

Company Registration No. 07907388 (England and Wales)

THE BOSWELLS ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

GOVERNORS' REPORT AND AUDITED ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2016



THE BOSWELLS ACADEMY TRUST

CONTENTS

	Page
Reference and administrative details	1
Governors' report	2 - 7
Governance statement	8 - 11
Statement on regularity, propriety and compliance	12
Statement of Governors' responsibilities	13
Independent auditor's report on the accounts	14 - 15
Independent reporting accountant's report on regularity	16 - 17
Statement of financial activities	18 - 19
Balance sheet	20
Cash flow statement	21
Notes to the accounts	22 - 42

THE BOSWELLS ACADEMY TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Governors

P Banks (Headteacher & Accounting Officer)
R Bird (Chair) *
G Box (Vice Chair of Governors and Audit Chair) #
A G Brookes (Finance Chair) *
A Carpinteiro (Staff Governor) (resigned May 16, 2016)
S Cooper # (deceased February 21, 2016)
L Johnson
S Jones #
N Kershaw #
V Lamb # (resigned August 31, 2016)
M Mackrory *
M Maul (Staff Governor)
S Parratt (Staff Governor) (resigned December 31, 2015)
G Scott
R Swan * (resigned January 31, 2016)
J Wood *
G Rogers (appointed June 1, 2016)

* members of the Finance and Premises Committee
members of the Audit Committee

Members

G Box
A G Brookes
K Northfield

Senior management team

- Deputy Headteacher	K S Cheema
- Deputy Headteacher	J R Donaldson
- Deputy Headteacher	S K Mansell
- Assistant Headteacher	M Fletcher
- Assistant Headteacher	L C Grover
- Assistant Headteacher	C L Noble
- Business Manager	B C Doy
- Lead Practitioner	C Bentley
- Lead Practitioner	S Veitch

Company Secretary

B C Doy

Company registration number

07907388 (England and Wales)

Registered office

Burnham Road
Chelmsford
Essex CM1 6LY

Independent auditor

Baxter & Co
Lynwood House
Crofton Road
Orpington
Kent BR6 8QE

Bankers

Lloyds Bank PLC
Ground Floor
1 Legg Street
Chelmsford
Essex CM1 1JS

Solicitors

Stone King LLP
Thirty Station Road
Cambridge CB1 2RE

THE BOSWELLS ACADEMY TRUST

GOVERNORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2016

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

The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the charitable company's Memorandum and Articles of Association, the Companies Act 2006, the Statement of Recommended Practice 2015, "Accounting and Reporting by Charities", and the Academies' Accounts Direction 2015/16 issued by the EFA.

The principal activity of the company is the operation of a state-funded Academy, The Boswells Academy Trust, providing a state education for students aged 11 to 18 serving a catchment area in North Chelmsford. It has a pupil capacity of 1,490 and had a roll of 1,483 in the school census in January 2016

Structure, governance and management

Constitution

The trustees of The Boswells Academy Trust Limited are also the directors of the charitable company for the purposes of company law and they are the governors of the Academy.

The charitable company is known as The Boswells School.

Details of the trustees who served during the year are included in the Reference and Administrative Details included on page 1 of these accounts.

Members' liability

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

Trustees' Indemnities

Under The Companies Act 2006 s236 we are required to disclose all qualifying third party indemnity provisions. None were given in 2015/16.

Method of recruitment and appointment or election of Governors

In accordance with the articles, the trustees of the charitable company are the governors. They are appointed as follows:

- a) 10 governors appointed by the Governors
- b) three staff governors (excluding Principal) elected by the staff
- c) seven parent governors elected by parents
- d) the Principal is an ex-officio governor
- e) further governors may be appointed by the Secretary of State.

In respect of those appointed by the governors, ((a), above) when a vacancy arises, the governors seek to make an appointment that would maximise the relevant skills and experience on the board as a whole.

Policies and procedures adopted for the induction and training of Governors

The training and induction provided for new governors will depend on their existing experience. Where necessary, induction will provide training in charity, educational, legal and financial matters. All governors are provided with the information needed (including policies, minutes, budgets, etc) to undertake their role as governors.

THE BOSWELLS ACADEMY TRUST

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Organisational structure

The Board of Governors, the majority of whom are non-executive, comprises those persons appointed under the Articles of Association. The board meets three times a year and has five committees:

- Finance Committee
- Audit Committee
- Premises Committee
- Staff/Student Committee and
- Curriculum Committee.

All the committees are formally constituted with terms of reference and comprise appropriately qualified and experienced members.

Governors delegate specific responsibilities to its committees, the activities of which are reported to and discussed at full Governing Body Meetings.

Day to day management of the company is undertaken by the Principal, supported by the Leadership Team.

The Principal is the Accounting Officer and the Business Manager is the Principal Finance Officer.

Arrangements for setting pay and remuneration of key management personnel

The senior management team (SMT) are the key management personnel of the trust. Trustees are also senior management although they receive no pay or other remuneration in respect of their role as trustees. Where staff trustees are in place, they receive remuneration for their role as staff and their pay is determined in the same way as applicable to all other staff. Further details of remuneration paid to staff who are trustees is set out within the notes to the accounts.

The pay of the Principal is set annually by the Pay Committee, having regards to performance against objectives set the previous year. Pay of other SMT members is also set by the Pay Committee again having regard to performance against previously agreed objectives and any recommendations made by the Principal.

Related Parties and other Connected Charities and Organisations

The Academy Trust has two connected organisations - the Chelmsford North Local Delivery Group (LDG) and the Chelmsford and Maldon Behaviour and Attendance Partnership (BAP).

The LDG comprises a total of 20 schools – primary and secondary schools - across North Chelmsford providing a range of services to suit the needs of the group. The BAP comprises a number of secondary schools in Chelmsford and Maldon meeting the requirements of 'hard to place' students as well as commissioning services to support the pastoral activities for the group of schools.

There were no contracts entered into with any director nor their related parties during the year. Business interests are declared at every Board and Committee meeting.

Objectives and activities

Objects and aims

The principal object of the company is the advancement of education in the United Kingdom. It achieves this object principally through the operation of The Boswells Academy Trust, the aim being to provide the highest possible standard of education and pastoral care, maximising the life-chances of its students.

THE BOSWELLS ACADEMY TRUST

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Objectives, strategies and activities

The main objectives during the year were:

- 1) To raise attainment in external examinations, notably achievement and attainment in GCSE English
- 2) To raise the percentage of students achieving 5+ A*-C GCSE grades including English and Mathematics
- 3) To implement strategies to raise the achievement of disadvantaged students.
- 4) To continue the development of pastoral care to raise achievement and monitor the need for student support through the schedule of Learning, Attendance, Behaviour and Safeguarding (LABS) meetings.
- 5) To successfully implement the new SEN Code of Practice

Public benefit

In setting the objectives and planning the associated activities, governors have given careful consideration to the Charity Commission's general guidance on public benefit.

Strategic report

Achievements and performance

71% of students achieved an A*-C in GCSE English and Maths whilst the percentage achieving A*-C including English and Maths rose to 67%. The percentage of students achieving three Levels of Progress improved significantly – 83% of students achieved this progress in English, whilst 73% made the same progress in Maths. Provisional data suggests a positive Progress 8 score of 0.17.

Disadvantaged students (37) comprised 15% of the GCSE cohort achieving an average grade of one grade below non-disadvantaged students. In the coming months, there will be an increased school focus on this cohort.

Learning, Attendance, Behaviour and Safeguarding (LABS) is embedded within the school and the Pastoral team with Learning Support meet on a regular basis to discuss identified student needs and take pro-active action. The aim of these regular meetings is to support students in school and at home so that they can achieve their potential.

Student Voice continued to be involved in a number of projects both in and out of school, including a Christmas jumper day, a leavers hoodie and leavers book for year 11.

Key financial performance indicators

1. Solvency: The ratio of current assets:current liabilities should be at least 2:1

At 31 August 2016 the ratio was 0.7:1 (2015: 2.2:1)

2. Cost Control Measures* - Teacher costs per pupil, total staff costs per pupil and curriculum spend/costs per pupil - to improve year on year

	2015/16	2014/15	% change
Student numbers (October census)	1,489	1,478	0.74%
Teacher costs per student	£ 3,290	£3,009	9.35%
Total staff costs per student	£ 4,431	£ 4,251	4.23%
Curriculum spend per student	£ 529	£ 536	-1.24%

Total staff costs include agency, supply and short term contract teaching staff where following the departure of a number of teaching staff during the year suitable permanent candidates could not be found and their positions were covered using short term contract staff from external agencies.

THE BOSWELLS ACADEMY TRUST

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Teacher staff costs increased following the increase in employer contribution rates to the Teachers' Pension Scheme (from September 2015). Overall staff costs include the increase in employers NI contributions from April 2016 – both of these cost increases were unfunded. Professional support staff costs per student were 16% lower in 2015/16 compared to 2014/15 reflecting the decrease in the support staff numbers.

Total staff costs include all severance and redundancy costs from the re-structures during the year.

3. Revenue budget to breakeven, or better each year

Revenue budget net position 2015/16 deficit of £777,000 (2014/5: deficit of £56,000)

	2015/16	2014/15
(#)Incoming resources	£7,952,000	£8,034,000
(*)Resources expended	£8,729,000	£8,090,000
Net position	(£777,000)	(£56,000)

(after deferral of £190k LDG/BAP income balances).

*(excludes non-operating costs arising from LGPS valuation exercise, expenditure funded from capital grant and LDG/BAP expenditure balances).

The closing revenue reserves at 31 August 2016 were £ (218,000) - deficit (2015: £559,000 surplus) and further details are set out in the "Funds" note within the financial statements, including actions taken to tackle the deficit.

Other key performance indicators

The Academy Trust places great emphasis on student attendance and recruitment as the follow data outlines

Year to year comparison:

Academic year	To Half Term 5	Authorised	Unauthorised	To end of academic year
2012-13	94.1%	4.8%	1.1%	93.4%
2013-14	94.7%	4.3%	1.0%	93.0%
2014-15	94.3%	4.7%	0.9%	93.3%
2015-16	95.2%	3.9%	0.9%	95.2%*

(*Up to 27.05.16)

By groups (end of academic year):

Year	Boys	Girls	SEN	LAC	FSM	Ethnicity
2012-13	93.2%	93.6%	92.8%	92.5%	86.9%	94.2%
2013-14	93.1%	93.0%	92.6%	71.6%	88.7%	93.8%
2014-15	93.1%	92.8%	88.0%	94.0%	87.0%	90.7%
2015-16*	95.3%	95.2%	92.7%	94.7%	89.4%	95.2%

(*Up to 27.05.16)

Almost all measures are in the low to middle 90% to 95% range and continue at this level across the periods under review.

The objectives going forward include an action plan to build on this success and an overall attendance of 96% for 2016/17 has been set. With regard to student recruitment, for several years the school has consistently been at optimum capacity with waiting lists in most year groups.

Going concern

After making appropriate enquiries, the Board of Governors has a reasonable expectation that the academy trust has adequate resources or will reduce levels of expenditure to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies and in note 16 to the accounts "Funds" under the heading "Going concern".

THE BOSWELLS ACADEMY TRUST

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Financial review

We receive our income from a number of different sources. The majority of our income comes from central government via the Education Funding Agency who provide us with grant, based largely on our student numbers to cover our staffing and other general running costs (General Annual Grant -GAG). The EFA may provide us with additional grants which are earmarked for specific purposes (such as Pupil Premium which must be used to raise the attainment of disadvantaged pupils). These appear in the accounts as DfE/EFA grants. Where we receive grant or other funding from the Local Authority (such as where we undertake responsibilities on their behalf in respect of our students) this appears in the accounts as Other government grants. Such income is collectively referred to as "Restricted Funds". Other income is received from parents (for example as contributions to trip or other costs) and from third parties (for example from our bank for interest on our account balances or from others who are charged for their use of our facilities). Such other income may be restricted or unrestricted, depending on whether it comes to us with conditions as to its use or whether it is available for spending at the discretion of the trustees.

We hold funds in two broad categories, funds which are available for spending and other funds which are not available for spending.

Spendable funds are in turn sub-categorised between those which are available for spending at the discretion of trustees ("Unrestricted Funds") and those which are subject to condition or restriction, ("Restricted Funds").

Funds not available for spending include the book value of fixed assets such as land, buildings and equipment. These have a value and are therefore included as assets in the accounts but clearly, we cannot spend this value.

In common with all academies and Local Authorities, our share of the Local Government Pension Scheme deficit must also be reflected in our accounts and as this is not a conventional liability, it does not need to be deducted from spendable funds. We meet our obligations in respect of the LGPS by paying over pension contributions due as calculated by the scheme's actuaries. The following balances held were held at 31 August;

Fund	Category	2016 £'000	2015 £'000
GAG	Restricted General Funds	(283)	127
Other Grants	Restricted General Funds	14	-
Other Income	Restricted General Funds	51	298
Sub-total General Restricted Funds		(218)	425
Unspent Capital Grants	Restricted Fixed Asset Fund	33	92
Other Income	Unrestricted General Fund	-	134
Sub-Total	Spendable Funds	(185)	651
Net Book Value of Fixed Assets	Restricted Fixed Asset Fund	6,746	6,999
Share of LGPS Deficit	Restricted Pension Reserve	<u>(4,429)</u>	<u>(2,749)</u>
Total	All Funds	2,132	4,901

Reserves policy

The principal policy on reserves is that accumulation of unspent GAG balances should not breach any limits thereon set out in the Funding agreement. The level of reserves should never be in deficit. Details of actions taken to tackle the deficit are set out in the funds note to the accounts (note 16).

Each year the Governors review the resource requirements and grant and other income that is forecast for the coming year and an annual budget is formulated and approved.

Investment policy

There are no investments held beyond cash deposits retained with the major UK clearing banks. Speculative investments are not permitted.

Principal risks and uncertainties

THE BOSWELLS ACADEMY TRUST

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

The principal financial risk faced by the company is that ongoing pressure on funding results in a risk that deficits may be experienced. The budgeting and reporting process, including scrutiny by the governors of actual financial performance, mitigates the risk.

As the nature of the financial instruments dealt with by the company is relatively simple (bank balances, debtors and "trade" creditors), governors consider the associated risk in this area to be minimal.

The risk resulting from the company's share of the LGPS deficit is managed by following the advice of the scheme's actuaries, specifically as regards the level of contributions payable, ensuring that annual budgets are drawn up to reflect the actuary's advice.

Plans for future periods

The principal task facing the company is to maintain and continue to improve excellent educational standards including, but not exclusively, focussing on the new performance indicators of Progress8 and Attainment8 as well as bringing the A2 ALPS rating in line with the current AS and BTEC ratings.

We also plan to investigate the plans for an increase in student numbers both independent of, and as part of the North Chelmsford Area Action Plan.

Funds held as custodian trustee on behalf of others

The academy trust holds and manages funds held on behalf of the Chelmsford North Local Delivery Group (LDG) and the Chelmsford and Maldon Behaviour and Attendance Partnership (BAP).

The LDG comprises a total of 20 schools – primary and secondary schools - across North Chelmsford providing a range of services to suit the needs of the group optimising the opportunities from economies of scale and collaborative working. The funds held on behalf of the LDG at year end are £28k (2015 £135k).

The BAP comprises a number of secondary schools in Chelmsford and Maldon meeting the requirements of 'hard to place' students as well as commissioning services to support the pastoral activities for the group of schools. The funds held at year end are £78k (2015 £55k).


Both funds are included in creditors for 2015/16 at year end.

Auditor

In so far as the governors are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the governors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Governors' Report, incorporating a strategic report, approved by order of the Board of Governors, as the company directors, on 05 December 2016 and signed on the board's behalf by:



R Bird
Chair

Scope of responsibility

THE BOSWELLS ACADEMY TRUST

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2016

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

The Board of Governors has delegated the day-to-day responsibility to the 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 The Boswells Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Governors any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Governors' Report and in the Statement of Governors' Responsibilities. The Board of Governors has formally met five times during the year.

Attendance during the year at meetings of the Board of Governors was as follows:

Governors	Meetings attended	Out of possible
P Banks (Headteacher & Accounting Officer)	5	5
R Bird (Chair)	5	5
G Box (Vice Chair of Governors and Audit Chair)	1	5
A G Brookes (Finance Chair)	5	5
A Carpinteiro (Staff Governor)	3	4
S Cooper	1	2
L Johnson	5	5
S Jones	5	5
N Kershaw	5	5
V Lamb	4	5
M Mackrory	5	5
M Maul (Staff Governor)	4	5
S Parratt (Staff Governor)	0	1
G Scott	2	5
R Swan	2	2
J Wood	4	5
G Rogers	1	1

There were no changes in respect of the composition of the Board, the Finance & Premises Committee or Audit Committee. There were no particular governance challenges during the year.

The Finance and Premises committee is a sub-committee of the main Board of Governors. Its purpose is to:

- assist the decision making of the Board of Directors, by enabling more detailed consideration to be given to the best means of fulfilling the Board's responsibility to ensure sound management of the academy's finance and resources, including proper planning, monitoring and probity.
- make appropriate comments and recommendations on such matters to the Board on a regular basis.

Attendance at meetings of the Finance and Premises Committee in the year was as follows:

Governors	Meetings attended	Out of possible
R Bird (Chair)	6	6
P Banks	6	6
A G Brookes (Finance Chair)	6	6
M Mackrory	5	6
R Swan	1	3
J Wood	5	6

THE BOSWELLS ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

The Audit Committee is also a sub-committee of the main Board of Governors. Its purpose is to:

- Review the internal and external financial statements and reports to ensure that they reflect best practice
- Consider all relevant reports by the appointed external auditor and/or any other authorised auditor, including reports on the company's accounts, achievement of value for money and the response to any management letters
- Review the effectiveness of the company's internal control system established to ensure that the aims, objectives and key performance targets of the organisation are achieved in the most economic, effective and environmentally preferable manner
- Review the operation of the company's code of practice for directors and code of conduct for staff.

Attendance at meetings of the Audit Committee in the year was as follows:

Governors	Meetings attended	Out of possible
G Box (Vice Chair of Governors and Audit Chair)	2	3
P Banks	3	3
S Cooper	0	0
S Jones	2	3
R Bird (Chair)	1	1
M Mackrory	1	1
A G Brookes	1	1
V Lamb	3	3

Review of Value for Money

As accounting officer the headteacher has responsibility for ensuring that the academy trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The accounting officer considers how the trust's use of its resources has provided good value for money during each academic year, and reports to the 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 as well as enhanced provision during the year as follows:

- A full year of outsourced catering and cleaning services has not only maintained and improved the offering in respect of food and cleaning services across the school but also freed management and staff time to devote to other activities with a more direct bearing on teaching and learning.
- A new IT network and infrastructure was introduced during the year – after a rigorous tendering and contractual negotiations – to provide stability to the IT system in terms of delivery and consistency but also to future-proof the infrastructure to meet the demands for IT services going forward, as far as can reasonably be foreseen.
- A strategic review of support staff structures led to a rationalisation of processes and systems as well as a reduction in support staff numbers to enable budget forecasts – current and planned – to be met yet providing the same service standards in support of the delivery of teaching and learning. In essence, through financial necessity having to provide the same service at lower cost

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 academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Boswells Academy Trust for the year September 1, 2015 to August 31, 2016 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

THE BOSWELLS ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

The Board of Governors has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Governors is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the year September 1, 2015 to August 31, 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Governors.

The risk and control framework

The academy 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 Governors;
- regular reviews by the Finance and Premises committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programs;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- Identification and management of risks.

The Board of Governors has considered the need for a specific internal audit function and has appointed SBM Services Limited as internal auditor.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. On a regular basis, the internal auditor reports to the Board of Governors, through the Audit committee on the operation of the systems of control and on the discharge of the Board of Governors' financial responsibilities.

The internal auditor – SBM Services Limited - visited twice during the year.

Checks carried out included

- Visit 1 – Finance, administration and management, Income processes, Purchasing and creditors, Fixed Assets, and Governance
- Visit 2 – payroll, banking and cash processes, VAT, Budget monitoring and reporting

The Academy Trust can confirm that the internal auditor has delivered their schedule of works as planned and identified the following as control issues/recommendations:

- To undertake a skills audit of directors on an annual basis
- The adoption of a terms of reference for tender boards as an overall approach
- Improved filing of documentation for contracts between £ 5,000 and the limit for tenders
- Minor process improvements in cheque processing
- Updates to finance regulations in respect of filing of Direct Debit mandates and standing order authorities
- Recommendations to enhance BACS processing to help reduce the risk of fraud

No material control issues have been notified to Governors as a result of the internal auditor's work.

Review of effectiveness

THE BOSWELLS ACADEMY TRUST
GOVERNANCE STATEMENT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2016

As accounting officer the Headteacher has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

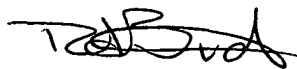
- the work of the internal auditor ;
- the work of the external auditor;
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the audit committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Governors on 05 December 2016 and signed on its behalf by:



P Banks
Headteacher & Accounting Officer



R Bird
Chair

THE BOSWELLS ACADEMY TRUST

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

FOR THE YEAR ENDED 31 AUGUST 2016

As Accounting Officer of The Boswells Academy Trust I have considered my responsibility to notify the Academy Trust Board of Governors and the Education Funding Agency (EFA) of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

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

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



P Banks
Accounting Officer

05 December 2016

THE BOSWELLS ACADEMY TRUST

STATEMENT OF GOVERNORS' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2016

The Governors (who act as Trustees for The Boswells Academy Trust and are also the Directors of The Boswells Academy Trust for the purposes of company law) are responsible for preparing the Governors' Report and the Financial Statements in accordance with the Annual Accounts Direction published by the Education Funding Agency (EFA), United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Governors to prepare Financial Statements for each financial year. Under company law the Governors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period.

In preparing these Financial Statements, the Governors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016;
- 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 charitable company will continue in business.

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

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

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

Approved by order of the Board of Governors on 05 December 2016 and signed on its behalf by:



R Bird
Chair

THE BOSWELLS ACADEMY TRUST

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE BOSWELLS ACADEMY TRUST

We have audited the Financial Statements of The Boswells Academy Trust for the year ended 31 August 2016 set out on pages 18 to 42. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

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

Respective responsibilities of Governors and Auditors

As explained more fully in the Governors' Responsibilities Statement set out on page 2, the Governors, who are also the Directors of The Boswells Academy Trust for the purposes of company law, are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the Financial Statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the Financial Statements

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

Opinion on Financial Statements

In our opinion the Financial Statements:

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

Emphasis of matter - Going Concern

In forming our opinion, we have considered the adequacy of the disclosure made in the Financial Statements concerning the charitable company's ability to continue operating as a going concern. Revenue fund balances were in deficit by £218k at 31 August 2016. The narrative at the foot of the funds note (note 16) describes action taken to address the deficit and explains why the governors believe that the charitable company can continue to operate as a going concern. Our opinion is not qualified in this respect.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Governors' Report including the incorporated Strategic Report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements.

THE BOSWELLS ACADEMY TRUST

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE BOSWELLS ACADEMY 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 Governors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

David John Walsh FCCA (Senior Statutory Auditor)

For and on behalf of Baxter & Co

Statutory Auditor

Chartered Certified Accountants

Lynwood House

Crofton Road

Orpington

Kent

BR6 8QE

Dated: 19 December 2016

THE BOSWELLS ACADEMY TRUST

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE BOSWELLS ACADEMY TRUST AND THE EDUCATION FUNDING AGENCY

In accordance with the terms of our engagement letter dated 1 November 2012 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 The Boswells Academy Trust during the period 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of The Boswells Academy Trust's Accounting Officer and the Reporting Accountant

The accounting officer is responsible, under the requirements of The Boswells Academy Trust's funding agreement with the Secretary of State for Education dated 1 February 2012 and the Academies Financial Handbook, extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

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

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

The work undertaken to draw to our conclusion includes:

- Review of payments to staff;
- Review of payments to suppliers and other third parties;
- Review of grant and other income streams;
- Discussions with finance staff;
- Consideration of the record maintained by the Accounting Officer of the oversight they have exercised;
- Consideration of the programme of risk review and checking of financial controls implemented by the trust in order to comply with its obligations under 2.4.7 of the Academies Financial Handbook 2015, issued by the EFA.

THE BOSWELLS ACADEMY TRUST

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE BOSWELLS ACADEMY TRUST AND THE EDUCATION FUNDING AGENCY (CONTINUED)

Conclusion

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

Baxter & Co
Independent Reporting Accountants
Chartered Certified Accountants
Lynwood House
Crofton Road
Orpington
Kent
BR6 8QE

Dated: 19 December 2016

THE BOSWELLS ACADEMY TRUST

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2016

	Notes	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total 2016 £'000	Total 2015 £'000 (see over)
Income and endowments from:						
Donations and capital grants	3	-	43	30	73	406
Charitable activities:						
- Funding for educational operations	4	-	7,824	-	7,824	7,918
Other trading activities	5	82	-	-	82	72
Investments	6	3	-	-	3	6
Total income and endowments		<u>85</u>	<u>7,867</u>	<u>30</u>	<u>7,982</u>	<u>8,402</u>
Expenditure on:						
Raising funds	7	-	376	-	376	370
Charitable activities:						
- Educational operations	8	219	8,353	290	8,862	8,354
Total expenditure	7	<u>219</u>	<u>8,729</u>	<u>290</u>	<u>9,238</u>	<u>8,724</u>
Net income/(expenditure)		(134)	(862)	(260)	(1,256)	(322)
Transfers between funds		-	52	(52)	-	-
Other recognised gains and losses						
Actuarial gains/(losses) on defined benefit pension schemes	18	-	(1,513)	-	(1,513)	-
Net movement in funds		(134)	(2,323)	(312)	(2,769)	(322)
Reconciliation of funds						
Total funds brought forward		<u>134</u>	<u>(2,324)</u>	<u>7,091</u>	<u>4,901</u>	<u>5,223</u>
Total funds carried forward		<u>-</u>	<u>(4,647)</u>	<u>6,779</u>	<u>2,132</u>	<u>4,901</u>

The comparative figures for 2015 are analysed according to fund on the next page of these financial statements.

THE BOSWELLS ACADEMY TRUST

STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2016

SUPPLEMENTARY NOTE: COMPARATIVE INFORMATION FOR THE YEAR ENDED 31 AUGUST 2015

	Notes	Unrestricted Funds £'000	General £'000	Restricted funds: Fixed asset £'000	Total 2015 £'000
Income and endowments from:					
Donations and capital grants	3	-	38	368	406
Charitable activities:					
- Funding for educational operations	4	-	7,918	-	7,918
Other trading activities	5	72	-	-	72
Investments	6	4	2	-	6
Total income and endowments		<u>76</u>	<u>7,958</u>	<u>368</u>	<u>8,402</u>
Expenditure on:					
Raising funds	7	33	337	-	370
Charitable activities:					
- Educational operations	8	-	8,075	279	8,354
Total expenditure	7	<u>33</u>	<u>8,412</u>	<u>279</u>	<u>8,724</u>
Net income/(expenditure)		43	(454)	89	(322)
Transfers between funds		-	322	(322)	-
Reconciliation of funds					
Total funds brought forward		<u>91</u>	<u>(2,192)</u>	<u>7,324</u>	<u>5,223</u>
Total funds carried forward		<u>134</u>	<u>(2,324)</u>	<u>7,091</u>	<u>4,901</u>

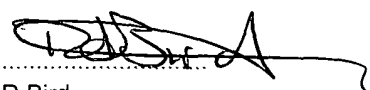
THE BOSWELLS ACADEMY TRUST

BALANCE SHEET

AS AT 31 AUGUST 2016

		2016	2015
	Notes	£'000	£'000
Fixed assets			
Tangible assets	12	6,746	6,999
Current assets			
Debtors	13	110	149
Cash at bank and in hand		256	1,040
		366	1,189
Current liabilities			
Creditors: amounts falling due within one year	14	(551)	(538)
Net current assets		(185)	651
Net assets excluding pension liability		6,561	7,650
Defined benefit pension liability	18	(4,429)	(2,749)
Total net assets		2,132	4,901
Funds of the Academy Trust:			
Restricted funds	16		
- Fixed asset funds		6,779	7,091
- Restricted income funds		(218)	425
- Pension reserve		(4,429)	(2,749)
Total restricted funds		2,132	4,767
Unrestricted income funds	16	-	134
Total funds		2,132	4,901

The Financial Statements set out on pages 18 to 42 were approved by the Board of Governors and authorised for issue on 05 December 2016 and are signed on its behalf by:



R Bird
Chair

Company Number 07907388

THE BOSWELLS ACADEMY TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2016

		2016		2015	
	Notes	£'000	£'000	£'000	£'000
Cash flows from operating activities					
Net cash used in operating activities	19		(780)		(488)
Cash flows from investing activities					
Dividends, interest and rents from investments		3		6	
Capital grants from DfE and EFA		30		368	
Payments to acquire tangible fixed assets		(37)		(56)	
			(4)		318
Change in cash and cash equivalents in the reporting period			(784)		(170)
Cash and cash equivalents at 1 September 2015			1,040		1,210
Cash and cash equivalents at 31 August 2016			256		1,040

THE BOSWELLS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

The Boswells Academy Trust is a charitable company. The address of its principal place of business is given on page 1 and the nature of its operations are set out in the Governors' report.

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

1.1 Basis of preparation

The Financial Statements of the Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their Financial Statements 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.

The Boswells Academy Trust meets the definition of a public benefit entity under FRS 102.

These Financial Statements for the year ended 31 August 2016 are the first Financial Statements of The Boswells Academy Trust 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.

1.2 Going concern

The Governors assess whether the use of going concern is appropriate, ie whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charitable company to continue as a going concern. The Governors make this assessment in respect of a period of at least one year from the date of authorisation for issue of the Financial Statements and have concluded that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Academy Trust's ability to continue as a going concern. Thus they continue to adopt the going concern basis of accounting in preparing the Financial Statements. Further details of actions taken to address the deficit at 31 August 2016 are set out in the narrative that follows the funds note (note 16 within the accounts).

1.3 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 creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

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

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

THE BOSWELLS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

Donations

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

Other income

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

Donated goods, facilities and services

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 accounts 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.

1.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

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.

Governance costs

These include the costs attributable to the Academy Trust's compliance with constitutional and statutory requirements, including audit, strategic management, Governors' meetings and reimbursed expenses.

THE BOSWELLS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

1.5 Tangible fixed assets and depreciation

Assets costing £5,000 or more per item (or less if they form part of a larger purchase or project where the total cost exceeds £25,000) are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the statement of financial activities and carried forward in the balance sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the statement of financial activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy Trust's depreciation policy.

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

Freehold Land is not depreciated.

Freehold buildings	2% Straight Line
Plant & machinery	20% Straight Line
Computer equipment	33% Straight Line
Fixtures, fittings & equipment	10% and 25% Straight Line
Motor vehicles	20% Straight Line

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

1.6 Liabilities

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

1.7 Leased assets

Rentals payable under operating leases are charged against income on a straight line basis over the period of the lease.

1.8 Taxation

The Academy Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Academy Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by chapter 3 part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

1.9 Pensions benefits

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

THE BOSWELLS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

Teachers' Pension Scheme

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 18, 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.

Local Government Pension Scheme

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.

1.10 Fund accounting

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

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

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

1.11 Agency Arrangements

The academy trust acts as agent in distributing 16-19 bursary funds from EFA. Payments received from the EFA and subsequent disbursements to students are excluded from the Statement of Financial Activities as the trust does not have control over charitable application of the funds. The trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the Statement of Financial Activities. The funds received and paid, and any balances held are disclosed in note 26.

The academy trust acts as an agent in distributing funds for the Chelmsford and Maldon Behaviour and Attendance Partnership and the Chelmsford North Local Delivery Group. Funds received from contributing schools and the local authority and disbursements to participating schools are excluded from the Statement of Financial Activities as the trust does not have control over the charitable application of the funds. The funds received and paid and any balances held are disclosed in note 26.

1.12 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.

THE BOSWELLS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 18, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement

In preparing these Financial Statements, the Governors have not needed to exercise any subjective judgements that would be critical to the Academy Trust's Financial Statements.

2 General Annual Grant (GAG)

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

The Academy Trust has not exceeded these limits during the year ended 31 August 2016.

3 Donations and capital grants

	Unrestricted funds £'000	Restricted funds £'000	Total 2016 £'000	Total 2015 £'000
Capital grants	-	30	30	368
Other donations	-	43	43	38
	-	73	73	406

THE BOSWELLS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

4 Funding for the Academy Trust's educational operations

	Unrestricted funds £'000	Restricted funds £'000	Total 2016 £'000	Total 2015 £'000
DfE / EFA grants				
General annual grant (GAG)	-	6,858	6,858	6,946
Other DfE / EFA grants	-	200	200	195
	<u>-</u>	<u>7,058</u>	<u>7,058</u>	<u>7,141</u>
Other government grants				
Local authority grants	-	115	115	150
	<u>-</u>	<u>115</u>	<u>115</u>	<u>150</u>
Other funds				
Voluntary Fund Income	-	360	360	355
Other incoming resources	-	291	291	272
	<u>-</u>	<u>651</u>	<u>651</u>	<u>627</u>
Total funding	<u>-</u>	<u>7,824</u>	<u>7,824</u>	<u>7,918</u>

5 Other trading activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2016 £'000	Total 2015 £'000
Hire of facilities	82	-	82	72
	<u>82</u>	<u>-</u>	<u>82</u>	<u>72</u>

6 Investment income

	Unrestricted funds £'000	Restricted funds £'000	Total 2016 £'000	Total 2015 £'000
Short term deposits	3	-	3	6
	<u>3</u>	<u>-</u>	<u>3</u>	<u>6</u>

THE BOSWELLS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

7 Expenditure

	Staff costs £'000	Premises & equipment £'000	Other costs £'000	Total 2016 £'000	Total 2015 £'000
Academy's educational operations					
- Direct costs	5,692	230	367	6,289	5,836
- Allocated support costs	844	339	1,390	2,573	2,518
	<u>6,536</u>	<u>569</u>	<u>1,757</u>	<u>8,862</u>	<u>8,354</u>
Other expenditure					
Raising funds	-	-	376	376	370
	<u>-</u>	<u>-</u>	<u>376</u>	<u>376</u>	<u>370</u>
Total expenditure	<u>6,536</u>	<u>569</u>	<u>2,133</u>	<u>9,238</u>	<u>8,724</u>

Net income/(expenditure) for the year includes:

	2016 £'000	2015 £'000
Fees payable to auditor for:		
- Audit	9	9
- Other non-audit services	5	8
Operating lease rentals	92	74
Depreciation of tangible fixed assets	290	279
	<u>396</u>	<u>370</u>

Included within expenditure are the following transactions:

	2016 £
Gifts made by the trust - total	202
Unrecoverable debts - total	286
Losses - total	26,000
- Items over £5,000:	<u>26,000</u>

Clarification - While the majority of disclosure in these accounts are rounded to £'000, disclosure of gifts and other payments disclosed above are not. The value of gifts made for the year for example was £202 (and not £202k).

The "loss" referred to above relates to a fine levied on the academy as a result of a case brought by the Health & Safety Executive in which the academy was held liable for a historic failure to deal properly with asbestos in the school. The asbestos itself has long been removed but the case has taken a long time to resolve. The costs associated with the case were covered by insurers but not the fine itself, which has been fully accrued within these accounts.

THE BOSWELLS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

8 Charitable activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2016 £'000	Total 2015 £'000
Direct costs - educational operations	129	6,160	6,289	5,836
Support costs - educational operations	90	2,483	2,573	2,518
	<u>219</u>	<u>8,643</u>	<u>8,862</u>	<u>8,354</u>

Analysis of support costs

	2016 £'000	2015 £'000
Support staff costs	844	954
Depreciation and amortisation	60	56
Technology costs	119	177
Premises costs	652	620
Other support costs	839	678
Governance costs	59	33
	<u>2,573</u>	<u>2,518</u>

9 Staff costs

	2016 £'000	2015 £'000
Wages and salaries	4,888	4,917
Social security costs	413	355
Operating costs of defined benefit pension schemes	884	740
	<u>6,185</u>	<u>6,012</u>
Staff costs	6,185	6,012
Supply staff costs	206	186
Staff restructuring costs	145	4
	<u>6,536</u>	<u>6,202</u>
Total staff expenditure	6,536	6,202

Staff numbers

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

	2016 Number	2015 Number
Teachers	105	98
Administration and support	73	100
Management	10	7
	<u>188</u>	<u>205</u>

THE BOSWELLS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

9 Staff costs

Higher paid staff

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

	2016 Number	2015 Number
£60,000 - £70,000	2	2
£70,001 - £80,000	1	-
	<u>3</u>	<u>2</u>

Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are 11 non-statutory/non-contractual severance payments totalling £39,228 (2015:£3,648). The individual amounts of each payment were £4,899, £6,266, £2,363, £1,548, £2,456, £3,221, £1,401, £1,966, £4,636, £5,000 and £5,472.

Key management personnel

The key management personnel of the Academy Trust comprise the Governors and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £775,216.

THE BOSWELLS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

10 Governors' remuneration and expenses

One or more Governors has been paid remuneration or has received other benefits from an employment with the Academy Trust. The Headteacher and other Staff Governors only receive remuneration in respect of services they provide undertaking the roles of Headteacher and staff members under their contracts of employment, and not in respect of their services as Governors. Other Governors did not receive any payments, other than expenses, from the Academy Trust in respect of their role as Governors.

The value of Governors' remuneration and other benefits was as follows:

P A Banks (Headteacher):

- Remuneration £100,000 - £105,000 (2015: £95,000 - £100,000)
- Employer's pension contributions £15,000 - £20,000 (2015: £10,000 - £15,000)

A Carpinteiro (Staff Governor to 31 May 2016):

- Remuneration £15,000 - £20,000 (2015: £35,000 - £40,000)
- Employer's pension contributions £0,000 - £5,000 (2015: £5,000 - £10,000)

J Hughes (Staff Governor to 30 April 2015):

- Remuneration: not appointed (2015: £0 - £5,000)
- Employer's pension contributions: not appointed (2015: £0 - £5,000)

S A Parratt (Staff Governor to 31 March 2016):

- Remuneration £40,000 - £45,000 (2015: £30,000 - £35,000)
- Employer's pension contributions £0 - £5,000 (2015: £0 - £5,000)

M G Maul (Staff Governor):

- Remuneration £10,000 - £15,000 (2015: £5,000 - £10,000)
- Employer's pension contributions £0 - £5,000 (2015: £0 - £5,000)

During the year, travel and subsistence payments totalling £54 (2015: £91) were reimbursed or paid directly to 1 Governor in respect of expenses incurred in performing the duties of employment (2015: 1 Governor).

Other related party transactions involving the Governors are set out within the related parties note.

11 Governors and officers insurance

In accordance with normal commercial practice, the Academy Trust has purchased insurance to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy Trust business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2016 was not separately identifiable. The cost of this insurance is included in the total insurance cost.

THE BOSWELLS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

12 Tangible fixed assets

	Freehold Land & Buildings	Plant & machinery	Computer equipment	Fixtures, fittings & equipment	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 1 September 2015	7,621	7	110	119	20	7,877
Additions	-	11	26	-	-	37
	<u>7,621</u>	<u>18</u>	<u>136</u>	<u>119</u>	<u>20</u>	<u>7,914</u>
At 31 August 2016	7,621	18	136	119	20	7,914
Depreciation						
At 1 September 2015	753	5	70	42	8	878
Charge for the year	211	4	45	26	4	290
	<u>964</u>	<u>9</u>	<u>115</u>	<u>68</u>	<u>12</u>	<u>1,168</u>
At 31 August 2016	964	9	115	68	12	1,168
Net book value						
At 31 August 2016	<u>6,657</u>	<u>9</u>	<u>21</u>	<u>51</u>	<u>8</u>	<u>6,746</u>
At 31 August 2015	<u>6,868</u>	<u>2</u>	<u>40</u>	<u>77</u>	<u>12</u>	<u>6,999</u>

Freehold land is included above at its net book value of £112k (2016 and 2015).

13 Debtors

	2016 £'000	2015 £'000
Trade debtors	5	8
VAT recoverable	12	47
Other debtors	41	31
Prepayments and accrued income	52	63
	<u>110</u>	<u>149</u>

14 Creditors: amounts falling due within one year

	2016 £'000	2015 £'000
Other taxation and social security	122	105
Other creditors	93	88
Accruals and deferred income	336	345
	<u>551</u>	<u>538</u>

THE BOSWELLS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

15	Deferred income	2016 £'000	2015 £'000
	Deferred income is included within:		
	Creditors due within one year	183	263
		<u>183</u>	<u>263</u>
	Deferred income at 1 September 2015	263	415
	Released from previous years	(263)	(415)
	Amounts deferred in the year	183	263
		<u>183</u>	<u>263</u>
	Deferred income at 31 August 2016	183	263

Deferred income of £183k (2015:£263k) comprises £36k (2015:£41k) in respect of voluntary fund income, £6k (2015:£7k) in respect of music tuition income, £8k (2015: £10k) in respect of catering income, £27k (2015: £13k) in respect of 14-19 Bursary income, £28k (2015:£136k) of LDG funds and £78k (2015:£56k) in respect of BAP funds which were held by the academy at year end as the "banker school" as described in the "agency arrangements" note to the accounts.

THE BOSWELLS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

16 Funds

	Balance at 1 September 2015	Incoming resources	Resources expended	Gains, losses & transfers	Balance at 31 August 2016
	£'000	£'000	£'000	£'000	£'000
Restricted general funds					
General Annual Grant	127	6,858	(7,320)	52	(283)
Other DfE / EFA grants	-	200	(190)	-	10
Other government grants	-	115	(111)	-	4
Other restricted funds	298	694	(941)	-	51
	<u>425</u>	<u>7,867</u>	<u>(8,562)</u>	<u>52</u>	<u>(218)</u>
Funds excluding pensions	425	7,867	(8,562)	52	(218)
Pension reserve	(2,749)	-	(167)	(1,513)	(4,429)
	<u>(2,324)</u>	<u>7,867</u>	<u>(8,729)</u>	<u>(1,461)</u>	<u>(4,647)</u>
Restricted fixed asset funds					
DfE / EFA capital grants	106	30	(15)	(52)	69
Inherited funds	6,723	-	(206)	-	6,517
Capital expenditure from GAG and other funds	250	-	(65)	-	185
Private sector capital sponsorship	12	-	(4)	-	8
	<u>7,091</u>	<u>30</u>	<u>(290)</u>	<u>(52)</u>	<u>6,779</u>
Total restricted funds	<u>4,767</u>	<u>7,897</u>	<u>(9,019)</u>	<u>(1,513)</u>	<u>2,132</u>
Unrestricted funds					
General funds	134	85	(219)	-	-
	<u>134</u>	<u>85</u>	<u>(219)</u>	<u>-</u>	<u>-</u>
Total funds	<u>4,901</u>	<u>7,982</u>	<u>(9,238)</u>	<u>(1,513)</u>	<u>2,132</u>

THE BOSWELLS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

16 Funds

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

The Restricted General Funds are used to fund the general operating costs of the Academy.

Under the funding agreement with the Secretary of State, the Academy Trust was subject to a limit on the amount of GAG that it could carry forward at 31 August 2015. Note 2 discloses whether the limit was exceeded.

The Restricted LGPS Fund represents the Academy's share of the LGPS Pension Fund deficit.

The Restricted Fixed Asset Fund represents the net book value of fixed assets £6,738k (2015: £6,999k) plus the unspent element of Capital funds £96k (2015: £92k). When assets are purchased the fund is increased and depreciation charges reduce the fund.

Unrestricted Funds represent balances held at period end that can be applied at the discretion of the Governors, to support any of the Academy's charitable purposes.

Going Concern

The Directors are well aware that the increases in cost pressures - mainly unfunded and externally generated - and the reduction in income, in the main DfE/EFA funding changes have led to the position in the respective funds above.

In the past 12 months, two efficiency reviews were undertaken and completed resulting in a reduction in staffing levels - primarily at support staff level whilst protecting the core service of the delivery of educational activities by teaching staff. The cost of these redundancies, settlement agreements and non-statutory and non-contractual severances totalled £ 168,000 including pension contributions. Of that sum, £ 145,000 related to the school and £ 23,000 to the LDG which ceased operations on August 31, 2016.

As a result of these efficiency reviews, teaching staff costs including pensions, salary increases and increments are planned to be £ 240,000 lower in 2016/17 compared to 2015/16 and for professional support staff, the staff costs are forecast to be £ 100,000 lower in 2016/17 compared to 2015/16. A total reduction in staff costs of £ 340,000 is planned for 2016/17 compared to the current year - this is equivalent to 5% of GAG funding for 2016/17 which has, in turn, been reduced by 0.5% over the two years.

The Directors also made an application, after much consideration, to the EFA to sell the caretaker's house to raise funds for revenue purposes to provide funds going forwards. This application was declined by the EFA who required the funds to be used for capital purposes. The Directors also considered the sale of part of the school field to raise revenue funds but this was not progressed as the size of the site does not meet current regulations in terms of space per student.

The school continues to flourish and is full to capacity which means that we cannot increase student numbers.

The Directors are confident that despite the challenges posed by the revenue funds deficit at 31 August 2016, the charitable company can continue to operate and to meet its debts as they fall due, for the foreseeable future (and in particular for a period of at least 12 months after the date of approval of these financial statements) through close cash flow forecasting and management, another review of staffing structures through efficiency savings, the continuous review of contracts for goods and services to optimise value for money and reduce costs, and the potential expansion of the multi-academy trust to provide operational cost savings in the short term and over the longer planning horizon.

THE BOSWELLS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

17 Analysis of net assets between funds

	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total 2016 £'000
Fund balances at 31 August 2016 are represented by:				
Tangible fixed assets	-	-	6,746	6,746
Current assets	-	333	33	366
Creditors falling due within one year	-	(551)	-	(551)
Defined benefit pension liability	-	(4,429)	-	(4,429)
	<u>-</u>	<u>(4,647)</u>	<u>6,779</u>	<u>2,132</u>

18 Pensions and similar obligations

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

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

Contributions amounting to £92,864 (2015: £87,617) were payable to the schemes at 31 August 2016 and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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 BOSWELLS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

18 Pensions and similar obligations

The key elements of the valuation and subsequent consultation are:

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

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

The pension costs paid to the TPS in the period amounted to £592k (2014: £494k).

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.

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 12.3% for employers, plus a monthly lump sum calculated so as to eliminate the deficit over a manageable period, and between 5.5% and 12.5% for employees. The estimated value of employer contributions for the forthcoming year is £232k.

The employer's contributions include additional lump sum contributions which are assessed by actuaries so as to eliminate the pension fund deficit. The next review is scheduled for March 2017.

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.

Total contributions made	2016 £'000	2015 £'000
Employer's contributions	274	242
Employees' contributions	68	76
Total contributions	342	318

THE BOSWELLS ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2016

18 Pensions and similar obligations

Principal actuarial assumptions	2016 %	2015 %
Rate of increases in salaries	4.10	4.40
Rate of increase for pensions in payment	2.30	2.60
Discount rate	2.10	3.90
RPI Increases	3.20	3.50
CPI Increases	2.30	2.60

Sensitivity Analysis

Scheme liabilities have been valued at £6,819k. The measurement of these liabilities would change in the event that key assumptions underlying their valuation changed.

If the discount rate were to increase by 0.1%, liabilities would be measured at £6,687k.

If the discount rate were to decrease by 0.1%, liabilities would be measured at £6,954k.

If the life expectancy were to increase by a year, liabilities would be measured at £7,010k.

If the life expectancy were to decrease by a year, liabilities would be measured at £6,634k.

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
Retiring today		
- Males	22.90	22.80
- Females	25.30	25.20
Retiring in 20 years		
- Males	25.20	25.10
- Females	27.70	27.60

The Academy Trust's share of the assets in the scheme

	2016 Fair value £'000	2015 Fair value £'000
Equities	1,639	1,219
Gilts	86	76
Other Bonds	107	182
Cash	72	46
Property	265	217
Other assets	221	135
Total market value of assets	2,390	1,875
Actual return on scheme assets - gain/(loss)	295	93

THE BOSWELLS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

18 Pensions and similar obligations

Amounts recognised in the statement of financial activities	2016 £'000	2015 £'000
Current service cost (net of employee contributions)	286	247
Net interest cost	103	79
Plan introductions, benefit changes, curtailments and settlements	52	-
Total operating charge	<u>441</u>	<u>326</u>

Changes in the present value of defined benefit obligations	2016 £'000
Obligations at 1 September 2015	4,624
Current service cost	285
Interest cost	180
Employee contributions	68
Actuarial loss	1,732
Benefits paid	(122)
Plan introductions, benefit changes, curtailments and settlements	<u>52</u>
At 31 August 2016	<u>6,819</u>

Changes in the fair value of the Academy Trust's share of scheme assets	2016 £'000
Assets at 1 September 2015	1,875
Interest income	76
Return on plan assets (excluding amounts included in net interest): Actuarial gain	219
Employer contributions	274
Employee contributions	68
Benefits paid	<u>(122)</u>
At 31 August 2016	<u>2,390</u>

THE BOSWELLS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

19 Reconciliation of net expenditure to net cash flows from operating activities

	2016 £'000	2015 £'000
Net expenditure for the reporting period	(1,256)	(322)
Adjusted for:		
Capital grants from DfE/EFA and other capital income	(30)	(368)
Investment income	(3)	(6)
Defined benefit pension costs less contributions payable	64	5
Defined benefit pension net finance cost/(income)	103	79
Depreciation of tangible fixed assets	290	279
(Increase)/decrease in debtors	39	129
Increase/(decrease) in creditors	13	(284)
Net cash used in operating activities	(780)	(488)

20 Commitments under operating leases

At 31 August 2016 the total future minimum lease payments under non-cancellable operating leases were as follows:

	2016 £'000	2015 £'000
Amounts due within one year	63	34
Amounts due in two and five years	42	40
	<u>105</u>	<u>74</u>

21 Capital commitments

	2016 £'000	2015 £'000
Expenditure contracted for but not provided in the Financial Statements	48	-

THE BOSWELLS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

22 Related party transactions

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

During the year the Academy received income totalling £6,885 (2015:£6,320) from Newlands Spring Primary School Academy Trust (Company number 08132067) and made payments totalling £nil (2015:£63,000). This is a related party by virtue of the fact that B Doy, the Academy's Business Manager is also Vice Chair of Governors at Newlands Spring Primary School Academy Trust. There were no balances outstanding at the year end.

The Academy received income totalling £4,956 from The Friends of Boswell School and made payments totalling £5,212. This is a related party by virtue of the fact that P Banks (Head Teacher) and K Cheema (Deputy Head Teacher) are trustees at The Friends of Boswell School. There were no balances outstanding at the year end.

The Academy received income totalling £9,387 from Moulsham High School and made payments totalling £nil. This is a related party by virtue of the fact that S Bennett (the husband of a governor) is a governor at Moulsham High School. There were no balances outstanding at the year end.

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

23 Members' liability

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

THE BOSWELLS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

24 Agency arrangements

The academy trust distributes 16-19 bursary funds to students as an agent for the EFA. In the year ending 31 August 2016 the trust had deferred income brought forward of £13k and income in the year of £15k. It disbursed £1k from the fund. An amount of £27k is included within creditors: amounts falling due in less than one year relating to undistributed funds that are repayable to the EFA.

The Academy Trust has two connected organisations for which it holds and administers funds - the Chelmsford North Local Delivery Group (LDG) and the Chelmsford and Maldon Behaviour and Attendance Partnership (BAP).

The LDG comprises a total of 20 schools - primary, secondary and special schools - across North Chelmsford providing a range of services to suit the needs of the group. During the year ended 31 August 2016 the trust had deferred income brought forward of £136k and had income in the year of £80k. It disbursed £188k from the fund. The unspent balance at 31 August 2016 of £28k is included within creditors: amounts falling due in less than one year relating to undistributed funds.

The BAP comprises a number of secondary schools in Chelmsford and Maldon meeting the requirements of 'hard to place' students as well as commissioning services to support the pastoral activities for the group of schools. During the year ended 31 August 2016 the trust had deferred income brought forward of £56k and income in the year was £100k and disbursed £78k from the fund. An amount of £78k is included within creditors: amounts falling due in less than one year relating to undistributed funds.