

**BURNT MILL ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

**TRUSTEES' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 AUGUST 2017**

**BURNT MILL ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

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**BURNT MILL ACADEMY TRUST**  
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS MEMBERS, TRUSTEES AND  
ADVISERS  
FOR THE YEAR ENDED 31 AUGUST 2017**

<b>Members</b>	Mr Q Durrani (resigned 20 January 2017) Mr D Kolinsky Mrs B Tyne Mr T Elbourne (appointed 1 September 2017)
<b>Trustees</b>	Ms H Mills CBE, CEO Mr Q Durrani, Chair of Trustees (resigned 20 January 2017) Mr D Kolinsky Mrs B Tyne Mr N Tesseyman Mr A Reid Ms F Griffith, Chair of Trustees (from 21 January 2017) Mr R Sanders Ms J Coton (appointed 14 October 2017) Mr I Martin (appointed 14 October 2017) Mr P Drayton (appointed 14 October 2017)
<b>Company registered number</b>	07843166
<b>Company name</b>	Burnt Mill Academy Trust
<b>Registered and principal office</b>	First Avenue Harlow Essex CM20 2NR
<b>Company Secretary</b>	NPW
<b>Chief Executive Officer</b>	Ms H Mills CBE
<b>Senior management team</b>	Helena Mills CBE, Chief Executive Officer John Blaney, Head Teacher Stephen Hehir, Head Teacher Stuart Pope, Executive Head Tom Brighton, Chief Financial Officer
<b>Independent Auditors</b>	Price Bailey LLP Chartered Accountants Statutory Auditors Causeway House 1 Dane Street Bishop's Stortford Hertfordshire CM23 3BT
<b>Bankers</b>	Lloyds TSB East Gate Harlow

**BURNT MILL ACADEMY TRUST**  
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**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

The Trustees present their Annual Report together with the financial statements and Auditor's Report of Burnt Mill Academy Trust (the Trust or the Charitable Company) for the year ended 31 August 2017. The Annual Report serves the purposes of both a Trustees' Report, and a Directors' Report under company law.

The Trust operates 5 primaries and 2 secondary academies serving a catchment area in Harlow and Stansted. The Academies have a combined capacity of 3297 and had a roll of 3228 in the 2017 census.

**Structure, Governance and Management**

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 Charitable Company are also the Directors for the purposes of company law. The terms Trustee and Director are interchangeable. The Charitable Company includes the following Academies:

- Burnt Mill Academy converted on 1st December 2011
- Freshwaters Academy converted and joined the Trust on 1st September 2013
- Roydon Academy converted and joined the Trust on 1st September 2013
- Cooks Spinney Academy converted and joined the Trust on 1st December 2013
- Little Parndon Academy converted and joined the Trust on 1st April 2014
- Forest Hall Academy converted and joined the Trust on 1st February 2015
- Magna Carta Academy opened on 1st September 2017

The operation of the Academies and employment of staff are the responsibility of the Trustees. The Trust retains control of Academy budgets and finances, and monitors these through its Finance Committee. Throughout this report the Board of Trustees is referred to as the Trust Board.

Details of the Trustees who served throughout the period are included in the Reference and Administrative Details section. Within this Report the term Trustee or Director refers to a member of the Trust Board and the term Governor to a member of a Local Advisory Board (LAB). Details of the Trustees who served during the year are included in the Reference and Administrative Details section.

**Members' Liability**

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

**Trustees and Officers' Indemnities**

In accordance with normal commercial practice the Trust has purchased insurance to protect Trustees, Governors and Officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust 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 and Appointment or Election of Trustees**

The arrangements are as set out in the Articles and Funding Agreement in 50B. 'The Members may appoint Directors through such process as they may determine.'

Trustees are appointed for a fixed term. The term of office for any Trustee shall be four years save that this time limit shall not apply to the Chief Executive Officer (if appointed). Subject to remaining eligible to be a particular type of Trustee, any Trustee may be re-appointed or re-elected. The Chief Executive Officer (CEO) is an ex officio member of the Trust Board. Other Trustees are elected to office or appointed if there are insufficient candidates offering themselves for election. The Articles of Association make provision for up to 7 Trustees plus the CEO.

**Policies and Procedures Adopted for the Induction and Training of Trustees and Governors**

The Trust is committed to providing adequate opportunities for Trustees and Governors to undertake and receive suitable training so as to enable them to perform their role effectively. To this end The Trust links with a number of local training providers. New Trustees and Governors are required to attend a training programme organised by the Trust Board. The induction programme would involve a tour of the relevant Academy, meetings with students and staff and provision of policy and procedures documents that are appropriate to the role they undertake with particular emphasis on the committee work that they will undertake.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**Organisational Structure**

The governance of the Trust is defined in the Memorandum and Articles of Association together with the Funding Agreement with the Department of Education.

The Trust Board, meets on at least 6 occasions per year and its sub committees at least 3 times per year. The Trust Board is responsible for the strategic direction of the Trust. The Trustees are responsible for setting strategic policy, adopting an annual plan and budget, monitoring The Trust by the use of those budgets and making major decisions about the direction of The Trust, capital expenditure and senior staff appointments. The Governors within their LAB's are responsible for implementing strategic policy. Governors within LABS who have earned autonomy are responsible for ensuring the appropriateness of annual budgets and capital expenditure projects for their Academy and monitoring performance against that budget and authorised capital limits.

The Head Teachers control the Academies at an executive level implementing policies and reporting to their LAB. Each Head Teacher is responsible for the day to day operation of their Academy, in particular organising staff, resources and students. They are responsible for the authorisation of spending within agreed budgets and for the appointment of staff following vetting and safeguarding recruitment processes.

The Trust's CEO is the Accounting Officer.

**Arrangements for setting pay and remuneration of key management personnel**

Key management personnel include Trustees and those staff to whom the Trustees have delegated significant authority and responsibility in the day-to-day running of the Trust.

Pay and remuneration of key management personnel is decided by a variety of contributory factors, such as the Academy group size, ISR, the pay scales for each role and the level of experience of each staff member. In addition, pay levels may be affected by nationally agreed pay awards, the ability to recruit and retain in post, all of which are in accordance with the Trust's appointment and pay policies.

All amendments to key management's pay and remuneration is approved by the appropriate sub-committee and ratified by the Trust Board.

**Related Parties and other Connected Charities and Organisations**

Owing to the nature of the Trust's operations and the composition of the Trust Board being drawn from local public and private sector organisations, it is inevitable that from time to time transactions will take place with organisations in which a Trustee may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Trust's financial regulations and normal procedures. Any transaction where the Trustee may have a pecuniary interest is only undertaken in accordance with the 'at cost' principle described in the Academies Financial Handbook.

The Trust cooperated with the following organisations during the academic year in pursuit of its charitable activities:

- National Educational Trust
- Lyons Hall Academy Trust

The Trust does not have a formal sponsor.

**Objectives and Activities**

**Objects and Aims**

The principal object and aim of the Charitable Company is the operation of a number of Academies to provide free education and care for pupils of different abilities within its local community between the ages of 4 and 16.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**Objectives, Strategies and Activities**

During the year the Trust has worked towards these aims by:

- Outstanding outcomes for all our children and young people.
- Confident and responsible children and young people.
- High quality teacher training and research.
- Establish an outstanding Post 16 learners in our community.
- Providing support to MATs on schools within the North East London and Eastern Region.

Our strategy to achieve these aims has been to focus on developing three key enablers:

- Resources
- Policies
- People

Our success in fulfilling our aims can be measured by:

- The progress the pupils made in our primary phase was in line or above national averages for pupil progress.
- The progress the pupils made in our secondary phase was in line or significantly above average in our secondary phase.
- Attendance across all Academies is significantly higher than national averages.
- Fixed term exclusions and permanent exclusions have reduced across the primary phase, with zero permanent exclusions.
- Two of our Academies were inspected and both were judged to be 'good', one was inspected for the first time since joining the Trust.
- One of our secondary schools was judged to be in the top 10% of schools nationally for progress and won an award from the SSAT.

**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**

The Trust continued its mission to ensure that students achieved their potential in public examinations; encouraged a wide range of extra-curricular activities; developed and retained suitable staff and guided students in suitable progression when they left their Academy.

Specific achievements were as follows:

- Burnt Mill's progress 8 measure places it in the top 12% of schools nationally.
- Little Parndon's KS2 reading results placed them in the top 5% of schools nationally for progress.
- Leaders have worked extensively with Special Educational Needs and Disability (SEND) teams in Essex to ensure that staff are well trained to meet the needs of pupils.
- Recruitment and investment in a strong school improvement team took place, adding greater capacity to all phase and subjects for 2017-18.
- The Trust replaced the previous Chair and added three new education Trustees to strengthen the performance of the Trust Board.
- Recruitment of pupils has increased in all 6 schools, the Trust has almost reached it's total capacity for pupil numbers.
- BMAT has contributed to sharing good practice and has been instrumental in setting up MAT2MAT a support programme for MAT CEOs in the Eastern region.
- Recruitment and retention of high quality teaching staff which has impacted on outcomes for pupils.
- Central finance team have supported leaders to ensure that all Schools have a balanced budget for 2017-18.

**Key Performance Indicators**

The Trustees receive regular information at each committee meeting to enable them to monitor the performance of the Trust compared to aims, strategies and financial budgets.

As funding is based on pupil numbers this is a key performance indicator. Total pupil numbers for 2017 were 3228 against a

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

forecast of 3198.

Another key financial performance indicator is staffing costs as a percentage of total income. For 2016/17 this was between 76.1 against set parameters of 75-80%.

Trustees are confident that staffing levels are closely monitored to agreed Full Time Equivalents and staffing structures all approved by the Trust Board. All of the above KPI's were within the parameters set by the Trust Board.

The Finance & Audit Committee (FAC) monitors the finance, premise and the risks to the Trust. General Annual Grant (GAG) income, capitation spend for curriculum departments to GAG income, total income less grants and cash flow is monitored by individual Headteachers / Executive Headteachers and the School Business Manager, and reported to the Finance & Audit Committee by the COO.

LAB's are responsible for monitoring the standards and outcomes for pupils in each Academy. There was great success in the secondary phase and in the primary phase two Academies performed exceptionally well in the national tests. LAB's are responsible for monitoring the attendance and behaviour of pupils within individual Academies. There was significant improvement in attendance rates in 2016-17 and the Trust average for primary is 96.0% and for secondary is 96.05%.

**Progress from KS1-KS2**

Although some Primary Schools have made increase in the progress pupils make between KS1-KS2, there have been significant decline in two Schools. Leadership capacity has been increased for 2017-18 to address this.

	READING	WRITING	MATHS
FRESHWATERS	Increase in progress but still negative.	Increase in progress.	Significant increase in progress.
LITTLE PARNDON	Significant increase in progress.	Increase in progress.	Significant increase in progress.
COOKS SPINNEY	Significant decrease in progress.	Decrease in progress.	Significant decrease in progress.
ROYDON	Significant decrease in progress.	Significant decrease in progress.	Decrease in progress.

**Progress from KS2 –KS4**

Burnt Mill Academy (BMA) – 0.51 = significantly above average

Forest Hall Academy (FHA) – 0.08 = average.

Progress 8 AHS improved at BMA and has declined at FHA. The FHA decline was due to lower progress in mathematics and EBACC subject of Science. Additional capacity has been added to address this in 2017-18.

**Going Concern**

After making appropriate enquiries, the Trustees have a reasonable expectation that the 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 Education and Skills Funding Agency (ESFA). For the year ended 31 August 2017 the Trust received £18,871,000 of GAG and other other. A high percentage of this income is spent on wages and salaries and support costs to deliver the Trust's primary objective of the provision of education. During the year the Trust spent a total of £18,124,000. The Trust brought forward from 15/16, £38,000 restricted funds and £1,620,000 unrestricted funding. The carry forward for 16/17 is £185,000 restricted funding and £1,384,000 unrestricted funding (which included £250,000 designated funds).

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

Due to the accounting rules for the Local Government Pension Scheme under FRS102, the Trust is recognising a significant pension fund deficit of £8,208,000 does not mean that an immediate liability for this amount crystallises and such a deficit generally results in a cash flow effect in the form of increased employer contributions over a number of years.

**Reserves Policy**

The minimum target for these reserves should be equal to three average payroll costs. Reserves will be rolled over year on year until the above is reached. Once the threshold is met any additional funds or underspends in year can be used or held by constituent Academies.

The Trustees have determined that the appropriate level of free reserves should be equivalent to three weeks average payroll costs, currently £700,000. The reason for this is to provide sufficient working capital to cover delays between spending and receipts of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance.

The Trustees will review the reserve levels annually. The review will encompass the nature of the income and expenditure streams, the need to match income with commitments and the nature of reserves.

All reserves are reported and reviewed regularly at management meetings and expenditure from reserves approved by the Trustees.

**Use of Reserves**

The Trustees will identify the need for access to reserve funds and confirm that the use is consistent with the purpose of the reserve as described in this policy. This step requires analysis of the reason for any shortfall, the availability of any other sources of funds before using reserves and evaluation of the time period that the funds will be required and replenished.

Authorisation to use reserves of any kind will initially be made by the FAC and then ratified by the Trust Board.

**Reporting and monitoring**

The Trustees are responsible for ensuring that the funds are maintained and are used only as described in this policy. Upon approval for the use of the funds, the School will maintain a record of the use of the funds. The FAC should regularly monitor the progress of the reserves.

The Trustees are aware of the requirement to balance current and future needs and always aim to set a balanced budget with annual income balancing annual expenditure. The Trustees monitor estimated year-end carry forward figures via the monthly reports from the Chief Financial Officer. The budget plan identifies how any carry forward will be allocated in the plan for the following academic year, including the identification of any funds earmarked for a specific project or purpose.

The Trust's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is £1,384,000. This has been built up from a mixture of locally raised income and balances transferred from the predecessor schools.

The Trustees have made a decision to designate unrestricted balances of £250,000 for future capital projects, and is holding other unrestricted funds of £1,134,000 to cover future increases in costs and expenditure that may arise from uninsurable losses.

The Trust's balance on restricted general funds (excluding pension reserve) plus the balance on unrestricted funds at 31 August 2017 was £1,569,000.

The cash balance of the Trust has been very healthy all year, ending the year with a balance of £3,651,000. A significant proportion of this cash is held against specific projects and is not available to meet normal recurring expenditure.

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

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**Principal Risks and Uncertainties**

The Trust works with the LAB's in maintaining a central risk register identifying the major risks, to which each Academy is exposed, and identifying actions and procedures to mitigate those risks. This register is approved and monitored by the Trust Board via the FAC with a formal review of the process undertaken on an annual basis. The internal control systems and the exposure to identified risks are monitored on behalf of the Trustees at each FAC meeting. The principal risks facing the Trust are outlined below; those facing the Academies 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 ESFA, 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 a group of academy schools, 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 are relatively stable with contingencies in place to cover such items as sickness and maternity.

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

- each Academy has considerable reliance on continued Government funding through the ESFA 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 Trust's finances, internal controls, compliance with regulations and legislation, statutory returns, etc. The Trustees continue to review and ensure that appropriate measures are in place to mitigate these risks;
- reputational - the continuing success of the individual Academies is dependent on continuing to attract applicants in sufficient numbers by maintaining the highest educational standards. To mitigate this risk Trustees ensure that student progress and outcomes are closely monitored and reviewed;
- 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 Academies is reliant on the quality of its staff and the Trustees monitor and review policies and procedures and recruitment 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 Price Bailey to carry out independent and external checks on financial systems and records as required by the Academy Financial Handbook. All finance staff receive training to keep up to date with financial practice requirements and develop their skills in this area;
- financial instruments – the Trust only deals with bank balances, cash and trade creditors, with limited trade (and other) debtors. The risk in this area is considered to be low; and
- defined benefit pension liability – as the Government has agreed to meet the defined benefit pension liability of any Academy ceasing to exist the main risk to the Trust is an annual cash flow funding of part of the deficit. Trustees take these payments into account when setting the annual budget plan.

The Trust and each Academy have continued to strengthen its risk management process throughout the year by improving the process and ensuring staff awareness.

**Plans for Future Periods**

The Trust will be looking to form a third hub. It is likely this hub will be based in East London and will include free school provision.

We have also run a series of programmes looking at supporting underperforming MAT's and want to make a significant contribution to looking at disadvantaged pupils outcomes across our regions.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**Employee involvement**

Where appropriate the Trust consults on matters such as policy, pay, health, safety and welfare with the relevant support staff and teaching trade unions. The Trust provides information to employees generally by way of email, memoranda and staff meetings. At each of the Academies, information is channelled via the SLT meetings. Employees are encouraged to familiarise themselves with Ofsted reports, available from the Trust website and student progress and attainment statistics when they are made available.

**Equal Opportunities Policy**

It is the Trust's policy to ensure equality of opportunities is afforded to staff, students and other stakeholders. Training, career development and promotion opportunities are available to all employees.

**Disabled Persons**

Applications for employment by disabled persons are given full and fair consideration for all vacancies in accordance with their particular aptitude and abilities. In the event of employees becoming disabled then every effort is made to retrain them in order that their employment within the Trust may continue.

**Funds Held as Custodian Trustee on Behalf of Others**

No funds were held as Custodian Trustee on behalf of others.

**Auditor**

Insofar as the Trustees are aware:

- there is no relevant audit information of which the Charitable Company's Auditor is unaware, and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Auditor is aware of that information.

The Trustees' Report, incorporating a Strategic Report, was approved by the Board of Trustees on 19th December 2017 and signed by:

**Ms F Griffith**  
**Chair of Trustees**

**BURNT MILL ACADEMY TRUST**  
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**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 CEO, 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 Statement of Trustees' Responsibilities. 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 CBE	6	6
Mr Q Durrani	4	6
Mr D Kolinsky	5	6
Mrs B Tyne	6	6
Mr N Tesseyman	6	6
Mr A Reid	6	6
Ms F Griffith	5	6
Mr R Sanders	6	6

There has been a change of Chair in year. An existing Trustee has taken on chairing the Board of Trustees as an interim arrangement.

No review of governance has been undertaken in the year. A review will take place in 2017/18.

The Finance and Audit Committee reports to the main Board of Trustees. Its purpose is to address internal and external audit arrangements, financial matters and procedures.

Attendance at meetings in the year was as follows:

	Meetings attended	Out of a possible
Mrs B Tyne	3	3
Mr A Reid	3	3
Mr N Tesseyman	3	3

**REVIEW OF VALUE FOR MONEY**

As Accounting Officer, the CEO 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 appropriate. The Accounting Officer for the Trust has delivered improved value for money during the year by:

- Group wide procurement being achieved in facilities management and ICT hardware.
- An expansion of approved supplier list.
- New internal staffing structures.

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**GOVERNANCE STATEMENT (continued)**

**THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an 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 2016 to 31 August 2017 and up to the date of approval of the Annual Report and financial statements.

**CAPACITY TO HANDLE RISK**

The Board of Trustees has reviewed the key risks to which the 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 2016 to 31 August 2017 and up to the date of approval of the Annual Report and financial statements. This process is regularly reviewed by the Board of Trustees.

**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 Finance and 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; 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:

- Cash handling and bank accounts.
- Income recording.
- Expenditure recording.
- Petty cash.
- Ledger access and control.
- Payroll processing.
- Ordering, purchasing and payments.
- Asset management.

On a termly basis, the Internal Auditor reports to the Board of Trustees through the Finance and Audit Committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

The Internal Auditor delivered their schedule of work as planned and no material control issues were identified.

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**GOVERNANCE STATEMENT (continued)**

**REVIEW OF EFFECTIVENESS**

As Accounting Officer, the CEO 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 Finance and 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 19 December 2017 and signed, by:

**Ms F Griffith**  
**Chair of Trustees**

**Ms H Mills CBE**  
**Accounting Officer**

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

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

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

**Ms H Mills CBE**  
**Accounting Officer**

Date: 19th December 2017

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**STATEMENT OF TRUSTEES' RESPONSIBILITIES**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

The Trustees (who are the Directors of the Charitable Company for the purposes of company law) are responsible for preparing the Strategic Report, the Trustees' Report and the financial statements in accordance with the Annual Accounts Requirements issued by the ESFA, 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 2015 and the Academies Accounts Direction 2016 to 2017;
- 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 ESFA/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 19 December 2017 and signed by:

**Ms F Griffith**  
**Chair of Trustees**

**BURNT MILL ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

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

**OPINION**

We have audited the financial statements of Burnt Mill Academy Trust (the "Trust") for the year ended 31 August 2017 which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills 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 Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trust and the Trust's Members, as a body, for our audit work, for this Report, or for the opinions we have formed.

In our opinion the financial statements:

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

**BASIS OF OPINION**

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

**CONCLUSIONS RELATING TO GOING CONCERN**

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

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

**OTHER INFORMATION**

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

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

We have nothing to report in this regard.

**BURNT MILL ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

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

**OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006**

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

- the information given in the Trustees' Report (incorporating the Strategic Report and the Directors' Report) which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

In the light of our knowledge and understanding of the Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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

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

**RESPONSIBILITIES OF TRUSTEES**

As explained more fully in the 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, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

**AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditor's Report.

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  
19 December 2017

**BURNT MILL ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

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

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

This Report is made solely to Burnt Mill Academy Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Burnt Mill Academy Trust and the ESFA those matters we are required to state in a Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Burnt Mill Academy Trust and the ESFA, 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 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

**APPROACH**

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

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

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

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the 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**  
**(A Company Limited by Guarantee)**

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

**CONCLUSION**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Reporting Accountant

**Price Bailey LLP**

Chartered Accountants

19 December 2017

**BURNT MILL ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 AUGUST 2017**

	Note	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Restricted fixed asset funds 2017 £000	Total funds 2017 £000	Total funds 2016 £000
<b>INCOME FROM:</b>						
Donations and capital grants	2	-	-	1,490	1,490	1,366
Charitable activities	3	-	16,481	-	16,481	16,863
Other trading activities	4	897	-	-	897	193
Investments	5	3	-	-	3	4
<b>TOTAL INCOME</b>		<u>900</u>	<u>16,481</u>	<u>1,490</u>	<u>18,871</u>	<u>18,426</u>
<b>EXPENDITURE ON:</b>						
Charitable activities		401	17,106	1,360	18,867	18,466
<b>TOTAL EXPENDITURE</b>	6	<u>401</u>	<u>17,106</u>	<u>1,360</u>	<u>18,867</u>	<u>18,466</u>
<b>NET INCOME / (EXPENDITURE) BEFORE TRANSFERS</b>						
Transfers between funds	16	499 (735)	(625) 229	130 506	4 -	(40) -
<b>NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES</b>						
		(236)	(396)	636	4	(40)
Actuarial gains/(losses) on defined benefit pension schemes	21	-	2,361	-	2,361	(3,958)
<b>NET MOVEMENT IN FUNDS</b>		<u>(236)</u>	<u>1,965</u>	<u>636</u>	<u>2,365</u>	<u>(3,998)</u>
<b>RECONCILIATION OF FUNDS:</b>						
Total funds brought forward		1,620	(9,788)	26,913	18,745	22,743
<b>TOTAL FUNDS CARRIED FORWARD</b>		<u><u>1,384</u></u>	<u><u>(7,823)</u></u>	<u><u>27,549</u></u>	<u><u>21,110</u></u>	<u><u>18,745</u></u>

**BURNT MILL ACADEMY TRUST**  
**(A Company Limited by Guarantee)**  
**REGISTERED NUMBER: 07843166**

**BALANCE SHEET**  
**AS AT 31 AUGUST 2017**

	Note	£000	2017 £000	£000	2016 £000
<b>FIXED ASSETS</b>					
Tangible assets	13		26,039		25,920
<b>CURRENT ASSETS</b>					
Debtors	14	1,187		1,067	
Cash at bank and in hand	19	3,651		3,139	
		4,838		4,206	
<b>CREDITORS:</b> amounts falling due within one year	15	(1,559)		(1,555)	
<b>NET CURRENT ASSETS</b>			3,279		2,651
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>					
Defined benefit pension scheme liability	21		(8,208)		(9,826)
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITIES</b>			21,110		18,745
<b>FUNDS OF THE ACADEMY</b>					
Restricted income funds:					
Restricted income funds	16	385		38	
Restricted fixed asset funds	16	27,549		26,913	
		27,934		26,951	
Restricted income funds excluding pension liability		27,934		26,951	
Pension reserve		(8,208)		(9,826)	
		19,726		17,125	
Total restricted income funds			19,726		17,125
Unrestricted income funds	16		1,384		1,620
<b>TOTAL FUNDS</b>			21,110		18,745

The financial statements on pages 18 to 38 were approved by the Trustees, and authorised for issue, on 19 December 2017 and are signed on their behalf, by:

**Ms F Griffith**  
**Chair of Trustees**

**BURNT MILL ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

	Note	2017 £000	2016 £000
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities	18	278	13
		<hr/>	<hr/>
<b>Cash flows from investing activities:</b>			
Interest received		3	4
Purchase of tangible fixed assets		(1,259)	(1,782)
Capital grants from DfE/ESFA		1,490	1,366
		<hr/>	<hr/>
<b>Net cash provided by/(used in) investing activities</b>		234	(412)
		<hr/>	<hr/>
<b>Change in cash and cash equivalents in the year</b>		512	(399)
Cash and cash equivalents brought forward		3,139	3,538
		<hr/>	<hr/>
<b>Cash and cash equivalents carried forward</b>		3,651	3,139
		<hr/> <hr/>	<hr/> <hr/>

**BURNT MILL ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**1. ACCOUNTING POLICIES**

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

**1.1 Basis of preparation of financial statements**

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

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

**1.2 Company status**

The Trust is a company limited by guarantee. Members 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.

**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 the Department for Education where the asset acquired or created is held for a specific purpose.

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

**1.4 Income**

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

Grants are included in the Statement of Financial Activities incorporating Income and Expenditure Account on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance Sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

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

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

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

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

**BURNT MILL ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**1. ACCOUNTING POLICIES (continued)**

**1.5 Expenditure**

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

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

All expenditure is 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 at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

**1.7 Tangible fixed assets and depreciation**

All assets costing more than £1,000 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

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

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

Freehold property	-	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
Computer equipment	-	10 year straight line

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

**1.8 Operating leases**

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

**BURNT MILL ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**1. ACCOUNTING POLICIES (continued)**

**1.9 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.

**1.10 Debtors**

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

**1.11 Cash at Bank and in hand**

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

**1.12 Liabilities and provisions**

Liabilities and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

**1.13 Financial instruments**

The Trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the Trust and their measurement basis are as follows:

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 14. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in note 15. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments.

**1.14 Pensions**

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 21, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

**BURNT MILL ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**1. ACCOUNTING POLICIES (continued)**

**1.14 Pensions (continued)**

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 credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities incorporating Income and Expenditure Account and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

**1.15 Conversion to Academy**

During the year, Magna Carta Primary Academy was included in Burnt Mill Academy Trust. The Academy was set up as a new Academy and therefore no donations were received from the Local Authority for assets and liabilities of the Academy.

**1.16 Critical accounting estimates and areas of judgment**

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

**2. INCOME FROM DONATIONS AND CAPITAL GRANTS**

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Total funds 2017 £000	Total funds 2016 £000
Capital grants	-	1,490	1,490	1,366
<i>Total 2016</i>	-	1,366	1,366	

**BURNT MILL ACADEMY TRUST**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2017**

**3. FUNDING FOR TRUST'S EDUCATIONAL OPERATIONS**

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Total funds 2017 £000	Total funds 2016 £000
<b>DfE/ESFA grants</b>				
General Annual Grant (GAG)	-	13,844	13,844	13,661
Start up grant	-	-	-	95
Other DfE / ESFA grants	-	1,295	1,295	1,285
	-	15,139	15,139	15,041
<b>Other government grants</b>				
Local Authority grants	-	1,047	1,047	954
Special educational projects	-	290	290	230
	-	1,337	1,337	1,184
<b>Other funding</b>				
Other income	-	5	5	638
	-	5	5	638
	-	16,481	16,481	16,863
<i>Total 2016</i>	-	16,863	16,863	

**4. OTHER TRADING ACTIVITIES**

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Total funds 2017 £000	Total funds 2016 £000
Rental income	129	-	129	90
Catering income	503	-	503	-
Other income	38	-	38	103
Trip income	227	-	227	-
	897	-	897	193
<i>Total 2016</i>	193	-	193	

**BURNT MILL ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**5. INVESTMENT INCOME**

	Unrestricted funds 2017 £000	Total funds 2017 £000	Total funds 2016 £000
Bank Interest	3	3	4
	<u>3</u>	<u>3</u>	<u>4</u>
<i>Total 2016</i>	<u>4</u>	<u>4</u>	

**6. EXPENDITURE**

	Staff costs 2017 £000	Premises 2017 £000	Other costs 2017 £000	Total 2017 £000	Total 2016 £000
Provision of Education:					
Direct costs	9,852	-	861	10,713	9,870
Support costs	3,906	822	3,426	8,154	8,596
	<u>13,758</u>	<u>822</u>	<u>4,287</u>	<u>18,867</u>	<u>18,466</u>
<i>Total 2016</i>	<u>13,651</u>	<u>585</u>	<u>4,030</u>	<u>18,266</u>	

**7. CHARITABLE ACTIVITIES**

	2017 £000	2016 £000
Direct costs	10,713	9,870
Support costs	8,154	8,596
	<u>18,867</u>	<u>18,466</u>
Total	<u>18,867</u>	<u>18,466</u>

Analysis of support costs	2017 £000	2016 £000
Support staff costs	3,906	4,878
Depreciation	1,140	1,181
Governance costs	12	11
Technology costs	216	172
Premises costs	822	585
Other support costs	2,058	1,769
	<u>8,154</u>	<u>8,596</u>
Total	<u>8,154</u>	<u>8,596</u>

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**8. NET INCOME/(EXPENDITURE)**

This is stated after charging:

	2017 £000	2016 £000
Depreciation of tangible fixed assets:		
- owned by the Trust	1,140	1,181
Auditors' remuneration - audit	11	11
Auditors' remuneration - other services	9	6
Operating lease rentals	30	55
	<u>          </u>	<u>          </u>

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**9. STAFF COSTS**

Staff costs were as follows:

	2017 £000	2016 £000
Wages and salaries	10,123	10,392
Social security costs	932	807
Operating costs of defined benefit pension schemes	1,932	1,355
	<u>12,987</u>	<u>12,554</u>
Apprenticeship levy	14	-
Supply teacher costs	739	812
Staff restructuring costs	18	285
	<u>13,758</u>	<u>13,651</u>

Staff restructuring costs comprise:

	2017 £000	2016 £000
Redundancy payments	18	270
Severance payments	-	15
	<u>18</u>	<u>285</u>

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

	2017 No.	2016 No.
Teachers	193	162
Administration and support	207	287
Management	9	11
	<u>409</u>	<u>460</u>

Average headcount expressed as a full time equivalent:

2017 No.	2016 No.
-------------	-------------

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

	2017 No.	2016 No.
In the band £ 60,001 - £ 70,000	9	10
In the band £ 70,001 - £ 80,000	2	0
In the band £ 80,001 - £ 90,000	2	1
In the band £ 90,001 - £100,000	1	0
In the band £130,001 - £140,000	1	1

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

The key management personnel of the Trust comprise the Trustees and the Senior Management Team as listed on page 1. The total amount of employee benefits (including employer pension and National Insurance contributions) received by key management personnel for their services to the Trust was £600,025 (2016: £434,612).

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**FOR THE YEAR ENDED 31 AUGUST 2017**

**10. TRUSTEES' REMUNERATION AND EXPENSES**

One or more Trustees has been paid remuneration or has received other benefits from an employment with the Trust. The Chief Executive Officer and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Chief Executive Officer and other 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:

		2017 £000	2016 £000
Ms H Mills CBE	Remuneration	135-140	130-135
	Pension contributions paid	20-25	20-25
Ms J Keegan	Remuneration		35-40
	Pension contributions paid		0-5

During the year ended 31 August 2017, no Trustees received reimbursement for their role as Trustee (2016 - £nil).

**11. CENTRAL SERVICES**

The Trust has provided the following central services to its Academies during the year:

- Human resources
- Financial support
- Legal support
- Education support
- Governance
- ICT
- Facilities management
- Marketing services

The Trust charges for these services on the following basis:

Flat percentage of recurring GAG income at 6.7%

The actual amounts charged during the year were as follows:

	2017 £000	2016 £000
Burnt Mill Academy	436	468
Cooks spinney Academy	116	117
Freshwater Academy	81	86
Little Parndon Academy	106	111
Roydon Academy	54	55
Forest Hall Academy	137	-
Magna Carta Academy	16	-
	<u>946</u>	<u>837</u>
Total		

**12. TRUSTEES' AND OFFICERS' INSURANCE**

In accordance with normal commercial practice the Trust has purchased insurance to protect Trustees, 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 the cost for the year ended 31 August 2017 was £89,020 (2016 - £126,879).

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**13. TANGIBLE FIXED ASSETS**

	Freehold land and buildings £000	Leasehold Land and buildings £000	Fixtures and fittings £000	Motor vehicles £000	Computer equipment £000	Total £000
<b>Cost</b>						
At 1 September 2016	5,927	22,758	679	22	235	29,621
Additions	-	892	107	-	260	1,259
At 31 August 2017	<u>5,927</u>	<u>23,650</u>	<u>786</u>	<u>22</u>	<u>495</u>	<u>30,880</u>
<b>Depreciation</b>						
At 1 September 2016	516	2,787	277	17	104	3,701
Charge for the year	228	750	49	2	111	1,140
At 31 August 2017	<u>744</u>	<u>3,537</u>	<u>326</u>	<u>19</u>	<u>215</u>	<u>4,841</u>
<b>Net book value</b>						
At 31 August 2017	<u>5,183</u>	<u>20,113</u>	<u>460</u>	<u>3</u>	<u>280</u>	<u>26,039</u>
At 31 August 2016	<u>5,411</u>	<u>19,971</u>	<u>402</u>	<u>5</u>	<u>131</u>	<u>25,920</u>

**14. DEBTORS**

	2017 £000	2016 £000
Trade debtors	51	19
Other debtors	-	121
Prepayments and accrued income	978	738
Tax recoverable	158	189
	<u>1,187</u>	<u>1,067</u>

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

	2017 £000	2016 £000
Trade creditors	328	411
Other taxation and social security	239	231
Other creditors	199	171
Accruals and deferred income	793	742
	1,559	1,555
	2017 £000	2016 £000
<b>Deferred income</b>		
Deferred income at 1 September 2016	302	146
Resources deferred during the year	(302)	(146)
Amounts released from previous years	486	302
	486	302

At the balance sheet date the Trust was holding funds received in advance from UIFSM, Schools forum money, School trips taking place 2017/18 academic year and funds in advance for start up grants for 3 new Schools entering the Trust in 2017/18.

**16. STATEMENT OF FUNDS**

	Balance at 1 September 2016 £000	Income £000	Resources expended £000	Transfers in/out £000	Gains/ (losses) £000	Balance at 31 August 2017 £000
<b>Unrestricted funds</b>						
Unrestricted - general	1,620	900	(401)	(985)	-	1,134
Unrestricted - designated	-	-	-	250	-	250
	1,620	900	(401)	(735)	-	1,384
<b>Restricted funds</b>						
General Annual Grant (GAG)	38	13,844	(13,728)	31	-	185
Other DFA/ESFA	-	1,295	(1,293)	(2)	-	-
Local Authority grants	-	1,047	(1,047)	-	-	-
Special educational grants	-	290	(290)	-	-	-
Other income from academy operations	-	5	(5)	-	-	-
Other restricted funds	-	-	-	200	-	200
Pension reserve	(9,826)	-	(743)	-	2,361	(8,208)
	(9,788)	16,481	(17,106)	229	2,361	(7,823)

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**16. STATEMENT OF FUNDS (continued)**

**Restricted fixed asset funds**

Fixed asset funds (including capital grants)	26,913	1,490	(1,360)	506	-	27,549
Total restricted funds	<u>17,125</u>	<u>17,971</u>	<u>(18,466)</u>	<u>735</u>	<u>2,361</u>	<u>19,726</u>
Total of funds	<u><u>18,745</u></u>	<u><u>18,871</u></u>	<u><u>(18,867)</u></u>	<u><u>-</u></u>	<u><u>2,361</u></u>	<u><u>21,110</u></u>

**STATEMENT OF FUNDS - PRIOR YEAR**

	Balance at 1 September 2015 £000	Income £000	Resources expended £000	Transfers in/out £000	Gains/ (losses) £000	Balance at 31 August 2016 £000
<b>Unrestricted funds</b>						
Unrestricted funds	1,456	197	(33)	-	-	1,620
	<u>1,456</u>	<u>197</u>	<u>(33)</u>	<u>-</u>	<u>-</u>	<u>1,620</u>
<b>Restricted funds</b>						
General Annual Grant (GAG)	-	13,661	(13,623)	-	-	38
Start Up Grant	-	95	(95)	-	-	-
Other DfE/ESFA grants	-	1,285	(1,285)	-	-	-
Local Authority Grants	-	954	(954)	-	-	-
Special Educational Projects	-	230	(230)	-	-	-
Other Income from Academy Educational Operations	-	638	(638)	-	-	-
Pension reserve	(5,439)	-	(429)	-	(3,958)	(9,826)
	<u>(5,439)</u>	<u>16,863</u>	<u>(17,254)</u>	<u>-</u>	<u>(3,958)</u>	<u>(9,788)</u>
<b>Restricted fixed asset funds</b>						
Fixed asset fund (including capital grants)	26,726	1,366	(1,179)	-	-	26,913
	<u>26,726</u>	<u>1,366</u>	<u>(1,179)</u>	<u>-</u>	<u>-</u>	<u>26,913</u>
Total restricted funds	<u>21,287</u>	<u>18,229</u>	<u>(18,433)</u>	<u>-</u>	<u>(3,958)</u>	<u>17,125</u>
Total of funds	<u><u>22,743</u></u>	<u><u>18,426</u></u>	<u><u>(18,466)</u></u>	<u><u>-</u></u>	<u><u>(3,958)</u></u>	<u><u>18,745</u></u>

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

**General Annual Grant (GAG)**

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

**Start up grant**

This represents a grant to aid with start up costs for new member Schools to the Trust.

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**16. STATEMENT OF FUNDS (continued)**

**Other ESFA/DfE grants**

Other ESFA/DfE grants represent funding from Government agencies to be used for specific purposes.

**Local Authority grants**

Local Authority grants represent funding from the Local Authority to be used for specific purposes.

**Special educational projects**

This included schools direct, absence insurance and Sure Start income.

**Other income from educational operations**

This includes lettings and catering income.

**Other restricted funds**

Other restricted funds balance relates to cyclical maintenance funding.

**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 being a Local Authority school.

**Unrestricted - designated**

Unrestricted designated funds relate to future fixed asset improvements.

**Restricted fixed asset fund**

The restricted fixed asset fund represents the value of fixed assets held in line with the charitable objectives of the Academy. The transfer between funds represents additions purchased through GAG funding.

**Analysis of Academies by fund balance**

Fund balances at 31 August 2017 were allocated as follows:

	Total 2017 £000	Total 2016 £000
Burnt Mill Academy	-	555
Cooks Spinney Academy	-	200
Forest Hall Academy	-	(77)
Freshwater Academy	-	(147)
Little Parndon Academy	-	(7)
Roydon Academy	-	(137)
Central Services	1,769	1,271
	<hr/>	<hr/>
Total before fixed asset fund and pension reserve	1,769	1,658
Restricted fixed asset fund	27,549	26,913
Pension reserve	(8,208)	(9,826)
	<hr/>	<hr/>
Total	21,110	18,745
	<hr/> <hr/>	<hr/> <hr/>

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**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 £000	Other support staff costs £000	Educational supplies £000	Other costs excluding depreciation £000	Total 2017 £000	Total 2016 £000
Burnt Mill Academy	4,627	967	332	1,161	7,087	6,742
Cooks Spinney Academy	1,281	287	51	399	2,018	1,993
Forest Hall Academy	1,725	301	106	503	2,635	2,683
Freshwater Academy	1,018	255	25	213	1,511	1,711
Little Parndon Academy	1,356	292	44	328	2,020	1,919
Roydon Academy	602	203	22	164	991	1,061
Magna Carta	166	67	22	91	346	-
Central Services	196	415	27	481	1,119	1,178
	10,971	2,787	629	3,340	17,727	17,287
	10,971	2,787	629	3,340	17,727	17,287

**17. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Restricted fixed asset funds 2017 £000	Total funds 2017 £000
Tangible fixed assets	-	-	26,039	26,039
Current assets	1,953	1,283	1,602	4,838
Creditors due within one year	(569)	(898)	(92)	(1,559)
Provisions for liabilities and charges	-	(8,208)	-	(8,208)
	1,384	(7,823)	27,549	21,110
	1,384	(7,823)	27,549	21,110

**ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR**

	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Restricted fixed asset funds 2016 £000	Total funds 2016 £000
Tangible fixed assets	-	-	25,920	25,920
Current assets	1,654	1,560	993	4,207
Creditors due within one year	(34)	(1,522)	-	(1,556)
Provisions for liabilities and charges	-	(9,826)	-	(9,826)
	1,620	(9,788)	26,913	18,745
	1,620	(9,788)	26,913	18,745

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**18. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES**

	2017 £000	2016 £000
Net income/(expenditure) for the year (as per Statement of Financial Activities)	4	(40)
<b>Adjustment for:</b>		
Depreciation charges	1,140	1,179
Interest	(3)	(4)
Increase in debtors	(120)	(433)
Increase in creditors	4	248
Capital grants from DfE and other capital income	(1,490)	(1,366)
Defined benefit pension scheme cost less contributions payable	520	221
Defined benefit pension scheme finance cost	223	208
	278	13
<b>Net cash provided by operating activities</b>	<b>278</b>	<b>13</b>

**19. ANALYSIS OF CASH AND CASH EQUIVALENTS**

	2017 £000	2016 £000
Cash in hand	3,651	3,139
Total	3,651	3,139

**20. 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.

**21. 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 Multi-Employer Defined Benefit Pension Schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

Contributions amounting to £191,000 were payable to the schemes at 31 August 2017 (2016 - 171,000) 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.

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**21. PENSION COMMITMENTS (continued)**

**Valuation of the Teachers' Pension Scheme**

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

- employer contribution rates set at 16.48% of pensionable pay, including a 0.08% employer administration charge (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 previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £1,412,000 (2016 - £1,616,000).

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

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

**Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £776,000 (2016 - £701,000), of which employer's contributions totalled £628,000 (2016 - £540,000) and employees' contributions totalled £148,000 (2016 - £161,000). The agreed contribution rates for future years are 19.9% for employers and 5.5 - 12.5% for employees.

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

Principal actuarial assumptions:

	2017	2016
Discount rate for scheme liabilities	2.60 %	2.20 %
Rate of increase in salaries	4.20 %	4.10 %
Rate of increase for pensions in payment / inflation	2.70 %	2.30 %
Inflation assumption (CPI)	2.70 %	2.30 %
Commutation of pensions to lump sums	3.60 %	3.20 %

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**21. PENSION COMMITMENTS (continued)**

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

	2017	2016
Retiring today		
Males	22.2	22.9
Females	24.7	25.3
Retiring in 20 years		
Males	24.3	25.2
Females	27.0	27.7

	At 31 August 2017 £000	At 31 August 2016 £000
<b>Sensitivity analysis</b>		
Discount rate +0.1%	12,328	13,159
Discount rate -0.1%	12,908	13,813
Mortality assumption - 1 year increase	13,059	13,834
Mortality assumption - 1 year decrease	12,186	13,139
CPI rate +0.1%	12,871	13,721
CPI rate -0.1%	12,365	13,251

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

	Fair value at 31 August 2017 £000	Fair value at 31 August 2016 £000
Equities	2,874	2,509
Gilts	274	131
Bonds	172	165
Property	428	403
Cash and other liquid assets	136	111
Other managed funds	187	175
Alternative assets	336	162
<b>Total market value of assets</b>	<b>4,407</b>	<b>3,656</b>

The actual return on scheme assets was £569,000 (2016 - £433,000).

The amounts recognised in the Statement of Financial Activities incorporating Income and Expenditure Account are as follows:

	2017 £000	2016 £000
Current service cost	(1,013)	(724)
Past service cost	(192)	(37)
Interest income	87	115
Interest cost	(310)	(322)
Benefit changes, gain/(loss) on curtailment and gain/(loss) on settlement	57	-
Admin expenses	-	(1)
<b>Total</b>	<b>(1,371)</b>	<b>(969)</b>

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**21. PENSION COMMITMENTS (continued)**

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

	2017 £000	2016 £000
Opening defined benefit obligation	13,482	8,033
Current service cost	1,013	724
Interest cost	310	322
Employee contributions	148	161
Actuarial (gains)/losses	(2,093)	4,276
Benefits paid	(357)	(71)
Past service costs	192	37
Effect of non-routine settlements	(80)	-
	<u>12,615</u>	<u>13,482</u>

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

	2017 £000	2016 £000
Opening fair value of scheme assets	3,656	2,594
Interest income	87	115
Actuarial losses	268	318
Employer contributions	628	540
Employee contributions	148	161
Benefits paid	(357)	(71)
Effect of non-routine settlements	(23)	-
Admin costs	-	(1)
	<u>4,407</u>	<u>3,656</u>

**22. OPERATING LEASE COMMITMENTS**

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

	2017 £000	2016 £000
<b>Amounts payable:</b>		
Within 1 year	33	30
Between 1 and 5 years	5	-
	<u>38</u>	<u>30</u>

**23. 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 may have 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.

There were no related party transaction in the period.