

Branston Academy Trust
(A company limited by guarantee)

Financial Statements

Year Ended

31 August 2017

Company Number 07419660

Branston Academy Trust
(A company limited by guarantee)

Contents

	Page
Reference and administrative details	1 - 2
Governors' report	3 - 15
Governance statement	16 - 21
Statement on regularity, propriety and compliance	22
Statement of Governors' responsibilities	23
Independent auditors' report on the financial statements	24 - 26
Independent reporting accountant's assurance report on regularity	27 - 28
Statement of financial activities incorporating income and expenditure account	29
Balance sheet	30
Statement of cash flows	31
Notes to the financial statements	32 - 52

Branston Academy Trust

(A company limited by guarantee)

Reference and administrative details
for the year ended 31 August 2017

Governors	M Norman, Chair ^{1,2,3} D Dearden, Vice Chair ^{1,2,3} M Bell, Staff Governor ² D Boyd ^{1,3} S Burnett, Staff Governor (resigned 16 June 2017) D Challinor P Coombes R Doe (resigned 17 July 2017) C Firth ² V Footitt ^{1,2,3} N Harris L Sargeant, Staff Governor M Turner ² R Woollen ^{1,2,3} J Wilcox ² P Beighton, Principal D Thompson (appointed 9 October 2017) ²
------------------	---

¹ Company Member

² Members of Finances & Resources Committee

³ Members of Standing Committee

Company registered number	07419660
Company name	Branston Academy Trust
Principal and registered office	Branston Community Academy Station Road Branston Lincoln LN4 1LH
Company secretary	C Osborne
Senior management team	P Beighton, Principal J Campbell, Vice-Principal K Lamming, Vice-Principal J Turner, Vice-Principal A Wright, Vice-Principal C Osborne, Business Manager
Independent auditors	BDO LLP Central Square 29 Wellington Street Leeds LS1 4DL
Bankers	Lloyds Bank 202 High Street Lincoln LN5 7AP

Branston Academy Trust
(A company limited by guarantee)

Reference and administrative details (continued)
for the year ended 31 August 2017

Advisers (continued)

Solicitors	Irwin Mitchell Solicitors Riverside East 2 Millsands Sheffield S3 8DT
-------------------	---

Insurers	Zurich Municipal Zurich House 2 Gladiator Way Farnborough GU14 6GB
-----------------	--

Branston Academy Trust

(A company limited by guarantee)

Governors' report for the year ended 31 August 2017

The Trustees (who are also directors of the charity for the purposes of the Companies Act) present their annual report together with the audited financial statements and auditors' report of Branston Academy Trust (the Trust) for the year ended 31 August 2017. The annual report serves the purposes of both a trustees' 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 Trust 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 1125 and had a roll of 1107 in the Autumn 2016 school census.

Structure, governance and management

a. Constitution

Branston Academy Trust began trading as a Charitable Company on 1 December 2010, when Branston Community College ceased and was incorporated into Branston Community Academy.

The 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 are the primary governing documents of the Academy Trust.

The governors, including the principal, act as the trustees for the charitable activities of Branston Academy Trust Limited and 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 during the year are included in the Reference and administrative details on page 1.

b. Members' liability

The Charitable Company has six 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. 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 2017

d. 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, although during the year one staff governor and one partnership governor have resigned (two vacancies pending appointment). 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 new governors. This year there has been in-house training for governors on teaching and external training for the Chair of Governors via the Lincolnshire Teaching Schools Alliance (LTSA) Strengthening Governance programme, which provided strategic evaluation of the quality of governance.

e. 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 pay scales and the need to recruit and retain appropriately qualified and experienced staff.

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 four committees – Finance and Resources, Curriculum and Staffing, Standards and Specialisms and the Governors Standing Committee. The Standing Committee currently has six members - the Chair and Vice-Chair of the governing body, the Chairs of the other three committees and the Principal. It has delegated powers to act on behalf of any committee of the full Governing Body.

The senior management team comprises the Principal and four Vice-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 above which the senior management team must be made aware of proposed expenditure. A detailed Scheme of Delegation has been agreed by the governing body and sets out the responsibilities and delegated authority of relevant individuals.

g. 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.

h. Trustees' Indemnities

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

Branston Academy Trust

(A company limited by guarantee)

Governors' report (continued)
for the year ended 31 August 2017

Objectives and Activities

a. Objects and aims

The principal object and activity of the Academy Trust 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;
- 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 2017

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 Trust 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 Trust provides community nursery, library and gym facilities for recreational and other leisure time occupation for the community at large in the interests of social welfare and with the interest of improving the life of the local community.

Branston Academy Trust

(A company limited by guarantee)

Governors' report (continued)
for the year ended 31 August 2017

Strategic report

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 (and increasingly well in existing academic A-level courses) despite challenging targets set as a consequence of high achievement at GCSE.

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 2017 this figure was +0.13 for BCA students (Lincolnshire average = -0.11).

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 i.e. English, Maths, Science, Languages and a Humanities (Geography or History)

In 2017:

- Proportion of students achieving grade 5+ in English and Maths at Branston Community Academy = 44% (national average = 39%)
- Proportion of students achieving a pass grade in all EBacc courses at Branston Community Academy = 28% (national average = 19%)

It is important to include the fact that the ability profile of BCA students in the Y11 of 2017 was BELOW the national average. Therefore, if national average proportions of our students achieved a) 5+ in English and Maths, b) a pass grade in all EBacc courses this would constitute progress beyond expectations. In fact this cohort did better than the national average in these indicators when they were below the norm in terms of ability profile. This, therefore, constitutes progress well beyond expectations.

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 2017**

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'.

A previous High Performing Specialist School, we are now part of the Leading Edge Programme (LEPP) and were evaluated during the 2016-17 academic year as a National Support School (NSS). This expertise informs and supports the development of the curriculum - promoting breadth, balance and flexibility in provision.

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.

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 which is, perhaps, a somewhat blunt and simplistic mechanism to identify that need. 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).

b. Review of activities (continued)

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.

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. Phase one of the 'new build' (available summer 2018), to enable the school to expand its number on roll with growing demand, will include 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 2017

c. 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 three financial years is provided. There were some minor changes to the underlying figures in 2015-16 due to the change in accounting standards (the adoption of SORP 2015 and FRS 102), but the figures have not been reworked to take account of this because the differences are not significant.

	2013-14	2014-15	2015-16	2016-17
Staff costs as a % of total costs	67.96%	69.51%	67.54%	70.53%
Pupil to teacher ratio	17.8	18.2	18.1	19
Average teaching post cost	£46,892	£49,044	£48,132	£56,082
Average cost per pupil (total)	£5,463	£5,645	£5,897	£5,975
Average direct cost per pupil	£4,332	£4,461	£4,549	£4,805
Teacher cost per pupil	£2,826	£2,917	£2,878	£3,192
Support staff cost per pupil	£920	£983	£906	£847
Occupancy costs as a % of total costs (includes premises improvements and site staff)	28.9%	14.84%	12.48%	7.75%
% of total income other than from grants and delegated funding	8.63%	9.11%	9.84%	8.08%
Operating surplus	£613,729	£302,094	(£175,079)	(501,581)
Working capital	5.80:1	6.02:1	6.70:1	9.76:1
Public equity	£1,082,384	£1,291,190	£505,083	£950,057

Staff salaries make up the greatest proportion of the school budget, decreased slightly during 2016-17 and at 67.54% is below the level it was in 2015-16 so staff salaries as a percentage of total costs are a key indicator of the financial health of the school. This figure has increased during 2016-17, but this change is due entirely to a one-off performance pay award to staff. At just over 70% it can still be seen as an indicator that the academy has sufficient funds available to meet other demands on revenue funding. Benchmarking against similar schools suggests that it remains lower than the median, however this is obviously affected by the level of other expenditure. Occupancy costs, for example, continue to decline and are now calculated to be 7.75% of total spend. They were particularly high in 2013-14 due to significant investment in the premises. 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. During the year 2016-17 capital expenditure has been very low, less than £40,000 across all asset classes.

The average teaching post cost has risen considerably from £48,132 to £56,082, which can be attributed to the one-off performance payments mentioned above, combined with 1% September pay increases and incremental drift. The average teaching post cost includes all staff with a teaching commitment.

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 during the year from 18:1 to 19:1 and is largely a function of planned growth being implemented as 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 2016. The support staff cost per pupil has fallen from £912 to £851 which is down to a combination of fewer teaching assistant hours, staffing reductions on economy grounds arising from natural wastage and more pupils in total. Pupil numbers continue to increase, albeit modestly – the September 2016 census showed 1107 on roll compared to 1087 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.

Branston Academy Trust

(A company limited by guarantee)

Governors' report (continued) **for the year ended 31 August 2017**

Over 8% of the Trust's income was self-generated i.e. not from grants or delegated funding. Benchmarking against similar academies nationally has indicated a median percentage of 4-5% so the Trust is performing well on this measure, even though there has been a reduction of 1.5% in the % of income generated this way. It reflects community activities which generate income – the nursery, Heron's gym, swimming lessons and lettings. Nursery income in particular has risen during the past few years as a result of the increased capacity following capital investment.

Working capital is an indicator of the organisation's ability to generate cash and meet its liabilities as they become due. This shows a significant increase on the previous year an indication of the financial health of the company - current assets nearly ten times current liabilities. This is the first year there has been an operating deficit – it has increased from £175,097 to £501,581. There is a large deficit on the Local Government Pension Fund, (£1.321m) which has actually reduced significantly during the year, but this was offset by increased expenditure and decreasing grant income – the latter having declined every year since the inception of the Trust. Public equity has been calculated as the difference between total assets (excluding fixed assets) and total liabilities (including the pension deficit) and has increased during the year as a result of the reduction in the pension deficit.

d. Going concern

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

Branston Academy Trust

(A company limited by guarantee)

Governors' report (continued) **for the year ended 31 August 2017**

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 2017 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

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

During the period ended 31 August 2017, total expenditure of £6,614,871 was not covered by recurrent grant funding from the DfE plus other incoming resources, but the Trust had sufficient reserves for this not to be a major concern. The excess of expenditure over income for the period after transfers between funds and adjustments (before actuarial losses on the pension scheme liability) was (£501,581). There was an actuarial gain of £686,000 on the LGPS defined benefit pension scheme due to a rise in the value of scheme assets, but there is still a significant deficit overall on the scheme, although this reduced from £1.797m as at 31 August 2016 to £1.321m as at 31 August 2017. 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 2016) showed a funding level of 96% 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.

At 31 August 2017 the net book value of fixed assets was £7,835,173 and movements in tangible fixed assets are shown in note 14 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. The Governors have determined an appropriate 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. The Academy's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is £1,160,618 (note 17) which is less than the pension scheme liability of £1,321,000. The pension scheme liability reduced during the year, and given that it is a long-term liability, it does not affect the availability of working capital on an operational basis. However, as a result of this liability, reserves are not being designated for any particular purposes.

c. Investments policy

The Academy's investment policy is set out in the Financial Regulations (812) and states that investments must be made only in risk-averse, ethical funds. During 2016-17 a plan was put together after careful consideration of the options and returns available to invest in rolling programme of short and medium term bank deposits. Funds were kept immediately available to ensure efficient cash flow, payment and salaries and in case of unforeseen maintenance emergencies.

Branston Academy Trust

(A company limited by guarantee)

Governors' report (continued) **for the year ended 31 August 2017**

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 the combined effect of lower Government funding, particularly the reduction in LACSEG (Local Authority Central Spend Equivalent Grant) and expenditure-increasing factors such as national pay policy (e.g. possibility of higher pay increases recommended by national pay bodies and over 4% increase in the National Minimum Wage announced in the November 2017 budget) and general inflationary pressure. The effect of the LACSEG removal continues to be spread over the next three years at least, and it is expected this will be mitigated by the continued growth in pupil numbers. While it is anticipated that Lincolnshire will gain under the new National Funding Formula for Schools to be implemented in 2018-19, details have not yet been released and the financial climate continues to be uncertain. 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, but while the impact of this risk would be high, it is considered a low probability because of the school's recruitment record and demographic factors which indicate numbers are likely to increase. 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.

Operational risks with the highest rating have been identified as relating to sustainability (fuel, utilities and waste expenditure) and financial benchmarking. 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
- the Academy complies with relevant laws and regulations

Fraud from external sources is considered to be an increasing risk according to the UK Annual Fraud Indicator 2016 report and procurement fraud in its many forms is growing faster than any other type of fraud. The Business Manager keeps up to date on current frauds 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.

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. Work has also started in preparation for the new General Data Protection Regulation (GDPR) which will be in place from May 2018. A major capital project is planned for 2017-18 and will increase the security of the site, reducing 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 is 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 2017**

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, amounts are small and not material. Cashless catering was launched in June 2016 using the ParentPay online system and it is estimated that this has reduced the amount of cash held on site at any time by approximately 75%. During 2016-17, increasing use was 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, more than 80% 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.

e. Financial risk management objectives and policies

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, amounts are small and not material. A specialist courier collects banking weekly which minimises the risk of cash in transit and work is in progress to reduce incoming cash and cheque payments by encouraging use of the online ParentPay system. New IT software systems have been installed during the year 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.

Branston Academy Trust

(A company limited by guarantee)

Governors' report (continued) **for the year ended 31 August 2017**

Plans for future periods

a. Future developments

The Academy is committed to improving student achievement in key performance indicators at GCSE, particularly in maths, improving the achievement of both disadvantaged and most able pupils and improving the consistency of post 16 student outcomes. The Academy Development Plan sets out in detail measures for developing teaching and learning which include improving the quality of written feedback to students, developing staff questioning skills as an assessment tool and developing the Academy's School Centred Initial Teacher Training provision through LTSA. Other curriculum-related priorities include ensuring that systems, procedures and assessment criteria are aligned to the new GCSE numbered grade criteria.

Improvements to the quality of student destination information are also planned, with a view to improving the % of students in education or employment after leaving KS4. Leadership and management priorities include successful implementation of National Support School Status and managing the school's expansion programme in time for the academic year 2018-19.

During Autumn 2017 work was due to start on a new classroom block ready for opening in September 2018 and funded by the Government's Basic Need capital funding to increase the number of school places. Lincolnshire County Council is managing the project, which is to about a new build to address the anticipated increase in secondary school pupils in this area as a result of demographic changes already evident and new homes planned. As a result, the Trust plans to amend its Funding Agreement to increase the Academy's capacity from 1125 to 1275 including 226 in the 6th form.

From September 2017 BACS was due to become the default payment – a much more efficient process for the Finance Office and bank signatories, without compromising accountability. BACS also reduces postage and stationery costs as well as being a more secure and efficient way of transferring money to creditors and removing the risks associated with cheques such as fraud, payment delays and time tracking lost payments.

No significant capital investment in the premises is planned by the Academy Trust during the year, but the guiding principle for such expenditure continues to be reducing revenue expenditure and enhancing sustainability. Refurbishment of the sports hall is badly needed and remains on the wish list of projects, but is currently on hold pending the availability of funds as applications via the Condition Improvement Fund have been unsuccessful.

Prudent financial management is considered crucial in anticipation of challenging times ahead.

Funds held as custodian

None.

Disclosure of information to auditor


Insofar as the Governors are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Governors have taken all the steps that ought to have been taken as a Governor in order to be aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

Branston Academy Trust
(A company limited by guarantee)

Governors' report (continued)
for the year ended 31 August 2017

The Governors' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 6/12/17 and signed on its behalf by:


.....
M Norman, Chair
Chair of Trustees

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 trustees 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 trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Governors' report and in the Statement of Governors' responsibilities. The board of trustees has formally met 3 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Governor	Meetings attended	Out of a possible
M Norman, Chair	3	3
D Dearden, Vice Chair	3	3
M Bell, Staff Governor	2	3
D Boyd	3	3
S Burnett, Staff Governor	2	3
D Challinor	1	3
P Coombes	3	3
R Doe	3	3
C Firth	1	3
V Foottit	1	3
N Harris	1	3
L Sargeant, Staff Governor	1	3
M Turner	3	3
R Woollen	2	3
J Wilcox	2	3
P Beighton, Principal	3	3
D Thompson	0	0

There have been some changes in the composition of the governing body. 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.

Branston Academy Trust

(A company limited by guarantee)

Governance Statement (continued)

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 2018 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 meets monthly.

The Finance and Resources Committee is a sub-committee of the main Board of Governors. 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. Its Autumn meeting acts as the Academy Trust's Audit Committee.

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
M Norman, Chair	1	3
D Dearden, Vice Chair	2	3
M Bell, Staff Governor	3	3
D Boyd	0	3
V Foottit	1	3
M Turner	3	3
R Woollen, Chair	3	3
J Wilcox	0	3
P Beighton, Principal	3	3

The Standing Committee discusses any general issues concerning the well-being of the Academy and can act as a Steering Committee for business, directing issues to the agenda of specialist committees or the full governing body. It reacts, where necessary, to current issues needing a response before an appropriate full or committee meeting is held; it receives reports from the Principal on action considered significant enough to raise at once with the governing body. It receives monitoring reports on the budget in between meetings of the Finance and Resources Committee and has delegated powers to act on behalf of the governing body.

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
M Norman, Chair	5	7
D Dearden, Vice Chair	7	7
V Foottit	7	7
R Woollen	7	7
D Boyd	5	7
P Beighton, Principal	7	7

Branston Academy Trust

(A company limited by guarantee)

Governance Statement (continued)

The Curriculum & Staffing Committee has delegated powers to decide matters concerning the curriculum and staffing of the Academy. Each year this Committee discusses the following year's curriculum plan, and also the corresponding staffing plan, after which it needs to decide on an establishment figure for the coming year and discuss in general any associated strategies to achieve the required quantity and quality of staff. During the year the Committee will receive updates on major curriculum and staffing developments and receives and decides upon recommendations from the Principal on the general pattern of allowances within the Academy.

Matters concerning individual members of staff must, for legal reasons, be decided upon by a small group and the Personnel Committee fulfils this role. Membership consists of the Chairman of Governors, the Chairman of the Curriculum and Staffing Committee and one other elected annually.

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
M Norman, Chair	3	3
D Boyd	1	3
S Burnett, Staff Governor	3	3
D Challinor	2	3
P Coombes	2	3
C Firth	1	3
V Foottit	3	3
N Harris	0	3
L Sargeant, Staff Governor	0	3
M Turner	3	3
R Woollen	3	3
J Wilcox	1	3
P Beighton, Principal	3	3

The Standards & Specialism Committee has delegated powers to consider and decide policy matters relating to the monitoring of performance and standards and the progress and development of the Academy specialism. In particular, the Committee receives annual reports from the Principal and/or senior post-holders on the Academy's self-evaluation of overall performance.

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
M Norman, Chair	2	3
D Dearden, Vice Chair	3	3
M Bell, Staff Governor	3	3
D Boyd	1	3
S Burnett	3	3
D Challinor	3	3
P Coombes	2	3
R Doe	3	3
C Firth	3	3
V Foottit	1	3
L Sargeant	0	3
M Turner	3	3
R Woollen	3	3
J Wilcox	2	3
P Beighton, Principal	3	3

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 trustees where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the Academy has delivered improved value for money during the year by:

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 eg 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 eg 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.

There have been no major building projects carried out during 2016-17, but major building works are always tendered 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. A previous year example is improvements made to the layout and surfacing of the main entrance and exit to the academy, the bus bays and other external areas. Smaller projects are carried out using an internally managed procurement process in which companies are considered against a project specification.

Branston Academy Trust

(A company limited by guarantee)

Governance Statement (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. Other factors may also be important – for example the supplier for servicing and supply of grounds machinery was chosen 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. During 2016-17 a new audio system for the swimming pool was not selected on price – research indicated it would have been cheaper online - but because the supplier was able to visit and provide specific expert advice to ensure that the products were exactly what was required. This is value for money because it avoids buying something not fit for purpose. Some procurement decisions can have longer term savings, for example, the programme of replacing lights with LEDs continued during 2016-17. Although often slightly more expensive to install, they provide savings on running costs and maintenance.

Cashless catering became embedded in 2016-17, 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.

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, as well as a strengthening governance programme.

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."

The Purpose of the System of Internal Control

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

Capacity to Handle Risk

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

Branston Academy Trust

(A company limited by guarantee)

Governance Statement (continued)

The Risk and Control Framework

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

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

The board of trustees has considered the need for a specific internal audit function and decided not to appoint an internal auditor. The Academy's external auditors, BDO LLP, have been engaged to perform a supplementary programme of work.

Their role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. On a termly basis (three times per year), the auditor reports to the board of trustees through the standing committee or finance and resources committee on the operation of the systems of control and the discharge of their financial responsibilities.

The auditor has delivered the scheduled work as planned and no material control issues have arisen during the year. This year matters raised included delays in filing documentation and carrying out reconciliations (which resulted from staffing issues) and enhancements to order authorisation and payroll sign off. The points raised were appropriately discussed and noted.

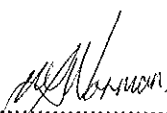
Review of Effectiveness

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

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

Approved by order of the members of the board of trustees on 6/12/17 and signed on their behalf, by:


.....
M Norman, Chair
Chair of Trustees


.....
P Beighton, Principal
Accounting Officer

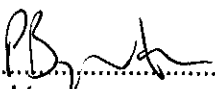
Branston Academy Trust
(A company limited by guarantee)

Statement on Regularity, Propriety and Compliance

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

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

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


.....
P Beighton
Accounting Officer

Branston Academy Trust

(A company limited by guarantee)

Statement of Governors' responsibilities

The Governors (who act as trustees of the Charitable Company and are also the directors of the Academy for the purposes of company law) are responsible for preparing the Governors' Report and the financial statements in accordance with the Annual Accounts Direction issued by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

In preparing these financial statements the directors are required to:

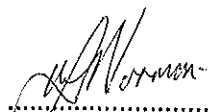
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) 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 Academy's transactions and disclose with reasonable accuracy at any time the financial position of the Academy and enable them to ensure that the financial statements comply with the Companies Act 2006 and the Academies Accounts Direction 2016 to 2017. They are also responsible for safeguarding the assets of the Academy 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 Academy applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the ESFA/DfE have been applied for the purposes intended.

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

Approved by order of the Board of Governors and signed on its behalf by:



.....
M. Norman, Chair,
for and on behalf of the board of governors

Date: 6/12/17

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 2017 which comprise the statement of financial activities (incorporating income and expenditure account), balance sheet, statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2016 to 2017 (SORP 2015) issued by the Education and Skills Funding Agency ("the ESFA").

In our opinion, the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31 August 2017 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Academies Accounts Direction 2016 to 2017 (SORP 2015) issued by the ESFA.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the 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 UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- the Trustees use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the 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

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

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

- the information given in the Trustees' report, which includes the strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' report, including the strategic report, has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Branston Academy Trust
(A company limited by guarantee)

Independent auditors' report on the financial statements to the members of Branston Academy Trust

Auditor's responsibilities for the audit of the financial statements

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 auditor's 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 the Academy's members as a body, for our audit work, for this report, or for the opinions we have formed.

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

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.



Craig Burton (Senior statutory auditor)

for and on behalf of

BDO LLP

Central Square
29 Wellington Street
Leeds
LS1 4DL

Date: 14/12/17

Branston Academy Trust

(A company limited by guarantee)

Independent reporting accountant's assurance report on regularity to Branston Academy Trust and the Education and Skills Funding Agency

In accordance with the terms of our engagement letter dated 14 October 2016 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in Part 9 of the Academies Accounts Direction 2016 to 2017 (SORP 2015), 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 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Branston Academy Trust and to 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 to the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Branston Academy Trust and to the 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 funding agreement with the Secretary of State for Education dated 30 November 2010 and the Academies Financial Handbook, extant from 1 September 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2016 to 2017 (SORP 2015). 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 to 31 August 2017 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our work in accordance with the Academies Accounts Direction 2016 to 2017 (SORP 2015) issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

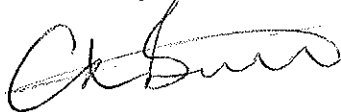
The work undertaken to draw our conclusion includes an assessment of the level of risk associated with the specific categories of income and expenditure and the potential for irregularities to be identified.

Branston Academy Trust
(A company limited by guarantee)

**Independent reporting accountant's assurance report on regularity to Branston Academy Trust and the
Education and Skills Funding Agency (continued)**

Conclusion

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



Craig Burton

BDO LLP

Central Square
29 Wellington Street
Leeds
LS1 4DL

Date: 14/12/17

Branston Academy Trust
(A company limited by guarantee)

Statement of financial activities incorporating income and expenditure account
for the year ended 31 August 2017

	Note	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
Income from:						
Donations and capital grants	3	-	-	23,350	23,350	23,277
Funding for the Academy						
Trust's educational operations	6	-	5,555,199	-	5,555,199	5,598,738
Other trading activities	4	518,525	-	-	518,525	603,428
Investments	5	16,216	-	-	16,216	10,041
Total income		534,741	5,555,199	23,350	6,113,290	6,235,484
Expenditure on:						
Raising funds	4	452,536	-	-	452,536	423,248
Charitable activities:						
Academy Trust's educational operations		-	5,862,186	300,149	6,162,335	5,987,333
Total expenditure	8	452,536	5,862,186	300,149	6,614,871	6,410,581
Net income / (expenditure) before transfers		82,205	(306,987)	(276,799)	(501,581)	(175,097)
Transfers between Funds	17	-	(112,831)	112,831	-	-
Net income / (expenditure) before other recognised gains and losses		82,205	(419,818)	(163,968)	(501,581)	(175,097)
Actuarial gains/(losses) on defined benefit pension schemes	21	-	686,000	-	686,000	(812,000)
Net movement in funds		82,205	266,182	(163,968)	184,419	(987,097)
Reconciliation of funds:						
Total funds brought forward		1,078,413	(573,330)	8,095,728	8,600,811	9,587,908
Total funds carried forward		1,160,618	(307,148)	7,931,760	8,785,230	8,600,811

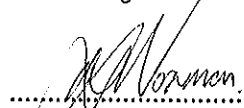
The notes on pages 32 to 52 form part of these financial statements.

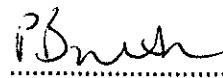
Branston Academy Trust
(A company limited by guarantee)
Registered number: 07419660

Balance sheet
as at 31 August 2017

	Note	£	2017 £	£	2016 £
Fixed assets					
Tangible assets	14		7,835,173		8,095,728
Current assets					
Debtors	15	189,044		319,636	
Cash at bank and in hand		2,411,699		2,386,025	
		<u>2,600,743</u>		<u>2,705,661</u>	
Creditors: amounts falling due within one year	16	(329,686)		(403,578)	
Net current assets			<u>2,271,057</u>		<u>2,302,083</u>
Total assets less current liabilities			<u>10,106,230</u>		<u>10,397,811</u>
Defined benefit pension scheme liability	21	(1,321,000)		(1,797,000)	
Net assets including pension scheme liabilities			<u><u>8,785,230</u></u>		<u><u>8,600,811</u></u>
Funds of the academy					
Restricted income funds:					
Restricted income funds	17	1,013,852		1,223,670	
Restricted fixed asset funds	17	7,931,760		8,095,728	
Restricted income funds excluding pension liability		<u>8,945,612</u>		<u>9,319,398</u>	
Pension reserve		<u>(1,321,000)</u>		<u>(1,797,000)</u>	
Total restricted income funds			<u>7,624,612</u>		<u>7,522,398</u>
Unrestricted income funds	17		<u>1,160,618</u>		<u>1,078,413</u>
Total funds			<u><u>8,785,230</u></u>		<u><u>8,600,811</u></u>

The financial statements on pages 29 to 52 were approved by the Governors, and authorised for issue, on 6/12/17 and are signed on their behalf, by:


.....
M Norman, Chair
Chair of Trustees


.....
P Beighton
Principal

The notes on pages 32 to 52 form part of these financial statements.

Branston Academy Trust
(A company limited by guarantee)

Statement of cash flows
for the year ended 31 August 2017

	Note	2017 £	2016 £
Cash flows from operating activities			
Net cash provided by operating activities	19	<u>25,702</u>	<u>230,177</u>
Cash flows from investing activities:			
Interest from investments		16,216	10,041
Purchase of tangible fixed assets		(39,594)	(117,333)
Capital grants from DfE/ESFA		23,350	23,277
Net cash used in investing activities		<u>(28)</u>	<u>(84,015)</u>
Change in cash and cash equivalents in the year		25,674	146,162
Cash and cash equivalents brought forward		<u>2,386,025</u>	<u>2,239,863</u>
Cash and cash equivalents carried forward	20	<u><u>2,411,699</u></u>	<u><u>2,386,025</u></u>

The notes on pages 32 to 52 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 2017

1. Accounting policies

Branston Academy Trust is a company limited by guarantee incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on the contents page and the nature of the Academy's operations and its principal activities are set out in the strategic report. The functional currency of the Academy is GBP.

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

1.1 Basis of preparation of financial statements

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

Branston Academy Trust constitutes a public benefit entity as defined by FRS 102.

1.2 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 Department for Education 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 and include grants from the Department for Education.

Branston Academy Trust

(A company limited by guarantee)

Notes to the financial statements for the year ended 31 August 2017

1. Accounting policies (continued)

1.3 Income

All income is recognised once the Academy has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Grants are included in the Statement of financial activities incorporating income and expenditure account 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 entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

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

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

Donations are recognised on a receivable basis where receipt is probable and the amount can be reliably measured.

Other income, including the hire of facilities, is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

1.4 Expenditure

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

Expenditure on raising funds 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.

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

All expenditure is inclusive of irrecoverable VAT.

Branston Academy Trust

(A company limited by guarantee)

Notes to the financial statements for the year ended 31 August 2017

1. Accounting policies (continued)

1.5 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 trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements..

1.6 Tangible fixed assets and depreciation

All assets costing more than £1,000 are capitalised 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 incorporating income and expenditure account 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 incorporating income and expenditure account. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	2% straight line
Plant and machinery	-	15% straight line
Fixtures and fittings	-	10% 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 incorporating income and expenditure account.

1.7 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 Bank.

1.8 Operating leases

Rentals under operating leases are charged to the Statement of financial activities incorporating income and expenditure account 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 2017

1. Accounting policies (continued)

1.9 Debtors

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

1.10 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.

1.11 Liabilities and provisions

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

1.12 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 basis are as follows:

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 15. Prepayments are not financial instruments. Amounts due to the Academy's wholly owned subsidiary are held at face value less any impairment. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs 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 instruments. Amounts due to the Academy's wholly owned subsidiary are held at face value less any impairment.

1.13 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 Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Branston Academy Trust

(A company limited by guarantee)

**Notes to the financial statements
for the year ended 31 August 2017**

1. Accounting policies (continued)

1.14 Pensions

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Governments 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. As stated in note 21, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

Branston Academy Trust

(A company limited by guarantee)

Notes to the financial statements for the year ended 31 August 2017

1. Accounting policies (continued)

1.15 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 (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Critical areas of judgment:

No key judgements have been applied in the preparation of these financial statements.

2. General Annual Grant (GAG)

Under the funding agreement with the Secretary of State the Academy was subject to limits at 31 August 2017 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2 % could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

The Academy has exceeded these limits during the year ended 31 August 2017.

Branston Academy Trust
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 August 2017

3. Income from donations and capital grants

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Capital Grants	-	23,350	23,350	23,277
<i>Total 2016</i>	-	23,277	23,277	

4. Activities for generating funds

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Charity trading income				
Nursery income	193,622	-	193,622	186,175
Catering income	184,996	-	184,996	210,586
Other income	139,907	-	139,907	206,667
	<u>518,525</u>	<u>-</u>	<u>518,525</u>	<u>603,428</u>
Fundraising trading expenses				
Nursery expenditure	161,169	-	161,169	115,639
Catering expenditure	184,996	-	184,996	210,587
Other expenditure	106,371	-	106,371	97,022
	<u>452,536</u>	<u>-</u>	<u>452,536</u>	<u>423,248</u>
Net income from activities for generating funds	<u>65,989</u>	<u>-</u>	<u>65,989</u>	<u>180,180</u>

In 2016, all activities for generating funds related to unrestricted funds.

5. Investment income

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Bank Interest	16,216	-	16,216	10,041
<i>Total 2016</i>	<u>10,041</u>	<u>-</u>	<u>10,041</u>	

Branston Academy Trust
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 August 2017

6. Funding for Academy's educational operations:

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
DfE/ESFA grants				
General annual grant	-	5,129,435	5,129,435	5,197,871
Other DfE/ESFA grants	-	237,928	237,928	220,426
	-	5,367,363	5,367,363	5,418,297
Other government grants				
SEN grants	-	108,007	108,007	90,011
	-	108,007	108,007	90,011
Other funding				
Local authority and other grants	-	79,829	79,829	90,430
	-	79,829	79,829	90,430
	-	5,555,199	5,555,199	5,598,738
<i>Total 2016</i>	-	5,598,738	5,598,738	

Branston Academy Trust
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 August 2017

7. Charitable activities

	Total funds 2017 £	Total funds 2016 £
Direct costs - educational operations		
Wages and salaries	3,202,864	3,107,986
National insurance	333,417	262,199
Pension cost	728,980	582,763
Depreciation	300,149	318,323
Teaching and education	138,702	84,523
Technology costs	85,259	90,451
Educational supplies	224,752	246,460
Examination fees	150,190	135,017
Staff development	40,568	27,573
Recruitment and support	20,366	9,417
Pension income	39,000	35,000
Other costs	41,068	33,470
Legal and professional	13,384	11,160
	<u>5,318,699</u>	<u>4,944,342</u>
Support costs - educational operations		
Wages and salaries	325,565	310,929
National insurance	18,318	17,533
Pension cost	56,462	48,046
Examination fees	-	769
Maintenance of premises	128,564	328,131
Cleaning	26,005	31,260
Rent and rates	38,486	32,739
Energy costs	80,884	91,169
Insurance	36,541	39,913
Security and transport	16,698	33,462
Catering	28,443	25,262
Other costs	14,969	13,476
Other support costs	72,701	70,302
	<u>843,636</u>	<u>1,042,991</u>
	<u>6,162,335</u>	<u>5,987,333</u>

In 2016, all expenditure in relation to Charitable Activities related to funding for the academy's educational operations all of which related to restricted funds.

Branston Academy Trust
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 August 2017

8. Expenditure

	Staff costs 2017 £	Premises 2017 £	Other costs 2017 £	Total 2017 £	Total 2016 £
Expenditure on raising funds	219,455	-	233,081	452,536	423,248
Funding for the academy's:					
Direct costs	4,265,261	300,149	753,289	5,318,699	4,944,342
Support costs	400,345	74,360	368,931	843,636	1,042,991
	<u>4,885,061</u>	<u>374,509</u>	<u>1,355,301</u>	<u>6,614,871</u>	<u>6,410,581</u>
<i>Total 2016</i>	<u>4,553,974</u>	<u>646,454</u>	<u>1,119,980</u>	<u>6,320,408</u>	

In 2017, of the total expenditure, £6,162,335 (2016 - £5,987,333) was to restricted funds and £452,536 (2016 - £423,248) was to unrestricted funds.

9. Net income/(expenditure)

This is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets:		
- owned by the charity	300,149	318,323
Auditor's remuneration - audit	10,500	10,205
Auditor's remuneration - other services	5,200	5,175
Operating lease rentals	<u>5,582</u>	<u>5,582</u>

Branston Academy Trust
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 August 2017

10. Staff costs

Staff costs were as follows:

	2017 £	2016 £
Wages and salaries	3,683,400	3,533,473
Social security costs	354,014	285,134
Operating costs of defined benefit pension schemes	797,878	645,194
	<u>4,835,292</u>	<u>4,463,801</u>
Apprenticeship levy	1,261	-
Supply staff costs	48,508	84,523
Staff restructuring costs	-	5,650
	<u><u>4,885,061</u></u>	<u><u>4,553,974</u></u>
Staff restructuring costs comprise:		
Redundancy payments	<u>-</u>	<u>5,650</u>

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

	2017 No.	2016 No.
Teachers	58	60
Administration and support	58	60
Management	7	7
	<u>123</u>	<u>127</u>

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

	2017 No.	2016 No.
In the band £60,001 - £70,000	4	4
In the band £100,001 - £110,000	0	1
In the band £120,001 - £130,000	1	0

The above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2017, pension contributions for these staff amounted to £64,765 (2016: £59,665).

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £Nil (2016: £5,650).

The key management personnel of the academy trust comprise the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contribution and employer national insurance contribution) received by key management personnel for their services to the academy trust was £549,523 (2016: £499,321). Disclosure of prior year key management personnel employee benefits has been restated to include employers national insurance contribution.

Branston Academy Trust

(A company limited by guarantee)

Notes to the financial statements for the year ended 31 August 2017

11. Governors' and Officers' Insurance

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £2 million on any one claim and the cost for the year ended 31 August 2017 was £1,016 (2016: £1,016).

12. Governors' remuneration and expenses

During the year retirement benefits were accruing to 5 Governors (2016: 5) in respect of defined benefit pension schemes.

One or more Governors has been paid remuneration or has received other benefits from an employment with the academy trust. The Principal and other staff Governors only receive remuneration in respect of services they provide undertaking the roles of principal and other staff members under their contracts of employment, and not in respect of their role as Governors. The value of Governors' remuneration and other benefits was as follows:

		2017 £	2016 £
P Bighton, Principal	Remuneration	120,000-125,000	105,000-110,000
	Pension contributions paid	20,000-25,000	15,000-20,000
M Bell, Staff Governor	Remuneration	45,000-50,000	35,000-40,000
	Pension contributions paid	5,000-10,000	5,000-10,000
H Marriott, Staff Governor	Remuneration	35,000-40,000	5,000-10,000
	Pension contributions paid	5,000-10,000	0-5,000
S Burnett, Staff Governor	Remuneration	40,000-45,000	25,000-30,000
	Pension contributions paid	5,000-10,000	5,000-10,000
L Sargeant, Staff Governor	Remuneration	15,000-20,000	10,000-15,000
	Pension contributions paid	0-5,000	0-5,000

During the year, no Governors received any reimbursement of expenses (2016: £Nil).

13. Net interest on pension scheme liability

	2017 £	2016 £
Interest income on pension scheme assets	55,000	76,000
Interest on pension scheme liabilities	(94,000)	(111,000)
	<u>(39,000)</u>	<u>(35,000)</u>

Branston Academy Trust
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 August 2017

14. Tangible fixed assets

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Total £
Cost					
At 1 September 2016	8,496,930	128,353	654,141	482,057	9,761,481
Additions	-	4,500	5,884	29,210	39,594
At 31 August 2017	8,496,930	132,853	660,025	511,267	9,801,075
Depreciation					
At 1 September 2016	893,212	88,476	288,107	395,958	1,665,753
Charge for the year	170,005	16,360	66,404	47,380	300,149
At 31 August 2017	1,063,217	104,836	354,511	443,338	1,965,902
Net book value					
At 31 August 2017	7,433,713	28,017	305,514	67,929	7,835,173
At 31 August 2016	7,603,718	39,877	366,034	86,099	8,095,728

15. Debtors

	2017 £	2016 £
Trade debtors	31,307	41,594
Other debtors	27,042	162,267
Prepayments and accrued income	130,695	115,775
	<u>189,044</u>	<u>319,636</u>

16. Creditors: Amounts falling due within one year

	2017 £	2016 £
Trade creditors	36,272	17,077
Other taxation and social security	-	83,700
Other creditors	4,236	72,697
Accruals and deferred income	289,178	230,104
	<u>329,686</u>	<u>403,578</u>

Branston Academy Trust
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 August 2017

16. Creditors: Amounts falling due within one year (continued)

Deferred income relates to funding for the financial year 2016/17 which has been received in advance.

	2017 £	2016 £
Deferred income		
Deferred income at 1 September 2016	28,802	12,589
Resources deferred during the year	24,079	28,802
Amounts released from previous years	(28,802)	(12,589)
	<u>24,079</u>	<u>28,802</u>
Deferred income at 31 August 2017	<u>24,079</u>	<u>28,802</u>

17. Statement of funds

	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Unrestricted funds						
Other unrestricted funds	943,591	341,119	(291,367)	-	-	993,343
Nursery fund	134,822	193,622	(161,169)	-	-	167,275
	<u>1,078,413</u>	<u>534,741</u>	<u>(452,536)</u>	<u>-</u>	<u>-</u>	<u>1,160,618</u>
Restricted funds						
General Annual Grant (GAG)	780,987	5,129,435	(5,254,058)	-	-	656,364
Other DfE/ESFA grants	178,863	51,881	(21,005)	-	-	209,739
SEN grants	-	108,007	(108,007)	-	-	-
Local Authority and other grants	126,824	135	(3,375)	-	-	123,584
Capital grants	112,831	-	-	(112,831)	-	-
Nursery fund	-	79,694	(79,694)	-	-	-
Other restricted grants and income	16,844	-	-	-	-	16,844
Pupil premium	7,321	186,047	(186,047)	-	-	7,321
Pension reserve	(1,797,000)	-	(210,000)	-	686,000	(1,321,000)
	<u>(573,330)</u>	<u>5,555,199</u>	<u>(5,862,186)</u>	<u>(112,831)</u>	<u>686,000</u>	<u>(307,148)</u>

Branston Academy Trust
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 August 2017

17. Statement of funds (continued)

Restricted fixed asset funds

Fixed asset fund	8,095,728	-	(300,149)	-	-	7,795,579
Capital grants	-	23,350	-	112,831	-	136,181
	<u>8,095,728</u>	<u>23,350</u>	<u>(300,149)</u>	<u>112,831</u>	<u>-</u>	<u>7,931,760</u>
Total restricted funds	<u>7,522,398</u>	<u>5,578,549</u>	<u>(6,162,335)</u>	<u>-</u>	<u>686,000</u>	<u>7,624,612</u>
Total of funds	<u>8,600,811</u>	<u>6,113,290</u>	<u>(6,614,871)</u>	<u>-</u>	<u>686,000</u>	<u>8,785,230</u>

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

General Annual Grant (GAG)

These are expended on the provision of education, including associated support functions, and on the Academy's related community activities.

Other DfE/ESFA grants

Other funds provided by the DfE/ESFA for particular purposes within the Academy's educational operations.

SEN grant

Funds received specifically for use on pupils with special educational needs.

Local Authority and other grants

Funds received from the local authority for specific projects.

Nursery fund

Funds received for use on the community nursery provision.

Capital grants

Funds received from various bodies for the purposes of capital and repairs works.

Other restricted grants and income

Funds generated in relation to other specific grants and income.

Pupil premium

Funds received for the purposes of providing additional support to pupils who receive free school meals.

Pension reserve

Being the fund in relation to the defined benefit pension scheme liability included in the balance sheet. This fund is in deficit given the nature of the liability, however this is not payable immediately.

Restricted Fixed Asset Fund

Represents the fixed assets that are held by the Academy, which are used by the Academy to achieve its educational objectives.

Branston Academy Trust
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 August 2017

17. Statement of funds (continued)

Transfers

During the year, fixed asset additions of £39,594 were purchased from the Capital grants fund. These have been appropriately transferred to the fixed asset fund.

Under the funding agreement with the Secretary of State, the Academy was subject to a limit on the amount of GAG that it could carry forward at 31 August 2017. Note 2 discloses whether the limit was exceeded.

18. Analysis of net assets between funds

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	7,835,173	7,835,173
Current assets	1,160,618	1,343,538	96,587	2,600,743
Creditors due within one year	-	(329,686)	-	(329,686)
Provisions for liabilities and charges	-	(1,321,000)	-	(1,321,000)
	<u>1,160,618</u>	<u>(307,148)</u>	<u>7,931,760</u>	<u>8,785,230</u>

19. Reconciliation of net movement in funds to net cash flow from operating activities

	2017 £	2016 £
Net expenditure for the year (as per Statement of Financial Activities)	(501,581)	(175,097)
Adjustment for:		
Depreciation charges	300,149	318,323
Dividends, interest and rents from investments	(16,216)	(10,041)
Decrease in debtors	130,592	41,791
Decrease in creditors	(73,892)	(10,522)
Capital grants from DfE and other capital income	(23,350)	(23,277)
Defined benefit pension scheme cost less contributions payable	171,000	54,000
Defined benefit pension scheme finance cost	39,000	35,000
Net cash provided by operating activities	<u>25,702</u>	<u>230,177</u>

20. Analysis of cash and cash equivalents

	2017 £	2016 £
Cash in hand	2,411,699	2,386,025
Total	<u>2,411,699</u>	<u>2,386,025</u>

Branston Academy Trust

(A company limited by guarantee)

Notes to the financial statements for the year ended 31 August 2017

21. Pension commitments

The Academy's employees belong to two principal pension schemes: the Teacher's 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 Hymans Robertson LLP. Both are Multi-employer defined benefit pension schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

Contributions amounting to £74,082 were payable to the schemes at 31 August 2017 (2016: 75,974) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

The Teachers' Pension Budgeting and Valuation Account

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

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

Branston Academy Trust

(A company limited by guarantee)

Notes to the financial statements for the year ended 31 August 2017

21. Pension commitments (continued)

Valuation of the Teachers' Pension Scheme

The latest actuarial review 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 on 9 June 2014. The key results of the valuation are:

- employer contribution rates were set at 16.4% of pensionable pay; in line with current regulations, not including the additional 0.08% employers pay for the cost of Scheme administration;
- total scheme liabilities for service to the effective date of £191.5 billion, and notional assets of £176.6 billion, giving a notional past service deficit of £15.0 billion;
- an employer cost cap of 10.9% of pensionable pay;
- Actuarial assessments are undertaken in intervening years between formal valuations for financial reporting purposes, using updated membership data.

The new employer contribution rate and administration levy for the TPS were implemented in September 2015.

The employer's pension costs paid to TPS in the period amounted to £452,117 (2016: £388,190).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx).

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £231,000 (2016: £216,000), of which employer's contributions totalled £181,000 (2016: £168,000) and employees' contributions totalled £50,000 (2016: £48,000). The agreed contribution rates for future years are 20.9% for employers and 5.5-7.5% 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:

	2017	2016
Discount rate for scheme liabilities	2.50 %	2.10 %
Rate of increase in salaries	2.80 %	3.60 %
Rate of increase for pensions in payment / inflation	2.40 %	2.10 %
Inflation assumption (CPI)	2.40 %	2.10 %
Commutation of pensions to lump sums	50.00 %	50.00 %

Branston Academy Trust
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 August 2017

21. Pension commitments (continued)

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

	2017	2016
Retiring today		
Males	22.1 years	22.2 years
Females	24.4 years	24.4 years
Retiring in 20 years		
Males	24.1 years	24.5 years
Females	26.6 years	26.8 years

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Sensitivity analysis	At 31 August 2017 £	At 31 August 2016 £
0.5% decrease in Real Discount Rate	5,844,000	4,929,000
1 year increase in member life expectancy	-	4,431,000
0.5% increase in the Salary Increase Rate	5,270,000	4,553,000
0.5% increase in the Pension Increase Rate	5,729,000	4,656,000

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

	Fair value at 31 August 2017 £	Fair value at 31 August 2016 £
Equities	2,998,000	1,929,000
Debt instruments	461,000	326,000
Property	346,000	250,000
Cash and other liquid assets	38,000	-
Total market value of assets	<u>3,843,000</u>	<u>2,505,000</u>

The actual return on scheme assets was £504,000 (2016: £378,000).

Branston Academy Trust
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 August 2017

21. Pension commitments (continued)

Movements in the present value of the defined benefit obligation were as follows:

	2017 £	2016 £
Opening defined benefit obligation	4,302,000	2,796,000
Current service cost	352,000	222,000
Interest cost	94,000	111,000
Employee contributions	50,000	48,000
Actuarial losses	384,000	1,134,000
Effect of non-routine settlements	(17,000)	(9,000)
Closing defined benefit obligation	<u>5,165,000</u>	<u>4,302,000</u>

Movements in the fair value of the Academy's share of scheme assets:

	2017 £	2016 £
Opening fair value of scheme assets	2,505,000	1,900,000
Interest income	55,000	76,000
Actuarial gain	1,070,000	322,000
Employer contributions	181,000	168,000
Employee contributions	50,000	48,000
Assets acquired in a business combination	(17,000)	(9,000)
Closing fair value of scheme assets	<u>3,844,000</u>	<u>2,505,000</u>

	2017 £	2016 £
Total market value of assets	3,844,000	2,505,000
Present value of scheme liabilities - Funded	(5,156,000)	(4,302,000)
Net pension obligation	<u>(1,312,000)</u>	<u>(1,797,000)</u>

22. Operating lease commitments

At 31 August 2017 the total of the Academy trust's future minimum lease payments under non-cancellable operating leases was:

	2017 £	2016 £
Amounts payable:		
Within 1 year	4,354	5,582
Between 1 and 5 years	501	4,856
Total	<u>4,855</u>	<u>10,438</u>

Branston Academy Trust
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 August 2017

23. 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.

24. Related party transactions

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 12.