

BURNT MILL ACADEMY TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018

BURNT MILL ACADEMY TRUST
(A Company Limited by Guarantee)

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS MEMBERS, TRUSTEES AND
ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2018**

Members	Mrs J Clark (appointed 1 September 2017) Mr D Kolinsky Mrs B Tyne Mr T Elbourne (appointed 1 September 2017)
Trustees	Ms H Mills CBE, CEO Mr D Kolinsky, Chair of Trustees (from 1 January 2018) Mr N Tesseyman (resigned 1 September 2018) Mr A Reid Ms F Griffith, Chair of Trustees (up to 31 December 2017) (resigned as Trustee 31 August 2018) Mr R Sanders Ms J Coton (appointed 14 October 2017) Mr I Martin (appointed 14 October 2017, resigned 22 October 2018) Mr P Drayton (appointed 14 October 2017) Mr A Bristow (appointed 1 October 2018) Mr A Lee (appointed 1 October 2018)
Company registered number	07843166
Company name	Burnt Mill Academy Trust
Registered and principal office	Stem Academy Velizy Academy Harlow Essex CM20 3EZ
Company Secretary	Mrs A Alabi
Chief Executive Officer	Ms H Mills CBE
Senior Management Team	Helena Mills CBE, Chief Executive Officer John Blaney, Executive Head Stephen Hehir, Executive Head Stuart Pope, Executive Head Sophie Laing, Executive Head Tom Brighton, Chief Financial Officer Marios Solomonides, Headteacher and Director of Curriculum Allan Osbourne, Executive Head
Independent Auditors	Price Bailey LLP Chartered Accountants Statutory Auditors Causeway House 1 Dane Street Bishop's Stortford Hertfordshire CM23 3BT
Bankers	Lloyds TSB East Gate Harlow

BURNT MILL ACADEMY TRUST
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2018

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 2018. The Annual Report serves the purposes of both a Trustees' Report, and a Directors' Report under company law.

The Trust operates 5 primaries and 4 secondary academies serving a catchment area in Harlow, Stansted, Newham and Epping. The Trust had a combined capacity of 4,929 and had a roll of 5,506 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 2016
- Epping St John Academy converted and joined the Trust on 1st November 2017
- Royal Docks Academy converted and joined the Trust on 1st January 2018

The operation of the Trust 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 2018

Organisational Structure

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

The Trust Board, meets on at least 3 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:

- Teach First
- Now Teach
- UEL – Schools Direct Apprentice Programme
- Ambition School Leadership
- Straight to Teach
- WETSA – Appointing SLE's in Essex and east London
- Train to Teach recruitment in Harlow and Epping Forest ITT
- Gilbard School, Colchester
- Maltings School, Witham
- Stewards Academy, Harlow
- Wickford Teaching School Alliance – Developing schools
- Long Road Sixth Form, Cambridge – Equality/Diversity Project
- NLE/SLE support

The Trust does not have a formal sponsor.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

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.

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;
- Create a centre of excellence for teaching and research; and
- A vigilant culture of safety and well-being.

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 by the end of key stage two was in line or above national averages for pupil progress in all Schools and all subjects;
- The % of pupils achieving Grade 5 and above in English and Maths was above the national average in the two Schools that have been part of the Trust for over three years; and
- Attendance across all Schools was significantly higher than national averages.

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:

- All secondary Schools saw an improvement in Grade 5s in English and Maths. Burnt Mill and Forest Hall maintained a positive progress 8 score despite pursuing a curriculum that contained legacy GCSES. This decision was made to benefit the children and not leagues tables. If legacy GCSES are included both Schools achieved a progress 8 figure of 0.5. The Trust's two newly sponsored secondary Schools saw a rapid increase in their Grade 5s and above. There has been a significant improvement in the attainment of disadvantaged pupils in several Schools especially Forest Hall, Cooks Spinney and Little Parndon;
- Safeguarding and welfare procedures have been strengthened with an executive head now overseeing this area across all the Schools in the Trust. Much work has gone into establishing rigorous routines, going above the statutory checks to ensure that there is a vigilant culture across all Schools;
- 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;
- The Trust's teaching school has been strengthened and leadership capacity added. The impact of the teaching school is evident in the significant improvements in outcomes for pupils. The teaching school has also contributed to developing other schools in the area in including, Harlow, Epping Forest, Witham, Cambridge, Hertford and Colchester;
- The Trust Board has been strengthened further by the addition of Trustees with an educational background; and
- Recruitment and retention of high quality teaching staff which has impacted on outcomes for pupils. The Trust's finances are strong as a result of our excellent finance team. The finance team is now offering services to support other MATS.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

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 2017/18 were 4,929 against a forecast of 5,506.

Another key financial performance indicator is staffing costs as a percentage of total income. For 2017/18 this was between 73%. 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, premises and the risks to the Trust. General Annual Grant (GAG) income, capitation spend and all other spend against GAG income, total income less grants and cash flow. Actual vs budget is monitored by the Trust and managed individual Headteachers / Executive Headteachers and the School Cluster Finance Leads 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 LAB's being responsible for monitoring the attendance and behaviour of pupils within individual Academies. There was significant improvement in attendance rates in 2017-18 and the Trust average for primary is 96.12% and for secondary is 95.12%. (Not including STEM)

The Board also monitors standards across the Trust through its Standards Committee

Progress from KS1-KS2

All primary Schools and secondary Schools that have been with the Trust for over two years have progress in line or above national averages.

SCHOOL	READING	WRITING	MATHS
FRESHWATERS	Above average	Average	Above average
LITTLE PARNDON	Above average	Above average	Above average
COOKS SPINNEY	Above average	Above average	Above average
ROYDON	Average	Average	Average

Progress from KS2 –KS4

Burnt Mill Academy (BMA) = 0.01 = 0.5 with legacy included

Forest Hall School (FHS) = 0.16 = 0.47 with legacy included

Epping St Johns (ESJ) = (0.01)

Royal Docks = (RDA) = (0.24)

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.

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TRUSTEES' REPORT (continued)
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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 2018, the Trust received £25,000,000 of GAG and other ESFA income, of which 99% was spent in the year. 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 £25,000,000 from GAG before transfer of funds.

Unrestricted income in year was £2,033,000 from trading activities, including £702,000 inherited Local Authority funds and assets from the two new incoming Schools on conversion. During the year the Trust spent a total of £638,000 of this income, before transfer of funds. The Trust brought forward from 2017/18, £385,000 restricted funds and £1,384,000 unrestricted funding. After a transfer of £701,000 from unrestricted to restricted funds, representing the revenue surplus inherited from Local Authorities, The carry forward for 17/18 is £903,000 restricted funding (excluding pension reserve and right to occupy) and £2,333,000 unrestricted funding (which includes £250,000 of designated funding).

Due to the accounting rules for the Local Government Pension Scheme under FRS102, the Trust is recognising a significant pension fund deficit of £8,925,000, £7,435,000 from Essex Pension Fund and £1,489,000 from Newham Pension Fund. This includes £866,000 deficit inherited from Epping St Johns Church of England School from Essex Pension Fund and £1,595,000 deficit inherited from Royal Docks School from Newham Pension Fund. This does not necessarily 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 reserves should be equal to three weeks 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 by the Trust, or held by constituent Academies as agreed.

The Trustees have determined that the appropriate level of free reserves should be equivalent to three weeks average payroll costs, currently £900,000. 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 any unexpected costs.

The Trustees will review the reserve levels annually and agree an appropriate use of reserves for school improvement, capital and other investment on a sustainable basis. 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.

Investment policy

The Trustees have considered the level of funds being held and a treasury and investment policy will be put forward in February 2019 for approval. The aim of the policy will be to:

- maintain sufficient cash balances in its current account to meet its day to day commitments
- invest surplus cash to earn an acceptable rate of return without undue risk
- complies with the Academies Financial Handbook and ensures that security of funds takes precedence over revenue maximisation
- considers spreading risk between different institutions to reduce risk.

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 reserves 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 considered by the Finance and Audit Committee (FAC) and then approved by the Trust Board.

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TRUSTEES' REPORT (continued)
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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 Operating Officer, who acts as the Chief Finance 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 £2,333,000. This has been built up from a mixture of locally raised income and balances transferred from the predecessor schools.

The Trustees will assess the use of unrestricted balances to support future unfunded capital projects and school improvement projects.

The Trust's balance on restricted general funds (excluding the pension reserve and right to occupy debtor) plus the balance on unrestricted funds at 31 August 2018 was £3,236,000. This amount includes £702,000 of unrestricted funds inherited from the two academies that joined the Trust in the year and also unrestricted funds from member academies that joined the Trust in previous years.

The cash balance of the Trust has been very healthy all year, ending the year with a balance of £5,377,000. A significant proportion of this cash is held against specific projects and is not generally 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.

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

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- 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 is entering a period of consolidation and will only consider new schools joining BMAT in the Stansted and East London regions.

Fundraising

The Trust only held small fundraising events during the year. The Trust does not work with professional fundraisers or companies who carry out fundraising on its behalf. During the year, no complaints or issues have arisen as a result of the fundraising events.

Trade Unions

There were no trade union representatives or associated costs in the year.

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.

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TRUSTEES' REPORT (continued)
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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 Trust Board on 17 December 2018 and signed by:

Mr D Kolinsky
Chair of Trustees

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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 Trust Board 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 Trust Board 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 Trust Board has formally met 5 times during the year. Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
Ms H Mills CBE	5	5
Mr D Kolinsky	5	5
Mr N Tesseyman	2	5
Mr A Reid	2	5
Ms F Griffith	3	5
Mr R Sanders	5	5
Ms J Coton	2	5
Mr I Martin	4	5
Mr P Drayton	2	5

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

The Board reviewed its composition, skills and methods of working throughout the year.

The Trust Board successfully appointed a new chair of trustees during the period in question. In addition, two individuals with educational expertise joined the Trust Board. One is currently the CEO of a Multi Academy Trust and the other is a former senior leader within education.

The Finance and Audit Committee reports to the main Trust Board. 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
Mr I Martin	1	3
Mr A Reid	3	3
Mr N Tesseyman	2	3
Mr D South (Associate Governor)	1	1

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GOVERNANCE STATEMENT (continued)

In addition to the meeting held above, the Finance and Audit committee held two conference calls on the 14th December 2017 and 18th April 2018.

The Standards Committee has met throughout the year.

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

- Trust wide procurement being achieved in energy, cleaning, ICT and printing solutions.
- Continued work on preferred suppliers for office and educational supplies, waste and telecommunications.
- The implementation of a restructured central shared service model for finance, HR, facilities and ICT. With management being led centrally creating economies of scale.

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 2017 to 31 August 2018 and up to the date of approval of the Annual Report and financial statements.

CAPACITY TO HANDLE RISK

The Trust Board 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 Trust Board 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 2017 to 31 August 2018 and up to the date of approval of the Annual Report and financial statements. This process is regularly reviewed by the Trust Board.

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 Trust Board;
- regular reviews by the Audit Committee and Trust Board of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties; and
- identification and management of risks.

The Trust Board 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.
- FX card recording.
- Ledger access and control.
- Payroll processing.
- Ordering, purchasing and payments.

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GOVERNANCE STATEMENT (continued)

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

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

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 Trust Board on 17 December 2018 and signed, by:

Mr D Kolinsky
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 Trust Board and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Trust, under the funding agreement in place between the Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

I confirm that I and the Trust Board are able to identify any material irregular or improper use of funds by the Trust, or material non-compliance with the terms and conditions of funding under the Trust's funding agreement and the Academies Financial Handbook 2017.

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 Trust Board and ESFA.

Ms H Mills CBE
Accounting Officer

Date: 17 December 2018

BURNT MILL ACADEMY TRUST
(A Company Limited by Guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2018

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 2017 to 2018;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UKGAAP have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in business .

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

The Trustees are responsible for ensuring that in its conduct and operation the Charitable Company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from 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 Trust Board on 17 December 2018 and signed on its behalf by:

Mr D Kolinsky
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 2018 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Trust's affairs as at 31 August 2018 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' 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 United Kingdom, including the Financial Reporting Council'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 Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our Report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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 including the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements .
- the Trustees' Report and the Strategic 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.

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 are not made; or
- we have not received all the information and explanations we require for our audit.

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the 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.

AUDITORS' 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 Auditors' 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. This description forms part of our Auditors' Report.

BURNT MILL ACADEMY TRUST
(A Company Limited by Guarantee)

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

USE OF OUR REPORT

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

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
18 December 2018

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 11 October 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, 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 2017 to 31 August 2018 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 2017, 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 2017 to 2018. 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 2017 to 31 August 2018 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 2017 to 2018 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 2017 to 31 August 2018 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

18 December 2018

BURNT MILL ACADEMY TRUST
(A Company Limited by Guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2018**

	Note	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Restricted fixed asset funds 2018 £000	Total funds 2018 £000	Total funds 2017 £000
INCOME FROM:						
Donations & capital grants:						
Transfer from Local Authority on conversion to academy	2, 21	702	(1,713)	17,748	16,737	-
Other donations and capital grants	2	-	249	1,018	1,267	1,490
Charitable activities	3	-	25,000	-	25,000	16,481
Other trading activities	4	1,328	-	-	1,328	897
Investments	5	3	-	-	3	3
TOTAL INCOME		2,033	23,536	18,766	44,335	18,871
EXPENDITURE ON:						
Charitable activities		382	25,366	1,629	27,377	18,867
TOTAL EXPENDITURE	6	382	25,366	1,629	27,377	18,867
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS		1,651	(1,830)	17,137	16,958	4
Transfers between funds	17	(702)	459	243	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES		949	(1,371)	17,380	16,958	4
Actuarial gains on defined benefit pension schemes	23	-	1,920	-	1,920	2,361
NET MOVEMENT IN FUNDS		949	549	17,380	18,878	2,365
RECONCILIATION OF FUNDS:						
Total funds brought forward		1,384	(7,823)	27,549	21,110	18,745
TOTAL FUNDS CARRIED FORWARD		2,333	(7,274)	44,929	39,988	21,110

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

BALANCE SHEET
AS AT 31 AUGUST 2018

	Note	£000	2018 £000	£000	2017 £000
FIXED ASSETS					
Tangible assets	13		44,345		26,039
CURRENT ASSETS					
Debtors	14	2,079		1,187	
Cash at bank and in hand	20	5,377		3,651	
		<u>7,456</u>		<u>4,838</u>	
CREDITORS: amounts falling due within one year	15	(2,690)		(1,559)	
NET CURRENT ASSETS			<u>4,766</u>		<u>3,279</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>49,111</u>		<u>29,318</u>
CREDITORS: amounts falling due after more than one year	16		(198)		-
NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES			<u>48,913</u>		<u>29,318</u>
Defined benefit pension scheme liability	23		(8,925)		(8,208)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u>39,988</u>		<u>21,110</u>
FUNDS OF THE TRUST					
Restricted income funds:					
Restricted income funds	17	1,651		385	
Restricted fixed asset funds	17	44,929		27,549	
		<u>46,580</u>		<u>27,934</u>	
Restricted income funds excluding pension liability		46,580		27,934	
Pension reserve		(8,925)		(8,208)	
		<u>37,655</u>		<u>19,726</u>	
Total restricted income funds			37,655		19,726
Unrestricted income funds	17		2,333		1,384
TOTAL FUNDS			<u>39,988</u>		<u>21,110</u>

The financial statements on pages 20 to 44 were approved by the Trustees, and authorised for issue, on 17 December 2018 and are signed on their behalf, by:

Mr D Kolinsky
Chair of Trustees

BURNT MILL ACADEMY TRUST
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2018

	Note	2018 £000	2017 £000
Cash flows from operating activities			
Net cash provided by operating activities	19	2,892	278
		<hr/>	<hr/>
Cash flows from investing activities:			
Interest received		3	3
Purchase of tangible fixed assets		(2,187)	(1,259)
Capital grants from DfE Group		1,018	1,490
		<hr/>	<hr/>
Net cash (used in)/provided by investing activities		(1,166)	234
		<hr/>	<hr/>
Change in cash and cash equivalents in the year		1,726	512
Cash and cash equivalents brought forward		3,651	3,139
		<hr/>	<hr/>
Cash and cash equivalents carried forward		5,377	3,651
		<hr/> <hr/>	<hr/> <hr/>

BURNT MILL ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

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 2017 to 2018 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.

The Trust's functional and presentational currency is Pounds Sterling.

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

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

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 2018

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

The Trust occupies land and the buildings at Epping St John's Church of England School provided to it by the Diocesan Trustees under a license (also referred to as a Church Supplemental Agreement) which contains a three year notice period. Having considered the fact that the Trust occupies the land and buildings by a license that transfers to it no rights or control over the site, save that of occupying it at the will of the Diocesan Trustees under the agreement, the Diocesan Trustees have concluded that the value of the land and buildings occupied by the Trust will not be recognised or valued within fixed assets.

The deemed expenditure of renting the premises for a year is put through the accounts and an equal and opposite donation from the Diocese is included in income.

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:

BURNT MILL ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

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

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 notes 15 and 16. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments.

BURNT MILL ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

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 23, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the 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 an academy trust

The conversion from the Schools that joined the Trust during the year from state maintained schools to academy trusts involved the transfer of identifiable assets and liabilities and the operation of the School for £NIL consideration. The substance of the transfers are that of a gift and it has been accounted for on that basis as set out below.

The assets and liabilities transferred on conversion from Epping St John's Church of England School and Royal Docks School to an academy trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Further details of the transaction are set out in note 21.

BURNT MILL ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

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 23, 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 2018. 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 2018 £000	Restricted funds 2018 £000	Restricted fixed asset funds 2018 £000	Total funds 2018 £000	Total funds 2017 £000
Transfer from Local Authority on conversion to academy (see note 21)	702	(1,713)	17,748	16,737	-
Donations	-	249	-	249	-
Capital grants	-	-	1,018	1,018	1,490
Subtotal	-	249	1,018	1,267	1,490
	702	(1,464)	18,766	18,004	1,490
Total 2017	-	-	1,490	1,490	

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FOR THE YEAR ENDED 31 AUGUST 2018**

3. FUNDING FOR TRUST'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Total funds 2018 £000	Total funds 2017 £000
DfE/ESFA grants				
General Annual Grant (GAG)	-	21,378	21,378	13,844
Other DfE / EFA grants	-	1,895	1,895	1,295
Start up grant	-	351	351	-
	<u>-</u>	<u>23,624</u>	<u>23,624</u>	<u>15,139</u>
Other government grants				
Local Authority grants	-	1,174	1,174	1,047
Special educational projects	-	202	202	290
	<u>-</u>	<u>1,376</u>	<u>1,376</u>	<u>1,337</u>
Other funding				
Other income	-	-	-	5
	<u>-</u>	<u>-</u>	<u>-</u>	<u>5</u>
	<u>-</u>	<u>25,000</u>	<u>25,000</u>	<u>16,481</u>
Total 2017	<u>-</u>	<u>16,481</u>	<u>16,481</u>	

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Total funds 2018 £000	Total funds 2017 £000
Rental income	179	-	179	129
Catering income	699	-	699	503
Other income	72	-	72	38
Trip income	378	-	378	227
	<u>1,328</u>	<u>-</u>	<u>1,328</u>	<u>897</u>
Total 2017	<u>897</u>	<u>-</u>	<u>897</u>	

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**NOTES TO THE FINANCIAL STATEMENTS
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5. INVESTMENT INCOME

	Unrestricted funds 2018 £000	Total funds 2018 £000	Total funds 2017 £000
Bank interest	3	3	3
	<u>3</u>	<u>3</u>	<u>3</u>
Total 2017	<u>3</u>	<u>3</u>	

6. EXPENDITURE

	Staff costs 2018 £000	Premises 2018 £000	Other costs 2018 £000	Total 2018 £000	Total 2017 £000
Provision of Education:					
Direct costs	16,220	-	-	16,220	10,713
Support costs	3,459	1,753	5,945	11,157	8,154
	<u>19,679</u>	<u>1,753</u>	<u>5,945</u>	<u>27,377</u>	<u>18,867</u>
Total 2017	<u>13,758</u>	<u>822</u>	<u>4,287</u>	<u>18,867</u>	

In 2017, of total expenditure, £401,000 was to unrestricted funds, £17,106,000 was to restricted funds and £1,360,000 was to restricted fixed asset fund.

7. CHARITABLE ACTIVITIES

	2018 £000	2017 £000
Direct costs	16,220	10,713
Support costs	11,157	8,154
	<u>27,377</u>	<u>18,867</u>
Total	<u>27,377</u>	<u>18,867</u>

	2018 £000	2017 £000
Analysis of support costs		
Support staff costs	3,459	3,906
Depreciation	1,629	1,140
Governance costs	15	12
Technology costs	498	216
Premises costs	1,753	822
Other support costs	3,803	2,058
	<u>11,157</u>	<u>8,154</u>
Total	<u>11,157</u>	<u>8,154</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

8. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2018	2017
	£000	£000
Depreciation of tangible fixed assets:		
- owned by the Trust	1,629	1,140
Auditors' remuneration - audit	15	11
Auditors' remuneration - other services	9	9
Operating lease rentals	33	30
	1,686	1,299

9. STAFF COSTS

a. Staff costs

Staff costs were as follows:

	2018	2017
	£000	£000
Wages and salaries	15,095	10,137
Social security costs	1,559	932
Operating costs of defined benefit pension schemes	2,307	1,932
	18,961	13,001
Agency staff costs	686	739
Staff restructuring costs	32	18
	19,679	13,758

Staff restructuring costs comprise:

	2018	2017
	£000	£000
Redundancy payments	32	18
	32	18

b. Staff numbers

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

	2018	2017
	No.	No.
Teachers	268	193
Administration and support	272	207
Management	7	9
	547	409

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

9. STAFF COSTS (continued)

c. Higher paid staff

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

	2018	2017
	No.	No.
In the band £ 60,001 - £ 70,000	26	9
In the band £ 70,001 - £ 80,000	8	2
In the band £ 80,001 - £ 90,000	3	2
In the band £ 90,001 - £100,000	1	1
In the band £100,001 - £110,000	2	0
In the band £130,001 - £140,000	0	1
In the band £140,001 - £150,000	1	0

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

The increase in higher paid staff is a result of two secondary schools joining the Trust in the year.

d. Key management personnel

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 £942,877 (2017- £600,025). The number of staff that formed key management personnel was 8 (2017- 5).

Included in the above are employer pension contributions of £110,745 (2017 - £65,306) and employer national insurance of £91,262 (2017 - £59,912).

10. TRUSTEES' REMUNERATION AND EXPENSES

One Trustee has been paid remuneration or has received other benefits from an employment with the Trust. The Chief Executive Officer only receives remuneration in respect of services she provided undertaking the roles of Chief Executive Officer under her contract of employment, and not in respect of her role as Trustee. The value of Trustees remuneration and other benefits was as follows:

		2018	2017
		£000	£000
Ms H Mills CBE	Remuneration	140-145	135-140
	Pension contributions paid	20-25	20-25

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

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

11. CENTRAL SERVICES

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

- Education Leadership Support
- Human Resources Management
- Financial Management
- Facilities Management
- ICT Management
- Legal and Governance
- Marketing

The Trust charges for these services on the following basis:

Flat percentage of recurring GAG income at 6.5%

The actual amounts charged during the year were as follows:

	2018 £000	2017 £000
Burnt Mill Academy	415	436
Cooks spinney Academy	125	116
Freshwater Academy	98	81
Little Parndon Academy	114	106
Roydon Academy	54	54
Forest Hall Academy	150	137
Magna Carta Academy	27	16
Epping St John's	218	-
Royal Docks Academy	198	-
	<u>1,399</u>	<u>946</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 Trust business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2018 was £135,675 (2017 - £89,020).

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

13. TANGIBLE FIXED ASSETS

	Freehold land and buildings £000	Leasehold Land and buildings £000	Furniture and fixtures £000	Motor vehicles £000	Computer equipment £000	Total £000
Cost						
At 1 September 2017	5,927	23,650	786	22	495	30,880
Additions	-	1,808	156	-	223	2,187
Transfers on conversion	17,119	405	97	-	127	17,748
At 31 August 2018	<u>23,046</u>	<u>25,863</u>	<u>1,039</u>	<u>22</u>	<u>845</u>	<u>50,815</u>
Depreciation						
At 1 September 2017	744	3,537	326	19	215	4,841
Charge for the year	584	811	96	2	136	1,629
At 31 August 2018	<u>1,328</u>	<u>4,348</u>	<u>422</u>	<u>21</u>	<u>351</u>	<u>6,470</u>
Net book value						
At 31 August 2018	<u>21,718</u>	<u>21,515</u>	<u>617</u>	<u>1</u>	<u>494</u>	<u>44,345</u>
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>

14. DEBTORS

	2018 £000	2017 £000
Due after more than one year		
Right to occupy	499	-
Due within one year		
Trade debtors	14	51
Other debtors	251	-
Prepayments and accrued income	605	978
Tax recoverable	710	158
	<u>2,079</u>	<u>1,187</u>

BURNT MILL ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

15. CREDITORS: Amounts falling due within one year

	2018	2017
	£000	£000
Trade creditors	859	328
Other taxation and social security	440	239
Salix loan	16	-
Other creditors	66	199
Accruals and deferred income	1,309	793
	2,690	1,559
	2,690	1,559
	2018	2017
	£000	£000
Deferred income		
Deferred income at 1 September 2017	486	302
Resources deferred during the year	(486)	(302)
Amounts released from previous years	468	486
	468	486
	468	486

At the balance sheet date the Trust was holding funds received in advance from Universal Infant Free School Meals, PE Grant, Special Education Needs, school trips taking place 2018/19 academic year and funds in advance for furniture and equipment at the new Magna Carta premises.

16. CREDITORS: Amounts falling due after more than one year

	2018	2017
	£000	£000
Salix loan	198	-
	198	-
Creditors include amounts not wholly repayable within 5 years as follows:		
	2018	2017
	£000	£000
Salix loan	27	-
	27	-

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

17. STATEMENT OF FUNDS

	Balance at 1 September 2017 £000	Income £000	Resources expended £000	Transfers in/out £000	Gains/ (losses) £000	Balance at 31 August 2018 £000
Unrestricted funds						
Unrestricted - general	1,134	2,033	(382)	(702)	-	2,083
Unrestricted - designated	250	-	-	-	-	250
	<u>1,384</u>	<u>2,033</u>	<u>(382)</u>	<u>(702)</u>	<u>-</u>	<u>2,333</u>
Restricted funds						
General Annual Grant (GAG)	185	21,378	(21,319)	659	-	903
Other DfE/ESFA	-	1,895	(1,895)	-	-	-
Start Up Grants	-	351	(351)	-	-	-
Local Authority grants	-	1,167	(1,167)	-	-	-
Special educational grants	-	202	(202)	-	-	-
Other restricted funds	200	-	-	(200)	-	-
Teaching School	-	7	(7)	-	-	-
Right to occupy	-	997	(249)	-	-	748
Pension reserve	(8,208)	(2,461)	(176)	-	1,920	(8,925)
	<u>(7,823)</u>	<u>23,536</u>	<u>(25,366)</u>	<u>459</u>	<u>1,920</u>	<u>(7,274)</u>
Restricted fixed asset funds						
Fixed asset funds (including capital grants)	27,549	18,766	(1,629)	243	-	44,929
Total restricted funds	<u>19,726</u>	<u>42,302</u>	<u>(26,995)</u>	<u>702</u>	<u>1,920</u>	<u>37,655</u>
Total of funds	<u><u>21,110</u></u>	<u><u>44,335</u></u>	<u><u>(27,377)</u></u>	<u><u>-</u></u>	<u><u>1,920</u></u>	<u><u>39,988</u></u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

17. STATEMENT OF FUNDS (continued)

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.

Other DfE/ESFA 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 restricted funds

Other restricted funds balance relates to cyclical maintenance funding.

Right to Occupy

This fund represents the rent free occupation of the land and buildings from the Diocese of Chelmsford.

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 Trust. The transfer between funds represents additions purchased through GAG funding.

Under the funding agreement with the Secretary of State, the Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2018.

BURNT MILL ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

17. STATEMENT OF FUNDS (continued)

Analysis of Academies by fund balance

Fund balances at 31 August 2018 were allocated as follows:

	Total 2018 £000	Total 2017 £000
BMAT	3,236	1,769
Right to occupy - Epping St John's	748	-
	3,984	1,769
Total before fixed asset fund and pension reserve	3,984	1,769
Restricted fixed asset fund	44,929	27,549
Pension reserve	(8,925)	(8,208)
	39,988	21,110
Total	39,988	21,110

All member academies in the Trust had £NIL fund balance (excluding restricted fixed asset fund and pension reserve) as at 31 August 2018.

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 2018 £000	Total 2017 £000
Burnt Mill Academy	4,197	877	291	1,174	6,539	7,087
Cooks Spinney Academy	1,311	271	44	289	1,915	2,018
Forest Hall Academy	1,747	328	74	626	2,775	2,635
Freshwater Academy	1,204	223	24	181	1,632	1,511
Little Parndon Academy	1,215	257	35	246	1,753	2,020
Roydon Academy	477	178	17	140	812	991
Magna Carta	210	67	20	122	419	346
Central Services	482	308	77	950	1,817	1,119
Epping St John's	2,418	406	96	755	3,675	-
Royal Docks Academy	2,959	544	107	801	4,411	-
	16,220	3,459	785	5,284	25,748	17,727

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17. STATEMENT OF FUNDS (continued)

STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 1 September 2016 £000	Income £000	Resources expended £000	Transfers in/out £000	Gains/ (losses) £000	Balance at 31 August 2017 £000
General funds						
Unrestricted - general	1,620	900	(401)	(985)	-	1,134
Unrestricted - designated	-	-	-	250	-	250
Restricted funds						
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)
	<u>(9,788)</u>	<u>16,481</u>	<u>(17,106)</u>	<u>229</u>	<u>2,361</u>	<u>(7,823)</u>
Restricted fixed asset funds						
Fixed asset funds (including capital grants)	26,913	1,490	(1,360)	506	-	27,549
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>

18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Restricted fixed asset funds 2018 £000	Total funds 2018 £000
Tangible fixed assets	-	-	44,344	44,344
Debtors due after more than 1 year	-	499	-	499
Current assets	5,007	1,152	799	6,958
Creditors due within one year	(2,674)	-	(16)	(2,690)
Creditors due in more than one year	-	-	(198)	(198)
Provisions for liabilities and charges	-	(8,925)	-	(8,925)
	<u>2,333</u>	<u>(7,274)</u>	<u>44,929</u>	<u>39,988</u>

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NOTES TO THE FINANCIAL STATEMENTS
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18. ANALYSIS OF NET ASSETS BETWEEN FUNDS (continued)

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds	Restricted funds	Restricted fixed asset funds	Total funds
	2017 £000	2017 £000	2017 £000	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)
	<u>1,384</u>	<u>(7,823)</u>	<u>27,549</u>	<u>21,110</u>

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

	2018 £000	2017 £000
Net income for the year (as per Statement of Financial Activities)	16,958	4
Adjustment for:		
Depreciation charges	1,629	1,140
Interest	(3)	(3)
Increase in debtors	(892)	(120)
Increase in creditors	1,329	4
Capital grants from DfE and other capital income	(1,018)	(1,490)
Defined benefit pension scheme obligation inherited	2,461	-
Defined benefit pension scheme cost less contributions payable	(64)	520
Defined benefit pension scheme finance cost	240	223
Net (loss) on assets and liabilities from local authority on conversion	(17,748)	-
Net cash provided by operating activities	<u>2,892</u>	<u>278</u>

20. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2018 £000	2017 £000
Cash in hand	5,377	3,651
Total	<u>5,377</u>	<u>3,651</u>

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NOTES TO THE FINANCIAL STATEMENTS
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21. CONVERSION TO AN ACADEMY TRUST

On 1 November 2017, Epping St John's Church Of England School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Burnt Mill Academy Trust from Essex County Council for £NIL consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the Balance Sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the Statement of Financial Activities as 'Donations - transfer from Local Authority on conversion to academy'.

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

	Unrestricted funds £000	Restricted funds £000	Restricted fixed asset funds £000	Total funds £000
Tangible fixed assets				
- Freehold/leasehold land and buildings	-	-	405	405
- Other tangible fixed assets	-	-	60	60
Right to occupy	-	748	-	748
Budget surplus on LA funds	179	-	-	179
LGPS pension deficit	-	(866)	-	(866)
	<u>179</u>	<u>(118)</u>	<u>465</u>	<u>526</u>
Net assets/(liabilities)	<u>179</u>	<u>(118)</u>	<u>465</u>	<u>526</u>

On 1 January 2018, Royal Docks School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Burnt Mill Academy Trust from London Borough of Newham for £NIL consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the Balance Sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the Statement of Financial Activities as 'Donations - transfer from Local Authority on conversion to academy'.

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

	Unrestricted funds £000	Restricted funds £000	Restricted fixed asset funds £000	Total funds £000
Tangible fixed assets				
- Freehold/leasehold land and buildings	-	-	17,119	17,119
- Other tangible fixed assets	-	-	164	164
Budget surplus on LA funds	523	-	-	523
LGPS pension deficit	-	(1,595)	-	(1,595)
	<u>523</u>	<u>(1,595)</u>	<u>17,283</u>	<u>16,211</u>
Total	<u>523</u>	<u>(1,595)</u>	<u>17,283</u>	<u>16,211</u>

22. MEMBERS' LIABILITY

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

BURNT MILL ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
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23. 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 £70,000 were payable to the schemes at 31 August 2018 (2017 - 191,000) 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.

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;
- 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%.

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 £ 1,604,000 (2017 - £1,412,000).

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).

Under the definitions set out in FRS 102, the TPS is an unfunded 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 2018 was £996,000 (2017 - £776,000), of which employer's contributions totalled £774,000 (2017 - £628,000) and employees' contributions totalled £222,000 (2017 - £148,000). The agreed contribution rates for future years are 19.9% for employers and 5.5 - 12.5% for employees.

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23. PENSION COMMITMENTS (continued)

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.

Essex County Council

Principal actuarial assumptions:

	2018	2017
Discount rate for scheme liabilities	2.65 %	2.60 %
Rate of increase in salaries	3.80 %	4.20 %
Rate of increase for pensions in payment / inflation	3.30 %	3.60 %
Inflation assumption (CPI)	2.30 %	2.70 %

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

	2018	2017
Retiring today		
Males	22.3	22.2
Females	24.8	24.7
Retiring in 20 years		
Males	24.5	24.3
Females	27.1	27.0

London Borough of Newham

Principal actuarial assumptions:

	2018	2017
Discount rate for scheme liabilities	2.65 %	- %
Rate of increase in salaries	3.80 %	- %
Rate of increase for pensions in payment / inflation	3.30 %	- %
Proportion of employees opting for early retirement	2.30 %	- %

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

	2018	2017
Retiring today		
Males	22.7	n/a
Females	25.2	n/a
Retiring in 20 years		
Males	24.9	n/a
Females	27.5	n/a

As at the 31 August 2018 the Trust had a pension liability of £8,925,000 (2017 - £8,208,000). The sensitivity analysis detailed below would increase / (decrease) the closing defined benefit obligation in the following way:

	At 31 August 2018 £000	At 31 August 2017 £000
Sensitivity analysis		
Discount rate +0.1%	(413)	(329)
Discount rate -0.1%	425	337
Mortality assumption - 1 year increase	593	480
Mortality assumption - 1 year decrease	(573)	(464)
CPI rate +0.1%	378	288
CPI rate -0.1%	(370)	(281)

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23. PENSION COMMITMENTS (continued)

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

	Fair value at 31 August 2018 £000	Fair value at 31 August 2017 £000
Equities	4,516	2,874
Gilts	357	274
Bonds	473	172
Property	652	428
Cash and other liquid assets	297	136
Other managed funds	224	187
Alternative assets	670	336
	<u>7,189</u>	<u>4,407</u>
Total market value of assets	<u><u>7,189</u></u>	<u><u>4,407</u></u>

The actual return on scheme assets was £344,000 (2017 - £569,000).

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

	2018 £000	2017 £000
Current service cost	(1,487)	(1,013)
Past service cost	-	(192)
Interest income	157	87
Interest cost	(397)	(310)
Benefit changes, gain/(loss) on curtailment and gain/(loss) on settlement	-	57
Admin expenses	2	-
	<u>(1,725)</u>	<u>(1,371)</u>
Total	<u><u>(1,725)</u></u>	<u><u>(1,371)</u></u>

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

	2018 £000	2017 £000
Opening defined benefit obligation	12,615	13,482
Upon conversion	4,384	-
Current service cost	1,487	1,013
Interest cost	397	310
Employee contributions	222	148
Actuarial gains	(1,733)	(2,093)
Benefits paid	(164)	(357)
Past service costs	-	192
Effect of non-routine settlements	(1,094)	(80)
	<u>16,114</u>	<u>12,615</u>
Closing defined benefit obligation	<u><u>16,114</u></u>	<u><u>12,615</u></u>

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23. PENSION COMMITMENTS (continued)

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

	2018 £000	2017 £000
Opening fair value of scheme assets	4,407	3,656
Upon conversion	1,923	-
Interest income	157	87
Actuarial losses	187	268
Employer contributions	774	628
Employee contributions	222	148
Benefits paid	(164)	(357)
Effect of non-routine settlements	(315)	(23)
Admin costs	(2)	-
	7,189	4,407
Closing fair value of scheme assets	7,189	4,407

24. OPERATING LEASE COMMITMENTS

At 31 August 2018 the total of the Trust's future minimum lease payments under non-cancellable operating leases was:

	2018 £000	2017 £000
Amounts payable:		
Within 1 year	9	33
Between 1 and 5 years	8	5
	17	38
Total	17	38

25. RELATED PARTY TRANSACTIONS

Owing to the nature of the Trust 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 Trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the Academies Financial Handbook and with the Trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

The daughter of CEO Helena Mills CBE is employed by the Trust on a contract approved by Trustees. Her remuneration is in line with the standard pay scales for the role undertaken and his employment contract is subject to normal terms and conditions.

There were no other related party transaction in the year.