

**Balgowan Primary School**  
**(A Company Limited by Guarantee)**

**Annual Report and Financial Statements**

**For the Year Ended 31 August 2019**



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**Balgowan Primary School**  
**(A Company Limited by Guarantee)**

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**Reference and Administrative Details of the Academy Trust, its trustees and Advisers for the Year Ended 31 August 2019**

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<b>Members</b>	Patricia Spedding Julie Freeth Stacey Bell
<b>Trustees</b>	Patricia Spedding, Chair of Trustees <sup>1</sup> Julie Freeth, Chair of Audit & Resources Committee <sup>1</sup> Maria Veysey, Headteacher/Accounting Officer <sup>1</sup> Daniel Radov <sup>1</sup> (resigned 31 July 2019) Jeremy Adams <sup>1</sup> Simon Armstrong Jessica Owen, Staff Trustee Stacey Bell <sup>1</sup> Emma Rigby Linda Stenning, Staff Trustee Samantha Coles <sup>1</sup>  <sup>1</sup> Member of the Audit & Resources Committee
<b>Company registered number</b>	07672683
<b>Company name</b>	Balgowan Primary School
<b>Principal and registered office</b>	Balgowan Road Beckenham Kent BR3 4HJ
<b>Core leadership team</b>	Maria Veysey, Headteacher Peter Hines, Deputy Headteacher Hayley Andrews, Assistant Headteacher for Inclusion (Ben Naylor – Inclusion Leader - maternity cover from April 2019) Jane Sprackling, Creative Curriculum Leader Clare Webley, Assistant Headteacher Georgina Woodcraft, Assistant Headteacher
<b>Independent auditors</b>	UHY Kent LLP t/a UHY Hacker Young Chartered Accountants Statutory Auditors Thames House Roman Square Sittingbourne Kent. ME10 4BJ
<b>Bankers</b>	Lloyds Bank plc Po Box 1000 Andover BX1 1LT
<b>Solicitors</b>	Veale Wasborough Vizards Orchard Court Orchard Lane Bristol BS1 5WS

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**Trustees' Report**  
**For the Year Ended 31 August 2019**

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The trustees present their report together with the financial statements and auditor's report of the academy trust for the year 1 September 2018 to 31 August 2019. The annual report serves the purposes of both a trustees' report and a director's report under company law.

The trust operates an academy for pupils aged 4 to 11 servicing a catchment area in Beckenham extending up to 2 miles. It had a roll in the Autumn 2018 school census of 678.

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**Constitution**

The academy trust is a company limited by guarantee with no share capital (registration no. 7672683) and an exempt charity. The Memorandum and Articles of Association are the primary governing documents of the academy trust. The trustees are also directors of the company for the purposes of company law. Details of the trustees who served throughout the year are included in the Reference and Administrative Details on page 1.

Balgowan Primary School was incorporated on 16 June 2011 and obtained academy status from 1 August 2011.

**Members' liability**

Each member of the academy trust 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.

**Principal activities**

The principal activity of the academy trust is to advance for the public benefit education in the United Kingdom, in particular, but without prejudice to the generality of the foregoing, by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum.

**Method of recruitment and appointment or election of trustees**

**Members**

The members of the trust shall comprise the signatories to the Memorandum, 1 person appointed by the Secretary of State, in the event that the Secretary of State appoints a person for this purpose, the Chairman of Trustees and any person appointed under Article 16.

**Trustees**

Under the Articles of Association, the number of trustees shall be not less than 3, but shall not be subject to a maximum. The Articles provide that there can be up to 5 trustees appointed by the members (which the School normally refers to as the "community governors"); a minimum of 2 parent trustees; 1 LA trustee; the Headteacher and any staff trustees (so long as together they do not represent more than one third of the total number of trustees); and any additional trustees, if appointed, under Article 62, 62A or 68A; and any further trustees, if appointed, under Article 63 or Article 68A.

The academy trust may also have up to 3 Co-opted trustees, a person who is appointed to be a trustee by being co-opted by trustees who have not themselves been so appointed. The trustees may not co-opt an employee of the academy trust as a co-opted trustee if the number of trustees who are employed by the academy trust would thereby exceed one third of the total number of trustees (including the Headteacher).

Consistent with these provisions the trustees have determined that the total number of trustees shall not exceed 13 and shall be comprised as follows:

- Up to 5 community trustees (member appointed); the Headteacher; 2 staff trustees; 4 parent trustees; and 1 LA trustee.
- A trustee shall cease to hold office if he/she is removed by the person or persons who appointed him/her. This does not apply in respect of a parent trustee.
- The term of office for any trustee shall be 4 years, save that this time limit shall not apply to the Headteacher. Subject to remaining eligible to be a particular type of trustee, any trustee may be re-appointed or re-elected.

**Policies and Procedures Adopted for the Induction and Training of Trustees**

The training and induction provided for new trustees depends on their existing experience. All new trustees are given a tour of the school and the chance to meet with staff and pupils. All new trustees are provided with or given online access to copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as trustees. New trustees are actively encouraged to attend an induction course provided by the training partner. All trustees have access to a full programme of courses provided by the training partner which they will choose to attend based on their role and experience and the needs of the board of trustees. At the start of each year all trustees are required to undertake training on Safeguarding Policies and procedures and the trustees also undertake any mandatory training in areas such as Prevent.

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**Trustees' Report (continued)**  
**For the Year Ended 31 August 2019**

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**Policies and Procedures Adopted for the Induction and Training of Trustees (continued)**

In addition governors and senior leaders organize in house tailored training sessions to cover skills and knowledge that the group needs to collectively update or improve. Trustees also undertake visits to the school and meet with staff to keep themselves informed and updated.

Training gets shared through short briefings at committees. All Trustees are required to sign a Code of Conduct.

**Organisational Structure**

The structure consists of the trustees and the Core Leadership Team. The Core Leadership Team is made up of the Headteacher, Deputy Headteacher, Assistant Headteacher for Inclusion, Assistant Headteacher for years 1, 2 and 3 and Assistant Head Teacher for years 4, 5 and 6. The aim of the management structure is to devolve responsibility and encourage involvement in decision making.

The trustees are responsible for setting general policy, adopting a school development plan and a 3 year budget, monitoring the academy trust by the use of budgets and making major decisions about the direction of the academy trust, capital expenditure and senior staff appointments. During the year under review the trustees held 4 full board meetings. The board of trustees have also appointed four standing sub-committees; the Audit & Resources Committee, the Achievement & Curriculum Committee, the Pupils, Parents and Community Committee and the Pay Committee (the functions of which are referred to in the Governance Statement on page 12). The trustees also appoint other sub-committees as required. For the year 2018/19 the trustees also appointed a clerking service which attends trustee meetings and assists and advises trustees as appropriate.

The Core Leadership Team control the academy trust at an executive level implementing the policies laid down by the trustees and reporting back to them. It is responsible for the authorisation of spending within agreed budgets and the appointment of staff, though appointment panels for middle and senior leader posts will contain at least one trustee. Some spending control is devolved to Curriculum Team Leaders, with limits above which a Senior Leader must countersign.

The school has an active and strong PTA who raise significant funds for the school. Examples of expenditure funded by the PTA in the last year include drama workshops, swimming lessons and improvements to the KS2 playground.

**Arrangements for setting pay and remuneration of key management personnel**

The key management personnel of the academy trust comprise the trustees and senior leadership team as disclosed on page 1.

The remuneration policy, setting the terms and conditions for the key management personnel, was developed and approved by the board of trustees, after taking advice from the Headteacher and following guidance from the relevant professional pay review bodies. Naturally the Headteacher was not involved in setting his/her own remuneration package.

Only staff trustees, including the Headteacher, are remunerated, and these individuals only receive remuneration in respect of services they provide under their contracts of employment, and not in respect of their role as trustees. Specific disclosures concerning staff trustees' remuneration is included in note 12.

The day to day running of the remuneration policy is delegated to the Headteacher and monitored by the HR committee (an Audit & Resources sub-committee). All details for setting pay and remuneration of key management personnel are set out in the pay policy and appraisal policy which are reviewed annually by the board of trustees.

Remuneration of key management personnel is set at an individual level, and where possible the trustees have taken external professional advice which includes benchmarking, market trends and advice on structuring of incentives. Senior management salaries are linked to pay spines, helping trustees conclude that each individual is remunerated at an appropriate level. As such salaries are linked to factors such as length of service, experience and performance. Pay progression decisions for key management personnel are agreed by the Pay Committee. Total remuneration packages include employer pension contribution rates at specific approved rates.

The board always bear in mind the charitable status of the academy trust and in recognising the fact the trust receives funding under a funding agreement with the Secretary of State for Education, and therefore ensure the remuneration paid to senior management personnel never exceeds a reasonable amount that provides value for money to the trust. The performance of senior management personnel is reviewed on a regular basis to ensure continuing value for money.

Total remuneration paid to senior management personnel is set out in note 11.

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**Trustees' Report (continued)**  
**For the Year Ended 31 August 2019**

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**OBJECTIVES AND ACTIVITIES**

**Objectives and aims**

Balgowan Primary School is a three-form entry Primary School, with an additional class in Year 4 in 2018-19, with 678 pupils organised in 22 classes.

The principal objective of the academy trust is specifically restricted to the following:-

To advance for the public benefit education in the United Kingdom, by establishing, maintaining, managing and developing a school offering a broad and balanced curriculum.

The school aims to foster a life-long love of learning, through adopting a highly practical and cross-curricular approach to learning. The main curriculum aims are:

1. To provide a broad and balanced education so that every pupil achieves his or her full potential.
2. To ensure that pupils enjoy learning, feel confident, and are equally valued and fully inclusive participators in all areas of school learning.
3. To encourage, promote and secure for all pupils the experience of success and genuine achievement and to instill in them the importance of striving to attain the highest possible standards of performance at all times.

**Objectives, Strategies and Activities**

The main objectives of the academy trust during the year ended 31 August 2019 were:

- To ensure that every child enjoys the same high quality education in terms of resourcing, teaching and care;
- To improve the performance of pupils in under-attaining vulnerable groups so they all attain above national expectations for similar pupils;
- To continue to raise standards of teaching so that more lessons are outstanding;
- To improve the effectiveness of the academy by keeping the creative curriculum and organisational structure under continual review;
- To provide value for money for the funds expended and determine the future status of the school either remaining as a Single Academy Trust or joining a Multi Academy Trust (MAT);
- To comply with all appropriate statutory and curriculum requirements;
- To conduct the academy trust's business in accordance with the highest standards of integrity, probity and openness.

Balgowan Primary School values diversity and seeks to give everyone in the school an equal chance to learn, work and live, free from the action, or fear, of racism, discrimination, or prejudice. By our actions we will work together to develop the potential of all pupils academically, socially, culturally and psychologically and to establish a community that is just and fair for all people who work at or visit the School.

Pupils will be happy and healthy, enthused by the intellectual, social and physical challenges posed by their experience at school. They will be independent learners, aware of how to learn most effectively so they can cope well with challenge and difficulty, as well as success.

All staff will have the opportunity to develop further as self-directed, reflective learners, through working collaboratively with others to enhance their own expertise. Through their passion, teachers will enthuse and inspire others to explore new ideas.

Parents will fulfil their roles as stakeholders and true partners, recognising their role in the school – parent partnership to ensure that their child realises his/her potential.

Trustees will contribute to the life of the school on a wider scale, acting as critical friends to support the school.

**Equal opportunities**

The trustees and all within the school believe that everyone within our school community should be provided with the same opportunities. We believe our school should provide a happy, safe and caring environment where every individual is valued and respected. We aim to foster strong and, healthy relationships that show awareness, knowledge, understanding and acceptance of the individual needs of others. Discrimination, harassment or victimization on any grounds will not be tolerated and all pupils, staff, parents and carers are made aware of this. We are committed to ensuring the participation of all our children in the community and aim to provide a broad, balanced, relevant and challenging curriculum through which all children are prepared for a culturally diverse and multi ethnic society and all have the opportunity to reach their full potential. (Single Equalities Policy Summer 2017 available on the School's website - [www.Balgowan.Bromley.sch.uk](http://www.Balgowan.Bromley.sch.uk)).

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**Trustees' Report (continued)**  
**For the Year Ended 31 August 2019**

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**Disabled persons**

The academy trust complies with the requirements of the Equality Act 2010 and is equipped to welcome and/or teach any child or adult with a disability. In 2017-2018 the school made extensive improvements to its disabled access within both the main site of the school and at the school field and pavilion.

Adjustments will be made, as far as is reasonably possible given the age of the building, to ensure access for pupils, staff and visitors (including parents, carers) with disabilities (this not only includes physical access, but takes account wider access to school information and activities).

**Public benefit**

The trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on Public Benefit when reviewing the charity's aim and objectives and in planning future activities. In particular, the trustees consider how planned activities will contribute to the aims and objectives they have set. The academy admits up to 90 pupils in to three Reception classes on the basis of the following criteria in priority order:-

1. Looked After Children- automatically offered a place
2. Children with exceptional medical or social need
3. Siblings – automatically offered a place
4. Children of staff
5. Proximity

In 2018-19 the academy trust admitted 89 pupils in three reception classes from 297 applicants.

**STRATEGIC REPORT**

**Achievements and performance**

Balgowan is a high attaining single academy trust in Beckenham. The academy trust follows the National Curriculum. Balgowan Primary school has a rich and diverse curriculum which is designed to engage and excite all the children whilst also ensuring the acquisition of key reading, writing, mathematical and other skills.

Outcomes for pupils in 2019 are above national averages in all areas, at all levels of assessment, including greater depth at Key Stage 1 and Key Stage 2. This comprises EYFS GLD (80%); Phonics Screening for Year 1 (Balgowan-93%, National-82%); reading, writing and maths for Key Stage 1 and reading, writing, maths, grammar/punctuation/spelling for Key Stage 2.

**KS2 Results 2019**

<b>Reading</b>			
National 2019 % Expected+	% Greater Depth	Balgowan 2019 % Expected+	% Greater Depth
73%	27%	95%	56%
<b>Writing (teacher assessment)</b>			
National 2019 % Expected+	% Greater Depth	Balgowan 2019 % Expected+	% Greater Depth
78%	20%	97%	42%
<b>Grammar Punctuation and Spelling</b>			
National 2019 % Expected+	% Greater Depth	Balgowan 2019 % Expected+	% Greater Depth
78%	36%	95%	58%
<b>Maths</b>			
National 2019 % Expected+	% Greater Depth	Balgowan 2019 % Expected+	% Greater Depth
79%	27%	97%	50%

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**Trustees' Report (continued)**  
**For the Year Ended 31 August 2019**

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**Achievements and performance (continued)**

The progress that pupils made from KS1 to KS2 in 2019 was above the average of 0. Balgowan's progress in reading was 1.9, writing 1.2 and Maths 1.

The combined reading, writing and mathematics results at Expected + is 95%

KS1 Results 2019			
Reading			
National 2019 % Expected+	% Greater Depth	Balgowan 2019 % Expected+	% Greater Depth
75%	25%	84%	34%
Writing			
National 2019 % Expected+	% Greater Depth	Balgowan 2019 % Expected+	% Greater Depth
69%	15%	76%	27%
Maths			
National 2019 % Expected+	% Greater Depth	Balgowan 2019 % Expected+	% Greater Depth
76%	22%	82%	27%

Balgowan benefits from enhanced provision offered by four specialist teachers: Drama, Music, French and Maths. In addition, the school provides a wide range of extracurricular activities. All children perform regularly in school performances throughout the academic year. There is a wide range of peripatetic teachers attending the school each week to teach individual and small group tuition. There is whole class teaching of recorders, keyboards and steel pans as part of the curriculum for specific year groups. The school offers a wide range of before and after school activities including Eco Group, Chess Club, Infant Choir, Gymnastics, Cookery Club, Netball, Athletics and others.

Successes of note for the last academic year included:-

- Several children went through to the final National Primary Maths challenge. As a result we had children who were awarded silver and even gold certificates;
- Renewal of green flag award for being an eco-friendly school;
- Applied for Healthy school status and SMSC award;
- 72% of Y6 pupils have represented Balgowan at one or more sporting events;
- Gymnastics – both our Y3/4 and Y5/6 teams won the Bromley school competition, progressing to the London Youth Games held on 4 July 2019;
- Swimming – our Y5/6 swimming team won the Bromley school competition by a huge margin of more than 30 points;
- Netball – Our Y6 A team finished 2<sup>nd</sup> in the Bromley schools competition, narrowly missing out on qualifying for the London Youth Games; and
- Cross Country – 97 pupils participating in the Y3/4 race and 42 pupils participating in the Y5/6 race, with excellent individual performances. Y6 boys won the team trophy and Balgowan finished in 2<sup>nd</sup> place overall in the large schools category.

School trips and educational visits further support and enhance the school curriculum with pupils enjoying experiences at places such as the British Museum, the Horniman Museum, Bromley Synagogue, Lewisham Mosque, National Gallery and High Elms Country Park.

**Going concern**

As explained in note 28, the management of the trust's sole academy was transferred to a multi-academy trust on 1 September 2019 and the trust will be dissolved in due course. It is therefore not appropriate to prepare the financial statements on the going concern basis.

Since all assets and liabilities have been transferred out effectively as a going concern, no adjustments are required as a result of ceasing to apply the going concern basis, and, in particular, there is no change to the measurement of assets and liabilities.

All activities in the period have appropriately been disclosed as discontinued operations



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**Trustees' Report (continued)**  
**For the Year Ended 31 August 2019**

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**Key performance indicators**

During 2018-19 the trustees considered the following were key performance indicators for the trust:-

- Ofsted results (Section 5 Inspection in November 2017)
- pupil numbers (leading directly to funding levels)
- financial stability (income matching expenditure each year)
- staff recruitment and retention

Attendance has remained broadly consistent, moving from 97.26% in 2017 to 97.34 % in 2018 and 97.4% in 2019.

During 2018-19 the performance indicators were reviewed for their suitability and appropriateness. As part of the 3 year budget reporting process the following are tracked and considered:-

- total staff costs to EFA income
- total staff costs to total income
- total staff costs as % of total costs
- FTE staffing and support staff
- retain an appropriate level of reserves

**FINANCIAL REVIEW**

Most of the academy trust's income is obtained from the Education and Skills Funding Agency (ESFA) in the form of recurrent grants, some of which are restricted to particular purposes. The grants received from the ESFA during the year ended 31 August 2019 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities. Grant income of £2.73m was supplemented by other income of £295k from activities such as catering, school trips, donations and hire of facilities.

The academy trust also receives grants for capital from the ESFA. In accordance with the Charities Statement of Recommended Practice (SORP), such grants are shown in the Statement of Financial Activities as restricted income within the fixed asset fund. Capital grants of £816k were received from the ESFA in the year ended 31 August 2019, together with £39k of private capital income. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

Total income for the year of £3.88m was sufficient to cover total expenditure of £3.46m. The net incoming resources before other recognised gains and losses is £421k. The total net movement in funds then includes an exceptional actuarial loss on the Local Government Pension Scheme (LGPS) of £487k. This year the actuary who has calculated the movement in the deficit has advised that academies, in general, have seen their deficits increase considerably this year due to some changes in financial assumptions, particularly the discount rate. After this exceptional item the net decrease in funds for the year is £66k.

The capital income and depreciation charge recorded in the restricted fixed asset fund and the movement on the LGPS liability do not relate directly to the day to day running of the academy for the year. Excluding these, the financial result on the general unrestricted and restricted income funds is an in-year deficit of £18k.

At 31 August 2019, the net book value of fixed assets was £12.5m and movements in tangible fixed assets are shown in note 14 to the financial statements. During the year the assets were used almost exclusively for providing education and the associated support services to the pupils of the academy, the only exceptions to this being limited letting of the premises to local community groups.

**Financial position**

The academy trust held fund balances at 31 August 2019 of £11.86m (2018 - £11.92m) comprising restricted fixed asset funds of £12.76m and £311k of unrestricted general funds. There is also a pension reserve, which is considered part of restricted funds, in deficit by £1,209k. Included within the fixed asset fund is unspent capital grant of £263k to be utilised during the year end 31 August 2020.

The pension fund is the only fund in deficit at the year-end, and relates to the Local Government Pension Scheme liability arising for non-teaching staff. The academy participates in The London Borough of Bromley Pension Fund, and the pension reserve, equal to the liability shown on the Balance Sheet, represents the academy's share of the funds, assets and liabilities at 31 August 2019.

The deficit on the Local Government Pension Scheme reserve does not mean that an immediate liability crystallises. The deficit results in a cash flow effect for the academy in the form of possible future increases in pension contributions, which, if required, will be met from the budgeted annual income. Employer contributions are reviewed every three years in consultation with the scheme's administrators, and employer contributions due have been fixed until 1 April 2020.

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**Trustees' Report (continued)**  
**For the Year Ended 31 August 2019**

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**Reserves policy**

The trustees review the reserve levels of the academy trust annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The trustees have determined that the appropriate level of general unrestricted and restricted reserves should whenever possible be equivalent to four weeks' expenditure, approximately £235k

The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. The academy trust's current level of general unrestricted and restricted reserves is £311k (2018: £329k), being total funds less the amount held in the fixed asset fund and pension reserve. The current level of reserves is higher than the target and they will be used to support the school through its transition in joining a MAT as well as for urgent health and safety works at the school and ICT.

**Investment policy and objectives**

Under the Memorandum and Articles of Association, the academy trust has the power to invest in the name of the academy trust such part of the funds as they may see fit. The academy trust aims to have a positive cash balance to cover eventualities and unforeseen expenses not budgeted for and hence not included in the cash flow.

It is the responsibility of the School Management to generate as much bank interest as possible from any cash balances that the school may have. Investments though must guarantee complete integrity of funds and be consistent with the ethos, aims and objectives of the school. Investments other than bank deposits must be approved by the board of trustees before being entered into. In 2018-2019, the school continued to use a 32 day notice account as its cash balances increased due to significant government funding of 2 capital projects.

**Principal risks and uncertainties**

The Trustees consider the following to be the main risks for the school at this time:-

Risk	Mitigation
Financial	3 year budget planning linked to school Improvement plan and Self Evaluation
Staff	Strategic Planning for staff Staff development and CPD directly linked to Performance management and School Improvement Plan Regular feedback from Staff
Strategic/Reputational	Long Term planning – joining a Multi Academy Trust Monitoring of local schools market and national trends Maintaining strong community links

A risk also arises in relation to the defined benefit pension scheme, due to the fact that there is a deficit of £1,209k.

**Financial and Risk Management Objectives and Policies**

Trustees ensure that the school has policies and procedures designed to ensure the proper and prudent management of the school's financial assets and to ensure that risks are appropriately identified and managed.

**Risk management**

The trustees have assessed the major risks to which the academy trust is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the academy trust, and its finances. By creating and maintaining a Risk Register that covers operations, governance, reputation, finance, IT and staffing risk, the trustees have introduced systems including operational procedures and internal financial controls in order to minimise risk.

Where significant financial risk still remains they have ensured they have adequate insurance cover. The academy trust has an effective system of internal financial control and this is explained in more detail in the Governance Statement.

**FUNDRAISING**

Balgowan Primary School is a registered charity. In addition, Balgowan PTA (Parent Teacher Association) is also registered as a separate charity. There are two main streams that took place for fundraising in 2018-19. Balgowan PTA and voluntary fund were established to advance the education of pupils in Balgowan in particular by:

- developing effective relationships between the staff, parents and others associated with the school;
- engaging in activities or providing facilities' or equipment which support the school and advance the education of the pupils.

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**Trustees' Report (continued)**  
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**FUNDRAISING (continued)**

A professional fund-raiser or commercial participator did not carry out any of the fundraising activities for the academy trust. All fundraising activities organised by the academy trust and Balgowan PTA conformed to the required standards. No fundraising was carried out by somebody else on behalf of the charities. No complaints were received.

**PLANS FOR FUTURE PERIODS**

The academy trust will continue striving to improve the levels of performance of its pupils at all levels and will continue its efforts to ensure its pupils are well prepared for secondary school when they leave Balgowan.

The academy trust has a good understanding of its strengths and areas for development based on rigorous analysis of data, external validation by the School Development Consultant, internal monitoring of teaching and learning, and Self-Evaluation reporting (SEF) combined with its 2017 Ofsted inspection. The School Development plan (SDP) has various areas identified for improvement and is based on regular analysis of data by the Headteacher and the senior staff. The SDP is regularly monitored and reviewed annually by the Headteacher, Leadership Team and trustees. It is underpinned by appropriate budget links. The priorities for the 2019-20 academic year, are as follows:

- To revamp History and Geography curriculum as well as lesson planning and teaching so that all learners develop long-lasting detailed knowledge and skills (as seen in lessons, books and children's interviews)
- To ensure the consistency of reading structure across year groups as reflected in school's English policy
- To achieve high standards of marking, progress and presentation in children's books consistently across the school in core subjects and Humanities
- To consolidate high attainment at the end of KS1, especially for more able children in Maths and Writing
- To achieve a KS2 progress measure of at least 0.7 in Reading, 0.7 in Writing and 0.6 in Maths
- For every class to achieve at least expected progress in Reading, Writing and Maths from their starting points

The school governors carried out extensive research into the future of the Academy and in July 2018 decided to apply to join the NEST (Nexus Education School Trust) Multi Academy Trust (MAT), subject to the approval of the Regional Schools Commissioner. In line with their decision and as a result of appropriate due diligence checks, Balgowan Primary School has joined NEST on 1 September 2019.

**AUDITOR**

So far as the trustees are aware:

- there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the academy trust's auditors are unaware;
- the trustees have taken all the steps that they ought to have taken in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

This report, incorporating the Strategic report, was approved by order of the board of trustees, as the company directors, on 2 December 2019 and signed on the board's behalf by:



Patricia Spedding  
Chair of Trustees



Maria Veysey  
Headteacher and Accounting Officer

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**Balgowan Primary School**  
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**Governance Statement**

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**Scope of Responsibility**

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

The board of trustees has delegated the day-to-day responsibility to the Headteacher, 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 Balgowan Primary School and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

**Governance**

The information on governance included here supplements that described in the Trustees' report and in the Statement of trustees' responsibilities. The board of trustees has formally met 4 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustees	Meetings attended	Out of a possible
Jeremy Adams	4	4
Simon Armstrong	3	4
Stacey Bell	2	4
Samantha Coles	3	4
Julie Freeth	4	4
Jessica Owen	1	4
Daniel Radov	4	4
Emma Rigby	3	4
Patricia Spedding	4	4
Linda Stenning	3	4
Maria Veysey	4	4

**Governance reviews**

Governors in the Multi Academy Trust working party concluded their research into who would be the best trust for the school to join. NEST was chosen by the Board after a recommendation from the working party. As a result, due diligence was undertaken by both the school and NEST and the school eventually joined NEST on 1 September 2019.

All trustees continue to train and attend appropriate forums. In addition they undertook safeguarding training and data training within school. Governor visits in 2019 included looking at challenge in lessons and talk for writing. Governors continue to ensure that the recommendations given by the inspectors at the last Ofsted inspection have been included within the school development plan and are being monitored by the appropriate committee.

In September 2017 the board of trustees agreed to combine the Audit and Resources committee for the academic year after reviewing the work programme of both committees and the skills and availability of governors. This arrangement worked well and continued throughout 2018-19. The terms of reference are given below for the individual committees.

The Audit & Resources Committee is a sub-committee of the board of trustees. Its purposes include:- to present to the board of trustees for approval an annual budget; to ensure budget monitoring; and to oversee the systems of internal control including measures for the safeguarding of assets, prevention of financial crime and consideration of the approval of the statement of internal control. The Committee has a human resources sub-committee covering human resources and other resourcing issues and has a premises sub-committee dealing with buildings and health and safety issues. The committee reviews the outcomes of internal and external audits and supports the creation of action plans with allocated owners to address any audit recommendations and to feed into the continual improvement of school processes. The committee reviews progress on a termly basis to ensure adequate progress is made. Additionally, the committee makes appropriate recommendations to the board of trustees as to the appointment or removal of the external auditors and to consider the engagement of the external auditors in respect of any non-audit services

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**Balgowan Primary School**  
**(A company limited by guarantee)**

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**Governance Statement (continued)**

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Attendance at Audit & Resources Committee meetings in the year was as follows:

Trustees	Meetings attended	Out of a possible
Jeremy Adams	5	6
Stacey Bell	6	6
Samantha Coles	1	6
Julie Freeth	6	6
Daniel Radov	4	6
Tricia Spedding	6	6
Maria Veysey	6	6

The Achievement and Curriculum Committee is a sub-committee of the board of trustees. Its purposes include to monitor and evaluate pupil achievement, to review the curriculum and associated policies, including RE and to monitor teaching and learning in the school.

The Pupils, Parents and Community Committee is a sub-committee of the board of trustees. Its purposes include the monitoring of the school's engagement with parents, carers and the wider community, its compliance with the Single Equalities Act, the school's behaviour policy and its procedures for safeguarding pupils.

The Pay Committee is a sub-committee of the board of trustees. Its purpose is to determine the pay policy of the school, approve annual pay progression for the Headteacher and the Deputy Headteacher, ratify annual pay progression for teachers and monitor the annual pay pattern of performance pay progression at each level and the correlation between pay progression, quality of teaching and learning and outcomes for pupils.

Copies of the terms of reference for each committee are available on the school's website.

**Review of Value for Money**

As Accounting Officer, the Headteacher has responsibility for ensuring that the academy delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The Accounting Officer considers how the academy's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the academy together with the School Project Manager has delivered improved value for money during the year by:

- Following a review of the before and after school club provision the school is now running its own provision
- Ensuring the staffing structure supports the efficient running of the academy including planning appropriate release for senior leaders to work on school improvement;
- Reviewing teacher cover arrangements and determined self-insurance for teacher sickness/absence cover;
- Developing greater links between the 3 year school development plan with the 3 year budget plan;
- Developing a 3 year ICT investment plan and entering a new ICT support contract better meeting the needs of the school
- Reviewing the fabric of the school building and planning for future development of the buildings and site with consideration of funding (including successful Condition Improvement Fund bids for roofing and fire safety improvement works); and
- Reviewing the caretaking, cleaning and locking up service and entering into a more integrated contract

**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 Balgowan Primary School for the year 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements

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**Balgowan Primary School**  
**(A company limited by guarantee)**

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**Governance Statement (continued)**

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**Capacity to Handle Risk**

The board of trustees has reviewed the key risks to which the academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees 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 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees through the Audit & Resources committee.

**The Risk and Control Framework**

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- regular reviews by the Audit & 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; and
- identification and management of risks.

The board of trustees reviews the need for a specific internal audit function and in the Spring of 2019 appointed UHY Hacker Young as internal auditor for the remainder of the year.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the academy's financial systems. The internal auditor reports to the board of trustees on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

All planned audit work was carried out and no material control issues were discovered.

**Review of Effectiveness**

As Accounting Officer, the Headteacher has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the internal auditor;
- the work of the external auditors; and
- 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 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 board of trustees on 2 December 2019 and signed on their behalf, by:



Patricia Spedding, Chair of Trustees



Maria Veysey, Accounting Officer

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**Balgowan Primary School**  
**(A Company Limited by Guarantee)**

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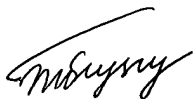
**Statement on Regularity, Propriety and Compliance**

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As accounting officer of Balgowan Primary School I have considered my responsibility to notify the academy trust board of trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

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

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



**Mrs. M. Veysey**  
Accounting Officer

Date: 2 December 2019

**Statement of trustees' responsibilities**  
**For the Year Ended 31 August 2019**

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

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

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

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

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

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

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



**Patricia Spedding**  
Chair of Trustees

Date: 2 December 2019



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**Independent Auditors' Report on the financial statements to the Members of Balgowan Primary School**

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**Opinion**

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

In our opinion the financial statements:

- give a true and fair view of the state of the academy trust's affairs as at 31 August 2019 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

**Basis for opinion**

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

**Emphasis of matter - financial statements prepared on a basis other than going concern**

We draw attention to accounting policy note 1.2 in the financial statements, which explains that the trustees have concluded that the going concern basis is not appropriate because the trust's activities, assets and liabilities have now transferred to a multi-academy trust and the trust will now be dissolved in due course. Since adequate disclosures have been included by the trustees our opinion is not modified in respect of this matter.

**Other information**

The trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Other information includes the Reference and Administrative Details, the Trustees' Report including the Strategic Report, and the Governance Statement. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

**Opinion on other matters prescribed by the Companies Act 2006**

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

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

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**Independent Auditors' Report on the financial statements to the Members of Balgowan Primary School (continued)**

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**Matters on which we are required to report by exception**

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

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

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

**Responsibilities of trustees**

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

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

**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](http://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 trust's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the academy trust's members those matters we are required to state to them in an 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 trust and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



**Allan Hickie BSc FCA (Senior Statutory Auditor)**

for and on behalf of

**UHY Kent LLP**

Chartered Accountants

Statutory Auditors

Thames House

Roman Square

Sittingbourne

Kent

ME10 4BJ

Date: 11 December 2019

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**Independent Reporting Accountant's Assurance Report on Regularity to Balgowan Primary School and the Education & Skills Funding Agency**

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In accordance with the terms of our engagement letter dated 1 May 2015 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Balgowan Primary School during the year 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Balgowan Primary School and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Balgowan Primary School and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Balgowan Primary School and ESFA, for our work, for this report, or for the conclusion we have formed.

**Respective responsibilities of Balgowan Primary School's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of Balgowan Primary School's funding agreement with the Secretary of State for Education dated 29 July 2011 and the Academies Financial Handbook, extant from 1 September 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

**Approach**

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

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

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

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

We conducted our work in accordance with Technical Release TECH 08/12 AAF issued by the Institute of Chartered Accountants In England and Wales. In accordance with that Technical Release we have carried out the procedures we consider necessary to arrive at our conclusion. Other than those procedures undertaken for the purposes of our audit of the financial statements of Balgowan Primary School for the year ended 31 August 2019 which provide evidence on regularity, our work was limited to only those additional procedures necessary to provide limited assurance.

The work undertaken to draw to our conclusion included:

- An assessment of the risk of material irregularity across all of the academy trust's activities;
- further testing and review of the areas identified through the risk assessment including enquiry, identification of control processes and examination of supporting evidence across all areas identified as well as additional verification work where considered necessary; and;
- consideration of evidence obtained through the work detailed above and the work completed as part of our financial statement audit in order to support the regularity conclusion.

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**Balgowan Primary School**  
**(A Company Limited by Guarantee)**

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**Independent Reporting Accountant's Assurance Report on Regularity to Balgowan Primary School and the Education & Skills Funding Agency (continued)**

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**Conclusion**

In the course of our work, nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the year 1 September 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



**UHY Kent LLP**  
Thames House  
Roman Square  
Sittingbourne  
Kent  
ME10 4BJ

Date: 11 December 2019

**Balgowan Primary School**  
**(A Company Limited by Guarantee)**

**Statement of financial activities (incorporating income and expenditure account)**  
**For the Year Ended 31 August 2019**

	Note	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	Total funds 2018 £
<b>Income from:</b>						
Donations and capital grants	3	29,196	-	855,487	884,683	547,850
Charitable activities	4	197,077	2,728,512	-	2,925,589	2,906,308
Other trading activities	5	56,753	8,602	-	65,355	64,632
Investments	6	2,865	-	-	2,865	3,178
<b>Total income</b>		<b>285,891</b>	<b>2,737,114</b>	<b>855,487</b>	<b>3,878,492</b>	<b>3,521,968</b>
<b>Expenditure on:</b>						
Raising funds		8,732	-	-	8,732	13,590
Charitable activities	8	214,419	2,968,945	264,976	3,448,340	3,172,487
<b>Total expenditure</b>		<b>223,151</b>	<b>2,968,945</b>	<b>264,976</b>	<b>3,457,072</b>	<b>3,186,077</b>
<b>Net income/(expenditure)</b>		<b>62,740</b>	<b>(231,831)</b>	<b>590,511</b>	<b>421,420</b>	<b>335,891</b>
Transfers between funds	18	(76,964)	49,026	27,938	-	-
<b>Net movement in funds before other recognised gains/(losses)</b>		<b>(14,224)</b>	<b>(182,805)</b>	<b>618,449</b>	<b>421,420</b>	<b>335,891</b>
<b>Other recognised gains/(losses):</b>						
Actuarial losses on defined benefit pension schemes	24	-	(487,000)	-	(487,000)	324,000
<b>Net movement in funds</b>		<b>(14,224)</b>	<b>(669,805)</b>	<b>618,449</b>	<b>(65,580)</b>	<b>659,891</b>
<b>Reconciliation of funds:</b>						
Total funds brought forward		325,253	(539,195)	12,137,241	11,923,299	11,263,408
Net movement in funds		(14,224)	(669,805)	618,449	(65,580)	659,891
<b>Total funds carried forward</b>	<b>18</b>	<b>311,029</b>	<b>(1,209,000)</b>	<b>12,755,690</b>	<b>11,857,719</b>	<b>11,923,299</b>

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

All income and expenditure related to discontinued activities since the management of the trust's sole academy transferred to another academy trust on 1 September 2019.

The notes on pages 22 to 42 form part of these financial statements.

**Balgowan Primary School**  
**(A Company Limited by Guarantee)**  
**Registered number: 07672683**

**Balance Sheet**  
**As at 31 August 2019**

	Note	2019 £	2018 £
<b>Fixed assets</b>			
Tangible assets	14	12,504,912	12,123,203
<b>Current assets</b>			
Debtors	15	441,418	173,806
Cash at bank and in hand		666,775	673,405
		<u>1,108,193</u>	<u>847,211</u>
Creditors: amounts falling due within one year	16	(535,980)	(492,223)
<b>Net current assets</b>		<u>572,213</u>	<u>354,988</u>
<b>Total assets less current liabilities</b>		<u>13,077,125</u>	<u>12,478,191</u>
Creditors: amounts falling due after more than one year	17	(10,406)	(11,892)
<b>Net assets excluding pension liability</b>		<u>13,066,719</u>	<u>12,466,299</u>
Defined benefit pension scheme liability	24	(1,209,000)	(543,000)
<b>Total net assets</b>		<u><u>11,857,719</u></u>	<u><u>11,923,299</u></u>
<b>Funds of the academy trust</b>			
<b>Restricted funds:</b>			
Fixed asset funds	18	12,755,690	12,137,241
Restricted income funds	18	-	3,805
		<u>12,755,690</u>	<u>12,141,046</u>
Restricted funds excluding pension asset	18	12,755,690	12,141,046
Pension reserve	18	(1,209,000)	(543,000)
<b>Total restricted funds</b>	18	<u>11,546,690</u>	<u>11,598,046</u>
<b>Unrestricted income funds</b>	18	<u>311,029</u>	<u>325,253</u>
<b>Total funds</b>		<u><u>11,857,719</u></u>	<u><u>11,923,299</u></u>

The financial statements on pages 19 to 42 were approved by the trustees, and authorised for issue and are signed on their behalf, by:

**Patricia Spedding**  
Chair of Trustees



**Maria Veysey**  
Headteacher and Accounting Officer



Date: 2 December 2019

The notes on pages 22 to 42 form part of these financial statements.

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**Balgowan Primary School**  
**(A Company Limited by Guarantee)**

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**Statement of Cash Flows**  
**For the Year Ended 31 August 2019**

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	<b>Note</b>	<b>2019 £</b>	<b>2018 £</b>
<b>Cash flows from operating activities</b>			
Net cash (used in)/provided by operating activities	20	(221,297)	315,027
<b>Cash flows from investing activities</b>	21	214,667	(778,629)
		<hr/>	<hr/>
<b>Change in cash and cash equivalents in the year</b>		(6,630)	(463,602)
Cash and cash equivalents at the beginning of the year		673,405	1,137,007
<b>Cash and cash equivalents at the end of the year</b>	22	<hr/> 666,775 <hr/>	<hr/> 673,405 <hr/>

The notes on pages 22 to 42 form part of these financial statements

**Notes to the Financial Statements**  
**For the Year Ended 31 August 2019**

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**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 historic cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

**1.2 Going concern**

The trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the academy to continue as a going concern. The trustees normally make this assessment in respect of a period of at least one year from the date of approval of the financial statements, however with effect from 1 September 2019 the management of the trust's sole academy transferred to a multi-academy trust as outlined in the trustees' report and in note 28. All assets and liabilities transferred to Nexus Education Schools Trust on that date, and therefore no adjustments are required as a result of ceasing to apply the going concern basis, and, in particular, there is no change to the measurement of assets and liabilities.

**1.3 Income**

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

- **Grants**

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

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

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

- **Donations**

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

- **Other income**

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



**Notes to the Financial Statements**  
**For the Year Ended 31 August 2019**

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**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. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources.

- **Expenditure on raising funds**

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

- **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

**1.5 Tangible fixed assets**

Assets costing £3,000 or more and groups of assets costing £5,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

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

Depreciation is provided on the following bases:

Long-term leasehold property	- 2% straight line
Long-term leasehold improvements	- 10% straight line
Furniture and equipment	- 15% straight line
Computer equipment	- 33.33% 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.

**1.6 Taxation**

The academy trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

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

**Notes to the Financial Statements**  
**For the Year Ended 31 August 2019**

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**1. Accounting policies (continued)**

**1.7 Financial instruments**

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

*Financial assets* - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 15. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

*Financial liabilities* - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 16 and 17. 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.

**1.8 Operating leases**

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

**1.9 Pensions**

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

**1.10 Fund accounting**

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the 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.

Investment income, gains and losses are allocated to the appropriate fund.

Notes to the Financial Statements  
For the Year Ended 31 August 2019

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2. 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.

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

For 2018-19 there has been some specific issues which have impacted on the actuarial assumptions and closing pension scheme liability of all LGPS employers:

**(1) The "McCloud/Sargeant judgement".** This relates to legal rulings regarding age discrimination arising from public sector pension scheme transitional arrangements. Actuarial evidence suggested that the impact of making an allowance for this judgement would be material, and so the academy trust asked the actuary to make an allowance in the figures.

In order to quantify the constructive obligation the actuary has made calculations using an approximate approach. One critical assumption under this method is that salaries will increase at least CPI plus 1.5%. Further, the approximate approach does not take into account the specific age profile of the employer's pension scheme members.

The impact of McCloud/Sargeant has been to increase the constructive obligation at 31 August 2019 by £112k. This is reflected as a past service cost, within staff costs, and detailed in note 24.

There will also be an increase in the cost of benefits from 1 September 2019.

**(2) Guaranteed Minimum Pension (GMP).** GMP is a portion of pension that was accrued by individuals who were contracted out of the State Second Pension between 6 April 1978 and 6 April 1997. In October 2018 the High Court ruled in the Lloyds Bank case that equalisation for the effect of unequal GMPs between genders is required. As a result of an on-going debate on how this impacts on public service pension schemes, there has been national debate about the point at which a past service cost is triggered. Briefing notes provided by the actuary have indicated that a 'trigger event' is yet to occur for the LGPS and so no allowance has been made for GMP in the LGPS liability included within these financial statements. It is, in any case, considered likely that any impact would be immaterial.

**(3) Discount rates.** There has been a change in financial assumptions over the period, including the discount rate. The discount rate has been reduced significantly which has resulted in a less positive balance sheet position than if the discount rate at the start of the period had been used. The impact comes through as part of the actuarial movement shown on Statement of Financial Activities.

**(4) Mortality assumptions.** Details of the changes in mortality assumptions are shown in note 24. The actuary calculations use a model prepared by the Continuous Mortality Investigation (CMI) which is updated on an annual basis, incorporating the latest mortality data in the national population. This year the mortality assumptions use an updated CMI model which now anticipates a significant reduction in projected life expectancies. The lower life expectancy assumptions result in a more positive balance sheet position than if the mortality rates at the start of the period had been used, and the impact comes through as part of the actuarial movement shown on Statement of Financial Activities.

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**Notes to the Financial Statements**  
**For the Year Ended 31 August 2019**

**3. Income from donations and capital grants**

	Unrestricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	Total funds 2018 £
Donations	29,196	39,000	68,196	37,996
Capital grants	-	816,487	816,487	301,087
Donated fixed assets	-	-	-	208,767
	<u>29,196</u>	<u>855,487</u>	<u>884,683</u>	<u>547,850</u>
<i>Analysis of 2018 total by fund</i>	<u>29,563</u>	<u>518,287</u>	<u>547,850</u>	

**4. Funding for the academy trust's educational operations**

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
<b>DfE/ESFA grants</b>				
General Annual Grant (GAG)	-	2,417,673	2,417,673	2,444,209
Other DfE/ESFA grants	-	214,724	214,724	193,370
	<u>-</u>	<u>2,632,397</u>	<u>2,632,397</u>	<u>2,637,579</u>
<b>Other government grants</b>				
Special educational needs (SEN) funding	-	91,415	91,415	70,672
Local authority grants	-	4,700	4,700	5,217
	<u>-</u>	<u>96,115</u>	<u>96,115</u>	<u>75,889</u>
<b>Other income</b>				
Educational trips	54,390	-	54,390	47,476
Educational before and after school club	46,218	-	46,218	31,703
Catering	96,469	-	96,469	113,661
	<u>197,077</u>	<u>-</u>	<u>197,077</u>	<u>192,840</u>
	<u>197,077</u>	<u>2,728,512</u>	<u>2,925,589</u>	<u>2,906,308</u>
<i>Analysis of 2018 total by fund</i>	<u>192,840</u>	<u>2,713,468</u>	<u>2,906,308</u>	

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**Notes to the Financial Statements**  
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**5. Income from other trading activities**

	<b>Unrestricted funds 2019 £</b>	<b>Restricted funds 2019 £</b>	<b>Total funds 2019 £</b>	<b>Total funds 2018 £</b>
Sales of materials and commission income	15,494	-	15,494	15,943
Catering	20,000	-	20,000	24,000
Lettings	8,655	-	8,655	9,251
Staff consultancy	315	8,602	8,917	12,201
Charitable fundraising	12,289	-	12,289	3,237
	<u>56,753</u>	<u>8,602</u>	<u>65,355</u>	<u>64,632</u>
<i>Analysis of 2018 total by fund</i>	<u>52,431</u>	<u>12,201</u>	<u>64,632</u>	

**6. Investment income**

	<b>Unrestricted funds 2019 £</b>	<b>Total funds 2019 £</b>	<b>Total funds 2018 £</b>
Bank interest	2,865	2,865	3,178
	<u>2,865</u>	<u>2,865</u>	<u>3,178</u>

The bank interest received in 2018 all related to unrestricted funds.

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**Notes to the Financial Statements**  
**For the Year Ended 31 August 2019**

**7. Expenditure**

	<b>Staff Costs 2019 £</b>	<b>Premises 2019 £</b>	<b>Other 2019 £</b>	<b>Total 2019 £</b>	<b>Total 2018 £</b>
Expenditure on fundraising trading activities:					
Direct costs	-	-	8,732	8,732	13,590
Educational operations:					
Direct costs	2,021,159	218,427	294,681	2,534,267	2,344,635
Allocated support costs	464,969	157,609	291,495	914,073	827,852
	<u>2,486,128</u>	<u>376,036</u>	<u>594,908</u>	<u>3,457,072</u>	<u>3,186,077</u>
<i>Analysis of 2018 total</i>	<u>2,374,552</u>	<u>234,680</u>	<u>576,845</u>	<u>3,186,077</u>	

**8. Analysis of expenditure on charitable activities**

**Summary by fund type**

	<b>Unrestricted funds 2019 £</b>	<b>Restricted funds 2019 £</b>	<b>Total funds 2019 £</b>	<b>Total funds 2018 £</b>
Educational operations	<u>214,419</u>	<u>3,233,921</u>	<u>3,448,340</u>	<u>3,172,487</u>
<i>Analysis of 2018 total by fund</i>	<u>194,509</u>	<u>2,977,978</u>	<u>3,172,487</u>	

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**Notes to the Financial Statements**  
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**9. Analysis of expenditure by activities**

	<b>Direct costs</b> <b>2019</b> <b>£</b>	<b>Support costs</b> <b>2019</b> <b>£</b>	<b>Total</b> <b>funds</b> <b>2019</b> <b>£</b>	<i>Total</i> <i>funds</i> <i>2018</i> <i>£</i>
Educational operations	2,534,267	914,073	3,448,340	3,172,487
<i>Analysis of 2018 total</i>	<i>2,344,635</i>	<i>827,852</i>	<i>3,172,487</i>	

**Analysis of support costs**

	<b>Total</b> <b>funds</b> <b>2019</b> <b>£</b>	<i>Total</i> <i>funds</i> <i>2018</i> <i>£</i>
Staff costs	464,969	381,957
Technology costs	11,579	9,005
Premises costs	157,609	162,964
Other support costs	266,374	262,398
Governance costs	13,542	11,528
	<b>914,073</b>	<b>827,852</b>

**10. Net income/(expenditure)**

Net income/(expenditure) for the year includes:

	<b>2019</b> <b>£</b>	<i>2018</i> <i>£</i>
Operating lease rentals	1,365	839
Depreciation of tangible fixed assets	264,976	111,287
Fees paid to auditors for:		
- audit	7,250	7,020
- other services	2,800	2,290

**Balgowan Primary School**  
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**Notes to the Financial Statements**  
**For the Year Ended 31 August 2019**

**11. Staff costs**

**a. Staff costs**

Staff costs during the year were as follows:

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Wages and salaries	1,803,272	1,786,206
Social security costs	154,410	159,193
Pension costs	498,349	413,153
	<u>2,456,031</u>	<u>2,358,552</u>
Agency staff costs	30,097	16,000
	<u>2,486,128</u>	<u>2,374,552</u>

**b. Staff numbers**

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

	<b>2019</b>	<b>2018</b>
	<b>No.</b>	<b>No.</b>
Teachers	30	30
Administration and support	54	52
Management	5	6
	<u>89</u>	<u>88</u>

The average headcount expressed as full-time equivalents was:

	<b>2019</b>	<b>2018</b>
	<b>No.</b>	<b>No.</b>
Teachers	24	23
Administration and support	28	29
Management	5	6
	<u>57</u>	<u>58</u>



**Notes to the Financial Statements**  
**For the Year Ended 31 August 2019**

**11. Staff costs (continued)**

**c. Higher paid staff**

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

	<b>2019</b>	<b>2018</b>
	<b>No.</b>	<b>No.</b>
In the band £60,001 - £70,000	1	1
In the band £70,001 - £80,000	1	1

**d. Key management personnel**

The key management personnel of the academy trust comprise the trustees and senior management team. The total amount of employee costs (including employer pension contributions and employer national insurance) in relation to key management personnel for their services to the academy trust was £452,741 (2018 - £493,336).

**12. Trustees' remuneration and expenses**

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

		<b>2019</b>	<b>2018</b>
		<b>£</b>	<b>£</b>
Maria Veysey, Headteacher/Accounting Officer	Remuneration	75,000 - 80,000	75,000 - 80,000
	Pension contributions paid	10,000 - 15,000	10,000 - 15,000
Jessica Owen, Staff Trustee	Remuneration	40,000 - 45,000	35,000 - 40,000
	Pension contributions paid	5,000 - 10,000	5,000 - 10,000
Linda Stenning, Staff Trustee	Remuneration	15,000 - 20,000	15,000 - 20,000
	Pension contributions paid	0 - 5,000	0 - 5,000

During the year ended 31 August 2019, no trustee expenses have been incurred (2018 - £Nil).

**13. Trustees' and Officers' insurance**

The academy trust has opted into the Department of Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to £10,000,000. It is not possible to quantify the trustees and officers indemnity element from the overall cost of the RPA scheme membership.

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**Notes to the Financial Statements**  
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**14. Tangible fixed assets**

	Long-term leasehold property £	Leasehold improvements £	Furniture and equipment £	Computer equipment £	Total £
<b>Cost or valuation</b>					
At 1 September 2018	11,000,655	1,558,523	57,535	176,624	12,793,337
Additions	-	623,065	1,775	21,845	646,685
At 31 August 2019	11,000,655	2,181,588	59,310	198,469	13,440,022
<b>Depreciation</b>					
At 1 September 2018	475,681	27,255	27,576	139,622	670,134
Charge for the year	61,513	156,914	7,839	38,710	264,976
At 31 August 2019	537,194	184,169	35,415	178,332	935,110
<b>Net book value</b>					
At 31 August 2019	10,463,461	1,997,419	23,895	20,137	12,504,912
At 31 August 2018	10,524,974	1,531,268	29,959	37,002	12,123,203

Included in long-term leasehold property is land at valuation of £7,925,000 (2018 - £7,925,000) which is not depreciated.

The academy trust has adopted a policy of revaluation for tangible fixed assets. Had these assets been measured at historic cost, the carrying values would have been as follows:

	2019 £	2018 £
Long-term leasehold property	6,204,989	6,275,520

**15. Debtors**

	2019 £	2018 £
Trade debtors	54,364	1,590
Other debtors	139,478	70,617
Prepayments and accrued income	247,576	101,599
	441,418	173,806

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**16. Creditors: Amounts falling due within one year**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Other loans	1,486	-
Trade creditors	255,950	270,475
Other taxation and social security	38,437	38,117
Other creditors	38,679	38,330
Accruals and deferred income	201,428	145,301
	<u>535,980</u>	<u>492,223</u>
	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Deferred income at 1 September 2018	65,482	70,873
Resources deferred during the year	142,778	65,482
Amounts released from previous periods	(65,482)	(70,873)
	<u>142,778</u>	<u>65,482</u>

Deferred income represents income received in advance of the 2019/20 academic year for ESFA Universal Infant Free School Meals, before and after school clubs and ESFA rates relief.

**17. Creditors: Amounts falling due after more than one year**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Other loans	10,406	11,892

The aggregate amount of liabilities payable or repayable wholly or in part more than five years after the reporting date is:

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Payable or repayable by installments	4,460	5,946

The other loan is a Condition Improvement Funding loan from the ESFA. It is interest free and repayable by instalments over 8 years from completion of the related project.

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**Notes to the Financial Statements**  
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**18. Statement of funds**

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
<b>Unrestricted funds</b>						
General fund	325,253	285,891	(223,151)	(76,964)	-	311,029
<b>Restricted general funds</b>						
General Annual Grant (GAG)	-	2,417,673	(2,469,699)	52,026	-	-
Other DfE/ESFA grants	-	214,724	(211,724)	(3,000)	-	-
Other government grants	3,805	104,717	(108,522)	-	-	-
Pension reserve	(543,000)	-	(179,000)	-	(487,000)	(1,209,000)
	<u>(539,195)</u>	<u>2,737,114</u>	<u>(2,968,945)</u>	<u>49,026</u>	<u>(487,000)</u>	<u>(1,209,000)</u>
<b>Restricted fixed asset funds</b>						
Tangible fixed assets	12,123,203	-	(264,976)	646,685	-	12,504,912
DfE/ESFA capital grants	25,930	816,487	-	(579,747)	-	262,670
PTA donation	-	39,000	-	(39,000)	-	-
CIF loan	(11,892)	-	-	-	-	(11,892)
	<u>12,137,241</u>	<u>855,487</u>	<u>(264,976)</u>	<u>27,938</u>	<u>-</u>	<u>12,755,690</u>
<b>Total Restricted funds</b>	<u>11,598,046</u>	<u>3,592,601</u>	<u>(3,233,921)</u>	<u>76,964</u>	<u>(487,000)</u>	<u>11,546,690</u>
<b>Total funds</b>	<u><u>11,923,299</u></u>	<u><u>3,878,492</u></u>	<u><u>(3,457,072)</u></u>	<u><u>-</u></u>	<u><u>(487,000)</u></u>	<u><u>11,857,719</u></u>

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

General Annual Grant ("GAG") must be used for the normal running costs of the academy trust.

The other DfE/ESFA grants fund is used to track non-GAG grants received from the ESFA, the DfE or executive agencies of the DfE, and includes Universal Infant Free School Meal and Pupil Premium grants.

The other government grants fund is used to track grants provided by other government departments.

The pension reserve is a restricted fund to account for the liability arising under the Local Government Pension Scheme.

The restricted fixed asset funds are carried forward to meet specific costs of fixed asset projects and to cover the depreciation charges that will be required on these projects going forward and the current fixed assets held.

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**Notes to the Financial Statements**  
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**18. Statement of funds (continued)**

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

	<i>Balance at 1 September 2017 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 August 2018 £</i>
<b>Unrestricted funds</b>						
General fund	278,759	278,012	(208,099)	(23,419)	-	325,253
<b>Restricted general funds</b>						
General Annual Grant (GAG)	21,882	2,444,209	(2,489,510)	23,419	-	-
Other DfE/ESFA grants	7,526	193,370	(200,896)	-	-	-
Other government grants	-	88,090	(84,285)	-	-	3,805
Pension reserve	(775,000)	-	(92,000)	-	324,000	(543,000)
	(745,592)	2,725,669	(2,866,691)	23,419	324,000	(539,195)
<b>Restricted fixed asset funds</b>						
Tangible fixed assets	10,934,396	208,767	(111,287)	1,091,327	-	12,123,203
DfE/ESFA capital grants	807,737	309,520	-	(1,091,327)	-	25,930
PTA donation	(11,892)	-	-	-	-	(11,892)
	11,730,241	518,287	(111,287)	-	-	12,137,241
<b>Total Restricted funds</b>	10,984,649	3,243,956	(2,977,978)	23,419	324,000	11,598,046
<b>Total funds</b>	11,263,408	3,521,968	(3,186,077)	-	324,000	11,923,299

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**Notes to the Financial Statements**  
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**19. Analysis of net assets between funds**

**Analysis of net assets between funds - current year**

	<b>Unrestricted funds 2019 £</b>	<b>Restricted funds 2019 £</b>	<b>Restricted fixed asset funds 2019 £</b>	<b>Total funds 2019 £</b>
Tangible fixed assets	-	-	12,504,912	12,504,912
Current assets	385,764	215,270	507,159	1,108,193
Creditors due within one year	(74,735)	(215,270)	(245,975)	(535,980)
Creditors due in more than one year	-	-	(10,406)	(10,406)
Provisions for liabilities and charges	-	(1,209,000)	-	(1,209,000)
<b>Total</b>	<b>311,029</b>	<b>(1,209,000)</b>	<b>12,755,690</b>	<b>11,857,719</b>

**Analysis of net assets between funds - prior year**

	<b>Unrestricted funds 2018 £</b>	<b>Restricted funds 2018 £</b>	<b>Restricted fixed asset funds 2018 £</b>	<b>Total funds 2018 £</b>
Tangible fixed assets	-	-	12,123,203	12,123,203
Current assets	325,253	179,997	341,961	847,211
Creditors due within one year	-	(176,192)	(316,031)	(492,223)
Creditors due in more than one year	-	-	(11,892)	(11,892)
Provisions for liabilities and charges	-	(543,000)	-	(543,000)
<b>Total</b>	<b>325,253</b>	<b>(539,195)</b>	<b>12,137,241</b>	<b>11,923,299</b>

Notes to the Financial Statements  
For the Year Ended 31 August 2019

20. Reconciliation of net income to net cash flow from operating activities

	2019 £	2018 £
Net income for the year (as per Statement of Financial Activities)	421,420	335,891
<b>Adjustments for:</b>		
Depreciation	264,976	111,287
Capital grants from DfE and other capital income	(858,487)	(309,520)
Interest receivable	(2,865)	(3,178)
Defined benefit pension scheme cost less contributions payable	165,000	74,000
Defined benefit pension scheme finance cost	14,000	18,000
(Increase)/decrease in debtors	(267,612)	131,491
Increase in creditors	42,271	165,823
Donated fixed asset	-	(208,767)
<b>Net cash (used in)/provided by operating activities</b>	<b>(221,297)</b>	<b>315,027</b>

21. Cash flows from investing activities

	2019 £	2018 £
Dividends, interest and rents from investments	2,865	3,178
Purchase of tangible fixed assets	(646,685)	(1,091,327)
Capital grants from DfE Group	816,487	298,240
Capital funding received from sponsors and others	42,000	11,280
<b>Net cash provided by/(used in) investing activities</b>	<b>214,667</b>	<b>(778,629)</b>

22. Analysis of cash and cash equivalents

	2019 £	2018 £
Cash in hand	666,775	158,890
Notice deposits (less than 3 months)	-	514,515
<b>Total cash and cash equivalents</b>	<b>666,775</b>	<b>673,405</b>

Notes to the Financial Statements  
For the Year Ended 31 August 2019

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23. Capital commitments

	2019 £	2018 £
<b>Contracted for but not provided in these financial statements</b>		
Acquisition of tangible fixed assets	260,575	25,930

The capital commitment is in respect of roofing and fire safety projects funded by the ESFA Condition Improvement Fund.

24. Pension commitments

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

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

Contributions amounting to £38,620 were payable to the schemes at 31 August 2019 (2018 - £38,019) and are included within creditors.

**Teachers' Pension Scheme**

**Introduction**

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

**The Teachers' Pension Budgeting and Valuation Account**

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

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

**Valuation of the Teachers' Pension Scheme**

The latest valuation of the Teachers' Pension Scheme has now taken place, in line with directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation TPS employers will pay an increased contribution rate of 23.68% from September 2019 (this includes the administration levy of 0.08%). The timing of the implementation is to align its introduction with employers' budget planning cycles. Until then, employers will pay the current rate of 16.48%.



**Notes to the Financial Statements**  
**For the Year Ended 31 August 2019**

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**24. Pension commitments (continued)**

The employer's pension costs paid to TPS in the year amounted to £186,000 (2018 - £191,000).

A copy of the valuation report and supporting documentation is on the [Teachers' Pensions website](#).

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

**Scheme Changes**

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

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

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

**Local Government Pension Scheme**

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £165,000 (2018 - £159,000), of which employer's contributions totalled £133,000 (2018 - £128,000) and employees' contributions totalled £32,000 (2018 - £31,000). The agreed contribution rates for future years are 23.3 per cent for employers and 5.5 to 12.5 per cent 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**

	2019	2018
	%	%
Rate of increase in salaries	3.60	3.60
Rate of increase for pensions in payment/inflation	2.20	2.20
Discount rate for scheme liabilities	1.80	2.80
Inflation assumption (CPI)	2.10	2.10

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

**Balgowan Primary School**  
**(A Company Limited by Guarantee)**

**Notes to the Financial Statements**  
**For the Year Ended 31 August 2019**

**24. Pension commitments (continued)**

	<b>2019</b>	<b>2018</b>
	<b>Years</b>	<b>Years</b>
Retiring today		
Males	23.5	23.4
Females	26.2	26.1
Retiring today		
Males	26.2	26.1
Females	28.5	28.4

**Sensitivity analysis**

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Discount rate +0.1%	(66)	(48)
Discount rate -0.1%	67	47
Mortality assumption - 1 year increase	60	43
Mortality assumption - 1 year decrease	(59)	(42)
CPI rate +0.1%	67	48
CPI rate -0.1%	(66)	(47)

The academy trust's share of the assets in the scheme was:

	<b>At 31 August</b>	<b>At 31 August</b>
	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Equities	1,453,000	1,289,000
Gilts	149,000	125,000
Corporate bonds	142,000	125,000
Property	96,000	65,000
Cash and other liquid assets	28,000	-
Other	427,000	379,000
<b>Total market value of assets</b>	<b>2,295,000</b>	<b>1,983,000</b>

The actual return on scheme assets was £157,000 (2018 - £153,000).

Notes to the Financial Statements  
For the Year Ended 31 August 2019

24. Pension commitments (continued)

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

	2019 £	2018 £
Current service cost	(182,000)	(198,000)
Past service cost	(112,000)	-
Interest income	58,000	43,000
Interest cost	(72,000)	(61,000)
Administrative expenses	(4,000)	(4,000)
<b>Total amount recognised in the Statement of Financial Activities</b>	<b>(312,000)</b>	<b>(220,000)</b>

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

	2019 £	2018 £
<b>At 1 September</b>	<b>2,526,000</b>	<b>2,495,000</b>
Current service cost	182,000	198,000
Interest cost	72,000	61,000
Employee contributions	32,000	31,000
Actuarial losses/(gains)	586,000	(212,000)
Benefits paid	(6,000)	(47,000)
Past service costs	112,000	-
<b>At 31 August</b>	<b>3,504,000</b>	<b>2,526,000</b>

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

	2019 £	2018 £
<b>At 1 September</b>	<b>1,983,000</b>	<b>1,720,000</b>
Interest income	58,000	43,000
Actuarial gains	99,000	112,000
Employer contributions	133,000	128,000
Employee contributions	32,000	31,000
Benefits paid	(6,000)	(47,000)
Administration expense	(4,000)	(4,000)
<b>At 31 August</b>	<b>2,295,000</b>	<b>1,983,000</b>

**Notes to the Financial Statements**  
**For the Year Ended 31 August 2019**

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**25. Operating lease commitments**

At 31 August 2019 the academy trust had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Not later than 1 year	2,525	341
Later than 1 year and not later than 5 years	1,160	-
	<u>3,685</u>	<u>341</u>

**26. 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.

**27. Related party transactions**

Owing to the nature of the academy trust's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which a trustee has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy trust's financial regulations and normal procurement procedures.

**Income related party transactions**

During the year the trust received £58,956 (2018 - £32,569) from the Balgowan School Parent Teacher Association, a separately registered charity, of which £39,000 was a donation for specific capital purposes.

**28. Post balance sheet events**

On 1 September 2019 the management of the academy, Balgowan Primary School, and all of the trust's assets and liabilities transferred to Nexus Education Schools Trust (company number 08753719) for £Nil consideration.

**29. Controlling party**

The academy trust is run by the management team on a day to day basis. Strategic decisions are made by the trustees. There is no ultimate controlling party.