

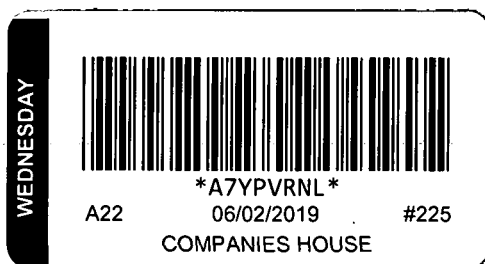
Company Registration Number: 07419660 (England & Wales)

BRANSTON ACADEMY TRUST

(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018



BRANSTON ACADEMY TRUST
(A company limited by guarantee)

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BRANSTON ACADEMY TRUST
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**REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2018**

Members	D Boyd D Dearden V Footitt M Norman R Woollen
Governors	M Norman, Chair of Governors D Dearden, Vice-Chair of Governors M Bell, Staff Governor P Beighton, Principal and Accounting Officer (resigned 31 December 2017) D Boyd D Challinor (resigned 19 March 2018) P Coombes C Firth V Footitt R Gilbert (appointed 21 March 2018) N Harris R Ledger (appointed 4 July 2018) L Sargeant, Staff Governor D Thompson, Staff Governor (appointed 9 October 2017) J Turner, Principal and Accounting Officer (appointed 1 January 2018) M Turner J Wilcox R Woollen
Company Registered Number	07419660
Company Name	Branston Academy Trust
Principal and Registered Office	Branston Community Academy Station Road Branston Lincoln Lincolnshire LN4 1LH
Business Manger	C Osborne
Senior Management Team	P Beighton, Principal to 31 December 2017 J Turner, Principal from 1 January 2018 J Campbell, Vice-Principal to 31 December 2017 K Lamming, Vice-Principal J Turner, Vice-Principal to 31 December 2017 A Wright, Vice-Principal
Independent Auditors	Streets Audit LLP Chartered Accountants and Statutory Auditor Tower House Lucy Tower Street Lincoln LN1 1XW

BRANSTON ACADEMY TRUST
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS GOVERNORS AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2018**

Advisers (continued)

Internal Auditors	BDO LLP 1 Bridgewater Place Water Lane Leeds LS11 5RU
Bankers	Lloyds Bank plc 202 High Street Lincoln LN5 7AP
Solicitors	Irwin Mitchell Solicitors Riverside East 2 Millsands Sheffield S3 8DT

BRANSTON ACADEMY TRUST
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GOVERNORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2018

The Governors present their annual report together with the financial statements and auditor's report of the charitable company for the 1 September 2017 to 31 August 2018. The Annual report serves the purposes of both a Governors' report, and a Directors' report under company law.

The Trust 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 1250 as stated in its Funding Agreement (revised during 2018) and had a roll of 1155 in the Autumn 2018 school census.

Structure, Governance and Management

CONSTITUTION

The Academy is a charitable company limited by guarantee and an exempt charity.

The charitable company's Memorandum of Association 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.

MEMBERS' LIABILITY

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

GOVERNORS' INDEMNITIES

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

METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF GOVERNORS

The management of the academy 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
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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

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, although during the year one Parent Governor has resigned and three new Governors have been appointed following parent and staff elections. 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 one to one mentoring sessions for the new Governors. There was no specific training for Governors during the period ending 31 August 2018, but training on exclusions was scheduled for early in the year 2018-19.

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 of the full Governing Body.

As at 31 August 2018, the senior management team comprised the Principal and two Vice-Principals with two Assistant Principals and one Assistant Vice-Principal. 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 Chief 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.

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.

CONNECTED ORGANISATIONS, INCLUDING RELATED PARTY RELATIONSHIPS

Branston Community Academy is a member of the Lincolnshire Teaching Schools Alliance (LTSA) an alliance of 23 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.

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

TRADE UNION FACILITY TIME

Branston Academy Trust had more had 49 full-time equivalent staff during the reporting period so is within the scope of the Trade Union (Facility Time Publication Requirements) Regulations 2017.

The Academy had 2 employees (FTE equivalent - 2) who were relevant union officials during the year. Neither of the staff spent any time on facility time within the scope of the Regulations so no further disclosures are required.

Objectives and Activities

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; and
- to work with other educational providers to advance the quality of education across the City of Lincoln and its surrounding area.

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.

BRANSTON ACADEMY TRUST
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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

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.

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, swimming and gym facilities for recreational and other leisure time occupation for the community at large in the interests of social welfare and improving the life of the local community. Academy facilities are available to hire outside school hours and regular users include local children's football clubs, netball, badminton, kick-boxing, youth club, cricket and yoga groups. The Academy site has hosted charity and community arts events, both during and outside school hours. There is a programme of swimming lessons during term-time run in-house and the Academy's minibus is regularly hired by a local school and scout groups.

BRANSTON ACADEMY TRUST
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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Achievements and Performance

Strategic Report

REVIEW OF ACTIVITIES INCLUDING KEY PERFORMANCE INDICATORS

Student Achievement

The key performance indicator for Branston Community Academy is student achievement as this is the core purpose of the enterprise. Young people progress well beyond expectations by the end of compulsory education in both traditional and vocational courses. In recent years, students' progress at the academy to the end of Y11 has resulted in national awards for four consecutive years. Moreover, students at the academy progress in line with expectations (and increasingly well in existing academic A-level courses) despite challenging targets set as a consequence of high achievement at GCSE.

The principal performance indicator for student achievement is currently Progress 8 - a measure of how well students progress in defined categories of GCSE course compared to peers. In 2018 this figure was +0.01 for BCA students (Lincolnshire average = -0.15).

While this is a progress indicator, the next two most important indicators are attainment based (raw scores) and are:

- Proportion of students achieving at least a grade 5 in English and Maths.
- Proportion of students achieving a pass grade in all English Baccalaureate (EBacc) courses ie English, Maths, Science, Languages and a Humanities (Geography or History).

In 2018:

- Proportion of students achieving grade 5+ in English and Maths at Branston Community Academy = 45% (national average (state funded) = 43%).
- Average point score in EBacc suite at Branston Community Academy = 4.39 (national average = 4.03)

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'

High impact extra-curricular provision includes participation with success in national debating programmes, accessing Design scholarships (Arkwright scholars) and being the most successful participant in inter-school sports competition across Lincoln and Gainsborough. Opportunities for students to take on leadership roles have been developed through the introduction of Subject Ambassadors in all subjects. In addition, the Duke of Edinburgh Award has been introduced for students in Y9 and above.

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

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. 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 and in The Governors' Handbook. We have been rigorous in ensuring that every penny meant for disadvantaged students is spent on those young people and can provide student by student spend analyses. A large proportion of our pupil premium allowance has been spent on personnel who are devoted to working solely with disadvantaged students, acting as mentors with overview of every aspect of the students' life in school including parental contact, learning barriers, funding for personal needs (visits, uniform, extra-curricular lessons etc).

General Performance Indicators

Benchmarked surveys from students, parents and staff have given very high ratings (outstanding when analysed and compared to 'norms') for all key aspects of provision, including a community culture that includes, supports and values the welfare of individuals. All staff have regular performance management reviews. Close and effective monitoring of student attendance and student exclusion enables appropriate additional support to be provided for individuals where that is necessary.

Community Activities

The Academy is proud of its community dimension. We have two very successful community businesses, instigated and managed by the school, a Nursery and Gym (Herons) that benefit members of the school and wider community. In addition, we host a community Library, sharing facilities between the school and wider community. More information about community activities can be found in the Public Benefit section above.

Equality

A strong ethos of 'kindness or nothing' mantra is promoted successfully within the school. It supports tolerance and understanding of different opinions, cultures and beliefs alongside high quality curriculum and pastoral curriculum activities. Recent examples of improved disability access to the site include facilities relating to the swimming pool and Herons gym as well as the Concert hall/Gallery extension. A new building (available Autumn 2018) will enable the school to expand its number on roll and includes lift access to the first floor teaching spaces.

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. There were 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), but the figures have not been reworked to take account of this because the differences are not significant.

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

	2014-15	2015-16	2016-17	2017-18
Staff costs as a % of total costs	69.51%	67.54%	70.6%	66.96%
Pupil to teacher ratio	18.2:1	18.1	19:1	19.1:1
Average teaching post cost	£49,044	£48,132	£56,082	£52,833
Average cost per pupil (total)	£5,645	£5,897	£5,970	£5,859
Average direct cost per pupil	£4,461	£4,549	£4,500	£4,307
Teacher cost per pupil	£2,917	£2,878	£3,192	£3,028
Support staff cost per pupil	£983	£906	£847	£774
Occupancy costs as a % of total costs (includes premises improvements and site staff)	14.84%	12.48%	7.76%	9.61%
% of total income other than from grants and delegated funding	9.11%	9.84%	8.75%	9.22%
Operating surplus	£302,094	(£175,097)	(501,581)	(346,791)
Working capital	6.02:1	6.70:1	7.54:1	6.95:1
Public equity	£1,291,190	£505,083	£950,057	£1,552,724

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. Nursery and Heron's staff are excluded in order to facilitate comparisons with other schools. At 66.96% this indicator has decreased during 2017-18, mainly due to a one-off performance pay award to staff in the previous year. However, it is lower than figures for all previous years, which is attributable to staff changes and effective monitoring of costs. At well under 70%, it is 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, increased slightly during the year to 9.61% of total costs. Factors affecting this include £40,000 spent on upgrading the Academy's CCTV system, increases in the minimum wage (rise in cleaning staff costs) and support staff pay increases above inflation. Over the past four years the trend is a reduction in occupancy costs due to the absence of any major capital projects funded by the Trust (the indicator is calculated on revenue and capital expenditure). 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.

The average teaching post cost has reduced from £56,082 to £52,833 which can be attributed to the one-off performance payments mentioned above, combined with staffing changes. The average teaching post cost includes all staff with a teaching commitment or paid on teaching payscales.

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 around the 19:1 mark, but did increase the previous year from 18:1, which is largely a function of planned growth being implemented as demand for places continues to be very strong (see plans for future periods). Year 7 recruitment was above the Planned Admission Number (PAN) in September 2017 - at 211 it was above both the existing PAN of 180 and the increased 205 PAN agreed during the year by the DfE.

The support staff cost per pupil has fallen from £847 to £779 which is down to a combination of fewer hours in some staffing groups, and more pupils in total. Pupil numbers continue to increase – the September 2017 census showed 1134 on roll compared to 1107 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.

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

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 and there has been a slight increase since the previous year. 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 few years as a result of the increased capacity following capital investment.

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 decrease on the previous year an indication of the financial health of the company - current assets nearly seven times current liabilities. This is the third year there has been an operating deficit – but it has decreased from £501,581 to £346,791. There is a deficit on the Local Government Pension Fund, (£793,000) which has reduced significantly during the year, and more than comparable Trusts. Grant income increased for the first time since the inception of the Trust, but this is a function of increased pupil numbers. Public equity has been calculated as the difference between total assets (excluding fixed assets) and total liabilities (including the pension deficit) and has increased during the year as a result of the reduction in the pension deficit.

GOING CONCERN

After making appropriate enquiries, the Governing Body 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.

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Financial Review

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 2018 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The Academy also receives grants for fixed assets from the DfE. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2015), 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 2018, total expenditure of £6,643,823 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 (excluding restricted fixed asset funds) was £346,791. There was an actuarial gain of £753,000 on the LGPS defined benefit pension scheme due to a rise in the value of scheme assets, but there is still a significant deficit overall on the scheme, although this reduced from £1.321m as at 31 August 2017 to £793,000 as at 31 August 2018. This is not seen as a threat to the financial position of the Trust because the most recent triennial valuation of the Trust's assets in the scheme (31 March 2016) showed a funding level of 96% and proposed a reduction in the contribution rate from 20.9% to 19.1% from March 2017. It was decided on grounds of prudence not to reduce this rate until March 2018.

At 31 August 2018 the net book value of fixed assets was £7,638,715 and movements in tangible fixed assets are shown in note 12 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.

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.

Excluding the Pension Reserve, the Academy has restricted reserves of £875,353. This is principally unspent GAG on which there is no carry forward cap due to a changed funding agreement during 2017-18. If the pension deficit of £793,000 is included, the Academy has available restricted funds of £82,353. Approaching half of this is accounted for by a deposit on the construction of three outdoor canopies and the remainder is regarded as a prudent staffing contingency for events such as sickness and maternity. The pension scheme liability reduced during the year, and given that it is a long- term liability, it does not affect the availability of working capital on an operational basis.

The Academy's current level of Unrestricted Funds (total funds less the amount held in fixed assets and restricted funds) is £1,280,251 (note 16). An appropriate and comfortable 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 would be one to two months' operating costs (as suggested by the National Governance Association 2018). This would leave the Trust with less than £0.5m of free reserves. Given the age of many of the Academy's buildings and known site-related issues, it is considered prudent to designate these funds for premises maintenance and improvement, which therefore links with available capital reserves.

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

The Academy has £192,120 of unspent capital funding at the end of the year (note 16) and funds received during the year included £23,749 towards furniture and equipment for the new-build / capacity expansion programme which was under construction during the year and externally funded. The building was not completed until September 2018 and the expenditure on furniture and equipment will be accounted for in 2018-19. There is also approximately £60,000 committed on completion of the canopies project. There is an imminent need to preserve the Trust's sporting facilities, especially the swimming pool, and preliminary discussions indicate that in excess of the uncommitted amount remaining in capital reserves would be needed to effect only basic improvements.

INVESTMENT POLICY

The Academy's investment policy is set out in the Financial Regulations (812-4) and states that investments must be made only in risk-averse, ethical funds. During 2017-18 after careful consideration of the options and returns available, funds were invested in medium term and 32-day notice bank deposits.

Funds were kept immediately available to ensure efficient cash flow, payment of salaries and in case of unforeseen maintenance emergencies.

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 uncertainty surrounding Government funding, especially beyond 2021 (which is now within the scope of three-year planning) and expenditure-increasing factors such as national pay policy. While the September 2018 pay increase for teachers was funded above 1% thanks to a supplementary pay grant, the over 4% increase in the National Minimum Wage announced in the November 2018 budget is not, and neither is the support staff pay increase. Both of the latter take effect in April 2019, and as the NJC support staff increase is tapered with increases ranging from over 5.5% on the lowest scale point to 2% on higher grades, so it is difficult to estimate the actual cost of these increases. Employers pension contributions are expected to rise by 40% in September 2019, and while some additional funding has been promised, it is not clear how long it will last or how effectively costs will be covered. While Lincolnshire has gained under the new National Funding Formula for Schools, transition arrangements have been extended for a further year into 2020-21, and the financial climate continues to be uncertain, with income dependent upon the Government's next comprehensive spending review. Political instability adds further uncertainty as it is possible that the BREXIT situation will have far-reaching political repercussions. Ongoing monitoring of the latest information so the Academy has as much advance warning as possible is the control measure. 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. The impact of reduced Year 7 numbers would be high, but is considered an extremely low probability because of the school's recruitment record and demographic factors which indicate numbers are likely to increase, particularly in 2019-20 when an additional (8) form entry is predicted. The PAN (Planned Admission Number) was increased during the year to an seven form entry. 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. Numbers in 6th form remain a Governing Body strategic priority and with the effect of lower cohort numbers, for example in Year 10, it is likely to be 2021-22 before recent increases in the size of year groups feeds through into Year 12.

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Operational risks with the highest rating have been identified as relating to sustainability (fuel, utilities and waste expenditure) and procurement. 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; and
- the Academy complies with relevant laws and regulations.

Fraud from external sources continues to be an increasing risk according to the UK Annual Fraud Indicator 2017 report, which estimates that charities and charitable trusts are collectively losing £2.3 billion every year and public sector fraud losses are estimated at £40.3 billion – both figures having increased since the previous year. 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 prevalent in the education sector 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. The Governing Body has moved to a more rigorous scrutiny regime of internal audit, which mitigates the risk of internal fraud.

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. A report into site security has been received and detailed plans are being put together for a project to reduce risks to both staff and pupils.

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.

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; while amounts are small and not material, the latter have reduced significantly since lessons payments have been put onto ParentPay. Cashless catering was launched in June 2016 using the ParentPay online system and this has dramatically reduced the amount of cash held on the premises. During 2017-18, increasing use was made of the ParentPay system for other payments, such as music lessons, and all school trips are now expected to use ParentPay. As a result, over 85% of payments into the Academy's Private Fund bank account are made online. Benefits in terms of easier credit control and improved cash flow are becoming apparent.

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.

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

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.

Fundraising

Under the provisions of the Charities (Protection and Social Investment Act) 2016, the Trust has a responsibility to provide information on fundraising practices. This is designed to protect donors, charity supporters and the public from intrusive fundraising practices.

During the year, the Trust joined the Easyfundraising online shopping scheme www.easyfundraising.org.uk. A small donation is made by many retailers when supporters of charities and community groups do their online fundraising via this scheme. Parents have been made aware of the scheme via newsletters and website links. The Academy does not have a Parents / Friends Association.

Plans for Future Periods

FUTURE DEVELOPMENTS

The Academy is committed to improving the achievement of both disadvantaged and most able pupils, and improving the consistency of post 16 student outcomes. 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 developing staff questioning skills as an assessment tool. Other curriculum-related priorities include reviewing progress of the second cohort taking the new KS4 English and Maths specifications and reviewing outcomes on new GCSE and BTEC qualifications. Establishing stronger links with primary schools to improve KS2 transition in Maths and English is a new priority. In addition, new behaviour systems have been developed and are due to be implemented by the end of the academic year 2018-2019. Student ambassadors have been identified as part of an initiative to widen provision for the development of the whole child. This includes use of social media platforms, sharing student work and activities and providing leadership roles for students. Non-academic objectives include detailed exploration of collaboration opportunities with a local secondary school and continuation of work to implement the GDPR regulations introduced in 2018.

In 2018 the Trust's Funding Agreement was amended to increase the Academy's capacity from 1125 to 1250 including 225 in the 6th form. Following completion of a new classroom block funded by the Government's Basic Need capital funding to increase the number of school places, discussions continue with Lincolnshire County Council. These address the anticipated increase in secondary school pupils in this area as a result of demographic changes already evident and new homes planned.

BACS has become the default payment method and the Business Manager will be continuing to explore opportunities for reducing both use of cheques and the amount of cash held on Academy premises. A key Finance Office priority for 2018-19 is introduction of a web portal for budget holders to streamline ordering and reporting. Work has already started and it is anticipated this will make ordering procedures more efficient and reporting more immediate as well as releasing finance staff time.

BRANSTON ACADEMY TRUST
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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 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. Investigations are ongoing into the causes of flooding and roof leaks – the outcome could mean major expenditure is required. Refurbishment of the sports hall is also badly needed and remains on the wish list of projects, but is currently on hold pending the availability of funds as applications via the Condition Improvement Fund have been unsuccessful. Bidding opportunities will be re-evaluated in Autumn 2018 ready for submission in December and are likely to include improvements to site security.

FUNDS HELD AS CUSTODIAN

The Academy holds 16-19 Bursary funds from the Education and Skills Funding Agency within its main account. Deposits to staff and student cashless catering accounts are also held.

Staff Association funds are held within the private school fund account, together with deposits and payments for school trips and monies raised for external charities.

DISCLOSURE OF INFORMATION TO AUDITORS

Insofar as the Governors are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Governors have taken all the steps that ought to have been taken as a Governor in order to be aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.



M Norman, Chair of Governors

10/12/18

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 Governing Body 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 Governing Body 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 Statement of Governors' responsibilities. The Governing Body has formally met 3 times during the year. Attendance during the year at meetings of the Governing Body was as follows:

Governor	Meetings attended	Out of a possible
M Norman, Chair of Governors	3	3
D Dearden, Vice-Chair of Governors	2	3
M Bell, Staff Governor	3	3
P Beighton, Principal and Accounting Officer	1	1
D Boyd	3	3
D Challinor	1	2
P Coombes	3	3
C Firth	1	3
V Footitt	1	3
R Gilbert	2	2
N Harris	2	3
R Ledger	0	0
L Sargeant, Staff Governor	3	3
D Thompson, Staff Governor	0	0
J Turner, Principal and Accounting Officer	2	2
M Turner	3	3
J Wilcox	2	3
R Woollen	2	3

There have been some changes in the composition of the governing body. R Gilbert and R Ledger were elected as parent governors and D Challinor resigned as a parent governor. In addition, J Turner replaced P Beighton as Principal with effect from 1-1-2018. 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 2019 is the date of the next such internal review.

BRANSTON ACADEMY TRUST
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GOVERNANCE STATEMENT (continued)

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

The Finance and Resources Committee is a committee of the main governing body. 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	2	3
D Dearden	3	3
M Bell	3	3
P Beighton	1	1
D Boyd	1	2
V Foottit	1	3
R Gilbert	1	1
J Turner	2	2
M Turner	3	3
J Wilcox	0	3
R Woollen	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	6	7
D Dearden	6	7
P Beighton	2	2
D Boyd	6	7
V Foottit	7	7
J Turner	5	5
R Woollen	5	7

BRANSTON ACADEMY TRUST
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GOVERNANCE STATEMENT (continued)

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 Governing Body 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?

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 i.e. 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.

During 2017-18, a project to provide additional space for use by students during breaks and lunchtimes was commissioned. A price comparison exercise was carried out via a statement of requirements and the successful company invited to develop the project – which was due for completion Autumn 2018. This project was managed in-house, but more complex 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. A previous year example is improvements made to the layout and surfacing of the main entrance and exit to the academy, the bus bays and other external areas.

BRANSTON ACADEMY TRUST
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GOVERNANCE STATEMENT (continued)

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 the decision comes down to price. The grounds maintenance contract was tendered via an external contractor during the year and was an object lesson in setting a specification which was both clear and detailed, involving advice from an external contractor and internal liaison. Writing the specification in-house was time-consuming but will save time in the long run on contract management. This was an example of a decision being made on price, but other factors may also be important – for example the supplier for servicing and supply of grounds machinery was chosen in a previous year because they picked up items for servicing, provided trade-in on used items, training and build for new machinery. This ensured efficient use of staff time, which is also an important factor in achieving value for money. Some procurement decisions can have longer term savings, for example, the programme of replacing lights with LEDs continued during 2017-18. Although often slightly more expensive to install, they provide savings on running costs and maintenance. In Summer 2018, the Trust's auditors expressed a desire to retire following internal personnel changes and work began on a detailed procurement specification. This was put together by the Business Manager using resources from external networks of finance directors and DfE procurement guidelines. This was a more complex procurement involving weighted assessment on price and quality grounds.

Cashless catering was further embedded in 2017-18, proving popular with parents and increasing income generation on the catering contract. The decision to implement cashless catering is an example of challenging how an activity is carried out. 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. BACS was introduced during 2016-17, but was still relatively new at the end of August 2017. It has made payment procedures more efficient, as well as reducing postage and stationery costs and being a more secure way of transferring money to creditors and removing the risks associated with cheques such as fraud, payment delays and time tracking lost payments.

The Lincolnshire Teaching Schools Alliance (LTSA) has required investment in terms of staff time and while its primary aim is to provide a strong supply of high quality, newly qualified teachers, there are value for money benefits. The LTSA provides networking opportunities and cost-effective training and development for existing staff.

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 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

The Governing Body 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 Governing Body 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 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Governing Body.

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 Governing Body;
- regular reviews by the Finance and Resources Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.

The Governing Body has considered the need for a specific internal audit function and has decided to appoint BDO LLP as internal auditor. The reviewer's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. In particular the checks carried out in the current period included:

- payroll system tests;
- purchases system tests;
- income system tests; and
- accounting system tests.

On a termly basis, the reviewer reports to the Governing Body through either the Standing Committee or the Finance and Resources Committee on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities.

BDO LLP have undertaken the agreed programme of work during the year. This year matters raised were ensuring that any verbal authorisations for procurement or payroll were followed up with signatures and that email authorisations were stored with source documentation. The points raised were appropriately discussed and noted. No issues were raised in the most recent report for the period ending 31 August 2018.

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:

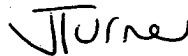
- the work of the external auditors;
- the work of the executive managers within the Academy who have responsibility for the development and maintenance of the internal control framework.

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 and Finance and Resources Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Governing Body on 10.12.18 and signed on their behalf, by:



M Norman, Chair of Governors



**J Turner, Principal and
Accounting Officer**

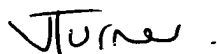
BRANSTON ACADEMY TRUST
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Branston Academy Trust I have considered my responsibility to notify the Academy Governing Body and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Academy, under the funding agreement in place between the Academy and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

I confirm that I and the Academy Governing Body are able to identify any material irregular or improper use of funds by the Academy, or material non-compliance with the terms and conditions of funding under the Academy's funding agreement and the Academies Financial Handbook 2017.

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



J Turner
Accounting Officer
10/12/18

BRANSTON ACADEMY TRUST
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STATEMENT OF GOVERNORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2018

The Governors (who are also the directors of the charitable company 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 & Skills 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 Governors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Governors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the Governing Body on 10/12/18 and signed on its behalf by:



M Norman, Chair of Governors

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

OPINION

We have audited the financial statements of Branston Academy Trust (the 'Academy') for the year ended 31 August 2018 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31 August 2018 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency.

BASIS FOR OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

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

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

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

OTHER INFORMATION

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

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

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

- the information given in the Governors' report including the Strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Governors' report and the Strategic report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of our knowledge and understanding of the Academy and its environment obtained in the course of the audit, we have not identified material misstatements in the Governors' report including the Strategic report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Governors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

BRANSTON ACADEMY TRUST
(A company limited by guarantee)

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

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the Statement of Governors' responsibilities, the Governors (who 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, and for such internal control as the Governors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

USE OF OUR REPORT

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



Robert Anderson (Senior statutory auditor)

for and on behalf of

Streets Audit LLP

Chartered Accountants and Statutory Auditor

Tower House
Lucy Tower Street
Lincoln
LN1 1XW

Date: 14/12/18

BRANSTON ACADEMY TRUST
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO BRANSTON
ACADEMY TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Branston Academy Trust during the year 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Branston Academy Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Branston Academy Trust and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Branston Academy Trust and the ESFA, 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 1 December 2010, and the Academies Financial Handbook extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2017 to 2018. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

APPROACH

We conducted our engagement in accordance with the Academies Accounts Direction 2017 to 2018 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

Our audit work involved:

- a review of the academy systems and controls and confirmation of their operation and effectiveness during the year;
- a detailed review of purchase transactions confirming the purpose, value for money and that appropriate tendering / quotation procedures had been followed in line with the academy finance policy; and
- a review of the related party relationships and internal audit reports.

BRANSTON ACADEMY TRUST
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO BRANSTON
ACADEMY TRUST AND THE EDUCATION & SKILLS 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 2017 to 31 August 2018 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Robert Anderson

Streets Audit LLP

Chartered Accountants and Statutory Auditor

Tower House
Lucy Tower Street
Lincoln
LN1 1XW

Date: 14/12/18

BRANSTON ACADEMY TRUST
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2018**

	Note	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Unrestricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
INCOME FROM:						
Donations and capital grants	2	-	61,849	-	61,849	23,350
Charitable activities	3	5,515,655	-	292,852	5,808,507	5,712,938
Other trading activities	4	139,042	-	277,840	416,882	354,786
Investments	5	-	-	9,794	9,794	16,216
TOTAL INCOME		5,654,697	61,849	580,486	6,297,032	6,107,290
EXPENDITURE ON:						
Raising funds		-	-	388,674	388,674	365,911
Charitable activities		5,900,750	299,044	55,355	6,255,149	6,242,960
TOTAL EXPENDITURE	6	5,900,750	299,044	444,029	6,643,823	6,608,871
NET BEFORE TRANSFERS		(246,053)	(237,195)	136,457	(346,791)	(501,581)
Transfers between Funds	16	(77,852)	94,676	(16,824)	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES		(323,905)	(142,519)	119,633	(346,791)	(501,581)
Actuarial gains on defined benefit pension schemes	20	753,000	-	-	753,000	686,000
NET MOVEMENT IN FUNDS		429,095	(142,519)	119,633	406,209	184,419
RECONCILIATION OF FUNDS:						
Total funds brought forward		(346,742)	7,971,354	1,160,618	8,785,230	8,600,811
TOTAL FUNDS CARRIED FORWARD		82,353	7,828,835	1,280,251	9,191,439	8,785,230

The notes on pages 33 to 55 form part of these financial statements.

BRANSTON ACADEMY TRUST
(A company limited by guarantee)
REGISTERED NUMBER: 07419660

BALANCE SHEET
AS AT 31 AUGUST 2018

	Note	£	2018 £	£	2017 £
FIXED ASSETS					
Tangible assets	12		7,638,715		7,835,173
CURRENT ASSETS					
Debtors	13	380,467		201,862	
Investments	14	1,000,000		-	
Cash at bank and in hand		1,359,276		2,416,371	
		<u>2,739,743</u>		<u>2,618,233</u>	
CREDITORS: amounts falling due within one year	15	(394,019)		(347,176)	
NET CURRENT ASSETS			<u>2,345,724</u>		<u>2,271,057</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>9,984,439</u>		<u>10,106,230</u>
Defined benefit pension scheme liability	20	(793,000)			(1,321,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u><u>9,191,439</u></u>		<u><u>8,785,230</u></u>

BRANSTON ACADEMY TRUST
(A company limited by guarantee)

BALANCE SHEET (continued)
AS AT 31 AUGUST 2018

	Note	£	2018 £	£	2017 £
FUNDS OF THE ACADEMY					
Restricted income funds:					
Restricted income funds	16	875,353		974,258	
Restricted fixed asset funds	16	7,828,835		7,971,354	
Restricted income funds excluding pension liability		8,704,188		8,945,612	
Pension reserve		(793,000)		(1,321,000)	
Total restricted income funds			7,911,188		7,624,612
Unrestricted funds	16		1,280,251		1,160,618
TOTAL FUNDS			9,191,439		8,785,230

The financial statements on pages 29 to 55 were approved by the Governors, and authorised for issue, on 10/12/18 and are signed on their behalf, by:



M Norman, Chair

The notes on pages 33 to 55 form part of these financial statements.

BRANSTON ACADEMY TRUST
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Net cash (used in)/provided by operating activities	18	(20,069)	30,374
Cash flows from investing activities:			
Dividends, interest and rents from investments		854	16,216
Purchase of tangible fixed assets		(99,729)	(39,594)
Capital grants from DfE Group		23,749	23,350
Capital funding received from sponsors and others		38,100	-
Cash placed in fixed term deposits		(1,000,000)	-
Net cash used in investing activities		(1,037,026)	(28)
Change in cash and cash equivalents in the year		(1,057,095)	30,346
Cash and cash equivalents brought forward		2,416,371	2,386,025
Cash and cash equivalents carried forward	19	1,359,276	2,416,371

The notes on pages 33 to 55 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 2018**

1. ACCOUNTING POLICIES

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

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 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

1.2 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.

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 fixed asset fund.

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.

BRANSTON ACADEMY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

1. ACCOUNTING POLICIES (continued)

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.

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

Expenditure on charitable activities are costs incurred on the Academy's educational operations, including support costs and those costs relating to the governance of the Academy appointed to charitable activities.

All expenditure is inclusive of irrecoverable VAT.

1.5 Tangible fixed assets and depreciation

All assets costing more than £1,000 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of financial activities incorporating income and expenditure account 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 incorporating income and expenditure account. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets other than freehold land and assets under construction, at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	2% straight line
Furniture and fixtures	-	10% straight line
Plant and equipment	-	15% straight line
Computer equipment	-	25% straight line

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

1.6 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.

BRANSTON ACADEMY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

1. ACCOUNTING POLICIES (continued)

1.7 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.

1.8 Liabilities and provisions

Liabilities and provisions 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.

1.9 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 13. Prepayments are not financial instruments. Amounts due to the Academy's wholly owned subsidiary are held at face value less any impairment. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in note 15. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

1.10 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.

BRANSTON ACADEMY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

1. ACCOUNTING POLICIES (continued)

1.11 Pensions

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Governments Pension Scheme ("LGPS"). These are defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy 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.

1.12 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 funders where the asset acquired or created is held for a specific purpose.

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

BRANSTON ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

1. ACCOUNTING POLICIES (continued)

1.13 Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

The 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.

Tangible fixed assets are recognised at cost, less accumulated depreciation and any impairments. Depreciation takes place over the estimated useful life, down to the assessed residual value. The carrying amount of the Academy's fixed assets is tested as soon as changed conditions show that a need for impairment has arisen.

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 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Unrestricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Capital Grants	-	61,849	-	61,849	23,350
Total 2017	-	23,350	-	23,350	

BRANSTON ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Restricted funds 2018 £	Unrestricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
ESFA Grants				
General Annual Grant (GAG)	5,074,532	-	5,074,532	5,153,809
Other ESFA Income	230,629	-	230,629	213,554
	<u>5,305,161</u>	<u>-</u>	<u>5,305,161</u>	<u>5,367,363</u>
Other Government Grants				
Local Authority Income	62,157	-	62,157	108,142
	<u>62,157</u>	<u>-</u>	<u>62,157</u>	<u>108,142</u>
Other Funding				
Other Income	148,337	292,852	441,189	237,433
	<u>148,337</u>	<u>292,852</u>	<u>441,189</u>	<u>237,433</u>
	<u>5,515,655</u>	<u>292,852</u>	<u>5,808,507</u>	<u>5,712,938</u>
<i>Total 2017</i>	<u>5,475,505</u>	<u>237,433</u>	<u>5,712,938</u>	

4. OTHER TRADING ACTIVITIES

	Restricted funds 2018 £	Unrestricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Nursery Income	139,042	156,086	295,128	273,316
Other	-	121,754	121,754	81,470
	<u>139,042</u>	<u>277,840</u>	<u>416,882</u>	<u>354,786</u>
<i>Total 2017</i>	<u>79,694</u>	<u>275,092</u>	<u>354,786</u>	

BRANSTON ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

5. INVESTMENT INCOME

	Restricted funds 2018 £	Unrestricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Bank Interest Receivable	-	9,794	9,794	16,216
<i>Total 2017</i>	-	16,216	16,216	

6. EXPENDITURE

	Staff costs 2018 £	Premises 2018 £	Other costs 2018 £	Total 2018 £	Total 2017 £
Expenditure on other trading activities	350,322	2,501	35,851	388,674	365,911
Educational operations:					
Direct costs	4,023,150	-	860,486	4,883,636	4,981,585
Support costs	480,329	385,263	505,921	1,371,513	1,261,375
	4,853,801	387,764	1,402,258	6,643,823	6,608,871
<i>Total 2017</i>	5,018,662	321,776	1,268,433	6,608,871	

BRANSTON ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

7. CHARITABLE ACTIVITIES

	Total funds 2018 £	<i>Total funds 2017 £</i>
DIRECT COSTS - EDUCATIONAL OPERATIONS		
Wages and salaries	3,077,661	3,200,207
National insurance	309,477	326,297
Pension cost	581,347	604,794
Depreciation	298,937	300,149
Educational materials	103,140	100,141
Exam fees	126,822	150,190
Direct ICT costs	25,527	21,630
Other educational costs	259,565	118,007
Other direct staffing costs	101,160	160,170
	<u>4,883,636</u>	<u>4,981,585</u>
SUPPORT COSTS - EDUCATIONAL OPERATIONS		
Wages and salaries	344,475	334,821
National insurance	17,668	18,669
Pension cost	118,186	111,849
Pension finance cost	36,000	39,000
Maintenance and security	209,363	156,827
Cleaning and hygiene	36,394	30,379
Rates	41,529	40,703
Utilities	97,977	90,198
Catering	237,400	213,438
Insurance	39,013	36,541
Indirect ICT costs	37,313	23,386
Governance costs	17,055	15,059
Other support costs	139,140	150,505
	<u>1,371,513</u>	<u>1,261,375</u>
	<u><u>6,255,149</u></u>	<u><u>6,242,960</u></u>

BRANSTON ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

8. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets: - owned by the Academy	298,937	300,149
Auditors' remuneration - audit	7,500	10,500
Auditors' remuneration - other services	2,500	5,200
Operating lease rentals	4,354	5,582
	<u> </u>	<u> </u>

BRANSTON ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

9. STAFF COSTS

a. Staff costs

Staff costs were as follows:

	2018 £	2017 £
Wages and salaries	3,664,116	3,765,946
Social security costs	339,961	357,408
Operating costs of defined benefit pension schemes	791,312	803,911
	<u>4,795,389</u>	<u>4,927,265</u>
Agency staff costs	51,785	90,136
Staff restructuring costs	3,500	-
Apprenticeship levy	3,127	1,261
	<u>4,853,801</u>	<u>5,018,662</u>

Staff restructuring costs comprise:

Severance payments	<u>3,500</u>	<u>-</u>
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b. Non-statutory/non-contractual staff severance payments

Staff restructuring costs represent a single non-statutory / non-contractual severance payment made during the year.

c. Staff numbers

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

	2018 No.	2017 No.
Teachers	70	69
Administration and Support	106	111
Management	7	6
	<u>183</u>	<u>186</u>

Average headcount expressed as a full time equivalent:

	2018 No.	2017 No.
Teachers	59	58
Administration and Support	50	53
Management	7	6
	<u>116</u>	<u>117</u>

BRANSTON ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

9. STAFF COSTS (continued)

d. Higher paid staff

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

	2018	2017
	No.	No.
In the band £60,001 - £70,000	2	4
In the band £70,001 - £80,000	1	0
In the band £120,001 - £130,000	0	1

e. Key management personnel

The key management personnel of the Academy comprise the governors and the senior leadership 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 was £470,000 (2017 - £550,000).

10. GOVERNORS' REMUNERATION AND EXPENSES

One or more Governors has been paid remuneration or has received other benefits from an employment with the Academy. 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 for the period they were Governors was as follows:

		2018	2017
		£	£
P Beighton	Remuneration	35,000-40,000	<i>120,000-125,000</i>
	Pension contributions paid	5,000-10,000	<i>20,000-25,000</i>
M Bell	Remuneration	45,000-50,000	<i>45,000-50,000</i>
	Pension contributions paid	5,000-10,000	<i>5,000-10,000</i>
S Burnett	Remuneration	nil	<i>40,000-45,000</i>
	Pension contributions paid	nil	<i>5,000-10,000</i>
L Sargeant	Remuneration	20,000-25,000	<i>15,000-20,000</i>
	Pension contributions paid	0-5,000	<i>0-5,000</i>
J Turner	Remuneration	55,000-60,000	<i>nil</i>
	Pension contributions paid	10,000-15,000	<i>nil</i>
D Thompson	Remuneration	25,000-30,000	<i>nil</i>
	Pension contributions paid	0-5,000	<i>nil</i>

During the year ended 31 August 2018, expenses totalling £73 (2017 - £NIL) were reimbursed to 1 Governor (2017 - £nil). The reimbursement represented payment of expenses to a Staff Governor in relation to their employment.

BRANSTON ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

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 £5,000,000 on any one claim. The cost is not separately identifiable from the total insurance policy cost paid.

12. TANGIBLE FIXED ASSETS

	Freehold property £	Furniture and fixtures £	Plant and equipment £	Computer equipment £	Total £
Cost					
At 1 September 2017	8,496,930	660,025	132,853	511,267	9,801,075
Additions	-	25,365	-	77,114	102,479
At 31 August 2018	8,496,930	685,390	132,853	588,381	9,903,554
Depreciation					
At 1 September 2017	1,063,217	354,511	104,836	443,338	1,965,902
Charge for the year	170,005	66,460	9,957	52,515	298,937
At 31 August 2018	1,233,222	420,971	114,793	495,853	2,264,839
Net book value					
At 31 August 2018	7,263,708	264,419	18,060	92,528	7,638,715
At 31 August 2017	7,433,713	305,514	28,017	67,929	7,835,173

Freehold property on conversion was valued based on an insurance valuation using depreciated replacement cost methodology. Additions post-conversion are valued in line with the cost of construction.

13. DEBTORS

	2018 £	2017 £
Trade debtors	55,327	63,531
VAT recoverable	101,920	33,003
Other debtors	59,973	6,858
Prepayments and accrued income	163,247	98,470
	380,467	201,862

BRANSTON ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

14. CURRENT ASSET INVESTMENTS

	2018 £	2017 £
Fixed term deposits	1,000,000	-

15. CREDITORS: Amounts falling due within one year

	2018 £	2017 £
Trade creditors	91,685	37,854
Other taxation and social security	88,213	81,281
Other creditors	146,002	164,872
Accruals and deferred income	68,119	63,169
	<u>394,019</u>	<u>347,176</u>

	2018 £	2017 £
Deferred income		
Deferred income at 1 September	24,078	28,802
Resources deferred during the year	24,375	24,078
Amounts released from previous years	(24,078)	(28,802)
Deferred income at 31 August	<u>24,375</u>	<u>24,078</u>

At the year-end, the Academy has received income in advance for rates relief and swimming lessons.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

16. STATEMENT OF FUNDS

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Unrestricted Funds						
Other Unrestricted	993,343	424,400	(331,976)	(10,824)	-	1,074,943
Nursery	167,275	156,086	(112,053)	(6,000)	-	205,308
	<u>1,160,618</u>	<u>580,486</u>	<u>(444,029)</u>	<u>(16,824)</u>	<u>-</u>	<u>1,280,251</u>
Restricted Funds						
General Annual Grant (GAG)	765,467	5,074,532	(5,092,022)	(77,852)	-	670,125
Pupil Premium	7,321	203,358	(210,679)	-	-	-
Other ESFA Grants	61,042	27,271	(23,513)	-	-	64,800
Other Government	123,584	62,157	(62,157)	-	-	123,584
Nursery	-	139,042	(139,042)	-	-	-
Other	16,844	-	-	-	-	16,844
School Fund	-	148,337	(148,337)	-	-	-
Pension Reserve	(1,321,000)	-	(225,000)	-	753,000	(793,000)
	<u>(346,742)</u>	<u>5,654,697</u>	<u>(5,900,750)</u>	<u>(77,852)</u>	<u>753,000</u>	<u>82,353</u>
Restricted Fixed Asset Funds						
NBV of Fixed Assets	7,835,173	-	(298,937)	102,479	-	7,638,715
Unspent Capital Grants	136,181	61,849	(107)	(7,803)	-	190,120
	<u>7,971,354</u>	<u>61,849</u>	<u>(299,044)</u>	<u>94,676</u>	<u>-</u>	<u>7,828,835</u>
Total restricted funds	<u>7,624,612</u>	<u>5,716,546</u>	<u>(6,199,794)</u>	<u>16,824</u>	<u>753,000</u>	<u>7,911,188</u>
Total of funds	<u>8,785,230</u>	<u>6,297,032</u>	<u>(6,643,823)</u>	<u>-</u>	<u>753,000</u>	<u>9,191,439</u>

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16. STATEMENT OF FUNDS (continued)

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

Unrestricted Funds:

Other Unrestricted Funds - represents other resources received during the year which may be used towards meeting any of the objects of the Academy at the discretion of the Governors.

Nursery - represents fees received for the community nursery provision.

Restricted Funds:

General Annual Grant (GAG) - made up of a number of different funding streams from the ESFA, all of which are to be used to cover the running costs of the Academy.

Pupil Premium / Other ESFA Grants - represent ESFA grants received for specific purposes.

Other Government Grants - represents grants from the Local Authority received for specific purposes.

Nursery - represents funding from the Local Authority for the community nursery provision.

Other Income / School Funds - represents other income received which must be used for the specific purposes intended.

Pension Reserve - represents the current deficit balance of the Local Government Pension Scheme (LGPS).

Restricted Fixed Asset Funds:

NBV of Fixed Assets - represents the net book value of assets acquired on conversion and post-conversion.

Unspent Grants - represents funding received for capital purposes which have not been spent at the year-end.

Transfers:

Transfers between funds have been recognised for the acquisition of fixed assets from restricted funds and for the internal recharge of premises costs from the academy to activities.

Under the funding agreement with the Secretary of State, the Academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2018.

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16. STATEMENT OF FUNDS (continued)

STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
Unrestricted Funds						
Other Unrestricted	943,591	335,119	(273,508)	(11,859)	-	993,343
Nursery	134,822	193,622	(155,169)	(6,000)	-	167,275
	<u>1,078,413</u>	<u>528,741</u>	<u>(428,677)</u>	<u>(17,859)</u>	<u>-</u>	<u>1,160,618</u>
Restricted Funds						
General Annual Grant (GAG)	905,310	5,153,809	(5,271,917)	(21,735)	-	765,467
Pupil Premium	7,321	186,047	(186,047)	-	-	7,321
Other ESFA Grants	54,540	27,507	(21,005)	-	-	61,042
Other Government	126,824	108,142	(111,382)	-	-	123,584
Nursery	-	79,694	(79,694)	-	-	-
Other	16,844	-	-	-	-	16,844
Pension Reserve	(1,797,000)	-	(210,000)	-	686,000	(1,321,000)
	<u>(686,161)</u>	<u>5,555,199</u>	<u>(5,880,045)</u>	<u>(21,735)</u>	<u>686,000</u>	<u>(346,742)</u>
Restricted Fixed Asset Funds						
NBV of Fixed Assets	8,095,728	-	(300,149)	39,594	-	7,835,173
Unspent Capital Grants	112,831	23,350	-	-	-	136,181
Total restricted funds	<u>7,522,398</u>	<u>5,578,549</u>	<u>(6,180,194)</u>	<u>17,859</u>	<u>686,000</u>	<u>7,624,612</u>
Total of funds	<u>8,600,811</u>	<u>6,107,290</u>	<u>(6,608,871)</u>	<u>-</u>	<u>686,000</u>	<u>8,785,230</u>

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A CURRENT YEAR 12 MONTHS AND PRIOR YEAR 12 MONTHS COMBINED POSITION IS AS FOLLOWS:

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Unrestricted Funds						
Other Unrestricted	943,591	759,519	(605,484)	(22,683)	-	1,074,943
Nursery	134,822	349,708	(267,222)	(12,000)	-	205,308
	<u>1,078,413</u>	<u>1,109,227</u>	<u>(872,706)</u>	<u>(34,683)</u>	<u>-</u>	<u>1,280,251</u>
Restricted Funds						
General Annual Grant (GAG)	905,310	10,228,341	(10,363,939)	(99,587)	-	670,125
Pupil Premium	7,321	389,405	(396,726)	-	-	-
Other ESFA Grants	54,540	54,778	(44,518)	-	-	64,800
Other Government	126,824	170,299	(173,539)	-	-	123,584
Nursery	-	218,736	(218,736)	-	-	-
Other	16,844	-	-	-	-	16,844
School Fund	-	148,337	(148,337)	-	-	-
Pension Reserve	(1,797,000)	-	(435,000)	-	1,439,000	(793,000)
	<u>(686,161)</u>	<u>11,209,896</u>	<u>(11,780,795)</u>	<u>(99,587)</u>	<u>1,439,000</u>	<u>82,353</u>
Restricted Fixed Asset Funds						
NBV of Fixed Assets	8,095,728	-	(599,086)	142,073	-	7,638,715
Unspent Capital Grants	112,831	85,199	(107)	(7,803)	-	190,120
	<u>7,522,398</u>	<u>11,295,095</u>	<u>(12,379,988)</u>	<u>34,683</u>	<u>1,439,000</u>	<u>7,911,188</u>
Total of funds	<u><u>8,600,811</u></u>	<u><u>12,404,322</u></u>	<u><u>(13,252,694)</u></u>	<u><u>-</u></u>	<u><u>1,439,000</u></u>	<u><u>9,191,439</u></u>

17. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Unrestricted funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	7,638,715	-	7,638,715
Current assets	1,266,622	192,870	1,280,251	2,739,743
Creditors due within one year	(391,269)	(2,750)	-	(394,019)
Provisions for liabilities and charges	(793,000)	-	-	(793,000)
	<u>82,353</u>	<u>7,828,835</u>	<u>1,280,251</u>	<u>9,191,439</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

17. ANALYSIS OF NET ASSETS BETWEEN FUNDS (continued)

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	<i>Restricted funds</i>	<i>Restricted fixed asset funds</i>	<i>Unrestricted funds</i>	<i>Total funds</i>
	<i>2017</i>	<i>2017</i>	<i>2017</i>	<i>2017</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Tangible fixed assets	-	7,835,173	-	7,835,173
Current assets	1,321,434	136,181	1,160,618	2,618,233
Creditors due within one year	(347,176)	-	-	(347,176)
Provisions for liabilities and charges	(1,321,000)	-	-	(1,321,000)
	<u>(346,742)</u>	<u>7,971,354</u>	<u>1,160,618</u>	<u>8,785,230</u>

18. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	<i>2018</i>	<i>2017</i>
	<i>£</i>	<i>£</i>
Net expenditure for the year (as per Statement of Financial Activities)	(346,791)	(501,581)
Adjustment for:		
Depreciation charges	298,937	300,149
Dividends, interest and rents from investments	(9,794)	(16,216)
(Increase)/decrease in debtors	(169,665)	117,774
Increase/(decrease) in creditors	44,093	(56,402)
Capital grants from ESFA and other sources	(61,849)	(23,350)
Defined benefit pension scheme cost less contributions payable	189,000	171,000
Defined benefit pension scheme finance cost	36,000	39,000
Net cash (used in)/provided by operating activities	<u>(20,069)</u>	<u>30,374</u>

19. ANALYSIS OF CASH AND CASH EQUIVALENTS

	<i>2018</i>	<i>2017</i>
	<i>£</i>	<i>£</i>
Cash in hand	759,276	2,416,371
Notice deposits (less than 3 months)	600,000	-
Total	<u>1,359,276</u>	<u>2,416,371</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

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 Lincolnshire County Council. 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 2016.

Contributions amounting to £77,603 were payable to the schemes at 31 August 2018 (2017 - 74,210) 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

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

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

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

The employer's pension costs paid to TPS in the period amounted to £440,000 (2017 - £452,000).

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**NOTES TO THE FINANCIAL STATEMENTS
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20. PENSION COMMITMENTS (continued)

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).

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 2018 was £207,000 (2017 - £231,000), of which employer's contributions totalled £161,000 (2017 - £181,000) and employees' contributions totalled £46,000 (2017 - £50,000). The agreed contribution rates for future years are 19.1% for employers and a maximum of 12.5% 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:

	2018	2017
Discount Rate	2.80 %	2.50 %
Salary Increase Rate	2.70 %	2.80 %
Pension Increase Rate (CPI)	2.30 %	2.40 %

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

	2018	2017
Retiring today		
Males	22.1 years	22.1 years
Females	24.4 years	24.4 years
Retiring in 20 years		
Males	24.1 years	24.1 years
Females	26.6 years	26.6 years

	At 31 August 2018 £	At 31 August 2017 £
Sensitivity Analysis - Effect on Obligation		
0.5% decrease in Real Discount Rate	678,000	679,000
0.5% increase in Salary Increase Rate	98,000	105,000
0.5% increase in Pension Increase Rate (CPI)	573,000	564,000

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20. PENSION COMMITMENTS (continued)

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

	Fair value at 31 August 2018 £	Fair value at 31 August 2017 £
Equities	3,170,000	2,998,000
Bonds	651,000	461,000
Property	478,000	346,000
Cash	44,000	39,000
Total market value of assets	<u>4,343,000</u>	<u>3,844,000</u>

The actual return on scheme assets was £311,000 (2017 - £1,125,000).

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

	2018 £	2017 £
Current service cost	(350,000)	(352,000)
Interest income	98,000	55,000
Interest cost	(134,000)	(94,000)
Total	<u>(386,000)</u>	<u>(391,000)</u>

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

	2018 £	2017 £
Opening defined benefit obligation	5,165,000	4,302,000
Current service cost	350,000	352,000
Interest cost	134,000	94,000
Employee contributions	46,000	50,000
Changes in assumptions	(540,000)	384,000
Benefits paid	(19,000)	(17,000)
Closing defined benefit obligation	<u>5,136,000</u>	<u>5,165,000</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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20. PENSION COMMITMENTS (continued)

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

	2018 £	2017 £
Opening fair value of scheme assets	3,844,000	2,505,000
Interest income	98,000	55,000
Expected return on assets (excluding net interest)	213,000	1,070,000
Employer contributions	161,000	181,000
Employee contributions	46,000	50,000
Benefits paid	(19,000)	(17,000)
	<u>4,343,000</u>	<u>3,844,000</u>
Closing fair value of scheme assets	<u>4,343,000</u>	<u>3,844,000</u>

Net Pension Obligation

	2018 £	2017 £
Closing fair value of scheme assets	4,343,000	3,844,000
Closing defined benefit obligation	(5,136,000)	(5,165,000)
	<u>(793,000)</u>	<u>(1,321,000)</u>
Total	<u>(793,000)</u>	<u>(1,321,000)</u>

21. OPERATING LEASE COMMITMENTS

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

	2018 £	2017 £
Amounts payable:		
Within 1 year	501	4,354
Between 1 and 5 years	-	501
	<u>501</u>	<u>4,855</u>
Total	<u>501</u>	<u>4,855</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.

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**NOTES TO THE FINANCIAL STATEMENTS
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23. CONTINGENT LIABILITIES

In the event of Branston Academy Trust ceasing to operate as an academy, provisions are included in the funding agreement relating to the clawback of assets and monies paid to the Academy.

24. RELATED PARTY TRANSACTIONS

Owing to the nature of the Academy and the composition of the Governing Body being drawn from local public and private sector organisations, transactions may take place with organisations in which Governors have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH and with the Academy's financial regulations and normal procurement procedures relating to connected and related party transactions.

S Turner and G Sargeant, spouses of J Turner and L Sargeant who are Staff Governors, are employed by the Academy as teachers. The teacher appointments were both made prior to the appointments of the Staff Governors. The employees are paid within the normal pay scales and receive no special treatment as a result of their relationships to Staff Governors.