
BRANSTON ACADEMY TRUST

(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019

BRANSTON ACADEMY TRUST
(A company limited by guarantee)

CONTENTS

	Page
Reference and administrative details	1 - 2
Governors' report	3 - 15
Governance statement	16 - 22
Statement on regularity, propriety and compliance	23
Statement of Governors' responsibilities	24
Independent auditors' report on the financial statements	25 - 27
Independent reporting accountant's report on regularity	28 - 29
Statement of financial activities incorporating income and expenditure account	30 - 31
Balance sheet	32 - 33
Statement of cash flows	34
Notes to the financial statements	35 - 61

BRANSTON ACADEMY TRUST
(A company limited by guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS

Members	D Boyd D Dearden V Footitt M Norman R Woollen
Governors	M Norman, Chair of Governors D Dearden, Vice-Chair of Governors M Bell, Staff Governor D Boyd P Coombes C Firth V Footitt R Gilbert (resigned 16 September 2019) N Harris R Ledger L Sargeant, Staff Governor D Thompson, Staff Governor J Turner, Principal and Accounting Officer M Turner J Wilcox R Woollen
Company Registered Number	07419660
Company Name	Branston Academy Trust
Principal and Registered Office	Branston Community Academy Station Road Branston Lincoln Lincolnshire LN4 1LH
Senior Management Team	J Turner, Principal and Accounting Officer K Lamming, Vice-Principal A Wright, Vice-Principal J Carter, Assistant Principal C Hewerdine, Assistant Principal D Inman, Assistant Principal C Osborne, Business Manager
Independent Auditors	Streets Audit LLP Chartered Accountants and Statutory Auditor Tower House Lucy Tower Street Lincoln LN1 1XW

BRANSTON ACADEMY TRUST
(A company limited by guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Bankers	Lloyds Bank plc 202 High Street Lincoln LN5 7AP
Solicitors	Irwin Mitchell Solicitors Riverside East 2 Millsands Sheffield S3 8DT
Internal Auditors	Forrester Boyd Chartered Accountants Waynflete House 139 Eastgate Louth Lincolnshire LN11 9QQ

BRANSTON ACADEMY TRUST
(A company limited by guarantee)

GOVERNORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2019

The governors present their annual report together with the audited financial statements and auditor's report of the charitable company for the year ended 31 August 2019. The annual report serves the purposes of both a Governors report (under the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued on 1 January 2015 and of a directors' report under company law (The Companies Act 2006).

The Academy trades under the name Branston Community Academy and operates a school for pupils aged 11 to 18 plus community-focussed nursery and gym facilities serving a catchment area south and east of Lincoln. The school has a pupil capacity of 1,250 as stated in its Funding Agreement (revised during 2018) and had a roll of 1,188 in the Autumn 2018 school census (1,155 in Autumn 2018).

STRUCTURE, GOVERNANCE AND MANAGEMENT

a. Constitution

Branston Academy Trust is a company limited by guarantee and an exempt charity regulated by the Education and Skills Funding Agency (ESFA).

The charitable company's Memorandum and Articles of Association is the primary governing documents of the Academy.

The governors of Branston Academy Trust are also the directors of the charitable company for the purposes of company law.

The charitable company is known as Branston Community Academy.

Details of the governors who served throughout the period except as noted are included in the Reference and Administrative Details on page 1.

b. Members' Liability

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

c. Governors' Indemnities

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

d. Method of Recruitment and Appointment or Election of Governors

The management of the Academy is the responsibility of the governors who are elected and co-opted under the terms of the Trust deed.

The Academy currently has 16 governors including the principal (ex-officio) and is required to have a minimum of three, there is no maximum. Parent governors (5) are elected by paper ballot of parents and candidates must be parents at the time of their election. Staff governors (3) are elected by staff at the Academy. Community governors (4) who must live or work in the community served by the academy, and partnership governors (2) may be appointed by the Governing Body. Further governors may be appointed by the company members (1) and the local authority (1). All governors (except the principal) are appointed for four years and may be re-elected or re-appointed.

BRANSTON ACADEMY TRUST
(A company limited by guarantee)

GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

e. Policies and Procedures Adopted for the Induction and Training of Governors

There is a core of long-standing, highly experienced governors and normally very low turnover of trustees. All governors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents they need to fulfil their roles.

There is a dedicated area for governors on the school website. Induction is tailored specifically to the needs of the individual, for example one to one mentoring sessions for the new governors. There was no specific whole governing body training for governors during the period ending 31 August 2019, but a skills audit will be carried out during 2019-20.

f. Organisational Structure

The Governors are responsible for setting general policy, adopting an annual plan and budget, ensuring funding is spent in line with any restrictions, monitoring the Academy by the use of budgets and making major decisions about the direction of the Academy, capital expenditure and senior staff appointments. There are three main committees – Finance, Resources and Staffing, Curriculum and Standards and the Governors Standing Committee. Standing Committee currently has six members - the Chair and Vice-Chair of the governing body, the Chairs and Vice-Chairs of Curriculum and Standards, an elected member plus the Principal. It has delegated powers to act on behalf of any committee of the full Governing Body. There is also a Personnel Committee.

As at 31 August 2019, the senior management team comprised the Principal, two Vice-Principals, and three Assistant Principals. These managers control the Academy at an executive level implementing the policies laid down by the Governors and reporting back to them. The Principal is the Accounting Officer and the Business Manager is the Chief Finance Officer. Other managers including the IT Systems Manager and heads of department are responsible for the authorisation of spending within agreed budgets, but limits have been set in the Financial Regulations. A detailed Scheme of Delegation has been agreed by the governing body and sets out the responsibilities and delegated authority of relevant individuals.

g. Arrangements for Setting Pay and Remuneration of Key Management Personnel

The Personnel Committee is responsible for reviewing and setting the pay of key management personnel on an annual basis. Criteria taken into account are performance management, the appropriate payscales and the need to recruit and retain appropriately qualified and experienced staff.

h. Connected Organisations, including Related Party Relationships

Branston Community Academy is a member of the Lincolnshire Teaching Schools Alliance (LTSA) an alliance of 23 secondary schools working collaboratively to recruit and train teachers, provide high quality professional development programmes and deliver school to school support. Branston is a founder member of the alliance and sits on the executive board and strategic development board for the School Centred Initial Teacher Training (SCITT) programme and the professional development programmes. An informal network of local Chief Finance officers / Business Managers collaborate to provide mutual support.

i. Trade Union Facility Time

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

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

BRANSTON ACADEMY TRUST
(A company limited by guarantee)

GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

OBJECTIVES AND ACTIVITIES

a. Objects and Aims

The principal object and activity of the Academy is to provide education for students of all abilities between the ages of 11 and 19.

The main objectives of Branston Academy Trust as set out in the articles of association and funding agreement are:

- to ensure that every student receives the same high quality education;
- to raise the standard of educational achievement for all of our students;
- to improve the educational provision of the Academy by keeping the curriculum and all operations of the Academy under constant review;
- to provide value for money on the spending of public money;
- to comply with all appropriate statutory and curriculum requirements;
- to maintain links with the wider community including through our on-site community provision and to provide recreation and leisure facilities in the interests of social cohesion and the wider community;
- to conduct Branston Community Academy business in accordance with the highest standards of integrity, probity and openness; and
- to work with other educational providers to advance the quality of education across the City of Lincoln and its surrounding area.

b. Objectives, Strategies and Activities

Branston Community Academy is a place of learning where the principal objective is to provide very high academic standards which are complemented and supported by first class pastoral care and guidance.

We promote values that support the achievement of that vision, particularly ambition and compassion. We believe that these values can and should be complementary rather than in opposition.

The curriculum strategy recognises that the Academy serves an intake that mirrors the national average profile. As a result, we need a curriculum that meets the needs of those requiring a traditional academic experience and other young people who need a curriculum that has a rich applied and work related learning component. The ability of our curriculum to meet those disparate needs extremely effectively is an undoubted strength of the Academy.

c. Equality

The policy of the Academy is to support recruitment and retention of students and employees with disabilities. The Academy does this by adapting the physical environment when required, by making support resources available and through training and career development. Door widths are adequate to enable wheelchair access to all the main areas of the Academy and several disabled toilets are installed. The governors recognise that equal opportunities should be an integral part of good practice within the workplace. The Academy aims to establish equal opportunity in all areas of its activities including creating a working environment in which the contributions and needs of all people are fully valued.

BRANSTON ACADEMY TRUST
(A company limited by guarantee)

GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

d. Public Benefit

In setting our objectives and planning our activities the governors have given careful consideration to the Charity Commission's general guidance on public benefit. The core business activity of the Academy is providing secondary education for the public benefit in the south Lincoln area.

An admissions policy is reviewed and published annually. These arrangements are determined in line with the School Admissions Code.

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

ACHIEVEMENTS AND PERFORMANCE

a. Review of Activities

Student Achievement

The key performance indicator for Branston Community Academy is student achievement as this is the core purpose of the enterprise. Young people progress well beyond expectations by the end of compulsory education in both traditional and vocational courses. In recent years, students' progress at the academy to the end of Y11 has resulted in national awards for four consecutive years. Moreover, students at the academy progress in line with expectations.

The principal performance indicator for student achievement is currently Progress 8 - a measure of how well students progress in defined categories of GCSE course compared to peers. In 2019 this figure was +0.06 for BCA students (Lincolnshire average = -0.04).

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

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

In 2019:

- Proportion of students achieving grade 5+ in English and Maths at Branston Community Academy = 39% (national average (state funded) = 43%).
- Average point score in EBacc suite at Branston Community Academy = 3.96 (national average = 4.06).

Ofsted Inspection

In May 2016 Ofsted evaluated the overall effectiveness of Branston Community Academy as outstanding. They found that student outcomes, leadership and management, teaching, personal development, welfare and behaviour were all outstanding.

BRANSTON ACADEMY TRUST
(A company limited by guarantee)

GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Curriculum and Extra-Curricular Activities

The Academy curriculum pattern is constructed to allow students to follow traditional academic routes or to access one or more vocational options without identifying students in constricted 'pathways'.

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

Pupil Premium

This is funding associated with the Government's commitment to deliver extra resources into schools for work with the 'disadvantaged'. Disadvantage is defined specifically as students entitled to receive free school meals (FSM) or with looked after status. There are smaller sums of funding per pupil available for children of service personnel. The specifics of Pupil Premium spend are shown in detail on the academy website and in the Governors' Handbook. We have been rigorous in ensuring that every penny meant for disadvantaged students is spent on those young people and can provide student by student spend analyses. A large proportion of our pupil premium allowance has been spent on personnel who are devoted to working solely with disadvantaged students, acting as mentors with overview of every aspect of the students' life in school including parental contact, learning barriers, funding for personal needs (visits, uniform, extra-curricular lessons etc).

General Performance Indicators

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

Community Activities

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

Equality

A strong ethos of 'kindness or nothing' mantra is promoted successfully within the school. It supports tolerance and understanding of different opinions, cultures and beliefs alongside high quality curriculum and pastoral curriculum activities. Recent examples of improved disability access to the site include facilities relating to the swimming pool and Herons gym as well as the Concert hall/Gallery extension. The new block which opened in August 2018 includes lift access to the first floor teaching spaces.

BRANSTON ACADEMY TRUST
(A company limited by guarantee)

GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

b. Key Financial Performance Indicators

Financial performance indicators commonly used to monitor the financial performance of schools are set out in the table below, together with some standard financial ratios. Comparative information from the previous two financial years is provided.

	2016-17	2017-18	2018-19
Staff costs as a % of total costs	70.6%	66.96%	62.63%
Pupil to teacher ratio	19.1:1	19.2:1	20.3:3
Average teaching post cost	£56,082	£52,833	£55,972
Average cost per pupil (total)	£5,970	£5,859	£6,390
Average direct cost per pupil	£4,500	£4,307	£4,383
Teacher cost per pupil	£3,192	£3,028	£3,053
Support staff cost per pupil	£847	£774	£824
Occupancy costs as a % of total costs (includes premises improvements and site staff)	7.76%	9.61%	12.16%
% of total income other than from grants and delegated funding	8.75%	9.22%	6.77%
Operating surplus	(501,581)	(346,791)	643,956
Working capital	7.54:1	6.95:1	5.19:1
Public equity	£950,057	£1,552,724	296,656

Staff salaries make up the greatest proportion of the school budget, so staff salaries as a % of total costs are a key indicator of the financial health of the school. Nursery and Heron's staff are excluded in order to facilitate comparisons with other schools. At 62.63% this indicator has decreased during 2018-19, mainly due to the effect of increased total costs of showing in the financial statements as a result of £331,022 additional revenue costs for the drainage element of a £1.3 million expansion and remodelling project funded by the local authority. If the ratio is calculated without the effect of this externally funded project, staff costs are 65.58% of total expenditure, which is still lower than the previous two years. DfE benchmarking information indicates that staffing is typically over 70% of a school's total expenditure and that 80% would be considered high, so there is no cause for concern at the moment.

The average teaching post cost has risen to £55,972 from £52,833 and includes all staff paid on teachers' paycales, whether or not they have a teaching commitment. This represents a 6% increase and would generate a green RAG rating on the DfE's School Resource Management Self Assessment tool (SRMSA).

The pupil / teacher ratio is a key performance indicator of the teaching resource available to carry out the core business of providing education. This has increased to 20.3: on the basis of Autumn 2018 pupil numbers, but would be below 20:1 if Summer 2019 pupil numbers were used. This ratio would have been adversely affected by posts being vacant at the end of the year, but it is worth noting that a ratio in excess of 18:1 would generate a red RAG rating on the SRMSA. This might be a cause for concern if academic results were below average or staff absence a major cause of concern, but as neither is the case it could be regarded as a measure of efficiency. Demand for places continues to be very strong (see plans for future periods). Year 7 recruitment was above the Planned Admission Number (PAN) in September 2018 - at 209 it was above the 205 planned admission number (PAN) which was increased the previous year in a new Funding Agreement with the DfE. Overall pupil numbers continue to increase – the September 2018 census showed 1155 on roll, compared to 1134 the previous year. This, of course, can be regarded as a key performance indicator in itself, being a reflection of the academy's high reputation.

The support staff cost per pupil has risen from £774 to £824, an increase of 6%, which is exactly the same increase as the rise in average teaching post cost. This attributable to a similar annual pay increase, plus increases due to regrading of some posts.

BRANSTON ACADEMY TRUST
(A company limited by guarantee)

GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Just under 7% of the Trust's income was self-generated ie not from grants or delegated funding. It reflects community activities which generate income – the nursery, Heron's gym, swimming lessons and lettings. Benchmarking against similar academies nationally has indicated a median percentage of 4-5% so the Trust is performing well on this measure, although there has been a slight decrease since the previous year. This is another effect of increased total income showing in the financial statements as a result of the £1.3 million expansion already referred to above. If the effect of this donation is removed from the total income, it shows a total self-generated income of just over 8%, which is in line with previous years. The decrease can also be attributed additional ESFA grants received during the year ie the one-off capital grant and teachers' pay grant.

Over the previous four years the trend had been a reduction in occupancy costs due to the absence of any major capital projects funded by the Trust (the indicator is calculated on revenue and capital expenditure), as well as running costs and expenditure on caretaking and cleaning staff. This year premises-related expenditure has increased to 12.6% of total expenditure (excluding the effects of the local authority-funded drainage expenditure), principally due to a summer 2019 re-roofing of the concert hall and gym plus a canopy building programme which was completed in autumn 2018. The age, nature and usage of the school buildings and infrastructure also have a detrimental effect on occupancy costs, particularly in relation to energy and maintenance expenditure, but there has been significant expenditure on energy efficiency projects in previous years.

Working capital is an indicator of the organisation's ability to generate cash and meet its liabilities as they become due. This shows a decrease on the previous year, but is nevertheless an indication of the financial health of the company - current assets over five times current liabilities. While the financial statements show a net surplus of £643,956, following several years of operating deficit this relates the local authority donation and associated capitalisation of expenditure, not to a major change in the company's financial position.

There is a deficit on the Local Government Pension Fund (£1,905,000) which has increased significantly during the year, mainly because corporate bond yields have plummeted and these have to be used under FRS102 for asset valuation purposes – in reality the LGPS has a more diverse investment portfolio. Public equity has been calculated as the difference between total assets (excluding fixed assets) and total liabilities (including the pension deficit) and has decreased during the year as a result of the increase in the pension deficit. However, this is not a concern as the liability will never be due in full at any time, and in the event of an academy closure is guaranteed by the Department for Education (see note 23).

c. Going Concern

After making appropriate enquiries, the Governing Body has a reasonable expectation that the Academy has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

BRANSTON ACADEMY TRUST
(A company limited by guarantee)

GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

FINANCIAL REVIEW

a. Principal Funding

Most of the Academy's income is obtained from the DfE in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the period ended 31 August 2019 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The Academy also receives grants for fixed assets from the DfE. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2015), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund.

A donation of £1,384,633 recognised during the year, and relates to a basic need expansion of the school funded by the local authority due to increased pupil numbers locally. This is shown in the restricted fixed asset fund, together with capital grants received. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the period ended 31 August 2019, total expenditure of £7,379,969 was covered by recurrent grant funding from the DfE plus other incoming resources. The excess of income over expenditure for the period after transfers between funds and adjustments was £643,956 in the SOFA but if the end of year position is taken from the Statement of Funds (note 17), excluding fixed assets and the pension reserve, it shows an overall decrease in restricted, unrestricted and capital funds totalling £144,068.

There was an actuarial loss of £894,000 on the LGPS defined benefit pension scheme due to a fall in the value of scheme assets taking the overall deficit on the scheme to £1,905,000. This is not seen as a threat to the financial position of the Trust because the most recent triennial valuation of the Trust's assets in the scheme (31 March 2019) showed a funding level of 118%. The previous valuation (31 March 2016) showed a funding level of 95% and proposed a reduction in the contribution rate from 20.9% to 19.1% from March 2017. It was decided on grounds of prudence not to reduce this rate until March 2018. As a result, the recommended rate from April 2020 is, at 20.9%, lower than it would otherwise have been. The only reason there is an increase at all is because of the estimated contingency in respect of the McCloud judgment, the effect of which is not known at present.

At 31 August 2019 the net book value of fixed assets was £8,644,739 and movements in tangible fixed assets are shown in note 13 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy or for its community activities.

b. Reserves Policy

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

Excluding the Pension Reserve, the Academy has restricted reserves of £825,504 (note 17). This is principally unspent GAG on which there is no carry forward cap due to a changed funding agreement during 2017-18. If the pension deficit of £1,905,000 is included, the Academy has no available restricted funds, however, given that it is a long-term liability, it does not affect the availability of working capital on an operational basis. On that basis, it would be reasonable to suggest that not all these reserves need to be retained, particularly as the Academy's pension deficit increased by 140% compared with the position at 31 August 2018.

BRANSTON ACADEMY TRUST
(A company limited by guarantee)

GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

The Academy's current level of Unrestricted Funds (total funds less the amount held in fixed assets and restricted funds) is £1,376,152 (note 17). An appropriate and comfortable level of free reserves to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance would be one to two months' operating costs (as suggested by the National Governance Association 2018). This would leave the Trust with less than £0.5m of free reserves. Given the age of many of the Academy's buildings and known site-related issues, it is considered prudent to designate these funds for premises maintenance and improvement, which therefore links with available capital reserves.

The Academy has no unspent capital funding as at 31 August 2019. During the year £83,405 was received (£24,053 formula capital plus £59,352 one off "Chancellor's Grant"). This, together with funds brought forward, has been used to fund three canopy shelters (for use by students at lunch and break times), on furniture and equipment for the new block and on re-roofing the school's concert hall, gym and changing rooms. These were end of life and there was significant water ingress which risked further damage and was a threat to activities taking place in the concert hall, but unfortunately a CIF bid for funds was unsuccessful.

There is an imminent need to preserve the Academy's sporting facilities, especially the swimming pool, and preliminary discussions indicate that in excess of the free Unrestricted Fund reserves plus the entire Restricted Funds reserves would be needed to effect only basic improvements.

c. Investment Policy

The Academy's investment policy is set out in the Financial Regulations (Section 9) and states that investments must be made only in risk-averse, ethical funds. During 2018-19 after careful consideration of the options and returns available, funds were invested in a rolling programme of 12-month fixed-term deposits and a 32-day notice bank account.

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

d. Principal Risks and Uncertainties

Risks may be classified as strategic, operational, financial, compliance and reputation, but in practice many risks will fall into more than one category.

The principal risk currently facing the Academy is uncertainty surrounding Government funding, especially beyond 2021 (which is now well within the scope of three-year planning) and expenditure-increasing factors such as national pay policy. While Lincolnshire has gained under the new National Funding Formula for Schools, transition arrangements have been extended for a further year into 2020-21, and the financial climate continues to be uncertain, with income dependent upon the Government's next comprehensive spending review.

The September 2018 pay increase for teachers was funded, above 1% and the 2019 increase above 2%, thanks to a supplementary pay grant, the increase in employer Teachers Pension Scheme has also been funded by a grant. However, the over 4% increase in the National Minimum Wage from April 2019 was not and the April 2020 increase is unknown as it has been delayed by the December 2019 election. Plans to eliminate the 21-24 minimum wage band are due to be phased in from April 2021 and will increase pay costs. NJC pay for support staff is not known from April 2020, but the unions' initial claim is for a 10% increase. Additional funding has not been made available in the past for either NMW or NJC pay increases, so would be reliant on funding from the Government's next comprehensive spending review. While in the current pre-election climate there are many statements being made promising significant additional funding for schools, it is not clear whether these would mean additional funding once additional costs are taken into account. Political instability adds further uncertainty as it is possible that the BREXIT situation will have far-reaching political repercussions.

BRANSTON ACADEMY TRUST
(A company limited by guarantee)

GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Ongoing monitoring of the latest information so the Academy has as much advance warning as possible is the control measure. Detailed budget planning, built-in contingencies and rigorous monthly monitoring are the main mitigation measures for the strategic management of expenditure.

Student recruitment at Year 7 and Year 12 must also be considered as a principal risk because of the potential impact on funding. The impact of reduced Year 7 numbers would be high, but is considered an extremely low probability because of the school's recruitment record and demographic factors which indicate numbers are likely to increase PAN (Planned Admission Number) was increased during the year to a seven form entry (205 in the new Funding Agreement), but in September 2019 there was an additional (8) form entry (238 students) As such, risks are more likely to emerge from managing growth, but the Academy is working closely with Lincolnshire County Council to manage and mitigate this risk. Numbers in 6th form remain a Governing Body strategic priority and with the effect of lower cohort numbers, for example in Year 10, it is likely to be 2021-22 before recent increases in the size of year groups feeds through into Year 12.

Operational risks with the highest rating have been identified as relating to sustainability (fuel, utilities and waste expenditure) and procurement. Key controls are meticulous monitoring and benchmarking of energy expenditure, combined with regular review of contracts following best value principles. Moderate operational risks relating to the unpredictability of staffing costs are mitigated by means of flexible roles and budget contingencies, combined with detailed monthly monitoring. Individual projects and issues are risk assessed as they arise. Measures are also in place to reduce staff absence and consequential major additional supply costs.

The Financial Regulations and Scheme of Delegation detail the controls in place to ensure proper operation of the Academy's day to day finances. These are designed to ensure that:

- the Academy is operating efficiently and effectively;
- its assets are safeguarded against unauthorised use or disposition;
- the proper records are maintained and financial information used within the Academy or for publication is reliable; and
- the Academy complies with relevant laws and regulations.

Fraud from external sources continues to be an increasing risk according to the UK Annual Fraud Indicator 2017 report, which estimates that charities and charitable trusts are collectively losing £2.3 billion every year and public sector fraud losses are estimated at £40.3 billion – both figures having increased since the previous year, so in the absence of a more recent report it is reasonable to assume that current losses would be higher. Procurement fraud in its many forms has been one of the fastest growing types of fraud. The Business Manager keeps up to date on current frauds prevalent in the education sector eg via Action Fraud Alert and the financial regulations / internal controls reduce the risk of techniques such as false invoices or mandate fraud being successful. In addition, there is robust IT security which filters potentially harmful emails and identifies potential phishing emails. The Governing Body has moved to a more rigorous scrutiny regime of internal audit, which mitigates the risk of internal fraud.

Failure to comply with health and safety and child protection procedures and legislation is high risk because of the potential consequences to individuals as well as reputation, however both key staff involved are experienced and the Business Manager has an education-specific IoSH (Institute of Safety and Health) qualification. A report into site security has been received and detailed plans are being put together for a project to reduce risks to both staff and pupils.

The Academy premises are considered to be a very high risk because parts of the site are more than 50 years old, infrastructure such as pipework and electrical installations are failing, in need of upgrading or at end-of-life and significant investment could be required to safeguard the continuance of business operations.

BRANSTON ACADEMY TRUST
(A company limited by guarantee)

GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

The extent of the Academy's exposure to financial risks including credit, cash flow and liquidity has been considered. The Academy's current assets are at present sufficient to meet immediate needs so cash flow is not considered a risk. Debtors are principally due to lettings and student music lessons; while amounts are small and not material, the latter have reduced significantly since lessons payments have been put onto ParentPay. Cashless catering was launched in June 2016 using the ParentPay online system and this has dramatically reduced the amount of cash held on the premises. Increasing use has been made of the ParentPay system for other payments, such as music lessons, and all school trips are now expected to use ParentPay. As a result, over 85% of payments into the Academy's Private Fund bank account are made online. Benefits in terms of easier credit control and improved cash flow are becoming apparent.

IT software systems have been installed to manage nursery and Heron's gym income to improve control and management information relating to both activities, particularly in relation to the identification of debtors. It is not considered that there is material risk from trade creditors.

There is a material deficit on the LGPS defined benefit pension scheme, but this is not considered to be a risk to the Academy's operations. The risk of being unable to meet pension obligations is considered to be very low and is managed by monitoring the position and taking advice from the administering authority (West Yorkshire Pension Fund) which is provided in conjunction with the actuary's fund valuation.

The risk of failing to recruit and retain suitably qualified and experienced staff is considered to be low because of measures including use of retention packages, and membership of the LTSA which ensures that teachers are trained in shortage subjects.

FUNDRAISING

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

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

PLANS FOR FUTURE PERIODS

The Academy is committed to improving the achievement of both disadvantaged and most able pupils, and improving the consistency of post 16 student outcomes. The Academy Development Plan (ADP) sets out in detail measures for developing teaching and learning which include improving consistency of outcomes in 6th form, reviewing progress in KS4 English and Maths, with a view to improving Progress 8 scores, and reviewing and developing KS3 progress and pathways. Developing teaching, learning and people is a key strand of the ADP and developing opportunities for collaborative planning on curriculum intent, implementation and impact is one of the Academy's top ten development priorities.

Student ambassadors have been identified as part of an initiative to widen provision for the development of the whole child. This includes use of social media platforms, sharing student work and activities and providing leadership roles for students – further development of the role is planned following its launch in September 2019. A new behaviour management policy and recording system was also launched in September 2019 and will be reviewed during the year. This links into continued development of paperless systems such as attendance management and using emails and SMS to communicate with parents rather than letters.

BRANSTON ACADEMY TRUST
(A company limited by guarantee)

GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

The Finance Office has been developing online and paperless systems for several years. A web portal was introduced in 2019 for budget holders to streamline ordering and reporting and provide more up-to-date information. This will be reviewed during 2019-20 to ensure it is being used effectively. Similarly, the functionality and use of the room bookings system, the Every premises and contracts management system and ParentPay will be reviewed. An additional reporting tool will be added to the finance system with the aim of providing more efficient and comprehensive reporting. BACS has become the default payment method and the Business Manager will be continuing to explore opportunities for reducing both use of cheques and the amount of cash held on Academy premises.

Non-academic objectives include detailed exploration of collaboration opportunities with local schools and continued work on GDPR compliance.

In 2018 the Trust's Funding Agreement was amended to increase the Academy's capacity from 1,125 to 1,250 including 225 in the 6th form. Following completion of a new classroom block funded by the Government's Basic Need capital funding to increase the number of school places, discussions continue with Lincolnshire County Council. These address the anticipated increase in secondary school pupils in this area as a result of demographic changes already evident and new homes planned.

Safeguarding issues relating to security of the site and 6th form registration are an Academy top-ten priorities for the future. A CIF bid will be submitted in December 2019 for improvements to the perimeter security of the site - using a new firm of consultants following the failure of the previous year's bid. During 2018-19, internal security improvements were made and access to some areas restricted by electronically controlled doors. A similar access system is to be introduced for 6th form students and access control measures expanded across the site.

Capital investment in the premises being considered during 2019-20 includes investigating the opportunity for additional canopy accommodation to provide covered outdoor space for the increasing number of students. Investigations are ongoing into drainage problems on the north side of the site, following the significant works identified and completed as part of the new block on the south site. This is seen as the precursor to development of plans for sports provision. The Trust will be exploring the possibility of a new build / redevelopment of the sports hall, which is badly in need of updating and refurbishment, including replacement or the swimming pool. This is seen as a long-term project involving external funding and consultants have been identified to lead the process of identifying the potential options and opportunities.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

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

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

BRANSTON ACADEMY TRUST
(A company limited by guarantee)

GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

AUDITOR

In so far as the governors are aware:

- there is no relevant audit information (as defined by section 418 of the Companies Act 2006) of which the charitable company's auditor is unaware; and
- the governors 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 Governors' report, incorporating a strategic report, was approved by order of the board of governors, as the company directors, on 9 December 2019 and signed on its behalf by:

M Norman
Chair of Governors

BRANSTON ACADEMY TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT

Scope of responsibility

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

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

BRANSTON ACADEMY TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (CONTINUED)

Governance

The information on governance included here supplements that described in the Governors' report and in the Statement of Governors' responsibilities. The board of governors has formally met 3 times during the year.

Attendance during the year at meetings of the board of governors was as follows:

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

There have been no changes in the composition of the governing body and no particular governance-related challenges have arisen.

The 2016 Ofsted report provided an external review of the quality of governance and judged the quality of leadership and management to be outstanding. Governors were described as having a clear vision for the school and highly effective in supporting and challenging school leaders to make this vision of an excellent community school a reality. As an example of this they cited the way that since the previous Ofsted inspection leaders had been held to account for the performance and progress of different groups of pupils within each year. The inspection team also highlighted improved outcomes for Pupil Premium eligible pupils as being directly attributable to the way that governors ensured accountability for the expenditure of that funding.

Ongoing internal review of governance arrangements identified the need for more training for governors and this has been addressed during the year (see above under Structure, Governance & Management section d). The AGM in March 2020 is the date of the next such internal review.

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

The governors are satisfied that they have had sufficient oversight of the Academy funds given the regular provision and quality of financial information received for review.

BRANSTON ACADEMY TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (CONTINUED)

Governance (continued)

The Finance, Resources and Staffing Committee is a committee of the main governing body. Its purpose is to take responsibility for all matters concerning the maintenance and development of buildings, for financial matters, including the creation of the annual budget and its subsequent monitoring. The committee discusses the establishment figure for the coming year and any associated strategies to achieve the required quantity and quality of staff. During the year the Committee will receive updates on staffing developments and decide upon recommendations from the Principal on the general pattern of allowances within the Academy. Its Autumn meeting acts as the Academy Trust's Audit Committee.

Attendance during the year at meetings of the committee (two meetings, one was cancelled) was as follows:

Governor	Meetings attended	Out of a possible
M Norman	1	2
D Dearden	1	2
M Bell	2	2
D Boyd	2	2
C Firth	1	2
V Foottit	1	2
R Gilbert	1	2
N Harris	0	2
R Ledger	2	2
L Sargeant	2	2
D Thompson	1	2
J Turner	2	2
M Turner	0	2
J Wilcox	1	2
R Woollen	2	2

BRANSTON ACADEMY TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (CONTINUED)

Review of value for money

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

The accounting officer considers how the Academy's use of its resources has provided good value for money during each academic year, and reports to the board of governors where value for money can be improved, including the use of benchmarking data where appropriate. The accounting officer for the Academy has delivered improved value for money during the year by ensuring that the principles of value for money are embedded within the Academy's strategic decision making and procurement procedures..

Value for Money is widely described by Government, and other organisations including the Audit Commission, as striking the right balance between economy, efficiency and effectiveness. The three Es of Value for Money can be defined as follows:

- Economy – minimising costs without compromising quality e.g. were rubbish sacks of the required quality purchased for the best price?
- Efficiency – the relationship between output in terms of goods, services or other results and the resources used to produce them eg was the cost of school meals minimised at the same time as enhancing the nutritional quality of the lunch provided to pupils?
- Effectiveness – the extent to which objectives have been achieved e.g. did the education programme improve examination success rates?

Four basic principles provide a route for approaching value for money and are embedded into the routine operations and daily conversations and decisions within the academy in order to ensure that money is spent wisely within a culture of continuous improvement and raising of school standards. These are set out below:

- Challenge – why, how and by whom an activity is carried out, which may mean deciding that a project or service will not go ahead or a product not be purchased
- Compare – performance against other schools and between parts of each school. This may be quantitative ie by means of formal benchmarking of statistical expenditure and performance information, or qualitative, using detailed informal discussions and peer review
- Consult – involving stakeholders, especially pupils and parents. This may lead to changes in how money is spent in order to meet the priorities and needs of the community served. Consultation within the school is also effective in securing improvement.
- Compete – as a means of securing efficient and effective services. This is most commonly the “decision tree” of procurement procedures involving obtaining alternative quotes, investigating potential alternative supplies and tendering for major projects.

In practice, these will be applied together to ensure that value for money is achieved.

During 2018-19, a project to provide additional space for use by students during breaks and lunchtimes was completed. A price comparison exercise was carried out via a statement of requirements and the successful company invited to develop the project This project was managed in-house, but more complex major building works are always contracted through a project management company with considerable experience of working in schools and a knowledge of the site stretching back many years. Benefits of this include specialist advice and compliance with public sector procurement requirements. This approach was used for the roof replacements carried out during Summer 2019.

BRANSTON ACADEMY TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (CONTINUED)

Review of value for money (continued)

There is always careful consideration of what money is to be spent on, with pupils' wellbeing, safety and educational outcomes always at the forefront of prioritising expenditure; this has also been identified as a question schools seeking to achieve value for money should ask themselves (Teachernet 2006). Curriculum departments receive an annual amount covering recurrent expenditure which is calculated according to pupil numbers and higher weightings for resource-heavy subjects. Departments are allowed to carry forward a small amount to the next year if they underspend but any overspend is not written off at the end of the year. Further curriculum development funding is subject to competitive bidding which ensures that it is targeted to areas of greatest need.

Comparisons between suppliers are made on a continuing basis and sometimes the decision comes down to price. A new supplier took on the grounds maintenance contract from September 2019. This had been put out to tender via an external contractor and was an object lesson in setting a specification which was both clear and detailed, involving advice from an external contractor and internal liaison. Writing the specification in-house was time-consuming but will save time in the long run on contract management. This was an example of a decision being made on price, but other factors may also be important – for example the supplier for servicing and supply of grounds machinery was chosen in a previous year because they picked up items for servicing, provided trade-in on used items, training and build for new machinery. This ensured efficient use of staff time, which is also an important factor in achieving value for money. Procurement of IT equipment is always done using price comparison between several suppliers as a key criterion, but suppliers will not always have identical specifications available, in which case a higher specification may need to be considered alongside who will be the end user. Some procurement decisions can have longer term savings, for example, the programme of replacing lights with LEDs continued during 2018-19. Although often slightly more expensive to install, they provide savings on running costs and maintenance. In Summer 2018, the Trust's auditors expressed a desire to retire following internal personnel changes and a tender process involving a detailed procurement specification was carried out during the year. This was put together by the Business Manager using resources from external networks of finance directors and DfE procurement guidelines. The process was a more complex procurement involving weighted assessment on price and quality grounds.

Cashless catering was further embedded in 2018-19, proving popular with parents and increasing income generation on the catering contract. The decision to implement cashless catering is an example of challenging how an activity is carried out. Remaining with the status quo is often an easy option because a change of this magnitude and type requires significant investment of both financial and human resources. This demonstrates effectiveness, because it delivered objectives relating to supporting pupils entitled to free school meals and provision of information to parents as well as reducing the risks and costs associated with handling and banking cash. BACS has made payment procedures more efficient, as well as reducing postage and stationery costs and being a more secure way of transferring money to creditors and removing the risks associated with cheques such as fraud, payment delays and time tracking lost payments.

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

Educational outcomes for pupils, particularly as represented by examination results and value-added scores, must be seen as a key indicator of value for money and speak for themselves as a measure of the academy's effectiveness. Ofsted (2016) judged that "from average starting points, pupils make strong progress to reach levels of attainment that are consistently above national averages.

BRANSTON ACADEMY TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (CONTINUED)

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Branston Academy Trust for the year 1 September 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 governors 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 governors 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 governors.

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 governors;
- regular reviews by the Finance, Resources and Staffing Committee / Standing 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 governors has considered the need for a specific internal audit function and has decided to appoint Forrester Boyd Chartered Accountants as internal auditor with effect from September 2018.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. In particular the checks carried out in the current period included reviews on the purchasing and payroll systems and controls, monthly management accounts and governance and website compliance.

On a termly basis, the internal auditor reports to the board of governors on the operation of the systems of control and on the discharge of the governors' financial responsibilities.

This year the most serious matters raised was one purchase of alcohol before the regulations outlawing this were fully embedded within the Academy. Other items included some medium priority items relating to provision and circulation of management information some low priority issues relating to authorisation levels, and provision of information on the Academy's website.

BRANSTON ACADEMY TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (CONTINUED)

Review of effectiveness

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

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

The accounting officer has been advised of the implications of the result of their review of the system of internal control and a plan to ensure continuous improvement of the system is in place.

Approved by order of the members of the board of governors on 9 December 2019 and signed on their behalf by:

M Norman
Chair of Governors

J Turner, Principal
Accounting Officer

BRANSTON ACADEMY TRUST
(A company limited by guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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

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

J Turner
Accounting Officer
Date: 9 December 2019

BRANSTON ACADEMY TRUST
(A company limited by guarantee)

STATEMENT OF GOVERNORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2019

The governors (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Governors' report and the financial statements in accordance with the 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 governors to prepare financial statements for each financial year. Under company law the governors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the governors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 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 governors are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

Approved by order of the members of the board of governors on 9 December 2019 and signed on its behalf by:

M Norman
Chair of Governors

BRANSTON ACADEMY TRUST
(A company limited by guarantee)

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

Opinion

We have audited the financial statements of Branston Academy Trust (the 'academy') for the year ended 31 August 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'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 in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

BRANSTON ACADEMY TRUST
(A company limited by guarantee)

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

Other information

The governors are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditors' report thereon. Other information includes the Reference and administrative details, the Governors' 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 Governors' report including the Strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Governors' report and the Strategic report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

BRANSTON ACADEMY TRUST
(A company limited by guarantee)

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

Responsibilities of trustees

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

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

Robert Anderson (Senior statutory auditor)

for and on behalf of

Streets Audit LLP

Chartered Accountants and Statutory Auditor

Tower House

Lucy Tower Street

Lincoln

LN1 1XW

16 December 2019

BRANSTON ACADEMY TRUST
(A company limited by guarantee)

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

In accordance with the terms of our engagement letter and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Branston Academy Trust during the year 1 September 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 Branston Academy Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Branston Academy Trust and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Branston Academy Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

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

The accounting officer is responsible, under the requirements of Branston Academy Trust's funding agreement with the Secretary of State for Education dated 1 December 2010 and the Academies Financial Handbook, extant from 1 September 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's income and expenditure.

Our audit work involved:

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

BRANSTON ACADEMY TRUST
(A company limited by guarantee)

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

Conclusion

In the course of our work, nothing has come to our attention which 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.

Robert Anderson

Streets Audit LLP

Date: 16 December 2019

BRANSTON ACADEMY TRUST
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2019**

	Note	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Income from:						
Donations and capital grants	3	-	1,468,038	-	1,468,038	61,849
Charitable activities	4	5,859,964	-	246,211	6,106,175	5,786,411
Other trading activities	5	152,730	-	280,898	433,628	438,978
Investments	6	-	-	16,084	16,084	9,794
Total income		6,012,694	1,468,038	543,193	8,023,925	6,297,032
Expenditure on:						
Raising funds	7	201,223	-	236,937	438,160	385,674
Charitable activities	7,8	5,992,264	718,762	230,783	6,941,809	6,258,149
Total expenditure		6,193,487	718,762	467,720	7,379,969	6,643,823
Net income / (expenditure)		(180,793)	749,276	75,473	643,956	(346,791)
Transfers between funds	17	(87,056)	66,628	20,428	-	-
Net movement in funds before other recognised gains/(losses)		(267,849)	815,904	95,901	643,956	(346,791)
Other recognised gains/(losses):						
Actuarial losses on defined benefit pension schemes	23	(894,000)	-	-	(894,000)	753,000
Net movement in funds		(1,161,849)	815,904	95,901	(250,044)	406,209

BRANSTON ACADEMY TRUST
(A company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
(CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Note	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Unrestricted funds 2019 £	Total funds 2019 £	<i>Total funds 2018 £</i>
Reconciliation of funds:					
Total funds brought forward	82,353	7,828,835	1,280,251	9,191,439	8,785,230
Net movement in funds	(1,161,849)	815,904	95,901	(250,044)	406,209
Total funds carried forward	<u>(1,079,496)</u>	<u>8,644,739</u>	<u>1,376,152</u>	<u>8,941,395</u>	<u>9,191,439</u>

The Statement of financial activities includes all gains and losses recognised in the year.

The notes on pages 35 to 61 form part of these financial statements.

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

BALANCE SHEET
AS AT 31 AUGUST 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	13	8,644,739	7,638,715
		<u>8,644,739</u>	<u>7,638,715</u>
Current assets			
Debtors	14	436,024	380,467
Investments	15	900,000	1,000,000
Cash at bank and in hand		1,390,846	1,359,276
		<u>2,726,870</u>	<u>2,739,743</u>
Creditors: amounts falling due within one year	16	(525,214)	(394,019)
Net current assets		<u>2,201,656</u>	<u>2,345,724</u>
Total assets less current liabilities		<u>10,846,395</u>	<u>9,984,439</u>
Net assets excluding pension liability		<u>10,846,395</u>	<u>9,984,439</u>
Defined benefit pension scheme liability	23	(1,905,000)	(793,000)
Total net assets		<u><u>8,941,395</u></u>	<u><u>9,191,439</u></u>

BRANSTON ACADEMY TRUST
(A company limited by guarantee)

BALANCE SHEET (CONTINUED)
AS AT 31 AUGUST 2019

	Note	2019 £	2018 £
Funds of the Academy			
Restricted funds:			
Fixed asset funds	17	8,644,739	7,828,835
Restricted income funds	17	825,504	875,353
Restricted funds excluding pension asset	17	<u>9,470,243</u>	<u>8,704,188</u>
Pension reserve	17	(1,905,000)	(793,000)
Total restricted funds	17	7,565,243	7,911,188
Unrestricted income funds	17	1,376,152	1,280,251
Total funds		<u>8,941,395</u>	<u>9,191,439</u>

The financial statements on pages 30 to 61 were approved by the governors, and authorised for issue on 09 December 2019 and are signed on their behalf, by:

M Norman
Chair of Governors

The notes on pages 35 to 61 form part of these financial statements.

BRANSTON ACADEMY TRUST
(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 operating activities	19	(26,155)	<i>(20,069)</i>
Cash flows from investing activities	20	57,725	<i>(1,037,026)</i>
Change in cash and cash equivalents in the year		31,570	<i>(1,057,095)</i>
Cash and cash equivalents at the beginning of the year		1,359,276	<i>2,416,371</i>
Cash and cash equivalents at the end of the year	21	1,390,846	<i>1,359,276</i>

The notes on pages 35 to 61 form part of these financial statements

BRANSTON ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 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, 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.

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

1.2 Going concern

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

BRANSTON ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.3 Income

All incoming resources are recognised when the Academy 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 has provided the goods or services.

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.

• **Expenditure on raising funds**

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

• **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

BRANSTON ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.5 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Academy; 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 is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Accordingly, the Academy is potentially exempt from taxation in respect of income or capital gains received within categories covered by 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 Tangible fixed assets

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

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

Depreciation is provided on all tangible fixed assets other than freehold land 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:

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

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

1.8 Debtors

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

BRANSTON ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.9 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.

1.10 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 anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

1.11 Financial instruments

The Academy only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the Academy and their measurement 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 14. Prepayments are not financial instruments.

Cash at bank and in hand - 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 16. 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.

1.12 Operating leases

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

BRANSTON ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.13 Pensions

Retirement benefits to employees of the Academy 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 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 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.

1.14 Fund accounting

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

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

BRANSTON ACADEMY TRUST
(A company limited by guarantee)

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 23, 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.

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

BRANSTON ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

3. Income from donations and capital grants

	Restricted fixed asset funds 2019 £	Total funds 2019 £	<i>Total funds 2018 £</i>
Donations			
Local Authority Capital Donation	1,384,633	1,384,633	-
	<hr/> 1,384,633	<hr/> 1,384,633	<hr/> -
Capital Grants	83,405	83,405	<i>61,849</i>
	<hr/> 83,405	<hr/> 83,405	<hr/> <i>61,849</i>
	<hr/> 1,468,038	<hr/> 1,468,038	<hr/> <i>61,849</i>
<i>Total 2018</i>	<hr/> <i>61,849</i>	<hr/> <i>61,849</i>	

BRANSTON ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

4. Funding for the Academy's educational operations

	Restricted funds 2019 £	Unrestricted funds 2019 £	Total funds 2019 £
ESFA Grants			
General Annual Grant (GAG)	5,385,549	-	5,385,549
Other ESFA Grants	292,239	-	292,239
	<hr/> 5,677,788	<hr/> -	<hr/> 5,677,788
Other Government Grants			
Local Authority Grants	69,876	-	69,876
	<hr/> 69,876	<hr/> -	<hr/> 69,876
Other Funding			
Other Income	112,300	246,211	358,511
	<hr/> 112,300	<hr/> 246,211	<hr/> 358,511
	<hr/> <hr/> 5,859,964	<hr/> <hr/> 246,211	<hr/> <hr/> 6,106,175
	<i>Restricted funds 2018 £</i>	<i>Unrestricted funds 2018 £</i>	<i>Total funds 2018 £</i>
ESFA Grants			
General Annual Grant (GAG)	5,074,532	-	5,074,532
Other ESFA Grants	230,629	-	230,629
	<hr/> 5,305,161	<hr/> -	<hr/> 5,305,161
Other Government Grants			
Local Authority Grants	62,157	-	62,157
	<hr/> 62,157	<hr/> -	<hr/> 62,157
Other Funding			
Other Income	148,337	270,756	419,093
	<hr/> 148,337	<hr/> 270,756	<hr/> 419,093
	<hr/> <hr/> 5,515,655	<hr/> <hr/> 270,756	<hr/> <hr/> 5,786,411

BRANSTON ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

5. Income from other trading activities

	Restricted funds 2019 £	Unrestricted funds 2019 £	Total funds 2019 £
Nursery Income	152,730	173,147	325,877
Other	-	107,751	107,751
	<u>152,730</u>	<u>280,898</u>	<u>433,628</u>

	<i>Restricted funds 2018 £</i>	<i>Unrestricted funds 2018 £</i>	<i>Total funds 2018 £</i>
Nursery Income	139,042	156,086	295,128
Other	-	143,850	143,850
	<u>139,042</u>	<u>299,936</u>	<u>438,978</u>

6. Investment income

	Unrestricted funds 2019 £	Total funds 2019 £	<i>Total funds 2018 £</i>
Bank Interest Received	16,084	16,084	9,794
	<u>16,084</u>	<u>16,084</u>	<u>9,794</u>

BRANSTON ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

7. Expenditure

	Staff Costs 2019 £	Premises 2019 £	Other 2019 £	Total 2019 £
Expenditure on other trading activities:				
Direct costs	381,471	9,665	47,024	438,160
Educational operations:				
Direct costs	4,178,011	-	884,854	5,062,865
Support costs	530,365	826,118	522,461	1,878,944
	<u>5,089,847</u>	<u>835,783</u>	<u>1,454,339</u>	<u>7,379,969</u>
	<u><u>5,089,847</u></u>	<u><u>835,783</u></u>	<u><u>1,454,339</u></u>	<u><u>7,379,969</u></u>
	<i>Staff Costs</i> <i>2018</i> £	<i>Premises</i> <i>2018</i> £	<i>Other</i> <i>2018</i> £	<i>Total</i> <i>2018</i> £
Expenditure on other trading activities:				
Direct costs	347,322	2,501	35,851	385,674
Educational operations:				
Direct costs	4,023,150	-	860,486	4,883,636
Support costs	483,329	385,263	505,921	1,374,513
	<u>4,853,801</u>	<u>387,764</u>	<u>1,402,258</u>	<u>6,643,823</u>
	<u><u>4,853,801</u></u>	<u><u>387,764</u></u>	<u><u>1,402,258</u></u>	<u><u>6,643,823</u></u>

BRANSTON ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

8. Analysis of expenditure by activities

	Activities undertaken directly 2019 £	Support costs 2019 £	Total funds 2019 £
Educational operations	5,062,865	1,878,944	6,941,809

	<i>Activities undertaken directly 2018 £</i>	<i>Support costs 2018 £</i>	<i>Total funds 2018 £</i>
Educational operations	4,883,636	1,374,513	6,258,149

Analysis of direct costs

	Total funds 2019 £	Total funds 2018 £
Staff Costs	4,092,071	3,968,485
Depreciation	325,595	298,937
Educational Materials and Supplies	62,654	103,140
Exam Costs	134,761	126,822
ICT Costs	18,056	25,527
Other Educational Costs	292,185	259,565
Other Staff Costs	137,543	101,160
	5,062,865	4,883,636

BRANSTON ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

8. Analysis of expenditure by activities (continued)

Analysis of support costs

	Total funds 2019 £	<i>Total funds 2018 £</i>
Pension Finance Cost	25,000	36,000
Staff Costs	530,365	483,329
Maintenance and Security	641,236	209,363
Hygiene and Cleaning	25,981	36,394
Rates	43,350	41,529
Utilities	115,551	97,977
Catering	245,305	237,400
Insurance	33,862	39,013
ICT Costs	43,722	37,313
Governance Costs	14,263	17,055
Other Support Costs	160,309	139,140
	<u>1,878,944</u>	<u>1,374,513</u>

9. Net (expenditure)/income

Net (expenditure)/income for the year includes:

	2019 £	<i>2018 £</i>
Operating lease rentals	7,263	4,384
Depreciation of tangible fixed assets	325,595	298,937
Fees paid to auditors for:		
- audit	7,500	7,500
- other services	3,000	2,500
	<u>337,758</u>	<u>313,321</u>

BRANSTON ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

10. Staff costs

a. Staff costs

Staff costs during the year were as follows:

	2019 £	2018 £
Wages and salaries	3,828,737	3,664,116
Social security costs	353,465	339,961
Pension costs	799,204	791,312
	<u>4,981,406</u>	<u>4,795,389</u>
Agency staff costs	93,996	51,785
Staff restructuring costs	10,250	3,500
Apprenticeship levy	4,195	3,127
	<u>5,089,847</u>	<u>4,853,801</u>

Staff restructuring costs comprise:

	2019 £	2018 £
Severance payments	10,250	3,500
	<u>10,250</u>	<u>3,500</u>

b. Non-statutory/non-contractual staff severance payments

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

c. Staff numbers

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

	2019 No.	2018 No.
Teachers	67	70
Administration and Support	105	106
Management	7	7
	<u>179</u>	<u>183</u>

BRANSTON ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

10. Staff costs (continued)

c. Staff numbers (continued)

The average headcount expressed as full-time equivalents was:

	2019	<i>2018</i>
	No.	<i>No.</i>
Teachers	60	<i>59</i>
Admin and Support	50	<i>50</i>
Management	7	<i>7</i>
	117	<i>116</i>

d. 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	-	<i>2</i>
In the band £70,001 - £80,000	2	<i>1</i>
In the band £80,001 - £90,000	1	<i>-</i>

e. Key management personnel

The key management personnel of the Academy comprise the governors and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy was £635,500 (2018 - £586,000).

BRANSTON ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

11. Governors' remuneration and expenses

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

		2019	<i>2018</i>
		£	£
J Turner	Remuneration	85,000 -	<i>55,000 -</i>
		90,000	<i>60,000</i>
	Pension contributions paid	10,000 -	<i>10,000 -</i>
		15,000	<i>15,000</i>
M Bell	Remuneration	45,000 -	<i>45,000 -</i>
		50,000	<i>50,000</i>
	Pension contributions paid	5,000 -	<i>5,000 -</i>
		10,000	<i>10,000</i>
L Sargeant	Remuneration	25,000 -	<i>20,000 -</i>
		30,000	<i>25,000</i>
	Pension contributions paid	0 - 5,000	<i>0 - 5,000</i>
D Thompson	Remuneration	30,000 -	<i>25,000 -</i>
		35,000	<i>30,000</i>
	Pension contributions paid	5,000 -	<i>0 - 5,000</i>
		10,000	
P Beighton	Remuneration	nil	<i>35,000 -</i>
			<i>40,000</i>
	Pension contributions paid	nil	<i>5,000 -</i>
			<i>10,000</i>

During the year ended 31 August 2019, expenses totalling £nil were reimbursed or paid directly to governors (*2018 - £73 to 1 governor*). Expenses related to the re-imbusement of mileage for duties in line with their employment.

12. Governors' and Officers' insurance

In accordance with normal commercial practice, the Academy has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim. The cost is not separately identifiable from the total insurance policy cost paid.

BRANSTON ACADEMY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

13. Tangible fixed assets

	Freehold property £	Furniture and equipment £	Plant and machinery £	Computer equipment £	Total £
Cost or valuation					
At 1 September 2018	8,496,930	685,390	132,853	588,381	9,903,554
Additions	1,194,896	69,236	3,395	64,092	1,331,619
At 31 August 2019	<u>9,691,826</u>	<u>754,626</u>	<u>136,248</u>	<u>652,473</u>	<u>11,235,173</u>
Depreciation					
At 1 September 2018	1,233,222	420,971	114,793	495,853	2,264,839
Charge for the year	193,903	71,483	6,702	53,507	325,595
At 31 August 2019	<u>1,427,125</u>	<u>492,454</u>	<u>121,495</u>	<u>549,360</u>	<u>2,590,434</u>
Net book value					
At 31 August 2019	<u><u>8,264,701</u></u>	<u><u>262,172</u></u>	<u><u>14,753</u></u>	<u><u>103,113</u></u>	<u><u>8,644,739</u></u>
At 31 August 2018	<u><u>7,263,708</u></u>	<u><u>264,419</u></u>	<u><u>18,060</u></u>	<u><u>92,528</u></u>	<u><u>7,638,715</u></u>

Freehold property on conversion was valued based on an insurance valuation using depreciated replacement cost methodology. Additions post-conversion are valued in line with the cost of construction. The new building donated by the local authority is valued based on the final contract sum as advised by the local authority.

14. Debtors

	2019 £	2018 £
Due within one year		
Trade debtors	50,692	55,327
Other debtors	241,572	161,893
Prepayments and accrued income	143,760	163,247
	<u><u>436,024</u></u>	<u><u>380,467</u></u>

Other debtors includes VAT recoverable of £241,572 (2018 - £101,920).

BRANSTON ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

15. Current asset investments

	2019 £	2018 £
Fixed term deposits	900,000	1,000,000

16. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	122,448	91,685
Other taxation and social security	90,470	88,213
Other creditors	173,681	146,002
Accruals and deferred income	138,615	68,119
	525,214	394,019

	2019 £	2018 £
Deferred income:		
Deferred income at 1 September	24,375	24,078
Resources deferred during the year	21,326	24,375
Amounts released from previous periods	(24,375)	(24,078)
Deferred income at 31 August	21,326	24,375

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

BRANSTON ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

17. Statement of funds

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
Unrestricted funds						
Other General Funds	1,074,943	370,046	(326,449)	176,428	-	1,294,968
Nursery	205,308	173,147	(141,271)	(156,000)	-	81,184
	<u>1,280,251</u>	<u>543,193</u>	<u>(467,720)</u>	<u>20,428</u>	<u>-</u>	<u>1,376,152</u>
Restricted general funds						
General Annual Grant (GAG)	670,125	5,385,549	(5,350,825)	95,167	-	800,016
Pupil Premium	-	208,709	(208,709)	-	-	-
Other ESFA Grants	64,800	83,530	(81,047)	(41,795)	-	25,488
Other Government Grants	123,584	69,876	(69,876)	(123,584)	-	-
Nursery	-	152,730	(152,730)	-	-	-
Private Fund	-	112,300	(112,300)	-	-	-
Other Income	16,844	-	-	(16,844)	-	-
Pension Reserve	(793,000)	-	(218,000)	-	(894,000)	(1,905,000)
	<u>82,353</u>	<u>6,012,694</u>	<u>(6,193,487)</u>	<u>(87,056)</u>	<u>(894,000)</u>	<u>(1,079,496)</u>
Restricted fixed asset funds						
NBV of Fixed Assets	7,638,715	-	(325,595)	1,331,619	-	8,644,739
Unspent Capital Income	190,120	83,405	(100,415)	(173,110)	-	-
Local Authority Donation	-	1,384,633	(292,752)	(1,091,881)	-	-
	<u>7,828,835</u>	<u>1,468,038</u>	<u>(718,762)</u>	<u>66,628</u>	<u>-</u>	<u>8,644,739</u>

BRANSTON ACADEMY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

17. Statement of funds (continued)

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
Total Restricted funds	7,911,188	7,480,732	(6,912,249)	(20,428)	(894,000)	7,565,243
Total funds	9,191,439	8,023,925	(7,379,969)	-	(894,000)	8,941,395

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

Unrestricted Funds:

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

Nursery - represents fees received for the community nursery provision.

Restricted Funds:

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

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

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

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

Other Income / Private Funds - represents other funding to be used for the specific purposes intended.

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

Restricted Fixed Asset Funds:

NBV of Fixed Assets - represents the net book value of assets.

Unspent Capital Income - represents funding received for capital purposes unspent at the year-end.

Local Authority Donation - represents the costs for the new building funded by the Local Authority.

Transfers:

Transfers between funds have been recognised for the acquisition of fixed assets from restricted funds and for the internal recharge of premises and staff administration costs from the academy to activities. Additional transfers have been posted to amend incorrect income fund classifications in previous years and to include accurate historic internal recharge amounts.

Under the funding agreement with the Secretary of State, the Academy was not subject to a limit on the amount of GAG it could carry forward at 31 August 2019.

BRANSTON ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

17. 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						
Other General Funds	993,343	424,400	(348,800)	6,000	-	1,074,943
Nursery	167,275	156,086	(112,053)	(6,000)	-	205,308
	<u>1,160,618</u>	<u>580,486</u>	<u>(460,853)</u>	<u>-</u>	<u>-</u>	<u>1,280,251</u>
Restricted general funds						
General Annual Grant (GAG)	765,467	5,074,532	(5,075,198)	(94,676)	-	670,125
Pupil Premium	7,321	203,358	(210,679)	-	-	-
Other ESFA Grants	61,042	27,271	(23,513)	-	-	64,800
Other Government Grants	123,584	62,157	(62,157)	-	-	123,584
Nursery	-	139,042	(139,042)	-	-	-
Private Fund	-	148,337	(148,337)	-	-	-
Other Income	16,844	-	-	-	-	16,844
Pension Reserve	(1,321,000)	-	(225,000)	-	753,000	(793,000)
	<u>(346,742)</u>	<u>5,654,697</u>	<u>(5,883,926)</u>	<u>(94,676)</u>	<u>753,000</u>	<u>82,353</u>
Restricted fixed asset funds						
NBV of Fixed Assets	7,835,173	-	(298,937)	102,479	-	7,638,715
Unspent Capital Income	136,181	61,849	(107)	(7,803)	-	190,120
	<u>7,971,354</u>	<u>61,849</u>	<u>(299,044)</u>	<u>94,676</u>	<u>-</u>	<u>7,828,835</u>

BRANSTON ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

17. Statement of funds (continued)

	<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>
	£	£	£	£	£	£
Total Restricted funds	7,624,612	5,716,546	(6,182,970)	-	753,000	7,911,188
Total funds	8,785,230	6,297,032	(6,643,823)	-	753,000	9,191,439

18. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Restricted funds 2019	Restricted fixed asset funds 2019	Unrestricted funds 2019	Total funds 2019
	£	£	£	£
Tangible fixed assets	-	8,644,739	-	8,644,739
Current assets	1,304,749	45,969	1,376,152	2,726,870
Creditors due within one year	(479,245)	(45,969)	-	(525,214)
Provisions for liabilities and charges	(1,905,000)	-	-	(1,905,000)
Total	(1,079,496)	8,644,739	1,376,152	8,941,395

Analysis of net assets between funds - prior year

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

BRANSTON ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

19. Reconciliation of net income/(expenditure) to net cash flow from operating activities

	2019 £	2018 £
Net income/(expenditure) for the year (as per Statement of financial activities)	643,956	<i>(346,791)</i>
Adjustments for:		
Depreciation	325,595	298,937
Capital grants from ESFA and other capital income	(83,405)	<i>(61,849)</i>
Interest receivable	(16,084)	<i>(9,794)</i>
Defined benefit pension scheme cost less contributions payable	193,000	189,000
Defined benefit pension scheme finance cost	25,000	36,000
Increase in debtors	(108,392)	<i>(169,665)</i>
Increase in creditors	87,976	44,093
Donation of new building by local authority	(1,093,801)	-
Net cash used in operating activities	(26,155)	<i>(20,069)</i>

20. Cash flows from investing activities

	2019 £	2018 £
Interest received	14,019	854
Purchase of tangible fixed assets	(139,699)	<i>(99,729)</i>
Capital grants from ESFA	83,405	23,749
Capital funding received from sponsors and others	-	38,100
Cash withdrawn from / (placed on) fixed term deposits	100,000	<i>(1,000,000)</i>
Net cash provided by/(used in) investing activities	57,725	<i>(1,037,026)</i>

21. Analysis of cash and cash equivalents

	2019 £	2018 £
Cash in hand	590,846	759,276
Notice deposits (less than 3 months)	800,000	600,000
Total cash and cash equivalents	1,390,846	1,359,276

BRANSTON ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

22. Contingent liabilities

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

23. Pension commitments

The Academy'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 Lincolnshire County Council. 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 £77,323 were payable to the schemes at 31 August 2019 (2018 - £77,603) and are included within creditors.

Teachers' Pension Scheme

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

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

Valuation of the Teachers' Pension Scheme

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

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

BRANSTON ACADEMY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

23. Pension commitments (continued)

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

The employer's pension costs paid to TPS in the year amounted to £442,000 (2018 - £440,000).

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 has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Academy has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £212,000 (2018 - £207,000), of which employer's contributions totalled £163,000 (2018 - £161,000) and employees' contributions totalled £ 49,000 (2018 - £46,000). The agreed contribution rates for future years are 19.1% for employers and a maximum of 12.5% for employees.

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

Principal actuarial assumptions

	2019	<i>2018</i>
	%	%
Pension Increase Rate (CPI)	2.3	2.3
Salary Increase Rate	2.7	2.7
Discount Rate	1.9	2.8

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

	2019	<i>2018</i>
	Years	Years
<i>Retiring today</i>		
Males	21.2	22.1
Females	23.5	24.4
<i>Retiring in 20 years</i>		
Males	22.5	24.1
Females	25.2	26.6

BRANSTON ACADEMY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

23. Pension commitments (continued)

Sensitivity analysis

	2019	<i>2018</i>
	£000	<i>£000</i>
0.5% Decrease in Real Discount Rate	893,000	<i>678,000</i>
0.5% Increase in Salary Increase Rate	116,000	<i>98,000</i>
0.5% Increase in Pension Increase Rate (CPI)	760,000	<i>573,000</i>
	=====	<i>=====</i>

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

	At 31	<i>At 31 August</i>
	August 2019	<i>2018</i>
	£	<i>£</i>
Equities	3,505,000	<i>3,170,000</i>
Bonds	768,000	<i>651,000</i>
Property	480,000	<i>478,000</i>
Cash	48,000	<i>44,000</i>
	=====	<i>=====</i>
Total market value of assets	4,801,000	<i>4,343,000</i>
	=====	<i>=====</i>

The actual return on scheme assets was £270,000 (2018 - £311,000).

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

	2019	<i>2018</i>
	£	<i>£</i>
Current service cost	(322,000)	<i>(350,000)</i>
Past service cost	(34,000)	<i>-</i>
Interest income	124,000	<i>98,000</i>
Interest cost	(149,000)	<i>(134,000)</i>
	=====	<i>=====</i>
Total amount recognised in the Statement of financial activities	(381,000)	<i>(386,000)</i>
	=====	<i>=====</i>

BRANSTON ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

23. Pension commitments (continued)

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

	2019 £	2018 £
At 1 September	5,136,000	5,165,000
Current service cost	322,000	350,000
Interest cost	149,000	134,000
Employee contributions	49,000	46,000
Changes in assumptions	1,040,000	(540,000)
Benefits paid	(24,000)	(19,000)
Past service costs	34,000	-
At 31 August	6,706,000	5,136,000

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

	2019 £	2018 £
At 1 September	4,343,000	3,844,000
Interest income	124,000	98,000
Expected return on assets (excluding net interest)	146,000	213,000
Employer contributions	163,000	161,000
Employee contributions	49,000	46,000
Benefits paid	(24,000)	(19,000)
At 31 August	4,801,000	4,343,000

24. Operating lease commitments

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

	2019 £	2018 £
Amounts payable:		
Not later than 1 year	6,762	501
Later than 1 year and not later than 5 years	20,284	-
	27,046	501

BRANSTON ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

25. 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.

26. Related party transactions

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

Relatives of Governors:

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