy transfer has been completed to very tight time schedules with very little apparent change as far as pupils, parents and most staff are concerned. This is regarded as a significant achievement. Furthermore, staff bearing the workload of this transfer have been able to advise and support other schools following in the conversion process.

Going Concern

After making appropriate enquiries, the Governing Body 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.

BRANSTON ACADEMY TRUST
GOVERNORS' REPORT
PERIOD ENDED 31 AUGUST 2011

Key Financial Performance Indicators

Student achievement is the Academy's key performance indicator as this is the core purpose of the enterprise. It is analysed above under Achievements and Performance. All staff have regular performance management reviews. Ongoing monitoring of student attendance and staff absence enables appropriate support to be provided to individuals. Financial performance is monitored monthly against budget and established expenditure profiles.

Financial Review

Most of the Academy's income is obtained from the DfE in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the period ended 31 August 2011 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The Academy also receives grants for fixed assets from the DfE. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2005), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the period ended 31 August 2011, total expenditure of £4,232,129 was more than covered by recurrent grant funding from the DfE together with other incoming resources. The excess of income over expenditure for the period after transfers (excluding restricted fixed asset funds) was £918,308.

At 31 August 2011 the net book value of fixed assets was £7,249,916 and movements in tangible fixed assets are shown in note 11 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy or for its community activities.

Exceptional transactions during the year were in connection with the transfer of assets from Branston Community College. Unrestricted funds totalled £269,300 and there is a breakdown of these in note 4. The £7,210,819 of restricted fixed assets transferred from the College relate principally to the buildings acquired by the Academy and are detailed in note 11.

FINANCIAL AND RISK MANAGEMENT OBJECTIVES AND POLICIES

Principal Risks and Uncertainties

Risks may be classified as strategic, operational, financial, compliance and reputation, but in practice many risks will fall into more than one category.

The principal strategic uncertainty facing the Academy is changes to the school funding formula at national level. These have not been finalised, but there is a high risk of a reduction in revenue funding from 2013-14. Local decisions are likely to have an even earlier impact on funding. Other high impact strategic risks are the financial impact of Year 7 numbers below planned admission and failure to maintain Year 12 recruitment. Budget contingency planning is the main mitigation measure.

Operational risks with the highest rating have been identified as relating to sustainability (fuel, utilities and waste expenditure) and financial benchmarking. Key controls are meticulous monitoring and benchmarking of energy expenditure, combined with regular review of contracts following best value principles. Moderate operational risks relating to the unpredictability of staffing costs are mitigated by means of flexible roles and budget contingencies, combined with detailed monthly monitoring. Individual projects and issues are risk assessed as they arise.

BRANSTON ACADEMY TRUST
GOVERNORS' REPORT
PERIOD ENDED 31 AUGUST 2011

Reserves Policy

The governors review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The governors have determined an appropriate level of free reserves to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. The Academy's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is £624,133 (note 15) but the governors consider it prudent to reduce this by the amount of the pension scheme liability of £305,000, leaving £319,133 available. Of this, £200,000 has been designated for special projects, which are principally related to the unpredictable responsibilities associated with maintaining a property, parts of which are over 50 years old and have known infrastructure issues.

The Academy's share of the Local Government Pension Scheme was showing a deficit of £305,000 at 31 August 2011. This is being addressed by means of increased employer contributions. The employer contribution rate currently being paid is 21.5%, which includes a deficit contribution of 3.7%. The Actuary reported that the required contribution rate was lower than had first been identified, giving the Academy the option to pay a revised rate of 15.7%. However, it is considered prudent in the light of disappointing asset returns to maintain the higher rate, which will be reviewed at the next valuation.

Investment Policy

The Academy's investment policy is set out in the Financial Regulations (812) and states that investments must be made only in risk-averse, ethical funds. There were no funds invested at 31 August 2011 because the College's cash reserves were in the process of being returned via Lincolnshire County Council as the local education authority.

Plans for Future Periods

The Academy is committed to maintaining its outstanding status and sustaining the existing high levels of student achievement (top quartile in GCSE core subjects, post 16 three-year averages Alis at +0.10 or better / CVA 1000 or better). A particular focus will be to monitor, review and implement changes to sustain standards as EBacc impacts on the KS4 curriculum pattern. Other curriculum-related priorities include the Branston learning skills programme and enrichment provision for gifted and talented students. The learning web continues to develop as a first class learning resource and it is anticipated that parent portal will become an effective tool for involving parents with their children's learning.

Managing year 1-2 academy status transition by building on the successes of the first year is the Academy's top leadership and management priority. Partnerships with members of the Lincoln Specialist Schools Group and primary school collaborations have already been established and ways of developing these partnerships for mutual benefit are being explored.

Continued capital investment in the premises is planned – with reducing revenue expenditure and sustainability being the guiding principles. Projects planned or under consideration include solar PV, flat roof replacement, classroom refurbishment and grounds repaving. Prudent financial management is considered crucial in anticipation of challenging times ahead.

Funds held as Custodian Trustee on behalf of others

None

BRANSTON ACADEMY TRUST
GOVERNORS' REPORT
PERIOD ENDED 31 AUGUST 2011

Auditor

In so far as the governors are aware

- there is no relevant audit information (as defined by section 418 of the Companies Act 2006) of which the charitable company's auditor is unaware, and
- the governors 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

The auditors, PKF, are proposed for re-appointment

Approved by order of the members of the Governing Body on 7 December 2011 and signed on its behalf by

A handwritten signature in black ink, appearing to read 'M Norman', is written over the printed name.

M Norman
Chair of Governors

BRANSTON ACADEMY TRUST
GOVERNORS' RESPONSIBILITIES STATEMENT
PERIOD ENDED 31 AUGUST 2011

The governors (who act as trustees for charitable activities of the academy and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the governors' annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Accounts Direction 2010/11 issued by the Young People's Learning Agency

Company law requires the governors to prepare financial statements for each financial year. Under company law the governors 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 academy and of the incoming resources and application of resources, including its income and expenditure, of the academy for the year.

In preparing those financial statements the governors are required to

- select suitable accounting policies and then apply them consistently,
- observe the methods and principles in the Charities SORP,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the academy will continue in business.

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

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

**INDEPENDENT AUDITORS' STATEMENT TO THE GOVERNORS OF
BRANSTON ACADEMY TRUST
PERIOD ENDED 31 AUGUST 2011**

We have audited the financial statements of Branston Academy Trust ("the Academy") for the period ended 31 August 2011 which comprise the statement of financial activities, the balance sheet, the cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Accounts Direction 2010/11 issued by the Young People's Learning Agency ("the YPLA").

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

Respective responsibilities of governors and auditor

As explained more fully in the governors' responsibilities statement, the governors (who are also directors of the company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. We have been appointed as auditor under the Companies Act 2006 and report in accordance with that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the academy's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the governors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Academy's affairs as at 31 August 2011 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Accounts Direction 2010/11 issued by the YPLA, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matters prescribed by the Companies Act 2006 and the funding agreement between the Academy and the secretary of state for education

In our opinion

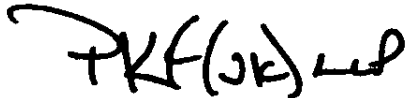
- the information given in the governors' annual report for the financial period for which the financial statements are prepared is consistent with the financial statements,
- the income from the DfE/YPLA has been applied to the purposes intended as set out in the funding agreement

**INDEPENDENT AUDITORS' STATEMENT TO THE GOVERNORS OF
BRANSTON ACADEMY TRUST
PERIOD ENDED 31 AUGUST 2011**

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Accounts Direction 2010/11 issued by the YPLA requires us to report to you if, in our opinion

- adequate and proper accounting records have not been kept in respect of the Academy, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements do not accord with the accounting records, or
- certain disclosures of governor's remuneration specified by law are not made, or
- any information or explanation to which we are entitled has not been afforded to us



Jeffery Kirkham (Senior statutory auditor)

for and on behalf of PKF (UK) LLP, Statutory auditor

Lincoln, UK

16 December 2011

BRANSTON ACADEMY TRUST
STATEMENT OF FINANCIAL ACTIVITIES
PERIOD ENDED 31 AUGUST 2011

(Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	<u>Notes</u>	<u>Unrestricted funds</u> £	<u>Restricted general funds</u> £	<u>Restricted fixed asset funds</u> £	<u>Total 2011</u> £
INCOMING RESOURCES					
Incoming resources from generated funds					
Activities for generating funds	3	327,202	38,862	-	366,064
Incoming resources from charitable activities					
Funding for the academy's educational operations	4	-	4,283,951	214,828	4,498,779
Exceptional income					
Transfer of assets from Branston Community College	4	269,300	-	7,210,819	7,480,119
Total incoming resources		596,502	4,322,813	7,425,647	12,344,962
RESOURCES EXPENDED					
Cost of generating funds					
Academy's educational operations	6	268,019	3,693,092	241,730	4,202,841
Governance costs	7	-	29,288	-	29,288
Total resources expended	5	268,019	3,722,380	241,730	4,232,129
Net incoming resources before transfers		328,483	600,433	7,183,917	8,112,833
Transfers					
Gross transfers between funds	15	6,650	(217,258)	210,608	-
Net incoming resources before other recognised gains and losses		335,133	383,175	7,394,525	8,112,833
Other recognised gains and losses					
Actuarial losses on defined benefit pension scheme	15, 24	(16,000)	-	-	(16,000)
Total funds carried forward at 31 August 2011		319,133	383,175	7,394,525	8,096,833

All of the academy's activities derive from continuing operations during the above financial period

A statement of total recognised gains and losses is not required as all gains and losses are included in the statement of financial activities

**BRANSTON ACADEMY TRUST
BALANCE SHEET
AS AT 31 AUGUST 2011**

	<u>Notes</u>	<u>2011</u>
	£	£
FIXED ASSETS		
Tangible assets	11	7,249,916
CURRENT ASSETS		
Stock	12	5,259
Debtors	13	458,590
Cash at bank and in hand		920,368
		<u>1,384,217</u>
CREDITORS		
Amounts falling due within one year	14	<u>(232,300)</u>
NET CURRENT ASSETS		<u>1,151,917</u>
NET ASSETS EXCLUDING PENSION LIABILITY		8,401,833
Pension scheme liability	24	<u>(305,000)</u>
NET ASSETS INCLUDING PENSION LIABILITY		<u><u>8,096,833</u></u>
FUNDS OF THE ACADEMY		
Restricted funds		
Fixed asset funds	15	7,394,525
General funds	15	383,175
Total restricted funds		<u>7,777,700</u>
Unrestricted funds		
General funds	15	624,133
Pension reserve	15	<u>(305,000)</u>
Total unrestricted funds		<u>319,133</u>
TOTAL FUNDS		<u><u>8,096,833</u></u>

The financial statements on pages 14 to 33 were approved by the Governors and authorised for issue on 7 December 2011 and signed on their behalf by



M Norman
Chair of Governors

**BRANSTON ACADEMY TRUST
CASH FLOW STATEMENT
PERIOD ENDED 31 AUGUST 2011**

	Notes	£	<u>2011</u>	£
NET CASH INFLOW FROM OPERATING ACTIVITIES	18			922,251
Capital expenditure	20		<u>(1,883)</u>	
INCREASE IN CASH IN THE PERIOD AND MOVEMENT IN/CLOSING NET FUNDS	21			<u><u>920,368</u></u>

**BRANSTON ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS
PERIOD ENDED 31 AUGUST 2011**

1 STATEMENT OF ACCOUNTING POLICIES

The following accounting policies have been used consistently in dealing with items considered material to the charitable company's affairs

Accounting convention

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission "Statement of Recommended Practice Accounting and Reporting by Charities" ("SORP 2005"), the Academies Accounts Direction issued by the YPLA and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted is set out below

Going concern

The governors assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The governors make this assessment in respect of a period of one year from 7 December 2011

Incoming resources

All incoming resources are recognised when the academy has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability

- **Grants receivable**

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of entitlement of receipt its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

- **Other income**

Other income including the hire of facilities, is recognised in the period it is receivable and to the extent the goods have been provided or on completion of the service.

Resources expended

All expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

- **Costs of generating funds**

These are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

- **Charitable activities**

These are costs incurred on the Academy Trust's educational operations.

BRANSTON ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS
PERIOD ENDED 31 AUGUST 2011

Resources expended cont.

- **Governance costs**

These include the costs attributable to the Academy Trust's compliance with constitutional and statutory requirements including audit, strategic management and Governor's meetings and reimbursed expenses

All resources expended are inclusive of irrecoverable VAT

Tangible Fixed Assets

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

Where tangible fixed assets have been acquired with the aid of specific grants either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet

Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy Trust's depreciation policy. Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset on a straight-line basis over their expected useful lives, as follows

Freehold buildings	2% straight line
Fixtures, fittings and equipment	10% straight line
TCT equipment	25% straight line
Motor vehicles, plant and machinery	15% straight line

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

Stock

Stocks are valued at the lower of cost or net realisable value

Fund accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the Academy Trust at the discretion of the governors. Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Young People's Learning Agency where the asset acquired or created is held for a specific purpose. Restricted general funds comprise all other restricted funds received and include grants from the Young People's Learning Agency

BRANSTON ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS
PERIOD ENDED 31 AUGUST 2011

Pensions Benefits

Retirement benefits to employees of the Academy Trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes, are contracted out of the State Earnings-Related Pension Scheme ('SERPS'), and the assets are held separately from those of the Academy Trust.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 24, the TPS is a multi employer scheme and the Academy Trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPS is a funded scheme and the assets are held separately from those of the Academy Trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit 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 gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

Taxation

The Academy Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Academy Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

BRANSTON ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS
PERIOD ENDED 31 AUGUST 2011

2 GENERAL ANNUAL GRANT

Results and carry forward for the period

	Total 2011 £
GAG allocation for current period	3,925,350
Total GAG available to spend	3,925,350
Recurrent expenditure from GAG	(3,473,338)
Fixed assets purchased from GAG	(60,680)
Pension scheme funding	(8,000)
GAG Carried forward to next year	383,332
Maximum permitted GAG carry forward at end of current year (12% of allocation for current period)	(471,042)
GAG to surrender to DfE (12% rule breached if result is positive)	(87,710)

3 ACTIVITIES FOR GENERATING FUNDS

	Un- restricted Funds £	Restricted Funds £	Total 2011 £
Nursery income	103,875	24,486	128,361
Catering income	141,900	-	141,900
Other income	81,427	14,376	95,803
	327,202	38,862	366,064

BRANSTON ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS
PERIOD ENDED 31 AUGUST 2011

4 FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	<u>Un- restricted</u> £	<u>Restricted</u> £	<u>Total 2011</u> £
DfE/YPLA capital grants	-	214,828	214,828
	-	214,828	214,828
DfE/YPLA revenue grants			
General annual grant (GAG) (note 2)	-	3,925,350	3,925,350
Other DfE/YPLA grants	-	-	-
	-	3,925,350	3,925,350
Other Government grants			
School standards funds	-	358,601	358,601
	-	358,601	358,601
Total grant income	-	4,498,779	4,498,779
Exceptional income			
	<u>Un- restricted</u> £	<u>Restricted</u> £	<u>Total 2011</u> £
Introduced from Branston Community College			
Fixed asset fund	-	7,210,819	7,210,819
Budget share income	334,083	-	334,083
School fund balance release	232,217	-	232,217
Pension deficit	(297,000)	-	(297,000)
	269,300	7,210,819	7,480,119
Total funding for academy's educational operations	269,300	11,709,598	11,978,898

BRANSTON ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS
PERIOD ENDED 31 AUGUST 2011

5 RESOURCES EXPENDED

	<u>Staff</u> <u>Costs</u> £	<u>Non pay expenditure</u> <u>Premises</u> £	<u>Other costs</u> £	<u>Total</u> <u>2011</u> £
Academy's educational operations				
Direct costs	3,085,624	-	523,167	3,608,791
Allocated support costs	23,135	417,262	153,653	594,050
	<u>3,108,759</u>	<u>417,262</u>	<u>676,820</u>	<u>4,202,841</u>
Governance costs including allocated support costs	-	-	29,288	29,288
	<u>3,108,759</u>	<u>417,262</u>	<u>706,108</u>	<u>4,232,129</u>
Net incoming/outgoing resources for the period include:				
Fees payable to auditor - audit				6,000
- other services				3,000
				<u>9,000</u>

BRANSTON ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS
PERIOD ENDED 31 AUGUST 2011

6 CHARITABLE ACTIVITIES – ACADEMY'S EDUCATIONAL OPERATIONS

	<u>Un- restricted</u> £	<u>Restricted</u> £	<u>Total 2011</u> £
Direct costs			
Teaching and educational support staff costs	160,866	2,924,758	3,085,624
Pension scheme net interest	-	6,000	6,000
Educational supplies	2,355	189,629	191,984
Examination fees	-	93,668	93,668
Staff development	-	11,215	11,215
Educational consultancy	-	1,020	1,020
Irrecoverable VAT	-	44,553	44,553
Legal and professional fees	-	20,593	20,593
Other direct costs	13,546	140,588	154,134
	<u>176,767</u>	<u>3,432,024</u>	<u>3,608,791</u>
Allocated support costs			
Support staff costs	-	23,135	23,135
Depreciation	-	177,614	177,614
Recruitment	-	10,787	10,787
Maintenance of premises and equipment	-	201,097	201,097
Cleaning	-	36,634	36,634
Rent and rates	1,551	366	1,917
Insurance	-	2,955	2,955
Security and transport	-	8,245	8,245
Catering	89,701	12,011	101,712
Other support costs	-	29,954	29,954
	<u>91,252</u>	<u>502,798</u>	<u>594,050</u>
	<u><u>268,019</u></u>	<u><u>3,934,822</u></u>	<u><u>4,202,841</u></u>

7 GOVERNANCE COSTS

	<u>Un- restricted</u> £	<u>Restricted</u> £	<u>Total 2011</u> £
Legal and professional fees	-	19,272	19,272
Auditors' remuneration			
- Audit of financial statements	-	9,000	9,000
Governors' and officers' insurance	-	1,016	1,016
	<u>-</u>	<u>29,288</u>	<u>29,288</u>

BRANSTON ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS
PERIOD ENDED 31 AUGUST 2011

8 STAFF COSTS

Staff costs during the period were	Total 2011 £
Wages and salaries	2,534,212
Social security costs	179,696
Other pension costs	332,046
	<hr/> 3,045,954
Supply teacher costs	22,739
Compensation payments	16,931
	<hr/> <hr/> 3,085,624

The average number of persons (including senior management team) employed by the Academy during the period expressed as full time equivalents was as follows

No.

Charitable activities

Teachers	62
Administration and support	57
Management	7
	<hr/> 126

The number of employees whose emoluments fell within the following bands was

£90,001 - £100,000	<hr/> 1
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71 of the above employees participated in the Teachers' Pension Scheme. During the period ended 31 August 2011, pension contributions for these staff amounted to **£113,464**. **64** employees participated in the Local Government Pension Scheme, pension contributions amounted to **£120,000**.

9 GOVERNORS' REMUNERATION AND PENSION

Principal and staff governors only receive remuneration in respect of services they provide undertaking the roles of Principal and staff and not in respect of services as governors. Other governors did not receive any payments other than expenses, from the Academy in respect of their role as governors. The value of the Principal's remuneration was **£91,575** in 2011.

During the period ended 31 August 2011, no expenses were reimbursed to the governors.

Related party transactions involving the trustees are set out in note 25.

BRANSTON ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS
PERIOD ENDED 31 AUGUST 2011

10 GOVERNORS' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the Academy has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to **£2 million** on any one claim and the cost for the period ended 31 August 2011 was **£1,016**

The cost of this insurance is included in the total insurance cost

11 TANGIBLE FIXED ASSETS

	<u>Freehold land and buildings</u>	<u>Furniture and equipment</u>	<u>Computer equipment</u>	<u>Plant machinery and vehicles</u>	<u>Total</u>
	£	£	£	£	£
Cost					
Introduced from College	7,000,001	73,705	116,066	21,047	7,210,819
Additions	38,889	89,052	55,899	32,871	216,711
At 31 August 2011	<u>7,038,890</u>	<u>162,757</u>	<u>171,965</u>	<u>53,918</u>	<u>7,427,530</u>
Depreciation					
Charged in period	105,584	15,537	50,978	5,515	177,614
At 31 August 2011	<u>105,584</u>	<u>15,537</u>	<u>50,978</u>	<u>5,515</u>	<u>177,614</u>
Net book values					
At 31 August 2011	<u>6,933,306</u>	<u>147,220</u>	<u>120,987</u>	<u>48,403</u>	<u>7,249,916</u>

Depreciated replacement cost has been used as the basis for the valuation of freehold buildings transferred from Branston Community College to the Academy on its formation at a total value of £7 million. A reinstatement valuation for insurance purposes was used to attribute an assessment of current costs to the individual major building units. Known costs of approximately £1 million for building projects undertaken during the last 10 years were added to this in respect of improvements. This total was then discounted to take account of the age and condition of each unit using an estimated useful life of 50 years as a benchmark. Comparisons with the methods and results adopted by other academies have been made and the Governors are satisfied that the valuation introduced into these financial statements is a reasonable reflection of the depreciated replacement cost of the Academy's buildings.

Included within freehold land and buildings is land valued at £1

BRANSTON ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS
PERIOD ENDED 31 AUGUST 2011

12 STOCK

	<u>2011</u> £
Consumable items	5,259

13 DEBTORS

	<u>2011</u> £
Trade debtors	35,245
Prepayments	5,301
VAT debtor	92,564
Other debtors	325,480
	<u>458,590</u>

14 CREDITORS – amounts falling due within one year

	<u>2011</u> £
GAG VAT Grant	65,161
School fund	88,168
Other creditors	45,660
Accruals and deferred income	33,311
	<u>232,300</u>

Deferred income (included within Accruals and deferred income)

Resources deferred in the period	<u>29,052</u>
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Summary of deferred income

Swimming income for the academic year 2011/12	17,445
16-19 Bursary for the academic year 2011/12	10,070
Capitation costs	1,537
	<u>29,052</u>

BRANSTON ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS
PERIOD ENDED 31 AUGUST 2011

15 FUNDS

	<u>Incoming resources</u> £	<u>Resources expended</u> £	<u>Gains, losses and transfers</u> £	<u>Balance at 31 August 2011</u> £
Restricted general funds				
General annual grant (GAG)	3,925,350	(3,473,338)	(68,680)	383,332
School standards funds	358,601	(210,023)	(148,578)	-
Nursery fund	24,486	(24,486)	-	-
Other restricted funds	14,376	(14,533)	-	(157)
	<u>4,322,813</u>	<u>(3,722,380)</u>	<u>(217,258)</u>	<u>383,175</u>
Restricted fixed asset funds				
Fixed asset fund	7,210,819	(177,614)	216,711	7,249,916
Capital grants	214,828	(64,116)	(6,103)	144,609
	<u>7,425,647</u>	<u>(241,730)</u>	<u>210,608</u>	<u>7,394,525</u>
Total restricted funds	<u>11,748,460</u>	<u>(3,964,110)</u>	<u>(6,650)</u>	<u>7,777,700</u>
Unrestricted funds				
Nursery fund	103,875	(103,211)	(1,350)	(686)
Other unrestricted funds	789,627	(164,808)	-	624,819
Pension reserve	(297,000)	-	(8,000)	(305,000)
Total unrestricted funds	<u>596,502</u>	<u>(268,019)</u>	<u>(9,350)</u>	<u>319,133</u>
Total funds	<u>12,344,962</u>	<u>(4,232,129)</u>	<u>(16,000)</u>	<u>8,096,833</u>

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

GAG (Restricted general funds)

These are expended on the provision of education, including associated support functions, and on the Academy's related community activities

Nursery (Restricted general funds and unrestricted funds)

These funds are used for community nursery provision

Restricted fixed assets funds

These funds are carried forward to meet the specific costs of fixed assets projects and to cover future depreciation charges on these projects and on fixed assets currently held

Other unrestricted funds

These are used in support of the Academy's educational and community activities

£200,000 of other unrestricted funds has been designated for special projects which are principally related to property infrastructure issues

BRANSTON ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS
PERIOD ENDED 31 AUGUST 2011

16 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	<u>Unrestricted funds</u> £	<u>Restricted general funds</u> £	<u>Restricted fixed asset funds</u> £	<u>Total 2011</u> £
Tangible fixed assets	-	-	7,249,916	7,249,916
Current assets	624,133	615,475	144,609	1,384,217
Current liabilities	-	(232,300)	-	(232,300)
Pension scheme liability	(305,000)	-	-	(305,000)
Total net assets	<u>319,133</u>	<u>383,175</u>	<u>7,394,525</u>	<u>8,096,833</u>

17 CAPITAL COMMITMENTS

There are no material commitments at the year end requiring disclosure

18 RECONCILIATION OF CONSOLIDATED OPERATING (DEFICIT)/SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	<u>2011</u> £
Surplus on continuing operations after depreciation of assets at valuation	8,112,833
Depreciation (note 11)	177,614
Capital grants from DfE and other capital income	(7,425,647)
FRS 17 pension cost less contributions payable (note 24)	(14,000)
FRS pension finance	6,000
FRS 17 pension cost introduced (note 24)	297,000
Increase in stocks	(5,259)
Increase in debtors	(458,590)
Increase in creditors	232,300
Net cash inflow from operating activities	<u>922,251</u>

19 RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	<u>2011</u> £
Interest received	-
Net cash inflow from returns on investment and servicing of finance	<u>-</u>

BRANSTON ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS
PERIOD ENDED 31 AUGUST 2011

20 CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT

	<u>2011</u> £
Purchase of tangible fixed assets	(216,711)
Capital grants from DfE/YPLA	214,828
	<hr/>
Net cash outflow from capital expenditure and financial investment	(1,883)
	<hr/>

21 ANALYSIS OF CHANGES IN NET FUNDS

	<u>Cash flows</u>	<u>At 31 August</u> <u>2011</u> £
Cash in hand and at bank	920,368	920,368
	<hr/>	<hr/>
	920,368	920,368
	<hr/>	<hr/>

22 CONTINGENT LIABILITIES

As at 31 August 2011 there are no contingent liabilities requiring disclosure within the Academy's financial statements

23 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

24 PENSION AND SIMILAR OBLIGATIONS

The Academy's employees belong to two principal pension schemes. The Teachers' Pension Scheme England and Wales (TPS) for academic and related staff, and the Local Government Scheme (LGPS) for non-teaching staff, which is managed by Hymans Robertson LLP. Both are defined-benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2004 and of the LGPS 31 March 2010.

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

BRANSTON ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS
PERIOD ENDED 31 AUGUST 2011

24 PENSION AND SIMILAR OBLIGATIONS (continued)

Teachers' Pension Scheme

The TPS is an unfunded defined benefit scheme. Contributions on a "pay-as-you-go" basis are credited to the Exchequer under arrangements governed by the Superannuation Act 1972. A notional asset value is ascribed to the scheme for the purpose of determining contribution rates.

The pension cost is normally assessed no less than every four years in accordance with the advice of the Government Actuary. The assumptions and other data that have the most significant effect on the determination of the contribution levels are as follows:

Latest actuarial valuation (under new provisions)	31 March 2004
Actuarial method	Prospective benefits
Investment returns per annum	6.5 % per
Salary scale increases per annum	5.0 % per
Notional value of assets at date of last valuation	£162,650 million
Proportion of members' accrued benefits covered by the notional value of the assets	98.88%

Following the implementation of Teachers' Pension (Employers' Supplementary Contributions) Regulations 2000, the Government Actuary carried out a further review on the level of employer contributions. For the period from 1 September 2010 to 31 August 2011 the employer contribution was 14.1%. The employee rate was 6.4% for the same period.

Under the definitions set out in Financial Reporting Standards (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The Academy is unable to identify its share of the underlying assets and liabilities of the scheme.

Accordingly, the Academy has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme if it were a defined-contribution scheme. The Academy has set out above the information available on the scheme and the implications for the Academy in terms of the anticipated contribution rates.

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2011 was £120,000, of which employer's contributions totalled £93,000 and employees' contributions totalled £27,000. The agreed contribution rates for future years are 15.7% for employers and 5.5% to 7.5% for employees, depending on their pay scale. The Academy has chosen to maintain its contributions at the current rate of 21.5% in view of the low returns achieved on the scheme investments. This is further explained in the Governors' Report.

Principal Actuarial Assumptions

	At 31 August 2011 £
Rate of increase in salaries	4.90%
Rate of increase for pensions in payment/inflation	2.60%
Discount rate for scheme liabilities	5.40%
Inflation assumption (CPI)	6.20%
Commutation of pensions to lump sums	25%

BRANSTON ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS
PERIOD ENDED 31 AUGUST 2011

24 PENSION AND SIMILAR OBLIGATIONS (continued)

Sensitivity Analysis

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below

	Approximate % increase to Employer Liability	Approximate monetary amount £
0.5% decrease in Real Discount Rate	14%	151,000
1 year increase in member life expectancy	3%	32,000
0.5% increase in Salary Increase Rate	7%	77,000
0.5% increase in Pension Increase Rate	7%	70,000

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

	At 31 August 2011 £
Retiring today	
Males	21.2
Females	23.4
Retiring in 20 years	
Males	23.7
Females	25.7

The Academy's share of the assets and liabilities in the scheme and the expected rates of return were

	Expected return at 31 August 2011 %	Fair value at 31 August 2011 £
Equities	6.80	561,000
Bonds	4.60	108,000
Property	4.80	92,000
Cash	3.90	8,000
Total market value of assets		<u>769,000</u>
Present value of scheme liabilities		
Funded		<u>(1,074,000)</u>
Deficit in the scheme		<u><u>(305,000)</u></u>

The actual return on the scheme assets was £5,000

BRANSTON ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS
PERIOD ENDED 31 AUGUST 2011

24 PENSION AND SIMILAR OBLIGATIONS (continued)

Local Government Pension Scheme (continued)

Total expenditure recognised in the Statement of Financial Activities

	<u>2011</u> £
Current service cost (net of employee contributions)	79,000
Past service cost	-
Total operating charge	<u>79,000</u>

Analysis of pension finance income/(costs)

Expected return on pension scheme assets	35,000
Interest on pension liabilities	(41,000)
Pension finance income/(costs)	<u>(6,000)</u>

The actual gains and losses for the current year are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a **£16,000** loss.

Movements in the present value of defined benefit obligations were as follows

	<u>2011</u> £
Introduced from Branston Community College	940,000
Current service cost	79,000
Interest cost	41,000
Employee contributions	27,000
Actuarial gains	(13,000)
At 31 August 2011	<u>1,074,000</u>

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

	<u>2011</u> £
Introduced from Branston Community College	643,000
Expected return on assets	35,000
Actuarial losses	(29,000)
Employer contributions	93,000
Employee contributions	27,000
At 31 August 2011	<u>769,000</u>

BRANSTON ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS
PERIOD ENDED 31 AUGUST 2011

24 PENSION AND SIMILAR OBLIGATIONS (continued)

Local Government Pension Scheme (continued)

The five year history of experience adjustments are as follows:

	<u>2011</u> £
Defined benefit obligation at end of year	(1,074,000)
Fair value of plan assets at end of year	769,000
Deficit	<u>(305,000)</u>
Experience adjustments on share of scheme assets	
Actuarial gains/(losses)	<u>(29,000)</u>

25 RELATED PARTY TRANSACTIONS

Owing to the nature of the Academy's operations and the composition of the board of governors being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the board of governors may have an interest. All transactions involving such organisation are conducted at arm's length and in accordance with the Academy's financial regulations and normal procurement procedures.

In the current period such related party transactions totalled **£nil**