

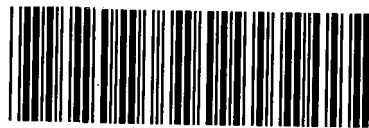
Registered company number: 07768726 (England and Wales)

**BOURNE EDUCATION TRUST**

**ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 AUGUST 2016**

MONDAY



\*A5M74B7D\*

A12

19/12/2016

#88

COMPANIES HOUSE

# **BOURNE EDUCATION TRUST**

## **FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016**

---

### **CONTENTS**

#### **Page**

#### **Trustees' Annual Report:**

Reference and Administrative Details	2
Structure, Governance and Management	4
Objectives and Activities	8

#### **Strategic Report:**

Achievements and Performance	9
Financial Review	11
Principal Risks and Uncertainties	12

Plans for Future Periods	12
--------------------------	----

<b>Governance Statement</b>	14
-----------------------------	----

<b>Statement on Regularity, Propriety and Compliance</b>	21
--	----

<b>Statement on Trustees' Responsibilities</b>	22
--	----

<b>Independent Auditor's Report</b>	23
-------------------------------------	----

#### **Financial Statements:**

Statement of Financial Activities	27
Consolidated Balance Sheet	29
Academy Balance Sheet	30
Cash Flow Statement	31
Accounting Policies	32
Notes to the Financial Statements	38

## **BOURNE EDUCATION TRUST**

### **TRUSTEES' REPORT**

---

The trustees present their report and the financial statements of Bourne Education Trust (referred to as the "Academy Trust") for the year ended 31 August 2016.

#### **REFERENCE AND ADMINISTRATIVE DETAILS**

With effect from 1 September 2013, the Academy Trust became a multi academy trust comprising from 1 September 2013, both Epsom & Ewell High School and Jubilee High School. Pyrcroft Grange Primary School joined the Academy Trust on 1 December 2013, Sythwood Primary School and Children's Centre joined the Academy Trust on 1 January 2014, Sayes Court Primary School joined the Academy Trust on 1 June 2014, The Matthew Arnold School joined the trust on 1st December 2014 and Brookwood Primary School during the financial year on 1st December 2015.

The Academy Trust is led by the board of trustees who are also the directors of the charitable company and who have held office since 1 September 2015 as follows:

Sara Lipscombe-Nott	Chair
Alex Russell	Executive Headteacher and Accounting Officer
Chris Marston	Independent Director (appointment date 18/03/16, termination date 23/09/16)
Chris Munro	Sponsor representative
Tony Oakden	Secondary representative
Penny Rendall	Primary representative (termination date 30/10/15)
Alan Richardson	Independent Director (termination date 11/12/15)
Sue Tresilian	Primary Representative
Audrey Wade	Independent Director (appointment date 08/07/2016)
John Winter	Independent Director

The members of the company are Sara Lipscombe-Nott, Chris Marston, Chris Munro, Tony Oakden and Audrey Wade.

The principal address of the charity and the registered office of the company are the premises of the sponsoring academy, Epsom & Ewell High School, at Ruxley Lane, Epsom, Surrey KT19 9JW.

The Academy Trust is an exempt charity that is not therefore required to register with the Charity Commission, however the Academy Trust has registered with HM Revenue and Customs as a charitable entity under the reference number XT35927. The company is incorporated in England and Wales with the company registration number 07768726.

## **BOURNE EDUCATION TRUST**

### **TRUSTEES' REPORT**

---

#### **REFERENCE AND ADMINISTRATIVE DETAILS (continued)**

The trustees have made the following professional appointments:

Accountant and external auditor                      UHY Hacker Young LLP, Quadrant House, 4 Thomas More Square, London E1W 1YW

Banker:                                      Lloyds Bank plc, 402-404 Ewell Road, Tolworth, Surbiton, KT6 7HF

During 2015/2016, in addition to the Executive Headteacher, the following other key senior members of staff were responsible for the day-to-day management of the Academy Trust:

Kate Sanders	Director of Finance & Operations and Company Secretary, Bourne Education Trust
Steve Price	Headteacher, Jubilee High School & Executive Headteacher, Sayes Court Primary School
Zelia Munnik	Headteacher Designate, Chertsey High School
Sue Nardoni	Headteacher, Pyrcroft Grange Primary School
Sue Tresilian	Headteacher, Sythwood Primary School
Rochelle Richmond	Headteacher, Sayes Court Primary School
Mary Gould	Headteacher, The Matthew Arnold School
Jo Green	Headteacher, Brookwood School
Guy Blair	Director of Learning, Bourne Education Trust (resigned 31st August 2016)
Tanya Dakin	Primary Coordinator (appointed 1st September 2016)
Katy Backinsell	Trust Accountant

## **BOURNE EDUCATION TRUST**

### **TRUSTEES' REPORT**

---

#### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

##### **Status & History**

Bourne Education Trust is an exempt charity and a company limited by guarantee, not having share capital.

The principal activity of the Academy Trust is to run a multi-academy structure comprising primary and secondary schools and Children's Centres for boys and girls located in Surrey.

The original Academy Trust was incorporated on 9 September 2011 and was governed by the rules and regulations set down in its company Memorandum and Articles of Association dated 9 September 2011. With the move to multi-academy trust status, the Academy Trust's governing document was updated by the adoption of new Articles of Association dated 2 August 2013.

##### **Members' Liability**

Every member undertakes to contribute an amount not exceeding £10 to the assets of the company in the event of the company being wound up during the period of membership, or within one year thereafter.

##### **Organisational Structure**

The management structure of the Bourne Education Trust consists of five levels: the Academy Trust board, the local Governing Bodies, the Executive Group (of Headteachers in the Trust, the Directors of Finance & Learning (and latterly the Primary Coordinator), the senior leadership teams and the middle leadership teams. The aim of the management structure is to devolve responsibility, improve accountability and encourage involvement in decision-making at all levels.

The trustees of the Academy Trust board fulfil a strategic role. They monitor the performance of individual schools in the Academy Trust against key performance indicators and appropriate schemes of delegation. In making decisions about the strategic direction of the Academy Trust, the board takes into account the views of the governors of Epsom & Ewell High School, as the sponsoring academy. Intervention in individual schools within the Academy Trust is driven by performance against the key performance indicators and on the advice of the Executive Headteacher. In accordance with the requirements of the Academies Financial Handbook 2015, only those directors that are not school or trust employees are members of the trust.

The governors on the local Governing Bodies fulfil a largely strategic role in relation to their local schools. They adopt the individual school's strategic and annual development plans and sanction the annual budget. They monitor the school's performance and, on advice, make decisions about the direction of the school, its capital expenditure and senior staff appointments.

The trustees of the Academy Trust have been supported by the Executive Headteacher, the Director of Finance & Operations, the Director of Learning and the Clerk to the Board.

The Executive Group represents the operational leadership of the schools; contributing to and informing the strategic decisions of the trust and working together to implement those decisions. They ensure that best value is achieved in the resources of the trust identifying opportunities for collaborative working and supporting the developmental needs of the schools within the trust.

## **BOURNE EDUCATION TRUST**

### **TRUSTEES' REPORT**

---

The schools are supported by senior leadership teams which run the schools at both an executive and operational level. These teams implement the policies and annual development plan laid down by the governors and report back to the governors termly on the progress made towards fulfilling them. At an operational level the senior leadership team provides strong leadership and management for the school community, in particular organising and developing the teaching staff, learning environment and students' learning.

As a group, the senior leadership teams are responsible for the authorisation of spending within agreed budgets and the appointment of staff, other than specific senior staff appointments for which the Academy Trust or local Governing Bodies and the headteachers are responsible. Some spending control is devolved to members of senior leadership team and appointed budget holders.

The middle leadership teams consist of all curriculum and pastoral leaders. They are responsible for the day-to-day implementation of the school development plan, the delivery of the curriculum, exam preparation and performance and ensuring the well-being of students. They, along with teachers and tutors, are also the first point of contact for parents and carers.

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

All senior staff in the Bourne Education Trust are set targets on which their reviews are based. These targets are generated by the line manager in consultation with the member of staff concerned. Appropriate objectives are the keystone of managing the trust's and/or school's progress and managing the headteacher/senior executive. The trust and/or school aims to ensure there is both breadth and precision in the objectives, with the quality of performance information and engagement of stakeholders stated in the setting of the objectives. The trust and school aims to set ambitious objectives to serve external accountability and to visibly demonstrate progress.

An appraisal panel appointed by the governing body annually reviews the performance of each headteacher in the trust. This usually consists of three governors such as the chair of governors, the chair of the committee that oversees staffing and/or finance and one other governor who has particular expertise in performance management and/or education. The work of the appraisal panel results from a wider set of interactions including but not limited to termly headteacher performance management leading up to and beyond the formal annual review. There is a standard process:

- An external adviser is commissioned (in the Bourne Education Trust this may be the CEO).
- The appraisal panel meets to discuss points to raise.
- The external advisor meets with the headteacher.
- The external advisor, headteacher and appraisal panel meet together.
- The headteacher and appraisal panel meet.
- The external advisor summarises the results of the meetings in a review document.
- The appraisal panel makes recommendations about headteacher pay for a pay review panel of other governors to make a decision about.

The performance of the central trust staff follows much the same process with performance appraised against the targets by the Chair of the Board with the support of the line manager. This is reviewed by an appraisal panel consisting of a minimum of two directors (although three are preferred).

## **BOURNE EDUCATION TRUST**

### **TRUSTEES' REPORT**

---

In decisions about the pay to be awarded to senior managers the aim is to maintain objectivity and fairness, while remembering that the needs of the trust/school come first. Where possible, the Trust/school establishes relevant salary benchmarks such as:

- Pay awards in similar organisations as stated in their financial accounts
- Recommendations of the STPCD
- The pay relativities between schools in the Trust, other local similar institutions and between the senior staff member and other staff members

#### **Method of Recruitment, Appointment, Election, Induction & Training of Directors and Senior Management**

During the year 2015-2016, the board of the Academy Trust comprised the Executive Headteacher, the Chair, representatives from the schools in the Academy Trust and independent directors. A skills audit carried out in September 2015 had identified skills gaps in the areas of financial management and procurement and purchasing. Using Academy Ambassadors the Chair identified and the board appointed two independent directors with the relevant skills.

The local Governing Body of each school comprises the headteacher and governors including parent governors, staff governors and other appointed governors. Parent governors are normally elected by parents of students registered at the school and the local Governing Body makes arrangements to notify parents of a vacancy and oversees a secret ballot where the number of nominees exceeds the number of vacancies. Staff governors are similarly elected by staff. Other governors are appointed after discussions with local community groups and businesses dependent on the person specification required. Volunteers first visit the school and, where appropriate, a recommendation would be made for a candidate to be presented to the full Governing Body with a view to appointment. All new governors are given an induction pack and, if not familiar with the school, are invited to a tour and to meet key governors and staff. Training is provided by an outside consultancy specialising in governor training. There is a named governor to provide details of relevant courses, encourage attendance and monitor governor-wide training undertaken.

It is the Trust's policy to advertise nationally all vacancies for Headteachers. During 2015-2016 the Trust has recruited and selected Headteachers at Pycroft Grange School, Sayes Court School and the new free school, Chertsey High School.

#### **Auditor**

A resolution proposing UHY Hacker Young be reappointed as auditor of the charitable company will be put to the members.

#### **Statement as to Disclosure of Information to the Auditor**

The directors at the date of approval of this directors' annual report confirm that so far as each of them is aware, there is no relevant audit information of which the Academy Trust's auditor is unaware, and the directors 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.

## **BOURNE EDUCATION TRUST**

### **TRUSTEES' REPORT**

---

#### **Directors' Responsibilities in the Preparation of Financial Statements**

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

Company law requires the directors to prepare financial statements for each financial year. Under company law, the directors 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 Academy Trust and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Academy Trust will continue in business.

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

The directors are responsible for ensuring that in its conduct and operation the Academy Trust applies financial and other controls, which conform to the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the Department for Education (DfE) via the Education Funding Agency (EFA) have been applied for the purposes intended.

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

#### **Professional Indemnity Insurance**

In accordance with normal commercial practice, the Academy Trust has purchased insurance to protect directors, governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy Trust business. The insurance arranged through Zurich Insurance provides cover of up to £2,000,000 on any one claim and the cost for the year ended 31 August 2016 was included within the premium for the commercial combined policy and is not separately identifiable.

With effect from the 1<sup>st</sup> September 2016, the trust will be opting in to the Risk Protection Arrangement (RPA) with additional cover from commercial insurers for items not covered by the RPA.



## **BOURNE EDUCATION TRUST**

### **TRUSTEES' REPORT**

---

#### **OBJECTIVES AND ACTIVITIES**

##### **Charitable Objectives**

The charitable objectives for which the Academy Trust is established are set down in the governing document as follows:

- To advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing schools ("the mainstream Academies") offering a broad and balanced curriculum or educational institutions which are principally concerned with providing full-time or part-time education for children of compulsory school age who, by reason of illness, exclusion from school or otherwise, may not for any period receive suitable education unless alternative provision is made for them ("the alternative provision Academies") or 16 to 19 Academies offering a curriculum appropriate to the needs of its students ("the 16 to 19 Academies") or schools specially organised to make special educational provision for pupils with Special Educational Needs ("the Special Academies"); and
- To promote for the benefit of the inhabitants of the areas served by the Academies the provision of facilities, for recreation or other leisure-time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances, or for the public at large in the interests of social welfare and with the object of improving the condition of life of the said inhabitants.

##### **Principal Activities**

The principal activity of Bourne Education Trust is in accordance with its objectives advancing education in the United Kingdom by establishing, maintaining, carrying on, managing and developing schools offering broad and balanced curricula. In addition, the Academy Trust promotes recreational facilities to improve the condition of life for local residents. The details of the objectives, strategies and activities of each school within the multi-academy trust are outlined in their individual school development plans.

##### **Public Benefit**

The directors confirm that they have referred to the guidance provided by the Charity Commission in respect of public benefit when reviewing the Academy Trust's aims and objectives (as set out above) and in planning future activities and setting appropriate policies for future years.

##### **Connected Organisations, Including Related Party Relationships**

Epsom & Ewell High School continues to host the Epsom & Ewell Confederation with a bespoke training room to provide training for the local primary and secondary schools and to work with the Epsom, Ewell and Banstead 11-19 Network. Jubilee High School continues to host the Runnymede South Confederation and provides a small administrative office and access to the schools meeting rooms to support training for the local primary schools within the group. The Trust is part of a group of schools supporting the Schools Direct programme with St John the Baptist, Woking as the lead school and St Mary's University College, Twickenham as the ITT provider. The Trust has a school to school support arrangement with Salesian School, Chertsey who as a National Teaching School will also provide training support for groups of teaching staff across the Trust.

## **BOURNE EDUCATION TRUST**

### **TRUSTEES' REPORT**

---

#### **STRATEGIC REPORT**

##### **ACHIEVEMENTS AND PERFORMANCE**

###### **Growth of the Academy Trust**

The Bourne Education Trust grew during 2015-16 to include Brookwood Primary School, a sponsored primary school. The Trust is now responsible for the education of approximately 3,500 children and 400 employees.

The Trust is working with Auriol Junior School which is targeted to join the Trust during Spring term 2017.

The Bourne Education Trust ensures that high quality teaching and support staff are employed and we work continually to improve teaching and learning. We review staffing requirements a minimum of a year ahead allowing for early recruitment and efficient budgeting. The staff meets every week for training either as a whole staff or in teams. There is a carousel of activities based on key themes so that the training provided is appropriate for each member of staff and reflects the priorities contained in the school development plan. Training is delivered by the leadership team and/or identified lead practitioners within the Trust without the need for outside consultants.

Collaboration extends beyond the Trust. We regularly meet with secondary and primary networks/confederations which allows us to share best practice and training and ensure the best use of funding. We have extended facilities to the Epsom and Ewell Confederation on the Epsom and Ewell High School site and the Runnymede South confederation on the Jubilee site. This has allowed the local schools to tailor sessions to the needs of the local schools and community.

To ensure that standards are continually raised the school operates a programme of self-evaluation which includes review of performance data, learning walks, observation of lessons and termly externally led assessment of our work. Student performance is reported every half-term and the data analysed to ensure that all groups of students and departments are on track.

###### **Brookwood Primary School**

The school joined the Trust on the 1<sup>st</sup> December 2015 as a sponsored primary academy. Graded as a good school by Ofsted just prior to joining its performance was mixed in the summer's standard assessment tests with it performing just below national averages in all disciplines. The headteacher is very receptive to the Trust and plans are in place to ensure that standards are raised with the support of the Trust's newly appointed primary lead.

###### **Epsom and Ewell High School**

The school was inspected by Ofsted in March 2012 and was deemed to be 'good'. The inspection team also identified a number of outstanding elements relating to leadership and pupil behaviour. In April 2014 the National College for Teaching and Leadership named it as one of its National Support Schools.

The school is in its fifth year of operation as an academy and achieved the forecast number of students. Total students in the period ended 31 August 2016 numbered 850. The School has surplus places in all year groups but is beginning to grow rapidly. The school can admit up to 210 students into each year group, with 240 in Year 7.

## **BOURNE EDUCATION TRUST**

### **TRUSTEES' REPORT**

---

#### **Epsom and Ewell High School (continued)**

This summer's exam results embedded the school's reputation for high performance. All A level students gained their first or second choice university place. 98% of all grades were A\*-E with just under 70% at A\*-C. The average grade profile for A levels was BBC whilst the performance in vocational subjects was truly outstanding with 60% of grades being either distinction \* or distinction.

GCSE results bucked the downward national trend. Whilst the English and mathematics crossover fell by 2.1% nationally to 54%, the school showed a 7% rise to 62% this year. Furthermore, the school's progress figures were outstanding with the students achieving a progress 8 figure of +0.42. This means that, on average, every student achieved nearly half a grade higher in every subject than expected.

#### **Jubilee High School**

Jubilee High School joined the Trust on the 1 September 2013. In July 2015 Ofsted graded the school as 'good' in all aspects. Once again it has performed well at GCSE in terms of attainment with 57% of students achieving the crossover in English and mathematics, 35% above the national average. Its progress figure was outstanding with a progress 8 score of +0.58.

#### **Pyncroft Grange Primary School**

Pyncroft Grange Primary School joined the Trust on the 1 December 2013 and has been completely transformed by the school's new headteacher who was appointed from within the Trust in October 2013. The school is at now least good in all areas. Its performance in this summer's standard assessment tests was outstanding as one of the best both in Surrey and nationally.

#### **Sythwood Primary School**

Sythwood Primary School joined the Trust on the 1 January 2014 as its primary strategic partner. It has provided significant school-to-school support to the Trust's primary sponsored academies. This is focused on improving the quality of leadership and teaching and learning. The school has used experts from within its own staff to supply training, interventions and mentoring. This year it performed above the national average in all disciplines at key stage 2.

#### **Sayes Court Primary School**

Sayes Court Primary School joined the Trust on the 1 June 2014. Under the leadership of an executive headteacher from within the Trust and a substantive headteacher it has been completely transformed. Its performance in this year's standard assessment tests was outstanding. It is now performing at well above the national averages in reading, writing and mathematics and is well prepared for its impending Ofsted inspection.

#### **The Matthew Arnold School**

The Matthew Arnold School joined the Trust on the 1 December 2014 as a sponsored secondary academy. It was placed in special measures in July 2014. The school has made significant progress under its executive headteacher and head of school, both appointed from within the Trust. It came out of special measures in March 2015 but still requires improvement. This summer's GCSE results were extremely promising with 64% of students gaining A\*-C in both English and mathematics. In addition, its progress was also very good with a progress 8 score of +0.34.

## **BOURNE EDUCATION TRUST**

### **TRUSTEES' REPORT**

---

#### **FINANCIAL REVIEW**

##### **Financial Review and Key Financial Performance Indicators**

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

During the year ended 31 August 2016, the total expenditure of £22,967,451 (2015: £20,233,763) was less than the total of incoming resources of £28,693,275 (2015: £33,662,109) including the significant fixed assets acquired, as referred to below, allowing the Academy Trust to carry forward significant fund balances for utilisation in future years.

At 31 August 2016, due to the growth of the multi-academy structure the net book value of tangible fixed assets had grown to £58,800,903 (2015: £53,599,911) and movements in tangible fixed assets are shown in more detail in the notes to the financial statements. These assets were exclusively those used for providing education and the associated support services to the students of the schools within the Academy Trust.

From the actuarial valuations for the year ended 31 August 2016, the FRS 17 pension deficit on the Academy Trust's proportion of the Surrey Local Government Pension Scheme had also significantly increased and at 31 August 2016 stood at £8,377,000 (2015: £5,885,000).

The Trust received £1,174,000 in capital funding from the EFA on a formula basis (2015: £841,000 in funding through bids).

##### **Reserves Policy**

The directors have agreed a Reserves Policy for the Academy Trust which will be reviewed annually. The review encompasses the nature of income and expenditure streams and the need to match income with commitments.

The directors have determined that the appropriate level of free reserves needs to be reviewed in light of the new schools joining the trust. It is however confident that all schools have sufficient working capital reserves to cover delays between spending and receipt of grants and to provide a cushion to cover the financial risks facing the Trust such as reductions in minimum funding guarantees, reductions in Education Services Grants, the removal of sixth form transitional protections and the anticipated reduction in sixth form numbers and funding.

As at 31 August 2016, free reserves amounted to £2,570,293 (2015: £2,790,061) but it is anticipated that much of this free reserve balance will be utilised over the course of the next 3 academic years as the Academy Trust expands the scope of its operations.

## **BOURNE EDUCATION TRUST**

### **TRUSTEES' REPORT**

---

#### **Investment Policy**

Bourne Education Trust does not have any material investments. The directors have determined that this will be an area of development in the year to come in view of the growth of the Trust. The Academy Trust's bank accounts are held with Lloyds, and it operates Educational Current and Deposit accounts and School Fund Current and Deposit accounts. Schools joining the Trust have also held accounts with Barclays and HSBC during this transition period.

Interest earned on bank accounts during the year amounted to £5,769 (31 August 2015: £5,338).

#### **PRINCIPAL RISKS AND UNCERTAINTIES**

The major risks to which the Academy Trust is exposed are loss of key staff, shortfalls in funding which have not been anticipated, changes in funding formulas and a reduction in the school roll.

#### **Going Concern**

After making appropriate enquiries, the directors have 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.

#### **Financial and Risk Management Objectives and Policies**

The principal Risk Management objective of the Academy Trust is to minimise all identified risks as outlined in the risk register by frequent review and remedial actions where required.

#### **Risk & Corporate Governance Matters**

The directors have assessed the major risks to which the Academy Trust is exposed, in particular those relating to financial management and the capacity of the sponsor to ensure the required improvements in the schools within the Academy Trust whilst maintaining the standards of the sponsor academy and those already in the Academy Trust. Review of the Risk Register falls within the terms of reference of the Audit Committee.

#### **PLANS FOR FUTURE PERIODS**

Bourne Education Trust will continue striving to improve the levels of performance of the students attending any of its member schools at all levels and as reflected in its mission statement and individual school development plans.

Bourne Education Trust will continue to look at the accommodation available to its member schools and to plan for the redevelopment of areas of those school sites where buildings have reached the end of their useful life. The size of the Trust means that it now receives School Condition Allocation on a formula basis and it has targeted this funding towards significant condition, health & safety and safeguarding concerns as advised by the SCA fund guidance. The Matthew Arnold School was successful in a Priority Schools Building Programme 2 bid and the project commenced in September 2016.

## **BOURNE EDUCATION TRUST**

### **TRUSTEES' REPORT**

---

#### **PLANS FOR FUTURE PERIODS (continued)**

Bourne Education Trust aims to provide the opportunity for increased student success beyond the boundaries of member schools by aiming to establish ways to benefit the wider community and provide direct access to school facilities, curricular materials and the expertise of staff. This is evidenced by our professional partnerships with other schools.

#### **Continued Growth of the Academy Trust**

We have been working since June 2016 with Auriol Junior School which requested to join the Trust. Due diligence was carried out by both parties and the school is due to join the Trust during the spring term 2017. The trust continues its work towards opening a Free School in Chertsey, Surrey which is intended to open in September 2017 for pupils aged 11-16. The Trust will be supported in this by Salesian School, Chertsey with whom it has a school to school support agreement.

#### **Other Specific Future Plans**

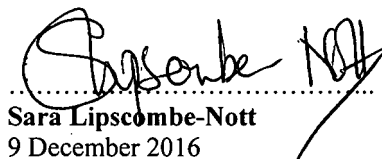
There are no other specific future plans.

#### **FUNDS HELD AS CUSTODIAN**

In addition to maintaining restricted funds to deal with incoming resources that are earmarked for a particular purpose by donors, sponsors, and other funders, Bourne Education Trust holds 16-19 Bursary Fund monies as custodian for the Department for Education and the Education Funding Agency awarding bursaries for those in need meeting the criteria specified in the terms of this government scheme.

At the present time, the Academy Trust does not hold and the directors do not anticipate that it will in the future hold, any other funds as custodian for any other third party.

This report was approved by the Bourne Education Trust board of directors, and in their capacity as directors of the charitable company the strategic report included therein, at their meeting on 9th December 2016, and was signed for and on behalf of the board by:

 Chair  
Sara Lipscombe-Nott  
9 December 2016

## **BOURNE EDUCATION TRUST**

### **GOVERNANCE STATEMENT**

---

#### **Scope of Responsibility**

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

The board of directors 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 Bourne Education Trust and the Secretary of State for Education. He is also responsible for reporting any material weaknesses or breakdowns in internal control.

#### **Governance**

The directors have met formally three times during the financial year. Attendance at meetings was as follows:

<b>Trustee</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
Sara Lipscombe-Nott	3	3
Alex Russell	3	3
Chris Marston	2	2
Chris Munro	1	3
Tony Oakden	3	3
Penny Rendall	0	0
Alan Richardson	0	1
Sue Tresilian	2	3
Audrey Wade	1	1
John Winter	2	3
Kate Sanders (as Company Secretary)	3	3
Roger Evans (as Clerk to the Board)	3	3

The Audit Committee was a sub-committee of the board of directors, and its purposes and terms of reference covered those of a typical audit committee. The Audit Committee met three times during the financial year. Attendance at meetings was as follows:

## **BOURNE EDUCATION TRUST**

### **GOVERNANCE STATEMENT**

---

#### **Governance (continued)**

<b>Committee Member</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
Alan Richardson	1	1
Christine Archer	2	3
David Griffiths	3	3
Chris Marston	1	1
John Stockley	2	3
Kate Sanders (in attendance)	3	3
Roger Evans (Clerk to the Committee)	3	3

#### **Review of Value for Money**

As accounting officer the chief executive has responsibility for ensuring that the academy trust delivers good value in the use of public resources. As accounting officer he understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received. The accounting officer considers how the Trust's use of its resources has provided good value for money during each academic year, and reports to the board of Trustees where value for money can be improved, including the use of benchmarking data where available. The accounting officer for the academy trust has delivered improved value for money during the year by:

#### **Improving educational results**

The Bourne Education Trust has a very good track record of improving standards in all of its schools. It makes extensive use of secondments to deploy outstanding staff to schools in need. This ensures that expertise is shared and proven systems adopted.

The Bourne Education Trust ensures that high quality teaching and support staff are employed and we work continually to improve teaching and learning. We review staffing requirements a minimum of a year ahead allowing for early recruitment and efficient budgeting. The staff meet every week for training either as a whole or in teams. There is a carousel of activities based on key themes so that the training provided is appropriate for each member of staff and reflects the priorities contained in the school development plan. Much of the training is delivered by the leadership team and/or identified lead practitioners within the Trust which ensures targeted training and value for money.

Collaboration extends beyond the Trust. We regularly meet with secondary and primary networks/confederations which allow us to share best practice and training and ensure the best use of funding. Two of the schools in the Trust, Epsom & Ewell High School and Jubilee High School have extended facilities of an office to their respective local confederations which has allowed the local schools to tailor sessions to the needs of the local schools and community.

To ensure that standards are continually raised schools operate programmes of self-evaluation which includes review of performance data, learning walks, observation of lessons and termly assessment of our work. Student performance is reported at least every term and the data analysed to ensure that all groups of students and departments are on track. The performance of the schools in the Trust is described in the Achievements and Performance section.



## **BOURNE EDUCATION TRUST**

### **GOVERNANCE STATEMENT**

---

The needs and progress of all schools in the Trust are kept under regular review by the Board through agreed key performance indicators. Each school's performance is measured against these terms and they assess all main aspects of each school. Between them they cover:

- Overall standards.
- The quality of teaching
- The quality of learning
- Staffing
- Ethos
- Finance
- Safeguarding & Health and safety

The Trust has appointed a Primary Lead, Director of Finance & Operations and Trust Accountant to work at trust level, according to a service level agreement, to support the CEO and board in ensuring the performance of schools. The trust also has an Executive Group made up of all its headteachers and the Director of Finance & Operations, led by the CEO, so that schools share best practice and collaborate on supporting the Trust schools. Any issues requiring additional input or information are fed back to the school's governing body through the Executive Team.

All schools in the Trust are held to account by its Performance and Standards Committee. This committee reports to the main Board.

#### **Financial governance and oversight**

The Board of the Bourne Education Trust has overall responsibility and ultimate decision making responsibility however there are written schemes of delegation tailored to a school's state of development, and financial policies and procedures to ensure that decisions can be made efficiently.

The governance arrangements for each school within the Trust include regular monitoring by LGBs and committees who receive detailed reports from the school's leadership. Governors are welcomed within the schools and play a very active role allowing them to make accurate judgements on information received. Budget holders and/or the senior leadership team review expenditure regularly and work with each school's Business Manager to set future budgets based on a detailed review of past costs, changes in curriculum requirements and strategies in the school improvement plan. Reserves in the Trust depend upon a review of both current and future needs mindful of the need to ensure the Trust remains a 'going concern'. The Trust is working to ensure that all the LGBs have appropriately skilled governors so that there is the appropriate level of challenge. As a result, one school within the Trust has been governed by an Interim Academy Board. This school has now progressed significantly and the board has approved it moving to Local Governing Body from September 2016. One school's Chair has been replaced with an Advanced Skills Governor and she will continue to support the Local Governing Body for a further year.

## **BOURNE EDUCATION TRUST**

### **GOVERNANCE STATEMENT**

---

The Audit Committee has responsibility for making recommendations on financial reporting, internal control, risk management and external audit to assist the Trust in fulfilling its oversight responsibilities and refers major issues for ratification. During 2015-16 internal audit investigations have been carried out termly by an internal audit team chosen to ensure consistency and as great a degree of independence as possible. The Trust is confident that the resources have been managed with regularity and propriety and this has been confirmed by unqualified audit reports for each year of academy status.

The Board monitors performance across the schools in the Trust against key performance indicators enabling benchmarking across the Trust and ensuring that it maintains a strategic role.

#### **Procurement and cross trust collaboration**

Contracts and services are regularly appraised and renegotiated when appropriate to ensure value for money. The Trust gains the required number of quotes for any purchase. In exceptional circumstances when this is not possible the reason is recorded. Each academy within the Trust assesses the cost and benefits of various options before making a decision to ensure the right option for the longer term with no supplier being chosen entirely on price. Where appropriate schools in the Trust have collaborated on cross Trust procurement or service improvements:

IT: We reviewed broadband services during the year and are now working on a trust wide programme to purchase our own data centre. Six of the eight schools in the Trust have now moved onto a common website platform to ensure that a high quality of information is presented to stakeholders.

Governance: We identified skills gaps in the experience of Trustees in the areas of financial planning and procurement & purchasing. Through Academy Ambassadors we have recruited additional Trustees with the experience to offer robust challenge to the Trust in these areas and to expand the audit committee. The school supported by an IAB has now developed its governance skills sufficiently to be able to move to a full governing body.

Project Management: We have used a combination of direct quotations and quotations through a building project management company to ensure that we get best value for money in refurbishment and capital projects. The Trust is now large enough to receive its School Condition Allocation on a formula basis and has worked on a trust wide agreement for prioritising the allocation of funding (based on critical need and the SCA guidance) to ensure value for money.

Review of staffing: We have carried out support staff reviews at two of the schools in the Trust using benchmarking data to ensure structures that are fit for purpose, value for money and enhanced support for pupils. There have been positive changes in finance staff that have added capacity and expertise to the Trust's constituent schools.

Income generation: We have been successful in generating income from providing services to schools and through the hire of Trust facilities which although deemed unrestricted income is generated to invest in better provision for our pupils. This has included IT services, staff reviews and provision of lead practitioners. Such work allows us to support other schools in their development and recruit additional high level staff which benefits our students whilst covering the differential in salary costs. In line with last financial year, less income has been generated than in previous years as much of the school to school support is between schools in the Trust.

## **BOURNE EDUCATION TRUST**

### **GOVERNANCE STATEMENT**

---

Policy management: The Trust schools have continued to collaborate on developing harmonised HR policies during the year. This along with support from our personnel advisor continues to support the development of the Trust's business managers.

#### **Reviewing controls and managing risks**

Frequent budget monitoring and management reports are produced and reviewed by school management, governors and board members and any necessary remedial action taken to address significant variances that may have an impact on the budget out-turn or areas of school performance. Although interest rates remain low the Bourne Education Trust is looking at investment of larger bank balances in longer term interest bearing financial structures. This redirection of spare resources will be a focus for 2016-17 taking into account future needs as outlined in the schools' reserves policies. Risk management is an area of focus by the Audit Committee who will continue to identify key areas to test across the Trust. The Trust maintains three year plans which are revisited termly.

#### **Areas for development**

The Trust has identified the following areas for development: strategy for the future development of the Trust, particularly in the rapidly changing education landscape, filling the skills gaps identified amongst the directors of the Trust, improved management of liquid surpluses, harmonisation of ICT across the trust and growth of the Trust's executive team.

#### **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 on-going process designed to identify and prioritise the risks to the achievement of the Trust's 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 Bourne Education Trust for the year ended 31 August 2016 and up to the date of approval of the directors' annual report and financial statements.

#### **Capacity to Handle Risk**

The Audit Committee on behalf of the board of directors has reviewed the key risks to which Bourne Education Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of directors is of the view that there is a formal on-going process for identifying, evaluating and managing Bourne Education Trust's significant risks that has been in place for the year ended 31 August 2016 and up to the date of approval of the directors' annual report and financial statements. This process is regularly reviewed by the board of directors.

## **BOURNE EDUCATION TRUST**

### **GOVERNANCE STATEMENT**

---

#### **The Risk and Control Framework**

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

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

The board of directors has considered the need for a specific internal audit function and the greater freedoms of the current Academies Financial Handbook. It has established an Audit Committee and has delegated the internal audit function to the Audit Committee who agree the areas for review. The committee has carried out or commissioned through the central finance team three internal or external audit reviews during 2015/2016 which have been reviewed by the Audit Committee. The Audit Committee will continue to monitor the effectiveness of this process.

As Accounting Officer, the Executive Headteacher has responsibility for reviewing the effectiveness of the system of internal control. During the year ended 31 August 2016, this review has been informed by:

- the work of the internal audit team;
- advice from external specialists;
- the work of the Trust Board;
- the work of the Audit Committee;
- the work of the Performance & Standards Committee
- the work of the external auditor;
- the financial management and governance self-assessment process;
- due diligence reviews carried out by the Director of Finance & Operations and Headteachers in the Trust;
- the work of the local Governing Bodies and the key senior Trust staff who have responsibility for the development and maintenance of the internal control framework.

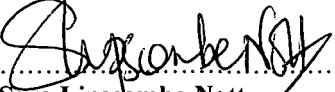
The Accounting Officer has been advised of the implications of their review of the system of internal control by the Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system has been put in place.

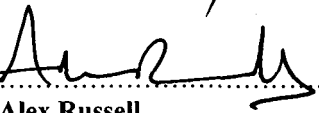
**BOURNE EDUCATION TRUST**

**GOVERNANCE STATEMENT**

---

Approved by order of the members of the board of directors on 9 December 2016 and signed on its behalf by:

  
..... Chair  
**Sara Lipscombe-Nott**  
9 December 2016

  
..... Accounting Officer  
**Alex Russell**  
9 December 2016

## **BOURNE EDUCATION TRUST**

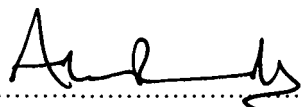
### **STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

---

As Accounting Officer of Bourne Education Trust, I have considered my responsibility to notify the Academy Trust governing body 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. As part of my consideration, I have had due regard to the requirements of the Academies Financial Handbook.

I confirm that I and the Academy Trust governing body are able to identify any 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.

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 Academy Trust governing body and the EFA.



.....Accounting Officer  
**Alex Russell**

9 December 2016

## **BOURNE EDUCATION TRUST**

### **STATEMENT OF TRUSTEES' RESPONSIBILITIES**

---

The Trustees (who act as governors of Bourne Education Trust and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with the 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 Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that year. In preparing these financial statements, the Trustees are required to:

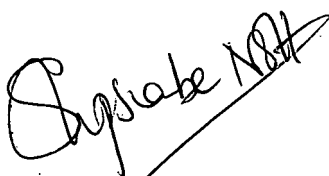
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

The Trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the EFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the board of trustees on 9 December 2016 and signed on its behalf by:



**Sara Lipscombe-Nott**  
Chair of Trustees

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BOURNE EDUCATION TRUST**

---

We have audited the financial statements of Bourne Education Trust for the year ended 31 August 2016 which comprise the Consolidated Statement of Financial Activities, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated Cash Flow Statement 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) 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 the academy's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of Trustees and auditor**

As explained more fully in the Trustees' Responsibilities Statement set out on page 22, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group and the academy's affairs as at 31 August 2016 and of the group's and the academy's 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 in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and 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 Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.



**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF BOURNE EDUCATION TRUST (continued)**

---

**Matters on which we are required to report by exception**

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

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



**Subarna Banerjee (Senior Statutory Auditor)  
for and on behalf of UHY Hacker Young LLP, Statutory Auditor**

Quadrant House  
4 Thomas More Square  
London  
E1W 1YW

19/12/16

## **INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE BOARD OF TRUSTEES OF BOURNE EDUCATION TRUST AND THE EDUCATING FUNDING AGENCY**

---

In accordance with the terms of our engagement letter dated 16 June 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 Bourne Education Trust during the year 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 Bourne Education Trust and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Bourne Education Trust and the EFA those matters we are required to state to it 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 Bourne Education Trust and the EFA, for our work, for this report, or for the conclusion we have formed.

### **Respective responsibilities of the Bourne Education Trust's accounting officer and the reporting auditor**

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

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

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE  
BOARD OF TRUSTEES OF BOURNE EDUCATION TRUST AND THE EDUCATING FUNDING  
AGENCY (continued)**

---

The work undertaken to draw our conclusion includes:

- Evaluation of the general control environment
- Confirmation that the internal delegations have been approved by the governing body, and conform to the limits set by the Department for Education
- Review of the declaration of interests to ensure completeness
- Review of minutes for evidence of declaration of interest
- A sample of payments has been reviewed to confirm that each item has been appropriately authorised in accordance with the academy trust's delegated authorities
- A sample of cash payments were reviewed for unusual transactions
- A sample of expenditure items were reviewed against specific terms of grant funding within the funding agreement
- Formal representations have obtained from the governing body and the accounting officer acknowledging their responsibilities for matters relating to regularity and propriety

**Conclusion**

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

UHY Hacker Young

**UHY Hacker Young  
Reporting Accountant**

Quadrant House  
4 Thomas More Square  
London  
E1W 1YW

19/12/16

# BOURNE EDUCATION TRUST

## STATEMENT OF CONSOLIDATED FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 AUGUST 2016 (INCLUDING INCOME AND EXPENDITURE ACCOUNT AND STATEMENT OF TOTAL RECOGNISED GAINS & LOSSES)

	Notes	Unrestricted fund	Restricted funds		2016 Total	2015 Total (restated)
		£	General funds	Fixed asset fund	£	£
<b>Income and endowments from:</b>						
Donations and capital grants	2	30,756	1,628,176	-	1,658,932	1,462,932
Transfer from local authority on conversion		94,069	(374,547)	4,492,224	4,211,746	11,643,044
<i>Charitable activities</i>						
Funding for the Academy Trust's educational operations	3	72,893	21,424,998	-	21,497,891	19,374,806
Other trading activities	4	1,292,141	26,796	-	1,318,937	1,175,989
Investments	5	5,769	-	-	5,769	5,338
<b>Total income and endowments</b>		1,495,628	22,705,423	4,492,224	28,693,275	33,662,109
<b>Expenditure on:</b>						
Raising funds		360,590	801,393	-	1,161,983	1,134,644
<i>Charitable activities:</i>						
Educational operations		1,019,938	19,639,914	1,145,616	21,805,468	19,099,119
<b>Total resources expended</b>		1,380,528	20,441,307	1,145,616	22,967,451	20,233,763
<b>Net incoming/(outgoing) resources before transfers</b>		115,100	2,264,116	3,346,608	5,725,824	13,428,346
<b>Gross transfers between funds</b>		(334,870)	(1,519,514)	1,854,384	-	-
<b>Net income/(expenditure) for the year</b>		(219,770)	774,602	5,200,992	5,724,824	13,428,346
<b>Other recognised gains and losses</b>						
Actuarial gains/(losses) on defined benefit pension schemes		-	(1,820,000)	-	(1,820,000)	(62,000)
<b>Net movement in funds</b>		(219,770)	(1,075,398)	5,200,992	3,905,824	13,366,346
<b>Total funds brought forward at 31 August 2015</b>		2,790,063	(4,164,641)	52,564,285	51,189,707	38,858,987
Effective prior year adjustment (note 1)		-	-	1,035,626	1,035,626	-
<b>Total funds carried forward at 31 August 2016</b>		2,570,293	(5,240,039)	58,800,903	56,131,157	52,225,333

All of the academy's activities derive from continuing operations during the financial period. A Statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities.

# BOURNE EDUCATION TRUST

## STATEMENT OF CONSOLIDATED FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 AUGUST 2016 (INCLUDING INCOME AND EXPENDITURE ACCOUNT AND STATEMENT OF TOTAL RECOGNISED GAINS & LOSSES)

Comparative year information		Restricted funds			2015 Total (restated) £
	Notes	Unrestricted fund £	General funds £	Fixed asset fund £	
<b>Income and endowments from:</b>					
Donations and capital grants	2	40,580	1,422,352	-	1,462,932
Inherited on conversion		444,955	(1,816,000)	13,014,089	11,643,044
<i>Charitable activities</i>					
Funding for the Academy Trust's educational operations	3	20,900	19,353,096	-	19,374,806
Other trading activities	4	1,040,609	135,380	-	1,175,989
Investments	5	5,317	21	-	5,338
<b>Total income and endowments</b>		1,552,361	19,095,659	13,014,089	33,662,109
<b>Expenditure on:</b>					
Raising funds	6	303,836	830,808	-	1,134,644
<i>Charitable activities:</i>					
Educational operations	7	252,235	17,868,137	978,747	19,099,119
<b>Total resources expended</b>		556,071	18,698,945	978,747	20,233,763
<b>Net incoming/(outgoing) resources before transfers</b>		996,290	396,714	12,035,342	13,428,346
<b>Gross transfers between funds</b>		(190,616)	(1,295,252)	1,885,582	-
<b>Net income/(expenditure) for the year</b>		805,674	(1,295,252)	13,917,924	13,428,346
<b>Other recognised gains and losses</b>					
Actuarial gains/(losses) on defined benefit pension schemes		-	(62,000)	-	(62,000)
<b>Net movement in funds</b>		805,674	(1,357,252)	13,917,924	13,366,346
<b>Total funds brought forward at 31 August 2014</b>		1,984,389	(2,807,389)	39,681,987	38,858,987
<b>Total funds carried forward at 31 August 2015</b>		2,790,063	(4,164,641)	53,599,911	52,225,333

All of the academy's activities derive from continuing operations during the financial period. A Statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities.

# BOURNE EDUCATION TRUST

## CONSOLIDATED BALANCE SHEET AS AT 31 AUGUST 2016

	Notes	2016 £	2015 (restated) £
<b>Fixed assets</b>			
Tangible assets	12	58,800,903	53,599,911
		<u>58,800,903</u>	<u>53,599,911</u>
<b>Current assets</b>			
Debtors	14	1,356,754	934,316
Cash in hand and at bank		6,667,901	5,502,984
		<u>8,024,655</u>	<u>6,437,300</u>
<b>Liabilities</b>			
Creditors: amounts falling due within one year	16	(2,317,401)	(1,926,878)
		<u>5,707,254</u>	<u>4,510,422</u>
<b>Net current assets</b>			
		<u>64,508,157</u>	<u>58,110,333</u>
<b>Net assets excluding pension liability</b>			
Pension scheme liability	29	(8,377,000)	(5,885,000)
		<u>56,131,157</u>	<u>52,225,333</u>
<b>The funds of the Academy Trust:</b>			
<b>Restricted funds</b>			
Fixed asset funds	17	58,800,903	53,599,911
Restricted income funds	17	3,136,961	1,720,361
Pension reserve	17	(8,377,000)	(5,885,000)
		<u>53,560,864</u>	<u>49,435,272</u>
<b>Total restricted funds</b>			
<b>Unrestricted income fund</b>			
General fund	17	2,570,293	2,790,061
		<u>56,131,157</u>	<u>52,225,333</u>
<b>Total funds</b>			

The financial statements on pages 27 to 59 were approved by the Board of Trustees, and authorised for issue on 9 December 2016 and are signed on their behalf by:



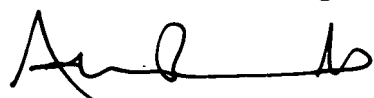
**Alex Russell**  
Accounting Officer  
Company registration no: 07768726

# BOURNE EDUCATION TRUST

## ACADEMY BALANCE SHEET AS AT 31 AUGUST 2016

	Notes	2016 £	2015 (restated) £
<b>Fixed assets</b>			
Tangible assets	12	58,800,903	53,599,911
Investments	13	2	2
		<u>58,800,905</u>	<u>53,599,913</u>
<b>Current assets</b>			
Debtors	14	1,406,928	892,469
Cash in hand and at bank		6,516,862	5,337,964
		<u>7,923,790</u>	<u>6,230,433</u>
<b>Liabilities</b>			
Creditors: amounts falling due within one year	16	(2,216,538)	(1,862,287)
<b>Net current assets</b>		<u>5,707,252</u>	<u>4,368,146</u>
<b>Net assets excluding pension liability</b>		<u>64,508,157</u>	<u>57,968,059</u>
Pension scheme liability	29	(8,377,000)	(5,885,000)
<b>Net assets including pension liability</b>		<u><u>56,131,157</u></u>	<u><u>52,083,059</u></u>
<b>The funds of the academy:</b>			
<b>Restricted income funds</b>			
Fixed asset funds	18	58,800,903	53,599,911
Restricted income funds	18	3,136,961	1,720,361
Pension reserve	18	(8,377,000)	(5,885,000)
<b>Total restricted funds</b>		<u>53,560,864</u>	<u>49,435,272</u>
<b>Unrestricted income fund</b>			
General fund	18	2,570,293	2,647,787
<b>Total funds</b>		<u><u>56,131,157</u></u>	<u><u>52,083,059</u></u>

The financial statements on pages 27 to 59 were approved by the Board of Trustees, and authorised for issue on 9 December 2016 and are signed on their behalf by:



**Alex Russell**  
Accounting Officer  
Company registration no: 07768726

**BOURNE EDUCATION TRUST****CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 AUGUST 2016**

---

	Notes	2016 £	2015 (restated) £
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities	23	2,557,111	2,485,037
		<hr/>	<hr/>
<b>Cash flows from investing activities</b>	25	(1,397,963)	(166,267)
		<hr/>	<hr/>
		1,159,148	2,318,770
<b>Cash flows from financing activities</b>	24	5,769	5,336
<b>Change in cash and cash equivalents in the reporting period</b>		1,164,917	2,324,106
Cash and cash equivalents at 1 September 2015		5,502,984	3,178,878
		<hr/>	<hr/>
<b>Cash and Cash equivalents at 31 August 2016</b>	26	<u><u>6,667,901</u></u>	<u><u>5,502,984</u></u>



# **BOURNE EDUCATION TRUST**

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

---

### **1 Statement of accounting policies**

#### **Company Information**

Bourne Education Trust is a company limited by guarantee, incorporated in England and Wales. The registered office is Epsom & Ewell High School, Ruxley Lane, Epsom, Surrey, KT19 9JW.

#### **Basis of preparation**

The accounts of the Bourne Education 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.

Bourne Education Trust meets the definition of a public benefit entity under FRS 102.

These accounts for the year ended 31 August 2016 are the first accounts prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 September 2014. The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

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

#### **Basis of consolidation**

These financial statements consolidate on a line-by-line basis the results of the Academy Trust and its wholly owned subsidiaries, Bourne Education Trust Enterprises Limited and Matthew Arnold Enterprises Limited. A separate statement of financial activities (incorporating an income and expenditure account) for the Company itself is not presented because the Company has taken advantage of the exemptions afforded by section 230 of the Companies Act 2006 and paragraph 397 of SORP 2015. The Academy Trust's net income for the year was £4,156,261.

#### **Going concern**

The Trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the academy to continue as a going concern. The Trustees make this assessment in respect of a period of one year from the date of approval 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.

#### **Income**

All incoming resources are recognised when the academy trust has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

#### **Grants receivable**

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

# **BOURNE EDUCATION TRUST**

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

---

### **1 Statement of accounting policies (continued)**

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

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

#### ***Donations***

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

#### ***Other income***

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

#### ***Donated goods, services and gifts in kind***

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's accounting policies.

On becoming an academy, the land and property of the predecessor school was transferred to the academy for nil consideration. The valuation of the land and buildings as at the date of conversion was prepared by Lambert, Smith Hampton on a depreciated replacement cost basis.

#### ***Expenditure***

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

#### ***Expenditure on raising funds***

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

#### ***Charitable activities***

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

All resources expended are inclusive of irrecoverable VAT.

# **BOURNE EDUCATION TRUST**

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

---

### **1 Statement of accounting policies (continued)**

#### **Tangible fixed assets**

Assets costing £5,000 per single item or £25,000 in respect of capital projects or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost or donated market value 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 and carried forward in the Balance Sheet. Depreciation on such assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful lives, as follows:

Long leasehold land	over 125 years
Freehold and long leasehold buildings	over 25 to 50 years
Plant and machinery	over 3 to 10 years

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

#### **Impairment of fixed assets**

At each reporting period end date, the Academy Trust reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Academy Trust estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Financial Activities.

#### **Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less.

# **BOURNE EDUCATION TRUST**

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

---

### **1 Statement of accounting policies (continued)**

#### **Financial instruments**

The Academy Trust has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the Academy Trust's statement of financial position when the Academy Trust becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### ***Basic financial assets***

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

#### ***Impairment of financial assets***

Financial assets are assessed for indicators of impairment at each reporting end date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the Statement of Financial Activities.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in the Statement of Financial Activities.

#### ***Derecognition of financial assets***

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

#### ***Classification of financial liabilities***

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Academy Trust after deducting all of its liabilities.

Basic financial liabilities, including creditors, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

# **BOURNE EDUCATION TRUST**

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

---

### **1 Statement of accounting policies (continued)**

#### ***Derecognition of financial liabilities***

Financial liabilities are derecognised when the Academy Trust's contractual obligations expire or are discharged or cancelled.

#### **Provisions**

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

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

#### **Leased assets**

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

#### **Investments**

The Academy's shareholding in the wholly owned subsidiaries, Bourne Education Trust Enterprises Limited and Matthew Arnold Enterprises Limited, is included in the balance sheet at the cost of the share capital owned less any impairment. There is no readily available market value and the cost of valuation exceeds the benefit derived.

#### **Stock**

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

#### **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.

#### **Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense. The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the Academy Trust is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### **Pension benefits**

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 Trust.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 29, 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 are recognised in the period to which they relate.

# **BOURNE EDUCATION TRUST**

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

---

### **1 Statement of accounting policies (continued)**

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

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

#### **Fund accounting**

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

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

Restricted general funds comprise all other restricted funds received and include grants from the Education Funding Agency.

#### **Critical accounting estimates and areas of judgement**

Accounting 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.

#### **Pension Liability**

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 or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 32, 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.

#### **Depreciation**

The Trustees estimate the useful economic lives and residual values of Buildings, Building Improvements, Computer Equipment, Furniture and Fittings and Motor Vehicles in order to calculate the depreciation charges. Changes in these estimates could result in changes being required to the annual depreciation charges in the profit and loss account and the balance sheet.

# **BOURNE EDUCATION TRUST**

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

---

### **1 Statement of accounting policies (continued)**

The Trustees have reviewed the carrying values of the Trust's Buildings, Building Improvements, Computer Equipment, Furniture and Equipment and Motor Vehicles.

#### ***Critical areas of judgement***

The Trustees do not consider that they have made any critical judgements in the preparation of the financial statements.

#### **Prior Year Adjustment**

Comparative figures have been restated to reflect one error in the prior year accounts.

£1,056,761 of freehold and leasehold building improvements were incorrectly expenses in the prior year's financial statements. £22,135 of cumulative depreciation has also been charged on these assets. As a result, fixed assets and net assets have increased by £1,035,626 as at 1 September 2015. This has been reflected as a prior year adjustment.

# BOURNE EDUCATION TRUST

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

<b>2 Donations and capital grants</b>	<b>Unrestricted fund £</b>	<b>Restricted funds £</b>	<b>Total 2016 £</b>	<b>Total 2015 £</b>
<b>Funds inherited on conversion (see note 32)</b>				
Fixed assets	-	4,492,224	4,492,224	13,014,089
Local government pension scheme deficit		(379,000)	(379,000)	(1,816,000)
Net current assets	94,069	4,453	98,522	444,955
	<hr/>	<hr/>	<hr/>	<hr/>
	94,069	4,117,677	4,211,746	11,643,044
Capital grants	-	1,496,485	1,496,485	1,339,792
Other donations	30,756	131,691	162,447	123,140
	<hr/>	<hr/>	<hr/>	<hr/>
	30,756	1,628,176	1,658,932	1,462,932
	<hr/>	<hr/>	<hr/>	<hr/>
	124,825	5,745,853	5,870,678	13,105,976
	<hr/>	<hr/>	<hr/>	<hr/>
<b>3 Funding for the Academy Trust's educational operations</b>				
	<b>Unrestricted fund £</b>	<b>Restricted funds £</b>	<b>Total 2016 £</b>	<b>Total 2015 £</b>
<b>DfE / EFA grants</b>				
- General Annual Grant (GAG)	-	17,970,780	17,970,780	16,248,528
- Other DfE / EFA grants	-	100,964	100,964	117,707
	<hr/>	<hr/>	<hr/>	<hr/>
	-	18,071,744	18,071,744	16,366,235
<b>Other Government grants</b>				
- Local authority grants	300	3,195,472	3,195,772	2,933,919
	<hr/>	<hr/>	<hr/>	<hr/>
	300	3,195,472	3,195,772	19,300,154
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Other funds</b>				
- Other income from the Academy Trust's educational operations	72,593	157,782	230,375	74,652
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total funding</b>	72,893	21,424,998	21,497,891	19,374,806
	<hr/>	<hr/>	<hr/>	<hr/>



# BOURNE EDUCATION TRUST

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

<b>4</b>	<b>Other trading activities</b>	<b>Unrestricted fund</b>	<b>Restricted funds</b>	<b>Total 2016</b>	<b>Total 2015</b>
		<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
	Hire of facilities	333,311	1,202	334,513	232,495
	Catering income	165,861	330	166,191	101,713
	Trip income	226,161	-	226,161	176,702
	Other income	566,808	25,264	592,072	665,079
		<u>1,292,141</u>	<u>26,796</u>	<u>1,318,937</u>	<u>1,175,989</u>
<b>5</b>	<b>Investment income</b>	<b>Unrestricted fund</b>	<b>Restricted funds</b>	<b>Total 2016</b>	<b>Total 2015</b>
		<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
	Bank interest receivable	5,769	-	5,769	5,338
		<u>5,769</u>	<u>-</u>	<u>5,769</u>	<u>5,338</u>
<b>6</b>	<b>Expenditure</b>	<b>Staff costs</b>	<b>Non pay expenditure</b>	<b>Total 2016</b>	<b>Total 2015</b>
		<b>£</b>	<b>Premises</b>	<b>£</b>	<b>(restated)</b>
		<b>(note 8)</b>	<b>£</b>	<b>£</b>	<b>£</b>
	Academy's educational operations (note 7)				
	- direct costs	14,175,661	-	970,488	15,146,149
	- allocated support costs	2,131,137	-	4,528,182	6,659,319
		<u>16,306,798</u>	<u>-</u>	<u>5,498,670</u>	<u>21,805,468</u>
	Expenditure on raising funds	151,789	33,699	976,495	1,134,644
		<u>16,458,587</u>	<u>33,699</u>	<u>6,475,165</u>	<u>22,967,451</u>
		<u>16,458,587</u>	<u>33,699</u>	<u>6,475,165</u>	<u>22,967,451</u>
	<b>Net income / expenditure for the year includes:</b>			<b>2016</b>	<b>2015</b>
				<b>£</b>	<b>(restated)</b>
				<b>£</b>	<b>£</b>
	Fees paid to auditor for:				
	- audit services			35,500	32,750
	- other services			4,800	5,479
	Depreciation of tangible fixed assets			1,145,616	978,747

# BOURNE EDUCATION TRUST

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

### 7 Charitable activities

	Total 2016 £	Total 2015 (restated) £
Direct costs – educational operations	15,146,149	12,384,968
Support costs – educational operations	6,659,319	6,714,151
	<u>21,805,468</u>	<u>19,099,119</u>
	Total 2016 £	Total 2015 (restated) £
<b>Analysis of support costs</b>		
Support staff costs	2,131,137	1,948,306
Depreciation (fixed asset restricted fund)	1,145,616	978,747
Technology costs	375,263	360,097
Premises costs	1,785,191	1,640,455
Other support costs	1,181,262	1,746,942
Governance costs	40,850	39,604
	<u>6,659,319</u>	<u>6,714,151</u>
<b>Total support costs</b>		

# BOURNE EDUCATION TRUST

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

### 8 Staff costs

Staff costs during the year were:

	2016 Total £	2015 Total £
Wages and salaries	12,308,675	11,017,704
Social security costs	972,307	794,484
Pension costs	2,170,707	1,840,115
	<u>15,451,689</u>	<u>13,652,303</u>
Supply teacher costs	744,299	1,006,667
Staff restructuring costs	110,810	57,473
	<u>16,306,798</u>	<u>14,716,433</u>
Staff restructuring costs comprise:		
Severance payments	110,810	57,473
	<u>110,810</u>	<u>57,473</u>

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £110,810 (2015: £57,473). Individually, the payments were: £12k, £6k, £6k, £5k, £1k and £1k.

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

	2016 Number	2015 Number
Teachers	221	182
Administration and support	320	322
Management	39	35
	<u>580</u>	<u>539</u>

## **BOURNE EDUCATION TRUST**

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

---

#### **8 Staff costs (continued)**

The number of employees whose emoluments fell within the following bands was:

	<b>2016 Number</b>	<b>2015 Number</b>
£ 60,001 - £ 70,000	3	6
£ 70,001 - £ 80,000	4	-
£ 80,001 - £ 90,000	-	1
£ 90,001 - £100,000	2	1
£110,001 - £120,000	1	-
£150,001 - £160,000	1	1
	<u>          </u>	<u>          </u>

10 of the above employees participated in the Teachers' Pension Scheme (2015: 8). During the year ended 31 August 2016, pension contributions for these staff amounted to £134,404 (2015: £89,562).

1 of the above employees participates in the Local Government Pension Scheme (2015: 1). During the year ended 31 August 2016, pension contributions for this employee amounted to £20,579 (2015: £17,898).

#### **9. Central services**

The Academy trust has provided £341,865 (2015: £238,891) of educational support central services to its academy school during the year. The Academy Trust charges for these services on the basis of the following methodologies:

- Insurance, personnel, training and staffing costs recharged on an actual cost basis;
- Headteacher support charged on the basis of an agreed daily rate; and
- Contributions from schools to central costs charged at 2% of the school budget share.

## **BOURNE EDUCATION TRUST**

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

#### **9. Central services (continued)**

The actual amounts charged during the year were as follows:

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Epsom and Ewell High School	86,905	54,385
Jubilee High School	69,974	52,210
Pycroft Grange Primary School	16,088	13,755
Sythwood Primary School	42,261	29,706
Sayes Court Primary School	20,180	15,863
Matthew Arnold School	95,587	72,972
Brookwood Primary School	10,870	-
	<u>341,865</u>	<u>238,891</u>

#### **10. Key management personnel**

The key management personnel of the Trust comprise the trustees and key members of the senior management team. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Trust was £441,906 (2015: £ 499,923).

#### **11. Trustees' remuneration and expenses**

The Executive Headteacher and Staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Executive Headteacher and staff and not in respect of their services as Trustees. Other Trustees did not receive any payments from the Trust in respect of their role as Trustees. The value of trustees' remuneration was as follows:

Alex Russell (Headteacher, Accounting Officer and Trustee)

Remuneration £155,001-£160,000 (2015: £160,000-£165,000)

Employer pension contributions £20,001-£25,000 (2015: £20,001-£25,000)

Sue Tresilian (Strategic Primary Partner, Headteacher and Trustee)

Remuneration £95,001-£100,000 (2015: £95,001-£100,000)

Employer pension contributions £15,001-£20,000 (2015: £15,001-£20,000)

During the year ended 31 August 2016, travel and subsistence expenses totalling £2,606 were reimbursed to trustees (2015: £3,037).

**BOURNE EDUCATION TRUST**

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

<b>12. Tangible assets – Group and academy</b>	<b>Freehold land and buildings £</b>	<b>Long leasehold and buildings £</b>	<b>Leasehold building improvements £</b>	<b>Plant and machinery £</b>	<b>Total £</b>
<b>Cost</b>					
At 1 September 2015 (as previously stated)	29,755,034	21,689,447	2,006,392	1,415,637	54,866,510
Prior year adjustment	-	-	1,056,761	-	1,056,761
At 1 September 2015 (restated)	29,755,034	21,689,447	3,063,153	1,415,637	55,923,271
Inherited upon conversion	-	4,465,230	-	26,994	4,492,224
Additions	-	-	1,641,837	212,547	1,854,384
At 31 August 2016	29,755,034	26,154,677	4,704,990	1,655,178	62,269,879
<b>Depreciation</b>					
At 1 September 2015 (as previously stated)	1,540,895	394,597	68,127	298,606	2,302,225
Prior year adjustment	-	-	21,135	-	21,135
At 1 September 2015 (restated)	1,540,895	394,597	89,262	298,606	2,323,360
Charge in year	655,620	196,390	-	293,606	1,145,616
At 31 August 2016	2,196,515	590,987	89,262	592,212	3,468,976
<b>Net book values</b>					
At 31 August 2016	27,558,519	25,563,690	4,615,728	1,062,966	58,800,903
At 31 August 2015 (restated)	28,214,139	21,294,850	2,973,891	1,117,031	53,599,911

In accordance with normal commercial practice the Trust has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £2,000,000 (2015: £2,000,000) on any one claim and the cost for the year ended 31 August 2016 was included within the premium for commercial combined policy and is not separately identifiable.

# BOURNE EDUCATION TRUST

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

### 13 Investments - Trust

	Total 2016 £	Total 2015 £
Shares in subsidiary undertaking	2	2

#### Holdings of more than 20%

The company holds more than 20% of the share capital of the following company:

Company	Country of registration or shares held incorporation	Class	%
Bourne Education Trust Enterprises Limited	England and Wales	Ordinary	100
Matthew Arnold Enterprises Limited	England and Wales	Ordinary	100

The results of the subsidiary for the year ended 31 August 2016 were as follows:

	BEE £	MAE £	Total £
Turnover	103,295	329,014	432,309
Operating expenses	(38,310)	(295,018)	(333,328)
Gift aid payment made to the Academy Trust	(64,985)	(33,996)	(98,981)
	-----	-----	-----
Net profit before taxation	-	-	-
Taxation charge	-	-	-
	-----	-----	-----
Retained profit for the year	-	-	-
	=====	=====	=====

The subsidiary undertakings carry out the trading activities of the Trust. Bourne Education Trust Enterprises Limited carries out training of teachers, Matthew Arnold Enterprises Limited carries out the letting and operations of sports facilities.

At 31 August 2016 the aggregate amount of net assets and reserves of the subsidiaries were as follows:

	BEE £	MAE £	Total £
Current assets	106,448	105,564	212,012
Current liabilities	(106,447)	(105,563)	(212,010)
	-----	-----	-----
	1	1	2
	=====	=====	=====
Represented by:			
Share capital	1	1	2
	=====	=====	=====

# BOURNE EDUCATION TRUST

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

<b>14 Financial instruments</b>	<b>Group 2016 £</b>	<b>Group 2015 £</b>	<b>Academy 2016 £</b>	<b>Academy 2015 £</b>
<b>Carrying amount of financial assets</b>				
Debt instruments measure at amortise cost	6,787,282	6,677,824	6,679,315	5,442,458
<b>Carrying amount of financial liabilities</b>				
Measured at amortised cost	922,312	828,922	876,310	785,545
The trustees have considered the Trust's exposure to credit, cash flow and liquidity risks as part of its annual risk assessment procedures. Risks are assessed within the Trust's risk register and monitored throughout the year. The trustees do not consider the Trust to be materially exposed to credit, cash flow or liquidity risk, owing to sufficient bank balances and limited debtor exposures.				
<b>15 Debtors</b>	<b>Group 2016 £</b>	<b>Group 2015 £</b>	<b>Academy 2016 £</b>	<b>Academy 2015 £</b>
Trade debtors	119,381	160,962	63,472	104,494
VAT recoverable	235,712	329,729	247,882	350,970
Amounts due from subsidiary	-	-	98,981	-
Other debtors	613	11,162	610	11,164
Prepayments and accrued income	1,001,048	432,463	995,983	425,841
	1,356,754	934,316	1,406,928	892,469
<b>16 Creditors: amounts falling due within one year</b>	<b>Group 2016 £</b>	<b>Group 2015 £</b>	<b>Academy 2016 £</b>	<b>Academy 2015 £</b>
Trade creditors	922,312	828,922	876,310	785,545
Other taxation and social security	98,479	245,657	98,479	245,657
Accruals and deferred income (see below)	508,428	252,598	470,554	252,603
Other creditors	788,182	599,701	771,195	578,482
	2,317,401	1,926,878	2,216,538	1,862,287
<b>Deferred income</b>	<b>Group 2016 £</b>	<b>Group 2015 £</b>	<b>Academy 2016 £</b>	<b>Academy 2015 £</b>
Deferred income at 1 September	244,000	86,223	231,967	86,223
Income deferred in the year	184,528	244,000	174,656	231,967
Amounts released from previous years	(244,000)	(86,223)	(231,967)	(86,223)
Deferred income at 31 August 2015 included in accruals and deferred income above	184,528	244,000	174,656	231,967

At the balance sheet date the Trust was holding funds of £184,528 (2015: £244,000) received in advance.



**BOURNE EDUCATION TRUST**

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

17 Funds – Group	Balance at 31 August 2015 (as previously stated)	Prior year adjustment (see note 1)	Balance at 31 August 2015 (restated)	Incoming resources	Resources expended	Gains, losses & transfers	Balance at 31 August 2016
	£	£	£	£	£	£	£
<b>Restricted</b>							
General Annual Grant (GAG)	773,641	-	773,641	17,658,137	(15,794,620)	(309,049)	2,327,747
Rates and insurance fund	(23,040)	-	(23,040)	137,714	(262,754)	148,081	1
Capital grant funding	342,041	-	342,041	1,498,493	(5,593)	(1,325,526)	509,415
MAT set-up and improvement fund	336,044	-	336,044	125,965	(264,686)	1,616	198,939
Special educational needs fund	-	-	-	1,412,697	(1,532,427)	126,858	7,128
Pupil premium and learning support unit fund	13,902	-	13,902	1,086,396	(1,056,131)	(2,507)	41,660
Children's centre fund	18,956	-	18,956	640,395	(645,602)	-	13,749
Early years fund	258,817	-	258,817	422,932	(477,807)	(166,752)	37,190
Nurture group fund	-	-	-	41,561	(49,686)	8,125	-
Restricted sports funding	-	-	-	60,133	(59,001)	-	1,132
LGPS deficit fund	(5,885,000)	-	(5,885,000)	(379,000)	(293,000)	(1,820,000)	(8,377,000)
	<u>(4,164,639)</u>	<u>-</u>	<u>(4,164,639)</u>	<u>22,705,423</u>	<u>(20,441,307)</u>	<u>(3,339,514)</u>	<u>(5,240,039)</u>
<b>Restricted fixed asset funds</b>							
Inherited fixed asset fund	50,225,117	-	50,225,117	4,492,224	(951,270)	-	53,766,071
General annual grant fixed assets fund	2,262,677	-	2,262,677	-	(144,024)	545,531	2,664,184
Capital grant fixed assets fund	76,491	1,035,626	1,112,117	-	(50,322)	1,308,853	2,370,648
	<u>52,564,285</u>	<u>1,035,626</u>	<u>53,599,911</u>	<u>4,492,224</u>	<u>(1,145,616)</u>	<u>1,854,384</u>	<u>58,800,903</u>
<b>Total restricted</b>	<u>48,399,646</u>	<u>1,035,626</u>	<u>49,435,272</u>	<u>27,197,647</u>	<u>(21,586,923)</u>	<u>(1,485,130)</u>	<u>53,560,864</u>
<b>Unrestricted funds</b>							
	2,790,063	-	2,790,063	1,495,630	(1,380,530)	(334,870)	2,570,293
	<u>2,790,063</u>	<u>-</u>	<u>2,790,063</u>	<u>1,495,630</u>	<u>(1,380,530)</u>	<u>(334,870)</u>	<u>2,570,293</u>
	<u>51,189,709</u>	<u>1,035,626</u>	<u>52,225,335</u>	<u>28,693,275</u>	<u>(22,967,453)</u>	<u>(1,820,000)</u>	<u>56,131,157</u>

## **BOURNE EDUCATION TRUST**

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

---

#### **17 Funds – Group (continued)**

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

##### **General Annual Grant**

The General Annual Grant must be used for the normal running costs of the Trust including salary costs, overheads, premises costs and curriculum costs. Under the funding agreement with the Secretary of State, the Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2016.

##### **Other DfE/EFA and government grants**

Other grants include funding received from the DfE and Local Education Authorities for specific purposes.

##### **Fixed asset fund**

The fixed asset fund includes grants received from the DfE and other sources to finance the purchase of tangible fixed assets.

##### **Pension reserve**

The pension reserve is the element of the local government pension fund liability attributable to the Trust (see note 29).

##### **Transfer between funds**

Transfers from unrestricted and restricted funds to the restricted fixed asset fund were necessary to fund capital expenditure carried out during the year.

# **BOURNE EDUCATION TRUST**

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

18 Funds – Academy Trust	Balance at 31 August 2015 (as previously stated)	Prior year adjustment (see note 1)	Balance at 31 August 2015 (restated)	Incoming resources	Resources expended	Gains, losses & transfers	Balance at 31 August 2016
	£	£	£	£	£	£	£
<b>Restricted</b>							
General Annual Grant (GAG)	773,641	-	773,641	17,658,137	(15,794,620)	(309,409)	2,327,747
Rates and insurance fund	(23,040)	-	(23,040)	137,714	(262,754)	148,081	1
Capital grant funding	342,041	-	342,041	1,498,493	(5,593)	(1,325,526)	509,415
MAT set-up and improvement fund	336,044	-	336,044	125,965	(264,686)	1,616	198,939
Special educational needs fund	-	-	-	1,412,697	(1,532,427)	126,858	7,128
Pupil premium and learning support unit fund	13,902	-	13,902	1,086,396	(1,056,131)	(2,507)	41,660
Children's centre fund	18,956	-	18,956	640,395	(645,602)	-	13,749
Early years fund	258,817	-	258,817	422,932	(477,807)	(166,752)	37,190
Nurture group fund	-	-	-	41,561	(49,686)	8,125	-
Restricted sports funding	-	-	-	60,133	(59,001)	-	8,132
Pension reserve	(5,885,000)	-	(5,885,000)	(379,000)	(293,000)	(1,820,000)	8,377,000
	<u>(4,164,639)</u>	<u>-</u>	<u>(4,164,639)</u>	<u>22,705,423</u>	<u>(20,441,307)</u>	<u>(3,389,727)</u>	<u>(5,240,039)</u>
<b>Restricted fixed asset funds</b>							
Inherited fixed asset fund	50,225,117	-	50,225,117	4,492,224	(951,270)	-	53,766,071
General annual grant fixed assets fund	2,262,677	-	2,262,677	-	(144,024)	545,531	2,714,397
Capital grant fixed assets fund	76,491	1,035,626	1,112,117	-	(50,322)	1,308,853	2,370,648
	<u>52,564,285</u>	<u>1,035,626</u>	<u>53,599,911</u>	<u>4,492,224</u>	<u>(1,145,616)</u>	<u>1,854,384</u>	<u>58,800,903</u>
Total restricted	<u>48,399,646</u>	<u>1,035,626</u>	<u>49,435,272</u>	<u>27,197,647</u>	<u>(21,586,923)</u>	<u>(1,485,130)</u>	<u>53,560,903</u>
Unrestricted funds	2,647,787	-	2,647,787	1,593,768	(1,336,392)	(334,870)	2,570,293
	<u>2,647,787</u>	<u>-</u>	<u>2,647,787</u>	<u>1,593,768</u>	<u>(1,336,392)</u>	<u>(334,870)</u>	<u>2,570,293</u>
	<u>51,047,433</u>	<u>1,035,626</u>	<u>52,083,059</u>	<u>28,791,415</u>	<u>(22,923,315)</u>	<u>(1,820,000)</u>	<u>56,131,157</u>

## **BOURNE EDUCATION TRUST**

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

---

#### **18 Funds – Academy Trust (continued)**

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

##### **General Annual Grant**

The General Annual Grant must be used for the normal running costs of the Academy including salary costs, overheads, premises costs and curriculum costs. Under the funding agreement with the Secretary of State, the Academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2016.

##### **Other DfE/EFA and government grants**

Other grants include funding received from the DfE and Local Education Authorities for specific purposes.

##### **Fixed asset fund**

The fixed asset fund includes grants received from the DfE and other sources to finance the purchase of tangible fixed assets.

##### **Pension reserve**

The pension reserve is the element of the local government pension fund liability attributable to the Academy (see note 29).

##### **Transfer between funds**

A transfer from unrestricted funds to the restricted fixed asset fund was necessary to fund capital expenditure carried out during the year. A transfer between restricted and unrestricted was necessary to reflect the funding of activities in the year.

# BOURNE EDUCATION TRUST

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

### 18 Funds – Academy Trust (continued)

#### Total funds analysis by academy

Fund balances at 31 August 2016 were allocated as follows:

	2016 £	2015 (restated) £
Epsom & Ewell High School	1,419,465	1,267,915
Jubilee High School	666,178	567,432
Pyncroft Grange Primary School	417,283	397,119
Sythwood Primary School	201,212	622,704
Sayes Court Primary School	379,962	338,415
Matthew Arnold School	1,806,337	816,181
Brookwood Primary School	171,187	-
Central services	645,630	358,382
Total before fixed assets and pension reserve	5,707,254	4,368,148
Restricted fixed asset reserve	58,800,903	53,642,181
Pension reserve	(8,377,000)	(5,885,000)
Total	56,131,157	52,125,329

#### Analysis of academies by cost:

	Teaching and Educational Support Staff costs £	Other support staff costs £	Educational supplies £	Other costs (excluding depreciation) £	Total £
Epsom and Ewell High School	3,519,464	501,075	48,260	1,065,684	5,134,483
Jubilee High School	2,607,852	451,266	56,321	993,968	4,109,407
Pyncroft Grange Primary School	830,418	135,467	11,607	334,115	1,311,607
Sythwood Primary School	2,855,334	206,848	74,487	878,609	4,015,278
Sayes Court Primary School	774,499	79,429	28,749	368,012	1,250,689
Matthew Arnold School	2,879,817	573,864	46,375	977,637	4,477,695
Brookwood Primary School	531,858	63,686	4,269	167,472	767,285
Central Services	-	-	1,094	551,215	552,309
	13,999,242	2,011,635	271,162	5,336,712	21,618,751

# BOURNE EDUCATION TRUST

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

### 19 Analysis of net assets between funds – Group

Fund balances at 31 August 2016 are represented by:

	Unrestricted funds	Restricted general funds	Restricted fixed asset funds	Total funds 2016	Total funds 2015 (restated)
	£	£	£	£	£
Tangible fixed assets	-	-	58,800,903	58,800,903	53,599,911
Current assets	2,570,293	5,454,362	-	8,024,655	6,437,300
Current liabilities	-	(2,317,401)	-	(2,317,401)	(1,926,878)
Pension scheme liability	-	(8,377,000)	-	(8,377,000)	(5,885,000)
<b>Total net assets</b>	<b>2,570,293</b>	<b>(5,240,039)</b>	<b>58,800,903</b>	<b>56,131,157</b>	<b>52,225,333</b>

### 20 Analysis of net assets between funds – Academy Trust

Fund balances at 31 August 2016 are represented by:

	Unrestricted funds	Restricted general funds	Restricted fixed asset funds	Total funds 2016	Total funds 2015 (restated)
	£	£	£	£	£
Tangible fixed assets	-	-	58,800,903	58,800,903	53,599,911
Investment in subsidiary	2	-	-	2	2
Current assets	2,570,291	5,454,362	-	7,923,790	6,230,433
Current liabilities	-	(2,216,538)	-	(2,216,538)	(1,862,287)
Pension scheme liability	-	(8,377,000)	-	(8,377,000)	(5,885,000)
<b>Total net assets</b>	<b>2,570,293</b>	<b>(5,182,087)</b>	<b>58,800,903</b>	<b>56,131,157</b>	<b>52,083,059</b>

# BOURNE EDUCATION TRUST

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

### 21 Capital commitments

At the balance sheet date, the Trust had no capital commitments either authorised and contracted for or authorised but not contracted for (31 August 2015: £Nil).

### 22 Financial commitments

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

	2016 £	2015 £
Due within one year	76,905	55,916
Due in two to five years	117,950	69,110
Due after five years	-	25
	<u>          </u>	<u>          </u>

### 23 Reconciliation of net income to net cash (outflow)/ inflow from operating activities

	2016 £	2015 £
Net income for the year	3,905,824	13,428,345
Cash transferred upon conversion to academy trust status	(98,522)	(521,451)
Assets/liabilities acquired on joining the group	-	76,496
Subsidiary liabilities acquired on joining the group	-	13,345
Subsidiary cash transferred upon subsidiary joining the group	-	(32,397)
Depreciation	1,145,677	999,882
Capital income	(353,507)	(1,183,602)
Interest receivable	(5,769)	(5,336)
Non-cash movement: inherited fixed and net current assets	(4,496,677)	(13,014,089)
Non-cash movement: inherited pension deficit	379,000	1,816,000
FRS 17 pension finance cost less contributions payable (note 29)	1,820,000	(91,000)
FRS pension finance costs	293,000	123,000
(Increase) in debtors	(530,601)	(72,803)
Increase in creditors	390,523	948,646
	<u>          </u>	<u>          </u>
<b>Net cash provided by / (used in) Operating Activities</b>	<b>2,557,111</b>	<b>2,485,037</b>
	<u>          </u>	<u>          </u>

### 24 Cash flows from financing activities

	2016 £	2015 £
Interest received	5,769	5,336
	<u>          </u>	<u>          </u>
<b>Net cash provided / (used in) financing activities</b>	<b>5,769</b>	<b>5,336</b>
	<u>          </u>	<u>          </u>

## BOURNE EDUCATION TRUST

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

#### 25 Cash flows from investing activities

	2016 £	2015 £
Purchase of tangible fixed assets	(1,854,384)	(1,903,717)
Capital grants from DfE/EFA	-	-
Cash transferred upon a subsidiary joining group	-	32,397
Cash transferred upon conversion to academy status	98,522	521,451
Capital funding received from sponsors and others	357,889	1,183,602
	<u>                    </u>	<u>                    </u>
Net cash provided / (used in) investing activities	<u>(1,397,963)</u>	<u>(166,267)</u>

#### 26 Analysis of cash and cash equivalents

	At 31 August 2016 £	At 31 August 2015 £
Cash in hand and at bank	6,667,901	5,502,984
	<u>                    </u>	<u>                    </u>
	<u>6,667,901</u>	<u>5,502,984</u>

#### 27 Contingent liabilities

There are no contingent liabilities at 31 August 2016 (2015: £Nil).

#### 28 Members' liability

Each member of the charitable company undertakes to contribute to the assets of the Trust in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £10 (2015: £10) for the debts and liabilities contracted before he/she ceases to be a member.

#### 29 Pension and similar obligations

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2012 and of the LGPS was 31 March 2013.

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year (2015: £Nil).



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

---

**29 Pension and similar obligations (continued)**

**Teachers' Pension Scheme**

**Introduction**

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

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

**Valuation of the Teachers' Pension Scheme**

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

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

The pension costs paid to TPS in the period amounted to £1,150,000 (2015: £886,000).

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

Under the definitions set out in FRS 102, the TPS is 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.

# BOURNE EDUCATION TRUST

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

### 29 Pension and similar obligations (continued)

#### Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £1,214,000 (2015: £1,153,000), of which employer's contributions totalled £976,000 (2015: £925,000) and employees' contributions totalled £238,000 (2015: £228,000). The agreed contribution rates for future years are 24.5% (2015: 24.5%) for employers and between 5.5% and 12.5% (2015: 5.5% and 12.5%) for employees.

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

Principal Actuarial Assumptions:	At 31 August 2016 £	At 31 August 2015 £
Rate of increase in salaries	2.4%	4.0% - 4.1%
Rate of increase for pensions	2.1%	2.6% - 2.7%
Discount rate for scheme liabilities	2.0% - 2.1%	3.7% - 3.8%

The below table, as produced by Hymans Robertson LLP (actuary) sets out the impact of a small change in the discount rates on the defined benefit obligations and projected service cost along with a plus/minus 1 year age rating adjustment to the mortality assumption.

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

	2016 (years)	2015 (years)
<b>Retiring today</b>		
Males	22.5	22.5
Females	24.6	24.6
<b>Retiring in 20 years</b>		
Males	24.5	24.5
Females	26.9	26.9

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

	Fair value at 31 August 2016	Fair value at 31 August 2015
Equity instruments	5,622,000	3,819,000
Debt instruments	1,274,320	879,000
Property	449,760	361,000
Cash	149,920	103,000
<b>Total market value of assets</b>	<b>7,496,000</b>	<b>5,162,000</b>

# BOURNE EDUCATION TRUST

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

### 29 Pension and similar obligations (continued)

#### Local Government Pension Scheme (continued)

Actual return on scheme assets was £755,000 (2015: £253,000)

#### Amounts recognised in the statement of financial activities

	2016 £	2015 £
Current service cost (net of employee contributions)	(1,037,000)	(65,000)
Net interest cost	(232,000)	-
	<u>          </u>	<u>          </u>
Total operating charge	<u><u>(1,269,000)</u></u>	<u><u>(65,000)</u></u>

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

	2016 £	2015 £
At 1 September	11,638,000	6,443,000
Current service cost	1,037,000	3,108,000
Interest cost	453,000	1,016,000
Employee contributions	238,000	376,000
Actuarial gain / (loss)	2,575,000	228,000
Benefits paid	(68,000)	(54,000)
Plan introductions, benefit changes, curtailments and settlements	-	60,000
	<u>          </u>	<u>          </u>
At 31 August	<u><u>15,873,000</u></u>	<u><u>11,047,000</u></u>

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

	2016 £	2015 £
At 1 September	5,374,000	2,640,000
Interest income	221,000	1,292,000
Actuarial gains / (loss)	755,000	253,000
Employer contributions	976,000	(116,000)
Employee contributions	238,000	925,000
Benefits paid	(68,000)	228,000
Plan introductions, benefit changes, curtailments and settlements	-	(60,000)
	<u>          </u>	<u>          </u>
At 31 August	<u><u>7,496,000</u></u>	<u><u>5,162,000</u></u>

## BOURNE EDUCATION TRUST

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

#### 30 Related party transactions

Owing to the nature of the academy trust and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the Academy Trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the trust's financial regulations and normal procurement procedures.

There are no related party transactions in the year ended 31 August 2016.

#### 31 Events after the end of the reporting period

Chertsey High School has joined the trust as a new Free School; it is on target to receive its funding agreement in early 2017 and is set to open in September 2017. Auriol Junior School, will join the Trust in Spring 2017.

#### 32 Transfer of academy into trust

On 1 December 2015, Brookwood Primary School, under the Academies Act 2010 and all the operations and assets and liabilities, were transferred into the academy Trust for £Nil consideration.

The transfer has been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings, with a corresponding net amount recognised as net incoming resources in the statement of financial activities as voluntary income.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the statement of financial activities:

	Unrestricted Funds £	Restricted Funds General £	Fixed asset £	Total £
<b>Incoming resources from generated funds</b>				
Voluntary income				
Tangible fixed assets:				
Long leasehold land and buildings	-	-	4,492,224	4,492,224
Cash at bank and in hand	94,069	4,453	-	98,522
LGPS pension deficit	-	(379,000)	-	(379,000)
<b>Net assets</b>	<b>94,069</b>	<b>(374,547)</b>	<b>4,492,224</b>	<b>4,211,746</b>