

Burnt Ash Primary School
(A company limited by guarantee)

Annual Report and Financial Statements

For the year ended 31 August 2019



Burnt Ash Primary School
(A company limited by guarantee)

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Reference and administrative details of the academy, its trustees and advisers
For the year ended 31 August 2019

Members	B. Danahay D. Gnanapragasam A. Junaid R. Lockyer C. Hollis
Trustees	R. Lockyer, Chair of Trustees ¹ B. Danahay N. Doran ¹ (appointed 11 December 2018) D. Gnanapragasam, Chair of Finance ¹ C. Hollis, Vice Chair of Trustees A. Junaid ¹ S. Matthews ¹ (resigned 4 April 2019) S. Mott (appointed 11 December 2018) L. Crawley, Headteacher and Accounting Officer ¹ E. East, Staff Trustee (resigned 19 September 2018) L. Spencer, Staff Trustee (appointed 11 December 2018) ¹ Member of Finance Committee
Company registered number	09896945
Company name	Burnt Ash Primary School
Principal and registered office	Rangefield Road Bromley Kent BR1 4QX
Senior management team	L. Crawley, Headteacher and Accounting Officer T. Dinnage, Deputy Headteacher E. East, Assistant Headteacher A. Wilson, Chief Finance Officer (resigned 2 November 2018) P. D'Mello Maplesden, Chief Finance Officer (appointed 14 May 2019) K. Phillips, School and Office Manager (resigned 10 June 2019)
Independent auditors	UHY Kent LLP t/a UHY Hacker Young Chartered Accountants Statutory Auditors Thames House Roman Square Sittingbourne Kent ME10 4BJ
Bankers	Lloyds Bank plc 6-8 Market Square Bromley Kent BR1 1NA
Solicitors	Stone King 13 Queen Square Bath BA1 2HJ

Burnt Ash Primary School
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Trustees' report
For the year ended 31 August 2019

The trustees present their annual report together with the financial statements and auditor's reports of the academy trust for the year from 1 September 2018 through to 31 August 2019.

The academy trust operates an academy for pupils aged 3 to 11, serving a catchment area in Downham, Bromley, Kent. It has a pupil capacity of 440 pupils and had a roll of 425 in the school census on 3 October 2019.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

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

The trustees of Burnt Ash Primary School are also the directors for the purposes of company law. The academy trust is known as Burnt Ash Primary School.

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

Members' liability

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

Trustees' indemnities

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

Details of the insurance cover are provided in note 13 to the financial statements.

Principal activities

The academy trust took over the operation of Burnt Ash Primary School on the school's conversion to academy status on 1 February 2016. Since then the academy trust's principal object and activity has been to manage the school's provision of education to pupils between the ages of 3 and 11.

Method of recruitment and appointment or election of trustees

Under the terms of its articles, the academy trust shall have the following trustees:

- Those skilled in educational matters especially relating to finance and legal.
- Those committed to providing quality educational opportunities for all stakeholders.
- Those committed and dedicated to the core purpose of the academy trust and following all charitable and financial procedures.

Policies and procedures adopted for the induction and training of trustees

During the period under review the full board met 4 times and there were 2 committee meetings. The training and induction provided for new trustees depends on their previous experience. All trustees have the opportunity to visit the school regularly to undertake learning walks and to help them develop a deeper understanding of the ethos and policies of the school. All trustees have access to policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as trustees. All trustees have access to a full programme of courses which they will choose to attend, based on their role and experience.

Organisational structure

The organisational structure consists of three levels: the trustees, the senior leadership team and the extended leadership team. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

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

The senior leadership team comprises the Headteacher, Deputy Headteacher and Assistant Headteacher. These managers control the academy trust at an executive level implementing the policies laid down by the trustees and report back to them.

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Trustees' report
For the year ended 31 August 2019

Organisational structure (continued)

As a group the senior leadership team are responsible for the authorisation of spending up to a level delegated to them within agreed budgets and the appointment of staff, although appointment boards for posts in the senior leadership team always contain a trustee. Some spending control is devolved to members of the extended leadership team, with limits above which a member of the senior leadership team must countersign.

The extended leadership team includes SENCo, phase leaders, core curriculum leaders and CFO. Along with the senior leadership team these managers are responsible for the day to day operation of the academy trust, in particular organising the teaching staff, facilities and pupils.

Arrangements for setting pay and remuneration of key management personnel

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

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

Only staff trustees, including the Headteacher, are remunerated, and these individuals only receive remuneration in respect of services they provide under their contracts of employment, and not in respect of their role as trustees. Specific disclosures concerning staff trustees' remuneration is included in note 12. Remuneration paid to the key management personnel, including the staff trustees, is disclosed in note 11.

The day to day running of the remuneration policy is delegated to the Headteacher and monitored by the finance committee. All details for setting pay and remuneration of key management personnel are set out in the pay policy and appraisal policy which are reviewed regularly by the board of trustees.

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

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

Risk management

The trustees have assessed the major risks to which the academy trust is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the academy trust, and its finances. The trustees have implemented a number of systems to assess risks that the school faces, especially in the operational areas (e.g. in relation to teaching, health and safety, and school trips) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, supervision of school grounds) and internal financial controls (see below) in order to manage risk. Where significant financial risk still remains they have ensured they have adequate insurance cover. The academy trust has an effective system of internal financial controls and this is explained in more detail in the Governance Statement.

Connected organisations, including related party relationships

The academy trust is a member of an umbrella trust called Ignite Education Trust ("IGNITE"), a limited by guarantee company (registered number 09749664). IGNITE was established with other local academy trusts to provide a mechanism of school to school support and guidance in leadership and enhancing outcomes for stakeholders across the trust. This doesn't impact on operating policies as each school that is part of the group is a stand-alone academy. The Headteachers of the member academies, including Burnt Ash's Headteacher Mrs. Crawley, are all directors of the IGNITE board.

We have RAG rated procedures and systems in place in order to best support the schools in maintaining outstanding standards. Burnt Ash Primary Academy has an active PTA (Parents and Teachers Association), The Friends of Burnt Ash (FOBA), who support the academy trust in its delivery in educational experiences and resources. They liaise directly with the Headteacher on all matters of spending and support.

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Trustees' report
For the year ended 31 August 2019

OBJECTIVES AND ACTIVITIES

Vision and values

The trustees worked closely with the senior leaders and staff to develop the vision for the school, which underpins all decisions made by the board.

An excellent education to enable all children to achieve, flourish and succeed through:

- A high expectation for all children to achieve their potential through a rich, inspiring curriculum.
- Empowering children to take ownership of their learning by building independence and resilience.
- Working in partnership with parents and with a strong network of schools to build and develop the highest standards of teaching and learning.
- Providing a safe, secure and supportive environment in which all children and adults are valued and respected, and develop a strong sense of self-worth.
- A caring and inclusive school that engages families and the community and celebrates its diversity of cultures and religions.
- Giving children the confidence and desire to make a meaningful contribution to the wider world and develop a strong sense of social responsibility.

Objectives, strategies and activities

- To ensure that standards of attainment remain high in all areas and for all children.
- To ensure that the progress of all groups remains consistently high.
- To ensure 100% of teaching remains good or better and that the majority of teaching is outstanding or moving toward outstanding.
- To ensure all levels of leadership play an integral part in school improvement.
- To ensure that governance plays a strategic role in school improvement.
- To maintain, and increase areas of excellence across the school. At present Inclusion, Early Years, the Deployment and Development of Leadership and Narrowing the Gap for All Pupils have been formally recognised by Challenge Partners.
- To provide high quality nursery provision for local children.

Public benefit

Burnt Ash Primary is an academy catering for children aged 3 to 11 and strives to promote and support the advancement of education within the local area and beyond. The school provides an extensive programme of educational and recreational activity - all designed to contribute to the overall education of our pupils, staff and community both academically and personally. Some of the activities the school has been involved in include;

- Volunteering at the Local Community Gardens
- Raising money for national charities – British Legion, Children in Need, Shelter.
- Visiting and arranging concerts for a local home for the elderly
- Collections for local foodbanks
- Local sports clubs providing specialist sports teaching and learning
- Participation in the London Youth Games
- Local sports alliances for inter school competitions
- Initial teacher training in conjunction with Bromley Schools Collegiate
- Member of Challenge Partners supporting the development of schools nationally
- Strategic Partner to both local Teaching Schools – Warren Road and Eyela- developing support and training for schools
- Founding member of Ignite Education Trust – a group of local schools with a focus on school improvement
- Working in collaboration with the Children Centre on site to support local families
- Provide specialist provision for twenty local children with severe and complex needs.
- Strong involvement in Getting Ahead London to support the development of future London headteachers and Middle Leaders.
- The Mayor of London's Schools for Success accreditation supporting London schools improve outcomes for disadvantaged pupils.

In setting our objectives and planning our activities the trustees have given careful consideration to the Charity Commission's general guidance on public benefit. The trustees believe that the academy trust's aims, together with the activities outlined above, are demonstrably to the public benefit.

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STRATEGIC REPORT

Achievements and performance

The school has again attained results which demonstrate high standards and expectations.

End of Keystage 2 Data 2019

The result below were attained by children who reached the end of KS2 in July 2019. There were 56 pupils in this cohort.

Attainment by Subject	School attained expected standard	National expected standard	School attained greater depth	National greater depth	School average scaled score	National average scaled score
Reading	96%	73%	21%	27%	107	104
Writing	93%	78%	29%	20%		
Spelling and grammar	95%	78%	48%	36%	109	106
Maths	96%	79%	38%	27%	108	105

Attainment all subjects	Attained expected standard	National data
Expected standard (reading, writing and maths)	93%	64%

Disadvantaged pupils

Within the cohort 48% of pupils were identified as Disadvantaged Pupils, with the school receiving additional funding through Pupil Premium to support their learning.

Attainment by subject	School attained expected standard	National expected standard – all pupils	School attained greater depth	National greater depth – all pupils	School average scaled score	National data average scaled score - all pupils
Reading	96%	73%	19%	27%	107	104
Writing	93%	78%	19%	20%		
Spelling and grammar	93%	78%	52%	36%	105	106
Maths	96%	79%	30%	27%	106	105

Attainment all subjects	School attained expected standard	National data - all pupils
Expected standard (reading, writing and maths)	93%	64%

Going concern

After making appropriate enquiries, the board of trustees 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 Accounting Policies.

Key financial performance indicators

The trustees consider that the following are key performance indicators for the academy trust:

- Pupils numbers (leading directly to the Education and Skills Funding Agency ("ESFA") funding level);
- General financial stability - aim for income to match expenditure each year;
- Percentage of income received from EFA spent on total staff costs;
- Income per pupil;
- Staff costs as a percentage of grant income;
- Staff costs as a percentage of total costs;
- Ofsted inspection results;
- Capital expenditure per pupil;
- Reception pupil intake; and
- Nursery numbers and waiting lists

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

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FINANCIAL REVIEW

Most of the academy trust's recurrent income is obtained from the ESFA in the form of grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the year ended 31 August 2019 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities ("SoFA"). Core grant income has been supplemented by capital funding and various other self-generated income streams.

Total income for the year was £4.3m compared to £3.3m for the previous year. The increase is predominantly due to the £1.4m capital grant funding received this year from the ESFA (2018: £322k). Most of this capital income relates to Condition Improvement Funding received in relation to roofing and water disbursement projects.

Excluding capital income, the trust's income for 2018/19 amounted to £2.92m compared to £2.98m in 2017/18. There were small fluctuations in various income stream, however the small overall reduction in revenue income arises from a fall of core General Annual Grant income from £2.15m to £2.09m following a small decline in pupil numbers.

With total resources expended of £3.1m (2018: £3.1m) the SoFA reports net income for the year of £1.2m (2018: £221k). The overall net movement in funds, after actuarial movements on the Local Government defined benefit pension scheme ("LGPS"), was an increase of £659k (2018: £467k). It is important to note that this overall movement in funds does not reflect the meaningful operational result and includes movements that do not relate to day-to-day running of the academy.

Excluding movements on tangible fixed assets, the LGPS defined benefit pension liability and revenue to capital transfers the trust's operational surplus on revenue funds for the year was £22k (2018: £72k), as reconciled from the SoFA below:

		2019 (£000s)	2018 (£000s)
Overall net movement in funds for the year per SoFA		659	467
<u>Add:</u>			
Decrease / (increase) attributable to fixed asset fund	See A	(1,325)	(346)
LGPS actuarial (gain)/loss	See B	529	(246)
LGPS service and interest costs	See B	159	94
Total movement in year on revenue funds		22	(31)
Revenue to capital transfers		-	103
Operational surplus /(deficit) on revenue funds		22	72

(A) The movement on restricted fixed asset funds comprises capital grant income received during the year less depreciation charged on capitalised assets purchased from such funds, notably the school buildings. Since these do not relate to day-to-day operational matters the movement on fixed asset funds is excluded from the operational result.

(B) The Balance Sheet carries the trust's share of the deficit on the Local Government Pension Scheme. A detailed report has been prepared by an actuary detailing the movement in the deficit during the year. The movement is in two parts: (1) the actuarial gain relates to movement linked to the assumptions made by the actuary, (2) other movements comprising (i) net interest costs (ii) current service costs - the value of benefits accrued by members over the accounting period less contributions paid and (iii) past service costs for additional benefits granted during the year. Again since the LGPS movement do not relate to operational matters these have been excluded from the operational result.

At 31 August 2019, the net book value of fixed assets was £6.01m and movements in tangible fixed assets are shown in note 15 to the financial statements. During the year the assets were used almost exclusively for providing education and the associated support services to the pupils of the trust's academies, the only exceptions to this being limited letting of the premises to local community groups.

Financial position

The academy trust held fund balances at 31 August 2019 of £5.9m (2018: £5.2m). These funds comprised restricted fixed asset funds of £6.4m (2018: £5.0m), restricted revenue funds of £146k (2018: £162k) and unrestricted revenue funds of £502k (2018: £464k).

The pension reserve deficit of £1.1m (2018: £432k) is the only fund in deficit. This deficit does not mean that an immediate liability crystallises; it results in a cash flow effect in the form of possible future increases in pension contributions, which, if required, will be met from the budgeted annual income. There is therefore no direct impact on the free reserves of the academy trust because of recognising the deficit. Employer contributions are reviewed every three years in consultation with the scheme's administrators, and employer contributions due have been fixed until 1 April 2020.

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The significant increase in the LGPS liability during 2018-19 relates to a number of issues which are described in note 2 to the financial statements explaining critical accounting estimates and judgements.

Reserves policy

The trustees review the reserve levels of the academy trust annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves.

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

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

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

Investment policy

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

In addition, the academy trust aims to invest surplus cash funds to optimise returns while ensuring the investment instruments are such that there is no material risk to the loss of these cash funds.

Financial and risk management objectives and policies

The academy trust does not use complex financial instruments. It manages its activities using cash and various items such as trade debtors and trade creditors that arise directly from its operations.

The existence of these financial instruments exposes the academy trust to a number of financial risks which are described in more detail below. The main risks arising from the trust's financial instruments are liquidity risk and cash flow interest rate risk.

- *Liquidity risk* - The academy trust manages its cash resources, including sufficient working capital, so that all its operating needs are met without the need for short-term borrowing.
- *Interest rate risk* - The academy trust earns interest on cash deposits. With interest rates currently low, the trustees will consider action to increase the income from these deposits, provided it does not jeopardise the liquidity or security of the academy trust's assets.
- *Credit risk* – this arises from the possibility that amounts owed to the academy trust will not be repaid. The academy trust does not undertake credit activities so it is only exposed to credit risk as it arises from normal business. Credit risk is managed through the use of approved banks and the prompt collection of amounts due.

Principal risks and uncertainties

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

- *Operational and reputational* - this covers risks to the running of the academy trust (including the capacity of staff and buildings to meet the needs of pupils) and its performance in delivering the curriculum.
- *Financial* - covering risks to the academy trust's financial position, including revenue streams, cost control and cash management.

The risks to which the academy trust is exposed arise both internally and externally. External risks include those in respect of future funding levels, competition, changes to rules and regulations, and the financial position of the staff pension schemes.

FUNDRAISING

No fundraising activities are undertaken by the trust. All such activities are carried out by the PTA organisation, The Friends of Burnt Ash.

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DISABLED EMPLOYEES

The policy of the academy trust is to support recruitment and retention of students and employees with disabilities. The academy trust does this by adapting the physical environment, by making support resources available.

EQUAL OPPORTUNITIES

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

PLANS FOR FUTURE PERIODS

Plans for the future include:-

- To secure an Outstanding Ofsted grade.
- Ensure that standards of attainment remain high in all areas and for all children.
- To ensure that the progress of all groups remains consistently high.
- To increase the quality of teaching so that the majority of teaching is outstanding.
- Development of a robust succession planning to ensure the quality of future leadership.
- To maintain the maximum number of areas of excellence recognised via Challenge Partners. At present the three accredited areas are Inclusion, Early Years, Narrowing the Gap for All Pupils and the Deployment and Development of Senior Leadership.
- To continue to provide high quality nursery provision for local children.

AUDITOR

In so far as the trustees are aware:

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

The academy trust wishes to continue to secure the services of UHY Hacker Young.

This trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, and signed on the board's behalf by:

A stylized, circular signature in black ink, likely belonging to R. Lockyer.

R. Lockyer, Chair of Trustees

A cursive signature in black ink, likely belonging to L. Crawley.

L. Crawley, Headteacher and Accounting Officer

Date: 11 December 2019

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Governance Statement

Scope of Responsibility

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

The board of trustees has delegated the day-to-day responsibility to the Headteacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Burnt Ash Primary School and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' report and in the Statement of trustees' responsibilities. The board of trustees has formally met 4 times during the period. Although this is less than the minimum 6 meetings recommended by the ESFA, the opinion of the board is that this, together with the finance and other committee meetings, is sufficient to maintain financial oversight of the trust. Attendance during the period at meetings of the board of trustees was as follows:

<u>Trustee</u>	<u>Meetings attended</u>	<u>Out of a possible</u>
R. Lockyer, Chair of Trustees	4	4
B. Danahay	2	4
N. Doran	2	3
D. Gnanapragasam, Chair of Finance	3	4
C. Hollis, Vice Chair of Trustees	3	4
A. Junaid	4	4
S. Matthews	1	3
S. Mott	2	2
L. Crawley, Headteacher and Accounting Officer	4	4
E. East	1	1
L. Spencer	3	3

Governance reviews: During 2018/2019 a review of the main board of trustees took place and new trustees joined the board. The increase in the number of trustees has aided the separation between members and trustees.

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

Attendance at meetings in the period was as follows:

<u>Trustee</u>	<u>Meetings attended</u>	<u>Out of a possible</u>
R. Lockyer, Chair of Trustees	2	3
D. Gnanapragasam, Chair of Finance	1	3
A. Junaid	1	3
S. Matthews	0	2
N. Doran	1	3
L. Crawley, Headteacher and Accounting Officer	3	3

Review of Value for Money

As Accounting Officer, the Headteacher has responsibility for ensuring that the academy delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received. The Accounting Officer considers how the academy's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the academy has delivered improved value for money during the period by:

- Established a local hub through Challenge Partners which generates school improvement funds, and the opportunity to hold Leadership Days (income generated)
- Head and Deputy generating income through Getting Ahead London, coaching aspiring heads/leaders. Hosting development events to other schools (income generated)

Governance Statement

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Burnt Ash Primary School for the year 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of trustees has reviewed the key risks to which the academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy's significant risks that has been in place for the year 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

The Risk and Control Framework

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

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

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

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the academy's financial systems. The internal auditor reports to the board of trustees on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities. Liberata did not carry out any internal audit visits during the year but has visited since the year end and this covered the whole accounting period.

In particular the checks carried out included:

- testing of payroll systems;
- testing of purchase systems; and
- testing of income systems.

The internal auditors have raised some issues which included the completeness of employee information held on personnel files, authorisation of payroll reports, debtor management and the month-end management reporting process.

Review of Effectiveness

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

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

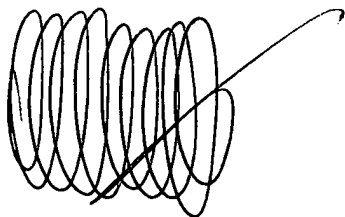
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Governance Statement

Review of Effectiveness (continued)

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

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

A handwritten signature consisting of a series of overlapping loops, resembling a stylized 'R' or a scribble, with a long horizontal line extending to the right.

R. Lockyer
Chair of Trustees

A handwritten signature in cursive script, appearing to read 'L. Crawley'.

L. Crawley
Headteacher and Accounting Officer

Date: 11 December 2019

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(A company limited by guarantee)

Statement on Regularity, Propriety and Compliance

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

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

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



L. Crawley
Accounting Officer

Date: 11 December 2019

Burnt Ash Primary School
(A company limited by guarantee)

Statement of trustees' responsibilities
For the year ended 31 August 2019

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

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

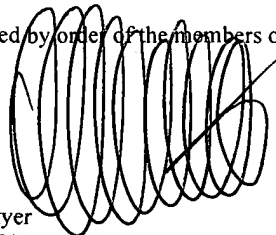
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting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

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

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

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

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



R. Lockyer
Chair of Trustees

Date: 11 December 2019

Independent Auditors' Report on the financial statements to the Members of Burnt Ash Primary School

Opinion

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

In our opinion the financial statements:

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

Basis for opinion

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

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 academy trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

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



Allan R. Hickie (Senior statutory auditor)

for and on behalf of

UHY Kent LLP

Chartered Accountants

Statutory Auditors

Thames House

Roman Square

Sittingbourne

Kent

ME10 4BJ

Date: 17 December 2012

Burnt Ash Primary School
(A company limited by guarantee)

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

In accordance with the terms of our engagement letter dated 15 March 2016 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Burnt Ash Primary School during the year 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of Burnt Ash Primary School's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Burnt Ash Primary School's funding agreement with the Secretary of State for Education dated 26 January 2016 and the Academies Financial Handbook, extant from 1 September 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

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

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

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

The work undertaken to draw to our conclusion included:

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

Burnt Ash Primary School
(A company limited by guarantee)

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

Conclusion

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

UHY Kent LLP

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

Date: *17 December 2019*

Burnt Ash Primary School
(A company limited by guarantee)

Statement of financial activities (incorporating income and expenditure account)
For the year ended 31 August 2019

	Note	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	Total funds 2018 £
Income from:						
Donations and capital grants	3	496	-	1,405,761	1,406,257	327,156
Charitable activities	4	152,569	2,729,822	-	2,882,391	2,946,307
Other trading activities	5	35,245	-	-	35,245	26,569
Investments	6	2,259	-	-	2,259	2,757
Total income		190,569	2,729,822	1,405,761	4,326,152	3,302,789
Expenditure on:						
Raising funds	7	17,830	-	-	17,830	20,789
Charitable activities	8	134,241	2,905,372	80,750	3,120,363	3,060,769
Total expenditure		152,071	2,905,372	80,750	3,138,193	3,081,558
Net movement in funds before other recognised gains/(losses)		38,498	(175,550)	1,325,011	1,187,959	221,231
Other recognised gains/(losses):						
Actuarial losses on defined benefit pension schemes	24	-	(529,000)	-	(529,000)	246,000
Net movement in funds		38,498	(704,550)	1,325,011	658,959	467,231
Reconciliation of funds:						
Total funds brought forward		463,765	(269,240)	5,047,095	5,241,620	4,774,389
Net movement in funds		38,498	(704,550)	1,325,011	658,959	467,231
Total funds carried forward	19	502,263	(973,790)	6,372,106	5,900,579	5,241,620

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

The notes on pages 21 to 42 form part of these financial statements.

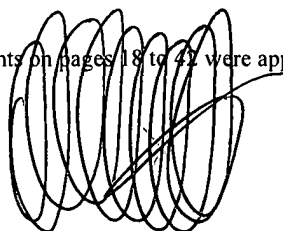
Burnt Ash Primary School
(A company limited by guarantee)

Balance sheet
As at 31 August 2019

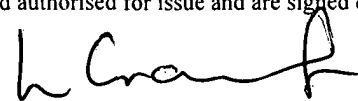
	Note	2019 £	2018 £
Fixed assets			
Intangible assets	14	457	2,288
Tangible assets	15	6,008,461	4,980,017
		<u>6,008,918</u>	<u>4,982,305</u>
Current assets			
Stocks	16	16,891	20,244
Debtors	17	868,583	117,981
Cash at bank and in hand		966,673	960,879
		<u>1,852,147</u>	<u>1,099,104</u>
Creditors: amounts falling due within one year	18	(840,486)	(407,789)
Net current assets		<u>1,011,661</u>	<u>691,315</u>
Net assets excluding pension liability		<u>7,020,579</u>	<u>5,673,620</u>
Defined benefit pension scheme liability	24	(1,120,000)	(432,000)
Total net assets		<u><u>5,900,579</u></u>	<u><u>5,241,620</u></u>
Funds of the academy trust			
Restricted funds:			
Fixed asset funds	19	6,372,106	5,047,095
Restricted income funds	19	146,210	162,760
		<u>6,518,316</u>	<u>5,209,855</u>
Restricted funds excluding pension asset	19	6,518,316	5,209,855
Pension reserve	19	(1,120,000)	(432,000)
Total restricted funds	19	<u>5,398,316</u>	<u>4,777,855</u>
Unrestricted income funds	19	<u>502,263</u>	<u>463,765</u>
Total funds		<u><u>5,900,579</u></u>	<u><u>5,241,620</u></u>

The financial statements on pages 18 to 42 were approved by the trustees, and authorised for issue and are signed on their behalf, by:

R. Lockyer
Chair of Trustees



L. Crawley
Headteacher and Accounting Officer



Date: 11 December 2019

The notes on pages 21 to 42 form part of these financial statements.

Burnt Ash Primary School
(A company limited by guarantee)

Statement of cash flows
For the year ended 31 August 2019

	Note	2019 £	2018 £
Cash flows from operating activities			
Net cash (used in)/provided by operating activities	21	(294,863)	267,979
Cash flows from investing activities	22	300,657	(35,396)
Change in cash and cash equivalents in the year		5,794	232,583
Cash and cash equivalents at the beginning of the year		960,879	728,296
Cash and cash equivalents at the end of the year	23	966,673	960,879

The notes on pages 21 to 42 form part of these financial statements

Notes to the financial statements
For the year ended 31 August 2019

1. Accounting policies

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

1.1 Basis of preparation of financial statements

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historic cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

1.2 Going concern

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

1.3 Income

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

• **Grants**

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

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

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

• **Donations**

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

• **Other income**

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

Notes to the financial statements
For the year ended 31 August 2019

1. Accounting policies (continued)

1.4 Expenditure

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

- **Expenditure on raising funds**

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

- **Charitable activities**

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

1.5 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the academy trust; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

1.6 Taxation

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

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

1.7 Intangible assets

Intangible assets costing £1,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably.

Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment.

Amortisation is provided on intangible assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life.

The estimated useful lives are as follows:

Computer software	- 3 years
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Notes to the financial statements
For the year ended 31 August 2019

1. Accounting policies (continued)

1.8 Tangible fixed assets

Individual and groups of assets costing £2,500 and £5,000 or more respectively are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

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

Depreciation is provided on the following bases:

Long-term leasehold property	- Over 125 year lease term
Leasehold improvements	- Over remaining 125 year lease term
Furniture and equipment	- 15% straight-line
Computer equipment	- 33.33% straight-line

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

1.9 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.10 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.11 Cash at bank and in hand

Cash at bank and in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.12 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.

Notes to the financial statements
For the year ended 31 August 2019

1. Accounting policies (continued)

1.13 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 17. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 18. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

1.14 Pensions

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

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

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

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

1.15 Fund accounting

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

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

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

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

Notes to the financial statements
For the year ended 31 August 2019

2. Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

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

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

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

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

The impact of McCloud/Sargeant has been to increase the constructive obligation at 31 August 2019 by £92k. This is reflected as a past service cost, within staff costs, and detailed in note 24.

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

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

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

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

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3. Income from donations and capital grants

	Unrestricted funds 2019 £	Restricted fixed asset fund 2019 £	Total funds 2019 £	Total funds 2018 £
Donations	496	-	496	4,849
Capital grants	-	1,405,761	1,405,761	322,307
	<u>496</u>	<u>1,405,761</u>	<u>1,406,257</u>	<u>327,156</u>
<i>Analysis of 2018 total by fund</i>	<u>4,849</u>	<u>322,307</u>	<u>327,156</u>	

4. Funding for the academy trust's educational operations

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
DfE/ESFA grants				
General Annual Grant (GAG)	-	2,094,351	2,094,351	2,149,569
Other DfE/ESFA grants	-	295,941	295,941	283,789
	<u>-</u>	<u>2,390,292</u>	<u>2,390,292</u>	<u>2,433,358</u>
Other government grants				
Local authority grants	-	194,107	194,107	215,778
Local authority nursery funding	-	132,599	132,599	152,490
	<u>-</u>	<u>326,706</u>	<u>326,706</u>	<u>368,268</u>
Other funding				
Breakfast and after school club	104,813	-	104,813	72,976
Catering	32,581	-	32,581	35,039
School trips	15,175	-	15,175	21,135
Nursery	-	12,824	12,824	15,531
	<u>152,569</u>	<u>12,824</u>	<u>165,393</u>	<u>144,681</u>
	<u>152,569</u>	<u>2,729,822</u>	<u>2,882,391</u>	<u>2,946,307</u>
<i>Analysis of 2018 total by fund</i>	<u>129,150</u>	<u>2,817,157</u>	<u>2,946,307</u>	

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5. Income from other trading activities

	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Hire of facilities	1,540	1,540	40
Sale of trading items	6,584	6,584	7,830
Other activities	27,121	27,121	18,699
	<u>35,245</u>	<u>35,245</u>	<u>26,569</u>

In 2018, the total income from trading activities related to unrestricted funds.

6. Investment income

	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Bank interest	<u>2,259</u>	<u>2,259</u>	<u>2,757</u>

In 2018, the total income from investments related to unrestricted funds.

7. Expenditure

	Staff Costs 2019 £	Premises 2019 £	Other 2019 £	Total 2019 £	Total 2018 £
Expenditure on fundraising trading activities:					
Direct costs	-	-	17,830	17,830	20,789
Educational operations:					
Direct costs	1,872,921	-	237,606	2,110,527	2,105,723
Allocated support costs	481,467	224,118	304,251	1,009,836	955,046
	<u>2,354,388</u>	<u>224,118</u>	<u>559,687</u>	<u>3,138,193</u>	<u>3,081,558</u>
<i>Analysis of 2018 total</i>	<u>2,256,538</u>	<u>269,233</u>	<u>555,787</u>	<u>3,081,558</u>	

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8. Analysis of expenditure on charitable activities

Summary by fund type

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Educational operations	134,241	2,986,122	3,120,363	3,060,769
<i>Analysis of 2018 total by fund</i>	78,856	2,981,913	3,060,769	

9. Analysis of expenditure by activities

	Direct costs 2019 £	Support costs 2019 £	Total funds 2019 £	Total funds 2018 £
Educational operations	2,110,527	1,009,836	3,120,363	3,060,769
<i>Analysis of 2018 total</i>	2,105,723	955,046	3,060,769	

Analysis of support costs

	Total funds 2019 £	Total funds 2018 £
Staff costs	481,467	386,687
Depreciation	80,750	79,738
Premises costs	196,734	241,662
Technology costs	25,278	19,578
Other support costs	213,890	213,721
Governance costs	11,717	13,660
	1,009,836	955,046

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10. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2019	2018
	£	£
Operating lease rentals	2,776	2,673
Depreciation of tangible fixed assets	78,094	77,907
Amortisation of intangible assets	1,831	1,831
Fees paid to auditors for:		
- audit	9,175	8,925
- other services	2,105	2,050
	<u>2,105</u>	<u>2,050</u>

11. Staff costs

a. Staff costs

Staff costs during the year were as follows:

	2019	2018
	£	£
Wages and salaries	1,685,823	1,721,134
Social security costs	134,268	135,599
Pension costs	513,044	388,390
	<u>2,333,135</u>	<u>2,245,123</u>
Agency staff costs	21,253	9,915
Non-contractual severance	-	1,500
	<u>2,354,388</u>	<u>2,256,538</u>

b. Staff numbers

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

	2019	2018
	No.	No.
Teachers	22	21
Management	4	5
Administration and support	61	72
	<u>87</u>	<u>98</u>

Notes to the financial statements
For the year ended 31 August 2019

11. Staff costs (continued)

b. Staff numbers (continued)

The average headcount expressed as full-time equivalents was:

	2019	<i>2018</i>
	No.	<i>No.</i>
Teachers	21	20
Management	4	4
Administration and support	40	42
	<u>65</u>	<u>66</u>

c. Higher paid staff

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

	2019	<i>2018</i>
	No.	<i>No.</i>
In the band £60,001 - £70,000	1	1
In the band £90,001 - £100,000	1	1

d. Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer national insurance and pension contributions) received by key management personnel for their services to the academy trust was £309,871 (2018 - £353,590).

12. Trustees' remuneration and expenses

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

		2019	<i>2018</i>
		£	<i>£</i>
L. Crawley, Headteacher and Accounting Officer	Remuneration	95,000 - 100,000	95,000 - 100,000
	Pension contributions paid	15,000 - 20,000	10,000 - 15,000
E. East, Staff Trustee (resigned 19 September 2018)	Remuneration	0 - 5,000	35,000 - 40,000
	Pension contributions paid	0 - 5,000	5,000 - 10,000
L. Spencer, Staff Trustee (appointed 11 December 2018)	Remuneration	20,000 - 25,000	Nil
	Pension contributions paid	0 - 5,000	Nil

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

Notes to the financial statements
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13. Trustees' and Officers' insurance

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

14. Intangible assets

	Computer software £
Cost	
At 1 September 2018	5,492
At 31 August 2019	<u>5,492</u>
Amortisation	
At 1 September 2018	3,204
Charge for the year	1,831
At 31 August 2019	<u>5,035</u>
Net book value	
At 31 August 2019	<u>457</u>
<i>At 31 August 2018</i>	<u><u>2,288</u></u>

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15. Tangible fixed assets

	Long-term leasehold property £	Leasehold improvements £	Furniture and equipment £	Computer equipment £	Total £
Cost or valuation					
At 1 September 2018	4,919,592	-	59,051	140,542	5,119,185
Additions	-	1,083,758	13,118	10,487	1,107,363
At 31 August 2019	4,919,592	1,083,758	72,169	151,029	6,226,548
Depreciation					
At 1 September 2018	66,496	-	15,049	57,623	139,168
Charge for the year	27,229	980	8,858	41,852	78,919
At 31 August 2019	93,725	980	23,907	99,475	218,087
Net book value					
At 31 August 2019	4,825,867	1,082,778	48,262	51,554	6,008,461
At 31 August 2018	4,853,096	-	44,002	82,919	4,980,017

Included in long-term leasehold property is land at valuation of £1,516,000 (2018 - £1,516,000) which is not depreciated.

16. Stocks

	2019 £	2018 £
Uniform	16,891	20,244

17. Debtors

	2019 £	2018 £
Trade debtors	21,958	3,764
Other debtors	166,436	15,532
Prepayments and accrued income	680,189	98,685
	868,583	117,981

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18. Creditors: Amounts falling due within one year

	2019	2018
	£	£
Trade creditors	327,229	-
Other taxation and social security	33,636	37,217
Other creditors	34,227	35,646
Accruals and deferred income	445,394	334,926
	<u>840,486</u>	<u>407,789</u>
	<u><u>840,486</u></u>	<u><u>407,789</u></u>
	2019	2018
	£	£
Deferred income at 1 September 2018	52,982	50,118
Resources deferred during the year	46,875	52,982
Amounts released from previous periods	(52,982)	(50,118)
	<u>46,875</u>	<u>52,982</u>
	<u><u>46,875</u></u>	<u><u>52,982</u></u>

The deferred income above comprises Universal Infant Free School Meals grant income, rates relief and school trip income received in advance of the 2019/20 academic year.

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19. Statement of funds

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
Unrestricted funds						
General Funds	463,765	190,569	(152,071)	-	-	502,263
Restricted general funds						
General Annual Grant (GAG)	55,823	2,094,351	(2,127,875)	-	-	22,299
Other DfE/ESFA grants	10,696	295,941	(306,637)	-	-	-
Other government grants	96,241	326,706	(299,036)	-	-	123,911
Other restricted	-	12,824	(12,824)	-	-	-
Pension reserve	(432,000)	-	(159,000)	-	(529,000)	(1,120,000)
	<u>(269,240)</u>	<u>2,729,822</u>	<u>(2,905,372)</u>	<u>-</u>	<u>(529,000)</u>	<u>(973,790)</u>
Restricted fixed asset funds						
Fixed assets	4,982,305	-	(80,750)	1,107,363	-	6,008,918
DfE/ESFA capital grants	64,790	1,405,761	-	(1,107,363)	-	363,188
	<u>5,047,095</u>	<u>1,405,761</u>	<u>(80,750)</u>	<u>-</u>	<u>-</u>	<u>6,372,106</u>
Total Restricted funds	<u>4,777,855</u>	<u>4,135,583</u>	<u>(2,986,122)</u>	<u>-</u>	<u>(529,000)</u>	<u>5,398,316</u>
Total funds	<u>5,241,620</u>	<u>4,326,152</u>	<u>(3,138,193)</u>	<u>-</u>	<u>(529,000)</u>	<u>5,900,579</u>

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

General Annual Grant must be used for the normal running costs of the academy trust.

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

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

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

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

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19. Statement of funds (continued)

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

	<i>Balance at 1 September 2017 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 August 2018 £</i>
Unrestricted funds						
General fund	503,028	163,325	(99,645)	(102,943)	-	463,765
Restricted general funds						
General Annual Grant (GAG)	118,572	2,149,569	(2,212,318)	-	-	55,823
Other DfE/ESFA revenue grants	-	283,789	(273,093)	-	-	10,696
Other government grants	35,206	368,268	(307,233)	-	-	96,241
Other restricted	-	15,531	(15,531)	-	-	-
Pension reserve	(584,000)	-	(94,000)	-	246,000	(432,000)
	<u>(430,222)</u>	<u>2,817,157</u>	<u>(2,902,175)</u>	<u>-</u>	<u>246,000</u>	<u>(269,240)</u>
Restricted fixed asset funds						
Tangible fixed assets	4,701,583	-	(79,738)	360,460	-	4,982,305
DfE/ESFA capital grants	-	322,307	-	(257,517)	-	64,790
	<u>4,701,583</u>	<u>322,307</u>	<u>(79,738)</u>	<u>102,943</u>	<u>-</u>	<u>5,047,095</u>
Total Restricted funds	<u>4,271,361</u>	<u>3,139,464</u>	<u>(2,981,913)</u>	<u>102,943</u>	<u>246,000</u>	<u>4,777,855</u>
Total funds	<u>4,774,389</u>	<u>3,302,789</u>	<u>(3,081,558)</u>	<u>-</u>	<u>246,000</u>	<u>5,241,620</u>

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20. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Tangible fixed assets	-	-	6,008,461	6,008,461
Intangible fixed assets	-	-	457	457
Current assets	502,263	304,055	1,045,829	1,852,147
Creditors due within one year	-	(157,845)	(682,641)	(840,486)
Provisions for liabilities and charges	-	(1,120,000)	-	(1,120,000)
Total	502,263	(973,790)	6,372,106	5,900,579

Analysis of net assets between funds - prior year

	<i>Unrestricted funds 2018 £</i>	<i>Restricted funds 2018 £</i>	<i>Restricted fixed asset funds 2018 £</i>	<i>Total funds 2018 £</i>
Tangible fixed assets	-	-	4,980,017	4,980,017
Intangible fixed assets	-	-	2,288	2,288
Current assets	463,765	570,549	64,790	1,099,104
Creditors due within one year	-	(407,789)	-	(407,789)
Provisions for liabilities and charges	-	(432,000)	-	(432,000)
Total	463,765	(269,240)	5,047,095	5,241,620

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

	2019 £	2018 £
Net income for the year (as per Statement of financial activities)	1,187,959	221,231
Adjustments for:		
Depreciation and amortisation charges	80,750	79,738
Capital grants from DfE and other capital income	(1,405,761)	(322,307)
Defined benefit pension scheme cost less contributions payable	150,000	82,000
Defined benefit pension scheme finance cost	9,000	12,000
Decrease in stocks	3,353	1,284
Increase in debtors	(750,602)	(13,627)
Increase in creditors	432,697	210,417
Dividends, interest and rents from investments	(2,259)	(2,757)
Net cash (used in)/provided by operating activities	(294,863)	267,979

22. Cash flows from investing activities

	2019 £	2018 £
Dividends, interest and rents from investments	2,259	2,757
Purchase of tangible fixed assets	(1,107,363)	(360,460)
Capital grants from DfE Group	1,405,761	322,307
Net cash provided by/(used in) investing activities	300,657	(35,396)

23. Analysis of cash and cash equivalents

	2019 £	2018 £
Cash and cash equivalents	966,673	960,879

24. Pension commitments

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

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

Contributions amounting to £34,132 were payable to the schemes at 31 August 2019 (2018 - £35,755) and are included within creditors.

24. Pension commitments (continued)

Teachers' Pension Scheme

Introduction

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

The Teachers' Pension Budgeting and Valuation Account

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

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

Valuation of the Teachers' Pension Scheme

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

The employer's pension costs paid to TPS in the year amounted to £130,000 (2018 - £129,000).

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

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

Scheme Changes

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

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

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

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24. Pension commitments (continued)

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £221,000 (2018 - £203,000), of which employer's contributions totalled £177,000 (2018 - £163,000) and employees' contributions totalled £44,000 (2018 - £40,000). The agreed contribution rates for future years are 23.3 per cent for employers and 5.5 to 12.5 per cent for employees.

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

Principal actuarial assumptions

	2019	2018
	%	%
Rate of increase in salaries	3.50	3.70
Rate of increase for pensions in payment/inflation	2.10	2.30
Discount rate for scheme liabilities	1.80	2.90
Inflation assumption (CPI)	2.00	2.20

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

	2019	2018
	Years	Years
Retiring today		
Males	23.5	23.4
Females	26.2	26.1
Retiring in 20 years		
Males	26.2	26.1
Females	28.5	28.4

Sensitivity analysis

	2019	2018
	£000	£000
Discount rate +0.1%	(77)	(48)
Discount rate -0.1%	79	49
Mortality assumption - 1 year increase	47	30
Mortality assumption - 1 year decrease	(46)	(29)
CPI rate +0.1%	78	50
CPI rate -0.1%	(76)	(49)

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24. Pension commitments (continued)

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

	At 31 August 2019 £	<i>At 31 August 2018 £</i>
Equities	1,027,000	846,000
Gilts	105,000	82,000
Corporate bonds	100,000	82,000
Property	68,000	43,000
Cash and other liquid assets	19,000	-
Other	301,000	248,000
Total market value of assets	1,620,000	1,301,000

The actual return on scheme assets was £107,000 (2018 - £96,000).

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

	2019 £	<i>2018 £</i>
Current service cost	(230,000)	(240,000)
Past service cost	(92,000)	-
Interest income	41,000	28,000
Interest cost	(50,000)	(40,000)
Administrative expenses	(5,000)	(5,000)
Total amount recognised in the Statement of financial activities	(336,000)	(257,000)

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

	2019 £	<i>2018 £</i>
At 1 September	1,733,000	1,592,000
Current service cost	230,000	240,000
Past service costs	92,000	-
Interest cost	50,000	40,000
Employee contributions	44,000	40,000
Actuarial losses/(gains)	595,000	(178,000)
Benefits paid	(4,000)	(1,000)
At 31 August	2,740,000	1,733,000

Burnt Ash Primary School
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2019

24. Pension commitments (continued)

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

	2019 £	2018 £
At 1 September	1,301,000	1,008,000
Interest income	41,000	28,000
Actuarial gains	66,000	68,000
Employer contributions	177,000	163,000
Employee contributions	44,000	40,000
Benefits paid	(4,000)	(1,000)
Administration expenses	(5,000)	(5,000)
At 31 August	1,620,000	1,301,000

25. Operating lease commitments

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

	2019 £	2018 £
Not later than 1 year	2,776	2,037
Later than 1 year and not later than 5 years	4,547	1,323
	7,323	3,360

26. Members' liability

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

27. Controlling party

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

Notes to the financial statements
For the year ended 31 August 2019

28. Related party transactions

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

The following related party transactions took place in the financial period:

Expenditure related party transactions

Mrs. L. Crawley, the Accounting Officer and a trustee, is a director of B4Schools Limited, a company limited by guarantee (registered number 10039594). The company provides teaching and non-teaching support services for the benefit of its member schools. During the year the academy trust paid £Nil (2018 - £1,000) to B4Schools Limited.

Mr. R. Lockyer, the Chair of Trustees, is a director of Jariram Limited. The company provides educational coaching services. During the year the academy trust paid £Nil (2018 - £220) to Jariram Limited in reimbursement of costs incurred for catering and resources provided during a course for which no charge was made.

Mr. J. Tregent, the grandson of Mrs. L. Crawley, the Accounting Officer and a trustee, worked at Burnt Ash Primary School during the year and was paid a salary under an employment contract for his role. Mrs. L. Crawley had no involvement in the appointment of Mr. J. Tregent and the trustees are comfortable that Mr. J. Tregent's salary provides value for money and is not at a preferential rate.

Miss. N. Evans, the niece of Mrs. T. Dinnage, a member of the Senior Management Team, worked at Burnt Ash Primary School during the year and was paid a salary, under an employment contract for her role. Mrs. T. Dinnage had no involvement in the appointment of Miss. N. Evans and the trustees are comfortable that Miss. N. Evans' salary provides value for money and is not at a preferential rate.

Mrs. L. Morgan, the sister of Mrs. T. Dinnage, a member of the Senior Management Team, worked at Burnt Ash Primary School during the year and was paid a salary, under a casual contract of employment for her role. Mrs. T. Dinnage had no involvement in the appointment of Mrs. L. Morgan and the trustees are comfortable that Mrs. L. Morgan's salary provides value for money and is not at a preferential rate.

Miss. H. Wilson, the daughter of Mrs. A. Wilson, a member of the Senior Management Team until 2 November 2018, worked at Burnt Ash Primary School during the year and was paid a salary, under a contract of employment for her role. Mrs. A. Wilson had no involvement in the appointment of Miss. H. Wilson and the trustees are comfortable that Miss. H. Wilson's salary provides value for money and is not at a preferential rate.

Income related party transactions

The academy trust is a member of the Ignite Education Trust ("IGNITE"), a company limited by guarantee (registered number 09749664). IGNITE was established with other local academy trusts to provide a mechanism of school to school support and guidance in leadership and enhancing outcomes for stakeholders across the trust. This does not impact on operating policies as each school which is a member of IGNITE is a stand-alone academy. The headteachers of the member academies, including Burnt Ash Primary School's head teacher Mrs. L. Crawley, are all directors of the IGNITE board. Mr. R. Lockyer, the Chair of Trustees is also a director of the IGNITE board. During the year Burnt Ash Primary School received £249 (2018 - £944) from IGNITE, as a reimbursement for expenditure incurred providing refreshments for training courses held at the school. There were no balances outstanding at the year end.