

Registration number: 07754698

Broughton Academy

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 August 2016

Dodd & Co Limited
FIFTEEN Rosehill
Montgomery Way
Rosehill Estate
CARLISLE
CA1 2RW

Broughton Academy

Contents

| | |
|--|----------|
| Reference and Administrative Details | 1 |
| Trustees' Report | 2 to 6 |
| Governance Statement | 7 to 9 |
| Statement on Regularity, Propriety and Compliance | 10 |
| Statement of Trustees' Responsibilities | 11 |
| Independent Auditor's Report on the Financial Statements | 12 to 13 |
| Independent Reporting Accountant's Assurance Report on Regularity | 14 to 15 |
| Statement of Financial Activities incorporating Income and Expenditure Account | 16 to 17 |
| Balance Sheet | 18 |
| Statement of Cash Flows | 19 |
| Notes to the Financial Statements | 20 to 41 |

Broughton Academy

Reference and Administrative Details

| | |
|---|---|
| Members and Trustees (Directors) | D C Whild, Chair G Tomlinson, Vice Chair K Shankland, Head Teacher and Accounting Officer R A Carr (resigned 12 September 2016) R Dobie F T Murray D P Cookson J E Hodgson K Kirkup (appointed 7 September 2015) K Abraham (appointed 7 September 2015) A Jefferson (appointed 7 September 2015) P Ford (appointed 7 September 2015) H Morgan (appointed 13 January 2016) |
| Company Secretary | D C Whild |
| Senior Management Team | K Shankland, Head Teacher P Ford, Deputy Head Teacher S Bryden, Clerk to the Governors |
| Principal and Registered Office | Broughton Primary School Moor Road Great Broughton COCKERMOUTH CA13 0YT |
| Company Registration Number | 07754698 |
| Head Teacher | K Shankland |
| Auditors | Dodd & Co Limited FIFTEEN Rosehill Montgomery Way Rosehill Estate CARLISLE CA1 2RW |
| Bankers | Lloyds Bank Plc 4 Main Street KESWICK CA12 5JA |
| Solicitors | Burnetts 6 Victoria Place CARLISLE CA1 1ES |

Broughton Academy

Trustees' Report for the Year Ended 31 August 2016

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year ended 31 August 2016. The annual report serves the purposes of both a Trustees' Report, and a Directors' Report under company law.

Structure, governance and management

Constitution

The Academy Trust is a company limited by guarantee, incorporated on 26 August 2011, and is an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Academy Trust. The company registration number is 07754698.

The Governors act as the Trustees for the charitable activities of Broughton Academy and are also the Directors of the charitable company for the purposes of company law.

The Members may appoint up to 10 Trustees in accordance with article 50.

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

Members' liability

Each Member of the charitable company undertakes to contribute to the assets of the 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.

Trustees' indemnities

The Academy Trust through its Articles has indemnified its Trustees to the fullest extent permissible by law. During the period the Academy also purchased and maintained liability insurance for its Trustees.

Method of recruitment and appointment or election of Trustees

The Academy shall have the following Trustees:

- up to 10 Trustees appointed by the Members,
- any Staff Trustees, as appointed by existing Members, up to one third of the total number of Trustees,
- up to 1 Local Authority Trustee, as appointed by the Local Authority,
- a minimum of 2 Parent Trustees, appointed by election by parents of registered pupils at the Academy,
- the Head Teacher
- any additional Trustees appointed by the Secretary of State, if required, and
- up to 3 Co-opted Trustees.

The term of office for any Trustee shall be 4 years, save that this time limit shall not apply to the Head Teacher. Subject to remaining eligible to be a particular type of Trustee, any Trustee may be re-appointed or re-elected.

The Academy seeks to maintain a Board of Trustees with a balance of skills and diversity in order to enhance effectiveness and ensure that all stakeholders are represented. Should any gaps be identified, these may be addressed through the appointment of new Trustees.

During the period the Trustees held 3 meetings. The Trustees who were in office at 31 August 2016 and served throughout the period, except where shown, are listed on page 1. Their attendance record at meetings is also shown on page 7.

Broughton Academy

Trustees' Report for the Year Ended 31 August 2016 (continued)

Policies and procedures adopted for the induction and training of Trustees

The induction process for new Trustees includes a meeting with the Head Teacher and provision of an induction pack. Further training is available through membership of Governor Support Services, to ensure that existing Trustees are informed of all legislative updates, in addition to the knowledge and experience they bring from their own professional backgrounds.

Organisational structure

The Trustees are responsible for setting general policy, setting pay and remuneration of key management personnel, adopting an annual plan and budget, monitoring the Academy by use of budgets and making major decisions about the direction of the Academy, capital expenditure and senior staff appointments.

The Trustees have delegated the day to day running of the Academy to the Head Teacher and Senior Teacher.

Arrangements for setting pay and remuneration of key management personnel

The salaries of the Head and Deputy are in line with those on the Leadership scale taken from the Teacher's Pay and Conditions Document. The salaries are reviewed annually following appraisal interviews and if targets are met to the Directors' satisfaction it would be normal to award staff with one or more incremental rises, following discussion at a full finance meeting.

Risk management

The Trustees have assessed the major risks to which the Academy is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Academy, and its finances. The Trustees have implemented a number of systems to assess risks that the school faces, especially in operational areas and in relation to control of finance. They have introduced systems, including operational procedures and internal financial controls, in order to minimise risk. Where significant risk still remains they have ensured they have adequate insurance cover. The Academy has an effective system of internal financial controls and this is explained in more detail in the following statement.

Connected organisations, including related party relationships

The Academy administers the finances for its Out of School Club, which is run as a separate entity. The Out of School Club provides high quality care before and at the end of the school day.

Objectives and activities

Objects and aims

The Academy's object is specifically restricted to the advancement of education for the public benefit in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum.

At Broughton Primary School we believe in integrating modern technology with traditional values in your child's education. We share your wish that your child achieves his/her full academic potential whilst showing an understanding of and respect for moral values. We respect our children and value the contribution of their ideas to the life of our school.

Public benefit

The Academy provides educational services to all children in the local area. The Trustees confirm that they have complied with their duty to have due regard to the public benefit guidance published by the Charity Commission in exercising their powers or duties.

Broughton Academy

Trustees' Report for the Year Ended 31 August 2016 (continued)

Strategic Report

Achievements and performance

Achievements and performance in the 2016 KS1 & 2 SATs are as follows, although these will not be validated until January 2017:

- KS2 combined Reading, Writing and Maths reaching expected standard - School 58%, Cumbria 49%, National 53%.
- KS1 combined Reading, Writing and Maths reaching expected standard - School 53%, Cumbria 51.3%, National 60.3%.
- There is a slight downward trend to our data this year which is a result of the new curriculum and tests used in this years SATs.

Going concern

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

Financial review

Most of the Academy's income is obtained from the Department for Education in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the Department for Education during the period ended 31 August 2016 and the associated expenditure are shown as restricted funds in the statement of financial activities.

The Academy also receives grants for fixed assets from the Department for Education. Such grants are shown in the statement of financial activities as restricted income. Such assets are held in the restricted fixed asset fund and depreciated over their useful economic life.

Special Educational Needs funding, Nursery grants and Supply income are received from the Local Education Authority in addition to the funding received from the Department for Education.

Income for the period ended 31 August 2016 totalled £604,444. The total expenditure of £623,299 was spent entirely on the Academy's objectives, which were covered by recurrent grant funding from the Department of Education and other income sources. This resulted in a deficit in the year of £138,855, after the actuarial loss of £120,000 has been taken into account. The academy currently has sufficient reserves with which to absorb this deficit and the budgets forecast results to be around the break even point, before accounting for any actuarial gain or loss.

Included within the Statement of Financial Activities is an actuarial loss of £120,000 on the Local Government Pension Scheme. Note 22 to the financial statements gives full details regarding this.

Broughton Academy

Trustees' Report for the Year Ended 31 August 2016 (continued)

Strategic Report

Financial and risk management objectives and policies

The Academy uses various financial instruments which include bank balances, cash and trade creditors with limited trade and other debtors. The main purpose of these financial instruments is to provide working capital for the company's operations.

The Trustees agree policies for managing the risks arising from the company's financial instruments. These include the following:

Liquidity risk - The company seeks to ensure sufficient liquidity is available to meet foreseeable needs and invests cash assets safely and profitably.

Credit risk - Credit sales represent a very low percentage of total income and therefore credit risk from trade debtors is considered minimal. Nevertheless, any debts are reviewed regularly in conjunction with debt ageing and collection history.

Market risk - The company holds minimal funds as investments and therefore risk arising from changes in market prices and interest rates is negligible. Nevertheless, the market position is monitored and assessed on a regular basis.

Reserves policy

The Trustees review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Trustees do not presently have a formal reserves policy. Any reserves, which have been accumulated in line with best practise, are held to provide sufficient working capital to cover any delay, reduction, or cessation of funding streams, together with any unexpected emergencies such as urgent maintenance requirements. Reserves over and above this level are reinvested in the school's educational operations to ensure the highest quality of education continues to be provided. Free reserves are currently £64,741 which is in keeping with the Academy's reserves policy. The balance held in restricted general funds (excluding the pension reserve) is £nil.

Investment policy

The Academy holds minimal investments other than bank and cash balances. Investment policy relates only to the management of cash flows, banking, the effective control of the risks associated with those activities, and the achievement of performance consistent with those risks.

Plans for future periods

The School Improvement Plan outlines future plans for the school in terms of the following specific areas:

- Attainment: Focus areas are Writing and Problem Solving in Maths
- Leadership & Management: Focus area's are Director's increased involvement in Teaching & Learning and the drawing up of a new three year maintenance plan
- Teaching & Learning: Focus areas are RE, Science, Eco activities and Games
- Health & Safety: Focus area is the School Council

Broughton Academy

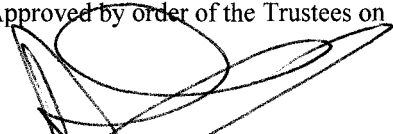
Trustees' Report for the Year Ended 31 August 2016 (continued)

Auditor

In so far 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.

Approved by order of the Trustees on 14 December 2016 and signed on its behalf by:



.....
D C Wild, Chair
Trustee

Broughton Academy

Governance Statement

Scope of responsibility

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

The Board of Trustees has delegated the day-to-day responsibility to K Shankland, Head Teacher and 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 Broughton Academy and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met 3 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

| Trustee | Meetings attended | Out of a possible |
|--|----------------------|----------------------|
| D C Whild, Chair | 2 | 3 |
| K Shankland, Head Teacher and Accounting Officer | 3 | 3 |
| R A Carr | 2 | 3 |
| G Tomlinson, Vice Chair | 2 | 3 |
| J E Hodgson | 3 | 3 |
| R Dobie | 2 | 3 |
| F T Murray | 3 | 3 |
| D P Cookson | 1 | 3 |
| K Kirkup | 2 | 3 |
| K Abraham | 2 | 3 |
| A Jefferson | 3 | 3 |
| H Morgan | 2 | 2 |

Broughton Academy

Governance Statement

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Broughton Academy for the year ended 31 August 2016 and up to the date of approval of the annual report and financial statements.

Review of Value for Money

As Accounting Officer the Head Teacher has responsibility for ensuring that the Academy 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 Academy's use of its resources has provided good value for money during each academic year, and reports to the Board of Trustees where value for money can be improved, including the use of benchmarking data where available. The Accounting Officer for the Academy has delivered improved value for money during the year by:

- efficiently using the pupil premium grant for engaging with pupils, for example, by carrying out one-on-one tuition, residentials and small group work.
- continuously monitoring costs. For example, savings have been made during the year on educational equipment. The current budget which takes account of these cost savings shows that reserves are expected to remain at a healthy level for at least the next three years.

Governance review

Governance is reviewed on an annual basis. In the year there has been one resignation from and five appointments to the Board of Trustees. The controls in place over the recruitment of Trustees have ensured the effective appointment and training of new Trustees, which has ensured that the running of the Academy hasn't been adversely affected by the changes in the Board of Trustees and that good governance has been maintained. The Trustees continue to carry out data analysis into the performance of the school.

Capacity to handle risk

The Board of Trustees has reviewed the key risks to which the Academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy's significant risks that has been in place for the year ending 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

The risk and control framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;
- regular reviews by the Finance and General Purposes Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

The Board of Trustees has considered the need for a specific internal audit function and has decided:

Broughton Academy

Governance Statement

- not to appoint an internal auditor. However the Trustees have appointed P W Robson as Responsible Officer

The Responsible Officer's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. Every four months, the Responsible Officer reports to the Board of Trustees on the operation of the systems of control and on the discharge of the Board of Trustees's financial responsibilities.

There were no material control or other issues reported by the Responsible Officer to date.

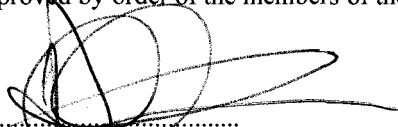
Review of effectiveness

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

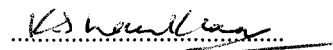
- the work of the responsible officer ;
- the work of the external auditor;
- the financial management and governance self assessment process;
- the work of the executive managers within the Academy who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the Board of Trustees on 14 December 2016 and signed on its behalf by:



.....
D.C Whild, Chair
Trustee



.....
K Shankland, Head Teacher and Accounting Officer
Trustee

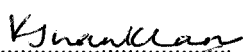
Broughton Academy

Statement on Regularity, Propriety and Compliance

As Accounting Officer of Broughton Academy I have considered my responsibility to notify the Academy Board of Trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Academy and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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

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


.....
K Shankland, Head Teacher and Accounting Officer

Broughton Academy

Statement of Trustees' Responsibilities

The Trustees (who are the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction published by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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:

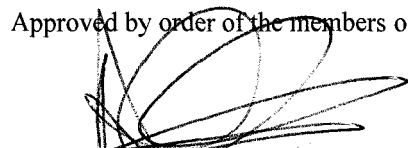
- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards [FRS 102] have been followed, subject to any material departures disclosed and explained in the financial statements; 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 the EFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the Board of Trustees on 14 December 2016 and signed on its behalf by:



.....
D C Whitt, Chair
Trustee

Broughton Academy

Independent Auditor's Report on the Financial Statements to the Members of Broughton Academy

We have audited the financial statements of Broughton Academy for the year ended 31 August 2016, which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, Balance Sheet, Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the charitable company's trustees, 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 charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of governors and auditors

As explained more fully in the Statement of Trustees' Responsibilities (set out on page 11), the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's web-site at www.frc.org.uk/apb/scope/private.cfm.

Opinion on the financial statements

In our opinion the financial statements:

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

Opinion on other matter prescribed by the Companies Act 2006

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


Broughton Academy

Independent Auditor's Report on the Financial Statements to the Members of Broughton Academy

Matters on which we are required to report by exception

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

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



.....
Martin Ward (Senior Statutory Auditor)
For and on behalf of Dodd & Co Limited, Statutory Auditor

FIFTEEN Rosehill
Montgomery Way
Rosehill Estate
CARLISLE
CA1 2RW

14 December 2016

Broughton Academy

Independent Reporting Accountant's Assurance Report on Regularity to Broughton Academy and the Education Funding Agency

In accordance with the terms of our engagement letter dated 31 July 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Broughton Academy during the period 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to the Board of Trustees and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we may state to the Board of Trustees and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Board of Trustees and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of the Board of Trustees's Accounting Officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of the Board of Trustees's funding agreement with the Secretary of State for Education dated 11 July 2011 and the Academies Financial Handbook extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2015 to 2016. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year from 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2015 to 2016 issued by EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the Academy's income and expenditure.

The work undertaken to draw our conclusion includes:

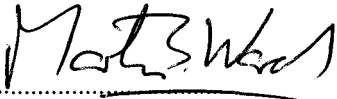
- enquiries of the Accounting Officer and reviewing the statement on regularity, propriety and compliance provided by the Accounting Officer
- investigating whether any special payments to staff have been made, including compromise agreements and severance pay
- reviewing transactions with related parties and ensuring the requirements of Part 3 'Delegated authorities' of the Handbook have been followed
- reviewing minutes of meetings to ensure sound governance is applied
- evaluation of the internal control procedures in place, including systems of delegation and authorisation
- evaluating systems of procurement and ensuring they adhere to the limits set by the academy and the EFA.

Broughton Academy

**Independent Reporting Accountant's Assurance Report on Regularity to Broughton
Academy and the Education Funding Agency**

Conclusion

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



.....
Martin Ward

For and on behalf of Dodd & Co Limited, Chartered Accountants

FIFTEEN Rosehill
Montgomery Way
Rosehill Estate
CARLISLE
CA1 2RW

14 December 2016

Broughton Academy

Statement of Financial Activities for the Year Ended 31 August 2016 (including Income and Expenditure Account)

| | Note | Unrestricted Funds £ | Restricted General Funds £ | Restricted Fixed Asset Funds £ | Total 2016 £ |
|---|------|----------------------------|-------------------------------------|---|--------------------|
| Income and endowments from: | | | | | |
| Donations and capital grants | 2 | 11,057 | 10,684 | 5,318 | 27,059 |
| <i>Charitable activities:</i> | | | | | |
| Funding for the Academy trust's educational operations | 3 | - | 557,746 | - | 557,746 |
| Other trading activities | 4 | 19,546 | - | - | 19,546 |
| Investments | 5 | 93 | - | - | 93 |
| Total | | 30,696 | 568,430 | 5,318 | 604,444 |
| Expenditure on: | | | | | |
| <i>Charitable activities:</i> | | | | | |
| Academy trust educational operations | 7 | - | 596,232 | 27,067 | 623,299 |
| Net income/(expenditure) | | 30,696 | (27,802) | (21,749) | (18,855) |
| Transfers between funds | | (32,087) | 21,802 | 10,285 | - |
| Other recognised gains and losses | | | | | |
| Actuarial gains/(losses) on defined benefit pension schemes | 23 | - | (120,000) | - | (120,000) |
| Net movement in deficit | | (1,391) | (126,000) | (11,464) | (138,855) |
| Reconciliation of funds | | | | | |
| Total funds/(deficit) brought forward at 1 September 2015 | | 66,132 | (172,000) | 839,970 | 734,102 |
| Total funds/(deficit) carried forward at 31 August 2016 | | 64,741 | (298,000) | 828,506 | 595,247 |

Broughton Academy

Statement of Financial Activities for the Year Ended 31 August 2015 (including Income and Expenditure Account)

| | Note | Unrestricted Funds £ | Restricted General Funds £ | Restricted Fixed Asset Funds £ | Total 2015 £ |
|---|------|----------------------------|-------------------------------------|---|--------------------|
| Income and endowments from: | | | | | |
| Donations and capital grants | 2 | 900 | 1,615 | 5,251 | 7,766 |
| <i>Charitable activities:</i> | | | | | |
| Funding for the Academy trust's educational operations | 3 | - | 524,338 | - | 524,338 |
| Other trading activities | 4 | 25,135 | - | - | 25,135 |
| Investments | 5 | 86 | - | - | 86 |
| Total | | 26,121 | 525,953 | 5,251 | 557,325 |
| Expenditure on: | | | | | |
| <i>Charitable activities:</i> | | | | | |
| Academy trust educational operations | 7 | - | 574,860 | 36,333 | 611,193 |
| Net income/(expenditure) | | 26,121 | (48,907) | (31,082) | (53,868) |
| Transfers between funds | | (44,907) | 44,907 | - | - |
| Other recognised gains and losses | | | | | |
| Actuarial gains/(losses) on defined benefit pension schemes | 23 | - | (10,000) | - | (10,000) |
| Net movement in deficit | | (18,786) | (14,000) | (31,082) | (63,868) |
| Reconciliation of funds | | | | | |
| Total funds/(deficit) brought forward at 1 September 2014 | | 84,918 | (158,000) | 871,052 | 797,970 |
| Total funds/(deficit) carried forward at 31 August 2015 | | 66,132 | (172,000) | 839,970 | 734,102 |

Broughton Academy

(Registration number: 07754698)
Balance Sheet as at 31 August 2016

| | Note | 2016 £ | 2015 £ |
|--|------|-----------------------|-----------------------|
| Fixed assets | | | |
| Tangible assets | 11 | 827,612 | 840,103 |
| Current assets | | | |
| Stocks | 12 | 3,000 | 3,000 |
| Debtors | 13 | 11,755 | 16,624 |
| Cash at bank and in hand | | <u>99,297</u> | <u>96,836</u> |
| | | 114,052 | 116,460 |
| Creditors: Amounts falling due within one year | 14 | <u>(48,417)</u> | <u>(50,461)</u> |
| Net current assets | | <u>65,635</u> | <u>65,999</u> |
| Total assets less current liabilities | | <u>893,247</u> | <u>906,102</u> |
| Net assets excluding pension liability | | 893,247 | 906,102 |
| Pension scheme liability | 23 | <u>(298,000)</u> | <u>(172,000)</u> |
| Net assets including pension liability | | <u><u>595,247</u></u> | <u><u>734,102</u></u> |
| Funds of the Academy: | | | |
| Restricted funds | | | |
| Restricted general fund | | (298,000) | (172,000) |
| Restricted fixed asset fund | | <u>828,506</u> | <u>839,970</u> |
| | | 530,506 | 667,970 |
| Unrestricted funds | | | |
| Unrestricted general fund | | <u>64,741</u> | <u>66,132</u> |
| Total funds | | <u><u>595,247</u></u> | <u><u>734,102</u></u> |

The financial statements on pages 16 to 41 were approved by the Trustees, and authorised for issue on 14 December 2016 and signed on their behalf by:



 D C White, Chair
 Governor and trustee

Broughton Academy

Statement of Cash Flows for the Year Ended 31 August 2016

| | Note | 2016 £ | 2015 £ |
|---|------|----------------------|----------------------|
| Net cash inflow/(outflow) from operating activities | 18 | 9,635 | (15,262) |
| Returns on investments and servicing of finance | 19 | 93 | 86 |
| Capital expenditure and financial investment | 20 | <u>(7,267)</u> | <u>1,901</u> |
| Increase/(decrease) in cash in the year | | 2,461 | (13,275) |
| Cash and cash equivalents at 1 September | | <u>96,836</u> | <u>110,111</u> |
| Cash and cash equivalents at 31 August | 21 | <u><u>99,297</u></u> | <u><u>96,836</u></u> |

Broughton Academy

Notes to the Financial Statements for the Year Ended 31 August 2016

1 Accounting policies

Statement of accounting policies

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

Basis of preparation

The financial statements of the Academy, 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 (FRS102), 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 (FRS102)), the Academies Accounts Direction 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

Broughton Academy meets the definition of a public benefit entity under FRS 102.

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 company 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 has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Academy's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Income

All income is recognised when the Academy has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

Grants

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

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

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

Donations

Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable and the amount can be reliably measured.

Broughton Academy

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

1 Accounting policies (continued)

Other income

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

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 raising funds

This includes all expenditure incurred by the Academy Trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

Charitable activities

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

All resources expended are inclusive of irrecoverable VAT.

Tangible fixed assets

Buildings and property improvements above £10,000 and furniture, computers and other equipment costing £500 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment. Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy Trust's depreciation policy.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset over its expected useful lives, per the table below.

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

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

Freehold property consists of land and buildings at Broughton Primary School. The property was valued at £880,000 on 15 October 2012 by P E Whitby MRICS of GVA Grimley Ltd on the basis of depreciated replacement cost. The governors consider this figure to be an accurate valuation of the property as at 31 August 2016.

Broughton Academy

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

1 Accounting policies (continued)

| Asset class | Depreciation method and rate |
|-------------------------|-------------------------------------|
| Freehold buildings | Straight line over 50 years |
| Furniture and equipment | Straight line over 3 - 7 years |
| Motor vehicles | Straight line over 7 years |
| Computer equipment | Straight line over 2 - 5 years |

Liabilities

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

Provisions

Provisions are recognised when the Academy Trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

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.

Leased assets

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

Stock

Unsold uniforms and catering stocks are valued at the lower of cost or net realisable value.

Taxation

The Academy 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 Academy 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.

Broughton Academy

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

1 Accounting policies (continued)

Pension benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 22, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

Fund accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the Academy Trust at the discretion of the trustees.

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Education Funding Agency/Department for Education/sponsor/other funders where the asset acquired or created is held for a specific purpose.

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

Critical accounting estimates and areas of judgement

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

Broughton Academy

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

1 Accounting policies (continued)

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2 Donations and capital grants

| | Unrestricted funds £ | Restricted funds £ | Restricted fixed asset funds £ | Total 2016 £ | Total 2015 £ |
|---------------------------------|----------------------------|--------------------------|---|--------------------|--------------------|
| Educational trips and visits | - | 10,684 | - | 10,684 | 1,615 |
| Donations | 11,057 | - | - | 11,057 | 900 |
| Capital funding | - | - | 5,318 | 5,318 | 5,251 |
| | <u>11,057</u> | <u>10,684</u> | <u>5,318</u> | <u>27,059</u> | <u>7,766</u> |

Broughton Academy

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

3 Funding for the Academy Trust's educational operations

| | Restricted funds £ | Total 2016 £ | Total 2015 £ |
|--------------------------------|--------------------------|--------------------|--------------------|
| DfE/EFA revenue grants | | | |
| GAG School Budget Share | 444,477 | 444,477 | 418,229 |
| GAG LACSEG | 12,056 | 12,056 | 14,423 |
| GAG Insurance | - | - | 4,152 |
| GAG Pupil Premium | 5,940 | 5,940 | 7,638 |
| GAG Rates | 2,177 | 2,177 | 905 |
| EFA Infant Meal Funding | 26,772 | 26,772 | 17,042 |
| | <u>491,422</u> | <u>491,422</u> | <u>462,389</u> |
| Other government grants | | | |
| LEA Nursery Grant | 39,474 | 39,474 | 44,654 |
| LEA SEN Funding | 10,737 | 10,737 | 4,099 |
| LEA Supply income | 1,235 | 1,235 | 2,890 |
| Other Government Grants | 14,878 | 14,878 | 10,306 |
| | <u>66,324</u> | <u>66,324</u> | <u>61,949</u> |
| Total grants | <u>557,746</u> | <u>557,746</u> | <u>524,338</u> |

4 Other trading activities

| | Unrestricted funds £ | Total 2016 £ | Total 2015 £ |
|--------------------|----------------------------|--------------------|--------------------|
| Catering income | 14,099 | 14,099 | 17,828 |
| Other sales | 2,760 | 2,760 | 2,708 |
| Nursery fee income | 2,687 | 2,687 | 4,599 |
| | <u>19,546</u> | <u>19,546</u> | <u>25,135</u> |

5 Investment income

| | Unrestricted funds £ | Total 2016 £ | Total 2015 £ |
|---------------------|----------------------------|--------------------|--------------------|
| Short term deposits | 93 | 93 | 86 |

Broughton Academy

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

6 Expenditure

| | Staff costs £ | Premises £ | Other costs £ | Total 2016 £ | Total 2015 £ |
|---|------------------|---------------|------------------|--------------------|--------------------|
| Academy's educational operations | | | | | |
| Direct costs | 426,985 | - | 42,367 | 469,352 | 459,048 |
| Allocated support costs | 24,748 | 84,875 | 44,324 | 153,947 | 152,145 |
| | <u>451,733</u> | <u>84,875</u> | <u>86,691</u> | <u>623,299</u> | <u>611,193</u> |
| | <u>451,733</u> | <u>84,875</u> | <u>86,691</u> | <u>623,299</u> | <u>611,193</u> |

Broughton Academy

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

6 Expenditure (continued)

Net incoming/outgoing resources for the year include:

| | 2016 £ | 2015 £ |
|---------------------------------|-----------|-----------|
| Operating lease rentals | 1,621 | 405 |
| Fees payable to auditor - audit | 2,900 | 2,600 |
| - other audit services | 200 | 775 |
| Depreciation | 25,076 | 26,252 |

7 Charitable activities

| | Restricted funds £ | Restricted fixed asset funds £ | Total 2016 £ | Total 2015 £ |
|--|--------------------------|---|--------------------|--------------------|
| Direct costs | | | | |
| Teaching and educational support staff costs | 426,985 | - | 426,985 | 422,770 |
| Educational supplies | 34,762 | - | 34,762 | 28,153 |
| Staff development | 5,971 | - | 5,971 | 6,126 |
| Other direct costs | 1,634 | - | 1,634 | 1,999 |
| | 469,352 | - | 469,352 | 459,048 |
| Allocated support costs | | | | |
| Support staff costs | 24,748 | - | 24,748 | 23,042 |
| Depreciation | - | 25,076 | 25,076 | 26,252 |
| Maintenance of premises and equipment | 13,435 | 1,991 | 15,426 | 21,351 |
| Cleaning | 18,979 | - | 18,979 | 17,185 |
| Rent, rates and utilities | 22,181 | - | 22,181 | 23,296 |
| Insurance | 3,213 | - | 3,213 | 6,376 |
| Recruitment and support | 337 | - | 337 | 228 |
| Security and transport | 2,089 | - | 2,089 | 635 |
| Catering | 9,676 | - | 9,676 | 9,472 |
| Interest on defined benefit pension scheme | 6,000 | - | 6,000 | 4,000 |
| Professional fees | 803 | - | 803 | 3,361 |
| Governance costs | 25,419 | - | 25,419 | 16,947 |
| | 126,880 | 27,067 | 153,947 | 152,145 |
| | 596,232 | 27,067 | 623,299 | 611,193 |

Included within governance costs are any costs associated with the strategic as opposed to day-to-day management of the charity's activities. These costs include any employee benefits for trusteeship, the cost of charity employees involved in meetings with trustees, the cost of any administrative support provided to the trustees, and costs relating to constitutional and statutory requirements including audit and preparation of statutory accounts.

Broughton Academy

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

8 Staff costs

| | 2016 £ | 2015 £ |
|--|----------------|----------------|
| Staff costs during the year were: | | |
| Wages and salaries | 366,348 | 358,177 |
| Social security costs | 22,835 | 20,183 |
| Pension costs | 57,695 | 50,813 |
| Supply teacher costs | 4,855 | 16,639 |
| | <u>451,733</u> | <u>445,812</u> |

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

| | 2016 No | 2015 No |
|------------------------------|------------|------------|
| Charitable Activities | | |
| Teachers | 11 | 9 |
| Administration and support | 13 | 17 |
| | <u>24</u> | <u>26</u> |

The key management personnel of the Academy Trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £136,555 (2015 - £84,000).

Broughton Academy

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

9 Related party transactions - trustees' remuneration and expenses

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

K Shankland (Head Teacher):

Remuneration: £55,000 - £60,000 (2015 - £55,000 - £60,000)

Employer's pension contributions: £5,000 - £10,000 (2015 - £5,000 - £10,000)

J Palmer (non-director) (Trustee):

Remuneration: £0 - £5,000 (2015 - £Nil)

Employer's pension contributions: £0 - £5,000 (2015 - £Nil)

K Wilson (non-director) (Trustee):

Remuneration: £35,000 - £40,000 (2015 - £30,000 - £35,000)

Employer's pension contributions: £5,000 - £10,000 (2015 - £5,000 - £10,000)

F T Murray (Trustee):

Remuneration: £0 - £5,000 (2015 - £0 - £5,000)

Employer's pension contributions: £0 - £5,000 (2015 - £0 - £5,000)

During the year ended 31 August 2016, travel and expenses totalling £47 (2015 - £210) were reimbursed to 1 trustee (2015 - 1).

Other related party transactions involving the trustees are set out in note 24.

10 Trustees' and officers' insurance

The Academy's insurance cover is provided by the Risk Protection Arrangement and this covers the protection of governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business.

The cost of this insurance is included in the total insurance cost.

Broughton Academy

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

11 Tangible fixed assets

| | Freehold land and buildings £ | Furniture and equipment £ | Motor vehicles £ | Computer equipment £ | Total £ |
|--------------------------|-------------------------------------|---------------------------------|------------------------|----------------------------|----------------|
| Cost or valuation | | | | | |
| At 1 September 2015 | 894,167 | 7,838 | - | 25,811 | 927,816 |
| Additions | - | - | 10,285 | 2,300 | 12,585 |
| At 31 August 2016 | <u>894,167</u> | <u>7,838</u> | <u>10,285</u> | <u>28,111</u> | <u>940,401</u> |
| Depreciation | | | | | |
| At 1 September 2015 | 67,816 | 5,432 | - | 14,465 | 87,713 |
| Charge for the year | <u>17,883</u> | <u>1,511</u> | <u>-</u> | <u>5,682</u> | <u>25,076</u> |
| At 31 August 2016 | <u>85,699</u> | <u>6,943</u> | <u>-</u> | <u>20,147</u> | <u>112,789</u> |
| Net book value | | | | | |
| At 31 August 2016 | <u>808,468</u> | <u>895</u> | <u>10,285</u> | <u>7,964</u> | <u>827,612</u> |
| At 31 August 2015 | <u>826,351</u> | <u>2,406</u> | <u>-</u> | <u>11,346</u> | <u>840,103</u> |

12 Stock

| | 2016 £ | 2015 £ |
|----------------------|--------------|--------------|
| Books and stationery | <u>3,000</u> | <u>3,000</u> |

13 Debtors

| | 2016 £ | 2015 £ |
|--------------------------------|---------------|---------------|
| Prepayments and accrued income | 10,837 | 15,140 |
| VAT recoverable | <u>918</u> | <u>1,484</u> |
| | <u>11,755</u> | <u>16,624</u> |

Broughton Academy

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

14 Creditors: amounts falling due within one year

| | 2016 £ | 2015 £ |
|------------------------------------|---------------|---------------|
| Trade creditors | 2,914 | 4,582 |
| Other taxation and social security | 12,906 | 13,707 |
| Accruals | 6,936 | 9,852 |
| Deferred income | <u>25,661</u> | <u>22,320</u> |
| | <u>48,417</u> | <u>50,461</u> |

| | 2016 £ |
|--|-----------------|
| Deferred income at 1 September 2015 | 22,320 |
| Resources deferred in the period | 25,661 |
| Amounts released from previous periods | <u>(22,320)</u> |
| Deferred income at 31 August 2016 | <u>25,661</u> |

Capital funding, SEN funding and rates funding were received during the period for the year ending 31 March 2017. Accordingly, 7/12 of these funds have been deferred and will be shown as income during the year to 31 August 2017.

Infant meal funding was received during the period for the academic year starting 1 September 2016. Accordingly, all of these funds have been deferred and will be shown as income during the year to 31 August 2017.

Broughton Academy

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

15 Funds

| | Balance at 1 September 2015 £ | Incoming resources £ | Resources expended £ | Gains, losses and transfers £ | Balance at 31 August 2016 £ |
|---|--|----------------------------|----------------------------|--|--------------------------------------|
| Restricted general funds | | | | | |
| General Annual Grant | - | 461,437 | (461,437) | - | - |
| Pension deficit | (172,000) | - | (6,000) | (120,000) | (298,000) |
| Special Educational Needs funding (SEN) | - | 10,737 | (10,737) | - | - |
| Other restricted funds | - | 82,359 | (104,161) | 21,802 | - |
| Restricted trip fund | - | 10,684 | (10,684) | - | - |
| | <u>(172,000)</u> | <u>565,217</u> | <u>(593,019)</u> | <u>(98,198)</u> | <u>(298,000)</u> |
| Restricted fixed asset funds | | | | | |
| Assets transferred on conversion to Academy status | 810,865 | - | (18,672) | - | 792,193 |
| Capital funding | 29,105 | 5,318 | (8,395) | 10,285 | 36,313 |
| | <u>839,970</u> | <u>5,318</u> | <u>(27,067)</u> | <u>10,285</u> | <u>828,506</u> |
| Total restricted funds | 667,970 | 570,535 | (620,086) | (87,913) | 530,506 |
| Unrestricted funds | | | | | |
| Unrestricted general funds | 66,132 | 30,696 | - | (32,087) | 64,741 |
| Total funds | <u><u>734,102</u></u> | <u><u>601,231</u></u> | <u><u>(620,086)</u></u> | <u><u>(120,000)</u></u> | <u><u>595,247</u></u> |

Broughton Academy

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

15 Funds (continued)

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

Purposes of restricted fixed asset funds

Assets transferred from Broughton Primary School on conversion to Academy status are included at the value transferred, less accumulated depreciation thereon.

Restricted capital funding consists of the balance of ring-fenced capital funds transferred from Cumbria County Council on conversion to Academy status, together with GAG capital funding receivable in the period, less expenditure on capital items. Outgoing resources includes the cost of items below the de minimis limit for capitalisation plus the depreciation charge on assets capitalised within the fund.

Purposes of restricted funds

General Annual Grant (GAG) must be used for the normal running costs of the Academy. Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2016. GAG funding received in the year was fully spent.

The Academy's share of the Local Government Pension Scheme assets are measured at fair value at each balance sheet date. Liabilities are measured on an actuarial basis using the projected unit method. The net of these two figures is recognised as an asset or liability on the balance sheet.

Other restricted funds from the Local Authority and sundry sources were spent in full during the period.

Total restricted general funds held at the year end (excluding pension scheme liabilities) was £nil. Total unrestricted general funds held at the year end was £64,741.

Transfers

A transfer of £32,087 was made from Unrestricted to Other Restricted Funds to cover the deficit in the year and a transfer of £10,285 was made from Unrestricted Funds to the Restricted Fixed Asset Fund in respect of the purchase of a minibus.

16 Analysis of net assets between funds

| | Unrestricted funds £ | Restricted general funds £ | Restricted fixed asset funds £ | Total funds £ |
|--------------------------|----------------------------|----------------------------------|---|------------------|
| Tangible fixed assets | - | - | 827,612 | 827,612 |
| Current assets | 64,741 | 45,276 | 4,035 | 114,052 |
| Current liabilities | - | (45,276) | (3,141) | (48,417) |
| Pension scheme liability | - | (298,000) | - | (298,000) |
| Total net assets | 64,741 | (298,000) | 828,506 | 595,247 |

Broughton Academy

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

17 Commitments under operating leases

Operating leases

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

| | 2016 £ | 2015 £ |
|--|--------------|--------------|
| Amounts due within one year | 1,621 | 1,621 |
| Amounts due between one and five years | <u>4,459</u> | <u>6,080</u> |
| | <u>6,080</u> | <u>7,701</u> |

Broughton Academy

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

18 Reconciliation of net expenditure to net cash inflow/(outflow) from operating activities

| | 2016 | 2015 |
|---|----------------|-----------------|
| | £ | £ |
| Net expenditure | (18,855) | (53,868) |
| Depreciation | 25,076 | 26,252 |
| Donated capital and capital grants | (5,318) | (5,251) |
| Interest receivable | (93) | (86) |
| FRS 17 interest on defined benefit pension scheme | 6,000 | 4,000 |
| Decrease/(increase) in debtors | 4,869 | (12) |
| (Decrease)/increase in creditors | <u>(2,044)</u> | <u>13,703</u> |
| Net cash inflow/(outflow) from operating activities | <u>9,635</u> | <u>(15,262)</u> |

19 Cash flows from financing activities

| | 2016 | 2015 |
|--|-----------|-----------|
| | £ | £ |
| Interest received | <u>93</u> | <u>86</u> |
| Net cash inflow from returns on investments and servicing of finance | <u>93</u> | <u>86</u> |

20 Cash flows from investing activities

| | 2016 | 2015 |
|---|----------------|--------------|
| | £ | £ |
| Purchase of tangible fixed assets | (12,585) | (3,350) |
| Capital grants from DfE | <u>5,318</u> | <u>5,251</u> |
| Net cash (outflow)/inflow from capital expenditure and financial investment | <u>(7,267)</u> | <u>1,901</u> |

21 Analysis of cash and cash equivalents

| | At 31 August 2016 | At 31 August 2015 |
|---------------------------------|----------------------|----------------------|
| | £ | £ |
| Cash at bank and in hand | <u>99,297</u> | <u>96,836</u> |
| Total cash and cash equivalents | <u>99,297</u> | <u>96,836</u> |

Broughton Academy

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

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.

23 Pension and similar obligations

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

The key elements of the valuation and subsequent consultation are:

Broughton Academy

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

23 Pension and similar obligations (continued)

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

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

The employer's pension costs paid to TPS in the period amounted to £40,689 (2015: £36,963).

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

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

Local government pension scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £15,889 (2015 - £19,662), of which employer's contributions totalled £11,374 (2015 - £15,796) and employees' contributions totalled £4,515 (2015 - £3,866). The agreed contribution rates for future years are 16.8 per cent for employers and employees rates are calculated using Local Government Pension Scheme employee contributions procedures, which have now been banded.

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

Principal actuarial assumptions

| | At 31 August 2016 % | At 31 August 2015 % |
|--|---------------------------|---------------------------|
| Rate of increase in salaries | 3.30 | 3.80 |
| Rate of increase for pensions in payment/inflation | 1.90 | 2.30 |
| Discount rate for scheme liabilities | 2.10 | 4.00 |
| Inflation assumptions (CPI) | <u>1.80</u> | <u>2.30</u> |

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

Broughton Academy

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

23 Pension and similar obligations (continued)

| | At 31 August 2016 | At 31 August 2015 |
|------------------------------|----------------------|----------------------|
| Retiring today | | |
| Males retiring today | 23.10 | 23.00 |
| Females retiring today | 25.70 | 25.60 |
| Retiring in 20 years | | |
| Males retiring in 20 years | 25.90 | 25.80 |
| Females retiring in 20 years | <u>28.90</u> | <u>28.80</u> |

Broughton Academy

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

23 Pension and similar obligations (continued)

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

| | At 31 August 2016 £ | At 31 August 2015 £ |
|--|---------------------------|---------------------------|
| Equities | 127,000 | 101,000 |
| Government bonds | 50,000 | 36,000 |
| Other bonds | 19,000 | 14,000 |
| Property | 27,000 | 22,000 |
| Cash | 8,000 | 5,000 |
| Other | 23,000 | 16,000 |
| Total market value of assets | 254,000 | 194,000 |
| Present value of scheme liabilities - funded | (552,000) | (366,000) |
| Deficit in the scheme | (298,000) | (172,000) |

The actual return on scheme assets was £41,000 (2015 - £8,000).

Broughton Academy

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

23 Pension and similar obligations (continued)

Amounts recognised in the statement of financial activities

| | 2016 £ | 2015 £ |
|----------------------|-----------|-----------|
| Current service cost | 18,000 | 16,000 |
| Net interest costs | 6,000 | 4,000 |
| | 24,000 | 20,000 |

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

| | 2016 £ | 2015 £ |
|------------------------|-----------|-----------|
| At 1 September | 366,000 | 328,000 |
| Current service cost | 18,000 | 16,000 |
| Interest cost | 14,000 | 13,000 |
| Employee contributions | 5,000 | 4,000 |
| Actuarial losses | 152,000 | 8,000 |
| Benefits paid | (3,000) | (3,000) |
| | 552,000 | 366,000 |

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

| | 2016 £ | 2015 £ |
|--------------------------|-----------|-----------|
| At 1 September | 194,000 | 170,000 |
| Interest income | 8,000 | 9,000 |
| Actuarial gains/(losses) | 32,000 | (2,000) |
| Employer contributions | 18,000 | 16,000 |
| Employee contributions | 5,000 | 4,000 |
| Benefits paid | (3,000) | (3,000) |
| | 254,000 | 194,000 |

24 Related party transactions

Owing to the nature of the Academy's operations and the composition of the board of governors being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the board of governors may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy's financial regulations and normal procurement procedures.

No related party transactions requiring disclosure took place during the year.

Broughton Academy

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

25 Transition to FRS 102

First time adoption of FRS 102

These financial statements are the first financial statements of Broughton Academy prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Charities SORP 2015 (SORP 2015). The financial statements of Broughton Academy for the year ended 31/08/2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the trustees have amended certain accounting policies to comply with FRS 102 and SORP 2015. [The trustees have also taken advantage of certain exemptions from the requirements of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'].

Explanation of transition to FRS 102

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

Change in recognition of LGPS interest cost

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

Recognition of outstanding employee benefits

No provision for outstanding holiday pay was made under previous UK GAAP. Under FRS 102 the costs of short-term employee benefits are recognised as a liability and an expense. All school employee's of the Trust have holiday years that run from 1 September to 31 August in line with the financial year end and school term time.