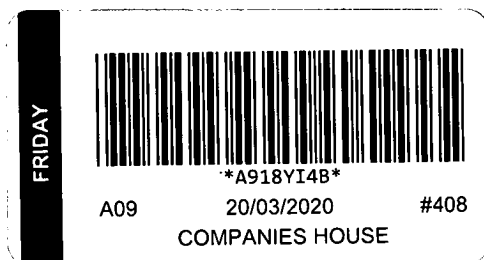


Report of the Trustees and
Financial Statements for the Year Ended 31 August 2019
for

The Brookfield School Ltd
(A Company Limited by Guarantee)

Thorne Widgey Accountancy Ltd
Chartered Accountants
Statutory Auditors
2 Wyevale Business Park
Kings Acre
Hereford
Herefordshire
HR4 7BS



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for the Year Ended 31 August 2019

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The Brookfield School Ltd

Reference and Administrative Details
for the Year Ended 31 August 2019

MEMBERS

C A Edwards (appointed 15.7.19)
B McCarthy (appointed 15.7.19)
T Manson (appointed 10.11.19)
K Jones (appointed 13.11.18) (resigned 29.11.19)
D Longmore (resigned 3.9.18)
Mrs J P Poole (resigned 18.9.19)
Ms J James (resigned 29.11.19)

TRUSTEES

C A Edwards (resigned 26.3.19)
D A Gaston (Headteacher and Accounting Officer) (resigned 31.8.19)
Mrs K Owen (resigned 29.11.19)
Mrs J P Poole (Chair of Local Governing Body) (resigned 17.9.19)
C O Tindall (resigned 7.9.19)
D Adams (appointed 13.11.18) (resigned 12.10.19)
M E Boustead (Staff Governor) (appointed 13.11.18) (resigned 31.8.19)
J James (appointed 13.11.18) (resigned 29.11.19)
J Payne (appointed 13.11.18) (resigned 29.11.19)
E J Reynolds (Staff Governor) (appointed 14.11.18) (resigned 26.3.19)
M Mannion-Parkes (appointed 1.9.19)
J Gidney (appointed 10.11.19)
T Manson (Chairman) (appointed 10.11.19)
C Bates (appointed 10.11.19)
S McFarlane (appointed 7.11.19)
A Thompson (appointed 7.11.19)
N Nenaditch (appointed 7.11.19)

SENIOR MANAGEMENT TEAM

Michelle Mannion-Parkes	Headteacher
David Gaston	Headteacher (resigned 31.08.19)
Emma Burford	Deputy Headteacher
Richard Knight	Assistant Headteacher
Mary Boustead	Assistant Headteacher (resigned 31.8.19)
Alison Adams	Academy Business Manager
Jill Hurst	Assistant Head Primary
Kirsty Baker	SENDCo

COMPANY NAME

The Brookfield School Ltd : formerly Hereford Integrated Behaviour Outreach Service (HIBOS)

COMPANY SECRETARY

Mrs A E Adams

REGISTERED OFFICE

Brookfield School
Grandstand Road
Hereford
HR4 9NG

The Brookfield School Ltd

Reference and Administrative Details
for the Year Ended 31 August 2019

REGISTERED COMPANY NUMBER	09136556 (England and Wales)
SENIOR STATUTORY AUDITOR	Mr Kevin Tong FCCA ACA
AUDITORS	Thorne Widgery Accountancy Ltd Chartered Accountants Statutory Auditors 2 Wyevale Business Park Kings Acre Hereford Herefordshire HR4 7BS
SOLICITORS	Lanyon Bowdler Offa Street Hereford HR1 2LH
BANKERS	Barclays Bank Hereford Branch 1-3 Broad Street Hereford HR4 9BH

The Brookfield School Ltd

Report of the Trustees for the Year Ended 31 August 2019

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 August 2019. The trustees have adopted the provisions of 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) (effective 1 January 2015) and the Academies Accounts Direction issued by the Education and Skills Funding Agency.

The Trust operates an academy for primary and secondary SEMH (social, emotional and mental health) students in Herefordshire.

The Trust also has a contract with Hereford Local authority to manage and run key stages 3 and 4 pupil referral units, hospital education and the behaviour management team. The contract was brought to a premature end on 31st August 2018 because of concerns regarding its legality. The director for children's Wellbeing for Herefordshire council wrote that the contract was not wholly compatible with the Education Act.

OBJECTIVES AND ACTIVITIES

Objectives and aims

The objectives of The Brookfield School are stated in the Articles of Association as:

"to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing schools offering a broad and balanced curriculum or educational institutions which are principally concerned with providing full-time or part-time education for children of compulsory school age who, by reason of illness, exclusion from school or otherwise, may not for any period receive suitable education unless alternative provision is made for them ("the alternative provision Academies") or schools specially organised to make special educational provision for pupils with Special Educational Needs ("the Special Academies")."

Objectives, Strategies and Activities

Main objectives:

Addressing Ofsted priorities: exclusion; governance; behaviour management; HIBOS contract; teaching and learning improvements.

Strategies:

- review of behaviour management and exclusion policies
- review of governance with external reviewer; overhaul of governance structures ensuring conformity with statutory guidance; director and governor training;
- Appointment of solicitor to support re HIBOS contract and bringing it to an end
- Teaching and learning issues addressed through staff training, monitoring and review

Significant activities

The outcomes and significant activities can be seen in the achievements and performance section of this report.

Public benefit

The Academy Trust Members have complied with their duty to have due regard to the guidance on public benefit by the Charity Commission in exercising powers or duties. This has been with particular reference to Principles 1 and 2 as found in "The Advancement of Education for the Public Benefit, 2008".

Report of the Trustees
for the Year Ended 31 August 2019

STRATEGIC REPORT

Achievement and performance

Charitable activities

The year has been difficult as the Headteacher was substantively absent. Therefore planned improvements did not happen and financial decisions were not carried through.

In terms of pupil achievement, outcomes were generally not good enough due to lack of clarity in assessment and teachers not having ownership nor accountability of pupil progress. Teaching performance has been assessed by the Headteacher (October 2019) and outcomes are better in some subjects due to considerably better teaching. Primary outcomes although below the accepted level for KS2 pupils were good. Taking into account that the pupils have significant complex needs, the fact that many of them sat the tests was exceptional.

The Primary Department is much stronger due to clear and consistent rewards and behaviour expectations. Physical interventions have reduced significantly and class sizes have grown. A HLTA has been appointed to work alongside the AHT in class and to provide cover as well as nurture and phonics interventions.

Incidents of exclusion have risen. The reasons for this are manifold: a new approach to exclusions by the new Headteacher, poor management of children in crisis by some teaching staff and SLT and the complex nature of the pupil population. We increasingly have larger numbers of pupils who are LAC, with complex comorbid diagnoses and attachment needs. We also are restricted in terms of space to give pupils break out areas and opportunities for self-reflection, self-soothing and self-regulation such as a gym which is typical in schools with SEMH populations.

The secondary enrichment programme ceased due to funding issues but did not appear to provide good value for money. A sharper focus on the curriculum is needed with a vocational vision for KS4.

Reward and consequences systems are unclear and inconsistently applied, therefore behaviour by some pupils is not good enough and even within the SLT there are different approaches with staff acting as triggers for pupils. In September 2019 all staff were retrained, a new Behaviour Policy started consultation and additional TAs to support behaviour were introduced.

Financial issues including the potential deficit have been highlighted to ESFA and we are working weekly with them to improve financial management and to alleviate cash flow issues.

Last year's report states: 'Ofsted inspected The Brookfield School in September 2017 and judged this provision to 'require improvement'. This reduced from the previous judgement of 'outstanding' largely because of legacy issues. However, they did acknowledge that significant work has been undertaken to address legacy issues and to implement a new curriculum etc (see above). A post Ofsted action plan was implemented to address all of the issues raised. By August 2018, the only significant issue remaining was to embed new governance structures and ensure that there was sufficient governance capacity.' However during my audit of provision as an SLE during June/ July 2019 prior to commencing my role as Headteacher 1/9/19 I have highlighted significant issues as a result of the Headteacher being absent and the capacity of the Senior Leadership, the Board of Directors and some teaching staff. These are being addressed through a strong School Improvement Plan which has been scrutinised by the RSC and ESFA and takes into account financial shortfalls. The long term vision for the secondary and Arrow provision is that the curriculum must be much stronger in terms of vocational offer and physical activity to support pupil self-regulation. In Primary the curriculum is mainstream based for half the pupils with the aim that we increase the number of pupils reentering the mainstream by Y6/7. After this, the chances of reentering mainstream reduce significantly year on year.

Numbers

Children and YP with an EHCP are admitted into the school at the request of the LA and agreement of the school.

2019/2020

Total 87

Primary

Total 36 plus 9 intervention not on roll (45)

Secondary including Arrow 51 (10 placed at Arrow)

Attendance

Absences as follows: Authorised Unauthorised

All Pupils

2018 - 2019 14.36% 4.46%

STRATEGIC REPORT

Achievement and performance

Charitable activities

Attendance at Brookfield has continued to be low primarily due to long term absenteeism but also due to the high number of pupil absences due to illness. The school has implemented a new behaviour policy as of September 2018 after consulting with the Education Welfare Officer in order to address the major issues with earlier penalty notices, home visits, permission for medical information from GPs as well as a staged response to repeated absences. This has largely been ineffective. Attendance has increased at the Arrow and with pupils on part time timetables due to anxiety but in KS4 in particular, attendance in the main secondary provision is very low and highlights the need for a curriculum change and greater rewards being put in place.

Key financial performance indicators

These are covered throughout the Trustees' Report.

Financial review

Financial position

A significant amount of the Academy's income is obtained from the DfE in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the period ended 31 August 2019 and the associated expenditure are shown as restricted funds in the statement of financial activities.

The Academy also receives grants for fixed assets from the DfE in accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2015), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the useful life of the assets concerned as defined in the Academy's accounting policies.

During the year ended 31 August 2019, total expenditure of £908,973 (2018: £954,163) was covered by recurrent grant funding from the DfES. The net expenditure before transfers and revaluations for the year was £134,307 (2018: £213,722 net expenditure).

At 31 August 2019, the net book value of fixed assets was £2,361,313 (2018: £2,407,907) and movements in tangible fixed assets are shown in the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

Investment policy and objectives

We currently do not have any investment activities therefore we do not have a policy, however this would be established if considered appropriate.

Reserves policy

The full Academy Trust Board and Local Governing Body, has established a Reserves Policy in line with ESFA guidelines. However, the Policy will aim to carry forward sufficient funds to meet the Academy's long term aims and objectives, ensuring that this does not affect its current operational activities.

The Academy's 'free' reserves are its funds after excluding any restricted funds. 'Reserves' are therefore the resources the Academy has or can make available to spend for any or all of the Academy's purposes once it has met its commitments and covered its other planned expenditure. 'Free reserves' represent income to the Academy which is to be spent in furtherance of any Academy's objects but which is not yet spent, committed or designated.

The Academy's policy is that the appropriate level of revenue reserves should be equivalent to one month's expenditure, currently estimated to be £150,000. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance.

The Academy's current level of reserves (total funds less the amount held in fixed assets and restricted funds) is £155,171 surplus (2018: £150,875 surplus), all of which is free reserves. The level of general restricted reserves is £191,573 deficit (2018: £191,564 deficit).

Report of the Trustees
for the Year Ended 31 August 2019

STRATEGIC REPORT

Financial review

Going concern

After making appropriate enquiries, the Governing Body has a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements.

Further details regarding the adoption of the going concern basis can be found in the Statement of accounting Policies.

Funds in deficit

Due to the accounting requirements of the Local Government Pension Scheme (LGPS), we are recognising a significant pension fund deficit. Where this creates a deficit in the restricted general fund this does not mean that an immediate liability for this amount arises. The deficit position of the pension scheme results in a cash flow effect for the Academy Trust in the form of an increase in employers' pension contributions.

The trust is carrying a net deficit of £36,402 (2018: £40,689) on restricted general funds (excluding pension reserve) plus unrestricted funds

There are numerous legacy staffing salary issues:

- " A significantly larger SLT than the school warrants
- " TLRs that are very significantly higher than for similar staff in similar school
- " Teaching assistants paid on training instructor salary; unusual in the setting and unwarranted
- " Higher administrative costs than a school this size warrants
- " SEN points double paid to some staff
- " Job descriptions given to staff to ensure higher salaries being paid than the true job description would warrant

A Business Case has been put forward and a staffing restructure being considered to address much of this.

Also already undertaken to ensure financial security are the following measures:

Redundancy of one administrative assistant in a pool of one whose duties have been assimilated by better system management and other senior leaders

Replacement of a departing senior leader with a new post at a significantly lower salary

Revisited SLAs and renegotiated where appropriate. Due to legacy issues, the Academy have reemployed Hoople and bought into the Union agreement at an additional cost. This is to ensure there is a minimal risk of appeal and further strike action threats while the restructuring process is underway.

Disclosure of funds in deficit is also included in the funds note in the financial statements.

Fundraising

The academy has now started a PTA which has set out a calendar for the year including fundraising. We will be actively seeking to raise in the region of £3,000 which will be spent on additional resources for the pupils including LCT and sensory equipment.

Principal risks and uncertainties

Staffing accounts for nearly 95% of the budget and has led to cash flow problems. This is untenable and has led to further action by the ESFA. The restructure will address some of this but there will need to be further restructure in future in line with the vision of the school.

The principle risk is that the Academy does not have contingency funds. We aim to build a contingency fund of approximately £120,000 over the next three years through restructure and through increased revenue (increase in PAN and outreach provision which is a charged service provided by the Academy).

The Board of Directors has been reconfigured in light of reports by the RSC and ESFA. This has been addressed through a restructure following the rules set out in the Articles of association.

The Academy will manage the deficit through judicious spending i.e. like for like staffing replacements only, detailed scrutiny of spending requests, 0% budgeting.

STRATEGIC REPORT

Principal risks and uncertainties

Also through significant restructure of the SLT and administrative staff and a slower paced restructure of the curriculum in the Secondary provision.

Full time Business Manager and new Directors with strong financial backgrounds scrutinising work of all staff involved in financial aspects of organisation and all income/ expenditure. The Business Manager also ensures all income streams are followed up and outstanding income is secured.

The Academy aims to increase PAN in small increments over the next 3 years and when the new build is completed, by 10% more.

The outreach provision is a revenue stream as it is a charged service to local schools through the LA and direct SLAs. This will be increased from 8 pupils to 12 in the short term and potentially more in the future.

Risks:

There is an ongoing financial risk from the contracted services pension shortfall being the responsibility of The Brookfield School.

The teaching staff in secondary are often ill equipped to deal with challenging behaviour despite repeated training and can act as a trigger for some pupils in crisis. Some TAs put themselves at risk despite training and can also be at risk of badly managing physical intervention when required.

The curriculum and provision in the secondary is not fit for purpose as seen by number of Y11 refusers.

Future high needs funding is under review at the LA although assurances have been given by the SEN Manager.

Current Brookfield facilities are inadequate. Building designed for significantly fewer pupils than are currently catered for and lack sensory spaces, 1:1 and counselling space, meeting rooms for parental and multi agency meetings, office space, small group space and toilet/ changing facilities especially for female pupils. The council have committed £2.26m to address this issue and we are investigating issues around leases so that this can commence April 2020.

Arrow Centre (Brookfield alternative provision) inadequate for purpose. One room and small office for up to 12 post 14 pupils and significant demand for further places. This will be addressed as part of the build.

Report of the Trustees
for the Year Ended 31 August 2019

STRATEGIC REPORT

Future plans

Long term (within 5 years)

Development of SEMH provision on the current site in conjunction with the local authority to ensure adequate accommodation to provide for increasing numbers (up to 100), particularly with a view to provision for KS3 and 4 girls.

Change in curriculum focus in KS3/4 to more vocational and practical outcomes including enhanced PE/ outdoor provision.

Potential to relocate to incorporate current contracted services and develop vocational provision especially in relation to animal management, horticulture, catering.

Provision to extend out on to local authority land to provide new facility for Arrow with proposed workshop space. See above. This proposal is now at the feasibility stage and includes a new Arrow centre, sports centre, mezzanine floor in the secondary hall with classroom/office/1:1 space; relocation of the car park and the current car park turned into a sport centre.

Possibility of closer relationship with LA specialist provision on a more permanent basis e.g. academisation under Barrs Court.

Benefits: stability of provision; economies of scale greater; avoidance of duplication of provision; sharing of staff; sharing of expertise; sharing of resources such as transport. Increased potential to develop site resources.

Medium term (within 2 years)

Improvement in attendance at Brookfield School to > 90%.

Improvement of staff attendance and mental health through reconstructing union agreement and HR.

Short term (within 1 year)

Development of personal development curriculum and targeted SEMH/ academic intervention to provide greater opportunities for pupils to develop socially and emotionally within the constraints of our current financial situation through assembly, theme days/ weeks, off timetable days e.g. STEM day, pastoral time and residential/ off site and physical curriculum.

The lease of Dinedor continues to present significantly increased opportunities to provide outdoor opportunities for children at all key stages and this reduces costs of outdoor learning provide by external providers and is providing a buy back. Dinedor is being used well by the primary AHT and some secondary staff and there are further plans ahead with the new timetable (April 2020 onwards).

Develop parent and family participation in the school including fundraising through PTA and through events in school each half term both formal and informal.

Develop behaviour policy and management including a new reward and consequence structure and FTEs broadly in line with Herefordshire rates - 30%.

Ensure directors are fully enabled to undertake their roles with confidence through continued and wide ranging training and as a result of a second governance review.

The post Ofsted action plan was almost fully implemented but due to Headteacher absence, a new School Development Plan has been drawn up and we have succeeded in gaining Tier 1 funding of £16,000 for school improvement. The Headteacher is also drawing together a bid for further DfE monies around curriculum change and resource development.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Charity 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 Company was incorporated on the 18 July 2014 and converted from a Local Authority School to an Academy Trust on 1 October 2014.

The governors act as the trustees for the charitable activities of the Academy Trust and are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as Hereford Integrated Behaviour Outreach Service (HIBOS). From September 2018, the company is known as The Brookfield School Ltd.

Details of the Trustees who served throughout the period, except as noted, are included in the Reference and Administrative Details

Members' liability

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

Trustees' Indemnities

The Brookfield School have in force Trustees Liability insurance with Zurich Municipal.

Recruitment and appointment of new trustees

Eligibility to act as a Trustee of the Hereford Integrated Behaviour Outreach Service (The Brookfield School) is within the Constitutional Framework and Clauses 45-58 of the Articles of Association.

Local authority services contracted out to HIBOS (PRUs and hospital education) were terminated on 31st August 2018. This was overseen by a management committee, the constitution of which had been challenged by the current CEO of HIBOS with the local authority.

Organisational structure

The Brookfield School has three members whose role it is to appoint directors. As of September 2018, the local governing body has been removed as there is no further need for this body as well as a board of directors. The latter has been constituted in line with the articles of Association and has established three committees: Premises and finance; Curriculum and Standards; Human Resources.

The Academy Trust Board of Directors is responsible for setting strategic direction and most policies. They adopt annual development plans and budgets and monitor the development of the Academy and Local Authority contracted services through these. They make decisions about the future direction of the Academy and the management of the Local Authority contracted services, capital expenditure and, with the Senior Leadership (SLT), on staff appointments.

The Brookfield School is led by a head teacher with a deputy head teacher and two assistant head teachers. Each of the Local authority contracted services is led by a head of centre. It is overseen by an executive head teacher.

Induction and training of new trustees

The Brookfield School has adopted external training for all Trustees (directors).

Each new appointee meets individually with the chair of the board of directors. The Academy trust is a member of the Herefordshire Governors Association which provides support and training.

Report of the Trustees
for the Year Ended 31 August 2019

STRUCTURE, GOVERNANCE AND MANAGEMENT

Key management remuneration

Guidance refers to key management personnel who have authority and responsibility for planning, directing and controlling the activities of the organisation, directly or indirectly therefore the Trustees have included:

- the Academy Trustees
- Members of staff who have significant authority and responsibility for the day to day running of the academy trust
- Head teacher and senior leadership team

Setting pay for key management personnel is determined by following the relevant policy (Teachers' Performance Related Pay) which has been adopted from the Local Authority's Policy and comply with current legislation and the requirements of the School Teachers' Pay and Conditions Document (STPCD).

Trade union facility time

During the period 2 employees were union officials (full time equivalent of 1 employee).

They spent between 1% and 50% of their time on facility time, which cost £Nil in the period.

Related parties

As mentioned elsewhere in this document, HIBOS were awarded a contract to run the following local authority services: KS3 and 4 PRUs, hospital education and the behaviour support team. This contracted ended on 31st August 2018.

Charities supported during this financial year : Alzheimers Research; West Mercia Search & Rescue; Children in Need; NSPCC; Comic Relief; St. Michaels Hospice; Happy Days.

See the notes to the financial statements for further information.

AUDITORS

The auditors, Thorne Widgey Accountancy Ltd, will be proposed for re-appointment at the forthcoming Annual General Meeting.

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

Report of the trustees, incorporating a strategic report, approved by order of the board of trustees, as the company directors, on 18/12/19 and signed on the board's behalf by:

.....
T Manson - Chairman

**Governance Statement
for the Year Ended 31 August 2019**

Scope of Responsibility

As trustees, we acknowledge we have overall responsibility for ensuring that The Brookfield School Ltd 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 of loss.

The board of the trustees has delegated the day-to-day responsibility to the Head Teacher, 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 The Brookfield School Ltd 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 Governors' Report and in the Statement of Governors' responsibilities. The board of members has formally met 2 times during the year. Attendance during the year at meetings of the board of members was as follows:

Members		Meetings Attended	Out of a Possible
Dennis Longmore	Chair of Members	1	2
Jenny James	Appointed 30.11.2017	1	2
June Poole	Appointed 28.9.2017	2	2
David Gaston	Appointed 28.09.17 Headteacher	1	2

The board of directors/trustees formally met 9 times during the year. Attendance during the year at meetings of the board of directors/trustees was as follows:

Director/Trustees		Meetings Attended	Out of a Possible
June Poole	Chair of directors Resigned 17.09.19	8	9
Chris Tindall	Resigned 7.9.2019	7	9
Ed Edwards	Appointed 29.09.2017	4	9
David Gaston	Resigned 31.8.2019	7	8
Michelle Parkes	Acting Head from 01.05.19	1	1
Kevin Jones	Appointed 10.2.2017	3	9
	Appointed 13.11.2018 Resigned		
Mary Boustead	31.8.2019	3	8
	Appointed 13.11.2018 Resigned		
Darren Adams	12.10.2019	6	7
	Appointed 13.11.2018 Resigned		
Jenny James	29.11.2019	6	9
	Appointed 13.11.2018 Resigned		
Jane Payne	29.11.2019	7	9
	Appointed 14.11.2018 Resigned		
Liz Reynolds	26.3.2019	3	7
Karen Owen	Resigned 29.11.2019	0	1

The Finance & Premises is a sub-committee of the main board of trustees. Its purpose is to assist the decision making of the Governing Body, by enabling more detailed consideration to be given to the best means of fulfilling the Governing Body's responsibility to ensure sound management of the academy's finances and resources, including proper planning, monitoring and probity. Attendance during the year at meetings of the finance & premises committee was as follows:

Finance & Premises Committee

		Meetings Attended	Out of a Possible
June Poole	Chair	1	1
Jenny James		0	1
Kevin Jones		0	1
Jane Payne		1	1
Darren Adams		1	1
David Gaston		1	1

Governance Statement
for the Year Ended 31 August 2019

A review was undertaken of the Governing Body focusing on the impact and effectiveness. This review included a full skills audit, identifying training needs and a restructure of the meetings.

Governance Review

The governance review was undertaken by an external consultant, Mrs Katie Harwood. She has extensive experience as a head teacher and as an education consultant working for a number of local authorities.

Skills audit

Governor interviews

Meetings with the chair and CEO

Training session with full governors

Review of all governance documentation including minutes of meetings

Recommendations

- 1 Governors are fully aware of their statutory duties, roles and responsibilities
- 2 Governors understand strategic direction of the school and are able to fulfil them.
- 3 Governors hold the Headteacher to Account
- 4 There are clear systems in place to check aspects of the school's work including safeguarding, performance management, use of catch-up funding, and behaviour and exclusions of pupils.
- 5 The school's website is compliant with the Department for Education's guidance and contains up to date information relating to governance.

Response to Recommendations

- The local governing body has been removed and the board of directors has assumed all responsibility for governance of the school
- Directors have been appointed to all roles
- A new scheme of delegation has been approved
- Three committees have been established to scrutinise Curriculum and Standards, Premises and Finance, Human Resources
- A new clerk with considerable experience and understanding of academy governance has been appointed and is proving invaluable in providing guidance concerning the management of meetings, appointments etc and ensuring compliance with the law and our Articles of Association
- Significant training has been undertaken by directors. More is required for new directors
- A director has been identified to check safeguarding and exclusion as well as correct administration of drugs. The new committees will over see the scrutiny of performance management and the impact of catch up funding
- The head teacher is responsible for ensuring that the website is complaint and up to date

Review of Value for Money

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

The accounting officer considers how the 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 by:

- Not replacing staff who left during the financial year.
- Establishing new financial and operational procedures in the Autumn 2019 term
- Becoming a stand alone academy

For 2020, the academy trust is working on:

- A review of ongoing and future SLAs
- A new scheme of delegation to enhance financial management and controls
- Building relationships with key stakeholders in order to establish a stabilisation plan

Review of Value for Money

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 charitable company 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 The Brookfield School Ltd for the period 1 September 2018 to 31 August 2019 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 charitable company 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 charitable company's significant risks that has been in place for the period 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

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 Premises Sub 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 risks

The Board of Directors has considered the need for a specific internal audit function and has appointed Thorne Wiggery as an Internal Auditor to audit on a termly basis in the future. The role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. In particular the checks will likely include:

- purchasing
- income
- payroll and payroll amendments
- cash flow and bank reconciliation
- reporting

On an annual basis, the auditor will report to the Board of directors on the operation of the systems of control and on the discharge of the Board's financial responsibilities.

We confirm that the auditor function will be delivered in line with the schedule of work as planned. There has been no report in the year.

Review of Effectiveness

As Accounting Officer Michelle Mannion-Parkes 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 reviewer;
- the work of the external auditors;
- the financial management and governance of the Business Manager


The Accounting Officer has been advised of the implications of the result of their review of system of internal control by the Finance and Premises Sub-committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The Brookfield School Ltd

Governance Statement
for the Year Ended 31 August 2019

Approved by order of the members of the board of trustees on18/12/19..... and signed on its behalf by:


.....
T Manson - Chairman


.....
Mrs Michelle Mannion-Parkes - Accounting Officer

The Brookfield School Ltd

Statement on Regularity, Propriety and Compliance
for the Year Ended 31 August 2019

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

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

I confirm that the following instances of material irregularity, impropriety or funding non-compliance discovered to date have been notified to the board of trustees and ESFA. If any instances are identified after the date of this statement, these will be notified to the board of trustees and ESFA.

- Failure to notify ESFA of an operating deficit
- Failure to request permission from ESFA for use of an unauthorised overdraft
- Historic failure to give due regard to value for money principles relating to operating leases
- Failure to have a functioning website to fulfil the governance disclosure requirements of the academies financial handbook
- There is no evidence to support the related party transactions are made at arms length and are reviewed to ensure they meet the "at cost" principles.



Mrs Michelle Mannion-Parkes - Accounting Officer

Date: 18/12/19

Statement of Trustees Responsibilities
for the Year Ended 31 August 2019

The trustees (who act as governors of The Brookfield School Ltd and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with the Academies 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 financial statements for each financial year. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those financial statements, 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 2018 to 2019;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are 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 auditors are aware of that information.

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

Approved by order of the board of trustees on18/12/19..... and signed on its behalf by:

.....
T Manson - Chairman

**Report of the Independent Auditors to the Members of
The Brookfield School Ltd**

Opinion

We have audited the financial statements of The Brookfield School Ltd (the 'charitable company') for the year ended 31 August 2019 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Accounts Direction 2018 to 2019 issued by the Education and Skills Funding Agency (ESFA).

Qualified opinion

Accounting records

Due to the changes in the senior leadership team in 2016-17, uncertainties were highlighted with the accounting function therefore not all evidence was available to support transactions during that year and although some improvements were made in 2018 there are still limitations to the audit evidence available in 2019.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements 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 financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Material uncertainty relating to going concern

During the year ended 31 August 2019 the Academy has net expenditure of £134,307 before actuarial gains.

We draw attention to note 21 in the financial statements, which indicates that the Academy has negative restricted funds totalling £191,573 (excluding pension and fixed assets) and £155,171 positive unrestricted funds, giving a net deficit of £36,402 at the year end. There are also net current liabilities of £36,401 at the year end. The budget for 2019-20 is currently being reviewed by the Academy to aim to achieve an in-year break even position.

Please refer to note 1 accounting policies - going concern together with note 21 in the notes to the financial statements to highlight how the academy is addressing the deficit. If these actions were to prove to be unsuccessful, this may indicate that a material uncertainty exists and may cast doubt on the Academy's ability to continue as a going concern.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

**Report of the Independent Auditors to the Members of
The Brookfield School Ltd**

Opinions on other matters prescribed by the Companies Act 2006

- the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees has 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 charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees.

In our opinion adequate accounting records have not been kept and we have not received all the information and explanations required to complete our audit:

Accounting records

Due to the changes in the senior leadership team in 2016-17, uncertainties were highlighted with the accounting function therefore not all evidence was available to support transactions during that year and although some improvements have been made in 2018 there are still limitations to the audit evidence available.

There are still limitations to the audit evidence available in 2019

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

- returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- the trustees were not entitled to take advantage of the small companies exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Trustees.

Responsibilities of trustees

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

In preparing the financial statements, the trustees are responsible for assessing the charitable company'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 to cease operations, or have no realistic alternative but to do so.

Our responsibilities for the audit of the financial statements


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

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

Use of our 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 2006. 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 and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Report of the Independent Auditors to the Members of
The Brookfield School Ltd



Mr Kevin Tong FCCA ACA (Senior Statutory Auditor)
for and on behalf of Thorne Widgery Accountancy Ltd
Chartered Accountants
Statutory Auditors
2 Wyevale Business Park
Kings Acre
Hereford
Herefordshire
HR4 7BS

Date:19/12/19.....

Note:

The maintenance and integrity of the The Brookfield School Ltd website is the responsibility of the trustees; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Independent Reporting Accountant's Assurance Report on Regularity to
The Brookfield School Ltd and the Education and Skills Funding Agency

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

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

Respective responsibilities of The Brookfield School Ltd's accounting officer and the reporting accountant

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

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

Approach

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

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

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

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

The work undertaken to draw our conclusions includes:

- detailed testing of a sample of items of income and expenditure to ensure appropriately applied for the purposes intended
- specific testing, on a sample basis, of system controls relevant to the above
- a general review of correspondence with the appropriate authorities regarding Academy governance matters during the year
- a general review and discussion of the Academy's internal procedures for establishing and maintaining systems of control and documentation regarding these matters

This work was integrated with our audit on the financial statements to the extent evidence from the conduct of that audit supports the regularity conclusion.

Independent Reporting Accountant's Assurance Report on Regularity to
The Brookfield School Ltd and the Education and Skills Funding Agency


Conclusion

In the course of our work, the following has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not confirm the authorities which govern them.

As highlighted in the "Statement on Regularity, Propriety and Compliance" the following areas of non-compliance have occurred during the year:

- Failure to notify ESFA of an operating deficit
- Failure to request permission from ESFA for use of an unauthorised overdraft
- Historic failure to give due regard to value for money principles relating to operating leases
- Failure to have a functioning website to fulfil the governance disclosure requirements of the academies financial handbook
- There is no evidence to support the related party transactions are made at arms length and are reviewed to ensure they meet the "at cost" principles.

Without qualifying our opinion, we would like to refer to the related and connected party transactions highlighted in note 25 in the attached accounts.



Thorne Widgey Accountancy Ltd
Chartered Accountants
2 Wyevale Business Park
Kings Acre
Hereford
Herefordshire
HR4 7BS

Date: 19/12/19.....

**Statement of Financial Activities
for the Year Ended 31 August 2019**

				31.8.19	31.8.18	
	Notes	Unrestricted fund £	Restricted fixed assets funds £	Restricted general funds £	Total funds £	Total funds £
INCOME AND ENDOWMENTS FROM						
Donations and capital grants	2	-	17,620	3,576	21,196	59,864
Charitable activities						
Funding for the academy's educational operations	3	-	-	1,695,113	1,695,113	3,091,005
Other trading activities	4	4,104	-	115,121	119,225	212,340
Investment income	5	192	-	-	192	66
Total		4,296	17,620	1,813,810	1,835,726	3,363,275
EXPENDITURE ON						
Charitable activities						
Academy's educational operations		-	65,605	1,904,428	1,970,033	3,576,997
NET INCOME/(EXPENDITURE)		4,296	(47,985)	(90,618)	(134,307)	(213,722)
Transfers between funds	21	-	1,391	(1,391)	-	-
Other recognised gains/(losses)						
Actuarial gains/losses on defined benefit schemes		-	-	(448,000)	(448,000)	183,000
Net movement in funds		4,296	(46,594)	(540,009)	(582,307)	(30,722)
RECONCILIATION OF FUNDS						
Total funds brought forward		150,875	2,407,908	(1,281,564)	1,277,219	1,307,941
TOTAL FUNDS CARRIED FORWARD		155,171	2,361,314	(1,821,573)	694,912	1,277,219

The notes form part of these financial statements

The Brookfield School Ltd

Balance Sheet

At 31 August 2019

	Notes	31.8.19 £	31.8.18 £
FIXED ASSETS			
Tangible assets	13	2,361,313	2,407,907
CURRENT ASSETS			
Debtors	14	22,165	132,859
Cash at bank and in hand		61,392	458
		<u>83,557</u>	<u>133,317</u>
CREDITORS			
Amounts falling due within one year	15	(119,958)	(171,405)
NET CURRENT ASSETS/(LIABILITIES)		<u>(36,401)</u>	<u>(38,088)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		2,324,912	2,369,819
CREDITORS			
Amounts falling due after more than one year	16	-	(2,600)
PENSION LIABILITY	22	(1,630,000)	(1,090,000)
NET ASSETS		<u>694,912</u>	<u>1,277,219</u>
FUNDS	21		
Unrestricted funds:			
Unrestricted		155,171	150,875
Restricted funds:			
General annual grant		(191,932)	(173,512)
Other DfE/ESFA grants		359	-
Other restricted		-	(18,052)
Pension		(1,630,000)	(1,090,000)
DfE/ESFA capital grants		15,925	-
Transfer on conversion		2,312,564	2,351,706
Capital expenditure funded by GAG		<u>32,825</u>	<u>56,202</u>
		<u>539,741</u>	<u>1,126,344</u>
TOTAL FUNDS		<u>694,912</u>	<u>1,277,219</u>


The notes form part of these financial statements

The Brookfield School Ltd

Balance Sheet - continued

At 31 August 2019

The financial statements were approved by the Board of Trustees on 18/12/19..... and were signed on its behalf by:


.....
T Manson - Chairman

The notes form part of these financial statements

The Brookfield School Ltd

Cash Flow Statement
for the Year Ended 31 August 2019

	Notes	31.8.19 £	31.8.18 £
Cash flows from operating activities:			
Cash generated from operations	1	74,383	(147,459)
Net cash provided by (used in) operating activities		<u>74,383</u>	<u>(147,459)</u>
Cash flows from investing activities:			
Purchase of tangible fixed assets		(19,011)	(38,134)
Capital grants from DfE/ESFA		17,620	6,835
Sale of tangible fixed assets		-	16,968
Interest received		192	66
Net cash provided by (used in) investing activities		<u>(1,199)</u>	<u>(14,265)</u>
Cash flows from financing activities:			
Loan repayments in year		-	(28,864)
Loans transferred to Local Authority		-	(48,594)
Net cash provided by (used in) financing activities		<u>-</u>	<u>(77,458)</u>
Change in cash and cash equivalents in the reporting period		<u>73,184</u>	<u>(239,182)</u>
Cash and cash equivalents at the beginning of the reporting period	2	<u>(11,792)</u>	<u>227,390</u>
Cash and cash equivalents at the end of the reporting period	2	<u><u>61,392</u></u>	<u><u>(11,792)</u></u>

The notes form part of these financial statements

Notes to the Cash Flow Statement
for the Year Ended 31 August 2019

1. RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES

	31.8.19	31.8.18
	£	£
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	(134,307)	(213,722)
Adjustments for:		
Depreciation	54,835	59,985
Capital grants from DfE/ESFA	(17,620)	(6,835)
Loss on disposal of fixed assets	10,770	8,964
Interest received	(192)	(66)
Decrease in debtors	98,276	29,715
Decrease in creditors	(29,379)	(106,500)
Difference between pension charge and cash contributions	92,000	81,000
Net cash provided by (used in) operating activities	<u>74,383</u>	<u>(147,459)</u>

2. ANALYSIS OF CASH AND CASH EQUIVALENTS

	31.8.19	31.8.18
	£	£
Cash in hand	288	458
Notice deposits (less than 3 months)	61,104	-
Overdrafts included in bank loans and overdrafts falling due within one year	-	(12,250)
Total cash and cash equivalents	<u>61,392</u>	<u>(11,792)</u>

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

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) '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) (effective 1 January 2015)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Academies Accounts Direction 2018 to 2019 issued by the ESFA, the Charities Act 2011 and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The Brookfield School Ltd meets the definition of a public benefit entity under FRS 102.

Going concern

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern.

At the year end restricted funds are in a deficit position, being supported by unrestricted funds. The academy trust is in a period of change and is taking steps to reduce expenditure wherever possible to ensure deficit restricted fund balances do not increase.

The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Critical accounting judgements and key sources of estimation uncertainty

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

Critical accounting estimates and assumptions

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

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

Income

All income is recognised in the Statement of Financial Activities once the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

Notes to the Financial Statements - continued
for the Year Ended 31 August 2019

1. ACCOUNTING POLICIES - continued

Grants

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

General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the 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 charity 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 it is probable that the income will be received and the amount can be measured reliably.

Donations

Donations are recognised on a receivable basis (where there are no performance related conditions), where it is probable that the income will be received and the amount can be measured reliably.

Other income

Other income including the hire of facilities, is recognised in the period it is receivable and to the extent the charity 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

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be 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 charity's accounting policies.

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, 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 accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Charitable activities

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

All resources are inclusive of irrecoverable VAT.

Notes to the Financial Statements - continued
for the Year Ended 31 August 2019

1. ACCOUNTING POLICIES - continued

Tangible fixed assets

Assets costing £2,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

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

Long leasehold	2% on cost
Improvements to property	4% on cost
Fixtures and fittings	15% on cost
Motor vehicles	20% on cost & 25% reducing balance
Computer equipment	15% & 33% on cost

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

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

Long leasehold land and buildings are subject to a 125 year lease with the local authority. Land and buildings were valued by the ESFA on conversion to academy status. Depreciation on the buildings element is included within expenditure in the SOFA in accordance with the above policies.

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.

Provisions

Provisions are recognised when the academy trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

Leased Assets

Rentals under operating leases are charged on a straight line basis over the lease term.

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 as detailed in the notes to the accounts. Prepayments are not financial instruments.

Notes to the Financial Statements - continued
for the Year Ended 31 August 2019

1. ACCOUNTING POLICIES - continued

Tangible fixed assets

Cash at bank - is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in the notes to the accounts. 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.

Taxation

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

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

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

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

Pension costs and other post-retirement 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. 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 21, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

The annual valuation at 31 August 2019 has taken into account the effects of the McCloud judgement.

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

Notes to the Financial Statements - continued
for the Year Ended 31 August 2019

2. DONATIONS AND CAPITAL GRANTS

	Unrestricted funds £	Restricted funds £	31.8.19 Total funds £	31.8.18 Total funds £
Transfer of operations out of academy trust to local authority	-	-	-	43,439
Donations	-	3,338	3,338	8,539
Grants	-	17,620	17,620	6,835
School Trips	-	238	238	1,051
	<u>-</u>	<u>21,196</u>	<u>21,196</u>	<u>59,864</u>

Transfer of operations out of trust to local authority - see note 25.

All of the figures included in the comparatives related to restricted funds.

Grants received, included in the above, are as follows:

	31.8.19 £	31.8.18 £
Capital grants	<u>17,620</u>	<u>6,835</u>

3. FUNDING FOR THE ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds £	Restricted funds £	31.8.19 Total funds £	31.8.18 Total funds £
DfE/ESFA revenue grant				
General Annual Grant(GAG)	-	891,942	891,942	900,952
Other DfE/ESFA grants	-	92,689	92,689	72,768
	<u>-</u>	<u>984,631</u>	<u>984,631</u>	<u>973,720</u>
Local Authority				
Local Authority	-	710,482	710,482	2,117,285
	<u>-</u>	<u>1,695,113</u>	<u>1,695,113</u>	<u>3,091,005</u>

All of the figures included in the comparatives related to restricted funds.

Notes to the Financial Statements - continued
for the Year Ended 31 August 2019

4. OTHER TRADING ACTIVITIES

	Unrestricted funds £	Restricted funds £	31.8.19 Total funds £	31.8.18 Total funds £
Solar panel income	-	6,064	6,064	6,695
Facilities and services	-	75,242	75,242	65,727
Hire of facilities	4,104	-	4,104	6,341
Catering income	-	5,647	5,647	8,123
Income from other schools	-	25,062	25,062	120,486
Income from other organisations	-	3,106	3,106	4,968
	<u>4,104</u>	<u>115,121</u>	<u>119,225</u>	<u>212,340</u>

The comparatives include unrestricted funds of £6,341 and restricted funds of £205,999 giving a total of £212,340

5. INVESTMENT INCOME

	Unrestricted funds £	Restricted funds £	31.8.19 Total funds £	31.8.18 Total funds £
Deposit account interest	<u>192</u>	<u>-</u>	<u>192</u>	<u>66</u>

All of the figures included in the comparatives related to unrestricted funds.

6. EXPENDITURE

	Staff costs £	Non-pay expenditure		31.8.19 Total £	31.8.18 Total £
		Premises £	Other costs £		
Charitable activities					
Academies educational operations					
Direct costs	1,190,957	-	237,787	1,428,744	2,665,686
Allocated support costs	<u>325,542</u>	<u>84,000</u>	<u>131,747</u>	<u>541,289</u>	<u>911,311</u>
	<u>1,516,499</u>	<u>84,000</u>	<u>369,534</u>	<u>1,970,033</u>	<u>3,576,997</u>

Notes to the Financial Statements - continued
for the Year Ended 31 August 2019

6. EXPENDITURE - continued

Net income/(expenditure) is stated after charging/(crediting):

	31.8.19	31.8.18
	£	£
Auditors' remuneration	14,000	16,000
Other non-audit services	1,175	1,860
Depreciation - owned assets	54,835	59,985
Deficit on disposal of fixed asset	10,770	8,964
Operating lease payments	20,408	31,535
	<u> </u>	<u> </u>

Included within expenditure are the following transactions:

	Total £	Individual items above £5,000 Amount £	Reason
Ex-gratia payment 2019	16,602.57	16,602.57	Settlement payment

7. CHARITABLE ACTIVITIES - ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds	Restricted funds	31.8.19 Total funds	31.8.18 Total funds
	£	£	£	£
Direct costs	-	1,428,744	1,428,744	2,665,686
Support costs	-	541,289	541,289	911,311
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	-	1,970,033	1,970,033	3,576,997
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

	31.8.19 Total £	31.8.18 Total £
Analysis of support costs		
Support staff costs	325,542	440,040
Depreciation	27,863	31,207
Administrative supplies	35,099	104,433
Premises costs	84,000	159,023
Other support costs	53,610	158,748
Governance costs	15,175	17,860
Total support costs	<u>541,289</u>	<u>911,311</u>

All of the figures included in the comparatives related to restricted funds.

8. SUPPORT COSTS

	Management £	Governance costs £	Totals £
Academy's educational operations	<u>526,114</u>	<u>15,175</u>	<u>541,289</u>

Notes to the Financial Statements - continued
for the Year Ended 31 August 2019

9. TRUSTEES' REMUNERATION AND BENEFITS

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

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

D A Gaston (appointed 7.12.16)	Remuneration	£70,000 - £75,000	(2018: £65,000 - £70,000)
	Employers Pension	£10,000 - £15,000	(2018: £10,000 - £15,000)
	Contributions		
M E Boustead (appointed 13.12.18)	Remuneration	£40,000 - £45,000	(2018: Nil)
	Employers Pension	£5,000 - £10,000	(2018: Nil)
	Contributions		

Remuneration for governors appointed and resigning during the year are only stated for the period the individual was acting as a governor.

Other related party transactions involving the trustees are set out in the notes to the financial statements.

Trustees' expenses

During the year ended 31 August 2019, travel, subsistence and other expenses totalling £88.80 (2018: £618) were reimbursed or paid directly to 2 trustees (2018: 2).

Notes to the Financial Statements - continued
for the Year Ended 31 August 2019

10. STAFF COSTS

	31.8.19	31.8.18
	£	£
Wages and salaries	1,169,891	2,166,738
Social security costs	103,638	194,391
Operating costs of defined benefit pension schemes	228,382	369,916
	<hr/>	<hr/>
Supply teacher costs	1,501,911	2,731,045
	14,588	21,728
	<hr/>	<hr/>
	<u>1,516,499</u>	<u>2,752,773</u>

Included in the above 2019 staff costs is £16,602.57 ex-gratia payment.

The average number of persons (including senior management team) employed by the charitable company during the year was as follows:

	31.8.19	31.8.18
Management	5	10
Teaching	13	33
Admin and support	33	55
	<hr/>	<hr/>
	<u>51</u>	<u>98</u>

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

	31.8.19	31.8.18
£60,001 - £70,000	-	1
£70,001 - £80,000	1	-
	<hr/>	<hr/>
	<u>1</u>	<u>1</u>

Key management

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 £333,390 (2018: £640,551).

Included within staff costs are actuarial strain costs amounting to £6,711.60 relating to two members of staff who are no longer employed by The Brookfield School

11. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the period ended 31 August 2019 is included in the total insurance cost.

Notes to the Financial Statements - continued
for the Year Ended 31 August 2019

12. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted fund £	Restricted fixed assets funds £	Restricted general funds £	Total funds £
INCOME AND ENDOWMENTS FROM				
Donations and capital grants	-	(1,062)	60,926	59,864
Charitable activities				
Funding for the academy's educational operations	-	-	3,091,005	3,091,005
Other trading activities	6,341	-	205,999	212,340
Investment income	66	-	-	66
Total	6,407	(1,062)	3,357,930	3,363,275
EXPENDITURE ON				
Charitable activities				
Academy's educational operations	-	84,854	3,492,143	3,576,997
NET INCOME/(EXPENDITURE)	6,407	(85,916)	(134,213)	(213,722)
Transfers between funds	-	38,135	(38,135)	-
Other recognised gains/(losses)				
Actuarial gains/losses on defined benefit schemes	-	-	183,000	183,000
Net movement in funds	6,407	(47,781)	10,652	(30,722)
RECONCILIATION OF FUNDS				
Total funds brought forward	144,468	2,455,689	(1,292,216)	1,307,941
TOTAL FUNDS CARRIED FORWARD	150,875	2,407,908	(1,281,564)	1,277,219

Notes to the Financial Statements - continued
for the Year Ended 31 August 2019

13. TANGIBLE FIXED ASSETS

	Long leasehold £	Improvements to property £	Fixtures and fittings £	Computer equipment £	Totals £
COST					
At 1 September 2018	2,473,273	55,833	11,639	63,489	2,604,234
Additions	-	10,226	7,186	1,599	19,011
Disposals	-	-	-	(16,075)	(16,075)
At 31 August 2019	2,473,273	66,059	18,825	49,013	2,607,170
DEPRECIATION					
At 1 September 2018	150,968	7,449	2,846	35,064	196,327
Charge for year	37,742	2,642	2,824	11,627	54,835
Eliminated on disposal	-	-	-	(5,305)	(5,305)
At 31 August 2019	188,710	10,091	5,670	41,386	245,857
NET BOOK VALUE					
At 31 August 2019	2,284,563	55,968	13,155	7,627	2,361,313
At 31 August 2018	2,322,305	48,384	8,793	28,425	2,407,907

On conversion land and buildings with the value of £2,473,273 lease to the academy on a 125 year lease, included within this value is non depreciated land valued at £586,173.

Assets relating to photovoltaic panels that were purchased through a loan from Herefordshire Council at a book value of £35,000.

14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.8.19 £	31.8.18 £
Trade debtors	3,521	25,119
VAT	-	21,864
Prepayments and accrued income	18,644	85,876
	<u>22,165</u>	<u>132,859</u>

Notes to the Financial Statements - continued
for the Year Ended 31 August 2019

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.8.19	31.8.18
	£	£
Bank loans and overdrafts (see note 17)	-	12,250
Other loans (see note 17)	9,600	7,000
Trade creditors	19,495	29,469
Social security and other taxes	48,542	93,307
VAT	3,472	12,418
Other creditors	388	-
Accruals and deferred income	31,631	-
Accrued expenses	6,830	16,961
	<u>119,958</u>	<u>171,405</u>

Deferred income	31.08.19
	£
Deferred Income at 1 September 2018	-
Resources deferred in the year	31,631
Amounts released from previous years	
	<u>31,631</u>
Deferred Income at 31 August 2019	<u>31,631</u>

At the balance sheet date the academy trust was holding funds received in advance in relation to rates relief and Minibus SLA, which relate to the next financial year.

16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31.8.19	31.8.18
	£	£
Other loans (see note 17)	-	2,600
	<u>-</u>	<u>2,600</u>

17. LOANS

An analysis of the maturity of loans is given below:

	31.8.19	31.8.18
	£	£
Amounts falling due within one year on demand:		
Bank overdraft	-	12,250
Other loans	9,600	7,000
	<u>9,600</u>	<u>19,250</u>
Amounts falling between one and two years:		
Other loans - 1-2 years	-	2,600
	<u>-</u>	<u>2,600</u>

Included in loans is a loan taken out from Herefordshire Council on 28th August 2013 for the value of £57,500. The loan was supplied to fund a minibus and photovoltaic panels and was fully repaid in 2019.

Notes to the Financial Statements - continued
for the Year Ended 31 August 2019

18. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	31.8.19 £	31.8.18 £
Within one year	34,554	31,912
Between one and five years	49,153	72,830
	<u>83,707</u>	<u>104,742</u>

19. MEMBERS' LIABILITY

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

20. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted fund £	Restricted fixed assets funds £	Restricted general funds £	31.8.19 Total funds £
Fixed assets	-	2,361,313	-	2,361,313
Current assets	155,171	1	(71,615)	83,557
Current liabilities	-	-	(119,958)	(119,958)
Long term liabilities	-	-	-	-
Pension liability	-	-	(1,630,000)	(1,630,000)
	<u>155,171</u>	<u>2,361,314</u>	<u>(1,821,573)</u>	<u>694,912</u>

Comparative information in respect of the preceeding period is as follows:

	Unrestricted fund £	Restricted fixed assets funds £	Restricted general funds £	31.8.18 Total funds £
Fixed assets	-	2,407,907	-	2,407,907
Current assets	150,875	1	(17,559)	133,317
Current liabilities	-	-	(171,405)	(171,405)
Long term liabilities	-	-	(2,600)	(2,600)
Pension liability	-	-	(1,090,000)	(1,090,000)
	<u>150,875</u>	<u>2,407,908</u>	<u>(1,281,564)</u>	<u>1,277,219</u>

Notes to the Financial Statements - continued
for the Year Ended 31 August 2019

21. MOVEMENT IN FUNDS

	At 1.9.18 £	Net movement in funds £	Transfers between funds £	At 31.8.19 £
Unrestricted funds				
Unrestricted	150,875	4,296	-	155,171
Restricted funds				
General annual grant	(173,512)	(17,029)	(1,391)	(191,932)
Other DfE/ESFA grants	-	359	-	359
Other restricted	(18,052)	18,052	-	-
Pension	(1,090,000)	(540,000)	-	(1,630,000)
DfE/ESFA capital grants	-	16,133	(208)	15,925
Transfer on conversion	2,351,706	(39,142)	-	2,312,564
Capital expenditure funded by GAG	56,202	(24,976)	1,599	32,825
	<u>1,126,344</u>	<u>(586,603)</u>	<u>-</u>	<u>539,741</u>
TOTAL FUNDS	<u>1,277,219</u>	<u>(582,307)</u>	<u>-</u>	<u>694,912</u>

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
Unrestricted	4,296	-	-	4,296
Restricted funds				
General annual grant	891,944	(908,973)	-	(17,029)
Other DfE/ESFA grants	92,689	(92,330)	-	359
Other restricted	829,177	(811,125)	-	18,052
DfE/ESFA capital grants	17,620	(1,487)	-	16,133
Transfer on conversion	-	(39,142)	-	(39,142)
Pension	-	(92,000)	(448,000)	(540,000)
Capital expenditure funded by GAG	-	(24,976)	-	(24,976)
	<u>1,831,430</u>	<u>(1,970,033)</u>	<u>(448,000)</u>	<u>(586,603)</u>
TOTAL FUNDS	<u>1,835,726</u>	<u>(1,970,033)</u>	<u>(448,000)</u>	<u>(582,307)</u>

Notes to the Financial Statements - continued
for the Year Ended 31 August 2019

21. MOVEMENT IN FUNDS - continued

Comparatives for movement in funds

	At 1.9.17 £	Net movement in funds £	Transfers between funds £	At 31.8.18 £
Unrestricted Funds				
Unrestricted	144,468	6,407	-	150,875
Restricted Funds				
General annual grant	(82,164)	(53,213)	(38,135)	(173,512)
Other restricted	(18,052)	-	-	(18,052)
Pension	(1,192,000)	102,000	-	(1,090,000)
Transfer on conversion	2,416,779	(65,073)	-	2,351,706
Capital expenditure funded by GAG	38,910	(20,843)	38,135	56,202
	<u>1,163,473</u>	<u>(37,129)</u>	<u>-</u>	<u>1,126,344</u>
TOTAL FUNDS	<u>1,307,941</u>	<u>(30,722)</u>	<u>-</u>	<u>1,277,219</u>

Comparative net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
Unrestricted	6,407	-	-	6,407
Restricted funds				
General annual grant	900,950	(954,163)	-	(53,213)
Other DfE/ESFA grants	72,768	(72,768)	-	-
Other restricted	2,384,212	(2,384,212)	-	-
DfE/ESFA capital grants	6,835	(6,835)	-	-
Transfer on conversion	(7,897)	(57,176)	-	(65,073)
Pension	-	(81,000)	183,000	102,000
Capital expenditure funded by GAG	-	(20,843)	-	(20,843)
	<u>3,356,868</u>	<u>(3,576,997)</u>	<u>183,000</u>	<u>(37,129)</u>
TOTAL FUNDS	<u>3,363,275</u>	<u>(3,576,997)</u>	<u>183,000</u>	<u>(30,722)</u>

Notes to the Financial Statements - continued
for the Year Ended 31 August 2019

21. MOVEMENT IN FUNDS - continued

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

- General Annual Grant (GAG): Under the funding agreement with the Secretary of State, the Academy was not subject to a limit on the amount of GAG that it could carry forward at the year end.
- Other DfE/ESFA Grants: are utilised for the purposes intended by the donor.
- Other Restricted General Funds: includes funding for the HPRS unit and other restricted funding.
- The Pension Fund: is the surplus/(deficit) in the Local Government Pension Scheme.
- Restricted Fixed Asset Funds: include the fixed assets transferred on conversion to Academy, capital grants, additions and depreciation.
- Unrestricted Funds: are all those income and expenses for general use in the Academy.

Funds in deficit and going concern

Due to the accounting requirements of the Local Government Pension Scheme (LGPS), we are recognising a significant pension fund deficit. Where this creates a deficit in the restricted general fund this does not mean that an immediate liability for this amount arises. The deficit position of the pension scheme results in a cash flow effect for the Academy Trust in the form of an increase in employers' pension contributions.

The trust is carrying a net deficit of £36,402 (2018: £40,689) on restricted general funds (excluding fixed asset funds and pension reserve) plus unrestricted funds. This is because staffing costs have been too high to sustain particularly with the loss of the Herefordshire Council contract.

Recently there has been a complete replacement of the Board of Trustees who are in the early stages of establishing a new operational and financial plan, which includes a review of the staffing structure.

Positive relationships with stakeholders and financial partners are being developed and future funding has been agreed.

Transfers between funds

A transfer between funds has been made to reflect capital additions purchased from the general annual grant.

22. PENSION 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 Worcestershire County Council. Both are multi-employer defined benefit schemes. The LGPS scheme is solely in relation to the Brookfields part of the academy.

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

Contributions amounting to £17,853 (2018: £31,601) were payable to the schemes at 31 August 2019 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.

22. PENSION AND SIMILAR OBLIGATIONS
- continued

Valuation of the Teachers' Pension Scheme

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

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (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 employer's pension costs paid to TPS in the period amounted to £104,551 (2018: £113,071).

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 pension scheme, with the assets held in separate trustee administered funds. The total contribution made for The Brookfield School for the year ended 31 August 2019 was £145,098 (2018: £131,532) of which employer's contributions totalled £117,914 (2018: £105,868) and employees' contributions totalled £27,184 (2018: £25,664). The agreed contribution rates for future years are 16.5% for employers and between 5.5% to 10.5% for employees.

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

The annual valuation at 31 August 2019 has taken into account the effects of the McCloud judgement.

As the scheme is in deficit, the school has entered into an agreement with the governors to make additional contributions in addition to normal funding levels.

The rates payable over a three year period will be the Future Service Rate of 16.5% of payroll plus phased lump sum deficit contributions starting at £38,600 for the year 2018, increasing by approximately 3.7% per annum. The rate payable from 1 April 2020 will be further revised following the valuation of the Pension Fund which will take place on 31 March 2019.

The current estimated recovery period is 15 years.

Notes to the Financial Statements - continued
for the Year Ended 31 August 2019

22. PENSION AND SIMILAR OBLIGATIONS
- continued

The amounts recognised in the balance sheet are as follows:

	Defined benefit pension plans	
	31.8.19	31.8.18
	£	£
Present value of funded obligations	(2,319,000)	(1,622,000)
Fair value of plan assets	689,000	532,000
	<u>(1,630,000)</u>	<u>(1,090,000)</u>
Deficit	(1,630,000)	(1,090,000)
Liability	<u>(1,630,000)</u>	<u>(1,090,000)</u>

The amounts recognised in the statement of financial activities are as follows:

	Defined benefit pension plans	
	31.8.19	31.8.18
	£	£
Current service cost	146,000	156,000
Net interest from net defined benefit asset/liability	29,000	28,000
Past service cost	36,000	-
Gains/losses on settlements and curtailments	-	10,000
Administration expenses	2,000	2,000
Past Service Cost Gain	36,000	-
	<u>249,000</u>	<u>196,000</u>
Actual return on plan assets	<u>26,000</u>	<u>31,000</u>

Changes in the present value of the defined benefit obligation are as follows:

	Defined benefit pension plans	
	31.8.19	31.8.18
	£	£
Defined benefit obligation	1,622,000	1,615,000
Current service cost	146,000	156,000
Past service cost	36,000	-
Contributions by scheme participants	27,000	26,000
Interest cost	46,000	39,000
Actuarial losses/(gains)	457,000	(163,000)
Benefits paid	(15,000)	(61,000)
Curtailments	-	10,000
	<u>2,319,000</u>	<u>1,622,000</u>

Notes to the Financial Statements - continued
for the Year Ended 31 August 2019

22. PENSION AND SIMILAR OBLIGATIONS
- continued

Changes in the fair value of scheme assets are as follows:

	Defined benefit pension plans	
	31.8.19	31.8.18
	£	£
Fair value of scheme assets	532,000	423,000
Contributions by employer	121,000	115,000
Contributions by scheme participants	27,000	26,000
Expected return	17,000	11,000
Actuarial gains/(losses)	9,000	20,000
Benefits paid	(15,000)	(61,000)
Assets administration expenses	(2,000)	(2,000)
	<u>689,000</u>	<u>532,000</u>

The amounts recognised in other recognised gains and losses are as follows:

	Defined benefit pension plans	
	31.8.19	31.8.18
	£	£
Actuarial gains/(losses)	<u>448,000</u>	<u>183,000</u>
	<u>448,000</u>	<u>183,000</u>

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	Defined benefit pension plans	
	31.8.19	31.8.18
Equities	70.9%	77%
Government bonds	7.5%	8%
Bonds	5%	4.6%
Property	6%	4.7%
Cash/liquidity	2.9%	2.1%
Other	7.7%	3.6%

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages)

	31.8.19	31.8.18
Future salary increases	3.6%	3.6%
Future pension increases	2.2%	2.2%
CPI inflation rate	2.1%	2.1%

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

	31.8.19	31.8.18
Retiring today		
Males	22.8	22.7
Females	25.8	25.7
Retiring in 20 years		
Males	25.1	24.9
Females	28.2	28

Sensitivity analysis:

	31.8.19	31.8.18
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Notes to the Financial Statements - continued
for the Year Ended 31 August 2019

22. PENSION AND SIMILAR OBLIGATIONS
- continued

	£000's	£000's
+0.1% p.a. discount rate	1,579	1,054
+0.1% p.a. inflation	1,683	1,126
+0.1% p.a. pay growth	1,637	1,095
1 year increase in life expectancy	1,671	1,118

23. CONTINGENT LIABILITIES

There are no contingent liabilities to disclose.

24. CAPITAL COMMITMENTS

	31.8.19	31.8.18
	£	£
Contracted but not provided for in the financial statements	-	-

25. RELATED PARTY DISCLOSURES

Owing to the nature of the academy trust 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 trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with the academy trust's financial regulations and normal procurement procedures relating to connected and related party transactions. The following related party transactions took place in the financial period.

The following related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed:

Christopher Tindall, a trustee of Brookfield School, has invoiced the academy for services relating to Hereford Vocational training that amount to £4,825.01 (2018: £4,703). There is no evidence to support the transactions are made at arms length and are reviewed to ensure they meet the "at cost" principles. There were no balances outstanding at the year end (2018: NIL).

David Gaston's wife is the Headteacher at Fairfield High School. Transactions have taken place between the two schools. Payments of £NIL (2018: £411) and income of £NIL (2018: £135) took place during the year. There was NIL (2018: £135) of income outstanding at the year end.

David Smith who was a trustee of The Brookfield School Ltd until 30/04/2017 is also a director of Proactive Education Services Limited. There was expenditure to this company in 2019 amounting to £NIL (2018: £500).

Dame Oremi Evans who was trustee of The Brookfield School Ltd up to 19/07/2017 is a Governor at Whitecross High School. There were transaction with this Academy in 2019 amounting to NIL (2018: £3,327).