

BURNT MILL ACADEMY TRUST

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2015

BURNT MILL ACADEMY TRUST

CONTENTS

	Page
Reference and Administrative Details of the Academy, its Trustees and Advisers	1
Trustees' Report	2 - 5
Governance Statement	6 - 8
Statement on Regularity, Propriety and Compliance	9
Trustees' Responsibilities Statement	10
Independent Auditors' Report	11 - 12
Independent Reporting Accountant's Assurance Report on Regularity	13 - 14
Statement of Financial Activities	15
Balance Sheet	16
Cash Flow Statement	17
Notes to the Financial Statements	18 - 34

BURNT MILL ACADEMY TRUST

REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS MEMBERS, TRUSTEES AND ADVISERS FOR THE YEAR ENDED 31 AUGUST 2015

Members	Ms H Mills Mr Q Durrani Mrs B Tyne
Trustees	Ms H Mills, Executive Head Teacher Mr Q Durrani, Chair of Trustees Mr D Kolinski Mrs B Tyne Ms T Seymour Miss S Stride Ms J Keegan Ms G Doyle (appointed 1 September 2014, resigned 31 December 2014)
Company Secretary	Ms J Keegan
Chief Executive Officer	Ms H Mills
Registered and principal office	First Avenue Harlow Essex CM20 2NR
Company registered number	07843166
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 2015

The Trustees present their Annual Report together with the financial statements and Auditors' Report of Burnt Mill Academy Trust (the Trust or the Charitable Company) for the year ended 31st August 2015. The Annual Report serves the purpose of both a Trustees' report and a Directors' report under company law.

The Charitable Company operates 4 primary and 2 secondary schools. Its academies have a combined pupil capacity of 2,642 and a roll of 3,049 in the 2015 school census.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The 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 Trust are also the Directors of the Charitable Company for the purposes of company law. The terms Trustee and Director are interchangeable in this report.

The Trust comprises the following schools:

- Burnt Mill Academy
- Forest Hall School
- Freshwaters Primary Academy
- Cooks Spinney Primary Academy
- Roydon Primary Academy
- Little Parndon Primary Academy

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 Trust 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 and details of the costs are disclosed in note 10 to the accounts.

Method of Recruitment and Appointment or Election of Trustees

Arrangements as set out in the articles/funding agreement. The Trust works with NPW and Schools Network to ensure trustees are recruited that provide a balance of skill sets.

Policies and Procedures adopted for the Induction and Training of Trustees

NPW and the CEO plan the induction and training for new Trustees.

Organisational Structure

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

The Directors meet on at least 6 occasions per year. They 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 Trust, capital expenditure and staff appointments. This Board contains the Accounting Officer, who is the CEO of the Trust.

The Senior Leadership Team (SLT) of each Academy report through their Local Advisory Boards (LAB) and are responsible at an executive level for implementing policies; responsible for the day to day operation of their 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 2015

The Accounting Officer of the Trust 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 Trust's operations and the composition of the Board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which a Trustee has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Trust's financial regulations and normal procurement procedures. Any transaction where the Trustee has a pecuniary interest is only undertaken in accordance with the 'at cost' principle stated in the Academies Financial Handbook.

OBJECTIVES AND ACTIVITIES

Objects and Aims

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

Strategies and Activities

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

- raising the standard of educational achievement of all pupils so that pupils make good or outstanding progress;
- improving the effectiveness of the Schools by keeping the curriculum and organisational structure under continual review;
- ensuring that we use public funds innovatively due to reducing resources; and
- conducting the Trust's business in accordance with the highest standards of integrity.

BMAT Mission and Vision Statement

Burnt Mill Multi Academy Trust's mission is to smash through the barriers that prevent children from becoming confident, high achieving and independent individuals. Our vision is to establish a community of Schools which provide an outstanding education for every individual attending a Trust School. Our 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 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

- Freshwaters Primary School achieved 'good' in all categories in their OFSTED inspection. Roydon Primary School achieved 'good' in all categories with outstanding behaviour.
- Burnt Mill's GCSE results were at 80% with exceptional progress in English and Maths.
- Forest Hall's outcomes improved by 17% and was one of the most improved schools in Essex.
- Cooks Spinney results were 78% combined at Key Stage 2. The first time they have ever been above floor and was one of the most improved primaries in Essex.
- Progress in writing at the end of Key Stage 2 in Cooks Spinney, Freshwaters and Roydon was above national.
- Inadequate teaching and RI has been removed from all primary schools in Harlow Hub.

Key Performance Indicators

- Outcomes for pupils increased and achievement was at or above average in most schools.
- We have sustained our current pupil numbers. Pupil numbers for 2015 were 3,049 (2014: 2,500). Accommodating the increased numbers did not affect any of the Academies in the Trust during 2014/15.

Another key financial performance indicator is staffing costs as a percentage of total income. For 2013/14 this was 69% and for 2014/15 it was 69.11%.

BURNT MILL ACADEMY TRUST

TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2015

Going Concern

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future, indeed the Trust has forecast for the next 3 years to ensure sustainability. 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 principle 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 31st August 2015, the Trust received £17,672,408 GAG and other funding. A high percentage of this income is spent on salaries and support costs to deliver the Trust's primary objective of the provision of education. During the year, the Trust spent all of its restricted funds. It has unrestricted funds carrying a surplus of £1,456,153.

Reserves Policy

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

The Trust's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is £1,456,153. This has been built up from balances transferred on conversions.

The cash balance of the Trust has been very healthy all year, ending the year with a balance of £3,536,668 (included £1,482,155 capital funding). The Trustees have determined that they should hold a cash contingency equivalent to two weeks' expenditure, approximately £734,000.

Due to the accounting rules for the Local Government Pension Scheme under FRS17, the Trust is recognising a significant pension fund deficit of £5,439,000. 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 of Trustees during 2015/16 for final signing off.

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

PRINCIPAL RISKS AND UNCERTAINTIES

The Trustees update their risk register annually, identifying the major risks to which the Trust 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 Schools 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, 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 Trust 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 level or on the same terms.

BURNT MILL ACADEMY TRUST

TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2015

- Failures in governance and/or management - The risk in this area arises from potential failure to manage the Trust's finances, internal controls, compliance with all aspects of their business. The Trust continually review their processes using Internal Auditors who present findings to the termly meeting of the Audit committee. The Local Advisory Board Members 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 Trust is dependent on continuing to attract applicants in sufficient numbers by maintaining the highest educational standards. To mitigate this risk, the Trust has delegated authority to the Local Advisory Board Members to ensure that student success and achievement are closely monitored and reviewed. Performance Management of Headteachers by the CEO ensures that leadership is ambitious and robust.
- Safeguarding and child protection - The Trustees 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 Trust is reliant on the quality of its staff and so the Trust 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 Trust 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 Trust has continued to strengthen its risk management process throughout the year by improving the process and ensuring staff awareness.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

None held.

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 annual general meeting.

This Report, incorporating the Strategic Report, was approved by the Board of Trustees on 16 December 2015 and signed on it's 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, 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	5	6
Mr Q Durrani	6	6
Mr D Kolinski	6	6
Mrs B Tyne	5	6
Ms T Seymour	6	6
Miss S Stride	2	6
Ms J Keegan	6	6
Ms G Doyle	2	2

Rapid growth has presented challenges and addressing staffing requirements in administration to support each of the 6 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
P Storey	2	2
A Jamieson	1	2
B Tyne	1	2

BURNT MILL ACADEMY TRUST

GOVERNANCE STATEMENT (continued)

REVIEW OF VALUE FOR MONEY

As Accounting Officer, the Executive Head has responsibility for ensuring that the 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 Trust has delivered improved value for money during the year by:

- Strengthening the quality of teaching. Any inadequate teaching has been removed from the Academies. The quality of teaching has dramatically improved in both the primary and secondary phase. We have been able to recruit and retain some exceptional teachers and leaders.
- Improving the educational outcomes of our children across our Academies by at least 10% in KS2 and 11% in KS4.
- Maintaining the above average attendance of children in all our academies with some Academies being significantly above average. The numbers of children who are persistently absent are very low compared to national averages.
- Strengthening governance at Board level, recruiting talented Trustees who will enable us to achieve our ambition, despite potential reduction in incomes.

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 Trust 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 2014 to 31 August 2015 and up to the date of approval of the Annual Report and financial statements.

CAPACITY TO HANDLE RISK

The Board of Trustees has reviewed the key risks to which the Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Trust's significant risks, that has been in place for the year 1 September 2014 to 31 August 2015 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 Trust'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 Trustees of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties and
- identification and management of risks.

The Board of Trustees has considered the need for a specific internal audit function and has decided to appoint 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 Trust's financial systems. In particular the checks carried out in the current period included:

- Governance
- Universal Free School Meals
- Estates Management

BURNT MILL ACADEMY TRUST

GOVERNANCE STATEMENT (continued)

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 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 Trust 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 the Board of Trustees on 16 December 2015 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 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 Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook (2014).

I confirm that I and the Board of Trustees are able to identify any material, irregular or improper use of funds by the Trust, or material non-compliance with the terms and conditions of funding under the Trust's funding agreement and the Academies Financial Handbook (2014).

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: 16 December 2015

BURNT MILL ACADEMY TRUST

TRUSTEES' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 AUGUST 2015

The Trustees (who are 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; and
- 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 the Board of Trustees on 16 December 2015 and signed on its behalf by:

Mr Q Durrani
Chair of Trustees

BURNT MILL ACADEMY TRUST

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BURNT MILL ACADEMY TRUST

We have audited the financial statements of Burnt Mill Academy Trust for the year ended 31 August 2015 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 2014 to 2015 issued by the Education Funding Agency.

This report is made solely to the Trust's Members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Trust's Members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trust 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 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 Trust'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 Trust's affairs as at 31 August 2015 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 2014 to 2015 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 MEMBERS 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 2015

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 2014 to 2015, 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 2014 to 31 August 2015 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 2014, 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 2014 to 2015. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2014 to 31 August 2015 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 2014 to 2015 issued by 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 Trust's income and expenditure.

The work undertaken to draw to our conclusion includes:

- Consideration and corroboration of the evidence supporting the Accounting Officer's statement on regularity, propriety and compliance.
- Evaluation of the general control environment of the Trust, extending the procedures required for financial statements to include regularity.
- Discussions with and representations from the Accounting Officer and other key management personnel.
- An extension of substantive testing from our audit of the financial statements to cover matters pertaining to regularity, propriety and compliance in particular checking that selected items were appropriately authorised, and appropriate.

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 2014 to 31 August 2015 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 2015

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 2015**

	Note	Unrestricted funds 2015 £	Restricted funds 2015 £	Restricted fixed asset funds 2015 £	Total funds 2015 £	Total funds 2014 £
INCOMING RESOURCES						
Incoming resources from generated funds:						
Assets received on conversion to academy	2,18	161,185	(859,000)	5,457,254	4,759,439	11,263,462
Other voluntary income	2	19,935	261,641	-	281,576	558,054
Activities for generating funds	3	578,815	-	-	578,815	346,549
Investment income		2,561	-	-	2,561	2,216
Incoming resources from charitable activities		-	15,206,571	2,465,837	17,672,408	12,173,628
TOTAL INCOMING RESOURCES		762,496	14,609,212	7,923,091	23,294,799	24,343,909
RESOURCES EXPENDED						
Charitable activities		429,759	16,067,085	2,062,423	18,559,267	14,555,259
Governance costs	7	-	44,385	-	44,385	17,350
TOTAL RESOURCES EXPENDED	5	429,759	16,111,470	2,062,423	18,603,652	14,572,609
NET INCOMING / (OUTGOING) RESOURCES BEFORE TRANSFERS						
		332,737	(1,502,258)	5,860,668	4,691,147	9,771,300
Transfers between funds	14	-	(71,749)	71,749	-	-
NET INCOME FOR THE YEAR		332,737	(1,574,007)	5,932,417	4,691,147	9,771,300
Actuarial gains and losses on defined benefit pension schemes		-	213,000	-	213,000	92,000
NET MOVEMENT IN FUNDS FOR THE YEAR		332,737	(1,361,007)	5,932,417	4,904,147	9,863,300
Total funds at 1 September 2014		1,123,416	(4,077,993)	20,793,947	17,839,370	7,976,070
TOTAL FUNDS AT 31 AUGUST 2015		1,456,153	(5,439,000)	26,726,364	22,743,517	17,839,370

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 34 form part of these financial statements.

BURNT MILL ACADEMY TRUST
REGISTERED NUMBER: 07843166

BALANCE SHEET
AS AT 31 AUGUST 2015

	Note	£	2015 £	£	2014 £
FIXED ASSETS					
Tangible assets	11		25,318,914		20,793,947
CURRENT ASSETS					
Debtors	12	633,874		767,956	
Cash at bank and in hand		3,536,668		1,864,884	
		<u>4,170,542</u>		<u>2,632,840</u>	
CREDITORS: amounts falling due within one year	13	(1,306,939)		(1,198,417)	
NET CURRENT ASSETS			<u>2,863,603</u>		<u>1,434,423</u>
TOTAL ASSETS LESS CURRENT LIABILITIES					
Defined benefit pension scheme liability	19		28,182,517		22,228,370
			<u>(5,439,000)</u>		<u>(4,389,000)</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITY			<u><u>22,743,517</u></u>		<u><u>17,839,370</u></u>
FUNDS OF THE ACADEMY					
Restricted funds :					
Restricted funds	14	-		311,007	
Restricted fixed asset funds	14	26,726,364		20,793,947	
		<u>26,726,364</u>		<u>21,104,954</u>	
Restricted funds excluding pension liability		26,726,364		21,104,954	
Pension reserve		<u>(5,439,000)</u>		<u>(4,389,000)</u>	
Total restricted funds			21,287,364		16,715,954
Unrestricted funds	14		1,456,153		1,123,416
TOTAL FUNDS			<u><u>22,743,517</u></u>		<u><u>17,839,370</u></u>

The financial statements were approved by the Trustees, and authorised for issue, on 16 December 2015 and are signed on their behalf, by:

Mr Q Durrani
Chair of Trustees

The notes on pages 18 to 34 form part of these financial statements.

BURNT MILL ACADEMY TRUST

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2015**

	Note	2015 £	2014 £
Net cash flow from operating activities	16	1,740,972	552,678
Returns on investments and servicing of finance		2,561	2,216
Capital expenditure and financial investment		(71,749)	(24,094)
INCREASE IN CASH IN THE YEAR		1,671,784	530,800

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS
FOR THE YEAR ENDED 31 AUGUST 2015**

	2015 £	2014 £
Increase in cash in the year	1,671,784	530,800
MOVEMENT IN NET FUNDS IN THE YEAR	1,671,784	530,800
Net funds at 1 September 2014	1,864,884	1,334,084
NET FUNDS AT 31 AUGUST 2015	3,536,668	1,864,884

The notes on pages 18 to 34 form part of these financial statements.

BURNT MILL ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2015

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, 'Accounting and Reporting by Charities' published in March 2005 (SORP), the Academies Accounts Direction 2014 to 2015 issued by EFA, applicable accounting standards and the Companies Act 2006.

1.2 Company status

The Trust is a company limited by guarantee. Those Members who are Trustees are noted on page 1. In the event of the Trust being wound up, the liability in respect of the guarantee is limited to £10 per Member of the Trust.

1.3 Fund accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the Trust 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 Trust 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 Trust are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the Trust 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 Trust'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 2015

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 Trust's educational operations.

Governance costs include the costs attributable to the Trust'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 Trust 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 Trust'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 Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a Charitable Company for UK corporation tax purposes. Accordingly, the Trust 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 2015

1. ACCOUNTING POLICIES (continued)

1.10 Pensions

Retirement benefits to employees of the Trust 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 Trust.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the 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 quinquennial valuations using a prospective benefit method. As stated in note 19, the TPS is a multi-employer scheme and the Trust 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 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 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 academies involved the transfer of identifiable assets and liabilities and the operation of each School for £nil consideration and has been accounted for under the acquisition accounting method.

The assets and liabilities transferred on conversion from Forest Hall School to academy status 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 18.

2. VOLUNTARY INCOME

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Assets received on conversion to academy	161,185	4,598,254	4,759,439	11,263,462
Donations	19,935	261,641	281,576	341,397
Grants	-	-	-	216,657
Subtotal	19,935	261,641	281,576	558,054
Voluntary income	181,120	4,859,895	5,041,015	11,821,516

BURNT MILL ACADEMY TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

3. ACTIVITIES FOR GENERATING FUNDS

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Rental income	70,255	-	70,255	35,679
Catering income	390,590	-	390,590	304,493
Other income	117,970	-	117,970	6,377
	<u>578,815</u>	<u>-</u>	<u>578,815</u>	<u>346,549</u>

To comply with regulations this income is stated gross and associated costs are included within note 6.

4. FUNDING FOR TRUST'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
DfE/EFA grants				
General Annual Grant (GAG)	-	12,969,123	12,969,123	10,113,372
Other DfE / EFA grants	-	4,035,270	4,035,270	1,614,759
	<u>-</u>	<u>17,004,393</u>	<u>17,004,393</u>	<u>11,728,131</u>
Other government grants				
Local authority grants	-	668,015	668,015	445,497
	<u>-</u>	<u>668,015</u>	<u>668,015</u>	<u>445,497</u>
	<u>-</u>	<u>17,672,408</u>	<u>17,672,408</u>	<u>12,173,628</u>

BURNT MILL ACADEMY TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

5. RESOURCES EXPENDED

	Staff costs	Non Pay Premises	Expenditure Other costs	Total	Total
	2015 £	2015 £	2015 £	2015 £	2014 £
Provision of education - direct costs	8,555,293	-	1,160,626	9,715,919	8,583,461
Provision of education - support costs	4,255,185	4,685,157	(96,994)	8,843,348	5,812,798
Charitable activities	<u>12,810,478</u>	<u>4,685,157</u>	<u>1,063,632</u>	<u>18,559,267</u>	<u>14,396,259</u>
Governance	-	-	44,385	44,385	17,350
	<u><u>12,810,478</u></u>	<u><u>4,685,157</u></u>	<u><u>1,108,017</u></u>	<u><u>18,603,652</u></u>	<u><u>14,413,609</u></u>

Included within resources expended are the following transactions. Individual transactions exceeding £5,000 are identified separately:

Each payment was only made after taking external professional advice and authorised by the Board of Trustees.

	Total £	Amount £	Reason
Ex-gratia/compensation payments	24,763	14,849	Severance agreement
	-	6,915	Severance agreement

BURNT MILL ACADEMY TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

6. CHARITABLE ACTIVITIES

	Total funds 2015 £	Total funds 2014 £
DIRECT COSTS		
Wages and salaries	7,214,248	5,488,049
National insurance	535,259	448,446
Pension cost	805,786	704,680
Educational supplies	465,142	925,662
Examination fees	134,011	110,677
Staff development	150,756	42,340
Technology costs	76,580	79,402
Educational consultancy	334,137	779,945
Travel & subsistence	-	1,693
Other costs	-	2,567
	9,715,919	8,583,461
SUPPORT COSTS		
Wages and salaries	3,337,798	1,852,883
National insurance	140,466	86,050
Pension cost	776,921	485,515
Depreciation	1,004,036	793,740
FRS 17 adjustment	164,000	159,000
Staff development	-	859
Technology costs	239,679	104,522
Travel & subsistence	13,680	45,038
Other costs	370,638	272,080
Recruitment & support	12,911	1,710
Maintenance of premises & equipment	1,408,907	783,836
Cleaning	19,279	14,578
Rates	40,629	27,135
Energy	120,713	82,681
Insurance	127,991	104,042
Security	42,746	36,604
Transport	7,948	3,246
Catering	384,422	300,779
Occupancy costs	220,605	165,551
Bank interest & charges	1,053	-
Professional fees	408,926	651,949
	8,843,348	5,971,798
	18,559,267	14,555,259

7. GOVERNANCE COSTS

	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Auditors' remuneration	11,000	11,000	9,500
Auditors' non audit costs (including internal audit costs and EFA comparison study costs)	33,385	33,385	7,850
	44,385	44,385	17,350
	44,385	44,385	17,350

BURNT MILL ACADEMY TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

8. STAFF

a. Staff costs

Staff costs were as follows:

	2015 £	2014 £
Wages and salaries	9,907,693	7,167,858
Social security costs	675,725	534,496
Other pension costs	1,582,707	1,190,195
	12,166,125	8,892,549
Supply teacher costs	619,590	173,074
Compensation payments (Note 5)	24,763	-
	12,810,478	9,065,623

b. Staff numbers

The average number of persons (including the Senior Leadership Team) employed by the Trust during the year expressed as full time equivalents was as follows:

	2015 No.	2014 No.
Teachers	122	136
Leadership teachers	19	19
Administration and support	1	1
Leadership admin & support	247	178
	389	334

c. Higher paid staff

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

	2015 No.	2014 No.
In the band £ 60,001 - £ 70,000	8	3
In the band £ 70,001 - £ 80,000	2	2
In the band £120,001 - £130,000	1	1
	11	6

Ten of the above employees participated in the Teachers Pensions Scheme. The other employee participated in the Local Government Pension Scheme.

BURNT MILL ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2015

9. TRUSTEES' REMUNERATION AND EXPENSES

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

Ms H Mills (Executive Headteacher)
Remuneration £125,000-£130,000 (2014: £125,000 - £130,000)
Employer's Pension contribution £15,000-£20,000 (2014: £15,000 - £20,000)

Ms J Keegan (Staff Trustee)
Remuneration £65,000-£70,000 (2014: £65,000-£70,000)
Employer's Pension contribution £5,000-£10,000 (2014: £5,000-£10,000)

During the period 31 August 2015, no Trustees received any reimbursement of expenses for their role as Trustees (2014: £NIL).

Other related party transactions involving the Trustees are set out in note 21.

10. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the Trust 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.

11. TANGIBLE FIXED ASSETS

	Freehold property £	Leasehold property £	Fixtures and fittings £	Motor vehicles £	Total £
Cost					
At 1 September 2014	3,200,000	18,533,471	554,616	22,400	22,310,487
Additions	-	-	71,749	-	71,749
Transfers on conversion	-	5,257,000	200,254	-	5,457,254
At 31 August 2015	<u>3,200,000</u>	<u>23,790,471</u>	<u>826,619</u>	<u>22,400</u>	<u>27,839,490</u>
Depreciation					
At 1 September 2014	-	1,375,564	129,876	11,100	1,516,540
Charge for the year	147,126	751,059	102,151	3,700	1,004,036
At 31 August 2015	<u>147,126</u>	<u>2,126,623</u>	<u>232,027</u>	<u>14,800</u>	<u>2,520,576</u>
Net book value					
At 31 August 2015	<u><u>3,052,874</u></u>	<u><u>21,663,848</u></u>	<u><u>594,592</u></u>	<u><u>7,600</u></u>	<u><u>25,318,914</u></u>
At 31 August 2014	<u><u>3,200,000</u></u>	<u><u>17,157,907</u></u>	<u><u>424,740</u></u>	<u><u>11,300</u></u>	<u><u>20,793,947</u></u>

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

BURNT MILL ACADEMY TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

12. DEBTORS

	2015 £	2014 £
Trade debtors	12,289	13,296
VAT recoverable	125,799	215,729
Prepayments and accrued income	495,786	538,931
	633,874	767,956
	633,874	767,956

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

	2015 £	2014 £
Trade creditors	107,771	76,072
Other taxation and social security	375,075	328,078
Accruals and deferred income	824,093	794,267
	1,306,939	1,198,417
	1,306,939	1,198,417
		£
Deferred income		
Deferred income at 1 September 2014		111,991
Amounts released from previous years		(111,991)
Universal free school meals 2015/16		99,037
Rates rebate 2015/16		46,557
		145,594
Deferred income at 31 August 2015		145,594

BURNT MILL ACADEMY TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

14. STATEMENT OF FUNDS

	Brought forward £	Incoming resources £	Resources expended £	Transfers in/out £	Gains/(losses) £	Carried forward £
Unrestricted funds						
General funds	1,123,416	762,496	(429,759)	-	-	1,456,153
Restricted funds						
General Annual Grant (GAG)	308,190	12,969,123	(13,205,564)	(71,749)	-	-
Other government grants	-	1,842,582	(1,842,582)	-	-	-
Educational visits	2,817	200,877	(203,694)	-	-	-
Other donations	-	60,764	(60,764)	-	-	-
Convertor sponsorship income	-	331,666	(331,666)	-	-	-
Summer school income	-	24,000	(24,000)	-	-	-
16-19 Bursary fund	-	39,200	(39,200)	-	-	-
Pension reserve	(4,389,000)	(859,000)	(404,000)	-	213,000	(5,439,000)
	<u>(4,077,993)</u>	<u>14,609,212</u>	<u>(16,111,470)</u>	<u>(71,749)</u>	<u>213,000</u>	<u>(5,439,000)</u>
Restricted fixed asset funds						
Capital improvement fund	-	2,372,533	(965,083)	-	-	1,407,450
Restricted fixed assets fund	20,793,947	5,457,254	(1,004,036)	71,749	-	25,318,914
Other capital grants	-	93,304	(93,304)	-	-	-
	<u>20,793,947</u>	<u>7,923,091</u>	<u>(2,062,423)</u>	<u>71,749</u>	<u>-</u>	<u>26,726,364</u>
Total restricted funds	<u>16,715,954</u>	<u>22,532,303</u>	<u>(18,173,893)</u>	<u>-</u>	<u>213,000</u>	<u>21,287,364</u>
Total of funds	<u>17,839,370</u>	<u>23,294,799</u>	<u>(18,603,652)</u>	<u>-</u>	<u>213,000</u>	<u>22,743,517</u>

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

Other government grants

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

Educational visits

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

Other donations

These are any other donations received by the Trust for the provision of educational purposes.

Convertor sponsorship income

This is income allocated to the trust to help uplift standards at newly converted schools joining the Trust, as well as contributing towards any one off associated costs.

BURNT MILL ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2015

14. STATEMENT OF FUNDS (continued)

Summer school income

This is income provided for the provision of Summer School activities at both Burnt Mill School and Forest Hall School.

Pension reserve

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

Capital Improvement Fund (CIF)

The Trust is required to use the funding for the specific project as defined within the funding agreement. This was formerly classified as Academies Capital Maintenance Funding (ACMF).

Restricted fixed asset fund

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.

Other capital grants

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

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 Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2015.

Analysis of Academies by fund balance

Fund balances at 31 August 2015 were allocated as follows:

	Total £
Central Services	1,456,153
Restricted fixed asset fund	26,726,364
Pension reserve	(5,439,000)
Total	<u>22,743,517</u>

The following schools had £Nil fund balances (excluding restricted fixed asset fund and pension reserve) as at 31 August 2015:

Burnt Mill
Freshwaters
Cooks Spinney
Little Parndon
Roydon
Forest Hall

Funds are allocated by Central Services as the need arises.

BURNT MILL ACADEMY TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

14. 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	4,360,741	1,271,538	847,640	1,669,980	8,149,899
Freshwaters	708,498	412,780	38,947	337,380	1,497,605
Cooks Spinney	837,240	600,326	120,219	391,189	1,948,974
Roydon	443,062	290,876	70,455	359,601	1,163,994
Little Parndon	836,506	582,894	126,039	509,738	2,055,177
Forest Hall	851,360	337,721	116,386	273,238	1,578,705
Central services	517,886	345,861	81,090	260,426	1,205,263
	<u>8,555,293</u>	<u>3,841,996</u>	<u>1,400,776</u>	<u>3,801,552</u>	<u>17,599,617</u>

SUMMARY OF FUNDS

	Brought forward £	Incoming resources £	Resources expended £	Transfers in/out £	Gains/ (losses) £	Carried forward £
General funds	1,123,416	762,496	(429,759)	-	-	1,456,153
Restricted funds	(4,077,993)	14,609,212	(16,111,470)	(71,749)	213,000	(5,439,000)
Restricted fixed asset funds	20,793,947	7,923,091	(2,062,423)	71,749	-	26,726,364
	<u>17,839,370</u>	<u>23,294,799</u>	<u>(18,603,652)</u>	<u>-</u>	<u>213,000</u>	<u>22,743,517</u>

15. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2015 £	Restricted funds 2015 £	Restricted fixed asset funds 2015 £	Total funds 2015 £	Total funds 2014 £
Tangible fixed assets	-	-	25,318,914	25,318,914	20,793,947
Current assets	2,763,092	-	1,407,450	4,170,542	2,632,840
Creditors due within one year	(1,306,939)	-	-	(1,306,939)	(1,198,417)
Provisions for liabilities and charges	-	(5,439,000)	-	(5,439,000)	(4,389,000)
	<u>1,456,153</u>	<u>(5,439,000)</u>	<u>26,726,364</u>	<u>22,743,517</u>	<u>17,839,370</u>

BURNT MILL ACADEMY TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

16. NET CASH FLOW FROM OPERATING ACTIVITIES

	2015 £	2014 £
Net incoming resources before revaluations	4,691,147	9,771,300
Returns on investments and servicing of finance	(2,561)	(2,216)
Assets received on conversion	(5,457,254)	(12,625,150)
Depreciation of tangible fixed assets	1,004,036	793,740
Decrease/(increase) in debtors	134,080	(411,534)
Increase in creditors	108,524	629,538
FRS 17 adjustments	1,263,000	2,397,000
Net cash inflow from operations	1,740,972	552,678

17. ANALYSIS OF CHANGES IN NET FUNDS

	1 September 2014 £	Cash flow £	Other non-cash changes £	31 August 2015 £
Cash at bank and in hand:	1,864,884	1,671,784	-	3,536,668
Net funds	1,864,884	1,671,784	-	3,536,668

18. CONVERSION TO AN ACADEMY TRUST

Forest Hall School

On 1 February 2015 Forest Hall 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 £
Leasehold land and buildings	-	-	5,457,254	5,457,254
Budget surplus on Local Authority funds	161,185	-	-	161,185
LGPS pension deficit	-	(859,000)	-	(859,000)
Net assets/(liabilities)	161,185	(859,000)	5,457,254	4,759,439

The above net assets include £161,185 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 2015

19. PENSION COMMITMENTS

The Trust'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 £164,800 were payable to the schemes at 31 August 2015 (2014 - £134,920) 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.

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 pension costs paid to TPS in the period amounted to £805,786 (2014: £704,680).

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

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, 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.

BURNT MILL ACADEMY TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

19. PENSION COMMITMENTS (continued)

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 2015 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.

The amounts recognised in the Balance Sheet are as follows:

	2015 £	2014 £
Present value of funded obligations	(7,983,000)	(5,949,000)
Fair value of scheme assets	2,544,000	1,560,000
	(5,439,000)	(4,389,000)
Net liability	(5,439,000)	(4,389,000)

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

	2015 £	2014 £
Current service cost	(778,000)	(542,000)
Interest on obligation	(271,000)	(227,000)
Expected return on scheme assets	107,000	68,000
	(942,000)	(701,000)
Total	(942,000)	(701,000)
Actual return on scheme assets	213,000	140,000
	213,000	140,000

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

	2015 £	2014 £
Opening defined benefit obligation	5,949,000	2,938,000
Current service cost	778,000	542,000
Interest cost	271,000	227,000
Contributions by scheme participants	129,000	123,000
Actuarial gains	(232,000)	(63,000)
Benefits paid	(25,000)	(50,000)
Present value of defined benefit obligation on conversion	1,113,000	2,232,000
	7,983,000	5,949,000
Closing defined benefit obligation	7,983,000	5,949,000

BURNT MILL ACADEMY TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

19. PENSION COMMITMENTS (continued)

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

	2015 £	2014 £
Opening fair value of scheme assets	1,560,000	854,000
Expected return on assets	107,000	68,000
Actuarial gains and (losses)	(19,000)	29,000
Contributions by employer	538,000	388,000
Contributions by employees	129,000	123,000
Benefits paid	(25,000)	(50,000)
Fair value of scheme assets on conversion	254,000	148,000
	<u>2,544,000</u>	<u>1,560,000</u>

The amount of actuarial gains and losses recognised in the Statement of Financial Activities was a £213,000 gain (2014 - £92,000 gain).

The Trust expects to contribute £584,000 to its Defined Benefit Pension Scheme in 2016.

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

	2015	2014
Equities	65.00 %	64.00 %
Gilts	4.00 %	6.00 %
Other bonds	10.00 %	11.00 %
Property	12.00 %	12.00 %
Cash	2.00 %	3.00 %
Alternative assets	7.00 %	4.00 %

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	2015	2014
Discount rate for scheme liabilities	4.00 %	3.90 %
Rate of increase in salaries	4.40 %	4.40 %
Rate of increase for pensions in payment / inflation	2.60 %	2.60 %
Inflation assumption (CPI)	2.60 %	2.60 %
Inflation assumption (RPI)	3.50 %	3.40 %

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

	2015	2014
Retiring today		
Males	22.8	22.7
Females	25.2	25.1
Retiring in 20 years		
Males	25.1	24.9
Females	27.6	27.4

BURNT MILL ACADEMY TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

19. PENSION COMMITMENTS (continued)

Amounts for the current and previous three periods are as follows:

Defined benefit pension schemes

	2015 £	2014 £	2013 £	2012 £
Defined benefit obligation	(7,983,000)	(5,949,000)	(2,938,000)	(2,386,000)
Scheme assets	2,544,000	1,560,000	854,000	533,000
Deficit	<u>(5,439,000)</u>	<u>(4,389,000)</u>	<u>(2,084,000)</u>	<u>(1,853,000)</u>
Experience adjustments on scheme assets	<u>(19,000)</u>	<u>29,000</u>	<u>65,000</u>	<u>6,000</u>

20. OPERATING LEASE COMMITMENTS

At 31 August 2015 the Academy had annual commitments under non-cancellable operating leases as follows:

	2015 £	2014 £
Expiry date:		
Within 1 year	1,794	5,769
Between 2 and 5 years	<u>28,896</u>	<u>9,018</u>

21. RELATED PARTY TRANSACTIONS

Owing to the nature of the Trust's operations and the composition of the Board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which a Trustee has an interest. All transactions involving such organisations are conducted at cost and in accordance with the Trust's financial regulations and normal procurement procedures.

Any transactions where the Trustee has a pecuniary interest is only undertaken in accordance with the 'at cost' principle stated in the Academies Financial Handbook.

In 2011 Burnt Mill School 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. In 2015 the freehold land was transferred to Burnt Mill Academy Trust.

22. 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.