

Company Registration No. 07726568 (England and Wales)

**BELIEVE ACADEMY TRUST
(FORMERLY SOUTHWARK PRIMARY ACADEMY TRUST)**

(A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' REPORT AND AUDITED ACCOUNTS

FOR THE YEAR ENDED 31 AUGUST 2017



BELIEVE ACADEMY TRUST

CONTENTS

	Page
Reference and administrative details	1 - 2
Trustees' report	3 - 19
Governance statement	20 - 23
Statement on regularity, propriety and compliance	24
Statement of Trustees' responsibilities	25
Independent auditor's report on the accounts	26 - 28
Independent reporting accountant's report on regularity	29 - 30
Statement of financial activities including income and expenditure account	31 - 32
Balance sheet	33
Statement of cash flows	34
Notes to the accounts including accounting policies	35 - 59

BELIEVE ACADEMY TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Trustees

R Lambert* (Staff)
M Coleman (Chair of Arnbrook)
H Robinson*
G Boyd (Executive Principal)
Rev R Shaw (Resigned 13 November 2016)
P Milner (Chair)
A Hurt (Appointed 24 November 2016)
D Harvey* (Appointed 24 November 2016)
L Murphy (Appointed 24 November 2016 and resigned 23 November 2017)
A Rogers* (Appointed 1 December 2016)

* Members of the Finance and General Purposes committee and HR Committee

Members

P Milner
Rev R Shaw
H Robinson
M Saunders (Appointed 13 September 2017)
J Day (Appointed 13 September 2017)

Senior management team

- Executive Principal
- Director of Teaching
- Director of Business and Finance
- Director of Premises

G Boyd
M Thompson
S Tidman
R Lambert

Company registration number

07726568 (England and Wales)

Registered office

Park Lane
Old Basford
Nottingham
NG6 0DT

Independent auditor

UHY Hacker Young
14 Park Row
Nottingham
NG1 6GR

Bankers

Lloyds Bank
Old Market Square
Nottingham
NG1 6FD

BELIEVE ACADEMY TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Solicitors

Browne Jacobson
Mowbray House
Castle Meadow Road
Nottingham
NG2 1BJ

BELIEVE ACADEMY TRUST

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2017

The trustees present their annual report together with the accounts and independent auditor's report of the charitable company for the period 1 September 2016 to 31 August 2017. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The trust, through its academies, provides education for nursery and primary aged children across Nottingham and Derby.

Structure, governance and management

Constitution

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust.

The Trust operates a model of governance as shown in appendix 2 on page 19.

Details of the Trustees who served during the year are included in the Reference and Administrative Details on page 1.

Members' liability

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

Trustees' indemnities

The Academy Trust maintains liability insurance which gives appropriate cover for any legal action brought against its officers. The Academy Trust has also granted indemnities to each of its directors and other officers to the extent permitted by law. Qualifying third party indemnity provisions (as defined by section 234 of the Companies Act 2006) were in force during the period and remain in force, in relation to certain losses and liabilities which the Directors or other officers may incur to third parties in the course of acting as Board members or officers of the Academy Trust.

Method of recruitment and appointment or election of trustees

The total number of Trustees including the Executive officer who are employees of the Company shall not exceed one third of the total number of Trustees. Future Trustees shall be appointed or elected, as the case may be, under the Articles of association. The Members shall appoint and may remove up to 3 Trustees. The term of office for any Trustee shall be four years, save that this time limit shall not apply to the Executive Officer Subject to remaining eligible to be a particular type of Trustee, any Trustee may be re-appointed or re-elected.

Policy and procedures adopted for the induction and training of trustees

During the year under review the Trust board met 4 times. All directors are recruited with transferable skills that will benefit the Trust and support and challenge the senior executive. All new directors complete an induction program. Four new directors have been appointed to the board this year. This has increased the professional knowledge of the board within the following areas:

- Safeguarding
- Teaching and standards
- Legal
- Governance

BELIEVE ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Organisational structure

The organisational structure at Trust level consist of the Trustees (the Board) and the Trust Executive team. Specialists within the Trust support the executive management team. The Academies, which form part of the Trust, have a local governing body, a head teacher and a senior management team for each academy. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

The Trustees are responsible for setting general policy, adopting an annual plan and budget, monitoring the Trust by the use of budgets and making major decisions about the direction of the Trust, capital expenditure and senior staff appointments.

The Executive Leadership Team manages the Trust at an executive level. They set the strategic direction for the Trust and oversee day-to-day operations. They make recommendations to the board on the operational, procedural and educational activities that operate across the Trust. The executive team also provision central services for the academies within the Trust, These include school improvement, Human resources and Finance.

The Academy leadership teams are in place in each academy and are accountable for the day-to-day teaching and safe guarding operations. Local governing bodies support them and provide challenge.

BELIEVE ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Arrangements for setting pay and remuneration of key management personnel

The key management personnel of the academy trust comprise the Trustees and Executive 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 external consultants (EPM) and following guidance from the relevant professional pay review bodies. Naturally the senior management team was not involved in setting their own remuneration package.

The trust has a recognised pay model that unions has been consulted on. All senior leaders are paid from the same pay matrix. This ensures consistency across the Trust particularly ensuring gender pay is consistent and pay is deemed to be fair.

Only staff Trustees, including the executive officer, 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.

The day-to-day running of the remuneration policy is delegated to the Business lead and monitored by the finance and audit 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 closely 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 and experience. 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 recognise 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 an 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.

Related parties and other connected charities and organisations

The Trust is not working with any related parties.

There have been no transactions with related parties in this accounting period.

BELIEVE ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Objectives and activities

Trust Vision

Our vision is to create school communities where children excel, develop a love of learning and create magical memories that will last them a life time. There are high expectations for every child to succeed through the provision of personalised, real-life learning experiences which enable them to grow into productive and valued citizens. Children will have success for today and be more prepared for tomorrow.

- Academies with their own identity – Be more individual
- Belief and confidence in our academies to excel – Be more confident
- Only the best for our children – Be more determined
- Outstanding providers of education – Be more successful

The Trust works closely with all its academies to ensure they are supported in achieving this vision. We do this through a number of ways:

- Partnership reviews and challenge
- Support from specialist roles across the Trust
- School improvement support
- Peer to Peer support
- Centralised support services
- Shared Best practice amongst academies

Objects and aims

The Trust has the following objects stated within its articles:

- to advance for the public benefit education in the United Kingdom
- to promote for the benefit of the inhabitants of the areas where the Academies are established and its surrounding area the provision of facilities for recreation or other leisure time occupation

To ensure we can deliver on the stated objects we have developed the following objectives for the Trust and its academies:

- A relentless drive to provide a high quality education and memorable experience for all our pupils
- Every Academy is a giver and receiver of support – part of the network
- Each academy contributes to the core values and strategic development of the Trust
- Academies work together and share resources and talent between each other
- Staff across the Trust will feel valued with support and bespoke development opportunities that are realistic and deliverable
- Governance will be of the highest quality

BELIEVE ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Objectives, strategies and activities

Strategic plans for the Trust have been developed centering on five key areas which have been identified as essential to 'get right' at the onset of growth. All of which are inextricably linked:

- **Leadership and governance – Including formation of development pathways on an individual level throughout the Trust**

The Trust has reorganised its governance structure this year including redrafting the articles. We have also developed very clear delegated authorities across the Trust to ensure there is parity of task and clear accountability.

We have worked closely this year with other educational establishments to try and develop pathways that staff can use to develop the skills and knowledge to progress their careers. This work is ongoing. By ensuring we have highly qualified and motivated staff we can ensure our pupils receive the best that can be offered.

- **Improving outcomes for pupils - Clear capacity to support academies with expertise and greater accountability regarding improving outcomes for pupils**

The Trust have implemented a partnership review and support program. This encompasses regular peer reviews from other academies within the Trust. Partnership reviews last 1-2 days and result in sharing of learning as well as clear action plans to improve specific areas.

- **Finance – Centralisation of financial systems in order to create greater efficiencies and pursuing avenues for generating income**

We have centralised the financial matters of the Academies within the Trust into a single point. We have appointed a finance officer and upgraded our management systems to improve our financial controls. We are continuing to invest within this area to ensure our financial controls are robust and effective and we clearly understand our expenditure to ensure we achieve best value.

- **HR – Generation of Trust HR support in order to create exemplary support mechanisms and systems**

We have continued to develop Trust HR support. We have targeted support for employees when they are absent, particularly when they return to the work place. This has led to a reduction of 1300 days in absence compared to last year.

We are refining policies and processes relating to people to ensure our employees are well supported. We have also made significant improvements in establishing mechanisms for measuring employee engagement. This allows us to plan targeted interventions to improve employee wellbeing leading to improved retention and happier employees.

BELIEVE ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

- **Premises – Clear plans to reduce the carbon footprint of academies and create greater efficiencies.**

We have developed a premises strategy for the Trust this year to ensure we are not only meeting environmental targets but leading the way amongst our peers over the next few years. We have invested in our premises team to equip them with the qualifications to carry out carbon assessments so we can better understand the impact our business has.

We are also developing our information systems to try and reduce our reliance on paper and printing.

Public benefit

Academies within the Trust cater for children aged 3 to 11 and strive to promote and support the advancement of education within their surrounding areas. The Academies provide an extensive programme of educational and recreational activity - all designed to contribute to the overall education of students in areas such as academic distinction, music, the arts and sport.

For example the Academies work with:

- Local secondary schools to provide aid transition
- Working with local sporting associations
- Working with the family of schools to promote and participate in orchestral performance and an appreciation of the arts
- Hold regular charity events to raise funds for Water Aid, Children in Need, etc.
- Running workshops for families
- Hosting community events

Wherever possible the Academies also aim to contribute to the benefit of the wider public, by making available the premises to third parties for the provision of educational and other opportunities.

For example:

- Hire of sports pitches
- Local Election Polling Station
- Parents Groups to support children with behavioural difficulties and children with autism

BELIEVE ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Strategic report

Achievements and performance

As an educational organisation, our objectives are to improve both outcomes and opportunities for all our pupils, underpinned by robust safeguarding provision. Sounds straightforward when written in such a way, however, as we are all aware a multitude of elements need to combine in order to achieve sustainability and continued high performance. This is reflected in our strategy which focusses on five key strands: teaching and learning, leadership and management, business and finance, HR and Premises. Over last year the Board endorsed specific targets in each category, as well as overseeing performance against them.

A logical starting point from which to build the Trust was to implement governance mechanisms designed to become an organisational 'enabler', providing structure, clarity and accountability. Successful appointments at Board level, skills audits and a detailed schedule of delegated duties have created a clear distinction between the remit and responsibilities of the Board compared to those of Local Governance. Improved methods by which Trust management can report on performance and ways in which the Board can access this information have created a greater sense of transparency. In addition to this, a more formalised approach to risk management has been introduced to further inform the decision making process.

The Trust has expanded this year and is pleased to welcome Derwent Primary into the Trust. The team worked very hard to secure this and we are looking forward to working with our new colleagues. Derwent came in on a sponsored arrangement. The Trust has already carried out a partnership review and there are clear plans in place. Our aim is still to make every school good or outstanding on Ofsted judgements. We are confident that the school will reach this target for their next inspection.

Arnbroom primary had an Ofsted inspection this year and although the result was not what we expected there are still many positives that show the school starting to move forward. The HMI follow up visit was positive and we are expecting improvement in our Key stage two results this year. We have also made a number of strides forward in pupil behaviour, attendance and general school standards.

The 2017 assessment results (appendix 1, page 11), present a positive picture across both Arnbroom and Southwark. The former continuing the building process and the latter continuing to grow from a more solid foundation. Results across the vast majority of areas have improved, in some cases dramatically, which is testament to the hard work and efforts of all those concerned. The 2017 assessment information for Derwent will be used as a baseline to measure success moving forward.

Looking forward, the Trust still wishes to grow and will be actively working to welcome likeminded schools into the Trust.

BELIEVE ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

We have continued to try and improve on employment engagement. Our employees are the essential component in outstanding education for our pupils. We have introduced a number of employee focused policies such as learning and development, consultation, volunteering, reward and environmental policies. We have worked with a number of third parties to try and improve employee engagement and the Trust is entering the Times best places to work competition this year. Result from staff surveys conducted in the year have been promising and we now have benchmarks to allow us to measure engagement moving forwards.

We are continuing to develop staff training. We have developed our own online training courses on safeguarding and governance and also developed an online induction program for new staff. We have continued to develop our internal leadership courses and are working with third parties to ensure all staff have access to personal development that meets their career goals.

Alongside teaching we have continued to develop the support functions that support any successful business. We have streamlined our financial support services to ensure improved control and financial reporting. Alongside this we have improved our finance systems and procedures. Although we still feel there is another years' worth of work until we have the areas meeting the standards we expect. We have foregone paying for external finance support and set up our own in-house finance team. This year's audit is one of firsts as it's the first for the team and the first one with a new academy. We still continue to survive within our means but expect funding challenges to increase in future years.

The Trust have now appointed internal auditors, Hobsons to help Directors manage risk. The Trust now has an audit and risk committee and the Trust has worked to make its risk policy more robust. Hobsons carried out one internal audit last year on finance and results were positive.

We have continued to focus on people through our HR team. A particular success compared to last year is the reduction in absence days against last year. We have also been able to provide improved support on wellbeing and other people related issues. We continue to update our processes and policies and last year introduced support pay policies. We continue to have minimal employee relation issues. Our turnover rates are consistent with the industry average and we are still managing to attract quality teachers to the Trust.

The Trust has worked to improve its information systems capability and has run a number of pilots in the year to establish the best set up to support teaching. This has led to changes on our infrastructure and purchasing of new hardware. The Trust has also started to put in ground work to ensure we are fit for PR when the legislation goes live in May. We have also improved our IT security to try and protect against the risk of cyber-attack. Work continues in this area through 2018 and the Trust hope to be leading the way on school IT by that point.

The Trust continues to focus on safeguarding. We have introduced improved systems to manage this and continue to develop our designated safe guarding leads across the Trust. We continue to ensure our staff are well trained with access to online resources, regular training updates and newsletters. We continue to provide safe learning environments for our pupils.

BELIEVE ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Appendix 1
Southwark

	2015 Results	2016 Results	2016 National	2017 Results	2017 National
EYFS GLD	59%	61%	69.3%	71%	70%
Phonics	77%	83%	81%	83%	

		2016 National	2016 Results	2017 Results	2017 National
KS1	Reading Expected+	74%	78%	78%	
	Reading Greater Depth	24%	25%	26%	
	Writing Expected+	65%	71%	73%	
	Writing Greater Depth	13%	15%	21%	
	Maths Expected+	73%	72%	76%	
	Maths Greater Depth	18%	25%	26%	
	Science	82%	80%	78%	
KS2	Reading Expected+	66%	75%	85%	71%
	Reading High Score	19%	15%	28%	25%
	EGPS Expected+	72%	84%	85%	77%
	EGPS High Score	23%	25%	34%	31%
	Writing Expected+	74%	83%	76%	76%
	Writing Greater Depth	15%	34%	27%	18%
	Maths Expected+	70%	75%	76%	75%
	Maths High Score	17%	20%	10%	23%

BELIEVE ACADEMY TRUST**TRUSTEES' REPORT (CONTINUED)****FOR THE YEAR ENDED 31 AUGUST 2017**

KS2 Combined and Progress:

Combined	2015 – 2016 Southwark	2015 – 2016 National	2016 – 2017 Southwark	2016 – 2017 National
Expected in Reading, Writing & Maths	56%	53% (65% floor target)	61%	61% (65% floor target)

	2015-2016 Southwark Progress Score	2015-2016 Sufficient progress Required	2016-2017 Southwark Progress Score	2016-2017 Sufficient Progress Required
Reading	1.4	-5	3.5 (top 25% nationally)	-5
Writing	4.07	-7	1.5	-7
Maths	1.8	-5	0.6	-5

BELIEVE ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Arnbrook Primary School

	2015 Results	2016 Results	2016 National	2017 Results	2017 National
EYFS GLD	68%	69%	69.3%	66%	70%
Phonics	50%	72%	81%	82%	

		2016 Results	2016 National	2017 Results	2017 National
KS1	Reading Expected+	77%	74%	69%	
	Reading Greater Depth	29%	24%	25%	
	Writing Expected+	67%	65%	72%	
	Writing Greater Depth	0%	13%	14%	
	Maths Expected+	73%	73%	69%	
	Maths Greater Depth	2%	18%	19%	
	Science	80%	82%	72%	
KS2	Reading Expected+	31%	66%	39% 41%	71%
	Reading High Score	3%	19%	12%	25%
	EGPS Expected+	41%	72%	51%	77%
	EGPS High Score	9%	23%	12%	31%
	Writing Expected+	84%	74%	66%	76%
	Writing Greater Depth	19%	15%	12%	18%
	Maths Expected+	22%	70%	39% 41%	75%
	Maths High Score	3%	17%	6%	23%

BELIEVE ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

KS2 Combined and Progress:

Combined	2015 – 2016 Arnbrook	2015 – 2016 National	2016 – 2017 Arnbrook	2016 – 2017 National
Expected in Reading, Writing & Maths	13%	53% (65% floor target)	27% 29%	61% (65% floor target)

	2015-2016 Arnbrook Progress Score	2015-2016 Sufficient progress Required	2016-2017 Arnbrook Progress Score	2016-2017 Sufficient Progress Required
Reading	-3.39	-5	-4.7	-5
Writing	4.49	-7	-0.1	-7
Maths	-3.72	-5	-5.5	-5

BELIEVE ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Derwent

	2015 Results	2016 Results	2016 National	2017 Results	2017 National
EYFS GLD	40%	67%	69.3%	75%	70%
Phonics	53%	71%	81%	87%	

		2016 Results	2016 National	2017 Results	2017 National
KS1	Reading Expected+	74%	74%	61%	
	Reading Greater Depth	6.5%	24%	10%	
	Writing Expected+	51%	65%	61%	
	Writing Greater Depth	0%	13%	7%	
	Maths Expected+	64%	73%	72%	
	Maths Greater Depth	9%	18%	10%	
	Science	71%	82%	72%	
KS2	Reading Expected+	25%	66%	30%	71%
	Reading High Score	3%	19%	0%	25%
	EGPS Expected+	43%	72%	55%	77%
	EGPS High Score	10%	23%	0%	31%
	Writing Expected+	64%	74%	50%	76%
	Writing Greater Depth	7%	15%	0%	18%
	Maths Expected+	25%	70%	30%	75%
	Maths High Score	7%	17%	0%	23%

Key financial performance indicators

The consider that the following are key performance indicators for the Academy Trust:

- Percentage of budget spent on human resource 72-78%
- Performance against agreed budget within 1%
- Percentage of income spent per child

The Directors have been pleased that expectations for all key performance indicators listed have been successfully met during the period.

Going concern

After making appropriate enquiries, the board of trustees has a reasonable expectation the academy trust has adequate resources to continue in operational existence for the foreseeable future. For this reason the board of trustees continues to adopt the going concern basis in preparing the accounts. Further details regarding the adoption of the going concern basis can be found in the accounting policies.

BELIEVE ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Financial review

Most of the Academy's recurrent income is obtained from the ESFA in the form of grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the period ended 31 August 2017 and the associated expenditure are shown as restricted funds in the statement of financial activities.

During the period ended 31 August 2017, total expenditure of £6,131,803 was not covered by recurrent grant funding from the ESFA together with other incoming resources but excluding donations relating to the transfer from local authority on conversion. The deficit of income over expenditure for the year (excluding donations on transfer from local authority on conversion and restricted fixed asset funds) was £408,625.

At 31 August 2017, the net book value of fixed assets was £11,775,150 and movements in tangible fixed assets are shown in note 11 to the financial statements. During the period the assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

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 will always try to match income with expenditure in the current year (set and manage a balanced budget), will only carry forward reserves that it considers necessary and will have a clear plan for how it will be used to benefit the pupils.

As at 31 August 2017 the Trust has 'free' reserves i.e. those reserves that are freely available for general purposes of the Trust totalling £489,038. The restricted fixed asset fund totals £11,775,150 which can only be realised by disposing of tangible fixed assets. Restricted reserves total (£2,803,227) of which (£3,309,000) relates to Local Government Pension Fund deficit which is due to be repaid in line with the agreed terms of the Fund. The remainder of the restricted reserves, £505,773, must only be spent as intended, the majority of which relates to grant funding from government sources to support delivery of education across the Trust.

The trustees have determined that the appropriate level of free reserves should be equivalent to one month's purchasing cost, approximately £180,000. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grant income and to provide a cushion to deal with unexpected emergencies such as urgent maintenance or long term sickness where unforeseen costs are incurred.

The trustees will monitor the level of reserves to ensure that they are maintained at the required level. In the event that they are partly used the trust will strive to rebuild free reserves up to the level needed.

BELIEVE ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Investment policy

The Trust aims to manage its cash balances to provide for the day-to-day working capital requirements of its operations, whilst protecting the real long term value of any surplus cash balances against inflation.

In addition, the Trust aims to invest surplus cash funds to optimise returns while ensuring the investment instruments are such that there is no material risk to the loss of these cash funds. The Trust currently does this through making use of high interest accounts only and the risk is minimal. The Trust will be working through 2018 to make better use of its assets to return an investment. A formal investment policy will be developed through 2018.

Principal risks and uncertainties

The main risks that the Trust is exposed to are summarised below. For each of these risks the probability, impact and seriousness have been considered together with appropriate action and management plans:

Operational and reputational - this covers risks to the running of the Academy (including the capacity of staff and buildings to meet the needs of pupils) and its performance in delivering the curriculum.

Financial - covering risks to the Academy Trust's financial position, including revenue streams, cost control, income and cash management.

Information –covering risks around loss of data and breach of information systems.

The risks to which the Academy Trust is exposed arise both internally and externally. External risks include those in respect of future funding levels, competition, changes to rules and regulations, and the financial position of the staff pension schemes. Internal Risks include - management of internal finances and assets, fraud, money laundering and facilities management.

Disabled employees

The policy of the Academy Trust is to support recruitment and retention of students and employees with disabilities. The Academy Trust does this by working to ensure individual plans are in place to support them. The trust also runs a number of initiatives to support staff in general and prioritises wellbeing and staff engagement as two key areas.

Equal opportunities

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

BELIEVE ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Plans for future periods

The Trust plans for the future are outlined within the individual Academies Development Plans. The key objectives are identified below:

- To improve attainment and progress in every year group addressing issues highlighted in pupil data at the end of the previous academic year
- To improve attainment and progress in every year group by the strategic use of assessment
- To continue to raise the standards of teaching and quality of learning experiences received by the pupils
- To continue to increase staff engagement and be seen as a truly great place to work
- To provide high class, value for money services to support the business operations of the trust
- To provide safe and secure environments for Trust employees, parents/carers and pupils to exist safely
- To have all the academies in the trust graded as good or outstanding

Funds held as custodian trustee on behalf of others

The Academy does not currently hold any funds on behalf of others.

Auditor

In so far as the trustees are aware:

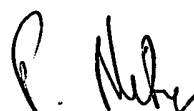
- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 21 December 2017 and signed on its behalf by:

G Boyd
Executive Principal



P Milner
Chair

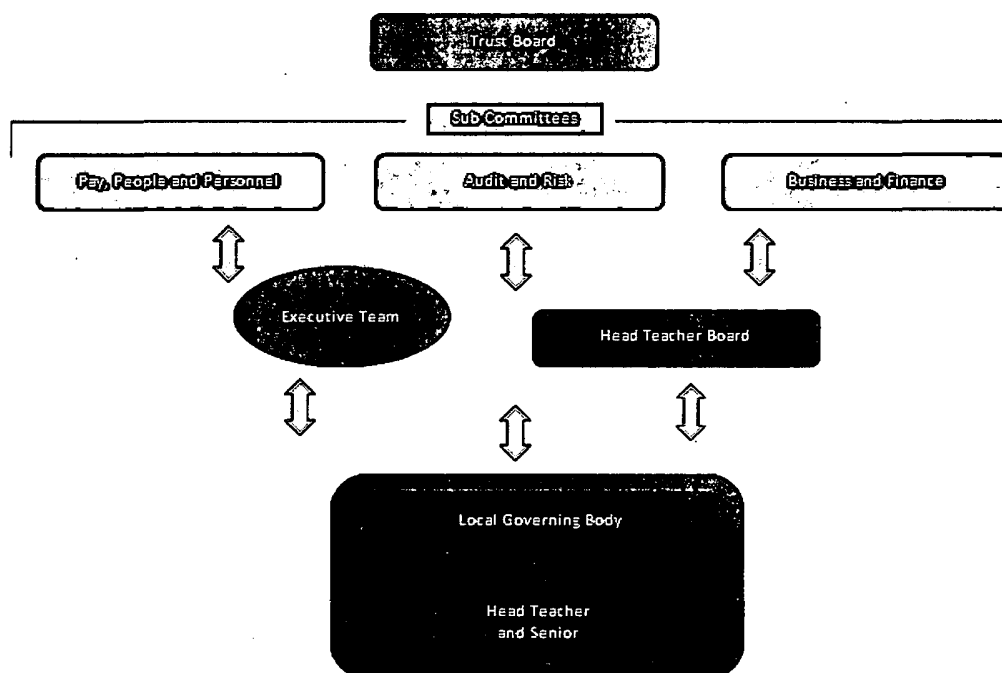


BELIEVE ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Appendix 2 – Governance Structure



BELIEVE ACADEMY TRUST

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2017

Scope of responsibility

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

The board of trustees has delegated the day-to-day responsibility to the Executive Principal as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Believe Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

Governance

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

Trustees	Meetings attended	Out of possible
R Lambert* (Staff)	4	4
M Coleman (Chair of Arnbrook)	3	4
H Robinson*	1	4
G Boyd (Executive Principal)	4	4
Rev R Shaw (Resigned 13 November 2016)	0	0
P Milner (Chair)	3	4
A Hurt (Appointed 24 November 2016)	3	3
D Harvey* (Appointed 24 November 2016)	0	3
L Murphy (Appointed 24 November 2016 and resigned 23 November 2017)	1	3
A Rogers* (Appointed 1 December 2016)	2	3

* Members of the finance and general purpose committee and the HR committee

BELIEVE ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

The Finance and General Purposes Committee is a sub-committee of the main board of trustees. Its purpose is to plan and monitor the financial and other resources of the school effectively, and to ensure the school provides a safe educational environment. One of the Committee's responsibilities is routine budget setting and monitoring.

Attendance at meetings in the year was as follows:

Trustees	Meetings attended	Out of possible
R Lambert* (Staff)	4	4
M Coleman (Chair of Arnbrook)	4	4
H Robinson*	4	4
G Boyd (Executive Principal)	4	4
P Milner (Chair)	4	4
A Hurt (Appointed 24 November 2016)	2	2
D Harvey* (Appointed 24 November 2016)	0	2
L Murphy (Appointed 24 November 2016 and resigned 23 November 2017)	0	2
A Rogers* (Appointed 1 December 2016)	1	2

The HR committee is also sub-committee of the main board of trustees. Its purpose is to review issues that affect people such as pay, staff engagement, absence etc.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
H Robinson	1	2
M Coleman (Chair of Arnbrook)	1	2
R Lambert (Staff)	2	2
G Boyd (Executive Principal)	2	2
A Hurt (Appointed 24 November 2016)	1	1
L Murphy (Appointed 24 November 2016 and resigned 23 November 2017)	0	1
D Harvey (Appointed 24 November 2016)	0	1
A Rogers (Appointed 1 December 2016)	0	1
P Milner (Chair)	2	2

BELIEVE ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Review of value for money

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

A key part of becoming a trust was to use the buying power of multiple schools to secure better financial outcomes. We have managed to save Derwent approximately a projected £40,000 in contract improvement per annum. The existing schools have also saved money on a number of procurement projects. We have conducted a OJEU tender process for catering across the Southwark and Arnbrook. This has helped us ensure we are getting best value against the market and also secured a number of improvements to the service.

The Trust has worked on ways it can start to generate income. A number of Trust employees have started working with other education institutions to provide services and gain extra income. Two of the Trust team have been certified on specialist subjects with a view to generating income. The Trust has also laid foundations this year for a number of long term income generation projects that will help us achieve our target of 5% of our income coming from other sources by 2019. The Trust has also applied for more grants than ever before in 2017 and have received funding from the Foyle foundation to build an outdoor shelter and classroom as well as from EMI for instruments.

The trust has introduced partnership reviews for all its academies. This framework allows challenge to be given in a controlled way. The outcomes of this are key areas to help continuous improvement and also sharing of expertise. By using internal resources we are able to reduce the need for external support and consultants across the Trust.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Believe Academy Trust for the period 1st September 2016 to 31st August 2017 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The board of trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1st September 2016 to 31st August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

BELIEVE ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

The risk and control framework

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

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

The board of trustees has considered the need for a specific internal audit function and has decided to appoint Hobsons as internal auditor.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems and other key areas. In particular the checks carried out in the current period included:

- testing of payroll systems
- testing of purchase systems
- testing of control account/ bank reconciliations

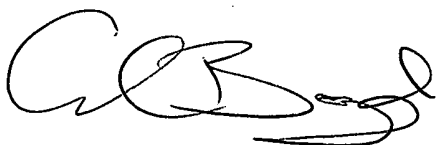
Review of effectiveness

The accounting officer has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the internal auditor;
- the work of the external auditor;
- the financial management and governance self assessment process; and
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

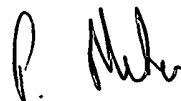
The accounting officer has been advised of the implications of the result of their review of the system of internal control by the Audit committee/Finance and General Purposes Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the board of trustees on 21 December 2017 and signed on its behalf by:



G Boyd
Executive Principal

P Milner
Chair



BELIEVE ACADEMY TRUST

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE FOR THE YEAR ENDED 31 AUGUST 2017

As accounting officer of Believe Academy Trust I have considered my responsibility to notify the academy trust board of trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2016.

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.

A handwritten signature in black ink, appearing to read 'G Boyd', with a stylized flourish at the end.

G Boyd
Accounting Officer

21 December 2017

BELIEVE ACADEMY TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES FOR THE YEAR ENDED 31 AUGUST 2017

The trustees (who also act as governors for Believe Academy Trust and are also the directors of Believe Academy Trust for the purposes of company law) are responsible for preparing the Trustees' Report and the accounts in accordance with the Annual Accounts Direction issued by the Education and 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 accounts for each financial year. Under company law the trustees must not approve the accounts 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 accounts, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgements 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 accounts; and
- prepare the accounts 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 accounts 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 that 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 accounts may differ from legislation in other jurisdictions.

Approved by order of the board of trustees on 21 December 2017 and signed on its behalf by:

G Boyd
Executive Principal



P Milner
Chair



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BELIEVE ACADEMY TRUST

Opinion

We have audited the accounts of Believe Academy Trust for the year ended 31 August 2017 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the notes to the accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice), the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

In our opinion the accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2017 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;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017.

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 'Auditor's responsibilities for the audit of the accounts' 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 accounts in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BELIEVE ACADEMY TRUST (CONTINUED)

Other information

The other information comprises the information included in the annual report, other than the accounts and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the accounts 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 accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts 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 accounts 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.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report including the incorporated strategic report for the financial year for which the accounts are prepared is consistent with the accounts; and
- the Trustees' Report including the incorporated strategic report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the 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 incorporated 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 accounts 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BELIEVE ACADEMY TRUST (CONTINUED)

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities, the trustees are responsible for the preparation of the accounts 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 accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, 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 charitable company, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 accounts.

A further description of our responsibilities for the audit of the accounts is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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



Jonathan Warsop FCA FCCA (Senior Statutory Auditor)
for and on behalf of UHY Hacker Young, Statutory Auditor
14 Park Row
Nottingham
NG1 6GR

Dated: 21/12/2017

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

In accordance with the terms of our engagement letter dated 14 July 2011 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Believe Academy Trust during the period 1 September 2016 to 31 August 2017 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 Believe Academy Trust and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Believe Academy Trust and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Believe Academy Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Believe Academy Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Believe Academy Trust's funding agreement with the Secretary of State for Education dated 27 March 2014 and the Academies Financial Handbook, extant from 1 September 2016, 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 2016 to 2017. 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 period 1 September 2016 to 31 August 2017 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 2016 to 2017 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.

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

The work undertaken to draw to our conclusion includes:

- An assessment of the risk of material irregularity and impropriety within the trust.
- Testing of those areas identified through risk assessment, including reviewing internal controls, analytical review and enquiries of management.
- Consideration of the evidence and concluding on the work carried out.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2016 to 31 August 2017 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

UHY Hacker Young

UHY Hacker Young LLP
Reporting Accountant
14 Park Row
Nottingham
NG1 6GR

Dated: 21/12/2017

BELIEVE ACADEMY TRUST

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2017

	Notes	Unrestricted Funds £	Restricted funds: General Fixed asset £ £		Total 2017 £	Total 2016 £
Income and endowments from:						
Donations and capital grants	2	-	-	174,886	174,886	18,330
Donations - transfer from local authority on conversion	23	184,450	(644,000)	2,940,000	2,480,450	-
Charitable activities:						
- Funding for educational operations	4	-	5,270,916	-	5,270,916	4,882,297
Other trading activities	3	151,527	102,465	-	253,992	203,291
Investments	5	2,051	-	-	2,051	1,906
Total income and endowments		<u>338,028</u>	<u>4,729,381</u>	<u>3,114,886</u>	<u>8,182,295</u>	<u>5,105,824</u>
Expenditure on:						
Charitable activities:						
- Educational operations	7	96,327	5,839,257	196,219	6,131,803	5,265,294
Total expenditure	6	<u>96,327</u>	<u>5,839,257</u>	<u>196,219</u>	<u>6,131,803</u>	<u>5,265,294</u>
Net income/(expenditure)		241,701	(1,109,876)	2,918,667	2,050,492	(159,470)
Transfers between funds		-	(2,062)	2,062	-	-
Other recognised gains and losses						
Actuarial gains/(losses) on defined benefit pension schemes	19	-	211,000	-	211,000	(829,000)
Net movement in funds		241,701	(900,938)	2,920,729	2,261,492	(988,470)
Reconciliation of funds						
Total funds brought forward		247,337	(1,902,289)	8,854,421	7,199,469	8,187,939
Total funds carried forward		489,038	(2,803,227)	11,775,150	9,460,961	7,199,469

BELIEVE ACADEMY TRUST

STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2017

Comparative year information Year ended 31 August 2016	Notes	Unrestricted Funds £	General	Restricted funds: Fixed asset £	Total 2016 £
Income and endowments from:					
Donations and capital grants	2	-	-	18,330	18,330
Charitable activities:					
- Funding for educational operations	4	-	4,882,297	-	4,882,297
Other trading activities	3	104,295	98,996	-	203,291
Investments	5	1,906	-	-	1,906
Total income and endowments		<u>106,201</u>	<u>4,981,293</u>	<u>18,330</u>	<u>5,105,824</u>
Expenditure on:					
Charitable activities:					
- Educational operations	7	97,063	4,972,285	195,946	5,265,294
Total expenditure	6	<u>97,063</u>	<u>4,972,285</u>	<u>195,946</u>	<u>5,265,294</u>
Net income/(expenditure)		9,138	9,008	(177,616)	(159,470)
Transfers between funds		-	(21,357)	21,357	-
Other recognised gains and losses					
Actuarial losses on defined benefit pension schemes	19	-	(829,000)	-	(829,000)
Net movement in funds		9,138	(841,349)	(156,259)	(988,470)
Reconciliation of funds					
Total funds brought forward		238,199	(1,060,940)	9,010,680	8,187,939
Total funds carried forward		<u>247,337</u>	<u>(1,902,289)</u>	<u>8,854,421</u>	<u>7,199,469</u>

BELIEVE ACADEMY TRUST**BALANCE SHEET****AS AT 31 AUGUST 2017**

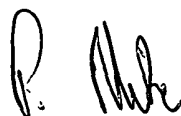
	Notes	2017 £	£	2016 £	£
Fixed assets					
Tangible assets	11	11,775,150		8,854,421	
Current assets					
Stocks	12	16,391		21,365	
Debtors	13	425,532		206,633	
Cash at bank and in hand		1,022,591		1,034,742	
		<u>1,464,514</u>		<u>1,262,740</u>	
Current liabilities					
Creditors: amounts falling due within one year	14	(469,703)		(295,692)	
Net current assets			994,811		967,048
Net assets excluding pension liability			<u>12,769,961</u>		<u>9,821,469</u>
Defined benefit pension liability	19	(3,309,000)		(2,622,000)	
Net assets			<u><u>9,460,961</u></u>		<u><u>7,199,469</u></u>
Funds of the academy trust:					
Restricted funds	16				
- Fixed asset funds		11,775,150		8,854,421	
- Restricted income funds		505,773		719,711	
- Pension reserve		(3,309,000)		(2,622,000)	
Total restricted funds		<u>8,971,923</u>		<u>6,952,132</u>	
Unrestricted income funds	16	<u>489,038</u>		<u>247,337</u>	
Total funds		<u><u>9,460,961</u></u>		<u><u>7,199,469</u></u>	

The accounts set out on pages 31 to 59 were approved by the board of trustees and authorised for issue on 21 December 2017 and are signed on its behalf by:

G Boyd
Executive Principal



P Milner
Chair



Company Number 07726568

BELIEVE ACADEMY TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2017

	Notes	2017 £	£	2016 £	£
Cash flows from operating activities					
Net cash provided by (used in) operating activities	20	(196,590)		60,025	
Cash funds transferred on conversion		184,450		-	
		(12,140)		60,025	
Cash flows from investing activities					
Dividends, interest and rents from investments		2,051		1,906	
Capital grants from DfE and EFA		174,886		18,330	
Payments to acquire tangible fixed assets		(176,948)		(39,687)	
		(11)		(19,451)	
Change in cash and cash equivalents in the reporting period					
		(12,151)		40,574	
Cash and cash equivalents at 1 September 2016		1,034,742		994,168	
Cash and cash equivalents at 31 August 2017		1,022,591		1,034,742	
Relating to:					
Bank and cash balances		1,022,591		934,742	
Short term deposits		-		100,000	

BELIEVE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

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

1.1 Basis of preparation

The accounts of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Believe Academy Trust meets the definition of a public benefit entity under FRS 102.

1.2 Going concern

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

1.3 Conversion to an academy trust

The conversion from a state maintained school to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for £nil consideration. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below.

The assets and liabilities transferred on conversion from Derwent Primary School to the academy trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in Donations – transfer from local authority on conversion in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds. The land and buildings has been valued by an independent valuer and is included at fair value. Pension liabilities have been valued as at the date of conversion, further details of the pension valuation are included in note 19. Further details of the transaction are set out in note 23.

1.4 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.

BELIEVE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

(Continued)

Grants receivable

Grants are included in the statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of 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 period for which it is receivable, and any abatement in respect of the period is deducted from income and recognised as a liability.

Capital grants are recognised 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.

Sponsorship income

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the statement of financial activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

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 period it is receivable and to the extent the academy trust has provided the goods or services.

Donated goods, facilities and services

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

Donated fixed assets

Donated fixed assets are measured at fair value unless it is impractical to measure this reliably, in which case the cost of the item to the donor is used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's accounting policies.

BELIEVE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

(Continued)

1.5 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

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.

1.6 Tangible fixed assets and depreciation

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

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. 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 relevant assets is charged directly to the restricted fixed asset fund in the statement of financial activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

Long leasehold land and buildings	50 years
Computer equipment	3 years
Fixtures, fittings & equipment	8 years

BELIEVE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

(Continued)

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.

1.7 Liabilities

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

1.8 Leasing and hire purchase commitments

Rentals payable under operating leases are charged against income on a straight line basis over the period of the lease.

1.9 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 basis are as follows.

Financial assets

Trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. 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. Taxation and social security are not included in the financial instruments disclosure definition.

Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

1.10 Stock

Stock is valued at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less further costs to completion and disposal. Provision is made for obsolete and slow moving stock.

1.11 Taxation

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

BELIEVE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

(Continued)

1.12 Pensions benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 19, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions are recognised in the period to which they relate.

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

1.13 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 Education and Skills Funding Agency/Department for Education/sponsor/other funders where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received and include grants from the Education and Skills Funding Agency/Department for Education.

BELIEVE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

(Continued)

1.14 Critical accounting estimates and areas of judgement

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 19, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
Capital grants	-	174,886	174,886	18,330

The income from donations and capital grants was £174,886 (2016: £18,330) of which £174,886 was restricted fixed assets (2016: £18,330).

3 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
Trip Income	-	28,689	28,689	28,537
Catering income	-	63,315	63,315	61,060
Breakfast / After School Club Income	71,429	-	71,429	44,473
Other income	80,098	10,461	90,559	69,221
	151,527	102,465	253,992	203,291

The income from other trading activities was £253,992 (2016: £203,291) of which £151,527 was unrestricted (2016: £104,295) and £102,465 was restricted (2016: £98,996).

BELIEVE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 AUGUST 2017**

4 Funding for the academy trust's educational operations

	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
DfE / ESFA grants				
General annual grant (GAG)	-	4,099,668	4,099,668	3,690,958
Other DfE / ESFA grants	-	742,697	742,697	691,460
	<u>-</u>	<u>4,842,365</u>	<u>4,842,365</u>	<u>4,382,418</u>
Other government grants				
Local authority grants	-	428,551	428,551	499,879
	<u>-</u>	<u>428,551</u>	<u>428,551</u>	<u>499,879</u>
Total funding	<u>-</u>	<u>5,270,916</u>	<u>5,270,916</u>	<u>4,882,297</u>

The income from funding for educational operations was £5,270,916 (2016: £4,882,297) of which £5,270,916 was restricted (2016: £4,882,297).

5 Investment income

	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
Short term deposits	<u>2,051</u>	<u>-</u>	<u>2,051</u>	<u>1,906</u>

The income from funding for investment income was £2,051 (2016: £1,906) of which £2,051 was unrestricted (2016: £1,906).

6 Expenditure

	Staff costs & £	Premises equipment £	Other costs £	Total 2017 £	Total 2016 £
Academy's educational operations					
- Direct costs	3,734,699	-	120,991	3,855,690	3,415,989
- Allocated support costs	1,178,605	501,069	596,439	2,276,113	1,849,305
	<u>4,913,304</u>	<u>501,069</u>	<u>717,430</u>	<u>6,131,803</u>	<u>5,265,294</u>

BELIEVE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

6 Expenditure (Continued)

Net income/(expenditure) for the year includes:	2017	2016
	£	£
Fees payable to auditor for audit services	10,050	9,500
Operating lease rentals	24,451	26,894
Depreciation of tangible fixed assets	196,219	195,946
	<u>220,720</u>	<u>222,340</u>

Central services

No central services were provided by the academy trust to its academies during the year and no central charges arose.

7 Charitable activities

	Unrestricted funds	Restricted funds	Total 2017	Total 2016
	£	£	£	£
Direct costs - educational operations	-	3,855,690	3,855,690	3,415,989
Support costs - educational operations	96,327	2,179,786	2,276,113	1,849,305
	<u>96,327</u>	<u>6,035,476</u>	<u>6,131,803</u>	<u>5,265,294</u>

	2017	2016
	£	£
Analysis of support costs		
Support staff costs	1,178,605	834,230
Depreciation and amortisation	196,219	195,946
Technology costs	59,517	37,193
Premises costs	192,956	158,588
Other support costs	613,286	607,949
Governance costs	35,530	15,399
	<u>2,276,113</u>	<u>1,849,305</u>

The expenditure on educational operations was £6,131,803 (2016: £5,262,294) of which £96,327 was unrestricted (2016: £97,063), £5,839,257 was restricted (2016: £4,972,285) and £196,219 was restricted fixed assets (2016: £195,946).

BELIEVE ACADEMY TRUST**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 AUGUST 2017****8 Staff costs**

	2017 £	2016 £
Wages and salaries	3,622,445	3,135,655
Social security costs	321,115	240,811
Operating costs of defined benefit pension schemes	773,773	560,827
Staff costs	4,717,333	3,937,293
Supply staff costs	167,272	149,870
Staff restructuring costs	-	5,050
Staff development and other staff costs	28,699	39,478
Total staff expenditure	4,913,304	4,131,691

Staff numbers

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

	2017 Number	2016 Number
Teachers	102	84
Administration and support	88	64
	190	148

Higher paid staff

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

	2017 Number	2016 Number
£60,000 - £70,000	1	-
£90,000 - £100,000	1	1

Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £398,118 (2016: £316,802).

BELIEVE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 AUGUST 2017**

9 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 executive principal and other staff trustees only receive remuneration in respect of services they provide undertaking the role of executive principal and staff members under their contracts of employment. During the year no travel and subsistence payments were reimbursed to the trustees.

The value of Trustees' remuneration and other benefits was as follows:

G Boyd (Executive Principal):

Remuneration: £90,000 - £95,000 (2016: £90,000 - £95,000)

Employers Pension Contributions: £15,000 - £20,000 (2016: £10,000 - £15,000)

R Lambert (Staff):

Remuneration: £45,000 - £50,000 (2016: (£35,000 - £40,000)

Employers Pension Contributions: £5,000 - £10,000 (2016: £5,000 - £10,000)

Other related party transactions involving the trustees are set out within the related parties note.

10 Trustees and officers insurance

In accordance with normal commercial practice, the academy trust has joined the Education and Skills Funding Agency's Risk Protection scheme to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy trust business. This scheme provides unlimited cover. As the cover for the trustees and officers is part of the policy, the cost cannot be determined in either this year or prior years.

BELIEVE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

11 Tangible fixed assets

	Long leasehold land and buildings £	Computer equipment £	Fixtures, fittings & equipment £	Total £
Cost				
At 1 September 2016	9,316,175	239,190	69,561	9,624,926
Transfer on conversion	2,940,000	-	-	2,940,000
Additions	172,146	-	4,802	176,948
At 31 August 2017	12,428,321	239,190	74,363	12,741,874
Depreciation				
At 1 September 2016	535,308	211,017	24,180	770,505
Charge for the year	159,288	22,235	14,696	196,219
At 31 August 2017	694,596	233,252	38,876	966,724
Net book value				
At 31 August 2017	11,733,725	5,938	35,487	11,775,150
At 31 August 2016	8,780,867	28,173	45,381	8,854,421

At 31 August 2017, the Trust holds three properties under 125-year leases from Nottingham City Council, Nottinghamshire County Council and Derby City Council. These properties are included at their depreciated replacement cost at the date of conversion to academy status.

Derwent Primary School joined the trust on 1 June 2017 and their land and buildings were donated to the Trust by Derby City Council at their depreciated replacement cost of £2,940,000. The buildings are valued at £2,530,000 and the land at £410,000.

Included in long leasehold land and buildings is land of £1,768,100 (2016: £1,358,100) which has not been depreciated.

The long leasehold land and buildings were transferred by Nottingham City Council and Nottinghamshire County Council to Believe Academy Trust at the date both Southwark Primary School and Arnbrook Primary School converted to academy status. The land and buildings are held under the terms of two 125-year leases at nil rental.

The land and buildings were valued at depreciated replacement cost at the date of conversion.

BELIEVE ACADEMY TRUST**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2017**

12	Stocks	2017	2016
		£	£
	Stock	16,391	21,365
		<u> </u>	<u> </u>
13	Debtors	2017	2016
		£	£
	Trade debtors	14,693	10,543
	VAT recoverable	28,948	46,072
	Prepayments and accrued income	381,891	150,018
		<u> </u>	<u> </u>
		425,532	206,633
		<u> </u>	<u> </u>
14	Creditors: amounts falling due within one year	2017	2016
		£	£
	Trade creditors	114,340	60,423
	Other taxation and social security	93,476	72,257
	Accruals and deferred income	261,887	163,012
		<u> </u>	<u> </u>
		469,703	295,692
		<u> </u>	<u> </u>
15	Deferred income	2017	2016
		£	£
	Deferred income is included within:		
	Creditors due within one year	133,562	74,363
		<u> </u>	<u> </u>
	Deferred income at 1 September 2016	74,363	97,619
	Released from previous years	(74,363)	(97,619)
	Amounts deferred in the year	133,562	74,363
		<u> </u>	<u> </u>
	Deferred income at 31 August 2017	133,562	74,363
		<u> </u>	<u> </u>

At the balance sheet date the academy trust had received various grants in advance for expenditure which will be incurred in the period to 31 August 2018.

BELIEVE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

16 Funds

	Balance at 1 September 2016 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2017 £
Restricted general funds					
General Annual Grant	719,711	4,099,668	(4,311,544)	(2,062)	505,773
Other DfE / ESFA grants	-	742,697	(742,697)	-	-
Other government grants	-	428,551	(428,551)	-	-
Other restricted funds	-	102,465	(102,465)	-	-
	<u>719,711</u>	<u>5,373,381</u>	<u>(5,585,257)</u>	<u>(2,062)</u>	<u>505,773</u>
Funds excluding pensions	(2,622,000)	(644,000)	(254,000)	211,000	(3,309,000)
	<u>(1,902,289)</u>	<u>4,729,381</u>	<u>(5,839,257)</u>	<u>208,938</u>	<u>(2,803,227)</u>
Restricted fixed asset funds					
Transferred on conversion	-	2,940,000	-	-	2,940,000
DfE / ESFA capital grants	8,854,421	174,886	(196,219)	2,062	8,835,150
	<u>8,854,421</u>	<u>3,114,886</u>	<u>(196,219)</u>	<u>2,062</u>	<u>11,775,150</u>
Total restricted funds	<u>6,952,132</u>	<u>7,844,267</u>	<u>(6,035,476)</u>	<u>211,000</u>	<u>8,971,923</u>
Unrestricted funds					
General funds	<u>247,337</u>	<u>338,028</u>	<u>(96,327)</u>	<u>-</u>	<u>489,038</u>
Total funds	<u>7,199,469</u>	<u>8,182,295</u>	<u>(6,131,803)</u>	<u>211,000</u>	<u>9,460,961</u>

BELIEVE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

16 Funds

(Continued)

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

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 Education and Skills Funding Agency/Department for Education/sponsor/other funders where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received and include grants from the Education and Skills Funding Agency/Department for Education.

Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2017.

The pension reserve held within restricted funds was in deficit by £3,309,000 at 31 August 2017. This does not mean that an immediate liability for this amount crystallises. The deficit position will result in a cash flow effect for the academy trust in the form of employer's pension contributions as assessed by the actuary.

BELIEVE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

16 Funds

(Continued)

Movements in funds - previous year

	Balance at 1 September 2015 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2016 £
Restricted general funds					
General Annual Grant	599,060	3,690,958	(3,548,950)	(21,357)	719,711
Other DfE / ESFA grants	-	691,460	(691,460)	-	-
Other government grants	-	499,879	(499,879)	-	-
Other restricted funds	-	98,996	(98,996)	-	-
	<u>599,060</u>	<u>4,981,293</u>	<u>(4,839,285)</u>	<u>(21,357)</u>	<u>719,711</u>
Funds excluding pensions	599,060	4,981,293	(4,839,285)	(21,357)	719,711
Pension reserve	(1,660,000)	-	(133,000)	(829,000)	(2,622,000)
	<u>(1,060,940)</u>	<u>4,981,293</u>	<u>(4,972,285)</u>	<u>(850,357)</u>	<u>(1,902,289)</u>
Restricted fixed asset funds					
DfE / ESFA capital grants	9,010,680	18,330	(195,946)	21,357	8,854,421
	<u>9,010,680</u>	<u>18,330</u>	<u>(195,946)</u>	<u>21,357</u>	<u>8,854,421</u>
Total restricted funds	<u>7,949,740</u>	<u>4,999,623</u>	<u>(5,168,231)</u>	<u>(829,000)</u>	<u>6,952,132</u>
Unrestricted funds					
General funds	238,199	106,201	(97,063)	-	247,337
	<u>238,199</u>	<u>106,201</u>	<u>(97,063)</u>	<u>-</u>	<u>247,337</u>
Total funds	<u>8,187,939</u>	<u>5,105,824</u>	<u>(5,265,294)</u>	<u>(829,000)</u>	<u>7,199,469</u>

BELIEVE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

16 Funds

(Continued)

Total funds analysis by academy

	Total £
Fund balances at 31 August 2017 were allocated as follows:	
Southwark Primary School	1,058,043
Arnbrook Primary School	(247,536)
Derwent Primary School	184,304
Believe Academy Trust	-
	<hr/>
Total before fixed assets fund and pension reserve	994,811
Restricted fixed asset fund	11,775,150
Pension reserve	(3,309,000)
	<hr/>
Total funds	<u>9,460,961</u>

Total cost analysis by academy

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total £
Southwark Primary School	2,538,018	858,935	66,459	663,000	4,126,412
Arnbrook Primary School	952,561	264,917	21,729	268,609	1,507,816
Derwent Primary School	244,119	54,753	1,731	51,753	352,356
Believe Academy Trust	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	<u>3,734,698</u>	<u>1,178,605</u>	<u>89,919</u>	<u>983,362</u>	<u>5,986,584</u>

BELIEVE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

16 Funds

(Continued)

Funds analysis by academy - previous year

	Total 2016 £
Fund balances at 31 August 2016 were allocated as follows:	
Southwark Primary School	925,264
Arnbrook Primary School	41,784
	<hr/>
Total before fixed assets fund and pension reserve	967,048
Restricted fixed asset fund	8,854,421
Pension reserve	(2,622,000)
	<hr/>
Total funds	<u>7,199,469</u>

Total cost analysis by academy - previous year

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2016 £
Southwark Primary School	2,434,067	668,494	66,971	665,409	3,834,941
Arnbrook Primary School	800,393	165,736	25,627	242,650	1,234,406
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	<u>3,234,460</u>	<u>834,230</u>	<u>92,598</u>	<u>908,059</u>	<u>5,069,347</u>

BELIEVE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

17 Analysis of net assets between funds

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total 2017 £
Fund balances at 31 August 2017 are represented by:				
Tangible fixed assets	-	-	11,775,150	11,775,150
Current assets	489,038	975,476	-	1,464,514
Creditors falling due within one year	-	(469,703)	-	(469,703)
Defined benefit pension liability	-	(3,309,000)	-	(3,309,000)
	<u>489,038</u>	<u>(2,803,227)</u>	<u>11,775,150</u>	<u>9,460,961</u>

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total 2016 £
Fund balances at 31 August 2016 are represented by:				
Tangible fixed assets	-	-	8,854,421	8,854,421
Current assets	247,337	1,015,403	-	1,262,740
Creditors falling due within one year	-	(295,692)	-	(295,692)
Defined benefit pension liability	-	(2,622,000)	-	(2,622,000)
	<u>247,337</u>	<u>(1,902,289)</u>	<u>8,854,421</u>	<u>7,199,469</u>

18 Commitments under operating leases

At 31 August 2017 the total future minimum lease payments under non-cancellable operating leases were as follows:

	2017 £	2016 £
Amounts due within one year	21,501	26,919
Amounts due in two and five years	15,843	33,996
Amounts due after five years	6,740	8,762
	<u>44,084</u>	<u>69,677</u>

BELIEVE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

19 Pensions and similar obligations

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and that of the LGPS related to the period ended 31 March 2016.

Contributions amounting to £87,227 (2016: £63,040) were payable to the schemes at 31 August 2017 and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

BELIEVE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

19 Pensions and similar obligations

(Continued)

The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%))
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The pension costs paid to the TPS in the period amounted to £411,241 (2016: £361,285).

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

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

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are per cent for employers and per cent for employees.

The LGPS obligation relates to the employees of the academy trust who were employees transferred as part of the conversion from the maintained school (as described in note 23) together with new employees who joined the scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy trust at the balance sheet date.

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.

BELIEVE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

19 Pensions and similar obligations

(Continued)

Total contributions made	2017	2016
	£	£
Employer's contributions	169,000	130,000
Employees' contributions	56,000	42,000
	<u> </u>	<u> </u>
Total contributions	225,000	172,000
	<u> </u>	<u> </u>

Principal actuarial assumptions	2017	2016
	%	%
Rate of increases in salaries	3.8	4.1
Rate of increase for pensions in payment	2.6	2.3
Discount rate	2.6	2.2
Inflation assumption (CPI)	2.6	3.2
Commutation of pensions to lump sums	50.0	50.0
	<u> </u>	<u> </u>

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

	2017	2016
	Years	Years
Retiring today		
- Males	22.4	22.1
- Females	25.1	25.3
Retiring in 20 years		
- Males	24.5	24.4
- Females	27.4	27.7
	<u> </u>	<u> </u>

The principal actuarial assumptions and sensitivity analysis have been aggregated from three different actuarial valuations (2016: two actuarial valuations).

BELIEVE ACADEMY TRUST**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 AUGUST 2017****19 Pensions and similar obligations****(Continued)**

The sensitivity analysis for the comparative year is only based on the two schools in the trust at that point. During the current year Derwent Primary Academy joined the trust and is included in 2017 disclosures. Derwent Primary Academy is part of the Derbyshire County Council Scheme while the original two schools are under Nottinghamshire County Council. The sensitivity analysis has been averaged between the three academies in the current year.

Impact on present value of defined benefit obligations

	2017	2016
	£'000	£'000
Discount rate - 0.1%	(5,915)	(4,793)
Salary increase rate +0.1%	(5,782)	(4,701)
CPI rate + 0.1%	(5,892)	(4,775)

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

	2017	2016
	Fair value	Fair value
	£	£
Equities	2,023,000	1,420,000
Bonds	408,000	140,000
Gilts	78,000	77,000
Cash	86,000	88,000
Property	327,000	249,000
Other assets	120,000	88,000
Total market value of assets	3,042,000	2,062,000

Actual return on scheme assets - gain/(loss)	241,000	255,000
--	---------	---------

Amounts recognised in the statement of financial activities

	2017	2016
	£	£
Current service cost	363,000	200,000
Interest income	(51,000)	(71,000)
Interest cost	111,000	134,000
Total operating charge	423,000	263,000

BELIEVE ACADEMY TRUST**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2017****19 Pensions and similar obligations****(Continued)**

Changes in the present value of defined benefit obligations	2017	2016
	£	£
Obligations at 1 September 2016	4,684,000	3,389,000
Transferred in on academy joining the trust	1,202,000	-
Current service cost	363,000	200,000
Interest cost	111,000	134,000
Employee contributions	56,000	42,000
Actuarial (gain)/loss	(21,000)	1,013,000
Benefits paid	(44,000)	(94,000)
	<u>6,351,000</u>	<u>4,684,000</u>
At 31 August 2017		
Changes in the fair value of the academy trust's share of scheme assets	2017	2016
	£	£
Assets at 1 September 2016	2,062,000	1,729,000
Transferred in on academy joining the trust	558,000	-
Interest income	51,000	71,000
Actuarial gain	190,000	184,000
Employer contributions	169,000	130,000
Employee contributions	56,000	42,000
Benefits paid	(44,000)	(94,000)
	<u>3,042,000</u>	<u>2,062,000</u>
At 31 August 2017		

BELIEVE ACADEMY TRUST**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2017****20 Reconciliation of net income to net cash inflow/(outflow) from operating activities**

	2017	2016
	£	£
Net income	2,050,492	(159,470)
Capital grants and similar income	(174,886)	(18,330)
Net deficit/(surplus) transferred on conversion	(2,480,450)	-
Investment income	(2,051)	(1,906)
FRS17 pension costs less contributions payable	194,000	70,000
FRS17 pension finance costs	60,000	63,000
Depreciation of tangible fixed assets	196,219	195,946
(Increase)/decrease in stocks	4,974	(17,767)
(Increase)/decrease in debtors	(218,899)	(7,778)
Increase/(decrease) in creditors	174,011	(63,670)
Net cash inflow/(outflow) from operating activities	<u>(196,590)</u>	<u>60,025</u>

21 Capital commitments

	2017	2016
	£	£
Expenditure contracted for but not provided in the accounts	<u>7,620</u>	<u>-</u>

22 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 the academy trust 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.

No related party transactions took place in this period of account, or last year.

BELIEVE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 AUGUST 2017**

23 Conversion to an academy

On 1st June 2017 Derwent Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Believe Academy Trust from the Derbyshire City Council for £nil consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair values and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised in the statement of financial activities as donations – transfer from local authority on conversion.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the statement of financial activities.

	2017
	£
Net assets transferred:	
Leasehold land and buildings	2,940,000
LGPS pension surplus/(deficit)	(644,000)
Budget surplus on Local Authority (LA) funds	184,450
	<u>2,480,450</u>

	Unrestricted	Restricted funds:	Total
	Funds	General	Fixed asset
Funds surplus/(deficit) transferred:	£	£	£
Fixed assets funds	-	-	2,940,000
LA budget funds	184,450	-	-
LGPS pension funds	-	(644,000)	-
	<u>184,450</u>	<u>(644,000)</u>	<u>2,940,000</u>
	<u>184,450</u>	<u>(644,000)</u>	<u>2,480,450</u>

24 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 or she is a member, or within one year after he or she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he or she ceases to be a member.