

**BILLING BROOK SCHOOL ACADEMY TRUST**  
(A company limited by guarantee)

**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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**BILLING BROOK SCHOOL ACADEMY TRUST**  
**(A company limited by guarantee)**

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

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<b>Members</b>	Mr A K Grainger Mr G H Marriott Mrs L A Bailey
<b>Trustees</b>	Mr A K Grainger Mr G H Marriott (resigned as Trustee and Chairman on 1 September 2016) Mrs L A Bailey (resigned 1 September 2016) Mrs D J Withers Mr M Courtney Mrs C M Grant, Head Teacher and Accounting Officer Mrs C White (resigned 14 September 2015) Mrs M Rolph Mrs M Stanton (resigned 1 September 2015) Mrs B S Lawrence (appointed 25 November 2015) Mr M J Lister, Chairman from 1 September 2016 Mrs N M Cobley (appointed 25 November 2015) Mr W J Rennie (appointed 25 November 2015)
<b>Company registered number</b>	08711161
<b>Company name</b>	Billing Brook School Academy Trust
<b>Principal and registered office</b>	Billing Brook School Penistone Road Lumbertubs Northampton Northamptonshire NN3 8EZ
<b>Company secretary</b>	Mrs T A Carter
<b>Senior management team</b>	C M Grant, Headteacher T Moulton, Senior Deputy Headteacher K Lantsbery, Deputy Headteacher L McCormac, Assistant Headteacher N Kennedy, Assistant Headteacher N Parker, Assistant Headteacher
<b>Independent auditor</b>	MHA MacIntyre Hudson Chartered Accountants Statutory Auditors Peterbridge House The Lakes Northampton NN4 7HB
<b>Bankers</b>	Lloyds Bank Northampton NN1 1DJ

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

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**Advisers (continued)**

**Solicitors**

Anthony Collins  
134 Edmund Street  
Birmingham  
B3 2ES

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**BILLING BROOK SCHOOL ACADEMY TRUST**  
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**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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The trustees present their annual report together with the financial statements and auditors' reports of the charitable company for the year ended to 31 August 2016. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The trust operates an academy for pupils aged 3 to 19 serving a catchment area in Northampton Town and South Northamptonshire. It has a pupil capacity of 193 and had a roll of 207 in the school census on 1 January 2016.

**Structure, governance and management**

**CONSTITUTION**

The academy trust and the group is a charitable company limited by guarantee and an exempt charity.

The charitable company's Memorandum of Association is the primary governing document of the academy trust.

The trustees of Billing Brook School Academy Trust are also the directors of the charitable company for the purpose of company law.

The charitable company is also known as Billing Brook School and Billing Brook Academy.

Details of the trustees who served during the year are included in the Reference and administrative details on page 1.

**MEMBERS' LIABILITY**

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

**TRUSTEES' INDEMNITIES**

The Academy through its Articles of Association has indemnified its Trustees to the fullest extent permissible by law. Trustees benefit from indemnity insurance to cover the liability of the Trustees which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Academy Trust. The cost of this insurance in the year is disclosed in Note 11.

**METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF TRUSTEES**

During the period under review the Trustees held 5 Full Governor meetings. Each sub committee has met a number of times during the period with each meeting at least once a term. All Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Trustees. During the period 1 September 2015 to 31 August 2016 there were no new Members appointed but three new governors were appointed. The governing body are entitled to appoint new Trustees as and when necessary. Recruitment to fill governor vacancies is achieved through information sent home to parents and carers, advertising on staff noticeboards, through county council governor recruitment and by liaison with large local companies.

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**BILLING BROOK SCHOOL ACADEMY TRUST**  
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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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**POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF TRUSTEES**

The training and induction provided for new Trustees and Governors will depend on their existing experience. It is expected that all new Governors will undergo training provided either by the National Governors Association or through the Local Authority. Where necessary, induction will provide training on charity, educational, legal and financial matters. The outcome of training for new Trustees and Governors is to allow them to contribute effectively to both the main Governing Body and to any sub committee to which they belong. The Academy allocates a training budget for Governors and Trustees.

**ORGANISATIONAL STRUCTURE**

The structure consists of three levels the Members, the Senior Leadership team and the Governors and Trustees. However at an operational level the Trustees and Governors operate on a joint basis. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

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

The Senior Leadership Team is the Head Teacher, Senior Deputy Head teacher, Deputy Head teacher and three Assistant Heads.

The Head Teacher is the accounting officer.

The details of the sub committees and their purpose can be found in the Governance Statement which begins on page 10.

**ARRANGEMENTS FOR SETTING PAY AND REMUNERATION FOR KEY MANAGEMENT PERSONNEL**

For all managers the following process is used to establish pay. All staff are subject to performance management and the pay committee review the recommendations which then are translated into pay. The Headteacher has delegated responsibility upto and including making recommendations regarding pay for staff. For the Headteacher an external adviser is appointed annually and the Headteacher Performance Management Committee meet to discuss targets. The outcome of this committee is ratified at a Full Governors meeting.

No trustees or non staff governors receive pay for their services to the school. All Governors are entitled to claim travel expenses for courses or attendance at meetings if they so wish.

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**BILLING BROOK SCHOOL ACADEMY TRUST**  
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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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**CONNECTED ORGANISATIONS, INCLUDING RELATED PARTY RELATIONSHIPS**

Billing Brook Academy is a strategic member of Fairfield's Teaching schools Alliance and provides places for School direct trainees.

The Headteacher plays an active part as Special School representative on Northamptonshire County Council Schools Forum and is an active member of the Northamptonshire Special Schools Heads Association. Good practice for both policy development and special needs developments are shared, however there is no formal requirement to adopt others practice.

The relationship with the Local Authority remains a crucial one, as a partner in identifying future requirements of the school, with the Local Authority being the admissions body.

The Headteacher annually declares on the annual pecuniary interest form that her husband's company occasionally provides a service to the school. The Trustees and Governors ensure that in terms of the management of procurement of services do not cause a potential conflict by ensuring that the Headteacher is not involved in any form of discussion or transaction between the academy and the business. All payments are checked and signed off by members of the senior leadership team and the accounts checked annually by the Chair of the Finance Committee.

Two members of the senior management team are also regarded as "connected parties". In the case of these members of staff, the Headteacher has ensured that neither are involved in the line management of each other and any financial transactions or signing off of work or purchase of goods are separated and delegated to other members of the senior leadership team for checking.

**Objectives and Activities**

**OBJECTS AND AIMS**

The principal object and activity of the Academy Trust is to provide special educational provision to pupils between the ages 3 -19 at the Academy for one or more categories of Special Educational Needs.

The categories may include, but are not limited to:

ASD Autistic Spectrum Disorder  
SLD Severe Learning Difficulty  
MLD Moderate Learning Difficulty  
SLCN Speech, Language and Communication Needs  
Some pupils may also have minor medical needs.

In accordance with the Articles of Association the Charitable Company has adopted a Scheme of Governance approved by the Secretary of State for Education and Skills. The Scheme of Governance specifies, amongst other things, the basis for admitting students to the Academy.

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**BILLING BROOK SCHOOL ACADEMY TRUST**  
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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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**OBJECTIVES, STRATEGIES AND ACTIVITIES**

The main objectives of the Academy during the period to 31 August 2016 are summarised below:

- To ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care;
- To raise the standard of educational achievement for all pupils;
- To improve the effectiveness of the Academy by keeping the curriculum and organisational structure under continuous review;
- To provide value for money for the funds expended;
- To comply with statutory requirements; and
- To conduct the Academy's business in accordance with the highest standards of integrity and probity.

The Academy's main strategy is encompassed in the "Our Vision" Document:

Billing Brook School Academy Trust will be known for providing a creative learning environment where pupils and staff are respected, valued and encouraged to be the very best they can be.

During the accounting period the pupils have made outstanding progress in the core subject areas, as compared to the national progression guidance. Pupils at key stage 4 and 5 leave the Academy with a wide range of appropriate accreditation which includes: GCSE's; OCR Life and Living Skills; BTEC; INGOTS.

The premises continue to be upgraded and improved, recent developments include the construction of the new secondary building.

**PUBLIC BENEFIT**

The Academy provides educational services to children in the local and wider area. Specialist facilities are available for local groups to use with appropriate charges in place to cover running costs.

The Trustees confirm that they have complied with the duty in Section 4 of the Charities Act 2006 to have regard to public benefit guidance provided by the Charity Commission.

**Achievements and performance**

The Academy uses several national recognised assessment and comparison tools including Baseline assessments using Sheffield STAT; CASPA, P Scales, National Progression Guidance; Transition Matrices and externally accredited qualifications.

Additional monies via the Pupil Premium form part of the Academy finances. The principles of the grant are for a school to target pupils who are 'socially disadvantaged'. Nationally Free School Meals (FSM) issued are used to allocate the Premium as statistically pupils on FSM achieve lower than expected when compared to other pupils. In this Academy the children on FSM indicate they are performing as well as other pupils. Pupil premium monies are used to support the individual achievement of the pupils by providing specific academic and social opportunities to further impact on their achievement. During this accounting period, activities included additional speech & language therapy; music therapy; literacy and numeracy development and alternative approaches to recognising achievement, success and a feeling of improved self- worth and self- esteem.

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

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**KEY FINANCIAL PERFORMANCE INDICATORS**

All key performance indicators for the Finance Committee are discussed at each meeting, enabling the Trustees and Governors to track specific progress in these matters.

Data Analysis takes place annually connected to pupil progress and is reported to the Teaching Learning and Assessment committee at regular intervals, as well as through an annual presentation by the Deputy Headteacher – Curriculum lead. The School Improvement Adviser provides external monitoring on the data and all aspects relating to standards. The Headteacher provides information at every full meeting regarding absence data of pupils and highlights any practices in place to address concerns.

The current trend within the academy shows that pupils continue to make outstanding progress in all core areas; a wide range of accreditation is provided for pupils in key stage 4 and 5 with outstanding progress in all areas. Ofsted grades the school as Outstanding in all areas.

**GOING CONCERN**

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

**RESERVES POLICY**

The Governors review the reserve levels of the Academy annually.

The restricted carry forward (excluding fixed asset funds and the pension deficit) totals £989,727 (2015: £804,617). This is currently earmarked to support both the development of the premises, addressing the need for the development of a sixth form, refurbishment of sports facilities, improvement of security and continue curriculum development and wider opportunities for pupils.

The Academy's current level of free reserves (total funds less the amounts held in fixed assets and restricted funds) is £14,884. This is held to pay for ongoing day to day items, in line with established procedure and acceptable carry forward limits.

**INVESTMENTS POLICY**

The Academy has an active Investment policy, which is discussed regularly at the Finance Committee. Decisions regarding current and future investments are taken in light of the needs of the school.

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

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**PRINCIPAL RISKS AND UNCERTAINTIES**

The academy is currently in a strong position both financially and educationally. The popularity of the academy continues to grow.

One new special school has opened in Daventry and it is anticipated there will be a small risk to future numbers; a second special school is planned to open more locally in September 2017, this may have a greater impact on pupil numbers and staff retention. However, the predicted growth of pupils within Northamptonshire with special needs is estimated at 19% annually for the next five years, therefore a significant drop in numbers are small.

It is highly likely that all special schools within Northamptonshire will be facing a budget cut in 2017 – 2018. Whilst the academies current financial position is strong, the Headteacher is actively working with the other heads and the Local Authority to find a minimal impact reduction for future years.

**PLANS FOR FUTURE PERIODS**

The academy continues to be an ever popular choice of education for parents within Northamptonshire. Growth in pupil population continues, with the school reaching capacity in 2015- 2016 of 212 pupils. Additional refurbishment took place in order to increase to 220, with the support of additional monies from the Local Authority. A significant number of children do not get places, and recent indicators show that there is an increase in tribunals against the Local Authority regarding not naming the academy. Along with an increase in pupil numbers, an increase in facilities has been developed namely a new music room; science room and four additional classrooms in order to accommodate the pupil growth allowing the academy to deliver a wider range of accreditation to the pupils.

Future plans include the development of an off site sixth form vocational provision, funded from within the budget; refurbishment of sports facilities and improvement of security features on the site. All future developments will be made, taking into account any future budget cuts planned by the Local Authority in 2017-2018. Past experience shows that additional facilities will be required in order to continue delivering the creative practical curriculum to all pupils.

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

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**DISCLOSURE OF INFORMATION TO AUDITOR**

Each of the persons who are trustees at the time when this Trustees' Report is approved has confirmed that:

- so far as that trustee is aware, there is no relevant audit information of which the charitable group's auditor is unaware, and
- that trustee has taken all the steps that ought to have been taken as a trustee in order to be aware of any relevant audit information and to establish that the charitable group's auditor is aware of that information.

**AUDITOR**

The auditor, MHA MacIntyre Hudson, has indicated its willingness to continue in office. The Designated trustees will propose a motion re-appointing the auditor at a meeting of the trustees.

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

**Mr M J Lister**  
**Chair of Trustees**

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**BILLING BROOK SCHOOL ACADEMY TRUST**  
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**GOVERNANCE STATEMENT**

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**SCOPE OF RESPONSIBILITY**

As trustees, we acknowledge we have overall responsibility for ensuring that Billing Brook School 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 trustees has delegated the day-to-day responsibility to the Head Teacher, 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 Billing Brook School Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

**GOVERNANCE**

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The board of trustees has formally met 5 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
Mr G H Marriott	5	5
Mrs M Rolph	4	5
Mrs C M Grant, Head Teacher and Accounting Officer	5	5
Mrs L A Bailey	3	5
Mr A K Grainger	4	5
Mrs B S Lawrence	3	3
Mrs N M Cobley	3	3
Mr W J Rennie	3	3
Mr M Courtney	5	5
Mr M J Lister, Chairman from 1 September 2016	5	5
Mrs D J Withers	5	5

The appointment of Mrs Lawrence, Mrs Cobley and Mr Rennie gives the Board of Trustees a healthy balance, with two staff governors and three parent governors now on the board.

**Governance reviews**

An internal review was carried out at the end of the year ended 31 August 2015, which identified the need for a more balanced Board of Trustees, and which led to the appointment of three new governors during the current year.

A skills audit will be carried out in September 2016 in order to identify any skills gaps within the board and to ensure that governors are placed on the appropriate sub-committee to make maximum use of their expertise.

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**BILLING BROOK SCHOOL ACADEMY TRUST**  
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**GOVERNANCE STATEMENT (continued)**

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The Finance Committee is a sub-committee of the main board of trustees. Its purpose is to oversee the financial management of the Academy. The financial management role is an important part of the governors' overall brief to ensure that children in the Academy receive the best education possible. In seeking to improve the experience of children within the Academy, the governors need to consider how to get the best value out of the resources they spend, and this is the role of the committee specifically.

During the year Mrs N M Cobley joined the committee.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mrs M Rolph	6	6
Mrs C M Grant, Head Teacher and Accounting Officer	6	6
Mrs N M Cobley	2	3
Mr M J Lister, Chairman from 1 September 2016	6	6
Mr G H Marriott, Chairman until 1 September 2016	6	6

The Personnel Committee is also a sub-committee of the main board of trustees. Its purpose is to ensure that the Academy has excellent and well-motivated teaching and non-teaching staff looking after our children. To do that, the committee takes an active role in the appointment of the Headteacher and her deputies, and ensures that all staff members develop their skills through training and that their performance is regularly reviewed.

During the year Mr W J Rennie joined the committee.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mr A K Grainger	4	4
Mrs C M Grant, Head Teacher and Accounting Officer	4	4
Mr W J Rennie	2	2
Mrs D J Withers	0	4

The Teaching, Learning and Assessment Committee is also a sub-committee of the main board of trustees. Its purpose is to ensure that the Academy delivers the highest standards of teaching and learning for all of our children. The committee seeks to guide, monitor and evaluate the delivery of the curriculum and the standards of teaching and learning. They check that teaching quality is monitored and that staff development is implemented, and they evaluate the strategies in place to improve attainment.

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**BILLING BROOK SCHOOL ACADEMY TRUST**  
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**GOVERNANCE STATEMENT (continued)**

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Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mrs L A Bailey	2	2
Mrs C M Grant	2	2
Mr G H Marriott	2	2
Mrs D J Withers	1	2
Mr A K Grainger	2	2

The Premises / Health & Safety Committee is also a sub-committee of the main board of trustees. Its purpose is to ensure that the buildings and grounds of the Academy are kept in excellent condition and in line with health and safety policies and procedures. They do this in consultation with the Headteacher, taking into account the Development & Improvement Plan, the Premises Plan and the Accessibility Plan, all linked to the curriculum and improvement of our community.

During the year Mrs B S Lawrence joined the committee.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mr G H Marriott	4	4
Mrs C M Grant	4	4
Mr B S Lawrence	2	3
Mrs M Rolph	3	4

The Pay and Disciplinary Committee is also a sub-committee of the main board of trustees. Its purpose is to review staff pay recommendations from the Headteacher in line with the Academy's adopted Pay Policy and to provide staff members with an individual pay statement. The committee has the authority to authorise staff incremental points and other pay increases. It also arranges disciplinary hearings when required and either sits on, or appoints other governors to sit on, disciplinary hearing panels.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mr G H Marriott	2	2
Mr A K Grainger	1	1
Mrs L A Bailey	2	2
Mrs D Withers	1	1

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**GOVERNANCE STATEMENT (continued)**

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**REVIEW OF VALUE FOR MONEY**

As Accounting Officer, the Head Teacher 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 academy 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 appropriate. The Accounting Officer for the academy trust has delivered improved value for money during the year by:

- Monthly financial review with the Academy Business manager which is then reported to Finance Governor meetings;
- Ensuring that new builds and improvements to the Academy's premises are carried out in the interests of the pupils and are achieved at the most competitive and beneficial rates; and
- Ensuring that monies are spent to enhance the performance of our pupils.

**THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy 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 Billing Brook School Academy Trust for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

**CAPACITY TO HANDLE RISK**

The board of trustees 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 trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy trust's significant risks, that has been in place for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

**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 trustees;
- regular reviews by the finance and other committees of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.

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**GOVERNANCE STATEMENT (continued)**

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The board of trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the trustees have appointed MHA MacIntyre Hudson, the external Responsible Officer, to perform additional checks.

The auditor's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. On a quarterly basis, the auditor reports to the board of trustees on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

There were no material control or other issues reported by the reviewer or the Business Manager.

**REVIEW OF EFFECTIVENESS**

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

- the work of the external Responsible Officer;
- the financial management and governance self-assessment process;
- 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 finance and other committees and a plan to ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on 13 December 2016 and signed on their behalf, by:

Mr M J Lister  
**Chair of Trustees**

Mrs C M Grant  
**Head Teacher and Accounting Officer**

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**BILLING BROOK SCHOOL ACADEMY TRUST**  
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**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

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As Accounting Officer of Billing Brook School Academy Trust I have considered my responsibility to notify the academy trust board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy 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 2015.

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

Mrs C M Grant  
**Head Teacher and Accounting Officer**

Date: 13 December 2016

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**BILLING BROOK SCHOOL ACADEMY TRUST**  
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**STATEMENT OF TRUSTEES' RESPONSIBILITIES**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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The trustees (who act as governors of Billing Brook School Academy Trust and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and the group and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the trustees are required to:

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

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company and the group's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

Approved by order of the members of the board of trustees on 13 December 2016 and signed on its behalf by:

Mr M J Lister  
**Chair of Trustees**

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(A company limited by guarantee)

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**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF BILLING BROOK SCHOOL ACADEMY TRUST**

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We have audited the financial statements of Billing Brook School Academy Trust for the year ended 31 August 2016 which comprise the group Statement of Financial Activities, the group and academy trust Balance Sheets, the group Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

This report is made solely to the 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 opinion we have formed.

**RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITOR**

As explained more fully in the Statement of Trustees' Responsibilities, the trustees (who are also the directors of the 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 group's and the parent academy trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' 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 the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

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**BILLING BROOK SCHOOL ACADEMY TRUST**  
**(A company limited by guarantee)**

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**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF BILLING BROOK SCHOOL ACADEMY TRUST**

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**OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006**

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

**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:

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

Elaine Olson-Williams FCCA (Senior Statutory Auditor)

for and on behalf of

**MHA MacIntyre Hudson**

Chartered Accountants  
Statutory Auditors

Peterbridge House  
The Lakes  
Northampton  
NN4 7HB  
14 December 2016

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**BILLING BROOK SCHOOL ACADEMY TRUST**  
**(A company limited by guarantee)**

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**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO BILLING BROOK SCHOOL ACADEMY TRUST AND THE EDUCATION FUNDING AGENCY**

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In accordance with the terms of our engagement letter dated 7 July 2015 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Billing Brook School Academy Trust during the year 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

**RESPECTIVE RESPONSIBILITIES OF BILLING BROOK SCHOOL ACADEMY TRUST'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT**

The accounting officer is responsible, under the requirements of Billing Brook School Academy Trust's funding agreement with the Secretary of State for Education dated 28 November 2013, and the Academies Financial Handbook extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

**APPROACH**

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

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

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

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

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**BILLING BROOK SCHOOL ACADEMY TRUST**  
(A company limited by guarantee)

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**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO BILLING BROOK SCHOOL ACADEMY TRUST AND THE EDUCATION FUNDING AGENCY (continued)**

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The work undertaken to draw to our conclusion includes:

- Reviewing the minutes of meetings of the Governing Body and other evidence made available to us, relevant to our consideration of regularity;
- A review of the objectives and activities of the academy, with reference to the income streams and other information available to us as auditors of the academy;
- Testing a sample of payroll payments to staff;
- Testing of a sample of payments to suppliers and other third parties;
- Testing a sample of grants received and other income streams;
- Evaluating the internal control procedures and reporting lines, and testing as appropriate;
- Making appropriate enquiries of the Accounting Officer.

**CONCLUSION**

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

**MHA MacIntyre Hudson**

Chartered Accountants  
Statutory Auditors

Peterbridge House  
The Lakes  
Northampton  
NN4 7HB

14 December 2016

**BILLING BROOK SCHOOL ACADEMY TRUST**  
(A company limited by guarantee)

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

	Note	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
<b>INCOME FROM:</b>						
Donations and capital grants	2	-	39,463	165,880	205,343	776,199
Charitable activities:						
Funding for the academy trust's educational operations	3	-	4,246,966	-	4,246,966	3,943,036
Other trading activities	4	440	-	-	440	-
Investments	5	4,870	-	-	4,870	2,817
<b>TOTAL INCOME</b>		<b>5,310</b>	<b>4,286,429</b>	<b>165,880</b>	<b>4,457,619</b>	<b>4,722,052</b>
<b>EXPENDITURE ON:</b>						
Raising funds		440	15,036	-	15,476	12,063
Charitable activities:						
Academy trust educational operations		78	3,818,112	207,193	4,025,383	3,964,725
<b>TOTAL EXPENDITURE</b>	6	<b>518</b>	<b>3,833,148</b>	<b>207,193</b>	<b>4,040,859</b>	<b>3,976,788</b>
<b>NET INCOME / (EXPENDITURE) BEFORE TRANSFERS</b>						
Transfers between Funds	17	4,792	453,281	(41,313)	416,760	745,264
		-	(352,171)	352,171	-	-
<b>NET INCOME BEFORE OTHER RECOGNISED GAINS AND LOSSES</b>						
		<b>4,792</b>	<b>101,110</b>	<b>310,858</b>	<b>416,760</b>	<b>745,264</b>
Actuarial gains/(losses) on defined benefit pension schemes	20	-	(608,000)	-	(608,000)	28,000
<b>NET MOVEMENT IN FUNDS</b>		<b>4,792</b>	<b>(506,890)</b>	<b>310,858</b>	<b>(191,240)</b>	<b>773,264</b>
<b>RECONCILIATION OF FUNDS:</b>						
Total funds brought forward		10,092	(291,383)	6,262,281	5,980,990	5,207,726
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>14,884</b>	<b>(798,273)</b>	<b>6,573,139</b>	<b>5,789,750</b>	<b>5,980,990</b>

**BILLING BROOK SCHOOL ACADEMY TRUST**  
**(A company limited by guarantee)**  
**REGISTERED NUMBER: 08711161**

**CONSOLIDATED BALANCE SHEET**  
**AS AT 31 AUGUST 2016**

	Note	£	2016 £	£	2015 £
<b>FIXED ASSETS</b>					
Tangible assets	12		<b>6,513,459</b>		6,086,364
<b>CURRENT ASSETS</b>					
Stocks	13	<b>3,285</b>		3,285	
Debtors	14	<b>96,301</b>		173,128	
Cash at bank and in hand		<b>1,254,342</b>		1,136,669	
			<b>1,353,928</b>		1,313,082
<b>CREDITORS:</b> amounts falling due within one year	15	<b>(279,676)</b>		(305,855)	
<b>NET CURRENT ASSETS</b>			<b>1,074,252</b>		1,007,227
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<b>7,587,711</b>		7,093,591
<b>CREDITORS:</b> amounts falling due after more than one year	16		<b>(9,961)</b>		(16,601)
<b>NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES</b>			<b>7,577,750</b>		7,076,990
Defined benefit pension scheme liability	20		<b>(1,788,000)</b>		(1,096,000)
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITIES</b>			<b>5,789,750</b>		5,980,990
<b>FUNDS OF THE ACADEMY</b>					
Restricted income funds:					
Restricted income fund	17	<b>989,727</b>		804,617	
Fixed asset fund	17	<b>6,573,139</b>		6,262,281	
Restricted income funds excluding pension liability		<b>7,562,866</b>		7,066,898	
Pension reserve		<b>(1,788,000)</b>		(1,096,000)	
Total restricted income funds			<b>5,774,866</b>		5,970,898
Unrestricted income funds	17		<b>14,884</b>		10,092
<b>TOTAL FUNDS</b>			<b>5,789,750</b>		5,980,990

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**BILLING BROOK SCHOOL ACADEMY TRUST**  
**(A company limited by guarantee)**

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**CONSOLIDATED BALANCE SHEET (continued)**  
**AS AT 31 AUGUST 2016**

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

Mr M J Lister  
**Chair of Trustees**

The notes on pages 27 to 49 form part of these financial statements.

**BILLING BROOK SCHOOL ACADEMY TRUST**  
**(A company limited by guarantee)**  
**REGISTERED NUMBER: 08711161**

**ACADEMY TRUST BALANCE SHEET**  
**AS AT 31 AUGUST 2016**

	Note	£	2016 £	£	2015 £
<b>FIXED ASSETS</b>					
Tangible assets	12		<b>6,513,459</b>		6,086,364
<b>CURRENT ASSETS</b>					
Stocks	13	<b>3,285</b>		3,285	
Debtors	14	<b>96,301</b>		173,128	
Cash at bank and in hand		<b>1,242,218</b>		1,136,114	
			<b>1,341,804</b>		1,312,527
<b>CREDITORS:</b> amounts falling due within one year	15	<b>(279,676)</b>		(305,855)	
<b>NET CURRENT ASSETS</b>			<b>1,062,128</b>		1,006,672
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<b>7,575,587</b>		7,093,036
<b>CREDITORS:</b> amounts falling due after more than one year	16		<b>(9,961)</b>		(16,601)
<b>NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES</b>			<b>7,565,626</b>		7,076,435
Defined benefit pension scheme liability	20		<b>(1,788,000)</b>		(1,096,000)
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITIES</b>			<b>5,777,626</b>		5,980,435
<b>FUNDS OF THE ACADEMY</b>					
Restricted funds:					
Restricted income fund	17	<b>977,603</b>		804,062	
Fixed asset fund	17	<b>6,573,139</b>		6,262,281	
Restricted funds excluding pension asset		<b>7,550,742</b>		7,066,343	
Pension reserve		<b>(1,788,000)</b>		(1,096,000)	
Total restricted income fund			<b>5,762,742</b>		5,970,343
Unrestricted funds	17		<b>14,884</b>		10,092
<b>TOTAL FUNDS</b>			<b>5,777,626</b>		5,980,435

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**BILLING BROOK SCHOOL ACADEMY TRUST**  
**(A company limited by guarantee)**

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**ACADEMY TRUST BALANCE SHEET (continued)**  
**AS AT 31 AUGUST 2016**

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

Mr M J Lister  
**Chair of Trustees**

The notes on pages 27 to 49 form part of these financial statements.

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**BILLING BROOK SCHOOL ACADEMY TRUST**  
**(A company limited by guarantee)**

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**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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	Note	2016 £	2015 £
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities	22	<u>622,851</u>	<u>765,558</u>
<b>Cash flows from investing activities:</b>			
Dividends, interest and rents from investments		4,870	2,817
Purchase of tangible fixed assets		<b>(634,288)</b>	(1,013,745)
Capital grants from DfE/EFA		<b>130,880</b>	702,646
<b>Net cash used in investing activities</b>		<u><b>(498,538)</b></u>	<u>(308,282)</u>
<b>Cash flows from financing activities:</b>			
Repayments of borrowings		<b>(6,640)</b>	(6,641)
<b>Net cash used in financing activities</b>		<u><b>(6,640)</b></u>	<u>(6,641)</u>
<b>Change in cash and cash equivalents in the year</b>		<b>117,673</b>	450,635
Cash and cash equivalents brought forward		<b>1,136,669</b>	686,034
<b>Cash and cash equivalents carried forward</b>	23	<u><u><b>1,254,342</b></u></u>	<u><u>1,136,669</u></u>

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**BILLING BROOK SCHOOL ACADEMY TRUST**  
**(A company limited by guarantee)**

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

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**1. ACCOUNTING POLICIES**

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

**1.1 Basis of preparation of financial statements**

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

Billing Brook School Academy Trust constitutes a public benefit entity as defined by FRS 102.

The Statement of Financial Activities (SOFA) and Balance Sheet consolidate the financial statements of the academy trust and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis.

No separate SOFA has been presented for the academy trust alone as permitted by section 408 of the Companies Act 2006.

**First time adoption of FRS 102**

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

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the trustees have amended certain accounting policies to comply with FRS 102 and SORP 2015.

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

**1.2 Basis of consolidation**

The financial statements consolidate the accounts of Billing Brook School Academy Trust and all of its subsidiary undertakings ('subsidiaries').

The academy trust has taken advantage of the exemption contained within 408 of the Companies Act 2006 not to present its own Statement of Financial Activities.

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**BILLING BROOK SCHOOL ACADEMY TRUST**  
**(A company limited by guarantee)**

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

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**1. ACCOUNTING POLICIES (continued)**

**1.3 Going concern**

The trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the academy trust to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy 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.

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**BILLING BROOK SCHOOL ACADEMY TRUST**  
**(A company limited by guarantee)**

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

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**1. ACCOUNTING POLICIES (continued)**

**1.4 Income**

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

**Grants**

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 entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

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

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

**Sponsorship income**

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable, where there is certainty of receipt and it is measurable.

**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 financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

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

**Donations**

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

**Other income**

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

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

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**1. ACCOUNTING POLICIES (continued)**

**1.5 Expenditure**

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

**Expenditure on Raising Funds**

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

**Charitable Activities**

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

All resources expended are inclusive of irrecoverable VAT.

**1.6 Tangible fixed assets**

Assets costing £500 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

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.

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

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**BILLING BROOK SCHOOL ACADEMY TRUST**  
(A company limited by guarantee)

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

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**1. ACCOUNTING POLICIES (continued)**

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:

Leasehold land and buildings	-	125 years straight line/50 years straight line or over useful life if lower
Short-term leasehold property	-	10 years straight line
Plant and machinery	-	10 years straight line
Motor vehicles	-	5 years straight line
Fixtures and fittings	-	5 years straight line
Computer equipment	-	3 years straight line

**1.7 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.

**1.8 Provisions**

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

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

**1.9 Leased assets**

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

**1.10 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 part 11, chapter 3 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.

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**BILLING BROOK SCHOOL ACADEMY TRUST**  
**(A company limited by guarantee)**

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

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**1. ACCOUNTING POLICIES (continued)**

**1.11 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.

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 20, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

**1.12 Fund accounting**

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

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

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

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**1. ACCOUNTING POLICIES (continued)**

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

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 20, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

**2. DONATIONS AND CAPITAL GRANTS**

	<b>Unrestricted funds 2016 £</b>	<b>Restricted funds 2016 £</b>	<b>Restricted fixed asset funds 2016 £</b>	<b>Total funds 2016 £</b>	<b>Total funds 2015 £</b>
Donations	-	2,731	-	2,731	32,000
Parental contributions	-	25,163	-	25,163	41,550
School fund	-	11,569	-	11,569	3
Capital grants	-	-	165,880	165,880	702,646
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total donations and capital grants	-	39,463	165,880	205,343	776,199
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

In 2015, of the total income from donations and capital grants, £Nil was to unrestricted funds and £776,199.

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**3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS**

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
<b>DfE/EFA grants</b>				
General annual grant (GAG)	-	2,027,069	2,027,069	2,047,463
Other DfE/EFA grants	-	90,009	90,009	24,024
Pupil premium	-	90,758	90,758	88,379
	-	2,207,836	2,207,836	2,159,866
<b>Other government grants</b>				
Local authority grants	-	1,981,530	1,981,530	1,738,329
Aim High funding	-	33,000	33,000	18,000
	-	2,014,530	2,014,530	1,756,329
<b>Other funding</b>				
School direct income	-	14,952	14,952	5,901
Other income	-	8,583	8,583	15,851
NHS funding	-	1,065	1,065	5,089
	-	24,600	24,600	26,841
	-	4,246,966	4,246,966	3,943,036

In 2015, of the total income from charitable activities, £ *NIL* was to unrestricted funds and £3,943,036 was to restricted funds.

**4. OTHER TRADING ACTIVITIES**

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Site facility recharges	440	-	440	-

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

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**5. INVESTMENT INCOME**

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Short term deposits	4,870	-	4,870	2,817

In 2015, of the total investment income, £2,817 was to unrestricted funds and £ *NIL* was to restricted funds.

**6. EXPENDITURE**

	Staff costs 2016 £	Premises 2016 £	Other costs 2016 £	Total 2016 £	Total 2015 £
Expenditure on raising voluntary income	-	-	15,036	15,036	12,063
Expenditure on fundraising trading	-	-	440	440	-
Academy's educational operations:					
Direct costs	2,770,793	-	143,279	2,914,072	2,875,200
Allocated support costs	414,657	385,366	311,288	1,111,311	1,089,525
	<u>3,185,450</u>	<u>385,366</u>	<u>470,043</u>	<u>4,040,859</u>	<u>3,976,788</u>

In 2016, of the total expenditure, £518 (2015 - £*NIL*) was to unrestricted funds and £4,040,341 (2015 - £3,976,788) was to restricted funds.

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**7. CHARITABLE ACTIVITIES**

	Direct costs 2016 £	Support costs 2016 £	Total 2016 £	Total 2015 £
Educational operations	<u>2,914,072</u>	<u>1,111,311</u>	<u>4,025,383</u>	<u>3,964,725</u>

**Analysis of support costs**

	2016 £	2015 £
Support staff costs	414,657	362,180
Depreciation	207,193	200,387
Technology costs	57,869	68,218
Premises costs	178,173	180,255
Other support costs	235,648	255,940
Governance costs	17,771	22,545
<b>Total support costs</b>	<u>1,111,311</u>	<u>1,089,525</u>

**8. NET INCOMING RESOURCES/(RESOURCES EXPENDED)**

This is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets: - owned by the charitable group	207,193	200,388
Auditor's remuneration - audit	8,000	7,750
Auditor's remuneration - other services	9,595	14,455
Operating lease rentals	<u>10,673</u>	<u>12,000</u>

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**9. STAFF COSTS**

Staff costs were as follows:

	<b>2016</b>	2015
	<b>£</b>	£
Wages and salaries	<b>2,413,454</b>	2,335,536
Social security costs	<b>159,115</b>	138,982
Operating costs of defined benefit pension schemes	<b>445,838</b>	402,480
	<b>3,018,407</b>	2,876,998
Supply staff costs	<b>167,043</b>	193,163
	<b>3,185,450</b>	3,070,161

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

	<b>2016</b>	2015
	<b>No.</b>	No.
Teachers	<b>37</b>	33
Support Staff	<b>74</b>	76
Management	<b>6</b>	5
	<b>117</b>	114

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

	<b>2016</b>	2015
	<b>No.</b>	No.
In the band £60,001 - £70,000	<b>1</b>	0
In the band £90,001 - £100,000	<b>1</b>	1

The above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2016 employer's pension contributions for this staff amounted to £25,692 (2015 : £13,046).

The key management personnel of the academy trust comprise the trustees and 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 £433,955 (2015: 6 members, totalling £353,675).

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**10. TRUSTEES' REMUNERATION AND EXPENSES**

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

		<b>2016</b>	2015
		<b>£</b>	£
Mrs B S Lawrence	Remuneration	<b>10,000-15,000</b>	N/A
	Pension contributions paid	<b>N/A</b>	N/A
Mr M Courtney	Remuneration	<b>15,000-20,000</b>	15,000-20,000
	Pension contributions paid	<b>0-5,000</b>	0-5,000
Mrs C M Grant, Head Teacher and Accounting Officer	Remuneration	<b>95,000-100,000</b>	90,000-95,000
	Pension contributions paid	<b>15,000-20,000</b>	10,000-15,000
Ms T J Moulton (resigned 28 November 2014)	Remuneration	<b>N/A</b>	10,000-15,000
	Pension contributions paid	<b>N/A</b>	0-5,000

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

**11. TRUSTEES' AND OFFICERS' INSURANCE**

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2016 was £1,800 (2015 - £1,908).

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**12. TANGIBLE FIXED ASSETS**

<b>Group &amp; academy trust</b>	<b>Long-term leasehold property</b>	<b>Leasehold property improvements</b>	<b>Plant &amp; machinery</b>	<b>Motor vehicles</b>	<b>Fixtures &amp; fittings</b>	<b>Computer equipment</b>	<b>Total</b>
	£	£	£	£	£	£	£
<b>Cost</b>							
At 1 September 2015	5,725,388	413,405	-	83,502	75,824	117,689	6,415,808
Additions	457,074	63,525	9,999	-	53,026	50,664	634,288
At 31 August 2016	6,182,462	476,930	9,999	83,502	128,850	168,353	7,050,096
<b>Depreciation</b>							
At 1 September 2015	179,900	10,005	-	22,280	31,258	86,001	329,444
Charge for the year	119,349	17,074	250	15,388	25,125	30,007	207,193
At 31 August 2016	299,249	27,079	250	37,668	56,383	116,008	536,637
<b>Net book value</b>							
At 31 August 2016	5,883,213	449,851	9,749	45,834	72,467	52,345	6,513,459
At 31 August 2015	5,545,488	403,400	-	61,222	44,566	31,688	6,086,364

**13. STOCKS**

	<b>Group</b>		<b>Academy trust</b>	
	2016	2015	2016	2015
	£	£	£	£
Stock of uniforms	3,285	3,285	3,285	3,285

**14. DEBTORS**

	<b>Group</b>		<b>Academy trust</b>	
	2016	2015	2016	2015
	£	£	£	£
Trade debtors	175	2,422	175	2,422
VAT recoverable	35,737	105,218	35,737	105,218
Other debtors	-	2,911	-	2,911
Prepayments and accrued income	60,389	62,577	60,389	62,577
	96,301	173,128	96,301	173,128

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**15. CREDITORS:**  
**Amounts falling due within one year**

	<b>Group</b>		<b>Academy trust</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Salix loan	<b>6,641</b>	6,641	<b>6,641</b>	6,641
Trade creditors	<b>106,196</b>	372	<b>106,196</b>	372
Other taxation and social security	<b>50,522</b>	43,639	<b>50,522</b>	43,639
Accruals and deferred income	<b>116,317</b>	255,203	<b>116,317</b>	255,203
	<b>279,676</b>	305,855	<b>279,676</b>	305,855
	<b>Group</b>		<b>Academy trust</b>	
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Deferred income</b>				
Deferred income at 1 September 2015	<b>13,539</b>	<b>2,440</b>	<b>13,539</b>	<b>2,440</b>
Resources deferred during the year	<b>18,052</b>	<b>13,539</b>	<b>18,052</b>	<b>13,539</b>
Amounts released from previous years	<b>(13,539)</b>	<b>(2,440)</b>	<b>(13,539)</b>	<b>(2,440)</b>
Deferred income at 31 August 2016	<b>18,052</b>	<b>13,539</b>	<b>18,052</b>	<b>13,539</b>

Deferred income is made up of EFA infant free school meals of £4,079 (2015: £3,059), EFA devolved formula capital grants of £10,973 (2015: £10,480) and Aim High funding of £3,000 (2015: £nil). All these items relate to future periods and have therefore been deferred.

**16. CREDITORS:**  
**Amounts falling due after more than one year**

	<b>Group</b>		<b>Academy trust</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Salix loan	<b>9,961</b>	16,601	<b>9,961</b>	16,601

This relates to a Salix loan transferred on conversion.

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**17. STATEMENT OF FUNDS**

Group	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
<b>Unrestricted funds</b>						
Unrestricted funds	10,092	5,310	(518)	-	-	14,884
<b>Restricted funds</b>						
General annual grant (GAG)	1,282	2,027,069	(1,521,503)	(130,686)	-	376,162
Other DfE/EFA grants	24,024	90,009	(57,369)	-	-	56,664
Local authority grants	140,546	2,014,530	(2,049,530)	-	-	105,546
Pupil premium	-	90,758	(90,758)	-	-	-
Miscellaneous restricted	69,707	37,443	(14,937)	-	-	92,213
GUTP/Teacher recharges	-	14,952	(14,952)	-	-	-
Transfer from LA	568,503	-	-	(221,485)	-	347,018
School Fund	555	11,668	(99)	-	-	12,124
Pension reserve	(1,096,000)	-	(84,000)	-	(608,000)	(1,788,000)
	<u>(291,383)</u>	<u>4,286,429</u>	<u>(3,833,148)</u>	<u>(352,171)</u>	<u>(608,000)</u>	<u>(798,273)</u>
<b>Restricted fixed asset funds</b>						
DfE/EFA capital grants - spent	811,481	-	(26,236)	275,845	-	1,061,090
DfE/EFA capital grants - unspent	175,918	130,880	-	(247,116)	-	59,682
Capital expenditure from GAG	307,992	-	(41,200)	101,957	-	368,749
Other capital grants	-	-	(1,857)	221,485	-	219,628
Transfer from LA	4,918,307	-	(127,300)	-	-	4,791,007
Donated asset	48,583	-	(10,600)	-	-	37,983
Other LA grants	-	35,000	-	-	-	35,000
	<u>6,262,281</u>	<u>165,880</u>	<u>(207,193)</u>	<u>352,171</u>	<u>-</u>	<u>6,573,139</u>
Total restricted funds	<u>5,970,898</u>	<u>4,452,309</u>	<u>(4,040,341)</u>	<u>-</u>	<u>(608,000)</u>	<u>5,774,866</u>
Total of funds	<u>5,980,990</u>	<u>4,457,619</u>	<u>(4,040,859)</u>	<u>-</u>	<u>(608,000)</u>	<u>5,789,750</u>

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**17. STATEMENT OF FUNDS (continued)**

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

The transfer between the restricted General Annual Grant fund and restricted fixed asset funds represents amounts capitalised during the period and reanalysis of depreciation charges.

Restricted general funds will be used for educational purposes in line with the Academy's objectives and its funding agreement with the EFA.

Restricted fixed asset funds amounting to £6,513,459 (2015: £6,086,364) will be reserved against future depreciation charges.

Unspent grants totalling £59,680 (2015: £175,917) will be spent on capital projects in the next financial year.

The individual academy trust statement of funds is as set out above with the exception that the school fund restricted funds of £12,124 at 31 August 2016 (2015: £555) are not included. These represent the Billing Brook School funds which fall under a separate charity registration.

Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2016.

**18. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

**Group**

Fund balances at 31 August 2016 are represented by:

	<b>Unrestricted funds 2016 £</b>	<b>Restricted funds 2016 £</b>	<b>Restricted fixed asset funds 2016 £</b>	<b>Total funds 2016 £</b>	<b>Total funds 2015 £</b>
Tangible fixed assets	-	-	6,513,459	6,513,459	6,086,364
Current assets	14,884	1,207,538	131,506	1,353,928	1,313,082
Creditors due within one year	-	(207,850)	(71,826)	(279,676)	(305,855)
Creditors due in more than one year	-	(9,961)	-	(9,961)	(16,601)
Pension scheme liability	-	(1,788,000)	-	(1,788,000)	(1,096,000)
	<u>14,884</u>	<u>(798,273)</u>	<u>6,573,139</u>	<u>5,789,750</u>	<u>5,980,990</u>

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**19. CAPITAL COMMITMENTS**

At 31 August 2016 the group and academy trust had capital commitments as follows:

	<u>Group</u>		<u>Academy trust</u>	
	2016	2015	2016	2015
	£	£	£	£
Contracted for but not provided in these financial statements	<b>123,261</b>	79,631	<b>123,261</b>	79,631

**20. PENSION COMMITMENTS**

The group's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Northamptonshire County Council. Both are Multi-Employer Defined Benefit Pension Schemes.

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

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

**Teachers' Pension Scheme**

**Introduction**

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

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

**Valuation of the Teachers' Pension Scheme**

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

- employer contribution rates set at 16.48% of pensionable pay, including a 0.08% employer administration charge (currently 14.1%)

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**20. PENSION COMMITMENTS (continued)**

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

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

The employer's pension costs paid to TPS in the period amounted to £197,085 (2015 - £173,911).

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

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

**Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £259,000 (2015 - £241,000), of which employer's contributions totalled £205,000 (2015 - £192,000) and employees' contributions totalled £54,000 (2015 - £49,000). The agreed contribution rates for future years are 32.1% for employers and between 5.5% and 12.5% for employees.

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

Principal actuarial assumptions:

	<b>2016</b>	2015
Discount rate for scheme liabilities	<b>2.10 %</b>	3.80 %
Expected return on scheme assets at 31 August	<b>2.10 %</b>	3.80 %
Rate of increase in salaries	<b>4.10 %</b>	4.60 %
Rate of increase for pensions in payment / inflation	<b>2.10 %</b>	2.70 %

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**20. PENSION COMMITMENTS (continued)**

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

	<b>2016</b>	2015
Retiring today		
Males	<b>22.3</b>	22.3
Females	<b>24.3</b>	24.3
Retiring in 20 years		
Males	<b>24.0</b>	24.0
Females	<b>26.6</b>	26.6

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

	<b>Fair value at 31 August 2016 £</b>	Fair value at 31 August 2015 £
Equities	<b>938,000</b>	604,000
Bonds	<b>251,000</b>	164,000
Property	<b>106,000</b>	78,000
Cash	<b>26,000</b>	17,000
Total market value of assets	<b><u>1,321,000</u></b>	<u>863,000</u>

The actual return on scheme assets was £199,000 (2015 - £24,000).

The amounts recognised in the Statement of Financial Activities are as follows:

	<b>2016 £</b>	2015 £
Net interest cost	<b>(42,000)</b>	(39,000)
Current service cost	<b>(247,000)</b>	(228,000)
Total	<b><u>(289,000)</u></b>	<u>(267,000)</u>

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**20. PENSION COMMITMENTS (continued)**

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

	2016 £	2015 £
Opening defined benefit obligation	1,959,000	1,647,000
Interest cost	80,000	66,000
Contributions by employees	54,000	49,000
Actuarial losses/(gains)	769,000	(31,000)
Current service cost	247,000	228,000
	<u>3,109,000</u>	<u>1,959,000</u>

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

	2016 £	2015 £
Opening fair value of scheme assets	863,000	598,000
Return on plan assets (excluding net interest on the net defined pension liability)	38,000	27,000
Actuarial gains and (losses)	161,000	(3,000)
Contributions by employer	205,000	192,000
Contributions by employees	54,000	49,000
	<u>1,321,000</u>	<u>863,000</u>

**21. OPERATING LEASE COMMITMENTS**

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

<b>Group and Academy Trust</b>	2016 £	2015 £
<b>Amounts payable:</b>		
Within 1 year	10,673	10,673
Between 1 and 5 years	10,673	21,346
	<u>21,346</u>	<u>32,019</u>
Total	<u>21,346</u>	<u>32,019</u>

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

	2016 £	2015 £
Net income for the year (as per Statement of Financial Activities)	416,760	745,264
<b>Adjustment for:</b>		
Depreciation charges	207,193	200,388
Dividends, interest and rents from investments	(4,870)	(2,817)
Increase in stocks	-	(691)
Decrease in debtors	76,827	229,068
(Decrease)/increase in creditors	(26,179)	221,992
Capital grants from DfE and other capital income	(130,880)	(702,646)
Defined benefit pension scheme cost less contributions payable	42,000	36,000
Defined benefit pension scheme finance cost	42,000	39,000
	<u>622,851</u>	<u>765,558</u>
<b>Net cash provided by operating activities</b>	<b>622,851</b>	<b>765,558</b>

**23. ANALYSIS OF CASH AND CASH EQUIVALENTS**

	2016 £	2015 £
Cash in hand and at bank	1,254,342	1,136,669
Total	<u>1,254,342</u>	<u>1,136,669</u>

**24. MEMBERS' LIABILITY**

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

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**25. RELATED PARTY TRANSACTIONS**

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

The following related party transactions took place in the period of account:

During the year the husband of Mrs C M Grant (a trustee of the academy trust) provided repairs and maintenance services totalling £6,578 (2015: £5,287). There were no amounts outstanding at 31 August 2016 or 2015. All services to the academy trust were provided at no more than cost price, following procurement practices in accordance with financial regulations, which Mrs C M Grant neither participated in, nor influenced.

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

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**26. FIRST TIME ADOPTION OF FRS 102**

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

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

<b>RECONCILIATION OF TOTAL FUNDS</b>	<b>Notes</b>	1 September 2014 £	31 August 2015 £
Total funds under previous UK GAAP		5,207,726	5,980,990
Total funds reported under FRS 102		<u>5,207,726</u>	<u>5,980,990</u>

<b>Reconciliation of net income</b>	<b>Notes</b>	31 August 2015 £
Net income previously reported under UK GAAP		757,264
Change in recognition of LGPS interest cost	A	(12,000)
Net movement in funds reported under FRS 102		<u>745,264</u>

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

A Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in income/expense. Under FRS102 a net interest expense, based on the net defined benefit liability, is recognised in income/expense. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to increase the debit to expense by £12,000 and increase the credit in other recognised gains and losses in the SoFA by an equivalent amount.