

BURNT MILL ACADEMY TRUST

TRUSTEES REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2014

BURNT MILL ACADEMY TRUST

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BURNT MILL ACADEMY TRUST

REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS FOR THE YEAR ENDED 31 AUGUST 2014

Trustee Members	Ms H Mills, Executive Head Teacher Ms V Jones (retired 31 March 2014) Mr Q Durrani, Chair of Trustees
Trustees	Mr D Kolinski Mrs B Tyne
Company registered number	07843166
Principal and registered office	First Avenue Harlow Essex CM20 2NR
Company secretary	Ms Jackie Keegan
Chief executive officer	Ms H Mills
Independent auditors	Price Bailey LLP Chartered Accountants Statutory Auditors Causeway House 1 Dane Street Bishop's Stortford Hertfordshire CM23 3BT
Bankers	Lloyds TSB East Gate Harlow

BURNT MILL ACADEMY TRUST

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2014

The Trustees present their annual report together with the financial statements and auditors' report of Burnt Mill Academy Trust (BMAT, the Charitable Company) for the year ended 31 August 2014. The annual report serves the purpose of both a Trustees' report, and a Directors' report under company law.

The Charitable Company operates 4 primary schools and 1 secondary school. Its Academies have a combined pupil capacity of 2,642 and a roll of 2,500 in the 2014 school census.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academy Trust is a company limited by guarantee and an exempt charity. The Charitable Company's memorandum and articles of association are its primary governing documents. The Trustees of the Charitable Company are also the Directors for the purposes of company law. The terms Trustee and Director are interchangeable in this report.

The Academy Trust comprises the following Schools

- Burnt Mill Academy
- Freshwaters Academy
- Cooks Spinney Academy
- Roydon Academy
- Little Parndon School

Details of the Trustees who served throughout the year are included in the Reference and Administrative Details section on page 1.

Member's 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.

Trustee and Officers' Indemnities

In accordance with normal commercial practice the Academy has purchased insurance to protect Directors, Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and details of the costs are disclosed in Note 12 to the accounts.

Method of recruitment, appointment or election of Trustees and training of new Trustees/Governors

Burnt Mill Academy Trust has determined that the number of Governors appointed shall be not less than three but shall not be subject to any maximum. The constitution of the Burnt Mill Academy Body has been adopted in line with Articles 58 -60 of the Co-operative Schools Society Articles of Association. Governors are appointed for a fixed term. The Head Teacher is a voting member of the Governing Body. Parent Governors and the staff Governors are elected to office or appointed if there are insufficient candidates offering themselves for election. New Governors are required to attend an induction training programme through Essex County Council, HEC Governor Training or GEL (Governor Electronic Training).

The school in-house induction programme involves a tour of the relevant school, meetings with students and staff and provision of policy and procedures documents that are appropriate to the role they undertake as Governors with particular emphasis on the committee work that they will undertake.

Organisational Structure

The governance of the Academy is defined in the Memorandum and Articles of Association together with the funding agreement with the Department of Education.

The Directors (IE MAT Board), which meets on at least 6 occasions per year, are responsible for setting general policy, adopting an annual plan and budget, monitoring the schools by the use of budgets and making major decisions about the direction of the academy trust, capital expenditure and staff appointments. This board contains the Accounting Officer (currently the Head Teacher of Burnt Mill Academy).

The Senior Leadership Team of each school Academy report through their local advisory bodies and are responsible at an executive level for implementing policies; responsible for the day to day operation of the academy, in particular organising staff, resources and children. They are responsible for the authorisation of spending within agreed budgets and notifying the Trust when staff vacancies arise.

BURNT MILL ACADEMY TRUST

TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2014

The Accounting Officer of the academy and has overall responsibility for the day to day financial management of the Charitable Company and has delegated responsibility for low values of expenditure to specific budget holders who are each responsible for managing their own schools and departments within the constraints of their allocated budgets. A system of financial controls is in place to manage this process.

Connected Organisations and Related Parties

Owing to the nature of the academy's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which a governor has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy's financial regulations and normal procurement procedures. The Trust has established links with Train to Teach, Teach First and Schools Direct. It is also now part of the Teaching School Alliance, working in partnership with Davenant school.

OBJECTIVES AND ACTIVITIES

Objects and Aims

The principal object and aim of the Charitable Company is the operation of academies to provide free education and care for pupils of different abilities.

Strategies and Activities

During the year the individual schools have worked towards achieving these aims by:

- ensuring that every child enjoys the same high quality education in terms of resourcing, tuition and care;
- raising the standard of educational achievement of all pupils;
- improving the effectiveness of the academy by keeping the curriculum and organisational structure under continual review;
- providing value for money for the funds expended;
- complying with all appropriate statutory and curriculum requirements;
- conducting the academy's business in accordance with the highest standards of integrity

The Academy Trust aims to get the best for, and from, each child. We intend to enable each child to realise his or her full academic, creative and physical potential and to develop positive social and moral values.

BMAT Mission and Vision Statement

BMAT's mission is to work together to smash through the barriers that prevent our children from becoming confident, high achieving and independent individuals.

BMAT's vision is of a community of schools which provide an outstanding education for every individual attending a Trust school.

BMAT's schools will be places of aspiration, where individuals matter and confidence flourishes so that achievement for all is outstanding.

Our core values of Self Help, Self Responsibility, Democracy, Equality, Equity and Solidarity underpin our Trust and inform our unshakeable belief in the intrinsic worth of every individual within our community.

Public Benefit

The Trustees believe that by working towards the objects and aims of the Academy Trust as detailed above, they have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission.

STRATEGIC REPORT

Achievements and performance

Exceptional Key Stage Four Results at Burnt Mill Academy

Burnt Mill Academy awarded Teaching School Status

Leadership in three of the primary schools has been strengthened with the appointment of 3 heads of school, replacing the previous leadership in Cooks Spinney, Little Parndon and Freshwaters.

BURNT MILL ACADEMY TRUST

TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2014

Attendance is above national averages in all 5 schools and fixed term exclusions below national averages.

Freshwaters Key Stage Two results were above floor for the first time in 3 years.

Phonics results in Roydon and Cooks Spinney was good.

Progress in writing at the end of Key Stage Two in Cooks Spinney, Freshwaters and Roydon was good.

Key Performance Indicators

The Associate Head Teacher (Primary Phase) reports monthly to the Chief Executive Officer on performance tracking, projections and teaching standards.

As funding is based on pupil numbers this is a key performance indicator. Pupil numbers for 2014 were 2,500 (2013: 2,387). Accommodating the increased numbers did not affect any of the academies in The Trust during 2013/14, however further predicted increases are being addressed through discussions on expansion with Essex County Council at Freshwaters and a capacity capital bid has been proposed in the next financial year for Cooks Spinney.

Another key financial performance indicator is staffing costs as a percentage of total income. For 2013/14 this was 69%.

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 Statement of Accounting Policies.

FINANCIAL REVIEW

The principal source of funding for the Trust is the General Annual Grant (GAG) and other grants that it receives from the EFA. For the year ended 31 August 2014 the Trust received £12,173,628 of GAG and other funding. A high percentage of this income is spent on wages and salaries and support costs to deliver the Academy's primary objective of the provision of education. During the year the Academy Trust spent virtually all of its restricted funds with the exception of £311,007 but had a surplus of £154,898 from its unrestricted funds carrying a surplus of £1,123,416 forward.

Reserves policy

The Directors are aware of the requirement to balance current and future needs. The Directors always aim to set a balanced budget with annual income balancing annual expenditure.

The Academy's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is £1,123,416. This has been built up from a mixture of locally raised income and balances transferred from the predecessor school.

The cash balance of the Academy has been very healthy all year, ending the year with a balance of £1,864,884. The Directors have determined that they should hold a cash contingency equivalent to two weeks' expenditure, approximately £550,000.

Due to the accounting rules for the Local Government Pension Scheme under FRS17, the Academy is recognising a significant pension fund deficit of £4,389,000. This does not mean that an immediate liability for this amount crystallises and that such a deficit generally results in a cash flow effect in the form of increased employer contributions over a number of years.

Investment policy

An investment policy is to be brought to the board during 2014/15 for final signing off.

The aim of the policy will be to ensure funds that the academy does not immediately need to cover anticipated expenditure are invested in such a way as to maximise the academy's income but with minimal risk. The aim is to research where funds may be deposited applying prudence in ensuring there is minimum risk. The academy does not consider the investment of surplus funds as a primary activity, rather as a result of good stewardship and as and when circumstances allow.

BURNT MILL ACADEMY TRUST

TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2014

PRINCIPAL RISKS AND UNCERTAINTIES

The Trustees maintain a risk register identifying the major risks to which the Academy is exposed, and identifying actions and procedures to mitigate those risks. A formal review of the risk management process is undertaken on an annual basis and the internal control systems and the exposure to said risks are monitored on behalf of the Trustees at each Audit Committee meeting. The principal risks facing the Trust are outlined below; those facing the Academy at an operational level are addressed by its systems and by internal financial and other controls.

The Trustees report that the Trust's financial and internal controls conform to guidelines issued by the EFA, and that improvements to the wider framework of systems dealing with business risk and risk management strategy continue to be made and formally documented.

It is recognised that systems can only provide reasonable but not absolute assurance that major risks have been adequately managed.

As an academy school, the level of financial risk is low. Cash flows can be reliably forecast, monitored and reported. Staff costs make up the majority of expenditure and this is relatively stable with contingencies in place to cover such items as sickness and maternity.

The Directors assess the other principal risks and uncertainties facing the Trust as follows:

- The academy has considerable reliance on continued Government funding through the EFA and there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.
- Failures in governance and/or management - the risk in this area arises from potential failure to effectively manage the academy's finances, internal controls, compliance with regulations and legislation, statutory returns, etc. The Governors continue to review and ensure that appropriate measures are in place to mitigate these risks, using the services of externally purchased Internal Auditors.
- Reputational - the continuing success of the academy is dependent on continuing to attract applicants in sufficient numbers by maintaining the highest educational standards. To mitigate this risk Governors ensure that student success and achievement are closely monitored and reviewed.
- Safeguarding and child protection - the Governors continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and discipline.
- Staffing - the success of the academy is reliant on the quality of its staff and so the Governors monitor and review policies and procedures to ensure continued development and training of staff as well as ensuring there is clear succession planning.
- Fraud and mismanagement of funds - The academy has appointed an Internal Auditor to carry out checks on financial systems and records as required by the Academy Financial Handbook. All finance staff receive training to keep them up to date with financial practice requirements and develop their skills in this area.

The academy has continued to strengthen its risk management process throughout the year by improving the process and ensuring staff awareness.

PLANS FOR FUTURE PERIODS

The Trust plans to work with the DfE to support other schools in Essex and an application for the Trust to have a sixth form is currently in draft form.

BURNT MILL ACADEMY TRUST

TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2014

PROVISION OF INFORMATION TO AUDITORS

Insofar as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- the Trustees have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The auditors, Price Bailey LLP, are willing to continue in office and a resolution to appoint them will be proposed at the relevant meeting.

Trustees' report, incorporating a strategic report, approved by order of the board of trustees, as the company directors on 17 December 2014 and signed on its behalf by:

Mr Q Durrani
Chair of Trustees

BURNT MILL ACADEMY TRUST

GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

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

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

GOVERNANCE

The information on governance included here supplements that described in the Trustees' Report and in the Trustees' Responsibilities Statement. The board of trustees has formally met 6 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
Ms H Mills	6	6
Ms V Jones	3	3
Mr Q Durrani	5	6
Mr D Kolinski	4	6
Mrs B Tyne	6	6

Rapid growth presented challenges and addressing staffing requirements in administration to support each of the 5 academies in the trust and the expectation of the DfE to rapidly improve teaching learning and student results at each of the 4 Primary Academies who joined us in 14/15.

Governance reviews:

Burnt Mill Academy Trust had a comprehensive Governance review undertaken in June 2014 following the addition of another school into the Trust. The Governance review highlighted opportunities for the Directors to enhance the governance framework to ensure that the strategic direction of the Trust was placed on a more stable footing. A comprehensive management action plan has been provided and whilst compliance with the mandatory requirements was noted within the review, the opportunity to ensure that the Board of Trustees were able to discharge their duties more effectively was accepted and they have embraced the challenges ahead.

The Audit Committee reports to the main board of trustees. Its purpose is to address internal and external audit arrangements.

Attendance at meetings in the year was as follows:

	Meetings attended	Out of a possible
Mr P Storey	2	2
Mr S Gumble	1	2

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Burnt Mill Academy Trust for the year 1 September 2013 to 31 August 2014 and up to the date of approval of the annual report and financial statements.

BURNT MILL ACADEMY TRUST

GOVERNANCE STATEMENT (continued)

CAPACITY TO HANDLE RISK

The board of trustees has reviewed the key risks to which the Academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy's significant risks, that has been in place for the year 1 September 2013 to 31 August 2014 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

THE RISK AND CONTROL FRAMEWORK

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- regular reviews by the Audit Committee and Trust Board 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 Price Bailey LLP as internal auditor.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. On a termly basis, the internal auditor reports to the board of trustees on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

Price Bailey LLP delivered their schedule of works as planned and no material control issues were identified.

REVIEW OF EFFECTIVENESS

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

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Audit 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 17 December 2014 and signed on its behalf, by:

Mr Q Durrani
Chair of Trustees

Ms H Mills
Accounting Officer

BURNT MILL ACADEMY TRUST

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Burnt Mill Academy Trust I have considered my responsibility to notify the Academy board of trustees 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. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

I confirm that I and the Academy board of trustees 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.

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

Ms H Mills
Accounting Officer

Date: 17 December 2014

BURNT MILL ACADEMY TRUST

TRUSTEES' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 AUGUST 2014

The Governors (who act as Trustees for charitable activities of Burnt Mill Academy Trust and are also the Directors of the Charitable Company for the purposes of company law) are responsible for preparing the Trustees' Report (including the Strategic Report) and the financial statements in accordance with the Annual Accounts Requirements issued by the EFA, United Kingdom Accounting Standards (UKGAAP) and applicable law and regulations.

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

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

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

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

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

Approved by order of the members of the board of trustees on 17 December 2014 and signed on its behalf by:

Mr Q Durrani
Chair of Trustees

BURNT MILL ACADEMY TRUST

INDEPENDENT AUDITORS' REPORT TO THE BOARD OF TRUSTEES OF BURNT MILL ACADEMY TRUST

We have audited the financial statements of Burnt Mill Academy Trust for the year ended 31 August 2014 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. 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 Academies Accounts Direction 2013 to 2014 issued by the Education Funding Agency.

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

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

As explained more fully in the Trustees' Responsibilities Statement, the Trustees (who are also the directors of the Academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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 Trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' 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 2014 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Academies Accounts Direction 2013 to 2014 issued by the Education Funding Agency.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

BURNT MILL ACADEMY TRUST

INDEPENDENT AUDITORS' REPORT TO THE BOARD OF TRUSTEES OF BURNT MILL 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 Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Mr Gary Miller (Senior Statutory Auditor)

for and on behalf of

Price Bailey LLP

Chartered Accountants
Statutory Auditors

Causeway House
1 Dane Street
Bishop's Stortford
Hertfordshire
CM23 3BT
17 December 2014

BURNT MILL ACADEMY TRUST

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO BURNT MILL ACADEMY TRUST AND THE EDUCATION FUNDING AGENCY

In accordance with the terms of our engagement letter dated 8 August 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013 to 2014, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Burnt Mill Academy Trust during the year 1 September 2013 to 31 August 2014 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Burnt Mill Academy Trust and EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Burnt Mill Academy Trust and 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 Burnt Mill Academy Trust and EFA, for our work, for this report, or for the conclusion we have formed.

RESPECTIVE RESPONSIBILITIES OF BURNT MILL ACADEMY TRUST'S ACCOUNTING OFFICER AND THE INDEPENDENT REPORTING ACCOUNTANT

The accounting officer is responsible, under the requirements of Burnt Mill Academy Trust's funding agreement with the Secretary of State for Education dated 1 December 2011, and the Academies Financial Handbook extant from 1 September 2013, 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 2013 to 2014. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2013 to 31 August 2014 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 2013 to 2014 issued by EFA. We performed a limited assurance engagement as defined in our engagement letter.
- 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.
- We performed a limited assurance engagement as defined in our engagement letter. 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.

BURNT MILL ACADEMY TRUST

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO BURNT MILL ACADEMY TRUST AND THE EDUCATION FUNDING AGENCY (continued)

CONCLUSION

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2013 to 31 August 2014 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Mr Gary Miller (Reporting Accountant)

Price Bailey LLP

Chartered Accountants
Statutory Auditors

Causeway House
1 Dane Street
Bishop's Stortford
Hertfordshire
CM23 3BT

17 December 2014

BURNT MILL ACADEMY TRUST

**STATEMENT OF FINANCIAL ACTIVITIES
(Incorporating Income and Expenditure Account and Statement of Total Recognised Gains and Losses)
FOR THE YEAR ENDED 31 AUGUST 2014**

	Note	Unrestricted funds 2014 £	Restricted funds 2014 £	Restricted fixed asset funds 2014 £	Total funds 2014 £	Total funds 2013 £
INCOMING RESOURCES						
Incoming resources from generated funds:						
Assets received on conversion to Academy	2	722,312	(2,084,000)	12,625,150	11,263,462	-
Other voluntary income	2	329,182	228,872	-	558,054	205,734
Activities for generating funds	3	346,549	-	-	346,549	271,788
Investment income	4	2,216	-	-	2,216	2,012
Incoming resources from charitable activities		-	11,642,637	530,991	12,173,628	7,845,563
TOTAL INCOMING RESOURCES		1,400,259	9,787,509	13,156,141	24,343,909	8,325,097
RESOURCES EXPENDED						
Charitable activities		1,245,361	11,856,152	1,453,746	14,555,259	8,754,214
Governance costs	8	-	17,350	-	17,350	11,700
TOTAL RESOURCES EXPENDED	6	1,245,361	11,873,502	1,453,746	14,572,609	8,765,914
NET INCOMING / (OUTGOING) RESOURCES BEFORE REVALUATIONS		154,898	(2,085,993)	11,702,395	9,771,300	(440,817)
Actuarial gains and losses on defined benefit pension schemes		-	92,000	-	92,000	(104,000)
NET MOVEMENT IN FUNDS FOR THE YEAR		154,898	(1,993,993)	11,702,395	9,863,300	(544,817)
Total funds at 1 September 2013		968,518	(2,084,000)	9,091,552	7,976,070	8,520,887
TOTAL FUNDS AT 31 AUGUST 2014		1,123,416	(4,077,993)	20,793,947	17,839,370	7,976,070

All activities relate to continuing operations.

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

The notes on pages 18 to 36 form part of these financial statements.

BURNT MILL ACADEMY TRUST
REGISTERED NUMBER: 07843166

BALANCE SHEET
AS AT 31 AUGUST 2014

	Note	£	2014 £	2013 £
FIXED ASSETS				
Tangible assets	13		20,793,947	8,938,443
CURRENT ASSETS				
Debtors	14	767,956		356,422
Cash at bank and in hand		1,864,884		1,334,084
		<u>2,632,840</u>		<u>1,690,506</u>
CREDITORS: amounts falling due within one year	15	(1,198,417)		(568,879)
NET CURRENT ASSETS			<u>1,434,423</u>	<u>1,121,627</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>22,228,370</u>	<u>10,060,070</u>
Defined benefit pension scheme liability	21		(4,389,000)	(2,084,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITY			<u><u>17,839,370</u></u>	<u><u>7,976,070</u></u>
FUNDS OF THE ACADEMY				
Restricted funds :				
Restricted funds	16	311,007		-
Restricted fixed asset funds	16	20,793,947		9,091,552
		<u>21,104,954</u>		<u>9,091,552</u>
Restricted funds excluding pension liability		21,104,954		9,091,552
Pension reserve		(4,389,000)		(2,084,000)
		<u>16,715,954</u>		<u>7,007,552</u>
Total restricted funds			16,715,954	7,007,552
Unrestricted funds	16		1,123,416	968,518
TOTAL FUNDS			<u><u>17,839,370</u></u>	<u><u>7,976,070</u></u>

The financial statements were approved by the Trustees, and authorised for issue, on 17 December 2014 and are signed on their behalf, by:

Mr Q Durrani
Chair of Trustees

The notes on pages 18 to 36 form part of these financial statements.

BURNT MILL ACADEMY TRUST

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2014**

	Note	2014 £	2013 £
Net cash flow from operating activities	18	557,110	15,056
Returns on investments and servicing of finance		(2,216)	930
Capital expenditure and financial investment		(24,094)	(96,715)
INCREASE/(DECREASE) IN CASH IN THE YEAR		530,800	(80,729)

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS
FOR THE YEAR ENDED 31 AUGUST 2014**

	2014 £	2013 £
Increase/(Decrease) in cash in the year	530,800	(80,729)
MOVEMENT IN NET FUNDS IN THE YEAR	530,800	(80,729)
Net funds at 1 September 2013	1,334,084	1,414,813
NET FUNDS AT 31 AUGUST 2014	1,864,884	1,334,084

The notes on pages 18 to 36 form part of these financial statements.

BURNT MILL ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2014

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, the Academies Accounts Direction 2013 to 2014 issued by EFA, applicable accounting standards and the Companies Act 2006.

1.2 Company status

The Academy is a company limited by guarantee. Those members who are governors are noted on page 1. In the event of the Academy being wound up, the liability in respect of the guarantee is limited to £10 per member of the Academy.

1.3 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 Trustees.

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

Restricted general funds comprise all other restricted funds received and include grants from the DfE.

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

1.4 Incoming resources

All incoming resources are included in the Statement of Financial Activities when the Academy has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

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 entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund.

Capital grants are recognised when receivable 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.

Any donated services and gifts in kind provided to the Academy are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the Academy can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of Financial Activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the Academy's policies.

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

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

BURNT MILL ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2014

1. ACCOUNTING POLICIES (continued)

1.5 Resources expended

Expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

Charitable activities are costs incurred in the Academy's educational operations.

Governance costs include the costs attributable to the Academy's compliance with constitutional and statutory requirements, including audit, strategic management and Trustees' meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

1.6 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 to continue as a going concern. The Trustees make this assessment in respect of a period of one year from the date of approval of the financial statements.

1.7 Tangible fixed assets and depreciation

All assets costing more than £1,000 are capitalised.

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 are 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.

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	22 years straight line
Long term leasehold buildings	-	22 years straight line
Long term leasehold land	-	over the term of the lease
Motor vehicles	-	10 years straight line
Fixtures and fittings	-	5 - 10 years straight line

1.8 Operating leases

Rentals under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

1.9 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.

BURNT MILL ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2014

1. ACCOUNTING POLICIES (continued)

1.10 Pensions

Retirement benefits to employees of the Academy are provided by the Teachers' Pension Scheme ("TPS") and the Local Government Pension Scheme ("LGPS"). These are defined benefit schemes and the assets are held separately from those of the Academy.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in note 21, the TPS is a multi-employer scheme and the Academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPS is a funded scheme and the assets are held separately from those of the Academy in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit 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 gains and losses on the settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period vesting occurs. The expected return on assets and the interest cost are shown as a pension adjustment in Note 22. Actuarial gains and losses are recognised immediately in other gains and losses.

1.11 Conversion to Academy

The conversion from the school's that federated with the Trust during the year from state maintained school's to academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for £nil consideration and has been accounted for under the acquisition accounting method.

The assets and liabilities transferred on conversion from Freshwaters Primary School, Cooks Spinney Primary School and Nursery, Roydon Primary School and Little Parndon Primary School to academies have been valued at their fair value, being a reasonable estimate of the current market value that the Trustees would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for Burnt Mill Academy Trust. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Further details of the transaction are set out in note 20.

2. VOLUNTARY INCOME

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Assets received on conversion to Academy	722,312	10,541,150	11,263,462	-
Donations	112,525	228,872	341,397	140,013
Grants	216,657	-	216,657	65,721
Subtotal	329,182	228,872	558,054	205,734
Voluntary income	1,051,494	10,770,022	11,821,516	205,734

BURNT MILL ACADEMY TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

3. ACTIVITIES FOR GENERATING FUNDS

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Catering Income	304,493	-	304,493	191,769
Rental Income	35,679	-	35,679	78,567
Other Income	6,377	-	6,377	1,452
	<u>346,549</u>	<u>-</u>	<u>346,549</u>	<u>271,788</u>

To comply with regulations this income is stated gross and associated costs are included within note 7.

4. INVESTMENT INCOME

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Bank Interest	2,216	-	2,216	2,012
	<u>2,216</u>	<u>-</u>	<u>2,216</u>	<u>2,012</u>

5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

Burnt Mill Academy Trust

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
DfE/EFA grants				
General Annual Grant (GAG)	-	10,113,372	10,113,372	6,068,565
Other DfE / EFA grants	-	1,614,759	1,614,759	1,174,635
	<u>-</u>	<u>11,728,131</u>	<u>11,728,131</u>	<u>7,243,200</u>
Other government grants				
Local authority grants	-	445,497	445,497	602,363
	<u>-</u>	<u>445,497</u>	<u>445,497</u>	<u>602,363</u>
	<u>-</u>	<u>12,173,628</u>	<u>12,173,628</u>	<u>7,845,563</u>

BURNT MILL ACADEMY TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

6. RESOURCES EXPENDED

	Staff costs	Non Pay Premises	Expenditure Other costs	Total	Total
	2014 £	2014 £	2014 £	2014 £	2013 £
Provision of Education - direct costs	6,641,175	-	1,986,020	8,627,195	4,872,656
Provision of Education - support costs	2,424,448	1,850,876	1,652,740	5,928,064	3,881,561
Charitable activities	<u>9,065,623</u>	<u>1,850,876</u>	<u>3,638,760</u>	<u>14,555,259</u>	<u>8,754,217</u>
Governance	-	-	17,350	17,350	11,700
	<u><u>9,065,623</u></u>	<u><u>1,850,876</u></u>	<u><u>3,656,110</u></u>	<u><u>14,572,609</u></u>	<u><u>8,765,917</u></u>

BURNT MILL ACADEMY TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

7. CHARITABLE ACTIVITIES

	Total funds 2014 £	Total funds 2013 £
DIRECT COSTS - EDUCATIONAL OPERATIONS		
Wages and salaries	5,488,049	3,587,097
National insurance	448,446	289,385
Pension cost	704,680	425,580
Educational Supplies	925,662	293,323
Examination Fees	110,677	179,794
Staff Development	42,340	60,523
Technology Costs	79,402	135,926
Educational Consultancy	779,945	70,913
Travel & Subsistence	1,693	1,403
Other Costs	2,567	-
Insurance	43,734	14,082
	8,627,195	5,058,026
SUPPORT COSTS - EDUCATIONAL OPERATIONS		
Wages and salaries	1,852,883	1,037,021
National insurance	86,050	44,235
Pension cost	485,515	138,680
Depreciation	793,740	411,784
FRS 17 adjustment	159,000	66,000
Staff Development	859	471
Technology Costs	104,522	120,176
Travel & Subsistence	45,038	35,784
Other Costs	272,080	334,789
Recruitment & Support	1,710	1,265
Maintenance of Premises & Machinery	783,836	776,114
Cleaning	14,578	7,166
Rates	27,135	22,266
Energy	82,681	59,319
Insurance	60,308	93,237
Security	36,604	12,055
Transport	3,246	7,222
Catering	300,779	168,028
Occupancy Costs	165,551	110,466
Professional fees	651,949	250,110
	5,928,064	3,696,188
	14,555,259	8,754,214

BURNT MILL ACADEMY TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

8. GOVERNANCE COSTS

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Responsible Officer costs	-	-	-	1,200
Auditors' remuneration	-	9,500	9,500	6,500
Auditors' non audit costs (including internal audit costs)	-	7,850	7,850	4,000
	<u>-</u>	<u>17,350</u>	<u>17,350</u>	<u>11,700</u>

9. STAFF

a. Staff costs

Staff costs were as follows:

	2014 £	2013 £
Wages and salaries	7,167,858	4,438,748
Social security costs	534,496	333,620
Other pension costs (Note 21)	1,190,195	564,260
	<u>8,892,549</u>	<u>5,336,628</u>
Supply teacher costs	173,074	185,370
	<u>9,065,623</u>	<u>5,521,998</u>

b. Staff numbers

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

	2014 No.	2013 No.
Teachers	143	59
Leadership teachers	19	9
Administration and support	1	1
Leadership admin & support	328	106
	<u>491</u>	<u>175</u>

c. Higher paid staff

The number of employees whose emoluments, excluding pensions, fell within the following bands was:

	2014 No.	2013 No.
In the band £ 60,001 - £ 70,000	3	4
In the band £ 70,001 - £ 80,000	2	0
In the band £ 90,001 - £100,000	0	1
In the band £120,001 - £130,000	1	0
	<u>6</u>	<u>5</u>

BURNT MILL ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2014

9. STAFF (continued)

All of the above employees participated in the Teachers Pensions Scheme during the year ended 31 August 2014 (5 in the period ended 31 August 2013). The Academy made contributions of £xxx (2013: £50,588) for these members during the year.

10. TRUSTEES' REMUNERATION AND EXPENSES

The Executive Head Teacher only receives remuneration in respect of services they provide undertaking the roles of Executive Head Teacher, and not in respect of their services as Trustees. Other Trustees did not receive any payments from the Academy in respect of their role as Trustees. The value of Trustees' remuneration, including employers pension contributions, fell within the following bands:

	2014 £	2013 £
Ms H Mills	130,000-135,000	105,000-110,000

During the year, no Trustees received any benefits in kind (2013 - £nil).

During the year, no Trustees received any reimbursement of expenses (2013 - £nil).

11. CENTRAL SERVICES

No central services were recharged during the year.

12. TRUSTEES' AND OFFICERS' INSURANCE

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

BURNT MILL ACADEMY TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

13. TANGIBLE FIXED ASSETS

	Freehold property £	Long Term Leasehold Property £	Fixtures and fittings £	Motor vehicles £	Total £
Cost					
At 1 September 2013	-	9,241,471	400,171	22,400	9,664,042
Additions	-	-	24,094	-	24,094
Transfers on conversion	3,200,000	9,292,000	133,150	-	12,625,150
At 31 August 2014	<u>3,200,000</u>	<u>18,533,471</u>	<u>557,415</u>	<u>22,400</u>	<u>22,313,286</u>
Depreciation					
At 1 September 2013	-	644,843	73,356	7,400	725,599
Charge for the year	-	730,721	59,319	3,700	793,740
At 31 August 2014	<u>-</u>	<u>1,375,564</u>	<u>132,675</u>	<u>11,100</u>	<u>1,519,339</u>
Net book value					
At 31 August 2014	<u>3,200,000</u>	<u>17,157,907</u>	<u>424,740</u>	<u>11,300</u>	<u>20,793,947</u>
At 31 August 2013	<u>-</u>	<u>8,596,628</u>	<u>326,815</u>	<u>15,000</u>	<u>8,938,443</u>

The properties on conversion have been included in the accounts based on the valuation provided by the EFA (Little Parndon was Trustees valuation) using depreciated replacement cost. The Trustees believe that the cost of obtaining a more detailed valuation outweighs the benefit.

14. DEBTORS

	2014 £	2013 £
Trade debtors	13,296	20,882
Other debtors	215,729	49,674
Prepayments and accrued income	538,931	285,866
	<u>767,956</u>	<u>356,422</u>

**15. CREDITORS:
Amounts falling due within one year**

	2014 £	2013 £
Trade creditors	76,072	4,981
Other taxation and social security	328,078	183,247
Accruals and deferred income	794,267	380,651
	<u>1,198,417</u>	<u>568,879</u>
£		
Deferred income		
Resources deferred during the year		<u>111,991</u>

BURNT MILL ACADEMY TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

16. STATEMENT OF FUNDS

	Brought forward £	Incoming resources £	Resources expended £	Transfers in/out £	Gains/ (Losses) £	Carried forward £
Unrestricted funds						
General funds	968,518	1,400,259	(1,245,361)	-	-	1,123,416
Restricted funds						
General Annual Grant (GAG)	-	10,113,372	(9,805,182)	-	-	308,190
Other DfE / EFA grants	-	1,083,768	(1,083,768)	-	-	-
Special educational needs (SEN)	-	200,973	(200,973)	-	-	-
Educational visits	-	228,872	(226,055)	-	-	2,817
Other Government Grants	-	244,524	(244,524)	-	-	-
Pension reserve	(2,084,000)	(2,084,000)	(313,000)	-	92,000	(4,389,000)
	<u>(2,084,000)</u>	<u>9,787,509</u>	<u>(11,873,502)</u>	<u>-</u>	<u>92,000</u>	<u>(4,077,993)</u>
Restricted fixed asset funds						
Restricted Fixed Assets Fund	8,938,443	-	(483,159)	12,338,663	-	20,793,947
Capital grants	153,109	102,576	(231,591)	(24,094)	-	-
Assets transferred on conversion	-	12,625,150	(310,581)	(12,314,569)	-	-
Acadmies Capital Maintenance Fund (ACMF)	-	428,415	(428,415)	-	-	-
	<u>9,091,552</u>	<u>13,156,141</u>	<u>(1,453,746)</u>	<u>-</u>	<u>-</u>	<u>20,793,947</u>
Total restricted funds	<u>7,007,552</u>	<u>22,943,650</u>	<u>(13,327,248)</u>	<u>-</u>	<u>92,000</u>	<u>16,715,954</u>
Total of funds	<u><u>7,976,070</u></u>	<u><u>24,343,909</u></u>	<u><u>(14,572,609)</u></u>	<u><u>-</u></u>	<u><u>92,000</u></u>	<u><u>17,839,370</u></u>

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

Other DfE/EFA

This represents funding which is to be used to help raise achievement and improve outcomes for pupils from low income families who are eligible for free school meals.

Special Educational Needs (SEN)

This represents allocated funding for special educational needs pupils.

Educational Visits

This represents contributions made by parents to the running of educational visits for the pupils of the Academy and the associated costs of running the trips.

Other Government grants

Other government grants represent funding from government agencies to be used for specific purposes

BURNT MILL ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2014

16. STATEMENT OF FUNDS (continued)

Restricted Fixed Asset Funds

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

Capital Grants

The capital grants are to be used by the Academy for the maintenance and upkeep of its premises.

Assets Transferred on Conversion

This represents the assets transferred on conversion to the Academy.

Academies Capital Maintenance Fund (ACMF)

The Academy is required to use the funding for the specific project as defined within the funding agreement.

Pension Reserve

This fund represents the Academy's share of the deficit of the Local Government Pension Scheme (LGPS) transferred to the Academy on conversion from a state controlled school.

General Annual Grant (GAG)

This represents funding from the EFA to cover the costs of recurrent expenditure.

Under the funding agreement with the Secretary of State, the Academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2014.

Analysis of academies by fund balance

Fund balances at 31 August 2014 were allocated as follows:

	Total £
Burnt Mill School	433,707
Freshwaters	556,190
Cooks Spinney	138,730
Roydon	80,433
Little Parndon	225,363
Total before fixed asset fund and pension reserve	1,434,423
Restricted fixed asset fund	20,793,947
Pension reserve	(4,389,000)
Total	17,839,370

BURNT MILL ACADEMY TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

16. STATEMENT OF FUNDS (continued)

Analysis of academies by cost

Expenditure incurred by each academy during the year was as follows:

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total £
Burnt Mill School	4,553,035	954,152	810,316	3,082,331	9,399,834
Freshwaters	850,280	153,334	27,703	378,143	1,409,460
Cooks Spinney	924,766	171,138	34,509	346,285	1,476,698
Roydon	420,506	105,787	14,817	211,849	752,959
Little Parndon	548,852	74,283	17,618	99,165	739,918
	<u>7,297,439</u>	<u>1,458,694</u>	<u>904,963</u>	<u>4,117,773</u>	<u>13,778,869</u>

SUMMARY OF FUNDS

	Brought forward £	Incoming resources £	Resources expended £	Transfers in/out £	Gains/ (Losses) £	Carried forward £
General funds	968,518	1,400,259	(1,245,361)	-	-	1,123,416
Restricted funds	(2,084,000)	9,787,509	(11,873,502)	-	92,000	(4,077,993)
Restricted fixed asset funds	9,091,552	13,156,141	(1,453,746)	-	-	20,793,947
	<u>7,976,070</u>	<u>24,343,909</u>	<u>(14,572,609)</u>	<u>-</u>	<u>92,000</u>	<u>17,839,370</u>

17. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2014 £	Restricted funds 2014 £	Restricted fixed asset funds 2014 £	Total funds 2014 £	Total funds 2013 £
Tangible fixed assets	-	-	20,793,947	20,793,947	8,938,443
Current assets	1,123,416	1,381,411	128,013	2,632,840	1,690,506
Creditors due within one year	-	(1,070,404)	(128,013)	(1,198,417)	(568,879)
Provisions for liabilities and charges	-	(4,389,000)	-	(4,389,000)	(2,084,000)
	<u>1,123,416</u>	<u>(4,077,993)</u>	<u>20,793,947</u>	<u>17,839,370</u>	<u>7,976,070</u>

BURNT MILL ACADEMY TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

18. NET CASH FLOW FROM OPERATING ACTIVITIES

	2014 £	2013 £
Net incoming resources before revaluations	9,771,300	(440,817)
Returns on investments and servicing of finance	2,216	(930)
Assets received on conversion	(12,625,150)	-
Depreciation of tangible fixed assets	793,740	411,784
Defecit on disposal of tangible fixed assets	-	2,780
Increase in debtors	(411,534)	(254,222)
Increase in creditors	629,538	169,461
FRS 17 adjustments	2,397,000	127,000
Net cash inflow from operations	557,110	15,056

19. ANALYSIS OF CHANGES IN NET FUNDS

	1 September 2013 £	Cash flow £	Other non-cash changes £	31 August 2014 £
Cash at bank and in hand:	1,334,084	530,800	-	1,864,884
Net funds	1,334,084	530,800	-	1,864,884

20. CONVERSION TO AN ACADEMY TRUST

Freshwaters

On 1 September 2013 Freshwaters Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Burnt Mill Academy Trust from Essex County Council for £Nil consideration.

The transfer has been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the Balance Sheet under the appropriate headings with a corresponding net amount recognised as net incoming resources in the Statement of Financial Activities as voluntary income.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of Financial Activities.

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets				
Leasehold land and buildings	-	-	3,714,000	3,714,000
Other tangible fixed assets	-	-	56,875	56,875
Budget surplus on Local Authority funds	346,472	-	-	346,472
LGPS pension deficit	-	(667,000)	-	(667,000)
Net assets/(liabilities)	346,472	(667,000)	3,770,875	3,450,347

The above net assets include £346,472 that was transferred as cash.

On conversion Essex County Council, the owner of the freehold property, granted a 125 year lease in relation to the leasehold land and buildings.

BURNT MILL ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2014

Cooks Spinney

On 1 December 2013 Cooks Spinney Primary School and Nursery converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Burnt Mill Academy Trust from Essex County Council for £Nil consideration.

The transfer has been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the Balance Sheet under the appropriate headings with a corresponding net amount recognised in the Statement of Financial Activities as voluntary income.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of Financial Activities.

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Leasehold land and buildings	-	-	2,851,000	2,851,000
Other tangible fixed assets	-	-	24,702	24,702
Budget surplus on Local Authority funds	111,308	-	-	111,308
LGPS pension deficit	-	(323,000)	-	(323,000)
Total	111,308	(323,000)	2,875,702	2,664,010

The above net assets include £111,308 that was transferred as cash.

On conversion Essex County Council, the owner of the freehold property, granted a 125 year lease in relation to the leasehold land and buildings.

Roydon

On 1 December 2013 Roydon Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Burnt Mill Academy Trust from Essex County Council for £Nil consideration.

The transfer has been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the Balance Sheet under the appropriate headings with a corresponding net amount recognised in the Statement of Financial Activities as voluntary income.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of Financial Activities.

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Freehold land and buildings	-	-	2,727,000	2,727,000
Other tangible fixed assets	-	-	14,314	14,314
Budget surplus on Local Authority funds	123,306	-	-	123,306
LGPS pension deficit	-	(374,000)	-	(374,000)
Total	123,306	(374,000)	2,741,314	2,490,620

The above net assets include £123,306 that was transferred as cash.

On conversion Essex County Council, the owner of the freehold property, granted a 125 year lease in relation to the leasehold land and buildings.

BURNT MILL ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2014

Little Parndon

On 1 April 2014 Little Parndon Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Burnt Mill Academy Trust from Essex County Council for £Nil consideration.

The transfer has been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the Balance Sheet under the appropriate headings with a corresponding net amount recognised in the Statement of Financial Activities as voluntary income.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of Financial Activities.

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Freehold land and buildings	-	-	3,200,000	3,200,000
Other tangible fixed assets	-	-	37,260	37,260
Budget surplus on Local Authority funds	141,226	-	-	141,226
LGPS pension deficit	-	(720,000)	-	(720,000)
Total	<u>141,226</u>	<u>(720,000)</u>	<u>3,237,260</u>	<u>2,658,486</u>

The above net assets include £141,226 that was transferred as cash.

21. PENSION COMMITMENTS

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

Contributions amounting to £134,920 were payable to the schemes at 31 August 2014 (2013 - £73,846) 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.

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

BURNT MILL ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2014

21. PENSION COMMITMENTS (continued)

Valuation of the Teachers' Pension Scheme

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 for service to the effective date of £191,500 million, and notional assets of £176,600 million, giving a notional past service deficit of £14,900 million; and
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations.

The new employer contribution rate is applicable from 1 April 2015 and will be implemented for the TPS from September 2015.

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

Teachers' Pension Scheme Changes

Lord Hutton made recommendations in 2011 about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation with trade unions and other representative bodies. In March 2012 the Department for Education published proposals for the design for a reformed TPS.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Pension benefits built up before 1 April 2015 will be fully protected.

In addition, the proposed final agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall up to three and a half years outside of the 10 year protection.

In his interim report of October 2010, Lord Hutton recommended that short-term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the Spending Review 2010 the Government announced an average increase of 3.2 percentage points on the contribution rates by 2014-15. The increases have been phased in from April 2012 on a 40:80:100% basis.

The Department for Education has continued to work closely with trade unions and other representatives bodies to develop the reformatted Teachers' Pension Scheme and regulations giving effect to it came into force on 1 April 2014. Communications are being rolled out and the reformatted scheme will commence on 1 April 2015.

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The Academy is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the Academy has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Academy has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2014 was £511,000, of which employer's contributions totalled £388,000 and employees' contributions totalled £123,000. The agreed contribution rates for future years are 12.3% for employers and 5.5 - 7.5% for employees.

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

BURNT MILL ACADEMY TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

21. PENSION COMMITMENTS (continued)

The amounts recognised in the Balance Sheet are as follows:

	2014 £	2013 £
Present value of funded obligations	(5,949,000)	(2,938,000)
Fair value of scheme assets	1,560,000	854,000
	<u> </u>	<u> </u>
Net liability	<u>(4,389,000)</u>	<u>(2,084,000)</u>

The amounts recognised in the Statement of Financial Activities are as follows:

	2014 £	2013 £
Current service cost	(542,000)	(242,000)
Interest on obligation	(227,000)	(99,000)
Expected return on scheme assets	68,000	33,000
	<u> </u>	<u> </u>
Total	<u>(701,000)</u>	<u>(308,000)</u>
	<u> </u>	<u> </u>
Actual return on scheme assets	<u>140,000</u>	<u>99,000</u>

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

	2014 £	2013 £
Opening defined benefit obligation	2,938,000	2,386,000
Current service cost	542,000	242,000
Interest cost	227,000	99,000
Contributions by scheme participants	123,000	59,000
Actuarial (Gains)/losses	(63,000)	169,000
Benefits paid	(50,000)	(17,000)
Present value of defined benefit obligation on conversion	2,232,000	-
	<u> </u>	<u> </u>
Closing defined benefit obligation	<u>5,949,000</u>	<u>2,938,000</u>

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

	2014 £	2013 £
Opening fair value of scheme assets	854,000	533,000
Expected return on assets	68,000	33,000
Actuarial gains and (losses)	29,000	65,000
Contributions by employer	388,000	181,000
Contributions by employees	123,000	59,000
Benefits paid	(50,000)	(17,000)
Fair value of scheme assets on conversion	148,000	-
	<u> </u>	<u> </u>
	<u>1,560,000</u>	<u>854,000</u>

The cumulative amount of actuarial gains and losses recognised in the Statement of Financial Activities was £435,000 loss (2013 - £104,000 loss).

The Academy expects to contribute £396,000 to its Defined Benefit Pension Scheme in 2015.

BURNT MILL ACADEMY TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

21. PENSION COMMITMENTS (continued)

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

	2014	2013
Equities	64.00 %	65.00 %
Gilts	6.00 %	8.00 %
Other bonds	11.00 %	9.00 %
Property	12.00 %	11.00 %
Cash	3.00 %	3.00 %
Alternative assets	4.00 %	4.00 %

Principal actuarial assumptions at the Balance Sheet date (expressed as weighted averages):

	2014	2013
Discount rate for scheme liabilities	3.90 %	4.70 %
Rate of increase in salaries	4.40 %	4.70 %
Rate of increase for pensions in payment / inflation	2.60 %	2.90 %
Inflation assumption (CPI)	2.60 %	2.90 %
Inflation assumption (RPI)	3.40 %	3.70 %

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

	2014	2013
Retiring today		
Males	22.7	22.7
Females	25.1	25.3
Retiring in 20 years		
Males	24.9	24.2
Females	27.4	26.9

Amounts for the current and previous period are as follows:

Defined benefit pension schemes

	2014 £	2013 £
Defined benefit obligation	(5,949,000)	(2,938,000)
Scheme assets	1,560,000	854,000
Deficit	<u>(4,389,000)</u>	<u>(2,084,000)</u>
Experience adjustments on scheme assets	<u>29,000</u>	<u>65,000</u>

22. OPERATING LEASE COMMITMENTS

At 31 August 2014 the Academy had annual commitments under non-cancellable operating leases as follows:

	2014 £	2013 £
Expiry date:		
Within 1 year	5,769	-
Between 2 and 5 years	9,018	26,056
	<u>14,787</u>	<u>26,056</u>

BURNT MILL ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2014

23. RELATED PARTY TRANSACTIONS

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

During the year the Academy incurred expenditure of £94,463 (2013 - £122,197), for educational resources and received income of £53,885 (2013 - £21,862) from Harlow Education Consortium (HEC). Mrs V Jones, who was a Trustee during the year, was co-manager of HEC in the year. At the year end £1,917 (2013 - £3,413) was due to HEC. Mrs V Jones had no voting powers at HEC so the transactions undertaken during the year were not subject to the cost provisions outlined in the Academies Accounts Direction 2013 to 2014.

In 2011 the Academy entered into a 125 year lease with The Harlow Education Trust, a company of which Ms H Mills is a Director, for the use of the Burnt Mill Academy premises. The Academy does not pay rent for its use of the land and buildings.

24. 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.