

Registration number: 07754698

Broughton Academy

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 August 2020

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

Broughton Academy

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Broughton Academy

Reference and Administrative Details

Members & Trustees	H Morgan, Chair K Woodcock A Bewsher, Head Teacher and Accounting Officer
Trustees (Directors)	R Dobie J E Hodgson (resigned 1 October 2019) K Kirkup A Jefferson P Graham K Wilson C Bateman G Hannah P French A Wells (appointed 27 November 2019)
Company Secretary	H Morgan
Senior Management Team	A Bewsher, Head Teacher and Accounting Officer (appointed 1 September 2019) 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	A Bewsher
Auditors	Dodd & Co Limited FIFTEEN Rosehill Montgomery Way Rosehill Estate CARLISLE CA1 2RW
Solicitors	Burnetts 6 Victoria Place CARLISLE CA1 1ES
Bankers	Lloyds Bank Plc 4 Main Street KESWICK CA12 5JA

Broughton Academy

Trustees' Report for the Year Ended 31 August 2020

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 2020. The annual report serves the purposes of both a Trustees' Report, and a Directors' Report under company law.

The Academy Trust operates an academy for pupils aged 3 to 11 serving a catchment area in West Cumbria. It has a pupil capacity of 140 and had a roll of 120 in the school census on 16th January 2020.

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 and the Trustees may appoint up to 3 co-opted Trustees. The Local Authority may also appoint a Trustee.

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.

Broughton Academy

Trustees' Report for the Year Ended 31 August 2020 (continued)

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 2020 and served throughout the period, except where shown, are listed on page 1. Their attendance record at meetings is also shown on page 9.

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.

Arrangements for setting pay and remuneration of key management personnel

The salary of the Head is 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.

Broughton Academy

Trustees' Report for the Year Ended 31 August 2020 (continued)

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 2020 (continued)

Strategic Report

Achievements and performance

On Wednesday 18th March 2020, the Secretary of State for Education announced that the 2019/2020 Standard Attainments Tests (SATs) for the National Curriculum would be cancelled due to the Covid-19 pandemic.

The following assessments planned between April and July 2020 were cancelled:

- End of Key-Stage 1 and Key-Stage 2 assessments (including tests and teacher assessment)
- Phonics screening check
- Multiplications tables check
- Science sampling test
- All statutory trialling

Therefore, primary school performance measures were not published for the 2019/2020 academic year.

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.

The Board of Trustees consider that the Academy Trust has established suitable procedures to deal with the Covid-19 pandemic and do not therefore expect it to have a significant impact on the ability of the academy trust to continue as a going concern.

Broughton Academy

Trustees' Report for the Year Ended 31 August 2020 (continued)

Strategic Report

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 2020 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 2020 totalled £690,182. The total expenditure of £730,198 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 £134,016, after the actuarial loss of £94,000 has been taken into account. The Academy currently has sufficient reserves with which to absorb the deficits (before accounting for any actuarial gain or loss) shown by the budget forecasts for the year ended 2020/21.

The Trustees do not believe that the Covid-19 pandemic has had a significant impact on the overall operating results for the year.

Included within the Statement of Financial Activities is an actuarial loss of £94,000 on the Local Government Pension Scheme. The deficit as at 31 August 2020 is £489,000 which is a large increase over the deficit of £367,000 as at 31 August 2019, primarily as a result of large actuarial losses on scheme liabilities of £94,000. Note 24 to the financial statements gives full details of the scheme.

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.

Broughton Academy

Trustees' Report for the Year Ended 31 August 2020 (continued)

Strategic Report

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 £45,938 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.

Fundraising

KABs have been our main source of any additional fund raising. This is a charity group run by parents and they raise funds through discos, quiz nights etc to purchase 'extras' for the children and help with trips out of school, contributing towards transport.

- There has been no work with any commercial participators and professional fundraisers.
- There has been no fundraising which has not conformed to recognised standards.
- There have been no fundraising complaints.
- We have protected the public, including vulnerable people, from unreasonably intrusive or persistent fundraising approaches.

Plans for future periods

Ensuring that the school remains 'Covid secure' by continuous risk assessments and following all relevant government guidance.

- Supporting staff teaching in new year-groups.
- School Improvement Plans include continuing to raise the profile of subject leaders throughout school, improving the progress being made in mathematics between children in Key-Stage 1 and Key-Stage 2, developing the curriculum in foundation subjects such as History and Geography, ensuring there is a progression in skills in all subjects being taught and improving the provision throughout our Early Years Foundation Stage.
- There will be another bid submitted to the ESFA seeking funding for repairs to a section of the school roof and valley gutter over the middle area of the school building.

Broughton Academy

Trustees' Report for the Year Ended 31 August 2020 (continued)

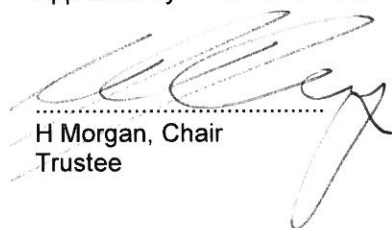
Strategic Report

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.

Approved by order of the Trustees on 10 December 2020 and signed on its behalf by:



.....
H Morgan, 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.

As trustees, we have reviewed and taken account of the guidance in DfE's Government Handbook and competency framework for governance.

The Board of Trustees has delegated the day-to-day responsibility to A Bewsher, Head Teacher and Accounting Officer, 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 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 reviews

Governance is reviewed on an annual basis. During the year there has been one resignation from and one appointment to the Board of Trustees. There has been no further appointments since the year end. 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.

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
H Morgan, Chair	3	3
R Dobie	2	3
K Kirkup	2	3
K Wilson	2	3
A Jefferson	3	3
P Graham	3	3
K Woodcock	2	3
A Bewsher, Head Teacher and Accounting Officer	3	3
C Bateman	2	3
G Hannah	2	3
P French	2	3
A Wells	2	3

Broughton Academy

Governance Statement

There have been changes in the composition of the Board of Trustees as noted above. The Board of Trustees have overriding responsibility for the management of all aspects of school life including buildings, finance, education and Health & Safety. The day to day responsibilities of all these aspects is delegated to the Headteacher.

The Board continually assess its own effectiveness and regularly carry out a skills audit of all members. In the Self Evaluation Form prepared for Ofsted they assessed their performance as good.

Any data used by the Board be it academic, financial or related to Health & Safety matters is provided by the appropriate person e.g., the Headteacher in relation to academic performance and the Bursar in relation to financial matters. Recommendations are made in relation to this data by the appropriate person, these are considered by the Board members and then dealt with accordingly.

The Finance and Staffing Committee is a sub-committee of the main Board of Trustees. Its purpose is to ensure efficient and effective use of the Academy's financial resources in order to meet the objectives of the Academy. Attendance at meetings during the year was as follows:

Trustee	Meetings attended	Out of a possible
H Morgan	3	3
A Bewsher	3	3
K Woodcock	3	3
P French	2	3

Effective oversight of funds

Primary financial decisions and oversight is delegated to the Finance and Staffing Committee (as described in the Written Scheme of Delegation) which meet approximately every 6 weeks to consider reports from the school's independent financial advisor, David Moffatt. Year to date financial performance is compared with budget projections and remedial action taken as needed. During the 2019/20 financial year, face to face meetings have been less frequent, but major decisions (beyond the financial delegations of the Headteacher) have been dealt with by virtual meetings or email.

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:

- using the pupil premium grant to narrow the gap between PP children and the rest of the children in school through focusing on intervention for targeted groups of children.
- continuously monitoring costs. The Finance Committee monitors spending particularly in relation to the school buildings.

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 2020 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Board of Trustees has reviewed the key risks to which the 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 2020 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:

- to buy-in an internal audit service from P W Robson.

The Internal Auditor'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.

Broughton Academy

Governance Statement


Review of effectiveness

As Accounting Officer, A Bewsher, 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 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 10 December 2020 and signed on its behalf by:



.....
H Morgan, Chair
Trustee



.....
A Bewsher, 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 and Skills Funding Agency of material irregularity, impropriety and non-compliance with ESFA 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 ESFA.

A handwritten signature in black ink, appearing to read 'A Bewsher', with a horizontal line underneath it.

A Bewsher, Head Teacher and Accounting Officer

Broughton Academy

Statement of Trustees' Responsibilities

The Trustees (who are also 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 Academies Accounts Direction published by the Education and Skills 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:

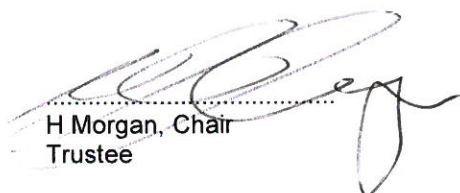
- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards 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 order of the members of the Board of Trustees on 10 December 2020 and signed on its behalf by:



H Morgan, Chair
Trustee

Broughton Academy

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

Opinion

We have audited the financial statements of Broughton Academy (the 'Academy') for the year ended 31 August 2020, which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, Balance Sheet, Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. 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'.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy trust's affairs at 31 August 2020 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;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2019 and Academies Accounts Direction 2019 to 2020.

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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Academy in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- the Trustees use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Academy'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 (covers the Reference and Administrative Details, the Trustees' Report and Strategic Report and the Governance Statement)

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

Broughton Academy

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

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.

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 Strategic Report and Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Trustees' 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 company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and Trustees' Report.

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.

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' Responsibilities [set out on page 14], the Trustees 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 Academy'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 Academy or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Broughton Academy

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

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Academy's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- Conclude on the appropriateness of the Trustees use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Academy's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Academy to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Academy to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Academy audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Broughton Academy

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

Use of our report

This report is made solely to the Academy'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 Academy'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 Academy and its Trustees, as a body, for our audit work, for this report, or for the opinions we have formed.



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

FIFTEEN Rosehill
Montgomery Way
Rosehill Estate
CARLISLE
CA1 2RW

10 December 2020

Broughton Academy

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

In accordance with the terms of our engagement letter dated 31 July 2013 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2019 to 2020, 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 2019 to 31 August 2020 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 Broughton Academy and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we may state to Broughton Academy 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 Broughton Academy and the ESFA, 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 2018, 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 2019 to 2020. 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 2019 to 31 August 2020 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 2019 to 2020 issued by 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.

Broughton Academy

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

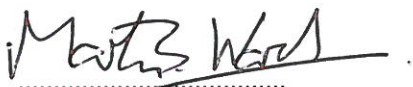
Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the Academy's income and expenditure.

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 ESFA.

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 2019 to 31 August 2020 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

10 December 2020

Broughton Academy

Statement of Financial Activities for the Year Ended 31 August 2020 (including Income and Expenditure Account)

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	2019/20 Total £
Income and endowments from:					
Donations and capital grants	2	1,500	3,822	5,519	10,841
<i>Charitable activities:</i>					
Funding for the Academy trust's educational operations	3	-	661,096	-	661,096
Other trading activities	4	18,198	-	-	18,198
Investments	5	47	-	-	47
Total		19,745	664,918	5,519	690,182
Expenditure on:					
<i>Charitable activities:</i>					
Academy trust educational operations	7	-	710,570	19,628	730,198
Net income/(expenditure)		19,745	(45,652)	(14,109)	(40,016)
Transfers between funds		(17,652)	17,652	-	-
Other recognised gains and losses					
Actuarial gains/(losses) on defined benefit pension schemes	24	-	(94,000)	-	(94,000)
Net movement in funds/(deficit)		2,093	(122,000)	(14,109)	(134,016)
Reconciliation of funds					
Total funds/(deficit) brought forward at 1 September 2019		43,845	(367,000)	785,759	462,604
Total funds/(deficit) carried forward at 31 August 2020		45,938	(489,000)	771,650	328,588

Broughton Academy

Statement of Financial Activities for the Year Ended 31 August 2019 (including Income and Expenditure Account)

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	2018/19 Total £
Income and endowments from:					
Donations and capital grants	2	-	9,388	12,702	22,090
<i>Charitable activities:</i>					
Funding for the Academy trust's educational operations	3	-	620,699	-	620,699
Other trading activities	4	20,918	-	-	20,918
Investments	5	58	-	-	58
Total		20,976	630,087	12,702	663,765
Expenditure on:					
<i>Charitable activities:</i>					
Academy trust educational operations	7	-	695,189	24,215	719,404
Net income/(expenditure)		20,976	(65,102)	(11,513)	(55,639)
Transfers between funds		(35,102)	35,102	-	-
Other recognised gains and losses					
Actuarial gains/(losses) on defined benefit pension schemes	24	-	(121,000)	-	(121,000)
Net movement in deficit		(14,126)	(151,000)	(11,513)	(176,639)
Reconciliation of funds					
Total funds/(deficit) brought forward at 1 September 2018		57,971	(216,000)	797,272	639,243
Total funds/(deficit) carried forward at 31 August 2019		43,845	(367,000)	785,759	462,604

Broughton Academy
(Registration number: 07754698)
Balance Sheet as at 31 August 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	11	760,044	777,022
Current assets			
Stocks	12	3,000	3,000
Debtors	13	13,636	15,102
Cash at bank and in hand		85,415	75,721
		<u>102,051</u>	<u>93,823</u>
Creditors: Amounts falling due within one year	14	<u>(44,507)</u>	<u>(41,241)</u>
Net current assets		<u>57,544</u>	<u>52,582</u>
Total assets less current liabilities		<u>817,588</u>	<u>829,604</u>
Net assets excluding pension liability		817,588	829,604
Pension scheme liability	24	<u>(489,000)</u>	<u>(367,000)</u>
Net assets including pension liability		<u>328,588</u>	<u>462,604</u>
Funds of the Academy:			
Restricted funds			
Restricted general fund		(489,000)	(367,000)
Restricted fixed asset fund		<u>771,650</u>	<u>785,759</u>
		282,650	418,759
Unrestricted funds			
Unrestricted general fund		<u>45,938</u>	<u>43,845</u>
Total funds	15	<u>328,588</u>	<u>462,604</u>

The financial statements on pages 21 to 47 were approved by the Trustees, and authorised for issue on 10 December 2020 and signed on their behalf by:


H Morgan, Chair
Member

Broughton Academy

Statement of Cash Flows for the Year Ended 31 August 2020

		2020	(As restated)
	Note	£	2019
			£
Cash flows from operating activities			
Net cash provided by/(used in) operating activities	18	6,778	(17,093)
Cash flows from investing activities	20	2,869	7,157
Cash flows from financing activities	19	<u>47</u>	<u>58</u>
Change in cash and cash equivalents in the year		9,694	(9,878)
Cash and cash equivalents at 1 September		<u>75,721</u>	<u>85,599</u>
Cash and cash equivalents at 31 August	21	<u><u>85,415</u></u>	<u><u>75,721</u></u>

Broughton Academy

Notes to the Financial Statements for the Year Ended 31 August 2020

1 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 2019 to 2020 issued by ESFA, 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.

Broughton Academy

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

1 Accounting policies (continued)

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.

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.

Transfer on conversion

Where assets and liabilities are received by the academy trust on conversion to an academy, the transferred assets are measured at fair value and recognised in the balance sheet at the point when the risks and rewards of ownership pass to the academy trust. An equal amount of income is recognised as transfer on conversion within Donations and capital grant income to the net assets received.

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.

Broughton Academy

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

1 Accounting policies (continued)

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 2020.

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.

Broughton Academy

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

1 Accounting policies (continued)

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.

Financial Instruments

The academy trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the academy 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 13. 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 cost as detailed in note 14. 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 instrument.

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.

Comparatives

The trustees have considered the disclosure of certain items during the year and have decided that it is appropriate to amend the comparatives in places. There has been no impact on profit as amendments have affected disclosures only.

Broughton Academy

Notes to the Financial Statements for the Year Ended 31 August 2020 (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 24, 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 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.

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 2020 (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 24 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 2019 has been used by the actuary in valuing the pensions liability at 31 August 2020. 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 £	2020 Total £	2019 Total £
Educational trips and visits	-	3,822	-	3,822	9,388
Donations	1,500	-	-	1,500	-
Capital funding	-	-	5,519	5,519	12,702
	<u>1,500</u>	<u>3,822</u>	<u>5,519</u>	<u>10,841</u>	<u>22,090</u>

Broughton Academy

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

3 Funding for the Academy Trust's educational operations

	Restricted funds £	Total 2020 £	Total 2019 £
DfE/ESFA revenue grants			
GAG School Budget Share	481,938	481,938	496,245
GAG Pupil Premium	15,385	15,385	13,424
GAG Rates	2,409	2,409	2,364
PE and sports grant	17,020	17,020	17,040
ESFA Teachers Pay and Pension Grants	24,809	24,809	4,274
ESFA Infant Meal Funding	18,997	18,997	24,300
	<u>560,558</u>	<u>560,558</u>	<u>557,647</u>
Other government grants			
LEA Nursery Grant	77,943	77,943	38,960
LEA SEN Funding	12,375	12,375	20,814
LEA Supply income	300	300	411
Other Government Grants	9,920	9,920	2,867
	<u>100,538</u>	<u>100,538</u>	<u>63,052</u>
Total grants	<u>661,096</u>	<u>661,096</u>	<u>620,699</u>

4 Other trading activities

	Unrestricted funds £	Total 2020 £	Total 2019 £
Catering income	13,566	13,566	16,262
Other sales	1,185	1,185	1,685
Nursery fee income	3,447	3,447	2,971
	<u>18,198</u>	<u>18,198</u>	<u>20,918</u>

Broughton Academy

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

5 Investment income

	Unrestricted funds £	Total 2020 £	Total 2019 £
Short term deposits	<u>47</u>	<u>47</u>	<u>58</u>

6 Expenditure

	Staff costs £	Premises £	Other costs £	Total 2020 £	Total 2019 £
Academy's educational operations					
Direct costs	506,074	-	37,912	543,986	526,356
Allocated support costs	<u>55,824</u>	<u>84,429</u>	<u>45,959</u>	<u>186,212</u>	<u>193,048</u>
	<u>561,898</u>	<u>84,429</u>	<u>83,871</u>	<u>730,198</u>	<u>719,404</u>
	<u>561,898</u>	<u>84,429</u>	<u>83,871</u>	<u>730,198</u>	<u>719,404</u>

Net income/(expenditure) for the year includes:

	2020 £	2019 £
Operating lease rentals	1,933	1,933
Depreciation	19,628	24,215
Fees payable to auditor - audit	3,025	3,025
- other audit services	<u>325</u>	<u>325</u>

Broughton Academy

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

7 Charitable activities

	Restricted funds £	Restricted fixed asset funds £	Total 2020 £	Total 2019 £
Direct costs				
Teaching and educational support staff costs	506,074	-	506,074	486,820
Educational supplies	34,480	-	34,480	35,333
Staff development	3,432	-	3,432	4,203
	<u>543,986</u>	<u>-</u>	<u>543,986</u>	<u>526,356</u>
Allocated support costs				
Support staff costs	34,824	-	34,824	33,532
Defined benefit pension scheme service cost	21,000	-	21,000	23,000
Depreciation	-	19,628	19,628	24,215
Maintenance of premises and equipment	26,791	-	26,791	18,489
Cleaning	22,055	-	22,055	20,710
Rent, rates and utilities	19,095	-	19,095	20,961
Insurance	2,322	-	2,322	2,780
Security and transport	5,817	-	5,817	11,765
Catering	8,276	-	8,276	10,637
Interest on defined benefit pension scheme	7,000	-	7,000	7,000
Governance costs	19,404	-	19,404	19,959
	<u>166,584</u>	<u>19,628</u>	<u>186,212</u>	<u>193,048</u>
	<u>710,570</u>	<u>19,628</u>	<u>730,198</u>	<u>719,404</u>

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 2020 (continued)

8 Staff costs

	2020 £	2019 £
Staff costs during the year were:		
Wages and salaries	411,059	413,527
Social security costs	29,299	27,661
Pension costs	112,053	90,304
	<u>552,411</u>	<u>531,492</u>
Supply teacher costs	9,487	11,860
	<u><u>561,898</u></u>	<u><u>543,352</u></u>

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

	2020 No	2019 No
Charitable Activities		
Teachers	9	10
Administration and support	15	14
	<u><u>24</u></u>	<u><u>24</u></u>

Higher paid staff

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was Nil (2019: Nil).

Key management personnel

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 and employer national insurance contributions) received by key management personnel for their services to the academy trust was £92,700 (2019: £98,265).

Broughton Academy

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

9 Related party transactions - trustees' remuneration and expenses

One or more trustees has been paid remuneration or has received other benefits from 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:

A Bewsher (Head Teacher):

Remuneration: £50,000 - £55,000 (2019 - £45,000 - £50,000)

Employer's pension contributions: £10,000 - £15,000 (2019 - £5,000 - £10,000)

Other related party transactions involving the trustees are set out in note 25.

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 2020 (continued)

11 Tangible fixed assets

	Freehold land and buildings £	Furniture and equipment £	Motor vehicles £	Computer equipment £	Total £
Cost or valuation					
At 1 September 2019	894,167	16,784	10,285	44,446	965,682
Additions	-	2,650	-	-	2,650
At 31 August 2020	894,167	19,434	10,285	44,446	968,332
Depreciation					
At 1 September 2019	131,916	12,060	4,407	40,277	188,660
Charge for the year	14,166	1,662	1,469	2,331	19,628
At 31 August 2020	146,082	13,722	5,876	42,608	208,288
Net book value					
At 31 August 2020	748,085	5,712	4,409	1,838	760,044
At 31 August 2019	762,251	4,724	5,878	4,169	777,022

12 Stock

	2020 £	2019 £
Books and stationery	3,000	3,000

13 Debtors

	2020 £	2019 £
Prepayments and accrued income	11,606	13,372
VAT recoverable	2,030	1,730
	13,636	15,102

Broughton Academy

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

14 Creditors: amounts falling due within one year

	2020 £	2019 £
Trade creditors	594	3,821
Other taxation and social security	7,980	7,108
Pension scheme creditor	10,624	7,196
Accruals	10,740	9,005
Deferred income	14,569	14,111
	<u>44,507</u>	<u>41,241</u>

	2020 £	2019 £
Deferred income		
Deferred income at 1 September 2019	14,111	20,222
Resources deferred in the period	14,569	14,111
Amounts released from previous periods	<u>(14,111)</u>	<u>(20,222)</u>
Deferred income at 31 August 2020	<u>14,569</u>	<u>14,111</u>

Capital funding and infant meal funding were received during the period for the year ending 31 March 2021. Accordingly, 7/12 of these funds have been deferred and will be shown as income during the year to 31 August 2021.

Broughton Academy

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

15 Funds

	Balance at 1 September 2019 £	Incoming resources £	Resources expended £	Gains, losses and transfers £	Balance at 31 August 2020 £
Restricted general funds					
General Annual Grant	-	499,732	(499,732)	-	-
Pension deficit	(367,000)	-	(28,000)	(94,000)	(489,000)
Special Educational Needs funding (SEN)	-	12,375	(12,375)	-	-
Other restricted funds	-	148,989	(166,641)	17,652	-
Restricted trip fund	-	3,822	(3,822)	-	-
	<u>(367,000)</u>	<u>664,918</u>	<u>(710,570)</u>	<u>(76,348)</u>	<u>(489,000)</u>
Restricted fixed asset funds					
Assets transferred on conversion to Academy status	746,129	-	(13,832)	-	732,297
Capital funding	<u>39,630</u>	<u>5,519</u>	<u>(5,796)</u>	<u>-</u>	<u>39,353</u>
	<u>785,759</u>	<u>5,519</u>	<u>(19,628)</u>	<u>-</u>	<u>771,650</u>
Total restricted funds	418,759	670,437	(730,198)	(76,348)	282,650
Unrestricted funds					
Unrestricted general funds	<u>43,845</u>	<u>19,745</u>	<u>-</u>	<u>(17,652)</u>	<u>45,938</u>
Total funds	<u>462,604</u>	<u>690,182</u>	<u>(730,198)</u>	<u>(94,000)</u>	<u>328,588</u>

Broughton Academy

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

15 Funds (continued)

Comparative information in respect of the preceding period is as follows:

	Balance at 1 September 2018 £	Incoming resources £	Resources expended £	Gains, losses and transfers £	Balance at 31 August 2019 £
Restricted general funds					
General Annual Grant	-	516,307	(516,307)	-	-
Pension deficit	(216,000)	-	(30,000)	(121,000)	(367,000)
Special Educational Needs funding (SEN)	-	20,814	(20,814)	-	-
Other restricted funds	-	83,578	(118,680)	35,102	-
Restricted trip fund	-	9,388	(9,388)	-	-
	<u>(216,000)</u>	<u>630,087</u>	<u>(695,189)</u>	<u>(85,898)</u>	<u>(367,000)</u>
Restricted fixed asset funds					
Assets transferred on conversion to Academy status	759,961	-	(13,832)	-	746,129
Capital funding	<u>37,311</u>	<u>12,702</u>	<u>(10,383)</u>	<u>-</u>	<u>39,630</u>
	<u>797,272</u>	<u>12,702</u>	<u>(24,215)</u>	<u>-</u>	<u>785,759</u>
Total restricted funds	581,272	642,789	(719,404)	(85,898)	418,759
Unrestricted funds					
Unrestricted general funds	<u>57,971</u>	<u>20,976</u>	<u>-</u>	<u>(35,102)</u>	<u>43,845</u>
Total funds	<u>639,243</u>	<u>663,765</u>	<u>(719,404)</u>	<u>(121,000)</u>	<u>462,604</u>

Broughton Academy

Notes to the Financial Statements for the Year Ended 31 August 2020 (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 2020. 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 £45,938.

Transfers

A transfer of £17,652 was made from Unrestricted to Other Restricted Funds to cover the deficit in the year.

Broughton Academy

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

16 Analysis of net assets between funds

Fund balances at 31 August 2020 are represented by:

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets	-	-	760,044	760,044
Current assets	45,938	41,338	14,775	102,051
Current liabilities	-	(41,338)	(3,169)	(44,507)
Pension scheme liability	-	(489,000)	-	(489,000)
Total net assets	<u>45,938</u>	<u>(489,000)</u>	<u>771,650</u>	<u>328,588</u>

Comparative information in respect of the preceding period is as follows:

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets	-	-	777,022	777,022
Current assets	43,845	37,985	11,993	93,823
Current liabilities	-	(37,985)	(3,256)	(41,241)
Pension scheme liability	-	(367,000)	-	(367,000)
Total net assets	<u>43,845</u>	<u>(367,000)</u>	<u>785,759</u>	<u>462,604</u>

17 Commitments under operating leases

Operating leases

At 31 August 2020 the total of the Trust's future minimum lease payments under non-cancellable operating leases was:

	2020 £	2019 £
Amounts due within one year	1,933	1,933
Amounts due between one and five years	<u>1,932</u>	<u>3,865</u>
	<u>3,865</u>	<u>5,798</u>

Broughton Academy

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

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

	2020 £	2019 £
Net expenditure	(40,016)	(55,639)
Depreciation	19,628	24,215
Donated capital and capital grants	(5,519)	(12,702)
Interest receivable	(47)	(58)
Defined benefit pension scheme net interest	7,000	7,000
Defined benefit pension scheme service cost adjustment	21,000	23,000
Decrease/(increase) in debtors	1,466	(757)
Increase/(decrease) in creditors	3,266	(2,152)
Net cash inflow/(outflow) from operating activities	<u>6,778</u>	<u>(17,093)</u>

19 Cash flows from financing activities

	2020 £	2019 £
Interest received	<u>47</u>	<u>58</u>
Net cash inflow from returns on investments and servicing of finance	<u>47</u>	<u>58</u>

20 Cash flows from investing activities

	2020 £	2019 £
Purchase of tangible fixed assets	(2,650)	(5,545)
Capital grants from DfE	<u>5,519</u>	<u>12,702</u>
Net cash inflow from capital expenditure and financial investment	<u>2,869</u>	<u>7,157</u>

21 Analysis of cash and cash equivalents

	2020 £	2019 £
Cash at bank and in hand	<u>85,415</u>	<u>75,721</u>
Total cash and cash equivalents	<u>85,415</u>	<u>75,721</u>

Broughton Academy

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

22 Analysis of changes in net debt

	At 1 September 2019 £	Cash flows £	At 31 August 2020 £
Cash	75,721	9,694	85,415
	-	-	-
Total	<u>75,721</u>	<u>9,694</u>	<u>85,415</u>

23 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.

24 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 2016 and of the LGPS 31 March 2019.

Contributions amounting to £10,642 (2019 - £7,196) were payable to the schemes at 31 August 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.

Broughton Academy

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

24 Pension and similar obligations (continued)

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury every 4 years. 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 2016. The valuation report was published by the Department for Education on 5 March 2019.

The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% administration levy)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million, giving a notional past service deficit of £22,000 million
- the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI. Assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

The next valuation result is due to be implemented from 1 April 2023.

The employer's pension costs paid to TPS in the period amounted to £62,284 (2019: £36,349).

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

Under the definitions set out in FRS 102, the TPS is an unfunded 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 2020 was £36,574 (2019 - £39,856), of which employer's contributions totalled £30,015 (2019 - £31,862) and employees' contributions totalled £6,559 (2019 - £7,994). The agreed contribution rate for future years is 18.5 per cent for employers with deficit recovery contributions of £11,000, £11,300 and £11,600 due for the years 2020/21, 2021/22 and 2022/23 respectively. 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 an academy trust closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013

Broughton Academy

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

24 Pension and similar obligations (continued)

Principal actuarial assumptions

	At 31 August 2020 %	At 31 August 2019 %
Rate of increase in salaries	3.90	3.60
Rate of increase for pensions in payment/inflation	2.50	2.20
Discount rate for scheme liabilities	1.80	1.80
Inflation assumptions (CPI)	<u>2.40</u>	<u>2.10</u>

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

	At 31 August 2020	At 31 August 2019
Retiring today		
Males retiring today	22.60	23.30
Females retiring today	25.20	25.90
Retiring in 20 years		
Males retiring in 20 years	24.20	25.60
Females retiring in 20 years	<u>27.10</u>	<u>28.60</u>

Sensitivity analysis

	2020 £	2019 £
Discount rate +0.1%	468,000.00	351,000.00
Mortality assumption – 1 year increase	517,000.00	381,000.00
CPI rate +0.1%	510,000.00	383,000.00
Pay growth +0.1%	<u>492,000.00</u>	<u>368,000.00</u>

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

	2020 £	2019 £
Equities	173,000	203,000
Government bonds	98,000	75,000
Other bonds	1,000	25,000
Property	28,000	24,000
Cash and other liquid assets	49,000	19,000
Other	<u>154,000</u>	<u>72,000</u>
Total market value of assets	<u>503,000</u>	<u>418,000</u>

The actual return on scheme assets was (£1,000) (2019 - £30,000).

Broughton Academy

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

24 Pension and similar obligations (continued)

Amounts recognised in the statement of financial activities

	2020 £	2019 £
Current service cost	47,000	44,000
Past service cost	3,000	10,000
Net interest costs	7,000	7,000
Administration expenses	1,000	1,000
Total operating charge	<u>58,000</u>	<u>62,000</u>

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

	2020 £	2019 £
At 1 September	785,000	569,000
Current service cost	47,000	44,000
Past service cost	3,000	10,000
Interest cost	15,000	17,000
Employee contributions	6,000	8,000
Actuarial losses	141,000	141,000
Benefits paid	<u>(5,000)</u>	<u>(4,000)</u>
At 31 August	<u>992,000</u>	<u>785,000</u>

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

	2020 £	2019 £
At 1 September	418,000	353,000
Interest income	8,000	10,000
Actuarial gains	47,000	20,000
Employer contributions	30,000	32,000
Employee contributions	6,000	8,000
Benefits paid	(5,000)	(4,000)
Administration expenses	<u>(1,000)</u>	<u>(1,000)</u>
At 31 August	<u>503,000</u>	<u>418,000</u>

25 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, transactions may take place with organisations in which the trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with the academy trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

Broughton Academy

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

25 Related party transactions (continued)

Income related party transactions

During the year the academy made the following related party transactions:

Great Broughton Out Of School Club Limited

(Controlled by trustees)

During the year the Academy Trust received £60 rent from Great Broughton Out Of School Club Limited for use of the school's facilities (2019 - £60). At the balance sheet date the amount due from Great Broughton Out Of School Limited was £Nil (2019 - £Nil).

