

REGISTERED COMPANY NUMBER: 08240680 (England and Wales)

**Governors' Report and
Financial Statements for the Year Ended 31 August 2016
for
BROOM LEYS PRIMARY SCHOOL ACADEMY TRUST
(A Company Limited by Guarantee)**

BROOM LEYS PRIMARY SCHOOL ACADEMY TRUST

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BROOM LEYS PRIMARY SCHOOL ACADEMY TRUST

Reference and Administrative Details for the Year Ended 31 August 2016

| | |
|--|--|
| Members | M R J Kirby S M Kirby (resigned 29 February 2016) M Worrell C Parker J Knifton (appointed 5 October 2016) |
| Governors | R D J Prior (Headteacher and accounting officer) * M Worrell (Chair) * H N Gilks C S Parker (Vice Chair) J Watson * M R J Kirby L Hicks (Staff) W Harris (Staff) M A Pearson A Rhoades M Burns A Marbrow J Knifton * M Miles-Reeve (appointed 30 October 2015) J Finn (Staff – appointed 26 November 2015) S M Kirby (resigned 29 February 2016) G Maclean (Staff – resigned 25 November 2015) * Members of the Finance Committee |
| Company Secretary | A Roe |
| Senior Management Team | |
| Head teacher | R D J Prior |
| Deputy Head teacher | H Malliff |
| Company Registration Number | 08240680 (England and Wales) |
| Principal address/Registered Office | Broom Leys Road Coalville Leicestershire LE67 4DB |

BROOM LEYS PRIMARY SCHOOL ACADEMY TRUST

**Reference and Administrative Details
for the Year Ended 31 August 2016**

Bankers

Lloyds TSB
20 Belvoir Road
Coalville
Leicestershire
LE67 3QH

Solicitors

Browne Jacobson LLP
Mowbray House
Castle Meadow Road
Nottingham
NG2 1BJ

Auditors

Accapita LLP
Christopher House
94b London Road
Leicester
LE2 0QS

BROOM LEYS PRIMARY SCHOOL ACADEMY TRUST

Governors' Report for the year ended 31 August 2016

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period from 1 September 2015 to 31 August 2016. The annual report serves the purposes of both a trustees' report, and a directors' report including a strategic report under company law.

The trust operates an academy for pupils aged 4 to 11 serving a catchment area in Coalville. It has a pupil capacity of 595 and had a roll of 566 in the school census on 6 October 2016.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

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

The governors of Broom Leys School Academy Trust are trustees for the purposes of charity law and are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as Broom Leys School Academy Trust.

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

Members' liability

Each member of the Charitable Company undertakes to contribute to the assets of the Charitable Company in the event of it being wound up while 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.

Governors' Indemnities

In accordance with normal commercial practice the academy has purchased insurance to protect governors from claims arising from negligent acts, errors or omissions occurring on academy business.

Principal Activities

The Academy Trust's principal activity, as set out in its articles of association and funding agreement is to advance for the public benefit, education in the United Kingdom through its carrying on as a school offering a broad curriculum for pupils aged 4-11.

Method of Recruitment and Appointment or Election of Governors

There are currently four governors who are also members of the Trust. Recruitment of governors is outlined in the Memorandum and Articles of Association. Members may appoint additional governors. Governors, who themselves have not been appointed as a co-opted governor, may also co-opt additional governors. The appointment of staff governors is via a process of a staff ballot. Appointment of parent governors is made via a parent ballot.

Policies and Procedures Adopted for the Induction and Training of Governors

Governor induction training alongside a menu of specialised training is available through the local network of schools to support all new governors. The academy also buys into the Local Authority Governor Development Service who offer further training. Training is tailored to the needs of individual governors to assist with their membership of specific committees. A skills matrix is being developed to identify areas of strength and weakness.

Organisational Structure

The management structure within the academy has three levels: the Governing Body, the Senior Leadership Team and other Leadership Groups. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

BROOM LEYS PRIMARY SCHOOL ACADEMY TRUST

Governors' Report for the year ended 31 August 2016

The Governing Body performs a strategic role. Acting on the advice of the Headteacher, the Governing Body sets aims and objectives for the Academy Trust, adopts and monitors the strategic development plan and monitors the Academy Trust's use of central government funding. The Governing Body is also responsible for making major decisions on behalf of the Academy Trust, including budget setting, capital expenditure and senior staff appointments.

Some functions are delegated to the Headteacher and/or Senior Leadership Team, or designated Governing Body Committees of which there are four: Finance, Curriculum, Personnel, Premises/Health and Safety.

The Senior Leadership Team consists of the Headteacher/Accounting Officer, the Deputy Headteacher, four Phase Leaders (including one job share partner), the English and Mathematics Subject Leaders, the SENCo and the Business Manager. Under the direction of the Academy Financial Handbook and the Academy's Finance Policies, the Headteacher/Accounting Officer has overall responsibility for the financial management of the Academy Trust while the Business Manager/Principal Finance Officer manages the day-to-day financial procedures and processes.

The Headteacher, supported by the Senior Leadership Team, implements the strategic direction set by the Governing Body and manages the Academy Trust. Middle Leadership staff, including subject leaders, help to cascade the strategic direction and ensure consistent leadership and management across the Academy Trust.

Arrangements for Setting Pay and Remuneration of Key Management Personnel

The arrangements for setting the pay and remuneration for key management personnel is in line with the academy trust's pay policy which is reviewed on an annual basis.

Connected Organisations including Related Party Relationships

The academy is an active member of the Forest Way Teaching School Alliance and the North West Leicestershire School Sports Partnership. In addition, the academy works closely with the NHS, Leicestershire Police and other local agencies to support vulnerable pupils. The Friends of Broom Leys (parent association) help raise additional funding for the school through a range of fund raising events, all of the money raised is used to support provision for the pupils of the school by way of donations to the school.

OBJECTIVES AND ACTIVITIES

Objects and Aims

The main objective of the Academy Trust is to advance for the public benefit of education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum.

BROOM LEYS PRIMARY SCHOOL ACADEMY TRUST

Governors' Report for the year ended 31 August 2016

Objectives, Strategies and Activities

The main objectives of the Academy Trust during the year ended 31 August 2016 in accordance with agreed policies and development plan strategies are:

- provide opportunities for pupils to live a healthy and active lifestyle.
- allow pupils to make mistakes in a safe environment;
- develop pupil's confidence and a feeling of self-esteem and worth;
- celebrate the achievements of individuals and the whole school;
- provide equality of opportunity and access to a broad and balanced curriculum;
- provide a wide and appropriate range of learning experiences and teaching styles;
- maximise the use of facilities and resources in school and the wider community;
- ensure a balance of skills and expertise in all staff and support their development;
- encourage creativity and initiative in all members of the school community;
- give pupils the opportunity to develop a caring and responsible attitude to themselves and each other;
- provide opportunities for pupils to learn to value and respect people, property and the environment;
- provide experiences and develop an understanding of cultural diversity;
- respect and value pupils' home background and the contributions their parents can make;
- enable pupils to develop a sense of community and responsible citizenship
- develop abilities to ask and answer questions in order to make informed choices and develop autonomy;
- teach pupils to make informed choices;
- teach pupils the basic skills which will enable them to succeed in their future lives
- develop each child's individual potential;

Activities for Achieving Objectives

- comply with all statutory requirements
- conduct the academy's business in accordance with high standards of integrity, probity and transparency
- ensure value for money
- act upon the recommendations of OfSTED and other external advisers to work towards the achievement of improved outcomes

Public Benefit

The governors confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit Section 4 of the Charities Act 2006, when reviewing the Charity's aims and objectives and in planning future activities. In particular the governors consider how planned activities will contribute to the aims and objectives they have set.

The Academy Trustees have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission in exercising their powers or duties.

BROOM LEYS PRIMARY SCHOOL ACADEMY TRUST

Governors' Report for the year ended 31 August 2016

STRATEGIC REPORT

Achievement and performance

All of the objectives listed above under the heading 'Objectives, Strategies and Activities' were achieved to a satisfactory standard or above.

Key Performance Indicators

In 2016, the new more challenging national curriculum, which was introduced in 2014, was assessed by new tests and interim frameworks for teacher assessment. Results are no longer reported as levels. Pupils now 'do not achieve the expected standard', 'achieve the expected standard' or 'achieve above the expected standard'.

Because of these changes, figures for 2016 are not comparable to those for earlier years. The expectations for pupils at the end of key stages 1 and 2 have been raised. Given the differences from previous years to the curriculum and assessments, levels are not comparable with scaled scores or teacher assessment outcomes.

In this academy attainment was in line with, or above, national averages at Key Stage 2 in 2016:

| | Achieving the expected standard | | Achieving above the expected standard | |
|---------------------------------|---------------------------------|----------|---------------------------------------|----------|
| | Broom Leys | National | Broom Leys | National |
| Reading, Writing & Mathematics | 57% | 53% | 4% | 5% |
| Reading | 67% | 66% | 10% | 19% |
| Writing | 89% | 74% | 17% | 15% |
| Mathematics | 71% | 70% | 25% | 17% |
| Grammar, Punctuation & Spelling | 79% | 72% | 24% | 22% |

If a child achieves the expected standard in a test they are awarded a scaled score of 100. The average scaled scores for pupils at this academy were:

| | Broom Leys | National |
|-----------------------------------|------------|----------|
| Reading | 102.3 | 102.6 |
| Mathematics | 104.1 | 103.0 |
| Grammar, Punctuation and Spelling | 104.3 | 104.0 |

Progress measures for this academy in 2016 were:

| | |
|-------------|-------|
| Reading | -0.52 |
| Writing | +2.08 |
| Mathematics | +0.87 |

The progress figures above place this academy in the following percentiles when compared against other schools and academies nationally:

| Percentiles | Reading | Writing | Mathematics |
|-------------|----------------|----------------|----------------|
| Top 5% | 4.6 and above | 4.4 and above | 4.3 and above |
| Next 20% | 1.8 to 4.5 | 1.9 to 4.3 | 1.6 to 4.2 |
| Next 15% | 0.7 to 1.7 | 0.8 to 1.8 | 0.6 to 1.5 |
| Middle 20% | -0.6 to 0.6 | -0.5 to 0.7 | -0.6 to 0.5 |
| Next 15% | -1.6 to -0.7 | -1.6 to -0.6 | -1.6 to -0.7 |
| Next 20% | -4.0 to -1.7 | -4.8 to -1.7 | -4.0 to -1.7 |
| Bottom 5% | -4.1 and below | -4.9 and below | -4.1 and below |

BROOM LEYS PRIMARY SCHOOL ACADEMY TRUST

Governors' Report for the year ended 31 August 2016

STRATEGIC REPORT

Achievement and performance

The Academy Trust tracks the attendance and behaviour of all pupils. Attendance, at 96% for the year, was similar to 2014 and 2015. It was in line with the national average. This was secured through the deployment of a Pastoral Support Worker and Attendance Improvement Officer to target those pupils whose attendance required improvement.

The Academy was inspected in September 2014 and was recognised as a Good School. The recommendations of the OfSTED team formed the basis of the school's development plan for 2014/15 and all recommendations were acted upon.

Key financial performance indicators

The Academy Trust prepares management accounts and an annual budget against which the actual income and expenditure are closely monitored. The management accounts and budget are presented to the Finance Committee together with relevant supporting documentation. Any material budget variations are agreed with governors prior to commitment of the expenditure. The annual budget is approved by the Full Board of Governors.

Going concern

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

Financial review

Principal funding sources

The majority of the Academy Trust'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 year ended 31 August 2016 and the associated expenditure are shown as restricted funds in the statement of financial activities.

During the year ended 31 August 2016, the total expenditure of £2,618,780 was covered by General Annual Grant funding from the DfE together with Pupil Premium income and other fund income. The incoming resources during the year ended 31 August 2016 were £2,555,625. The overall deficit for the year ended 31 August 2016 was £341,155 after depreciation charges of £72,283 and actuarial losses on the LGPS pension scheme of £278,000.

Investment policy

The Academy Trust aims to manage its cash balances to provide for the day-to-day working capital requirements of its operations, whilst protecting the real long-term value of any surplus cash balances against inflation. The objective is to optimise returns but also ensure that investments are such that there is no risk of loss to these cash funds.

BROOM LEYS PRIMARY SCHOOL ACADEMY TRUST

Governors' Report for the year ended 31 August 2016

STRATEGIC REPORT

Financial review

Reserves policy

The Governors review the reserve levels of the Academy Trust annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of cash reserves. The Governors have determined that the appropriate level of free reserves should remain between 5% and 10% of income to provide sufficient working capital to enable the Academy Trust to manage its cash flow efficiently thus to cover delays between spending and receipt of grants, to manage annual variations in pupil numbers and to provide a buffer for unexpected emergencies. The current level of reserves exceeds the target level, being closer to 15% of income, but this was considered appropriate in the light of the major repair works which are needed to the roof and the continuing uncertainties over funding and pupil numbers. The Academy Trust also aims to carry forward a prudent level of received income for future capital development repair and replacement of educational equipment and materials and to improve the academy facilities and updating of buildings.

In accounting for the Local Government Pension Scheme (LGPS) the academy trust has recognised a pension fund deficit included in restricted funds, resulting in a deficit on the restricted funds. The amount of the deficit on the pension scheme does not represent an immediate liability which will crystallise but rather is expected to result in an increase in contributions by the academy trust over a period of years, to be met from the academy trust's budgeted annual income. Whilst the increased contributions may not eliminate the deficit on the scheme there should be no actual cashflow deficit on the fund, or direct impact on the free reserves of the academy trust as a consequence of recognising the deficit.

Principal risks and uncertainties

The trustees have responsibility to assess the strategic risks to which the Academy is exposed. These are reviewed regularly and are included in the Risk Register and Risk Policy and include:

- Strategic and Reputational Risks
- Operational Risks
- Compliance Risks
- Financial Risks

Control measures are in place to manage the identified risks, the key risks being that of reduced pupil numbers due to a fall in the birth rate in the catchment area affecting the level of funding and future Government cuts. Active promotion of the Academy Trust is maintained and budgets monitored carefully over a 3 year period to manage any reduction in funding.

Risk Management

The governors have a duty to identify and review the risks to which the academy is exposed and to ensure appropriate controls are in place to provide reasonable assurance against fraud and error.

A risk management review has been conducted using guidelines provided by the EFA. The assessment involves identifying the types of risks the Academy Trust faces, prioritising them into operational and financial impacts, assessing the likelihood and impact of such an occurrence on the Academy Trust, and the implementation of controls to mitigate such risks. The risk register is a live document which is reviewed regularly with governors and management.

BROOM LEYS PRIMARY SCHOOL ACADEMY TRUST

Governors' Report for the year ended 31 August 2016

STRATEGIC REPORT

Principal risks and uncertainties

Key controls used by the academy include :

- detailed terms of reference for all committees
- Formal agendas for the academy board & committees
- A revised governors delegation planner
- schemes of delegation & formal financial regulations
- Formal written policies
- clear authorisation & approval levels

The risk register contains details of risks to which our organisation is exposed. It identifies key risks, the likelihood of those risks occurring, their potential impact on the academy and the actions being taken to avoid, reduce and mitigate the risks. The register includes controls in place to minimise and mitigate potential impact on the academy.

The most consistent risks are identified below:

-Government Funding - the academy is reliant on continued government funding through the EFA under the DFE Funding agreement.

-Maintaining adequate funding of pension liabilities - the financial statements reflect the share of the local government pension scheme deficit on the academy's balance sheet in line with the requirements of FRS 102 and the Charities SORP.

The academy takes professional advice on the position and makes appropriate contributions on the basis of that advice to ensure the deficit does not become unmanageable

-Staffing costs - the academy is mindful of the rise in staffing costs - the staff, having transferred from the local authority employer to the academy trust, maintain the same terms and conditions, and are subject to the same pay increases and pay freezes.

Financial and risk management objectives and policies

The Academy Trust practices through its board, namely the Governing Body and the constituted sub-committees, risk management principles. Any major risks highlighted at any sub-committee are brought to the main Board with proposed mitigating actions and they continue to be reported until the risk is adequately mitigated.

The Governing Body accepts managed risk as an inevitable part of its operations but maintains an objective not to run unacceptable levels of risk in any area. The subjective nature of this process required major risks to be resolved by the Governing Body collectively, whilst more minor risks are dealt with by Senior Leadership.

Plans for future periods

The Academy Trust will continue to strive to further improve the standard of teaching & learning to improve academic performance through rigorous performance management techniques and targeted curriculum development strategies.

BROOM LEYS PRIMARY SCHOOL ACADEMY TRUST

**Governors' Report
for the year ended 31 August 2016**

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the governors are aware, there is no relevant information (as defined by Section 418 of the Companies Act 2006) of which the academy's auditors are unaware, and each governor has taken all the steps that they ought to have taken as a governor in order to make them aware of any audit information and to establish that the academy's auditors are aware of that information.

AUDITORS

The auditors, Accapita LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Governors' report, incorporating a strategic report, approved by order of the board of governors, as the company directors, on12.....2016..... and signed on the board's behalf by:

.....*M Worrell*.....

M Worrell - Chair of Governors

BROOM LEYS PRIMARY SCHOOL ACADEMY TRUST

Governance Statement for the Year Ended 31 August 2016

Scope of Responsibility

As governors, we acknowledge we have overall responsibility for ensuring that Broom Leys Primary School 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 of loss.

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

Governance

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

| Governors | Meetings attended | Out of a possible |
|---|-------------------|-------------------|
| M Burns | 2 | 4 |
| M R J Kirby | 3 | 4 |
| W Harris (staff) | 3 | 4 |
| C S Parker | 4 | 4 |
| M A Pearson | 3 | 4 |
| R D J Prior (accounting officer) | 4 | 4 |
| L Hicks (staff) | 2 | 4 |
| J Watson | 3 | 4 |
| M Worrell (chair) | 4 | 4 |
| H N Gilks | 4 | 4 |
| S M Kirby (term of office ended 29 February 2016) | 1 | 2 |
| J Knifton | 4 | 4 |
| A Rhoades | 3 | 4 |
| A Marbrow | 4 | 4 |
| J Finn (appointed 25 November 2015) | 3 | 3 |
| M Miles-Reeve (appointed 30 October 2015) | 3 | 4 |
| G Maclean (resigned 25 November 2015) | 1 | 1 |

During the year 15/16 there was 1 staff governor resignation and 1 community governor whose term of office ended together with 2 community governor vacancies. The staff vacancy was filled after following the nominations and election procedures. As at September 2015 there were 2 vacancies for community governors - One appointment was made in October 2015, and following the end of term of office in February 2016 there is one further vacancy for a community trustee. The board of trustees undertook a skills matrix to indicate areas of expertise that would strengthen the trustees and it is for these areas of expertise that community governors are required. It is hopeful that these 2 community vacancies will be filled during 2016 - 2017 to strengthen the board of trustees.

Governors have fully reviewed the terms of reference for each committee during the year, and formulated a new delegation planner in line with the terms of reference.

BROOM LEYS PRIMARY SCHOOL ACADEMY TRUST

Governance Statement for the Year Ended 31 August 2016

The Finance and Audit Committee is a sub-committee of the main governing body. Its purpose is to provide guidance and assistance to the head teacher and governing body in matters relating to budgeting and finance within the agreed terms of the academy's funding agreement and other Government pronouncements. The committee has met 4 times during the year to discuss all aspects of financial management, budget control, capital projects, site maintenance and development. Attendance at meetings during the period was as follows:

| Members | Meetings attended | Out of a possible |
|----------------------------------|-------------------|-------------------|
| J Watson | 4 | 4 |
| R D J Prior (Accounting officer) | 4 | 4 |
| M Worrell | 3 | 4 |
| J Knifton (Chair) | 4 | 4 |

Committee members are appointed each September, to ensure each committee is quorate and trustees have the expertise for the role. The appointment of J Knifton as a parent Trustee in March 2015 has strengthened the finance committee as she is FCCA qualified and she was nominated as chair for the year 2015/16.

Committee Structure

Each committee has a chairperson & vice chairperson (annual appointment) and minutes are taken by the clerk to governors. Minutes from each committee are shared with all governors prior to each full governors meeting and governors has the opportunity to question, challenge and request further information from committee members. The governing body is a self - evaluating body drawing on good practice from other governing bodies and from governor training and conferences.

Governors have made a decision during 2015-16 to review the structure of the committees and from 2016-2017, committee structure will be as follows :-

- Resources Committee to include Finance, Audit, Personnel & Premises.
- Strategic development
- Curriculum
- Pay committee

Review of Value for Money

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

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

- Negotiating new supplier and contracts for photocopiers saving on print costs approx. £2k per annum
- Redeployment of existing classroom support staff following the departure of permanent staff - any new appointments have been made on a temporary basis too.
- Undertaking tendering process for roof repairs
- Purchasing stock that is considered to be best value and setting limits on stock expenditure
- Working together with other members of the Forest Way Teaching School Alliance to jointly create a new Life after Levels assessment system and continual review throughout the year.

BROOM LEYS PRIMARY SCHOOL ACADEMY TRUST

Governance Statement for the Year Ended 31 August 2016

Review of Value for Money

-Implementation of a rolling programme of energy efficiency savings, to include replacement percussion taps, timed light switches, energy-efficient light bulbs and a replacement boiler for the kitchen. Whilst there is an initial cost involved, the long-term benefits will be reduced energy use and, therefore, reduced energy costs.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Broom Leys Primary School Academy Trust for the period 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of governors has reviewed the key risks to which the academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of governors is of the view that there is a formal on-going process for identifying, evaluating and managing the academy's significant risks that has been in place for the period 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of governors.

The Risk and Control Framework

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

- Comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;
- Regular reviews by the Finance and Audit Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- Setting targets to measure financial and other performance;
- Clearly defined purchasing (asset purchase or capital investment) guidelines;
- Delegation of authority and segregation of duties;
- Identification and management of risks

The board of trustees has considered the need for a specific internal audit function and has decided to appoint Leicestershire County Council Internal Audit Service (LCCIAS) as internal auditor.

The internal auditor's (LCCIAS) role includes giving advice on financial matters and performing a range of checks on the academy trusts financial systems. LCC Internal Audit Services will undertake a programme of activity (including audits) set out in a service level agreement.

In particular the checks carried out in the current period included :

- Testing of payroll systems
- Testing of purchase systems
- Testing of control account / bank reconciliations
- The financial responsibilities of the Governing Body are being properly discharged.
- Resources are being managed in an efficient, economical and effective manner
- Sound systems of internal control are being maintained and financial considerations are fully taken into account in reaching decisions

BROOM LEYS PRIMARY SCHOOL ACADEMY TRUST

**Governance Statement
for the Year Ended 31 August 2016**

The Risk and Control Framework

A 'financial audit check' was undertaken by LCC IAS in June 2016 which involved an appraisal of the Academy's financial system and procedures and a review of the internal controls in place surrounding both financial and governance issues. This full audit follows previous annual reviews - a full audit undertaken in April 2012 and two financial health checks in 2013, 2014 & 2015.

Following the review LCCIAS completes a written report and which is forwarded to the board of trustees, through the finance and audit committee, on the operation of the systems of control and on the discharge of the board of trustees' financial responsibility.

The report comments that appropriate controls were in place and operating satisfactorily and the risk of failing to achieve objectives is mitigated.

A number of recommendations were made to bring about improvements, but none of these have a high importance rating signifying a serious control weakness has been identified. During the year the school had identified a high level of dinner money debts (money not collected from parents) and steps have been made to reduce these by the introduction of a new Dinner Money policy which has been circulated to parents.

The report from the Internal Auditor is presented to the Finance Committee at the autumn meeting and subsequently this is reported to the board of governors

Review of Effectiveness

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


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

This supports the Trustees' view that the Academy is effective in carrying out its responsibilities.

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

Approved by order of the members of the board of trustees on 1. 12. 2016 and signed on its behalf by:


.....
M Worrell - Chair of Governors


.....
R D J Prior - Accounting Officer

BROOM LEYS PRIMARY SCHOOL ACADEMY TRUST

**Statement on Regularity, Propriety and Compliance
for the year ended 31 August 2016**

As accounting officer of Broom Leys Primary School Academy Trust I have considered my responsibility to notify the academy board of governors and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

I confirm that I and the academy board of governors are able to identify any material irregular or improper use of funds by the academy, or material non-compliance with the terms and conditions of funding under the academy's funding agreement and the Academies Financial Handbook 2015.

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



.....
R D J Prior - Accounting Officer

Date: 1. 12 . 2016

BROOM LEYS PRIMARY SCHOOL ACADEMY TRUST

Statement of Governors Responsibilities for the year ended 31 August 2016

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016;
- make judgements and 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 academy 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the 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 EFA/DfE have been applied for the purposes intended.

-state whether applicable UK Accounting Standards [FRS 102] have been followed, subject to any material departures disclosed and explained in the financial statements;

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

Approved by order of the board of governors on1.12.2016..... and signed on it's behalf by:

.....*M Worrell*.....

M Worrell - Chair of Governors

Report of the Independent Auditors to the Members of Broom Leys Primary School Academy Trust

We have audited the financial statements of Broom Leys Primary School Academy Trust for the year ended 31 August 2016 on pages twenty one to forty six. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Accounts Direction 2015 to 2016 issued by the Education Funding Agency (EFA).

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

Respective responsibilities of governors and auditors

As explained more fully in the Statement of Governors Responsibilities set out on page sixteen, the governors (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the academy's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the governors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Governors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

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

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Governors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Report of the Independent Auditors to the Members of
BROOM LEYS PRIMARY SCHOOL ACADEMY TRUST**

Matters on which we are required to report by exception

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

- 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.



Rakesh Sonigra FCCA (Senior Statutory Auditor)
for and on behalf of Accapita LLP
Statutory Auditor
Christopher House
94b London Road
Leicester
LE2 0QS

Date: 12 / 12 / 2016

Independent Reporting Accountant's Assurance Report on Regularity to Broom Leys Primary School Academy Trust and the Education Funding Agency

In accordance with the terms of our engagement and further to the requirements of the Education Funding Agency (EFA), as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Broom Leys Primary School Academy Trust during the period 1 September 2015 to 31 August 2016 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 Broom Leys Primary School Academy Trust and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Broom Leys Primary School Academy Trust and the EFA 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 Broom Leys Primary School Academy Trust and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Broom Leys Primary School Academy Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Broom Leys Primary School Academy Trust's funding agreement with the Secretary of State for Education and the Academies Financial Handbook, extant from 1 September 2015, 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 2015 to 2016. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2015 to 2016 issued by the EFA. 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 conclusions includes:

- a review of activities undertaken by the academy to confirm that they conform with the academy trust's framework of authorities.
- a review of expenditure confirming items are authorised within the academy trust's delegated authorities and are within the academy trust's framework of authorities.
- an evaluation of the general control environment of the academy trust for the purposes of regularity.

**Independent Reporting Accountant's Assurance Report on Regularity to
Broom Leys Primary School Academy Trust and the Education Funding Agency**

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2015 to 31 August 2016 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Reporting Accountant
Accapita LLP
Chartered Certified Accountants
Christopher House
94b London Road
Leicester
LE2 0QS

Date:12/12/2016.....

BROOM LEYS PRIMARY SCHOOL ACADEMY TRUST

**Statement of Financial Activities
(Incorporating an Income and Expenditure Account)
for the year ended 31 August 2016**

| | | | | 2016 | 2015 | |
|---|-----------|----------------------|---------------------|-----------------------------------|-------------|-------------|
| | | Unrestricted fund | Restricted funds | Restricted Fixed Asset Fund | Total funds | Total funds |
| | Not es | £ | £ | £ | £ | £ |
| INCOME AND ENDOWMENTS FROM | | | | | | |
| Donations and capital grants | 2 | 2,811 | 32,508 | 10,142 | 45,461 | 31,383 |
| Charitable activities | | | | | | |
| Funding for the academy's educational operations | 3 | - | 2,451,742 | - | 2,451,742 | 2,389,518 |
| Other trading activities | 4 | 25,935 | 31,230 | - | 57,165 | 45,845 |
| Investment income | 5 | 1,257 | - | - | 1,257 | 483 |
| Total | | 30,003 | 2,515,480 | 10,142 | 2,555,625 | 2,467,229 |
| EXPENDITURE ON | | | | | | |
| Raising funds | 7 | 7 | - | - | 7 | 705 |
| Charitable activities | | | | | | |
| Academy's educational operations | | - | 2,546,490 | 72,283 | 2,618,773 | 2,507,546 |
| Total | 6 | 7 | 2,546,490 | 72,283 | 2,618,780 | 2,508,251 |
| NET INCOME/(EXPENDITURE) | | | | | | |
| | | 29,996 | (31,010) | (62,141) | (63,155) | (41,022) |
| Transfers between funds | 19 | - | (27,486) | 27,486 | - | - |
| Other recognised gains/(losses) | | | | | | |
| Actuarial gains/losses on defined benefit schemes | | - | (278,000) | - | (278,000) | - |
| Net movement in funds | | 29,996 | (336,496) | (34,655) | (341,155) | (41,022) |

The notes form part of these financial statements

BROOM LEYS PRIMARY SCHOOL ACADEMY TRUST

**Statement of Financial Activities - continued
(Incorporating an Income and Expenditure Account)
for the Year Ended 31 August 2016**

| | | | | 2016 | 2015 |
|------------------------------------|-----------------------------|-----------------------------|-----------------------------------|-----------------------------|-----------------------------|
| | Unrestricted fund | Restricted funds | Restricted Fixed Asset Fund | Total funds | Total funds |
| Notes | £ | £ | £ | £ | £ |
| RECONCILIATION OF FUNDS | | | | | |
| Total funds brought forward | 50,647 | (524,066) | 3,089,486 | 2,616,067 | 2,657,089 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| TOTAL FUNDS CARRIED FORWARD | <u>80,643</u> | <u>(860,562)</u> | <u>3,054,831</u> | <u>2,274,912</u> | <u>2,616,067</u> |

CONTINUING OPERATIONS

All income and expenditure derive from continuing activities.

The statement of financial activities includes all gains and losses recognised during the period.

BROOM LEYS PRIMARY SCHOOL ACADEMY TRUST (REGISTERED NUMBER: 08240680)

**Balance Sheet
At 31 August 2016**

| | Notes | 2016 £ | 2015 £ |
|---|-------|-------------------------|-------------------------|
| FIXED ASSETS | | | |
| Tangible assets | 13 | 3,051,689 | 3,089,486 |
| CURRENT ASSETS | | | |
| Debtors | 14 | 86,206 | 74,617 |
| Cash at bank | | <u>501,323</u> | <u>461,965</u> |
| | | 587,529 | 536,582 |
| CREDITORS | | | |
| Amounts falling due within one year | 15 | <u>(116,306)</u> | <u>(111,001)</u> |
| NET CURRENT ASSETS | | <u>471,223</u> | <u>425,581</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 3,522,912 | 3,515,067 |
| NET ASSETS EXCLUDING PENSION LIABILITY | | 3,522,912 | 3,515,067 |
| PENSION LIABILITY | 20 | <u>(1,248,000)</u> | <u>(899,000)</u> |
| NET ASSETS | | <u><u>2,274,912</u></u> | <u><u>2,616,067</u></u> |
| FUNDS | 19 | | |
| Unrestricted funds: | | | |
| General fund | | 80,643 | 50,647 |
| Restricted funds: | | | |
| Restricted General Fund | | 387,438 | 374,935 |
| Restricted Fixed Asset Fund | | 3,054,831 | 3,089,485 |
| Pension Reserve | | <u>(1,248,000)</u> | <u>(899,000)</u> |
| | | <u>2,194,269</u> | <u>2,565,420</u> |
| TOTAL FUNDS | | <u><u>2,274,912</u></u> | <u><u>2,616,067</u></u> |

The notes form part of these financial statements

**Balance Sheet - continued
At 31 August 2016**

The financial statements were approved by the Board of Governors and authorised for issue on
..... 1. 12. 2016..... and were signed on its behalf by:

..... M. Worrell.....
M Worrell - Chair of Governors

BROOM LEYS PRIMARY SCHOOL ACADEMY TRUST

**Cash Flow Statement
for the year ended 31 August 2016**

| | Notes | 2016 £ | 2015 £ |
|---|-------|-----------------|-----------------|
| Cash flows from operating activities: | | | |
| Cash generated from operations | 23 | <u>82,730</u> | <u>56,673</u> |
| Net cash provided by (used in) operating activities | | <u>82,730</u> | <u>56,673</u> |
| Cash flows from investing activities: | | | |
| Purchase of tangible fixed assets | | (34,486) | (67,706) |
| Capital grants from DfE/EFA | | (10,143) | - |
| Interest received | | <u>1,257</u> | <u>483</u> |
| Net cash provided by (used in) investing activities | | <u>(43,372)</u> | <u>(67,223)</u> |
| Change in cash and cash equivalents in the reporting period | | | |
| | | 39,358 | (10,550) |
| Cash and cash equivalents at the beginning of the reporting period | 24 | <u>461,965</u> | <u>472,515</u> |
| Cash and cash equivalents at the end of the reporting period | 24 | <u>501,323</u> | <u>461,965</u> |

The notes form part of these financial statements

BROOM LEYS PRIMARY SCHOOL ACADEMY TRUST

Notes to the financial statements for the year ended 31 August 2016

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements of the academy, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Academies Accounts Direction 2015 to 2016 issued by the EFA, the Charities Act 2011 and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Broom Leys Primary School Academy Trust meets the definition of a public benefit entity under FRS 102.

First time adoption of FRS 102

These financial statements are the first financial statements of Broom Leys Primary School Academy Trust prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Charities SORP 2015. The financial statements of Broom Leys Primary School Academy Trust for the year ended 31 August 2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the trustees have amended certain accounting policies to comply with FRS 102 and SORP 2015.

Reconciliations to previous UK GAAP for the comparative figures are included in note 25.

Going concern

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the academy trust to continue as a going concern. The trustees make this assessment in respect of a period of 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.

Income

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

BROOM LEYS PRIMARY SCHOOL ACADEMY TRUST

Notes to the Financial Statements - continued for the year ended 31 August 2016

1. ACCOUNTING POLICIES - continued

Grants

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

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

Capital grants are recognised 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

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

Other income

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

Donated goods, facilities and services

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

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

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the academy to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

BROOM LEYS PRIMARY SCHOOL ACADEMY TRUST

Notes to the Financial Statements - continued for the year ended 31 August 2016

1. ACCOUNTING POLICIES - continued

Raising funds

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.

Charitable activities

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

Tangible fixed assets

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

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the academy's depreciation policy.

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

| | |
|----------------------------------|--|
| Land | straight line over the period of the lease |
| Long leasehold buildings | 2% on cost |
| Fixtures, fittings and equipment | 10% on reducing balance |
| Office and computer equipment | 33% on reducing balance |

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

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

The school buildings have been leased to the academy trust on a 125 year lease at a peppercorn rent. It has been ascertained that the risks and rewards of the property lie substantially with the academy and a reasonable estimate of the gross value is included within fixed assets. Their valuation is at an estimation of depreciated replacement cost on the basis that the assets represent specialised property and an open market value for existing use is not readily available.

BROOM LEYS PRIMARY SCHOOL ACADEMY TRUST

Notes to the Financial Statements - continued for the year ended 31 August 2016

1. ACCOUNTING POLICIES - continued

Liabilities

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

Leased Assets

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

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.

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

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

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 20, 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 2016. 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.

BROOM LEYS PRIMARY SCHOOL ACADEMY TRUST

Notes to the Financial Statements - continued for the year ended 31 August 2016

1. ACCOUNTING POLICIES - continued

Pension benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 20, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

2. DONATIONS AND CAPITAL GRANTS

| | Unrestricted funds £ | Restricted funds £ | 2016 Total funds £ | 2015 Total funds £ |
|------------------------|----------------------------|--------------------------|-----------------------------|-----------------------------|
| Donations | 2,811 | - | 2,811 | 3,894 |
| Parental contributions | - | 32,507 | 32,507 | 27,487 |
| DfE/EFA capital grants | - | 10,143 | 10,143 | - |
| | <u>2,811</u> | <u>42,650</u> | <u>45,461</u> | <u>31,383</u> |

BROOM LEYS PRIMARY SCHOOL ACADEMY TRUST

**Notes to the Financial Statements - continued
for the year ended 31 August 2016**

3. FUNDING FOR THE ACADEMY'S EDUCATIONAL OPERATIONS

| | Unrestricte d Funds £ | Restricted Funds £ | Total 2016 £ | Total 2015 £ |
|--------------------------------|--------------------------------|--------------------------|--------------------|--------------------|
| DfE/EFA revenue grants | | | | |
| - General Annual Grant (GAG) | - | 2,122,778 | 2,122,778 | 2,047,631 |
| - Capital grants | - | - | - | 20,983 |
| - Other DfE/EFA grants | - | 275,973 | 275,973 | 274,196 |
| | | <u>2,398,751</u> | <u>2,398,751</u> | <u>2,342,810</u> |
| Other Government grants | | | | |
| - Local authority grants | - | 49,991 | 49,991 | 42,709 |
| - Other government funding | - | 3,000 | 3,000 | 4,000 |
| | | <u>52,991</u> | <u>52,991</u> | <u>46,709</u> |
| | | <u>2,451,742</u> | <u>2,451,742</u> | <u>2,389,519</u> |

4. OTHER TRADING ACTIVITIES

| | Unrestricted funds £ | Restricted funds £ | 2016 Total funds £ | 2015 Total funds £ |
|------------------------|----------------------------|--------------------------|-----------------------------|-----------------------------|
| Fundraising activities | 2,697 | - | 2,697 | 2,152 |
| Hire of facilities | 5,856 | - | 5,856 | 3,774 |
| Catering income | - | 31,230 | 31,230 | 31,863 |
| Sale of uniforms | 2,066 | - | 2,066 | 173 |
| Training income | <u>15,316</u> | - | <u>15,316</u> | <u>7,883</u> |
| | <u>25,935</u> | <u>31,230</u> | <u>57,165</u> | <u>45,845</u> |

5. INVESTMENT INCOME

| | Unrestricted funds £ | Restricted funds £ | 2016 Total funds £ | 2015 Total funds £ |
|--------------------------|----------------------------|--------------------------|-----------------------------|-----------------------------|
| Deposit account interest | <u>1,257</u> | - | <u>1,257</u> | <u>483</u> |

BROOM LEYS PRIMARY SCHOOL ACADEMY TRUST

**Notes to the Financial Statements - continued
for the year ended 31 August 2016**

6. EXPENDITURE

| | | | | 2016 | 2015 |
|---|------------------|---------------------------------|----------------|------------------|------------------|
| | Staff costs | Non-pay expenditure Premises | Other costs | Total | Total |
| | £ | £ | £ | £ | £ |
| Raising funds | | | | | |
| Costs incurred by trading for a fundraising purpose | - | - | 7 | 7 | 705 |
| Charitable activities | | | | | |
| Academies educational operations | | | | | |
| Direct costs | 1,734,517 | 70,985 | 155,207 | 1,960,709 | 1,878,404 |
| Allocated support costs | <u>259,855</u> | <u>168,673</u> | <u>229,856</u> | <u>658,064</u> | <u>629,142</u> |
| | <u>1,994,372</u> | <u>239,658</u> | <u>384,743</u> | <u>2,618,780</u> | <u>2,508,251</u> |

Net resources are stated after charging/(crediting):

| | 2016 | 2015 |
|--|--------------|--------------|
| | £ | £ |
| Auditors' remuneration | 6,150 | 6,000 |
| Auditors' remuneration of non-audit work | 1,441 | 1,400 |
| Depreciation - leased assets | 53,857 | 48,130 |
| Depreciation - owned assets | 18,426 | 13,629 |
| Operating leases | <u>1,999</u> | <u>1,912</u> |

Included within resources expended are the following transactions.

| | Total £ | Individual items above £5,000 | |
|---------------------|---------|----------------------------------|--------|
| | | Amount £ | Reason |
| Unrecoverable debts | 1,853 | - | - |

BROOM LEYS PRIMARY SCHOOL ACADEMY TRUST

**Notes to the Financial Statements - continued
for the year ended 31 August 2016**

7. RAISING FUNDS

Costs incurred by trading for a fundraising purpose

| | Unrestricted funds £ | Restricted funds £ | 2016 Total funds £ | 2015 Total funds £ |
|-----------|----------------------------|--------------------------|-----------------------------|-----------------------------|
| Purchases | <u>7</u> | <u>-</u> | <u>7</u> | <u>705</u> |

8. CHARITABLE ACTIVITIES - ACADEMY'S EDUCATIONAL OPERATIONS

| | Unrestricted funds £ | Restricted funds £ | 2016 Total funds £ | 2015 Total funds £ |
|----------------------|----------------------------|--------------------------|-----------------------------|-----------------------------|
| Direct costs | - | 1,960,709 | 1,960,709 | 1,878,404 |
| Support costs | <u>-</u> | <u>658,064</u> | <u>658,064</u> | <u>629,142</u> |
| | <u>-</u> | <u>2,618,773</u> | <u>2,618,773</u> | <u>2,507,546</u> |

| | 2016 Total £ | 2015 Total £ |
|----------------------------------|--------------------|--------------------|
| Analysis of support costs | | |
| Support staff costs | 259,855 | 267,296 |
| Technology costs | 6,482 | 8,414 |
| Premises costs | 154,792 | 140,082 |
| Other support costs | 215,499 | 190,771 |
| Governance costs | <u>21,436</u> | <u>22,579</u> |
| Total support costs | <u>658,064</u> | <u>629,142</u> |

BROOM LEYS PRIMARY SCHOOL ACADEMY TRUST

Notes to the Financial Statements - continued for the year ended 31 August 2016

9. GOVERNORS' REMUNERATION AND BENEFITS

One or more governors have been paid remuneration or have 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 staff members under their contracts of employment. The value of governors' remuneration and other benefits was as follows:

| | |
|---|--|
| R D J Prior (principal and staff trustee) | |
| Remuneration | £65,000 - £70,000 (2015 : £65,000 - £70,000) |
| Employer's pension contributions | £10,000 - £15,000 (2015 : £5,000 - £10,000) |
| W Harris (staff trustee) | |
| Remuneration | £15,000 - £20,000 (2015 : £20,000 - £25,000) |
| Employer's pension contributions | £0 - £5,000 (2015 : £0 - £5,000) |
| J J Bicknell (staff trustee) | |
| Remuneration | £nil (2015 : £5,000 - £10,000) |
| Employer's pension contributions | £nil (2015 : £0 - £5,000) |
| J Finn (staff trustee) | |
| Remuneration | £25,000 - £30,000 (2015 : £nil) |
| Employer's pension contributions | £0 - £5,000 (2015 : £nil) |
| L Hicks (staff trustee) | |
| Remuneration | £10,000 - £15,000 (2015 : £15,000 - £20,000) |
| Employer's pension contributions | £0 - £5,000 (2015 : £0 - £5,000) |
| G Maclean (staff trustee) | |
| Remuneration | £5,000 - £10,000 (2015 : £20,000 - £25,000) |
| Employer's pension contributions | £0 - £5,000 (2015 : £0 - £5,000) |
| D Baugh (staff trustee) | |
| Remuneration | £nil (2015 £20,000 - £25,000) |
| Employer's pension contributions | £nil (2015 : £0 - £5,000) |

Other related party transactions involving the trustees are set out in note 22.

Governors' expenses

During the year ended 31 August 2016 travel and subsistence expenses totalling £nil (2015 - £nil) were reimbursed to governors.

BROOM LEYS PRIMARY SCHOOL ACADEMY TRUST

**Notes to the Financial Statements - continued
for the year ended 31 August 2016**

10. STAFF COSTS

| | | |
|--|-------------------------|-------------------------|
| Staff costs during the period were: | 2016 | 2015 |
| | £ | £ |
| Wages and salaries | 1,514,022 | 1,532,929 |
| Social security costs | 93,344 | 83,615 |
| Operating costs of defined benefit pension schemes | <u>319,134</u> | <u>293,307</u> |
| | 1,926,500 | 1,909,851 |
| Supply staff costs | <u>67,872</u> | <u>47,734</u> |
| | <u><u>1,994,372</u></u> | <u><u>1,957,585</u></u> |

Staff severance payments

Included in staff costs are non-statutory/non-contractual severance payments totalling £nil (2015 : £9,374). Individually, the payments were nil (2015 : £9,374).

Staff numbers

The average number of persons (including senior management team) employed by the academy during the year, and the full time equivalents, was as follows:

| | 2016 No. | 2016 Full-time equivalent | 2015 No. | 2015 Full-time equivalent |
|------------------------------|-------------|---------------------------------|-------------|---------------------------------|
| Charitable Activities | | | | |
| Teachers | 30 | 27 | 35 | 28 |
| Administration and support | 65 | 42 | 72 | 44 |
| Management | <u>1</u> | <u>1</u> | <u>1</u> | <u>1</u> |
| | <u>96</u> | <u>69</u> | <u>108</u> | <u>73</u> |

Higher paid staff

The number of employees whose emoluments exceeded £60,000 was:

| | | |
|-------------------|----------|----------|
| | 2016 | 2015 |
| | No. | No. |
| £60,001 - £70,000 | <u>1</u> | <u>1</u> |

The above employee participated in the Teacher's Pension Scheme. During the year ended 31 August 2016, pension contributions for this member of staff amounted to £11,479 (2015 : £9,488).

Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 2. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £230,291 (2015 : £246,088).

BROOM LEYS PRIMARY SCHOOL ACADEMY TRUST

**Notes to the Financial Statements - continued
for the year ended 31 August 2016**

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 £3,000,000 on any one claim and the cost for the year ended 31 August 2016 was £713 (2015 - £1,360). The cost of this insurance is included in the total insurance cost.

12. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

| | Unrestricted fund £ | Restricted funds £ | Restricted Fixed Asset Fund £ | Total funds £ |
|--|---------------------------|--------------------------|--|------------------|
| INCOME AND ENDOWMENTS FROM | | | | |
| Donations and capital grants | 3,894 | 27,489 | - | 31,383 |
| Charitable activities | | | | |
| Funding for the academy's educational operations | - | 2,368,536 | 20,982 | 2,389,518 |
| Other trading activities | 13,982 | 31,863 | - | 45,845 |
| Investment income | 483 | - | - | 483 |
| Total | 18,359 | 2,427,888 | 20,982 | 2,467,229 |
| EXPENDITURE ON | | | | |
| Raising funds | 705 | - | - | 705 |
| Charitable activities | | | | |
| Academy's educational operations | - | 2,445,787 | 61,759 | 2,507,546 |
| Total | 705 | 2,445,787 | 61,759 | 2,508,251 |
| NET INCOME/(EXPENDITURE) | 17,654 | (17,899) | (40,777) | (41,022) |
| RECONCILIATION OF FUNDS | | | | |
| Total funds brought forward | 32,993 | (506,166) | 3,130,262 | 2,657,089 |
| TOTAL FUNDS CARRIED FORWARD | 50,647 | (524,065) | 3,089,485 | 2,616,067 |

BROOM LEYS PRIMARY SCHOOL ACADEMY TRUST

**Notes to the Financial Statements - continued
for the year ended 31 August 2016**

13. TANGIBLE FIXED ASSETS

| | Long leasehold £ | Fixtures and fittings £ | Computer equipment £ | Totals £ |
|-----------------------|------------------------|-------------------------------|----------------------------|------------------|
| COST | | | | |
| At 1 September 2015 | 3,122,400 | 95,044 | 36,057 | 3,253,501 |
| Additions | <u>-</u> | <u>18,728</u> | <u>15,758</u> | <u>34,486</u> |
| At 31 August 2016 | <u>3,122,400</u> | <u>113,772</u> | <u>51,815</u> | <u>3,287,987</u> |
| DEPRECIATION | | | | |
| At 1 September 2015 | 136,368 | 8,860 | 18,787 | 164,015 |
| Charge for year | <u>53,857</u> | <u>9,892</u> | <u>8,534</u> | <u>72,283</u> |
| At 31 August 2016 | <u>190,225</u> | <u>18,752</u> | <u>27,321</u> | <u>236,298</u> |
| NET BOOK VALUE | | | | |
| At 31 August 2016 | <u>2,932,175</u> | <u>95,020</u> | <u>24,494</u> | <u>3,051,689</u> |
| At 31 August 2015 | <u>2,986,032</u> | <u>86,184</u> | <u>17,270</u> | <u>3,089,486</u> |

Included in cost or valuation of land and buildings is leasehold land of £715,900 (2015 - £715,900)

14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2016 £ | 2015 £ |
|--------------------------------|---------------|---------------|
| Trade debtors | 220 | 267 |
| Value added tax | 22,342 | 14,001 |
| Prepayments and accrued income | <u>63,644</u> | <u>60,349</u> |
| | <u>86,206</u> | <u>74,617</u> |

BROOM LEYS PRIMARY SCHOOL ACADEMY TRUST

Notes to the Financial Statements - continued for the year ended 31 August 2016

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2016 | 2015 |
|---------------------------------|----------------|----------------|
| | £ | £ |
| Social security and other taxes | 27,073 | 23,527 |
| Other creditors | 34,288 | 30,517 |
| Accruals and deferred income | <u>54,945</u> | <u>56,957</u> |
| | <u>116,306</u> | <u>111,001</u> |

Deferred income

| | 2016 | 2015 |
|--------------------------------------|-----------------|-----------------|
| | £ | £ |
| Deferred income at 1 September 2015 | 48,344 | 61,532 |
| Resources deferred in year | 45,852 | 48,344 |
| Amounts released from previous years | <u>(48,344)</u> | <u>(61,532)</u> |
| Deferred income at 31 August 2016 | <u>45,852</u> | <u>48,344</u> |

At the balance sheet date the academy trust was holding funds received in advance for free school meals and school trips booked for the next academic year.

16. OPERATING LEASE COMMITMENTS

At 31 August 2016 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was :

| | Other operating leases | |
|----------------------------|------------------------|--------------|
| | 2016 | 2015 |
| | £ | £ |
| Expiring: | | |
| Within one year | 2,223 | 1,434 |
| Between one and five years | <u>2,718</u> | <u>-</u> |
| | <u>4,941</u> | <u>1,434</u> |

17. 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.

BROOM LEYS PRIMARY SCHOOL ACADEMY TRUST

**Notes to the Financial Statements - continued
for the year ended 31 August 2016**

18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

| | | | | 2016 | 2015 |
|---------------------|-------------------|------------------|-----------------------------|------------------|------------------|
| | Unrestricted fund | Restricted funds | Restricted Fixed Asset Fund | Total funds | Total funds |
| | £ | £ | £ | £ | £ |
| Fixed assets | - | - | 3,051,689 | 3,051,689 | 3,089,486 |
| Current assets | 80,643 | 503,744 | 3,142 | 587,529 | 536,582 |
| Current liabilities | - | (116,306) | - | (116,306) | (111,001) |
| Pension liability | - | (1,248,000) | - | (1,248,000) | (899,000) |
| | <u>80,643</u> | <u>(860,562)</u> | <u>3,054,831</u> | <u>2,274,912</u> | <u>2,616,067</u> |

19. MOVEMENT IN FUNDS

| | Balance at | | | | Balance at |
|-------------------------------------|------------------|------------------|--------------------|-----------------------------|------------------|
| | 1 September | Incoming | Resources | Gains, Losses and Transfers | 31 August |
| | 2015 | Resources | Expended | £ | 2016 |
| | £ | £ | £ | £ | £ |
| Restricted general funds | | | | | |
| General Annual Grant (GAG) | 374,935 | 2,122,778 | (2,082,789) | (27,486) | 387,438 |
| Other DfE/EFA grants | - | 278,973 | (278,973) | - | - |
| Other restricted | - | 113,729 | (113,729) | - | - |
| Pension reserve | (899,000) | - | (71,000) | (278,000) | (1,248,000) |
| | <u>(524,065)</u> | <u>2,515,480</u> | <u>(2,546,491)</u> | <u>(305,486)</u> | <u>(860,562)</u> |
| Restricted fixed asset funds | | | | | |
| DfE/EFA capital grants | - | 10,142 | - | (7,000) | 3,142 |
| Capital expenditure from GAG | 91,147 | - | (16,211) | 34,486 | 109,422 |
| Transfer on conversion | 2,998,338 | - | (56,071) | - | 2,942,267 |
| | <u>3,089,485</u> | <u>10,142</u> | <u>(72,282)</u> | <u>27,486</u> | <u>3,054,831</u> |
| Total restricted funds | <u>2,564,420</u> | <u>2,525,622</u> | <u>(2,618,773)</u> | <u>(278,000)</u> | <u>2,194,269</u> |
| Unrestricted funds | | | | | |
| Unrestricted funds | <u>50,647</u> | <u>30,003</u> | <u>(7)</u> | <u>-</u> | <u>80,643</u> |
| Unrestricted funds | <u>50,647</u> | <u>30,003</u> | <u>(7)</u> | <u>-</u> | <u>80,643</u> |
| Total funds | <u>2,616,067</u> | <u>2,555,625</u> | <u>(2,618,780)</u> | <u>(278,000)</u> | <u>2,274,912</u> |

BROOM LEYS PRIMARY SCHOOL ACADEMY TRUST

Notes to the Financial Statements - continued for the year ended 31 August 2016

19. MOVEMENT IN FUNDS - continued

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

Restricted General Funds represent unspent General Annual Grant (GAG) which must be used for the normal recurring costs of the academy.

Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2016.

Restricted Fixed Asset Funds represent resources which have been applied to specific capital purposes imposed by the funder together with cash resources still to be expended. During the year a transfer of £34,486 was made from restricted general funds to represent capital expenditure met from GAG income.

Restricted Pension Reserve Funds represent the academy's share of the assets and liabilities of the Local Government Pension Scheme.

20. PENSION COMMITMENTS

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

The latest actuarial valuation of the TPS was 31 March 2012 and of the LGPS 31 March 2013.

Contributions amounting to £32,611 were payable to the schemes at 31 August 2016 (2015 - £29,204) and are included within creditors.

Teachers' pension scheme

Introduction

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

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

BROOM LEYS PRIMARY SCHOOL ACADEMY TRUST

Notes to the Financial Statements - continued for the year ended 31 August 2016

20. PENSION COMMITMENTS - continued

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

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

During the year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4% from September 2015, which will be payable during the implementation period until the next valuation as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £235,802 (2015: £216,684).

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

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

BROOM LEYS PRIMARY SCHOOL ACADEMY TRUST

Notes to the Financial Statements - continued for the year ended 31 August 2016

20. PENSION COMMITMENTS - continued

Local government pension scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £154,452 (2015 - £149,236) of which employer's contributions totalled £121,295 (2015 - £116,573) and employees' contributions totalled £33,157 (2015 - £32,663). The agreed contribution rates for future years are 21.2% for employers and between 5.5% and 12.5% for employees.

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

Principal Actuarial Assumptions

| | At 31 August 2016 | At 31 August 2015 |
|---|-------------------------|-------------------------|
| Rate of increase in salaries | 3.10% | 4.60% |
| Rate of increase for pensions in payment/inflation | 2.10% | 2.70% |
| Discount rate for scheme liabilities | 2.00% | 3.80% |
| Inflation assumption (CPI) | 2.10% | 2.70% |
| Commutation of pensions to lump sums - Pre April 2008 service | 50% | 50% |
| - Post April 2008 service | 75% | 75% |

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

| | At 31 August 2016 | At 31 August 2015 |
|----------------------|-------------------------|-------------------------|
| Retiring today | | |
| Males | 22.2 | 22.2 |
| Females | 24.3 | 24.3 |
| Retiring in 20 years | | |
| Males | 24.2 | 24.2 |
| Females | 26.6 | 26.6 |

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

BROOM LEYS PRIMARY SCHOOL ACADEMY TRUST

**Notes to the Financial Statements - continued
for the year ended 31 August 2016**

20. PENSION COMMITMENTS
- continued

Local government pension scheme

| | Fair value at 31 August 2016 £000 | Fair value at 31 August 2015 £000 |
|-------------------------------------|--|--|
| Equity instruments | 919 | 603 |
| Bonds | 230 | 192 |
| Property | 115 | 101 |
| Cash | 13 | 18 |
| | <hr/> | <hr/> |
| Total market value of assets | 1,277 | 914 |
| | <hr/> | <hr/> |

The actual return on scheme assets was £38,000 (2015 : £32,000)

Amounts recognised in the statement of financial activities

| | 2016 £000 | 2015 £000 |
|--|--------------|--------------|
| Current service cost (net of employee contributions) | (158) | (162) |
| Net interest cost | (34) | (32) |
| | <hr/> | <hr/> |
| Total operating charge | (192) | (194) |
| | <hr/> | <hr/> |

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

| | 2016 £000 | 2015 £000 |
|------------------------|--------------|--------------|
| At 1 September | 1,813 | 1,583 |
| Current service cost | 158 | 162 |
| Interest cost | 72 | 62 |
| Employee contributions | 33 | 33 |
| Actuarial (gain)/loss | 451 | (25) |
| Benefits paid | (2) | (2) |
| | <hr/> | <hr/> |
| At 31 August | 2,525 | 1,813 |
| | <hr/> | <hr/> |

BROOM LEYS PRIMARY SCHOOL ACADEMY TRUST

Notes to the Financial Statements - continued for the year ended 31 August 2016

20. PENSION COMMITMENTS - continued

Local government pension scheme

Changes in the fair value of academy's share of scheme assets :

| | 2016 £000 | 2015 £000 |
|------------------------|--------------|--------------|
| At 1 September | 914 | 734 |
| Interest income | 38 | 44 |
| Actuarial gain/(loss) | 173 | (12) |
| Employer contributions | 121 | 117 |
| Employee contributions | 33 | 33 |
| Benefits paid | (2) | (2) |
| At 31 August | <u>1,277</u> | <u>914</u> |

21. CONTINGENT LIABILITIES

During the period of the Funding Agreement, in the event of the sale or disposal by other means, of any assets for which a Government grant was received, the academy is required, either to reinvest the proceeds or to repay to the Secretary of State for Education the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original costs met by the Secretary of State.

Upon termination of the Funding Agreement, whether as a result of the Secretary of State of the academy serving notice, the academy shall repay to the Secretary of State sums determined by reference to

- (a) the value at that time of the academy site and premises and other assets held for the purpose of the academy, and
- (b) the extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreement.

22. RELATED PARTY DISCLOSURES

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

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 9.

BROOM LEYS PRIMARY SCHOOL ACADEMY TRUST

**Notes to the Financial Statements - continued
for the year ended 31 August 2016**

23. RECONCILIATION OF NET INCOME/EXPENDITURE TO NET CASHFLOW FROM OPERATING ACTIVITIES

| | 2016 | 2015 |
|---|----------------------|----------------------|
| | £ | £ |
| Net income/(expenditure) for the reporting period (as per the statement of financial activities) | (63,155) | (41,022) |
| Adjustments for: | | |
| Depreciation | 72,283 | 61,759 |
| Capital grants from DfE/EFA | 10,143 | - |
| Interest received | (1,257) | (483) |
| Defined benefit pension scheme cost less contributions | 37,000 | 45,000 |
| Defined benefit pension scheme finance costs | 34,000 | 18,000 |
| (Increase)/decrease in debtors | (11,589) | 8,265 |
| Increase/(decrease) in creditors | <u>5,305</u> | <u>(34,846)</u> |
| Net cash provided by (used in) operating activities | <u>82,730</u> | <u>56,673</u> |

24. ANALYSIS OF CASH AND CASH EQUIVALENTS

| | At 31 | At 31 |
|--------------------------------------|-----------------------|-----------------------|
| | August | August |
| | 2016 | 2015 |
| | £ | £ |
| Cash at bank and in hand | 200,521 | 461,965 |
| Notice deposits (less than 3 months) | <u>300,801</u> | <u>-</u> |
| | <u>501,322</u> | <u>461,595</u> |

BROOM LEYS PRIMARY SCHOOL ACADEMY TRUST

Notes to the Financial Statements - continued for the year ended 31 August 2016

25. FIRST YEAR ADOPTION

It is the first year that the Academy Trust has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 1 September 2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

Reconciliations and descriptions of the effect of the transition to FRS 102 and SORP 2015 on total funds and net income/(expenditure) for the comparative period reported under previous UK GAAP and SORP 2005 are given below:

| | Notes | 31 August 2015 £000 |
|--|-------|---------------------------|
| Net income/(expenditure) previously reported under UK GAAP | | (41) |
| Change in recognition of LGPS interest costs | A | (14) |
| Change in actuarial gain/(loss) on LGPS scheme assets | A | <u>14</u> |
| Net movement in funds reported under FRS 102 | | <u>(41)</u> |

A - Change in recognition of LGPS interest cost

Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in income/expense. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in income/expense. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to reduce the credit/debit to income/expense by £14,000 and increase the credit/debit in other recognised gains and losses in the SoFA by an equivalent amount.