

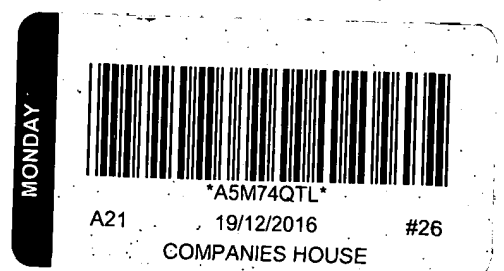
Registered number: 07698718 (England and Wales)

BRANDH ACADEMY LIMITED

(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2016



BRANDH ACADEMY LIMITED
(A company limited by guarantee)

CONTENTS

	Page
Reference and administrative details	1 - 3
Governors' report	4 - 11
Governance statement	12 - 14
Statement on regularity, propriety and compliance	15
Statement of Governors' responsibilities	16
Independent auditors' report on the financial statements	17 - 18
Independent reporting accountant's assurance report on regularity	19 - 20
Statement of financial activities incorporating income and expenditure account	21
Balance sheet	22
Statement of cash flows	23
Notes to the financial statements	24 - 46

BRANDH ACADEMY LIMITED
(A company limited by guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS MEMBERS, GOVERNORS AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2016

Members

Bishop of Durham (appointed 23 August 2016)
Chair of Board of Education (appointed 23 August 2016)
Incumbent of St Michael's Parish (Rev'd L M Scott) (appointed 23 August 2016)
Incumbent of Stockton County Parish (when appointed)
Chair of Directors (D J Halfacre) (appointed 23 August 2016)
A Abbasi Rashid (resigned 31 January 2016)
D Chambers (resigned 23 August 2016)
S Bain (resigned 23 August 2016)
D Jones (resigned 23 August 2016)
M N Parker (resigned 23 August 2016)

Governors

D J Halfacre, Chair^{1,2}
L Hammond, Vice Chair^{1,2}
A Abbasi Rashid (resigned 31 January 2016)¹
E Ainsworth (resigned 17 October 2016)¹
R N Briscoe^{1,2}
Rev D Brooke, Ex-officio (resigned 17 October 2016)³
J Brown, Chair of finance^{1,2}
Rev R Cooper (resigned 1 September 2016)³
R Frankland (appointed 17 October 2016)¹
S Harker, Associate member until 17 October 2016³ (appointed Director 17 October 2016)¹
T Harker, Staff Governor (resigned 17 October 2016)^{1,2}
T Keenan (resigned 17 October 2016)¹
G G Lee (resigned 17 October 2016)^{1,2}
J Lowther (resigned 17 October 2016)¹
M N Parker, Executive headteacher^{1,2}
Rev L M Scott, Ex-officio (resigned 17 October 2016)¹
T C Tait (resigned 17 October 2016)¹
L Thom (appointed 12 April 2016, resigned 17 October 2016)¹
M L Wallis, Staff Governor (resigned 17 October 2016)¹
B Watson (resigned 17 October 2016)³
J Wise, Staff Governor (resigned 17 October 2016)^{1,2}

¹ Appointed as director at Companies House (voting rights)

² Member of finance and audit committee

³ Not appointed as director at Companies House (no voting rights)

On 17 October 2016 the structure of the Board was amended and the academy trust now has a Board of Directors and Academy Council Members. As a result a number of Directors resigned from the Board at this date but remain Academy Council members.

Company registered number

07698718

Company name

BRandH Academy Limited

BRANDH ACADEMY LIMITED
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REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS GOVERNORS AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2016

Principal and registered office

Hopelands
Heighington Village
Newton Aycliffe
Co Durham
DL5 6PH

BRANDH ACADEMY LIMITED
(A company limited by guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS GOVERNORS AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2016

Senior leadership team

M N Parker, Executive headteacher
C Spence, Head of school (Heighington)
J Wise, Head of school (Bishopton)
M Wallis, Deputy Head of School (Heighington)
J Chaytor, Deputy Head of School (Bishopton)
V Peters, Assistant Head of School (Heighington)
C Lapping, Assistant Headteacher (Heighington)

Independent auditors

Clive Owen LLP
Chartered Accountants
Statutory Auditors
140 Coniscliffe Road
Darlington
Co Durham
DL3 7RT

Bankers

NatWest Bank plc
11 Beverage Way
Newton Aycliffe
Co Durham
DL5 4PT

Solicitors

Legal Department
Darlington Borough Council
Town Hall
Darlington
Co Durham
DL1 5QT

Bond Dickinson LLP
St Ann's Wharf
112 Quayside
Newcastle upon Tyne
NE1 3DX

BRANDH ACADEMY LIMITED
(A company limited by guarantee)

GOVERNORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2016

The Governors present their annual report together with the financial statements and auditor's report of the charitable company for the period 1 September 2015 to 31 August 2016. The annual report serves the purposes of both a Governors' report, and a directors' report under company law.

The trust operates an academy for pupils aged 3 to 11 years. The Trust operated two primary academies in the villages of Bishopton (also covering Redmarshall) and Heighington. Its academies have a combined pupil capacity of 450 and had a roll of 410 in the school census on 19 May 2016.

OBJECTIVES AND ACTIVITIES

Objects and aims

The principal object and activity of the charitable company is the operation of BBrandH Academy Limited to provide education for students of different abilities between the ages of 3 and 11 with the introduction of a nursery facility at Bishopton in January 2016.

In accordance with the articles of association the charitable company has adopted a 'Scheme of Government' approved by the Secretary of State for Education. The Scheme of Government specifies, amongst other things, the basis for admitting students to the Academy, the catchment area from which the students are drawn, and that the curriculum should comply with the substance of the national curriculum with emphasis on mathematics, english, science and religious education.

The main objectives of the academy during the year ended 31 August 2016 are summarised below:

- Be a friendly, welcoming and caring school, based on broadly Christian values;
- Develop a sense of personal and social responsibility, exemplified by our links with the community;
- Provide opportunities for spiritual, moral, social and cultural education, satisfying the needs of and providing equal opportunities for all;
- Provide for all staff to develop their personal expertise, professional skills and to achieve job fulfilment;
- Enable every child to achieve their full potential through a broad, balanced and interesting curriculum including the National Curriculum where relevant;
- Develop a co-operative working relationship between all children, staff, parents and governors;
- Direct the resources of the school to agreed priorities; and
- Encourage and reward pupil achievement and good behaviour

BRANDH ACADEMY LIMITED
(A company limited by guarantee)

GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

Objectives, strategies and activities

The academy's main objectives are encompassed in its mission statement. To this end the objectives and the strategies used to achieve them include:

Vision Statement 2014-17

- The mission for our Church of England Academy is founded in our belief that "life in all its fullness" (John10:10) is everybody's right, but with this right comes responsibility and that is enshrined in our vision for the future.
- The Academy celebrates each person's individuality, their achievements and their passions. It caters for the whole child, challenges each and every child's thinking whilst developing an insatiable desire to enquire. A nurturing and vibrant environment necessitates the very best teaching to equip the children with the enduring skills needed to be a life-long learner.
- There will be a greater emphasis on children's accountability to themselves, each other and adults; accepting that spiritual, social and emotional needs will need guidance from informed and empathetic adults.
- Children will increasingly control the curriculum content through their interests, local, national or international events. They will be taught how to safely access and critically examine the information using traditional sources and every available form of technology.
- Successful, enthused learners will be equipped to explore and experience the wider world as part of their journey to adulthood and beyond.

The activities undertaken to achieve these objectives are all intended to provide the highest quality of education in the public sector for students between the ages of 3 and 11.

Public benefit

The academy's aims and achievements are set out within this report and have been undertaken to further its charitable purposes for the public benefit. The Governors have complied with the duty under Section 4 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission for England and Wales and the Governors have considered this guidance in deciding what activities the academy should undertake.

BRANDH ACADEMY LIMITED
(A company limited by guarantee)

GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

ACHIEVEMENTS AND PERFORMANCE

Key performance indicators

Key financial performance indicators for Bishopton Redmarshall Church of England Primary School (BRCEP) and Heighington Church of England Primary School (HCEPS) are as follows:

	BRCEP	HCEP
Total Income per pupil	£5,818	£3,464
Pupil to Teacher Ratio	0.06	0.04
Ofsted Rating	Good	Outstanding
Examination Results	BRCEP	HCEP
Reception:		
All children GLD	88.2%	90%
All children not GLD	11.8%	10%
All children average score	2.30	2.26
All children average total	39.12	38.38
KS1:	13 Children	39 Children
Writing - Teacher assessment	84.6%	78%
Reading - Test result	53.8%	64.1%
Maths - Test result	61.5%	66.7%
KS2:	13 Children	45 Children
Reading Test 100+	92.3%	95.6%
Grammar Test 100+	100%	93.3%
Maths Test 100+	84.6%	97.8%

All floor targets as defined by DfE (Accountability in the Primary schools 2016) were exceeded for all age groups.

FINANCIAL REVIEW

Going concern

After making appropriate enquiries, the Board of Governors 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.

BRANDH ACADEMY LIMITED
(A company limited by guarantee)

GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

Principal funding and financial performance

Most of the academy's income is obtained from the Department of Education (DfE) via the Education Funding Agency (EFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE/EFA during the year 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 DfE/EFA. In accordance with The Charities SORP (FRS102), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

In addition income was received from George Dent Nursery School for Consultancy Services provided by MN Parker and Candles Club based at Heighington, providing before and after school care. Lettings from Hoot, a privately run before and after school club based at Bishopton and participation in Phonics Partnership.

During the year ended 31 August 2016, total expenditure of £1,916,000 was exceeded by recurrent grant funding from the DfE/EFA together with other incoming resources. The excess of income over expenditure for the year (before transfers and actuarial gains, and excluding restricted fixed asset funds) was £77,000.

All of the expenditure shown in the Statement of Financial Activities is in furtherance of the academies objectives.

At 31 August 2016 the net book value of fixed assets was £1,044,000 and movements in tangible fixed assets are shown in note 14 to the Financial Statements. The assets were used exclusively for providing education and the associated support services to the students of the academy.

The provisions of Financial Reporting Standard (FRS) 102 have been applied in full in respect of the LGPS pensions scheme, resulting in a deficit of £663,000 recognised on the balance sheet.

The academy held fund balances at 31 August 2016 of £994,000 comprising £527,000 of restricted funds and £467,000 of unrestricted funds.

Principal risks and uncertainties

The principal risks and uncertainties are centred on changes in the level and distribution of funding from the DfE/EFA. In addition the academy is a member of the Local Government Pension Scheme (LGPS), which results in the recognition of a significant deficit on the academy balance sheet.

Standards fall because funds available to purchase specialist support are limited or non-existent.

The trustees have assessed the major risks, to which the academy is exposed, in particular those relating specifically to 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 the operational areas (e.g. in relation to teaching, health and safety, bullying and school visits) and in relation to the control of finance. Where significant financial 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 Governance Statement.

The academy has fully implemented the requirements of the Safe Recruitment procedures and staff involved in making appointments have received training in this area in addition to training on Safeguarding.

The academy is subject to a number of risks and uncertainties in common with other academies. The academy has in place procedures to identify and mitigate financial risks.

BRANDH ACADEMY LIMITED
(A company limited by guarantee)

GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

Reserves policy

The academy holds restricted and unrestricted funds (the attached financial statements detail these funds). Unrestricted funds are held:

- To cover ongoing costs in relation to the running of the academy including catering provisions, school trips and uniform costs.

The level of reserves is reviewed by the trustees regularly throughout the year. The minimum level of reserves for the ongoing needs of an academy is reviewed by the trustees on an annual basis. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The trustees therefore consider it prudent to hold unrestricted reserves in the general fund in the form of free reserves (total funds less the amount held in fixed assets and restricted funds) of £171,000.

The academy's current level of free reserves are in surplus by £467,000. The Governors continue to consider additional activities related to the academy's objectives to which excess reserves may be applied, including:

- a) Further capital improvements to the premises and teaching facilities
- b) Protection against the uncertainty in relation to the national funding formula
- c) Protection against the uncertainty over future pension contribution rates

Investments policy

The academy invests surplus funds into a Special Interest Bearing Account.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The Governors of BRandH Academy Limited are also the directors of the charitable company for the purposes of company law. The charitable company is known as BRandH Academy Limited.

Details of the Governors who served during the year 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 charitable company in the event of it being wound up while they are a member, or within one year after they cease to be a member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before they ceased to be a member.

Governors' indemnities

The academy has purchased insurance to protect Governors from claims arising against negligent acts, errors or omissions occurring whilst on academy business. Further details are provided in note 13.

BRANDH ACADEMY LIMITED
(A company limited by guarantee)

GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

Method of recruitment and appointment or election of Governors

The term of office for any Governor shall be four years, save that this time limit shall not apply to the Principal or any post held ex officio. Subject to remaining eligible to be a particular type of Governor, any Governor may be re-appointed or re-elected.

Policies and procedures adopted for the induction and training of Governors

The training and induction provided for new Governors depends on their existing experience. Where necessary induction and training is provided on charity, educational, legal and financial matters. All new Governors are given a tour of the academy and the chance to meet with staff and students. All Governors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as trustees. As there are normally only one or two new Governors a year, induction tends to be done informally and is tailored specifically to the individual. All new Governors are directed to the LA training unit and are highly recommended to attend specific courses.

Pay policy for key management personnel

The Executive Headteacher conducts the performance management of the Senior Leadership Team and make recommendations to the Pay and Review Committee. The Executive Headteacher's pay is determined by the Headteacher Performance Management Committee which is advised by an external adviser. They make the recommendation to the Committee.

Organisational structure

During the year the academy continued to operate a unified management structure. The Structure consists of three levels: the Governors, the Senior Leadership team and the Middle Management Team. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

The Governors are responsible for setting general policy, adopting an annual development plan and budget, monitoring the academy by the use of budgets and making major decisions about the direction of the academy, capital expenditure and senior staff appointments.

The Senior Leadership Team includes the Executive Headteacher, two Heads of School, two Deputy Heads of School and two Assistant Heads of School. These managers are responsible for the day to day operations of the academy, in particular the teaching staff, facilities and students but most importantly the learning and standards of attainment.

BRANDH ACADEMY LIMITED
(A company limited by guarantee)

GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

PLANS FOR FUTURE PERIODS

Future developments

Further expansion is a critical issue for the Trust. This may arrive through increased local need or through the inclusion of one or two sponsored schools. There is the capacity for schools to join the MAT that are not sponsored. Standards must be maintained in this period of high fiscal control.

The next twelve months will continue to require the Directors to closely monitor the schools' activities to maintain the current high standard of fiscal control and to ensure that the reserves are directed to the long term stability and growth of the MAT.

In the short and medium term there will be additional demands upon the reserves to assist Bishopton Redmarshall CE Primary implement an improvement plan following an inspection in October 2016. The school was judged to Require Improvement.

The Directors are totally committed to ensure that the areas for improvements that have been identified are rapidly addressed and that the improvements are sustained across all aspects of the schools operation. The initial additional costs are expected to be £25,000 in 2016/17 reducing slightly in 2017/18. These costs will be funded from the reserves.

There are potentially different pressures building upon Heighington CE Primary School created by the number of pre-planning or planning applications for new housing being placed. Currently, the number of proposed premises will range between 150-220. These numbers, will by the planners own mathematical modelling, require an additional 15-34 new places. Heighington is already exceeding its net capacity and has insufficient land for the number of pupils currently attending the school.

Heighington continues to perform superbly and was placed in the top 10% of all schools in 2015/16. Sustaining that level of performance during a period of change and expansion adds a further risk for the Directors to mitigate.

In the short term staffing is relatively stable and other than the planned movement of staff this is not expected to change greatly.

In the longer term the age profile of the staff of Heighington has reduced significantly which has brought short term savings but traditionally turnover is very low and most staff spend a considerable time at the top of their payscale these costs will need to be carefully monitored.

The premises are generally in good condition and there are no plans for major changes other than those either imposed - new buildings or unexpected capital costs.

The broadband contract will be renegotiated this year. It will certainly result in an improved bandwidth but there are unlikely to be major savings.

The MAT is still seeking to attract new partners and will apply to become a Teaching School in 2016/17. Systematic growth of the MAT is a priority and will contribute to the long term sustainability of high quality education.

BRANDH ACADEMY LIMITED
(A company limited by guarantee)

GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

Disclosure of information to auditor

In so far as the Governors are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware
- the Governors 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.

This report was approved by order of the Board of Governors as the company directors, on 13 December 2016 and signed on its behalf by:


D J Halfacre
Chair of Governors

BRANDH ACADEMY LIMITED
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GOVERNANCE STATEMENT

Scope of Responsibility

As Governors, we acknowledge we have overall responsibility for ensuring that BBrandH Academy Limited 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 Governors has delegated the day-to-day responsibility to the Executive headteacher, 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 BBrandH Academy Limited and the Secretary of State for Education. They are also responsible for reporting to the Board of Governors any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Governors' report and in the Statement of Governors' responsibilities. The Board of Governors has formally met 5 times during the year. Attendance during the year at meetings of the Board of Governors was as follows:

Governor	Meetings attended	Out of a possible
D J Halfacre, Chair	5	5
L Hammond, Vice Chair	1	2
A Abbasi Rashid	4	5
E Ainsworth	0	5
R N Briscoe	3	5
Rev D Brooke, Ex-officio	0	0
J Brown, Chair of finance	4	5
Rev R Cooper	3	5
R Frankland	3	5
S Harker, Associate member until 17 October 2016	5	5
T Harker, Staff Governor	3	5
T Keenan	4	5
G G Lee	4	5
J Lowther	4	5
M N Parker, Executive headteacher	5	5
Rev L M Scott, Ex-officio	5	5
T C Tait	1	1
L Thom	5	5
M L Wallis, Staff Governor	5	5
B Watson	3	5
J Wise, Staff Governor	0	0

The Finance and Audit Committee is a sub-committee of the main Board of Governors. Its purpose is to determine the necessity to reduce expenditure in 2015/16 and 2016/17 academic years due to the reduction in funding. This involved introducing staff reduction procedures, developing an improved income strategy and very close scrutiny of other costs. The Finance sub committee meets at least once per term and at an additional meeting to receive the draft report from the auditors and determine the actions required.

BRANDH ACADEMY LIMITED
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GOVERNANCE STATEMENT (continued)

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
R N Briscoe	4	5
J Brown	5	5
D Halfacre	3	5
L Hammond	5	5
T Harker	5	5
G G Lee	3	5
M N Parker	5	5
J Wise	1	5

Review of Value for money

As Accounting Officer, the Executive headteacher 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 Governors where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the academy has delivered improved value for money during the year by:

- Attending all finance meetings
 - Meeting regularly with the Finance Director
 - Reviewing all documentation
 - Monitoring internal assurance reports
1. A review of printing costs was held during 2015-16. 2014-15 costs were analysed and desktop printers were removed from teaching staff with an extra photocopier installed in February 2015, all copies going now via the photocopier.
 2. MTF predicted a significant deficit budget potential due to high staffing costs. The Trust was not over staffed but most employees had reached their highest salary point. Income was not predicted to increase. A process of staffing reductions commenced before this situation became one of 'causing concern'. All options were considered, six staff positions were made redundant. This enabled a balanced budget to be set in 2016-17 but a small deficit may be present in 2017-18.
 3. School meals are produced within budget and a small underspend has been identified. This is reinvested in refurbishing the catering tables producing a more pleasant and efficient system.

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 BRandH Academy Limited for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Board of Governors 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 Governors 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 1 September 2015 to 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 Governors.

BRANDH ACADEMY LIMITED
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GOVERNANCE STATEMENT (continued)

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 Governors;
- regular reviews by the Finance and Audit 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 Governors has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Governors have appointed Clive Owen LLP, the external auditors, to perform additional checks.

The auditors' role includes giving advice on financial matters and performing a range of checks on the academy's financial systems. On a termly basis, the auditors report to the Board of Governors on the operation of the systems of control and on the discharge of the Board of Governors' financial responsibilities.

In particular the checks carried out in the current period included:

- Testing of payroll systems;
- Testing of purchase systems;
- Testing of petty cash/expenses procedures;
- Testing of income;
- Testing of the accounting systems and management information produced;
- Review of governor appointments/resignations and declarations of interest;
- Review of gifts and hospitality & honorarium/ex-gratia payments;
- Review of information technology strategy;
- Review of fixed assets;
- Review of VAT and Corporation tax position

The external auditor has delivered their schedule of work as planned and no material control issues have arisen as a result of their work.


Review of Effectiveness

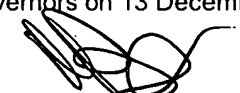
As Accounting Officer, the Executive headteacher has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the external auditors;
- 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, Premises and Audit 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 Governors on 13 December 2016


D J Halfacre
Chair of Trustees


M N Parker
Accounting Officer

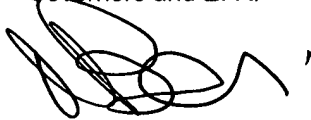
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of BBrandH Academy Limited I have considered my responsibility to notify the academy trust Board of Governors 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 trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

I confirm that I and the academy trust Board of Governors are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2015.

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 Governors and EFA.



M N Parker
Accounting Officer

13 December 2016

BRANDH ACADEMY LIMITED
(A company limited by guarantee)

STATEMENT OF GOVERNORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2016

The Governors (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Governors' report and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Governors to prepare financial statements for each financial year. Under company law the Governors 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 Governors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies' Accounts Direction 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Governors 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 Governors 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 Governors 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 Governors on 13 December 2016 and signed on its behalf by:


D J Halfacre
Chair of Governors

BRANDH ACADEMY LIMITED
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
BRANDH ACADEMY LIMITED**

We have audited the financial statements of BBrandH Academy Limited for the year ended 31 August 2016 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

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

Respective responsibilities of Governors and auditors

As explained more fully in the Statement of Governors' responsibilities, the Governors (who are also the directors of the academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the academy's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Governors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Governors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the academy'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
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Governors' report, incorporating the Strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

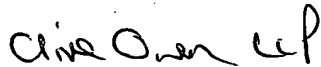
BRANDH ACADEMY LIMITED
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
BRANDH ACADEMY LIMITED**

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 Governors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Kevin Shotton BA FCA (Senior statutory auditor)

for and on behalf of

Clive Owen LLP

Chartered Accountants
Statutory Auditors

140 Coniscliffe Road
Darlington
Co Durham
DL3 7RT
13 December 2016

BRANDH ACADEMY LIMITED
(A company limited by guarantee)

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO BRANDH ACADEMY LIMITED AND THE EDUCATION FUNDING AGENCY

In accordance with the terms of our engagement letter dated 14 September 2015 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 BBrandH Academy Limited during the year 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 BBrandH Academy Limited and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to BBrandH Academy Limited 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 BBrandH Academy Limited and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of BBrandH Academy Limited's Accounting Officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of BBrandH Academy Limited's funding agreement with the Secretary of State for Education dated 1 August 2012, 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 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 the 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.

BRANDH ACADEMY LIMITED
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO BRANDH
ACADEMY LIMITED AND THE EDUCATION FUNDING AGENCY (continued)**

Approach (continued)

The work undertaken to draw to our conclusion includes:

- Review of governing body and committee minutes;
- Review of termly internal assurance reports;
- Completion of self assessment questionnaire by Accounting Officer;
- Discussions with the Accounting Officer and finance team;
- Review documentation provided to Governors and Accounting Officer setting out responsibilities;
- Obtained formal letter of representation detailing the responsibilities of Governors;
- Review of payroll, purchases and expenses claims on a sample basis;
- Confirmation that the lines of delegation and limits set have been adhered to;
- Evaluation of internal control procedures and reporting lines;
- Review cash payments for unusual transactions;
- Review of credit card transactions;
- Review of registers of interests;
- Review related party transactions;
- Review of borrowing agreements;
- Review of land and building transactions;
- Review of potential and actual bad debts; and
- Review an instance of gifts/hospitality to ensure in line with policy.

Conclusion

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

Clive Owen LLP

Clive Owen LLP

Reporting Accountant

140 Coniscliffe Road
Darlington
Co Durham
DL3 7RT

13 December 2016

BRANDH ACADEMY LIMITED
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2016**

	Note	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Restricted fixed asset funds 2016 £000	Total funds 2016 £000	Total funds 2015 £000
INCOME FROM:						
Donations and capital grants	3	2	10	16	28	24
Charitable activities	6	-	1,732	-	1,732	1,792
Other trading activities	4	185	-	-	185	185
Investments	5	2	-	-	2	2
TOTAL INCOME		<u>189</u>	<u>1,742</u>	<u>16</u>	<u>1,947</u>	<u>2,003</u>
EXPENDITURE ON:						
Academy trust educational operations		95	1,759	62	1,916	1,992
TOTAL EXPENDITURE	7	<u>95</u>	<u>1,759</u>	<u>62</u>	<u>1,916</u>	<u>1,992</u>
NET INCOME / (EXPENDITURE) BEFORE OTHER GAINS AND LOSSES						
		94	(17)	(46)	31	11
Actuarial gains/(losses) on defined benefit pension schemes	23	-	(383)	-	(383)	1
NET MOVEMENT IN FUNDS		<u>94</u>	<u>(400)</u>	<u>(46)</u>	<u>(352)</u>	<u>12</u>
RECONCILIATION OF FUNDS:						
Total funds brought forward		373	(134)	1,107	1,346	1,334
TOTAL FUNDS CARRIED FORWARD		<u>467</u>	<u>(534)</u>	<u>1,061</u>	<u>994</u>	<u>1,346</u>

BRANDH ACADEMY LIMITED
(A company limited by guarantee)
REGISTERED NUMBER: 07698718

BALANCE SHEET
AS AT 31 AUGUST 2016

	Note	£000	2016 £000	2015 £000
FIXED ASSETS				
Tangible assets	14		1,044	1,088
CURRENT ASSETS				
Debtors	15	57		62
Cash at bank and in hand		664		558
		<u>721</u>		<u>620</u>
CREDITORS: amounts falling due within one year	16	(108)		(112)
NET CURRENT ASSETS			<u>613</u>	<u>508</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>1,657</u>	<u>1,596</u>
Defined benefit pension scheme liability	23		(663)	(250)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u><u>994</u></u>	<u><u>1,346</u></u>
FUNDS OF THE ACADEMY				
Restricted funds:				
Restricted funds	18	129		116
Restricted fixed asset funds	18	1,061		1,107
		<u>1,190</u>		<u>1,223</u>
Restricted funds excluding pension liability				
Pension reserve		(663)		(250)
		<u></u>		<u></u>
Total restricted funds			527	973
Unrestricted funds	18		467	373
TOTAL FUNDS			<u><u>994</u></u>	<u><u>1,346</u></u>

The financial statements were approved by the Governors, and authorised for issue, on 13 December 2016 and are signed on their behalf, by:

D J Halfacre
Chair of Governors

The notes on pages 24 to 46 form part of these financial statements.

BRANDH ACADEMY LIMITED
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2016

	Note	2016 £000	2015 £000
Cash flows from operating activities			
Net cash provided by operating activities	20	106	12
Cash flows from investing activities:			
Dividends, interest and rents from investments		2	2
Purchase of tangible fixed assets		(18)	(17)
Capital grants from DfE/EFA		12	12
Capital funding received from sponsors and others		4	4
Net cash provided by investing activities		-	1
Change in cash and cash equivalents in the year		106	13
Cash and cash equivalents brought forward		558	545
Cash and cash equivalents carried forward		664	558

BRANDH ACADEMY LIMITED
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

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.

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

BRandH Academy Limited constitutes a public benefit entity as defined by FRS 102.

First time adoption of FRS 102

These financial statements are the first financial statements of BRandH Academy Limited 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 BRandH Academy Limited for the year ended 31 August 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 Governors have amended certain accounting policies to comply with FRS 102 and SORP 2015.

Reconciliations to previous UK GAAP for the comparative figures are included in note 26.

1.2 GOING CONCERN

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

BRANDH ACADEMY LIMITED
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

1. ACCOUNTING POLICIES (continued)

1.3 INCOME

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

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

General Annual Grant is recognised in full in the Statement of financial activities incorporating income and expenditure account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

Sponsorship income provided to the academy which amounts to a donation is recognised in the Statement of financial activities incorporating income and expenditure account in the period in which it is receivable, where there is certainty of receipt and it is measurable.

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

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

1.4 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.

Charitable activity costs are costs incurred on the academy's educational operations, including support costs and costs relating to the governance of the academy apportioned to charitable activities.

All resources expended are inclusive of irrecoverable VAT.

BRANDH ACADEMY LIMITED
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

1.5 FUND ACCOUNTING

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

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

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

1.6 TANGIBLE FIXED ASSETS AND DEPRECIATION

All assets costing more than £1,000 are capitalised.

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

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Long Term Leasehold Property	-	over 50 years straight line
Long Term Leasehold Land	-	over 125 years straight line
Motor vehicles	-	over 4 years straight line
Fixtures and fittings	-	over 5 years straight line
Computer equipment	-	over 3 years straight line
Leasehold improvements	-	over 50 years straight line

1.7 OPERATING LEASES

Rentals under operating leases are charged to the Statement of financial activities incorporating income and expenditure account on a straight line basis over the lease term.

1.8 INTEREST RECEIVABLE

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the academy; this is normally upon notification of the interest paid or payable by the Bank.

1.9 TAXATION

The academy 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 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.

BRANDH ACADEMY LIMITED
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

1.10 DEBTORS

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

1.11 CASH AT BANK AND IN HAND

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

1.12 LIABILITIES AND PROVISIONS

Liabilities 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 anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.13 FINANCIAL INSTRUMENTS

The academy only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

BRANDH ACADEMY LIMITED
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

1.14 PENSIONS

Retirement benefits to employees of the academy are provided by the Teachers' Pension Scheme ("TPS") and the Local Government Pension Scheme ("LGPS"). These are defined benefit schemes and the assets are held separately from those of the academy.

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 in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 23, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the 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 incorporating income and expenditure account and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

BRANDH ACADEMY LIMITED
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

1.15 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.

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 23, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 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.

Critical areas of judgement:

Depreciation - Depreciation is calculated so as to write off the cost of an asset, less its residual value, over the economic life of that asset. An estimate of the useful life of assets is detailed in the depreciation accounting policy. The value of depreciation charge during the year was £62,000.

Land and buildings - Land at Heighington CE Primary School and land and buildings at Bishopston Redmarshall CE Primary School are held under 125 year leases from Darlington Borough Council. These assets are included on the balance sheet of the academy due to the significant risks and rewards of ownership belonging to the academy, the lease term being the major part of the economic life of the assets and the assets being of such a specialised nature that only the academy could use them without major modification.

The buildings at Heighington CE Primary School are owned by the Diocese of Durham. The academy trust occupies the buildings under a mere license. The license delegates aspects of the management of the buildings to the academy trust for the time being, but does not vest any rights over the buildings in the academy trust. The Diocese of Durham has given an undertaking to the Secretary of State that they will not give the academy trust less than two years notice to terminate the occupation of the buildings. Having considered the factual matrix under which the academy trust is occupying the buildings the Governors have concluded that the value of the buildings occupied by the academy trust will not be recognised on the balance sheet of the academy trust. In addition, whilst this occupation constitutes a donation in kind to the academy trust, the Governors consider that the cost of obtaining a valuation for such a donation outweighs the expense and therefore no such donation and related expense are included in the Statement of Financial Activities.

BRANDH ACADEMY LIMITED
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

2. GENERAL ANNUAL GRANT (GAG)

Under the funding agreement with the Secretary of State some academies within the academy trust were subject to limits at 31 August 2016 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

No academies within the trust exceeded the limits during the year ended 31 August 2016.

3. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Restricted fixed asset funds 2016 £000	Total funds 2016 £000	Total funds 2015 £000
Donations	2	10	4	16	12
Capital Grants	-	-	12	12	12
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total donations and capital grants	2	10	16	28	24
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

In 2015, of the total income from donations and capital grants, £1,000 was to unrestricted funds, £11,000 was to restricted general funds and £12,000 was to restricted fixed asset funds.

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Total funds 2016 £000	Total funds 2015 £000
Sundry income	18	-	18	14
Lettings	3	-	3	8
Uniform	2	-	2	3
School trips	6	-	6	6
Staff absence insurance	3	-	3	14
Catering	51	-	51	48
Candles club	69	-	69	61
Consultancy	29	-	29	31
Nursery	4	-	4	-
	<hr/>	<hr/>	<hr/>	<hr/>
	185	-	185	185
	<hr/>	<hr/>	<hr/>	<hr/>

In 2015, of the total income from other trading activities, £185,000 was to unrestricted funds and £NIL was to restricted funds.

BRANDH ACADEMY LIMITED
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

5. INVESTMENT INCOME

	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Total funds 2016 £000	Total funds 2015 £000
Bank interest	2	-	2	2

In 2015, of the total investment income, £2,000 was to unrestricted funds and £NIL was to restricted funds.

6. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Total funds 2016 £000	Total funds 2015 £000
DfE/EFA grants				
General Annual Grant (GAG)	-	1,541	1,541	1,562
Pupil Premium	-	52	52	43
Other DfE/EFA Grants	-	3	3	-
PE Teacher Grant	-	18	18	18
Sponsor Capacity Grant	-	-	-	75
Universal Infant Free School Meals	-	62	62	68
	-	1,676	1,676	1,766
Other government grants				
Other Government Grants	-	56	56	23
	-	56	56	23
Other funding				
Other Grants	-	-	-	3
	-	-	-	3
	-	1,732	1,732	1,792

In 2015, of the total income from charitable activities, £NIL was to unrestricted funds and £1,792,000 was to restricted funds.

BRANDH ACADEMY LIMITED
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

7. EXPENDITURE

	Staff costs	Non Pay Expenditure		Total	Restated Total
	2016	Premises	Other costs	2016	2015
	£000	2016	2016	£000	£000
		£000	£000		
Academy trust educational operations:					
Direct costs	1,006	-	110	1,116	1,161
Support costs	436	191	173	800	831
	<u>1,442</u>	<u>191</u>	<u>283</u>	<u>1,916</u>	<u>1,992</u>

In 2016, of the total expenditure, £95,000 (2015 - £88,000) was to unrestricted funds and £1,821,000 (2015 - £1,904,000) was to restricted funds.

There were no individual transactions exceeding £5,000 for

- Ex-gratia/compensation payments
- Gifts made by the academy
- Fixed asset losses
- Stock losses
- Unrecoverable debts
- Cash losses

BRANDH ACADEMY LIMITED
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

8. CHARITABLE ACTIVITIES

	2016 £000	Restated 2015 £000
DIRECT COSTS		
Wages and salaries	795	849
National insurance	68	65
Pension cost	143	136
Educational supplies	82	75
Staff development	7	12
Other direct costs	21	24
	<hr/> 1,116	<hr/> 1,161
SUPPORT COSTS		
Wages and salaries	377	402
National insurance	17	15
Pension costs	42	45
Depreciation	62	63
Net interest cost on pension scheme	9	8
Technology costs	38	43
Travel and subsistence	5	6
Recruitment and support	1	-
Maintenance of premises and equipment	49	47
Cleaning	5	7
Rent	5	6
Rates	8	8
Energy	18	20
Insurance	13	23
Security	2	2
Transport	3	1
Catering	33	31
Occupancy costs	20	22
Bank interest and charges	2	2
Other support costs	69	65
Legal and professional fees	22	15
	<hr/> 800	<hr/> 831
	<hr/> 1,916	<hr/> 1,992

BRANDH ACADEMY LIMITED
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

9. NET INCOMING RESOURCES/(RESOURCES EXPENDED)

This is stated after charging:

	2016 £000	Restated 2015 £000
Depreciation of tangible fixed assets:		
- owned by the charity	62	63
Operating lease rentals	7	7
Internal assurance costs	2	2
Auditors' remuneration	6	5
	<u>77</u>	<u>77</u>

10. STAFF COSTS

Staff costs were as follows:

	2016 £000	2015 £000
Wages and salaries	1,125	1,198
Social security costs	85	80
Operating costs of defined benefit pension schemes	185	181
	<u>1,395</u>	<u>1,459</u>
Supply staff costs	33	30
Staff restructuring costs	14	23
	<u>1,442</u>	<u>1,512</u>

Staff restructuring costs comprise of redundancy payments of £8,000 (2015: £NIL) and severance payments of £6,000 (2015: £23,000).

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

	2016 No.	2015 No.
Teachers and supply staff	20	29
Support staff	23	19
Cooks/supervisory assistants	12	12
Premises staff	6	6
Administration	6	4
	<u>67</u>	<u>70</u>

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

	2016 No.	2015 No.
In the band £70,001 - £80,000	1	1

The key management personnel of the academy trust comprise 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 £379,000 (2015: £382,000).

BRANDH ACADEMY LIMITED
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

11. GOVERNORS' REMUNERATION AND EXPENSES

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

		2016 £000	2015 £000
M N Parker (Executive headteacher and governor)	Remuneration	70-75	70-75
	Pension contributions paid	10-15	5-10
J Wise (Headteacher and Governor)	Remuneration	30-35	50-55
	Pension contributions paid	5-10	5-10
M Wallis (Deputy head and Governor)	Remuneration	45-50	45-50
	Pension contributions paid	5-10	5-10
B Watson (Staff Governor)	Remuneration	10-15	15-20
T Harker (Staff Governor)	Remuneration	15-20	15-20
	Pension contributions paid	0-5	0-5

During the year, no Governors received any benefits in kind (2015 - £NIL).

During the year, travel and subsistence expenses totalling £1,500 (2015: £1,800) were reimbursed or paid directly to one Governor. These were incurred as part of the Governors role as an employee of the academy.

12. CENTRAL SERVICES

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

- Human resources,
- Financial services, and
- Legal services

The academy trust charges for these services on the following basis:

The central services costs incurred during the year were £62,000 and have been allocated between the two different academies equally as it is felt these costs are applicable to both academies.

The actual amounts charged during the year were as follows:

	2016 £000	2015 £000
Heighington	31	47
Bishopston	31	18
	<u>62</u>	<u>65</u>
Total	<u><u>62</u></u>	<u><u>65</u></u>

BRANDH ACADEMY LIMITED
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

13. GOVERNORS' AND OFFICERS' INSURANCE

The academy trust has opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to £10,000,000. It is not possible to quantify the Governors and officers indemnity element from the overall cost of the RPA scheme.

14. TANGIBLE FIXED ASSETS

	Long Term Leasehold Property £000	Motor vehicles £000	Fixtures and fittings £000	Computer equipment £000	Leasehold improvements £000
COST					
At 1 September 2015	618	32	99	49	482
Additions	-	-	4	14	-
At 31 August 2016	618	32	103	63	482
DEPRECIATION					
At 1 September 2015	62	24	47	37	22
Charge for the year	12	8	21	11	10
At 31 August 2016	74	32	68	48	32
NET BOOK VALUE					
At 31 August 2016	544	-	35	15	450
At 31 August 2015	556	8	52	12	460

	Total £000
COST	
At 1 September 2015	1,280
Additions	18
At 31 August 2016	1,298
DEPRECIATION	
At 1 September 2015	192
Charge for the year	62
At 31 August 2016	254
NET BOOK VALUE	
At 31 August 2016	1,044
At 31 August 2015	1,088

BRANDH ACADEMY LIMITED
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

15. DEBTORS

	2016 £000	2015 £000
Trade debtors	3	8
VAT recoverable	4	10
Prepayments and accrued income	50	44
	<u>57</u>	<u>62</u>

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £000	2015 £000
Trade creditors	2	8
Other taxation and social security	25	23
Other creditors	22	21
Accruals and deferred income	59	60
	<u>108</u>	<u>112</u>

DEFERRED INCOME

	2016 £000	2015 £000
Deferred income at 1 September 2015	50	57
Resources deferred during the year	46	50
Amounts released from previous years	(50)	(57)
Deferred income at 31 August 2016	<u>46</u>	<u>50</u>

Deferred income relates to SEN Funding, Universal Infant Free School Meals and rates relief received in advance.

17. PRIOR YEAR ADJUSTMENT

On conversion to academy status buildings held on licence from the Diocese were recognised as a donation and included as an asset on the balance sheet. Following advice from CES and the Diocese, the Governors have taken the decision to remove these buildings from the balance sheet through a prior year adjustment. The effect of this on the comparative figures was a reduction in reserves and fixed assets of £716,000 and a reduction in the depreciation charged in 2015 of £16,000.

BRANDH ACADEMY LIMITED
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

18. STATEMENT OF FUNDS

	Brought Forward £000	Income £000	Expenditure £000	Gains/ (Losses) £000	Carried Forward £000
UNRESTRICTED FUNDS					
Unrestricted funds	288	169	(76)	-	381
Heighington School Fund	80	16	(16)	-	80
Bishopton Redmarshall School Fund	5	4	(3)	-	6
	<u>373</u>	<u>189</u>	<u>(95)</u>	<u>-</u>	<u>467</u>
RESTRICTED FUNDS					
General Annual Grant (GAG)	41	1,542	(1,510)	-	73
Pupil Premium	-	52	(52)	-	-
Sponsor Capacity Grant	75	-	(19)	-	56
Other DfE/EFA Grants	-	3	(3)	-	-
PE Sport Grant	-	18	(18)	-	-
Other Government Grants	-	56	(56)	-	-
Donations	-	9	(9)	-	-
Universal Infant Free School Meals	-	62	(62)	-	-
Pension reserve	(250)	-	(30)	(383)	(663)
	<u>(134)</u>	<u>1,742</u>	<u>(1,759)</u>	<u>(383)</u>	<u>(534)</u>
RESTRICTED FIXED ASSET FUNDS					
Legacy assets	549	-	(12)	-	537
Devolved Formula Capital	66	12	(6)	-	72
Academies Capital Maintenance Fund	399	-	(14)	-	385
Capital expenditure from GAG	89	-	(28)	-	61
Restricted Donations	4	4	(2)	-	6
	<u>1,107</u>	<u>16</u>	<u>(62)</u>	<u>-</u>	<u>1,061</u>
Total restricted funds	<u>973</u>	<u>1,758</u>	<u>(1,821)</u>	<u>(383)</u>	<u>527</u>
Total of funds	<u>1,346</u>	<u>1,947</u>	<u>(1,916)</u>	<u>(383)</u>	<u>994</u>

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

General Annual Grant (GAG) must be used for the normal running costs of the academy including salaries and related costs, overheads, repairs and maintenance and insurance. The academy is allowed to carry forward a cumulative total at 31 August 2016 of £185,000, being equal to 12% of the current years GAG. Of the carried forward amount up to 2% of GAG can be used for general purposes at the discretion of the academy, but any balance over 2% must be used for capital purposes. The carried forward balance available for future use is £73,000.

Pupil premium is additional funding to be spent as the school sees fit to support deprived students.

Other DfE/EFA grants relate to rates relief and a PE and sports grant for sports equipment.

BRANDH ACADEMY LIMITED
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

18. STATEMENT OF FUNDS (continued)

Universal Infant Free School Meals is for use against catering provisions for children eligible for free school meals.

Other government grants is funding for looked after children (LAC) to support learning and development for disadvantaged children and to promote the educational achievement removing barriers to their education and narrowing the gap between disadvantaged children and their peers, and includes Special educational needs (SEN) which is funding provided to support statemented pupils.

Sponsor capacity grant is a one-off grant which can be used to expand the academy trust and its organisational structure by expanding staff levels, improving IT infrastructure and bring in additional education expertise.

The pension reserve represents the deficit on the Local Government Pension Scheme. Further details are shown in note 23.

The restricted fixed asset funds represent monies received to purchase fixed assets. Depreciation is charged against each fund over the useful life of the associated assets.

Under the funding agreement with the Secretary of State, the academy was subject to a limit on the amount of GAG that it could carry forward at 31 August 2016. Note 2 discloses whether the limit was exceeded.

ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2016 were allocated as follows:

	Total 2016 £000	Total 2015 £000
Bishopton Redmarshall CE Primary School	209	187
Heighington CE Primary School	387	302
Total before fixed asset fund and pension reserve	596	489
Restricted fixed asset fund	1,061	1,107
Pension reserve	(663)	(250)
Total	994	1,346

BRANDH ACADEMY LIMITED
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

18. STATEMENT OF FUNDS (continued)

ANALYSIS OF ACADEMIES BY COST

Expenditure incurred by each academy during the year was as follows:

	Teaching and educational support staff costs £000	Other support staff costs £000	Educational supplies £000	Other costs excluding depreciation £000	Total 2016 £000	Total 2015 £000
Bishopton						
Redmarshall CE						
Primary School	322	150	40	135	647	621
Heighington CE						
Primary School	684	286	42	195	1,207	1,308
	<u>1,006</u>	<u>436</u>	<u>82</u>	<u>330</u>	<u>1,854</u>	<u>1,929</u>

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Restricted fixed asset funds 2016 £000	Total funds 2016 £000	Total funds 2015 £000
Tangible fixed assets	-	-	1,044	1,044	1,088
Current assets	467	237	17	721	620
Creditors due within one year	-	(108)	-	(108)	(112)
Provisions for liabilities and charges	-	(663)	-	(663)	(250)
	<u>467</u>	<u>(534)</u>	<u>1,061</u>	<u>994</u>	<u>1,346</u>

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

	2016 £000	2015 £000
Net income for the year (as per Statement of financial activities)	31	11
Adjustment for:		
Depreciation charges	62	63
Dividends, interest and rents from investments	(2)	(2)
Decrease in debtors	5	15
Decrease in creditors	(4)	(91)
Capital grants from DfE and other capital income	(16)	(16)
LGPS adjustment	30	32
Net cash provided by operating activities	<u>106</u>	<u>12</u>

BRANDH ACADEMY LIMITED
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

21. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2016 £000	2015 £000
Cash in hand	664	558
Total	<u>664</u>	<u>558</u>

22. NET INTEREST COST ON PENSION SCHEME

	2016 £000	2015 £000
Expected return on pension scheme assets	21	18
Interest on pension scheme liabilities	(30)	(26)
	<u>(9)</u>	<u>(8)</u>

23. PENSION COMMITMENTS

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

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

Contributions amounting to £22,000 were payable to the schemes at 31 August 2016 (2015 - £20,000) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

BRANDH ACADEMY LIMITED
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

23. PENSION COMMITMENTS (continued)

Valuation of the Teachers' Pension Scheme

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

- employer contribution rates set at 16.48% of pensionable pay, including a 0.08% employer administration charge (currently 14.1%)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- 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 £120,000 (2015 - £114,000).

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £60,000 (2015 - £62,000), of which employer's contributions totalled £42,000 (2015 - £43,000) and employees' contributions totalled £18,000 (2015 - £19,000). The agreed contribution rates for future years are 12.9% for employers and 5.5%-6.8% for employees.

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

Principal actuarial assumptions:

	2016	2015
Rate of increase in salaries	3.40 %	3.60 %
Rate of increase for pensions in payment / inflation	1.90 %	2.10 %
Discount rate for scheme liabilities	2.00 %	3.80 %
Inflation assumption (CPI)	1.90 %	2.10 %
Commutation of pensions to lump sums	80.00 %	80.00 %

BRANDH ACADEMY LIMITED
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

23. PENSION COMMITMENTS (continued)

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

	2016	2015
Retiring today		
Males	22.7	22.6
Females	25.2	25.1
Retiring in 20 years		
Males	24.9	24.8
Females	27.5	27.4

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

	Fair value at 31 August 2016 £000	Fair value at 31 August 2015 £000
Equities	294	257
Property	54	32
Government bonds	218	148
Corporate bonds	57	47
Cash	50	40
Total market value of assets	<u>673</u>	<u>524</u>

The amounts recognised in the Statement of financial activities incorporating income and expenditure account are as follows:

	2016 £000	2015 £000
Current service cost (net of employee contributions)	(65)	(69)
Net interest cost	(9)	(8)
Total	<u>(74)</u>	<u>(77)</u>
Actual return on scheme assets	<u>94</u>	<u>(2)</u>

BRANDH ACADEMY LIMITED
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

23. PENSION COMMITMENTS (continued)

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

	2016 £000	2015 £000
Opening defined benefit obligation	774	687
Current service cost	65	69
Interest cost	30	26
Contributions by employees	19	19
Actuarial losses/(gains)	456	(21)
Benefits paid	(8)	(6)
	<u>1,336</u>	<u>774</u>
Closing defined benefit obligation	<u>1,336</u>	<u>774</u>

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

	2016 £000	2015 £000
Opening fair value of scheme assets	524	468
Return on plan assets (excluding net interest on the net defined pension liability)	21	18
Actuarial gains and (losses)	73	(20)
Contributions by employer	44	45
Contributions by employees	19	19
Benefits paid	(8)	(6)
	<u>673</u>	<u>524</u>
Closing fair value of scheme assets	<u>673</u>	<u>524</u>

24. OPERATING LEASE COMMITMENTS

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

	2016 £000	2015 £000
AMOUNTS PAYABLE:		
Within 1 year	1	4
Between 1 and 5 years	1	3
	<u>2</u>	<u>7</u>
Total	<u>2</u>	<u>7</u>

BRANDH ACADEMY LIMITED
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

25. RELATED PARTY TRANSACTIONS

Owing to the nature of the academy's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trust has 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.

S Harker and M L Wallis are governors of George Dent Nursery School. During the year the academy charged the nursery £35,570 (2015: £24,056) for consultancy fees and other recharge of costs. A balance of £nil (2015: £5,200) is included within debtors at the year end.

In entering into the transaction the trust has complied with the requirements of EFA's Academies Financial Handbook.

BRANDH ACADEMY LIMITED
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

26. FIRST TIME ADOPTION OF 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.

Comparative figures have been restated to reflect the adjustments made, except to the extent that the Trustees have taken advantage of exemptions to retrospective application of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

Reconciliations and descriptions of the effect of the transition to FRS 102 and SORP 2015 on total funds and net income/(expenditure) for the comparative period reported under previous UK GAAP and SORP 2005 are given below.

RECONCILIATION OF TOTAL FUNDS	Notes	1 September 2014 £000	31 August 2015 £000
Total funds under previous UK GAAP		2,066	2,062
Total funds reported under FRS 102		<u>2,066</u>	<u>2,062</u>

Reconciliation of net (expenditure)	Notes	31 August 2015 £000
Net income previously reported under UK GAAP		5
Change in recognition of LGPS interest cost	A	(10)
Actuarial gains/(losses) brought above the line	B	1
Net movement in funds reported under FRS 102		<u>(4)</u>

A Change in recognition of of LGPS interest cost

Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in expense. Under FRS 102 a net interest expense, based upon the net defined benefit liability, is recognised in expense. There has been 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 debit to expense by £10,000 and increase the credit in other recognised gains and losses in the SoFA by an equivalent amount.

B Actuarial gains/(losses) brought above the line

Under SORP 2005 actuarial gains and losses did not form part of the net expenditure for the year. Under SORP (FRS102) these gains form part of the net movements in funds for the year.

Explanation of changes to previously reported funds and net income/expenditure: