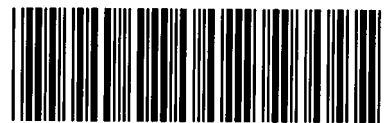


BRANSTON ACADEMY TRUST
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

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BRANSTON ACADEMY TRUST
(A company limited by guarantee)

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BRANSTON ACADEMY TRUST
(A company limited by guarantee)

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS GOVERNORS AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2016**

Governors	M Norman, Chair ¹ D Dearden, Vice Chair ¹ M Bell, Staff Governor D Boyd ¹ S Burnett, Staff Governor D Challinor P Coombes R Doe C Firth (appointed 1 September 2015) V Footitt ¹ N Harris H Marriott, Staff Governor (resigned 31 December 2015) L Sargeant, Staff Governor (appointed 1 January 2016) M Turner R Woollen ¹ J Wilcox P Beighton, Principal
	¹ Company Member
Company registered number	7419660
Company name	Branston Academy Trust
Principal and registered office	Branston Community Academy Station Road Branston Lincoln LN4 1LH
Company secretary	C Osborne
Senior management team	P Beighton, Principal J Campbell, Vice-Principal K Lamming, Vice-Principal J Turner, Vice-Principal A Wright, Vice-Principal C Osborne, Business Manager
Independent auditor	BDO LLP 1 Bridgewater Place Water Lane Leeds LS11 5RU
Bankers	Lloyds Bank 202 High Street Lincoln LN5 7AP
Solicitors	Browne Jacobson 44 Castle Gate Nottingham NG1 7BJ

BRANSTON ACADEMY TRUST
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REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS GOVERNORS AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2016

Advisers (continued)

Insurers

Zurich Municipal
Zurich House
2 Gladiator Way
Farnborough
GU14 6GB

BRANSTON ACADEMY TRUST
(A company limited by guarantee)

GOVERNORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2016

The Governors present their annual report together with the financial statements and auditor's report of the charitable company for the 1 September 2015 to 31 August 2016. The annual report serves the purposes of both a Governors' report, and a directors' report under company law.

The Trust also trades under the name Branston Community Academy and operates a school for pupils aged 11 to 18 plus community-focussed nursery and gym facilities serving a catchment area south and east of Lincoln. The school has a pupil capacity of 1125 and had a roll of 1087 in the Autumn 2015 school census.

Structure, governance and management

a. Constitution

The Trust is a charitable company limited by guarantee and an exempt charity. Branston Academy Trust began trading as a Charitable Company on 1 December 2010, when Branston Community College ceased and was incorporated into Branston Community Academy.

The charitable company's Trust deed is the primary governing document of the academy trust.

The Governors of Branston Academy Trust are also the directors of the charitable company for the purpose of company law.

The charitable company is known as Branston Community Academy.

Details of the Governors who served during the are included in the Reference and administrative details on page 1.

b. 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.

c. Method of recruitment and appointment or election of Governors

The management of the Trust is the responsibility of the Governors who are elected and co-opted under the terms of the Trust deed.

The Academy currently has 16 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.

BRANSTON ACADEMY TRUST
(A company limited by guarantee)

GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

d. Policies and procedures adopted for the induction and training of Governors

There is a core of long-standing, highly experienced governors and normally very low turnover of trustees, although during the year one staff governor has resigned and one has been appointed. One new governor took up their appointment at the beginning of the year. All governors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents they need to fulfil their roles. There is a dedicated area for governors on the school website. Induction is tailored specifically to the needs of the individual, for example this year there have been one to one mentoring sessions for the new governors. In addition this year governors have been able to attend staff development sessions and there have been specific in-house events for governors on data analysis and safeguarding.

e. Pay policy for key management personnel

The Personnel Committee is responsible for reviewing and setting the pay of key management personnel on an annual basis. Criteria taken into account are performance management, the appropriate payscales and the need to recruit and retain appropriately qualified and experienced staff.

f. 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 Principal Finance Officer. 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. A detailed Scheme of Delegation has been agreed by the governing body and sets out the responsibilities and delegated authority of relevant individuals.

g. Connected organisations, including related party relationships

Branston Community Academy is a member of the Lincolnshire Teaching Schools Alliance (LTSA) an alliance of 20 secondary schools working collaboratively to recruit and train teachers, provide high quality professional development programmes and deliver school to school support. Branston is a founder member of the alliance and sits on the executive board and strategic development board for the School Centred Initial Teacher Training (SCITT) programme and the professional development programmes. An informal network of local Chief Finance officers / Business Managers collaborate to provide mutual support.

Branston Academy Trust collaborates with the Branston Computer Clinic Community Interest Company which is based on Trust premises and provides a computer repair and IT support service to the local area. This is a separate entity and not a connected charity under schedule 3 of the Charities Act.

h. Governors' indemnities

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

BRANSTON ACADEMY TRUST
(A company limited by guarantee)

GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

Objectives and Activities

a. Objects and aims

The principal object and activity of the Academy Trust is to provide education for students of all abilities between the ages of 11 and 19.

The main objectives of Branston Academy Trust as set out in the articles of association and funding agreement are:

- 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.

b. Objectives, strategies and activities

Branston Community Academy is a place of learning where the principal objective is to provide very high academic standards which are complemented and supported by first class pastoral care and guidance.

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

The curriculum strategy 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.

c. Equality

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. Door widths are adequate to enable wheelchair access to all the main areas of the Academy and several disabled toilets are installed. 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 contributions and needs of all people are fully valued.

BRANSTON ACADEMY TRUST
(A company limited by guarantee)

GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

d. 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. The core business activity of the Trust is providing secondary education for the public benefit in the south Lincoln area.

An admissions policy is reviewed and published annually. These arrangements are determined in line with the School Admissions Code.

In addition, the Academy Trust provides community nursery, library and gym 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
(A company limited by guarantee)

GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

Strategic Report

Achievements and performance

a. Review of activities

Student Achievement

The key performance indicator for Branston Community Academy is student achievement as this is the core purpose of the enterprise. Student achievement has been outstanding for a number of years; young people progress well beyond expectations by the end of compulsory education in traditional (EBacc courses), other GCSE and vocational courses. Moreover students in the Academy 6th form then progress beyond expectations despite the extremely challenging targets set as a result of the outstanding achievement at 16.

Student achievement at GCSE in 2015 resulted in the Academy receiving two national awards for the progress and attainment made by students. In 2016 attainment in public examinations was even stronger, with 75% of students achieving at least grade C in English and Maths and 43% of students achieving the EBacc suite of qualifications.

At Advanced Level students achieved beyond value added expectations despite the very challenging targets set as a result of achievement at GCSE referred to above.

Ofsted Inspection

In May 2016 Ofsted evaluated the overall effectiveness of Branston Community Academy as outstanding. They found that student outcomes, leadership and management, teaching, personal development, welfare and behaviour were all outstanding.

Curriculum and Extra-curricular Activities

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 personalisation of the curriculum is definitely a major factor in current success with student achievement.

A previous High Performing Specialist School, we are now part of the Leading Edge Programme (LEPP), responsible for sharing good and best practice within that community and beyond it. 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.

Students from the Academy participate to high standards in Cambridge Schools Debating competition. We are regularly the only, or one of the few state comprehensive schools competing at this level. The Academy regularly produces Arkwright scholars from the outstanding Technology department.

Pupil Premium

This is funding associated with the Government's commitment to deliver extra resources into schools for work with the 'disadvantaged'. Disadvantage is defined specifically as students entitled to receive free school meals (FSM) or with looked after status which is, perhaps, a somewhat blunt and simplistic mechanism to identify that need. There are smaller sums of funding per pupil available for children of service personnel. The specifics of Pupil Premium spend are shown in detail on the Academy website, however put simply we have decided to invest a significant amount in academic mentoring. Our methodology allows trained student support officers to work closely with students to identify specific barriers to learning and ensure that the rest of the funding is allocated according to defined need rather than as an entitlement. It is used to pay for generic, targeted and personalised activities and resources for students to help overcome general and specific barriers to learning. In addition to generic funding (eg uniforms) the mentoring process may identify that a particular student needs tuition in Maths, a laptop or access to the internet and that barrier can then be removed.

BRANSTON ACADEMY TRUST
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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

b. Review of activities (continued)

General Performance Indicators

Benchmarked surveys from students, parents and staff have all given the highest possible category rating (outstanding) in the last eight 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.

All staff have regular performance management reviews. Ongoing monitoring of student attendance and staff absence enables appropriate support to be provided to individuals.

Community Activities

The Academy is proud of its community dimension. In 2014 we successfully opened a community gymnasium (Herons) which has over 400 members. This venture joins the highly successful community Nursery as businesses instigated and managed by the Academy. In addition we host a community Library sharing facilities between the school and wider community.

Equality

The Academy has continued to promote tolerance and understanding of different cultures, beliefs and other characteristics through its curriculum, pastoral activities and the way issues are dealt with on a day to day basis. Recent improvements to the site have included provision of disabled access to the swimming pool and gym, the building of separate disabled changing rooms and an additional disabled toilet in the Concert Hall/Nursery extension plus the installation of automatic doors and additional ramps at key locations across the site.

BRANSTON ACADEMY TRUST
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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

c. Key financial performance indicators

Financial performance indicators commonly used to monitor the financial performance of schools are set out in the table below, together with some standard financial ratios. Comparative information from the previous three financial years is provided, but there have been some minor changes to the underlying figures in 2015-16 due to the change in accounting standards – the adoption of SORP 2015 and FRS 102. The figures have not been reworked for previous years to take account of this because the differences are not significant.

	2012-13	2013-14	2014-15	2015-16
Staff costs as a % of total costs	63.71%	67.96%	69.51%	57.54%
Pupil to teacher ratio	17.7	17.8	18.2	18.1
Average teaching post cost	£50,691	£50,866	£53,201	£52,143
Average cost per pupil (total)	£5,762	£5,463	£5,645	£5,897
Average direct cost per pupil	£4,273	£4,332	£4,461	£4,549
Teacher cost per pupil	£2,859	£2,826	£2,917	£2,900
Support staff cost per pupil	£868	£920	£983	£906
Occupancy costs as a % of total costs (includes premises improvements and site staff)	19.97%	28.9%	14.84%	12.48%
% of total income other than from grants and delegated funding	7.11%	8.63%	9.11%	9.84%
Operating surplus	£310,613	£613,729	£302,094	(£175,079)
Working capital	13.90:1	5.80:1	6.02:1	6.70:1
Public equity	£1,709,924	£1,082,384	£1,291,190	£505,083

Staff salaries make up the greatest proportion of the school budget, so staff salaries as a % of total costs are a key indicator of the financial health of the school. This figure has decreased slightly during 2015-16 and at 67.54% is below the level it was in 2013-14. This is considered to be a result of a reduction in the average teaching post cost and other staffing changes eg resulting from fewer teaching assistant hours being required. At under 70% it can be seen as an indicator that the academy has sufficient funds available to meet other demands on revenue funding. Benchmarking against similar schools suggests that it remains lower than the median, however this is obviously affected by the level of other expenditure. Occupancy costs, for example, continue to decline and have and are now calculated to be 12.48% of total spend. They have been particularly high in the two previous years, 2012-13 and 2013-14, due to significant investment in the premises. The age, nature and usage of the school buildings and infrastructure also have a detrimental effect on occupancy costs, particularly in relation to energy and maintenance expenditure, but there has been significant expenditure on energy efficiency projects. During the year, the academy invested in a major project to improve external signage, but the cost of this was not significant compared to capital expenditure on the premises in previous years.

As noted above, the average teaching post cost has fallen considerably from £53,201 to £52,143, which can be attributed to more staff in the early stages of their careers so not at the higher end of the teaching pay scales.

The pupil / teacher ratio is a key performance indicator of the teaching resource available to carry out the core business of providing education. This remains relatively static, having decreased only slightly during the year. The support staff cost per pupil has fallen from £983 to £912 which is down to a combination of fewer teaching assistant hours and more pupils in total. Pupil numbers continue to increase, albeit modestly – the September 2015 census showed 1087 on roll compared to 1076 the previous year. This, of course, can be regarded as a key performance indicator in itself, being a reflection of the academy's high reputation.

Over 9% of the Trust's income was self-generated ie not from grants or delegated funding. Benchmarking against similar academies nationally has indicated a median percentage of 4-5% so the Trust is performing well on this measure. It reflects community activities which generate income – the nursery, Heron's gym, swimming lessons and lettings. Nursery income in particular has risen during the past couple of years as a result of the increased capacity following capital investment.

BRANSTON ACADEMY TRUST
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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

Working capital is an indicator of the organisation's ability to generate cash and meet its liabilities as they become due – this shows a slight increase on the previous year an indication of the financial health of the company - current assets more than six times current liabilities. This is the first year there has been an operating deficit – it stands at £175,097 and compares to a surplus of £266,094 in 2014-15 (FRS 102/ Charities SORP 2015). This is mostly as a result of the increase in the deficit on the Local Government Pension Fund, which has more than doubled, but also down to decreasing grant income. Public equity has been calculated as the difference between total assets (excluding fixed assets) and total liabilities (including the pension deficit) and has decreased during the year, primarily due to an increase in the pension deficit.

d. Going concern

After making appropriate enquiries, the board of trustees has a reasonable expectation that the Academy 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 Accounting Policies.

BRANSTON ACADEMY TRUST
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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

Financial review

a. Principal funding

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 2016 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', 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 2016, total expenditure of £6,410,581 was not covered by recurrent grant funding from the DfE plus other incoming resources, but the Trust had sufficient reserves for this not to be a major concern. The excess of expenditure over income for the period after transfers between funds and adjustments (before actuarial losses on the pension scheme liability) was £175,097.

At 31 August 2016 the net book value of fixed assets was 8,095,728 and movements in tangible fixed assets are shown in note 14 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.

b. 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 £1,078,413 (note 16) which is less than the pension scheme liability of £1,797,000. The pension scheme liability more than doubled during the year, but given that it is a long-term liability, it does not affect the availability of working capital on an operational basis. However, as a result reserves are not being designated for any particular purposes.

In previous years the Academy chose to pay a higher contribution rate to the Local Government than required in order to reduce this deficit. However, following the revaluation as at 31 March 2013, it was decided to pay the Lincolnshire County Council default rate which rose from 19.9% to 20.9% in April 2015. The latest triennial pension fund revaluation dated 31 March 2016 uses different financial assumptions from the FRS 102 accounting standards and demonstrates that the Branston Community Academy scheme is in an extremely healthy position. It is 96% funded and as such a reduction in the employer contribution rate to 19.1% is being proposed.

c. Investments 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. During 2015-16 a plan was put together after careful consideration of the options and returns available to invest in medium term bank deposits. Funds were kept immediately available in case of unforeseen maintenance issues or known infrastructure issues relating to the age of the property.

BRANSTON ACADEMY TRUST
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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

d. 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 risk currently facing the Academy is the combined effect of lower Government funding, particularly the reduction in LACSEG (Local Authority Central Spend Equivalent Grant) and in 6th form funding and expenditure-increasing factors such as increased National Insurance and pensions contributions, national pay policy and general inflationary pressure. Areas for potential expenditure reductions have been identified by the Governing Body. Detailed budget planning, built-in contingencies and rigorous monthly monitoring are the main mitigation measures for the strategic management of expenditure.

Student recruitment at Year 7 and Year 12 must also be considered as a principal risk because of the potential impact on funding, but while the impact of this risk would be high, it is considered a low probability because of the school's recruitment record and demographic factors which indicate numbers are likely to increase. As such, risks are more likely to emerge from managing growth, but the Academy is working closely with Lincolnshire County Council to manage and mitigate this risk.

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. Measures are also in place to reduce staff absence and consequential major additional supply costs. The Financial Regulations and Scheme of Delegation detail the controls in place to ensure proper operation of the Academy's day to day finances. These are designed to ensure 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

Fraud from external sources is considered to be an increasing risk according to the UK Annual Fraud Indicator 2016 report and procurement fraud in its many forms is growing faster than any other type of fraud. The Business Manager keeps up to date on current frauds eg via Action Fraud Alert and the financial regulations/internal controls reduce the risk of techniques such as false invoices or mandate fraud being successful. In addition there is robust IT security which filters potentially harmful emails and identifies potential phishing emails.

Failure to comply with health and safety and child protection procedures and legislation is high risk because of the potential consequences to individuals as well as reputation, however both key staff involved are experienced and the Business Manager has an education-specific IoSH (Institute of Safety and Health) qualification.

The Academy premises are considered to be a very high risk because parts of the site are more than 50 years old, infrastructure such as pipework and electrical installations is failing, in need of upgrading or at end-of-life and significant investment could be required to safeguard the continuance of business operations. A programme of ACMF-funded work to replace pipework and reduce the risk of school closure was completed during 2013-14

The extent of the Academy's exposure to financial risks including credit, cash flow and liquidity has been considered. The Academy's current assets are at present sufficient to meet immediate needs so cash flow is not considered a risk. Debtors are principally due to lettings and student music lessons, amounts are small and not material. A specialist courier collected banking weekly minimising the risks associated with cash in transit, but this ended in August 2016. Cashless catering was launched in June 2016 using the ParentPay online system and it is estimated that this has reduced the amount of cash held on site at any time by approximately 75%. Work is in progress to reduce incoming cash and cheque payments by encouraging use of the online ParentPay system for other purposes, particularly school trips.

BRANSTON ACADEMY TRUST
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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

IT software systems have been installed to manage nursery and Heron's gym income to improve control and management information relating to both activities, particularly in relation to the identification of debtors. It is not considered that there is material risk from trade creditors.

There is a material deficit on the LGPS defined benefit pension scheme, but this is not considered to be a risk to the Academy's operations. The risk of being unable to meet pension obligations is considered to be very low and is managed by monitoring the position and taking advice from the administering authority (West Yorkshire Pension Fund) which is provided in conjunction with the actuary's fund valuation.

The risk of failing to recruit and retain suitably qualified and experienced staff is considered to be low because of measures including use of retention packages, and membership of the LTSA which ensures that teachers are trained in shortage subjects.

e. Financial risk management objectives and policies

The extent of the Academy's exposure to financial risks including credit, cash flow and liquidity has been considered. The Academy's current assets are at present sufficient to meet immediate needs so cash flow is not considered a risk. Debtors are principally due to lettings and student music lessons, amounts are small and not material. A specialist courier collects banking weekly which minimises the risk of cash in transit and work is in progress to reduce incoming cash and cheque payments by encouraging use of the online ParentPay system. New IT software systems have been installed during the year to manage nursery and Heron's gym income to improve control and management information relating to both activities, particularly in relation to the identification of debtors. It is not considered that there is material risk from trade creditors. There is a material deficit on the LGPS defined benefit pension scheme, but this is not considered to be a risk to the Academy's operations.

BRANSTON ACADEMY TRUST
(A company limited by guarantee)

GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

Plans for future periods

a. Future developments

The Academy is committed to improving student achievement in key performance indicators at GCSE, improving the achievement of both disadvantaged and most able pupils, maintaining its Ofsted outstanding status and sustaining the existing high levels of post 16 student achievement 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. The Academy Development Plan sets out in detail measures for developing teaching and learning which include improving the quality of written feedback to students and improving lesson planning to take account of the wide variance in student ability. Other curriculum-related priorities include improving the monitoring of progress by groups and individuals and continuing to implement curriculum intervention at Key Stage 4.

During 2016-17 there are plans to improve financial operations by introducing BACS as the normal method for making payments. This will reduce postage and stationery costs as well as being a more secure and efficient way of transferring money to creditors. Cashless catering was introduced in June 2016 and will also facilitate increased use of ParentPay, the electronic payment system which is also used for school trips and swimming lessons payments.

Discussions are ongoing with Lincolnshire County Council about a new build to address the anticipated increase in secondary school pupils in this area as a result of demographic changes already evident and new homes planned. This is expected to result in a new classroom block opening in September 2018. No significant capital investment in the premises is planned by the Academy Trust during the year, but the guiding principle for such expenditure continues to be reducing revenue expenditure and enhancing sustainability. Refurbishment of the sports hall is badly needed and remains on the wish list of projects, but is currently on hold pending the availability of funds. A Condition Improvement Fund bid is being resubmitted to the Education Funding Agency in December 2016.

Prudent financial management is considered crucial in anticipation of challenging times ahead.

Funds held as custodian

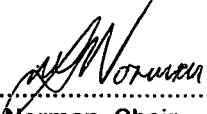
None.

Disclosure of information to auditor

Each of the persons who are Governors at the time when this Governors' report is approved has confirmed that:

- so far as that Governor is aware, there is no relevant audit information of which the charitable company's auditor is unaware, and
- that Governor has taken all the steps that ought to have been taken as a Governor in order to be aware of any information needed by the charitable company's auditor in connection with preparing its report and to establish that the charitable company's auditor is aware of that information.

This report, incorporating the strategic report, was approved by order of the Board of Governors as the company directors, on 7 December 2016 and signed on its behalf by:


.....
M Norman, Chair
Chair of Trustees

BRANSTON ACADEMY TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT

Scope of Responsibility

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

The Board of Governors has delegated the day-to-day responsibility to the Principal, 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 Branston Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Governors any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Governors' report and in the Governors' responsibilities statement. The Board of Governors has formally met 3 times during the year. Attendance during the year at meetings of the Board of Governors was as follows:

Governor	Meetings attended	Out of a possible
M Norman, Chair	3	3
D Dearden, Vice Chair	2	3
M Bell, Staff Governor	3	3
D Boyd	3	3
S Burnett, Staff Governor	3	3
D Challinor	3	3
P Coombes	1	3
R Doe	3	3
C Firth	2	3
V Foottit	2	3
N Harris	1	3
H Marriott, Staff Governor	1	1
L Sargeant, Staff Governor	1	2
M Turner	3	3
R Woollen	2	3
J Wilcox	1	3
P Beighton, Principal	3	3

There have been some changes in the composition of the governing body. C Firth took up an appointment as parent governor at the beginning of the year. H Marriott resigned as a support staff governor on 31-12-15 and was replaced by L Sargeant with effect from 1-1-16. No particular governance-related challenges have arisen.

The 2016 Ofsted report provided an external review of the quality of governance and judged the quality of leadership and management to be outstanding. Governors were described as having a clear vision for the school and highly effective in supporting and challenging school leaders to make this vision of an excellent community school a reality. As an example of this they cited the way that since the previous Ofsted inspection leaders had been held to account for the performance and progress of different groups of pupils within each year. The inspection team also highlighted improved outcomes for Pupil Premium eligible pupils as being directly attributable to the way that governors ensured accountability for the expenditure of that funding.

Ongoing internal review of governance arrangements identified the need for more training for governors and this has been addressed during the year (see above under Structure, Governance & Management section d). The AGM in March 2017 is the date of the next such internal review.

There are three main specialist committees which meet at least once per term (three times a year), plus the Standing Committee which meets monthly.

BRANSTON ACADEMY TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

The Finance and Resources Committee is a sub-committee of the main Board of Governors. Its purpose is to take responsibility for all matters concerning the maintenance and development of buildings, for financial matters, including the creation of the annual budget and its subsequent monitoring. Its Autumn meeting acts as the Academy Trust's Audit Committee.

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
M Norman	1	3
D Dearden	3	3
M Bell	3	3
C Firth	3	3
V Foottit	3	3
M Turner	3	3
R Woollen, Chair	3	3
J Wilcox	0	3
P Beighton	3	3

The Standing Committee discusses any general issues concerning the well-being of the Academy and can act as a Steering Committee for business, directing issues to the agenda of specialist committees or the full governing body. It reacts, where necessary, to current issues needing a response before an appropriate full or committee meeting is held; it receives reports from the Principal on action considered significant enough to raise at once with the governing body. It receives monitoring reports on the budget in between meetings of the Finance and Resources Committee and has delegated powers to act on behalf of the governing body.

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
M Norman	5	7
D Dearden	7	7
V Foottit	6	7
R Woollen	7	7
D Boyd	5	7
P Beighton	7	7

The Standards & Specialism Committee has delegated powers to consider and decide policy matters relating to the monitoring of performance and standards and the progress and development of the Academy specialism. In particular, the Committee receives annual reports from the Principal and/or senior post-holders on the Academy's self-evaluation of overall performance

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
M Norman	2	3
D Dearden	3	3
M Bell	2	3
D Boyd	3	3
S Burnett	3	3
D Challinor	2	3
P Coombes	3	3
R Doe	3	3
C Firth	1	2
V Foottit	3	3
H Marriott	1	1
L Sargeant	1	2
M Turner	3	3
R Woollen	3	3
P Beighton	3	3

BRANSTON ACADEMY TRUST
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GOVERNANCE STATEMENT (continued)

The Curriculum & Staffing Committee has delegated powers to decide matters concerning the curriculum and staffing of the Academy. Each year this Committee discusses the following year's curriculum plan, and also the corresponding staffing plan, after which it needs to decide on an establishment figure for the coming year and discuss in general any associated strategies to achieve the required quantity and quality of staff. During the year the Committee will receive updates on major curriculum and staffing developments and receives and decides upon recommendations from the Principal on the general pattern of allowances within the Academy.

Matters concerning individual members of staff must, for legal reasons, be decided upon by a small group and the Personnel Committee fulfils this role. Membership consists of the Chairman of Governors, the Chairman of the Curriculum and Staffing Committee and one other elected annually.

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
M Norman	2	3
S Burnett	3	3
D Boyd	2	3
D Challinor	2	3
P Coombes	2	3
C Firth	2	2
V Footitt	3	3
N Harris	0	3
H Marriott	1	1
L Sargeant	1	2
M Turner	2	3
R Woollen	2	3
J Wilcox	0	3
P Beighton	3	3

Review of Value for money

As Accounting Officer, the Principal has responsibility for ensuring that the Academy 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's use of its resources has provided good value for money during each academic year, and reports to the Board of Governors where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the Academy has delivered improved value for money during the year by ensuring that the principles of value for money are embedded within the Academy's strategic decision making and procurement procedures.

Value for Money is widely described by Government, and other organisations including the Audit Commission, as striking the right balance between economy, efficiency and effectiveness. The three Es of Value for Money can be defined as follows:

- Economy – minimising costs without compromising quality eg were rubbish sacks of the required quality purchased for the best price?
- Efficiency – the relationship between output in terms of goods, services or other results and the resources used to produce them eg was the cost of school meals minimised at the same time as enhancing the nutritional quality of the lunch provided to pupils?
- Effectiveness – the extent to which objectives have been achieved eg did the education programme improve examination success rates?

BRANSTON ACADEMY TRUST
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GOVERNANCE STATEMENT (continued)

Four basic principles provide a route for approaching value for money and are embedded into the routine operations and daily conversations and decisions within the academy in order to ensure that money is spent wisely within a culture of continuous improvement and raising of school standards. These are set out below:

- Challenge – why, how and by whom an activity is carried out, which may mean deciding that a project or service will not go ahead or a product not be purchased
- Compare – performance against other schools and between parts of each school. This may be quantitative ie by means of formal benchmarking of statistical expenditure and performance information, or qualitative, using detailed informal discussions and peer review
- Consult – involving stakeholders, especially pupils and parents. This may lead to changes in how money is spent in order to meet the priorities and needs of the community served. Consultation within the school is also effective in securing improvement.
- Compete – as a means of securing efficient and effective services. This is most commonly the “decision tree” of procurement procedures involving obtaining alternative quotes, investigating potential alternative supplies and tendering for major projects.

In practice, these will be applied together to ensure that value for money is achieved.

Major building works are always tendered through a project management company with considerable experience of working in schools and a knowledge of the site stretching back many years. Benefits of this include specialist advice and compliance with public sector procurement requirements. An example of this during the year is improvements made to the layout and surfacing of the main entrance and exit to the academy, the bus bays and other external areas. There have been no major building projects carried out during 2015-16, but a significant project to improve exterior signage was carried out using an internally managed procurement process in which three companies were considered against a project specification.

There is always careful consideration of what money is to be spent on, with pupils' wellbeing, safety and educational outcomes always at the forefront of prioritising expenditure; this has also been identified as a question schools seeking to achieve value for money should ask themselves (Teachernet 2006). Curriculum departments receive an annual amount covering recurrent expenditure which is calculated according to pupil numbers and higher weightings for resource-heavy subjects. Departments are allowed to carry forward a small amount to the next year if they underspend but any overspend is not written off at the end of the year. Further curriculum development funding is subject to competitive bidding which ensures that it is targeted to areas of greatest need.

Comparisons between suppliers are made on a continuing basis and sometimes, as with the award of a contract for air conditioning servicing during 2015-16 the decision comes down to price. Other factors may also be important – for example the supplier for servicing and supply of grounds machinery was chosen because they picked up items for servicing and provided trade-in on used items. This ensured efficient use of staff time as well as economies by reducing the cost of the items purchased. Staff time involved in managing a process and the available capacity to do so is also an important factor in achieving value for money – this was the critical factor in choosing a new payroll contractor.

An example from 2015-16 of challenging how an activity is carried out was the decision to implement cashless catering. Remaining with the status quo is often an easy option because a change of this magnitude and type requires significant investment of both financial and human resources. This demonstrates effectiveness, because it delivered objectives relating to supporting pupils entitled to free school meals and provision of information to parents as well as reducing the risks and costs associated with handling and banking cash. The provision of an online payment service was also something which parents were requesting. Initial indications suggest that cashless catering increased income generation on the catering contract.

Educational outcomes for pupils, particularly as represented by examination results and value added scores, must be seen as a key indicator of value for money and speak for themselves as a measure of the academy's effectiveness. Ofsted (2016) judged that “from average starting points, pupils make strong progress to reach levels of attainment that are consistently above national averages.

BRANSTON ACADEMY TRUST
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GOVERNANCE STATEMENT (continued)

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 ongoing process designed to identify and prioritise the risks to the achievement of Academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Branston Academy Trust for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Board of Governors has reviewed the key risks to which the Academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Governors is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy's significant risks, that has been in place for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Governors.

The Risk and Control Framework

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 Board of Governors;
- regular reviews by the Standing Committee/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 (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.

The Board of Governors has considered the need for a specific internal audit function and has decided to appoint not to appoint as internal auditor.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. On a quarterly basis, the internal auditor reports to the Board of Governors on the operation of the systems of control and on the discharge of the Board of Governors' financial responsibilities.

The Academy's external auditors, BDO LLP, have been engaged to perform a supplementary programme of work.

Their role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. On a termly basis (three times per year), the auditor reports to the board of trustees through the standing committee or finance and resources committee on the operation of the systems of control and the discharge of their financial responsibilities.

The auditor has delivered the scheduled work as planned and no material control issues have arisen during the year. This year matters raised in connection with were the enhancement of payroll control procedures through the provision of a documented monthly sign-off by a principal of amounts paid to each employee and a known issue in relation to VAT reconciliation. The points raised were appropriately discussed and noted.

BRANSTON ACADEMY TRUST
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GOVERNANCE STATEMENT (continued)

Review of Effectiveness


As Accounting Officer, the Principal 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 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 Standing Committee/Finances and Resources Committee and a plan to ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Governors on 7 December 2016 and signed on their behalf, by:


.....
M Norman, Chair
Chair of Trustees


.....
P Beighton, Principal
Accounting Officer


BRANSTON ACADEMY TRUST
(A company limited by guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Branston Academy Trust I have considered my responsibility to notify the academy trust board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2015.

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 EFA.


.....
P Beighton
Accounting Officer

Date: 7 December 2016

BRANSTON ACADEMY TRUST
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STATEMENT OF GOVERNORS' RESPONSIBILITIES

The Governors (who act as trustees of the Charitable Company and are also the directors of the Academy for the purposes of company law) are responsible for preparing the Governors' Report and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Governors 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 Academy and of its incoming resources and application of resources, including its income and expenditure, for that period.

In preparing these 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 charitable company 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 Companies Act 2006 and the Academies Accounts Direction 2015 to 2016. 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 EFA/DfE have been applied for the purposes intended.

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

Approved by order of the Board of Governors and signed on its behalf by:


.....

M Norman, Chair,
for and on behalf of the board of governors
Date: 7 December 2016

BRANSTON ACADEMY TRUST
(A company limited by guarantee)

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
BRANSTON ACADEMY TRUST**

We have audited the financial statements of Branston Academy Trust for the year ended 31 August 2016 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, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency ("the EFA").

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the trustees, as a body, in accordance with the Academies Accounts Direction 2015 to 2016. Our audit work has been undertaken so that we might state to the Academy's members and trustees 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, the Academy's members as a body and the Academy's trustees as a body, for our audit work, for this report, or for the opinion we have formed.

Respective responsibilities of Governors and auditor

As explained more fully in the Governors' responsibilities statement, the trustees (who act as Governors of Branston Academy Trust and are also the directors of the Academy 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 Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2016 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 and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Governors' report, incorporating the strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements.


BRANSTON ACADEMY TRUST
(A company limited by guarantee)

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
BRANSTON ACADEMY TRUST**

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 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 Governors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Craig Burton (senior statutory auditor)
for and on behalf of
BDO LLP, Statutory auditor
Leeds
United Kingdom
12 December 2016

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

BRANSTON ACADEMY TRUST
(A company limited by guarantee)

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO BRANSTON ACADEMY TRUST AND THE EDUCATION FUNDING AGENCY

In accordance with the terms of our engagement letter dated 14 October 2016 and further to the requirements of the Education Funding Agency (EFA) as included in Part 9 of the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Branston Academy Trust during the year 1 September 2015 to 31 August 2016 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 Branston Academy Trust and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Branston Academy Trust and the EFA 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 Branston Academy Trust and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Branston Academy Trust's Accounting Officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of Branston Academy Trust's funding agreement with the Secretary of State for Education dated 30 November 2010, and the Academies Financial Handbook extant from 1 September 2015, 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 2015 to 2016. 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 2015 to 31 August 2016 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2015 to 2016 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

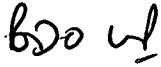
Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the Academy's income and expenditure.

The work undertaken to draw our conclusions includes an assessment of the level of risk associated with the specific categories of income and expenditure and the potential for irregularities to be identified.

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO BRANSTON
ACADEMY TRUST AND THE EDUCATION FUNDING AGENCY (continued)**

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



BDO LLP
Reporting Accountant
Leeds
United Kingdom

12 December 2016

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

BRANSTON ACADEMY TRUST
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2016**

	Note	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
INCOME FROM:						
Other trading activities	3	603,428	-	-	603,428	569,051
Investments	4	10,041	-	-	10,041	11,682
Charitable activities:	5					
Funding for the Academy						
Trust's educational operations		-	5,622,015	-	5,622,015	5,790,387
TOTAL INCOME		613,469	5,622,015	-	6,235,484	6,371,120
EXPENDITURE ON:						
Raising funds	3	423,248	-	-	423,248	427,806
Charitable activities:						
Academy Trust's educational operations		-	5,669,010	318,323	5,987,333	5,677,220
TOTAL EXPENDITURE	7	423,248	5,669,010	318,323	6,410,581	6,105,026
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS						
Transfers between Funds	16	190,221	(46,995)	(318,323)	(175,097)	266,094
		-	(117,333)	117,333	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES						
		190,221	(164,328)	(200,990)	(175,097)	266,094
Actuarial gains/(losses) on defined benefit pension schemes	20	-	(812,000)	-	(812,000)	23,000
NET MOVEMENT IN FUNDS		190,221	(976,328)	(200,990)	(987,097)	289,094
RECONCILIATION OF FUNDS:						
Total funds brought forward		888,192	402,998	8,296,718	9,587,908	9,298,814
TOTAL FUNDS CARRIED FORWARD		1,078,413	(573,330)	8,095,728	8,600,811	9,587,908


The notes on pages 30 to 50 form part of these financial statements.

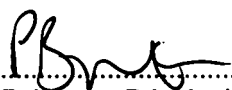
BRANSTON ACADEMY TRUST
(A company limited by guarantee)
REGISTERED NUMBER: 7419660

BALANCE SHEET
AS AT 31 AUGUST 2016

	Note	£	2016 £	2015 £
FIXED ASSETS				
Tangible assets	13		8,095,728	8,296,718
CURRENT ASSETS				
Debtors	14	319,636	361,427	
Cash at bank and in hand		2,386,025	2,239,863	
		<u>2,705,661</u>	<u>2,601,290</u>	
CREDITORS: amounts falling due within one year	15	(403,578)	(414,100)	
NET CURRENT ASSETS			<u>2,302,083</u>	<u>2,187,190</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>10,397,811</u>	<u>10,483,908</u>
Defined benefit pension scheme liability	20	(1,797,000)	(1,797,000)	(896,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u><u>8,600,811</u></u>	<u><u>9,587,908</u></u>
FUNDS OF THE ACADEMY				
Restricted income funds:				
Restricted income funds	16	1,223,670	1,298,998	
Restricted fixed asset.funds	16	8,095,728	8,296,718	
Restricted income funds excluding pension liability		9,319,398	9,595,716	
Pension reserve		<u>(1,797,000)</u>	<u>(896,000)</u>	
Total restricted income funds		7,522,398	8,699,716	
Unrestricted income funds	16	1,078,413	888,192	
TOTAL FUNDS			<u><u>8,600,811</u></u>	<u><u>9,587,908</u></u>

The financial statements were approved by the Governors, and authorised for issue, on 7 December 2016 and are signed on their behalf, by:


.....
M Norman, Chair
Chair of Trustees


.....
P Beighton, Principal

The notes on pages 30 to 50 form part of these financial statements.

BRANSTON ACADEMY TRUST
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2016

	Note	2016 £	2015 £
Cash flows from operating activities			
Net cash provided by operating activities	18	<u>230,177</u>	<u>608,113</u>
Cash flows from investing activities:			
Dividends, interest and rents from investments		10,041	16,682
Purchase of tangible fixed assets		(117,333)	(406,798)
Capital grants from DfE/EFA		23,277	48,600
Capital funding received from sponsors and others		-	22,906
Net cash used in investing activities		<u>(84,015)</u>	<u>(318,610)</u>
Change in cash and cash equivalents in the year		146,162	289,503
Cash and cash equivalents brought forward		<u>2,239,863</u>	<u>1,950,360</u>
Cash and cash equivalents carried forward	19	<u><u>2,386,025</u></u>	<u><u>2,239,863</u></u>

The notes on pages 30 to 50 form part of these financial statements.

BRANSTON ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES

Branston Academy Trust is a company limited by guarantee incorporated in England & Wales under the Companies Act. The address of the registered office is given on the contents page and the nature of the Academy's operations and its principal activities are set out in the strategic report. The functional currency of the Academy is GBP.

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

1.1 Basis of preparation of financial statements

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

Branston Academy Trust constitutes a public benefit entity as defined by FRS 102.

First time adoption of FRS 102

These financial statements are the first financial statements of Branston Academy Trust prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Charities SORP 2015 (SORP 2015). The financial statements of Branston Academy Trust for the year ended 31 August 2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the Governors have amended certain accounting policies to comply with FRS 102 and SORP 2015.

Reconciliations to previous UK GAAP for the comparative figures are included in note 24.

1.2 Fund accounting

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

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

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder and include grants from the Department for Education.

BRANSTON ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

1.3 Income

All income is recognised once the Academy has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Grants are included in the statement of financial activities incorporating income and expenditure account 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.

General Annual Grant is recognised in full in the statement of financial activities incorporating income and expenditure account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fund.

Donations are recognised on a receivable basis where there is certainty of receipt and the amount can be reliably measured.

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

1.4 Expenditure

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

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

Charitable activities and Governance costs are costs incurred on the academy trust's educational operations, including support costs and costs relating to the governance of the academy trust apportioned to charitable activities.

All resources expended are inclusive of irrecoverable VAT.

1.5 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 Academy to continue as a going concern. The Governors 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 academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy 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..

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

1.6 Tangible fixed assets and depreciation

All assets costing more than £1,000 are capitalised.

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.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	2% straight line
Plant and machinery	-	15% straight line
Fixtures and fittings	-	10% straight line
Computer equipment	-	25% straight line

1.7 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Academy; this is normally upon notification of the interest paid or payable by the Bank.

1.8 Operating leases

Rentals under operating leases are charged to the statement of financial activities incorporating income and expenditure account on a straight line basis over the lease term.

1.9 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.

1.10 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.

1.11 Liabilities and provisions

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Academy 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. 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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

1.12 Financial instruments

The Academy only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

1.13 Taxation

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

1.14 Pensions

Retirement benefits to employees of the Academy are provided by the Teachers' Pension Scheme ("TPS") and the Local Government Pension Scheme ("LGPS"). These are defined benefit schemes and the assets are held separately from those of the Academy.

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 in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 20, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

1.15 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 20, 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 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. 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.

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Critical areas of judgement:

No key judgements have been applied in the preparation of these financial statements.

2. GENERAL ANNUAL GRANT (GAG)

Under the funding agreement with the Secretary of State the Academy was subject to limits at 31 August 2016 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

The Academy has exceeded these limits during the year ended 31 August 2016.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

3. ACTIVITIES FOR GENERATING FUNDS

	Unrestricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Charity trading income			
Nursery income	186,175	186,175	188,198
Catering income	210,586	210,586	216,697
Other income	206,667	206,667	164,156
	<u>603,428</u>	<u>603,428</u>	<u>569,051</u>
Fundraising trading expenses			
Nursery expenditure	115,639	115,639	133,544
Catering expenditure	210,587	210,587	216,697
Other expenditure	97,022	97,022	77,565
	<u>423,248</u>	<u>423,248</u>	<u>427,806</u>
Net income from activities for generating funds	<u>180,180</u>	<u>180,180</u>	<u>141,245</u>

In 2015, all activities for generating funds related to unrestricted funds.

4. INVESTMENT INCOME

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Bank Interest	10,041	-	10,041	11,682

In 2015, all of the total investment income was to unrestricted funds.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
DfE/EFA grants			
General annual grant	5,197,871	5,197,871	5,247,027
Other DfE/EFA grants	220,426	220,426	261,079
DfE/EFA capital grants	23,277	23,277	71,506
	<u>5,441,574</u>	<u>5,441,574</u>	<u>5,579,612</u>
Other government grants			
SEN grants	90,011	90,011	137,167
	<u>90,011</u>	<u>90,011</u>	<u>137,167</u>
Other funding			
Local authority and other grants	90,430	90,430	73,608
	<u>90,430</u>	<u>90,430</u>	<u>73,608</u>
	<u><u>5,622,015</u></u>	<u><u>5,622,015</u></u>	<u><u>5,790,387</u></u>

In 2015, all of the total income from charitable activities was to restricted funds.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

6. CHARITABLE ACTIVITIES

	Total funds 2016 £	Total funds 2015 £
DIRECT COSTS - EDUCATIONAL OPERATIONS		
Wages and salaries	3,107,986	3,097,095
National insurance	262,199	218,896
Pension cost	582,763	547,202
Depreciation	318,323	326,510
Pension income	35,000	31,000
Teaching and education	84,523	42,434
Technology costs	90,451	92,208
Educational supplies	246,460	241,730
Examination fees	135,017	138,684
Staff development	27,573	30,125
Recruitment and support	9,417	11,981
Other costs	33,470	42,299
Legal and professional	11,160	11,391
	4,944,342	4,831,555
SUPPORT COSTS - EDUCATIONAL OPERATIONS		
Wages and salaries	310,929	302,288
National insurance	17,533	21,100
Pension cost	48,046	35,773
Auditor's non audit costs	769	1,745
Maintenance of premises	328,131	160,520
Cleaning	31,260	30,929
Rent and rates	32,739	31,832
Energy costs	91,169	99,413
Insurance	39,913	44,991
Security and transport	33,462	16,567
Catering	25,262	20,900
Auditor's remuneration	13,476	12,315
Other support costs	70,302	67,292
	1,042,991	845,665
	5,987,333	5,677,220

In 2015, all expenditure in relation to Charitable Activities related to funding for the academy's educational operations all of which related to restricted funds.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

7. EXPENDITURE

	Staff costs 2016 £	Premises 2016 £	Other costs 2016 £	Total 2016 £	Total 2015 £
Expenditure on raising funds	224,518	-	198,730	423,248	427,806
Funding for the Academy's educational operations:					
Direct costs	4,043,121	318,323	582,898	4,944,342	4,831,555
Support costs	376,508	328,131	338,352	1,042,991	845,665
	<u>4,644,147</u>	<u>646,454</u>	<u>1,119,980</u>	<u>6,410,581</u>	<u>6,105,026</u>

In 2016, of the total expenditure, £6,003,682 (2015 - £5,646,220) was to unrestricted funds and £423,248 (2015 - £427,806) was to restricted funds.

8. NET INCOMING RESOURCES/(RESOURCES EXPENDED)

This is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets:		
- owned by the charity	318,323	326,510
Auditor's remuneration - audit	10,205	9,795
Auditor's remuneration - other services	5,175	4,100
Operating lease rentals	<u>5,582</u>	<u>4,914</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

9. STAFF COSTS

Staff costs were as follows:

	2016 £	2015 £
Wages and salaries	3,623,646	3,630,742
Social security costs	285,134	248,001
Operating costs of defined benefit pension schemes	645,194	594,183
	<u>4,553,974</u>	<u>4,472,926</u>
Supply teacher costs	21,180	3,562
Staff restructuring costs	5,650	-
Agency staff costs	63,343	43,767
	<u><u>4,644,147</u></u>	<u><u>4,520,255</u></u>

Staff restructuring costs comprise:

Redundancy payments	<u><u>5,650</u></u>	<u><u>-</u></u>
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The average number of persons employed by the Academy during the year was as follows:

	2016 No.	2015 No.
Teachers	60	59
Administration and support	60	62
Management	7	7
	<u><u>127</u></u>	<u><u>128</u></u>

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

	2016 No.	2015 No.
In the band £60,001 - £70,000	4	4
In the band £100,001 - £110,000	1	1

The above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2016, pension contributions for these staff amounted to £59,665 (2015 - £50,221).

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £5,650 (2015: £nil).

The key management personnel of the academy trust comprise the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £561,821 (2015: £548,138).

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

10. GOVERNORS' REMUNERATION AND EXPENSES

During the year retirement benefits were accruing to 5 Governors (2015 - 4) in respect of defined benefit pension schemes.

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

		2016 £	2015 £
P Beighton, Principal	Remuneration	105,000-110,000	100,000-105,000
	Pension contributions paid	15,000-20,000	10,000-15,000
M Bell, Staff Governor	Remuneration	35,000-40,000	45,000-50,000
	Pension contributions paid	5,000-10,000	5,000-10,000
H Marriott, Staff Governor	Remuneration	5,000-10,000	25,000-30,000
	Pension contributions paid	0-5,000	0-5,000
S Burnett, Staff Governor	Remuneration	25,000-30,000	25,000-30,000
	Pension contributions paid	5,000-10,000	0-5,000
L Sargeant, Staff Governor	Remuneration	10,000-15,000	-
	Pension contributions paid	0-5,000	-

During the year, no Governors received any reimbursement of expenses (2015 - £NIL).

11. GOVERNORS' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £2 million on any one claim and the cost for the year ended 31 August 2016 was £1,016 (2015 - £1,016).

12. NET INTEREST ON PENSION SCHEME LIABILITY

	2016 £	2015 £
Interest income on pension scheme assets	76,000	65,000
Interest on pension scheme liabilities	(111,000)	(96,000)
	<u>(35,000)</u>	<u>(31,000)</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

13. TANGIBLE FIXED ASSETS

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Total £
Cost					
At 1 September 2015	8,478,717	117,565	609,420	438,446	9,644,148
Additions	18,213	10,788	44,721	43,611	117,333
At 31 August 2016	8,496,930	128,353	654,141	482,057	9,761,481
Depreciation					
At 1 September 2015	723,207	70,521	220,175	333,527	1,347,430
Charge for the year	170,005	17,955	67,932	62,431	318,323
At 31 August 2016	893,212	88,476	288,107	395,958	1,665,753
Net book value					
At 31 August 2016	7,603,718	39,877	366,034	86,099	8,095,728
At 31 August 2015	7,755,510	47,044	389,245	104,919	8,296,718

14. DEBTORS

	2016 £	2015 £
Trade debtors	41,594	19,684
Other debtors	162,267	148,402
Prepayments and accrued income	115,775	193,341
	319,636	361,427

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

15. CREDITORS: Amounts falling due within one year

	2016 £	2015 £
Trade creditors	17,077	155,572
Other taxation and social security	83,700	75,539
Other creditors	72,697	132,018
Accruals and deferred income	230,104	50,971
	<u>403,578</u>	<u>414,100</u>

Deferred income relates to funding for the financial year 2016/17 which has been received in advance.

	2016 £	2015 £
Deferred income		
Deferred income at 1 September 2015	12,589	13,306
Resources deferred during the year	28,802	12,589
Amounts released from previous years	(12,589)	(13,306)
	<u>28,802</u>	<u>12,589</u>
Deferred income at 31 August 2016		

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

16. STATEMENT OF FUNDS

	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Unrestricted funds						
Other unrestricted funds	823,906	427,294	(307,609)	-	-	943,591
Nursery fund	64,286	186,175	(115,639)	-	-	134,822
	<u>888,192</u>	<u>613,469</u>	<u>(423,248)</u>	<u>-</u>	<u>-</u>	<u>1,078,413</u>
Restricted funds						
General Annual Grant (GAG)	749,542	5,197,871	(5,166,426)	-	-	780,987
Other DfE/EFA grants	142,980	59,970	(24,087)	-	-	178,863
SEN grants	-	90,011	(90,011)	-	-	-
Local Authority and other grants	126,824	7,043	(7,043)	-	-	126,824
Nursery fund	-	83,387	(83,387)	-	-	-
Capital grants	255,487	23,277	(48,600)	(117,333)	-	112,831
Other restricted grants and income	16,844	-	-	-	-	16,844
Pupil premium	7,321	160,456	(160,456)	-	-	7,321
Pension reserve	(896,000)	-	(89,000)	-	(812,000)	(1,797,000)
	<u>402,998</u>	<u>5,622,015</u>	<u>(5,669,010)</u>	<u>(117,333)</u>	<u>(812,000)</u>	<u>(573,330)</u>
Restricted fixed asset funds						
Fixed asset fund	8,296,718	-	(318,323)	117,333	-	8,095,728
Total restricted funds	<u>8,699,716</u>	<u>5,622,015</u>	<u>(5,987,333)</u>	<u>-</u>	<u>(812,000)</u>	<u>7,522,398</u>
Total of funds	<u>9,587,908</u>	<u>6,235,484</u>	<u>(6,410,581)</u>	<u>-</u>	<u>(812,000)</u>	<u>8,600,811</u>

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

General Annual Grant (GAG)

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

Other DfE/EFA grants

Other funds provided by the DfE/EFA for particular purposes within the Academy's educational operations.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

16. STATEMENT OF FUNDS (continued)

SEN grant

Funds received specifically for use on pupils with special educational needs.

Local Authority and other grants

Funds received from the local authority for specific projects.

Nursery fund

Funds received for use on the community nursery provision.

Capital grants

Funds received from various bodies for the purposes of capital and repairs works.

Other restricted grants and income

Funds generated in relation to other specific grants and income.

Pupil premium

Funds received for the purposes of providing additional support to pupils who receive free school meals.

Pension reserve

Being the fund in relation to the defined benefit pension scheme liability included in the balance sheet. This fund is in deficit given the nature of the liability, however this is not payable immediately.

Restricted Fixed Asset Fund

Represents the fixed assets that are held by the Academy, which are used by the Academy to achieve its educational objectives.

Transfers

During the year, fixed asset additions of £117,333 were purchased from the Capital grants fund. These have been appropriately transferred to the fixed asset fund.

Under the funding agreement with the Secretary of State, the Academy was subject to a limit on the amount of GAG that it could carry forward at 31 August 2016. Note 2 discloses whether the limit was exceeded.

17. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Tangible fixed assets	-	-	8,095,728	8,095,728	8,296,718
Current assets	1,123,274	1,582,387	-	2,705,661	2,601,289
Creditors due within one year	(44,861)	(358,717)	-	(403,578)	(414,099)
Provisions for liabilities and charges	-	(1,797,000)	-	(1,797,000)	(896,000)
	<u>1,078,413</u>	<u>(573,330)</u>	<u>8,095,728</u>	<u>8,600,811</u>	<u>9,587,908</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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**18. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW
FROM OPERATING ACTIVITIES**

	2016 £	2015 £
Net (expenditure)/income for the year (as per Statement of financial activities)	(175,097)	266,094
Adjustment for:		
Depreciation charges	318,323	326,510
Dividends, interest and rents from investments	(10,041)	(16,682)
Decrease/(increase) in debtors	41,791	(14,593)
(Decrease)/increase in creditors	(10,522)	18,290
Capital grants from DfE and other capital income	(23,277)	(71,506)
Defined benefit pension scheme cost less contributions payable	54,000	69,000
Defined benefit pension scheme finance cost	35,000	31,000
Net cash provided by operating activities	230,177	608,113

19. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2016 £	2015 £
Cash in hand	2,386,025	2,239,863
Total	2,386,025	2,239,863

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20. PENSION COMMITMENTS

The Academy's employees belong to two principal pension schemes: the Teacher's 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 Hymans Robertson LLP. Both are multi-employer defined benefit pension schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

Contributions amounting to £75,974 were payable to the schemes at 31 August 2016 (2015 - £66,083) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

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

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS will be as at March 2016, 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 £388,190 (2015 - £356,183).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx).

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20. PENSION COMMITMENTS (continued)

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £216,000 (2015 - £218,000), of which employer's contributions totalled £168,000 (2015 - £169,000) and employees' contributions totalled £48,000 (2015 - £49,000). The agreed contribution rates for future years are 20.9% for employers and 5.5 - 7.5% for employees.

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

Principal actuarial assumptions:

	2016	2015
Discount rate for scheme liabilities	2.10 %	3.80 %
Rate of increase in salaries	3.60 %	4.10 %
Rate of increase for pensions in payment / inflation	2.10 %	2.70 %
Inflation assumption (CPI)	2.10 %	2.70 %

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

	2016	2015
Retiring today		
Males	22.2 years	22.2 years
Females	24.4 years	24.4 years
Retiring in 20 years		
Males	24.5 years	24.5 years
Females	26.8 years	26.8 years

Sensitivity analysis

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

Change in assumptions at 31 August 2016	Approximate % increase to Employer Liability	Approximate monetary amount (£)
0.5% decrease in Real Discount Rate	15%	627,000
1 year increase in member life expectancy	3%	129,000
0.5% increase in the Salary Increase Rate	6%	251,000
0.5% increase in the Pension Increase Rate	8%	354,000

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20. PENSION COMMITMENTS (continued)

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

	Fair value at 31 August 2016 £	Fair value at 31 August 2015 £
Equities	1,929,000	1,425,000
Debt instruments	326,000	247,000
Property	250,000	228,000
Cash	-	-
Total market value of assets	<u>2,505,000</u>	<u>1,900,000</u>

The actual return on scheme assets was £378,000 (2015 - £42,000).

The amounts recognised in the statement of financial activities incorporating income and expenditure account are as follows:

	2016 £	2015 £
Current service cost (net of employee contributions)	(222,000)	(238,000)
Net interest cost	(35,000)	(31,000)
Total	<u>(257,000)</u>	<u>(269,000)</u>

Movements in the present value of the defined benefit obligation were as follows:

	2016 £	2015 £
Opening defined benefit obligation	2,796,000	2,467,000
Current service cost	222,000	238,000
Interest cost	111,000	96,000
Contributions by employees	48,000	49,000
Actuarial losses/(gains)	1,134,000	(45,000)
Benefits paid	(9,000)	(9,000)
Closing defined benefit obligation	<u>4,302,000</u>	<u>2,796,000</u>

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

	2016 £	2015 £
Opening fair value of scheme assets	1,900,000	1,648,000
Actuarial gains	76,000	65,000
Actuarial gains and (losses)	322,000	(22,000)
Contributions by employer	168,000	169,000
Contributions by employees	48,000	49,000
Assets acquired in a business combination	(9,000)	(9,000)
Closing fair value of scheme assets	<u>2,505,000</u>	<u>1,900,000</u>

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21. OPERATING LEASE COMMITMENTS

At 31 August 2016 the total of the academy trust's future minimum lease payments under non-cancellable operating leases was:

	2016 £	2015 £
Amounts payable:		
Within 1 year	5,582	5,582
Between 1 and 5 years	4,856	10,438
Total	<u>10,438</u>	<u>16,020</u>

22. MEMBERS' LIABILITY

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/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.

23. 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 10.

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24. FIRST TIME ADOPTION OF FRS 102

It is the first year that the Academy Trust has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 1 September 2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

Comparative figures have been restated to reflect the adjustments made, except to the extent that the Trustees have taken advantage of exemptions to retrospective application of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

Reconciliations and descriptions of the effect of the transition to FRS 102 and SORP 2015 on total funds and net income/(expenditure) for the comparative period reported under previous UK GAAP and SORP 2005 are given below.

RECONCILIATION OF TOTAL FUNDS	Notes	1 September 2014 £	31 August 2015 £
Total funds under previous UK GAAP		9,298,814	9,587,908
Total funds reported under FRS 102		<u>9,298,814</u>	<u>9,587,908</u>

Reconciliation of net income	Notes	31 August 2015 £
Net income previously reported under UK GAAP		302,094
Change in recognition of LGPS interest cost	A	(36,000)
Net movement in funds reported under FRS 102		<u>266,094</u>

Explanation of changes to previously reported funds and net income/expenditure:

A - Change in recognition of LGPS interest cost

Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in expenditure. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in expenditure. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to increase the debit to expenditure by £29,000 and increase the credit in other recognised gains and losses in the SoFA by an equivalent amount.