

Company Registration No. 07726568 (England and Wales)

**BELIEVE ACADEMY TRUST
(FORMERLY SOUTHWARK PRIMARY ACADEMY TRUST)**

(A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' REPORT AND AUDITED ACCOUNTS

FOR THE YEAR ENDED 31 AUGUST 2016

BELIEVE ACADEMY TRUST

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BELIEVE ACADEMY TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Trustees

R Lambert (Staff)
M Coleman (Chair of Arnbrook)
H Robinson (Responsible Officer)
G Boyd (Executive Principal)
A Joyce (Resigned 1 July 2016)
Rev R Shaw (Resigned 13 November 2016)
P Milner (Chair)
A Hurt (Appointed 24 November 2016)
D Harvey (Appointed 24 November 2016)
L Murphy (Appointed 24 November 2016)
A Rogers (Appointed 24 November 2016)

Members

P Milner
Rev R Shaw
H Robinson

Senior management team

- Executive Principal	G Boyd
- Deputy Principal	M Thompson
- Director of Finance and Administration	S Tidman
- Head of School - Arnbrook Primary School (from 01.09.15)	P Fowlie
- Premises Lead	R Lambert

Company registration number

07726568 (England and Wales)

Registered office

Park Lane
Old Basford
Nottingham
NG6 0DT

Academies operated

Southwark Primary School
Arnbrook Primary School

Location

Basford
Arnold

Executive Principal

G Boyd
G Boyd

Independent auditor

UHY Hacker Young
14 Park Row
Nottingham
NG1 6GR

BELIEVE ACADEMY TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Bankers

Lloyds Bank
Market Square House
Old Market Square
Nottingham
NG1 6FD

Solicitors

Browne Jacobson
Mowbray House
Castle Meadow Road
Nottingham
NG2 1BJ

BELIEVE ACADEMY TRUST

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2016

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

The financial statements have been prepared in accordance with the accounting policies set out in the notes to the financial statements and comply with the company's Memorandum and Articles of Association, applicable laws and 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 published on 16 July 2014 (FRS102).

The Academy Trust's principal object and activity has been to continue to establish, maintain and develop the school's provision of education to pupils between the ages of 3 and 11 at Southwark Primary School in Basford and Arnbrook Primary School in Arnold.

The schools also promote community cohesion and share facilities with other schools and the wider community.

On 14 November 2016 the 'Southwark Primary Academy Trust' was renamed the 'Believe Academy Trust'.

Structure, governance and management

Constitution

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust.

The trustees of Believe Academy Trust are also the directors of the charitable company for the purposes of company law. The charitable company is known as Believe Academy Trust. The trust was formerly known as Southwark Primary Academy Trust.

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 he/she are a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before he/she ceases to be a member.

Trustees' indemnities

The Academy Trust maintains Governors' and officers' liability insurance which gives appropriate cover for any legal action brought against its Governors. The Academy Trust has also granted indemnities to each of its Governors and other officers to the extent permitted by law. Qualifying third party indemnity provisions (as defined by section 234 of the Companies Act 2006) were in force during the period and remain in force, in relation to certain losses and liabilities which the Governors or other officers may incur to third parties in the course of acting as Governors or officers of the Academy Trust.

Details of the insurance cover are provided in note 10 to the financial statements.

BELIEVE ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Method of recruitment and appointment or election of trustees

The number of Trustees shall be not less than three but (unless otherwise determined by ordinary resolution) shall not be subject to any maximum.

Subject to Articles 48-49, the Company shall have the following Directors:

- up to 3 Directors appointed under Article 50;
- up to 5 Academy Directors appointed under Article 51;
- the Executive Principal under Article 57;
- the Principal appointed under Article 57A;
- up to 3 Community Directors appointed under Article 57B.

The total number of Directors including the Executive Principal and Principal who are employees of the Company shall not exceed one third of the total number of Directors. Future Directors shall be appointed or elected, as the case may be, under these Articles. The Members shall appoint and may remove up to 3 Directors. The term of office for any Director shall be four years, save that this time limit shall not apply to the Executive Principal and Principal. Subject to remaining eligible to be a particular type of Director, any Director may be re-appointed or re-elected.

Policies and procedures adopted for the induction and training of trustees

During the year under review the Trust board met 4 times. The training and induction provided for new board members depends on their previous experience. All new Board members are given a tour of the school and the chance to meet with staff and students. All Board members are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role on the Board.

Organisational structure

The organisational structure consists of the Members, The Trust Board: the Local Governing Bodies, the Senior Leadership Team with trust wide responsibilities, and Academy based Leadership Teams which includes Middle Management. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels. The position of Accounting Officer is held by the Executive Principal.

The Trust Board is responsible for setting general policy, adopting an annual development plan and budget, monitoring the Academies by the use of budgets and making major decisions about the direction of the Academies, capital expenditure, staffing structure and senior staff appointments. Powers delegated to the local governing bodies of each academy include: academy specific policies, monitoring of educational standards, local appointments, assets and premises.

The Senior Leadership Team comprises the Executive Principal, Teaching, Business and Premises leads/Directors. This Leadership Team controls the Trust at an executive level implementing the policies laid down by the Trust Board and reporting back to them. As a group the Senior Leadership Team are responsible for the authorisation of spending up to a level delegated to them within agreed budgets and the appointment of staff, although appointment boards for posts in the Senior Leadership Team always contain a member of the Trust Board. Some spending control is devolved to Academy management teams and students.

BELIEVE ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Arrangements for setting pay and remuneration of key management personnel

The key management personnel of the academy trust comprise the trustees and senior leadership team as disclosed on page 1.

The remuneration policy, setting the terms and conditions for the key management personnel, was developed and approved by the board of trustees, after taking advice from external consultants (EPM) and following guidance from the relevant professional pay review bodies. Naturally the senior management team was not involved in setting their own remuneration package.

Only staff trustees, including the principal, are remunerated, and these individuals are only receive remuneration in respect of services they provide under their contracts of employment, and not in respect of their role as trustees

The day to day running of the remuneration policy is delegated to the Business lead and monitored by the finance and audit committee. All details for setting pay and remuneration of key management personnel are set out in the pay policy and appraisal policy which are reviewed annually by the board of trustees.

Remuneration of key management personnel is set at an individual level, and where possible the trustees have taken external professional advice which includes benchmarking, market trends and advice on structuring of incentives. Senior management salaries are linked (closely) to pay spines, helping trustees conclude that each individual is remuneration at an appropriate level. As such salaries are linked to factors such as length of service and experience. Total remuneration packages include employer pension contribution rates at specific approved rates.

The board always bear in mind the charitable status of the academy trust and in recognise the fact the trust receives funding under a funding agreement with the Secretary of State for Education, and therefore ensure the remuneration paid to senior management personnel never exceeds an reasonable amount that provide value for money to the trust. The performance of senior management personnel is reviewed on a regular basis to ensure continuing value for money.

Related parties and other connected charities and organisations

The Trust works closely with Nottingham Trent University, Nottingham authorities in supporting schools.

BELIEVE ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Objectives and activities

Objects and aims

Trust Vision

Our vision is to create school communities where children excel, develop a love of learning and create magical memories that will last them a life time. There are high expectations for every child to succeed through the provision of personalised, real-life learning experiences which enable them to grow into productive and valued citizens. Children will have success for today and be more prepared for tomorrow.

- Academies with their own identity – Be more individual
- Belief and confidence in our academies to excel – Be more confident
- Only the best for our children – Be more determined
- Outstanding providers of education – Be more successful

The Trusts has the following strategic aims:

- A relentless drive to provide a high quality education and memorable experience for all our pupils
- Every school is a giver and receiver of support – part of the network
- Each academy contributes to the core values and strategic development of the Trust
- Academies work together and share resources and talent between each other
- Staff across the Trust will feel valued with support and bespoke development opportunities that are realistic and deliverable
- Governance will be of the highest quality

Objectives, strategies and activities

Strategic plans for the Trust have been developed centering on five key areas which have been identified as essential to 'get right' at the onset of growth. All of which are inextricably linked:

1. Leadership and governance – Including formation of development pathways on an individual level throughout the Trust
2. Improving outcomes for pupils - Clear capacity to support academies with expertise and greater accountability regarding improving outcomes for pupils.
3. Finance – Centralisation of financial systems in order to create greater efficiencies. Pursuing avenues for generating income.
4. HR – Generation of Trust HR support in order to create exemplary support mechanisms and systems
5. Premises – Clear plans to reduce the carbon footprint of academies and create greater efficiencies.

BELIEVE ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Public benefit

Academies within Believe Academy Trust cater for children aged 3 to 11 and strives to promote and support the advancement of education within their surrounding areas. The Academies provide an extensive programme of educational and recreational activity - all designed to contribute to the overall education of students in areas such as academic distinction, music, the arts and sport; works in conjunction with external organisations (e.g. Wider Opportunities, sporting clubs) to enhance the curriculum experiences for the children; provides excellent links with local secondary schools to help transition of pupils and provide curricular/staff CPD support and also works within the local community to ensure that it is central to community cohesion.

For example the Academies work with:

- local secondary schools to provide aid transition
- working with the family of schools to promote and participate in orchestral performance and an appreciation of the arts
- hold regular charity events to raise funds for Water Aid, Children in Need,

Wherever possible the Academies also aim to contribute to the benefit of the wider public, by making available the premises to third parties for the provision of educational and other opportunities.

For example:

- Hire of sports pitches
- Local Election Polling Station
- Parents Groups to support children with behavioural difficulties and children with autism

In setting our objectives and planning our activities the Trustees have given careful consideration to the Charity Commission's general guidance on public benefit. The Trustees believe that the Academy Trust's aims, together with the activities outlined above, are demonstrably to the public benefit.

For example:

- Hire of sports pitches
- Local Election Polling Station
- Parents Groups to support children with behavioural difficulties and children with autism

In setting our objectives and planning our activities the Trustees have given careful consideration to the Charity Commission's general guidance on public benefit. The Trustees believe that the Academy Trust's aims, together with the activities outlined above, are demonstrably to the public benefit.

BELIEVE ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Strategic report

Achievements and performance

Good Level of Development

GLD	2014-2015	2015-2016	2016-2017
Arnbrook	68%	69%	69%
Southwark	59%	61%	66%
National	66%	69.3%	TBC

Phonics

Year 1 phonics screening check	2014-2015	2015-2016	2016-2017 Target
Arnbrook	50%	72%	80%
Southwark	77%	83%	84%
National	77%	81%	TBC

BELIEVE ACADEMY TRUST**TRUSTEES' REPORT (CONTINUED)****FOR THE YEAR ENDED 31 AUGUST 2016****KS1 Southwark**

Reading (Reaching Expected Standard)	78%	74%	80%
Reading (Greater Depth)	25%	24%	25%
Writing (Reaching Expected Standard)	71%	65%	75%
Writing (Greater Depth)	15%	13%	20%
Mathematics (Reaching Expected Standard)	72%	73%	78%
Mathematics (Greater Depth)	25%	18%	26%
Science (Expected Standard)	80%	82%	82%

KS1 Arnbrook

Standard Achieved	2015 – 2016 Arnbrook	2015 – 2016 National	2016 – 2017 Projections
Reading (Reaching Expected Standard)	77%	74%	80%
Reading (Greater Depth)	29%	24%	30%
Writing (Reaching Expected Standard)	67%	65%	75%
Writing (Greater Depth)	0%	13%	15%
Mathematics (Reaching Expected Standard)	73%	73%	80%
Mathematics (Greater Depth)	2%	18%	18%
Science (Expected Standard)	80%	82%	82%

BELIEVE ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

KS2 Southwark

Standard Achieved	2015 – 2016 Southwark	2015 – 2016 National	2016 – 2017 Target
Reading (Reaching Expected Standard)	76%	66%	75%
Reading (High Score)	15%	19%	20%
Reading Average scaled score	103	103	
GPS (Reaching Expected Standard)	85%	72%	84%
GPS (High Score)	26%	23%	25%
GPS Average scaled score	105.7	104	
Writing (Reaching Expected Standard)	85%	74%	78%
Writing (Greater Depth)	35%	15%	34%
Mathematics (Reaching Expected Standard)	75%	70%	75 – 80%
Mathematics (High Score)	19%	17%	25%
Mathematics Average scaled score	103.4	103	

2015-2016 KS2 Combined	2015-2016 Southwark	2015-2016 National	2016-2017 Projection
Expected in Reading, Writing and Maths	56%	53%	65%
High score in Reading, Writing and Maths	8%	5%	15%

2015-2016 KS2 Progress Floor	Southwark Progress Score	Sufficient Progress Required
Reading	1.4	-5
Writing	4.07	-7
Maths	1.8	-5

KS2 Arnbrook

Standard Achieved	2015 – 2016 Arnbrook	2015 – 2016 National	2016 – 2017 Target
Reading (Reaching Expected Standard)	31%	66%	70%
Reading (High Score)	3%	19%	15%
Reading Average scaled score	96	103	
GPS (Reaching Expected Standard)	41%	72%	70%
GPS (High Score)	9%	23%	20%
GPS Average scaled score	98	104	
Writing (Reaching Expected Standard)	84%	74%	76%
Writing (Greater Depth)	19%	15%	21%
Mathematics (Reaching Expected Standard)	22%	70%	70%
Mathematics (High Score)	3%	17%	15%
Mathematics Average scaled score	97	103	

2015-2016 KS2 Progress Floor	Arnbrook Progress Score	Sufficient Progress Required
Reading	-3.4	-5
Writing	4.5	-7
Maths	-3.7	-5

2015-2016 KS2 Combined	2015-2016 Arnbrook	2015-2016 National
Expected in Reading, Writing and Maths	13%	53% (65% Combined Floor)
High score in Reading, Writing and Maths	3%	65%

As well as academic achievement Southwark Academy has demonstrated excellent success with their sports teams and are proud of their many achievements last year.

BELIEVE ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Key performance indicators

The Governors consider that the following are key performance indicators for the Academy Trust:

- Pupils numbers (leading directly to the Education Funding Agency ("EFA") funding level);
- General financial stability - aim for income to match expenditure each year;
- Finance Dashboard
- Percentage of income received from EFA spent on total staff costs;
- Income per pupil
- Spend per pupil
- Support Costs Vs Teaching Costs
- Staff costs as a percentage of grant income;
- Staff costs as a percentage of total costs;
- Days Absent due to sick
- Ofsted inspection results

The Governors have been pleased that expectations for all key performance indicators listed have been successfully met during the period.

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 the board of trustees continues to adopt the going concern basis in preparing the accounts. Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies.

BELIEVE ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Financial review

Most of the Academy's recurrent income is obtained from the EFA in the form of grants, the use of which is restricted to particular purposes. The grants received from the EFA during the period ended 31 August 2015 and the associated expenditure are shown as restricted funds in the statement of financial activities.

During the period ended 31 August 2016, total expenditure of £5,265,294 was more than covered by recurrent grant funding from the EFA together with other incoming resources. The excess of income over expenditure for the year (excluding restricted fixed asset funds) was £18,146.

At 31 August 2016, the net book value of fixed asset was £8,854,421 and movements in tangible fixed assets are shown in note 11 to the financial statements. During the period the assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

Reserves policy

Total funds held at the balance sheet date were £7,199,469, including £719,711 on restricted funds and £247,337 on unrestricted funds.

The Trustees review the reserve levels of the Academy Trust throughout the year. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of the reserves. Devolved Capital is reserved for the use of building maintenance where appropriate. Trustees agreed to allocate £100,000 to maintain a sum in reserve to cover unexpected expenditure. The balance on unrestricted reserves at the balance sheet date was £247,337 so the reserves policy has been achieved.

The pension reserve held within restricted funds was in deficit by £2,622,000 at 31 August 2016. This does not mean that an immediate liability for this amount crystallises. The deficit position will result in a cash flow effect for the academy trust in the form of employer's pension contributions as assessed by the actuary.

Investment policy

The Trust aims to manage its cash balances to provide for the day-to-day working capital requirements of its operations, whilst protecting the real long term value of any surplus cash balances against inflation.

The trust maintains reserve funds and some of these are held within short term investments by the academy trust in order to take advantage of the higher interest rates which can be obtained. These investments are easily accessible should a requirement for the surpluses arise.

Any new aspect of business, or proposed establishment of a company or joint venture or overseas activity, which will require an investment in buildings, resources or staff time of more than £5000 should be presented to the finance committee. The institution must have due regard to the relevant guidelines issued by the funding body.

The chief financial officer will establish protocols for these major developments to enable them to be considered for approval by the Trustees. These will set out the information that is required for each proposed development including a business plan, using a risk based approach and covering risk and accountability issues, as well as the financial criteria that they are required to meet. There were none during the 2015/16 financial year.

BELIEVE ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Principal risks and uncertainties

The Trustees have assessed the major risks to which the Academy Trust is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Academy Trust, and its finances. The Trustees have implemented a number of systems to assess risks that the schools face, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school trips) and the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, supervision of school grounds) and internal financial controls (see below) in order to manage risk. Where significant financial risk still remains they have ensured they have adequate insurance cover. The Academy Trust has an effective system of internal financial controls and this is explained in more detail in the Governance Statement.

Financial and risk management objectives and policies

The Academy Trust does not use complex financial instruments. It manages its activities using cash and various items such as trade debtors and trade creditors that arise directly from its operations.

The existence of these financial instruments exposes the Academy Trust to a number of financial risks which are described in more detail below. The main risks arising from the Trust's financial instruments are liquidity risk and cash flow interest rate risk.

Liquidity risk - The Trust manages its cash resources, including sufficient working capital, so that all its operating needs are met without the need for short-term borrowing.

Interest rate risk - The Trust earns interest on cash deposits. With interest rates currently low, the trustees will consider action to increase the income from these deposits, provided it does not jeopardise the liquidity or security of the Trust's assets.

Credit risk arises from the possibility that amounts owed to the Trust will not be repaid. The Trust does not undertake credit activities so it is only exposed to credit risk as it arises from normal business. Credit risk is managed through the use of approved banks and the prompt collection of amounts due.

The main risks that the Academy is exposed to are summarised below. For each of these risks the probability, impact and seriousness have been considered together with appropriate action and management plans:

Operational and reputational - this covers risks to the running of the Academy (including the capacity of staff and buildings to meet the needs of pupils) and its performance in delivering the curriculum.

Financial - covering risks to the Academy Trust's financial position, including revenue streams, cost control and cash management.

The risks to which the Academy Trust is exposed arise both internally and externally. External risks include those in respect of future funding levels, competition, changes to rules and regulations, and the financial position of the staff pension schemes. Internal Risks include - management of internal finances and assets, fraud, money laundering and facilities management.

BELIEVE ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Plans for future periods

The Trust plans for the future are outlined within the individual Academies Development Plans. The key objectives are identified below;

- To improve attainment and progress in every year group addressing issues highlighted in pupil data at the end of the previous academic year
- To improve attainment and progress in every year group by the strategic use of assessment
- To continue to raise the standards of teaching and quality of learning experiences received by the pupils
- To improve attainment and progress in every year group by successfully addressing poor attendance and punctuality, inappropriate behaviour that impacts on learning, and under developed social skills amongst those pupils who require it
- To improve the efficiency and effectiveness of the organisation by developing the environment and administrative procedures within each academy as appropriate e.g. development of reception area and additional teaching space.
- The Believe Academy Trust is actively negotiating the development of the Multi Academy Trust and it is expected that in the year to 31 August 2017, the Believe Academy Trust will have more than two schools within the trust.

Funds held as custodian trustee on behalf of others

The Academy does not currently hold any funds on behalf of others.

Auditor

In so far as the trustees are aware:

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

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

The trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 13 December 2016 and signed on its behalf by:

G Boyd
Executive Principal

P Milner
Chair

BELIEVE ACADEMY TRUST

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2016

Scope of responsibility

As trustees we acknowledge we have overall responsibility for ensuring that Believe 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 Executive Principal, 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 Believe 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 4 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustees	Meetings attended	Out of possible
R Lambert (Staff)	4	4
M Coleman (Chair of Arnbrook)	4	4
H Robinson (Responsible Officer)	4	4
G Boyd (Executive Principal)	4	4
A Joyce (Resigned 1 July 2016)	2	4
Rev R Shaw (Resigned 13 November 2016)	1	4
P Milner (Chair)	3	4
A Hurt (Appointed 24 November 2016)	0	0
D Harvey (Appointed 24 November 2016)	0	0
L Murphy (Appointed 24 November 2016)	0	0
A Rogers (Appointed 24 November 2016)	0	0

We have carried out a review of governance across the trust to ensure we have the right capability to support growth. Changes will take place in 2017 to move from a stakeholder model to a skills model.

BELIEVE ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

The Finance and HR Committee is a sub-committee of the main board of trustees. Its purpose is to monitor the trusts expenditure and funding, agree budgets and to trust wide HR issues.

Attendance at meetings in the year was as follows:

Trustees	Meetings attended	Out of possible
M Coleman (Chair of Arnbrook)	2	2
H Robinson (Responsible Officer)	2	2
G Boyd (Executive Principal)	2	2
A Joyce (Resigned 1 July 2016)	1	2
Rev R Shaw (Resigned 13 November 2016)	0	2
P Milner (Chair)	1	2

Review of value for money

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

The accounting officer considers how the trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where available. The accounting officer for the academy trust has delivered improved value for money during the year by:

- Improving management capacity and leadership around the trusts to improve performance and achieve greater value
- Centralised key trust services and combined procurement across the trust to receive greater value
- Shared professional expertise across the trust particularly with regard to developing teaching pedagogy

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Believe Academy Trust for the period 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and accounts.

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 period 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the board of trustees.

BELIEVE ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

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

The board of trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However the trustees have appointed H Robinson and M Colman trustees, as responsible officers (RO) and to appoint an internal auditor alongside our external audit for 2016/17 school year.

The RO's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. On a termly basis, the RO 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.

Review of effectiveness

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

- the work of the responsible officer
- the work of the external auditor;
- the financial management and governance self assessment process;
- the work of the executive managers within the academy 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 General Purposes Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

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

G Boyd
Accounting Officer

P Milner
Chair

BELIEVE ACADEMY TRUST

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

FOR THE YEAR ENDED 31 AUGUST 2016

As accounting officer of Believe 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's 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.

G Boyd
Accounting Officer

13 December 2016

BELIEVE ACADEMY TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2016

The trustees (who also act as governors for Believe Academy Trust and are also the directors of Believe Academy Trust for the purposes of company law) are responsible for preparing the Trustees' Report and the accounts 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 accounts for each financial year. Under company law the trustees must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period.

In preparing these accounts, the trustees are required to:

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

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

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

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

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

P Milner
Chair

INDEPENDENT AUDITOR'S REPORT ON THE ACCOUNTS TO THE MEMBERS OF BELIEVE ACADEMY TRUST

We have audited the accounts of Believe Academy Trust for the year ended 31 August 2016 set out on pages 24 to 48. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

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

Respective responsibilities of trustees and auditors

As explained more fully in the Trustees' Responsibilities Statement set out on page 19, the trustees, who are also the directors of Believe Academy Trust for the purposes of company law, are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the accounts 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 accounts

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/auditscope/private.

Opinion on accounts

In our opinion the accounts:

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

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Report including the incorporated strategic report for the financial year for which the accounts are prepared is consistent with the accounts.

**INDEPENDENT AUDITOR'S REPORT ON THE ACCOUNTS TO THE MEMBERS OF
BELIEVE ACADEMY TRUST (CONTINUED)**

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the accounts 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.

**Jonathan Warsop ACA, FCCA (Senior Statutory Auditor)
for and on behalf of UHY Hacker Young**

**Chartered Accountants
Statutory Auditor**

Dated: 14 December 2016

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

In accordance with the terms of our engagement letter dated 14 July 2011 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 Believe Academy Trust during the period 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of Believe Academy Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Believe Academy Trust's funding agreement with the Secretary of State for Education dated 27 March 2014 and the Academies Financial Handbook, extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

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

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

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

The work undertaken to draw to our conclusion includes:

- An assessment of the risk of material irregularity and impropriety within the trust.
- Testing of those areas identified through risk assessment, including reviewing internal controls, analytical review and enquiries of management.
- Consideration of the evidence and concluding on the work carried out.

Conclusion

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

Jonathan Warsop ACA, FCCA
Reporting Accountant
UHY Hacker Young

Dated: 14 December 2016

BELIEVE ACADEMY TRUST

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

	Notes	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total 2016 £	Total 2015 £
Income and endowments from:						
Donations and capital grants	2	-	-	18,330	18,330	210,265
Charitable activities:						
- Funding for educational operations	4	-	4,882,297	-	4,882,297	4,970,880
Other trading activities	3	104,295	98,996	-	203,291	188,562
Investments	5	1,906	-	-	1,906	2,227
Total income and endowments		<u>106,201</u>	<u>4,981,293</u>	<u>18,330</u>	<u>5,105,824</u>	<u>5,371,934</u>
Expenditure on:						
Charitable activities:						
- Educational operations	7	97,063	4,972,285	195,946	5,265,294	5,409,556
Total expenditure	6	<u>97,063</u>	<u>4,972,285</u>	<u>195,946</u>	<u>5,265,294</u>	<u>5,409,556</u>
Net income/(expenditure)		9,138	9,008	(177,616)	(159,470)	(37,622)
Transfers between funds		-	(21,357)	21,357	-	-
Other recognised gains and losses						
Actuarial gains/(losses) on defined benefit pension schemes	21	-	(829,000)	-	(829,000)	8,000
Net movement in funds		<u>9,138</u>	<u>(841,349)</u>	<u>(156,259)</u>	<u>(988,470)</u>	<u>(29,622)</u>
Reconciliation of funds						
Total funds brought forward		238,199	(1,060,940)	9,010,680	8,187,939	8,217,561
Total funds carried forward		<u>247,337</u>	<u>(1,902,289)</u>	<u>8,854,421</u>	<u>7,199,469</u>	<u>8,187,939</u>

BELIEVE ACADEMY TRUST

**STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED)
INCLUDING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2016**

Comparative year information		Unrestricted	Restricted funds:		Total
Year ended 31 August 2015		Funds	General	Fixed asset	2015
	Notes	£	£	£	£
Income and endowments from:					
Donations and capital grants	2	-	-	210,265	210,265
Charitable activities:					
- Funding for educational operations	4	-	4,970,880	-	4,970,880
Other trading activities	3	146,659	41,903	-	188,562
Investments	5	2,227	-	-	2,227
		<hr/>	<hr/>	<hr/>	<hr/>
Total income and endowments		148,886	5,012,783	210,265	5,371,934
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Expenditure on:					
Charitable activities:					
- Educational operations	7	52,077	5,157,040	200,439	5,409,556
		<hr/>	<hr/>	<hr/>	<hr/>
Total expenditure	6	52,077	5,157,040	200,439	5,409,556
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Net income/(expenditure)		96,809	(144,257)	9,826	(37,622)
Transfers between funds		-	(36,283)	36,283	-
Other recognised gains and losses					
Actuarial gains/(losses) on defined benefit pension schemes	21	-	8,000	-	8,000
		<hr/>	<hr/>	<hr/>	<hr/>
Net movement in funds		96,809	(172,540)	46,109	(29,622)
Reconciliation of funds					
Total funds brought forward		141,390	(888,400)	8,964,571	8,217,561
		<hr/>	<hr/>	<hr/>	<hr/>
Total funds carried forward		238,199	(1,060,940)	9,010,680	8,187,939
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

BELIEVE ACADEMY TRUST

BALANCE SHEET

AS AT 31 AUGUST 2016

		2016		2015	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	11		8,854,421		9,010,680
Current assets					
Stocks	12	21,365		3,598	
Debtors	13	206,633		198,855	
Cash at bank and in hand		1,034,742		994,168	
		<u>1,262,740</u>		<u>1,196,621</u>	
Current liabilities					
Creditors: amounts falling due within one year	14	(295,692)		(359,362)	
Net current assets			967,048		837,259
Net assets excluding pension liability			<u>9,821,469</u>		<u>9,847,939</u>
Defined benefit pension liability	21		(2,622,000)		(1,660,000)
Net assets			<u>7,199,469</u>		<u>8,187,939</u>
Funds of the academy trust:					
Restricted funds	16				
- Fixed asset funds			8,854,421		9,010,680
- Restricted income funds			719,711		599,060
- Pension reserve			(2,622,000)		(1,660,000)
Total restricted funds			<u>6,952,132</u>		<u>7,949,740</u>
Unrestricted income funds	16		247,337		238,199
Total funds			<u>7,199,469</u>		<u>8,187,939</u>

The accounts set out on pages 24 to 48 were approved by the board of trustees and authorised for issue on 13 December 2016 and are signed on its behalf by:

G Boyd
Accounting Officer

P Milner
Chair

Company Number 07726568

BELIEVE ACADEMY TRUST**STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED 31 AUGUST 2016**

	Notes	2016 £	£	2015 £	£
Cash flows from operating activities					
Net cash provided by operating activities	19		60,025		163,038
Cash flows from investing activities					
Dividends, interest and rents from investments		1,906		2,227	
Capital grants from DfE and EFA		18,330		210,265	
Payments to acquire tangible fixed assets		(39,687)		(246,548)	
			(19,451)		(34,056)
Change in cash and cash equivalents in the reporting period					
			40,574		128,982
Cash and cash equivalents at 1 September 2015			994,168		865,186
Cash and cash equivalents at 31 August 2016					
			1,034,742		994,168
Relating to:					
Bank and cash balances			934,742		894,168
Short term deposits			100,000		100,000

BELIEVE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

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

1.1 Basis of preparation

The accounts 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.

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

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

1.2 Going concern

The trustees assess whether the use of going concern is appropriate, ie whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charitable company to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the accounts 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 accounts.

1.3 Income

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

Grants receivable

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

BELIEVE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

(Continued)

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

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

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 are no performance-related conditions), where the receipt is probable and it can be measured reliably.

Donations

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

Other income

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

Donated goods, facilities and services

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

BELIEVE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

(Continued)

1.4 Expenditure

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

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

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

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

Charitable activities

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

Governance costs

These include the costs attributable to the academy trust's compliance with constitutional and statutory requirements, including audit, strategic management, trustees' meetings and reimbursed expenses.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

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

BELIEVE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

(Continued)

1.5 Tangible fixed assets and depreciation

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

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

Long leasehold land and buildings	50 years
Computer equipment	3 years
Fixtures, fittings & equipment	8 years

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

1.6 Liabilities

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

1.7 Leasing and hire purchase commitments

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

1.8 Stock

Stock is valued at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less further costs to completion and disposal. Provision is made for obsolete and slow moving stock.

BELIEVE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

(Continued)

1.9 Taxation

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

1.10 Pensions benefits

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

The 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 21, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions are recognised in the period to which they relate.

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.

1.11 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 Education Funding Agency/Department for Education/sponsor/other funders where the asset acquired or created is held for a specific purpose.

BELIEVE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

(Continued)

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

1.12 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The main example that would apply to academy trusts is the estimates used in the valuing the local government pension scheme. As an example;

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, 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

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
Capital grants	-	18,330	18,330	210,265

The income from donations and capital grants was £18,330 (2015: £210,265) of which £18,330 was restricted fixed assets (2015: £210,265).

BELIEVE ACADEMY TRUST**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 AUGUST 2016****3 Other trading activities**

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
Private school fund and other restricted income	-	28,537	28,537	31,486
Catering income	-	61,060	61,060	52,481
After school club	44,473	-	44,473	50,610
Other income	59,822	9,399	69,221	53,985
	<u>104,295</u>	<u>98,996</u>	<u>203,291</u>	<u>188,562</u>

The income from other trading activities was £203,291 (2015: £188,562) of which £104,295 was unrestricted (2015: £146,659) and £98,996 was restricted (2015: £41,903).

4 Funding for the academy trust's educational operations

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
DfE / EFA grants				
General annual grant (GAG)	-	3,690,958	3,690,958	3,812,376
Other DfE / EFA grants	-	691,460	691,460	678,119
	<u>-</u>	<u>4,382,418</u>	<u>4,382,418</u>	<u>4,490,495</u>
Other government grants				
Local authority grants	-	499,879	499,879	480,385
	<u>-</u>	<u>499,879</u>	<u>499,879</u>	<u>480,385</u>
Total funding	<u>-</u>	<u>4,882,297</u>	<u>4,882,297</u>	<u>4,970,880</u>

The income from funding for educational operations was £4,882,297 (2015: £4,970,880) of which £4,882,297 was restricted (2015: £4,970,880).

BELIEVE ACADEMY TRUST**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 AUGUST 2016****5 Investment income**

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
Short term deposits	1,906	-	1,906	2,227

The income from funding for investment income was £1,906 (2015: £2,227) of which £1,906 was unrestricted (2015: £2,227).

6 Expenditure

	Staff costs £	Premises & equipment £	Other costs £	Total 2016 £	Total 2015 £
Academy's educational operations					
- Direct costs	3,297,461	-	118,528	3,415,989	3,565,051
- Allocated support costs	834,230	267,629	747,446	1,849,305	1,844,505
	<u>4,131,691</u>	<u>267,629</u>	<u>865,974</u>	<u>5,265,294</u>	<u>5,409,556</u>
Total expenditure	<u>4,131,691</u>	<u>267,629</u>	<u>865,974</u>	<u>5,265,294</u>	<u>5,409,556</u>

Net income/(expenditure) for the year includes:	2016 £	2015 £
Fees payable to auditor for:		
- Audit	9,500	8,250
- Other services	-	1,250
Operating lease rentals	26,894	27,184
Depreciation of tangible fixed assets	195,946	198,765
Gain/(loss) on disposal of fixed assets	-	1,674

Central services

No central services were provided by the academy trust to its academies during the year and no central charges arose.

BELIEVE ACADEMY TRUST**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 AUGUST 2016****7 Charitable activities**

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
Direct costs - educational operations	65,554	3,350,435	3,415,989	3,565,051
Support costs - educational operations	31,509	1,817,796	1,849,305	1,844,505
	<u>97,063</u>	<u>5,168,231</u>	<u>5,265,294</u>	<u>5,409,556</u>

The expenditure on educational operations was £5,265,294 (2015: £5,409,556) of which £97,063 was unrestricted (2015: £52,077), £4,972,285 was restricted (2015: £5,157,040) and £195,946 was restricted fixed assets (2015: £200,439).

	2016 £	2015 £
Analysis of support costs		
Support staff costs	834,230	767,176
Depreciation and amortisation	195,946	200,439
Technology costs	37,193	83,533
Premises costs	158,588	183,908
Other support costs	607,949	598,336
Governance costs	15,399	11,113
	<u>1,849,305</u>	<u>1,844,505</u>

8 Staff costs

	2016 £	2015 £
Wages and salaries	3,135,655	3,155,546
Social security costs	240,811	221,114
Operating costs of defined benefit pension schemes	560,827	514,805
Staff costs	<u>3,937,293</u>	<u>3,891,465</u>
Supply staff costs	149,870	132,510
Staff restructuring costs	5,050	23,600
Staff development and other staff costs	39,478	100,211
Total staff expenditure	<u>4,131,691</u>	<u>4,147,786</u>

BELIEVE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

8 Staff costs

(Continued)

Staff numbers

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

	2016 Number	2015 Number
Teachers and teaching assistants	84	97
Administration and support	64	55
	<u>148</u>	<u>152</u>

Higher paid staff

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

	2016 Number	2015 Number
£80,000 - £90,000	-	1
£90,000 - £100,000	1	-
	<u>1</u>	<u>1</u>

Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £316,802 (2015: £293,129).

9 Trustees' remuneration and expenses

The Executive Principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of Executive Principal and staff, and not in respect of their services as trustees. Other trustees did not receive any payments, other than expenses, from the academy trust in respect of their role as trustees. During the year no travel and subsistence payments were reimbursed to the trustees.

The value of trustees' remuneration, including pension, was as follows:

M Saunders (Executive Principal to 31 December 2014) £Nil (2015: £15,000 - £20,000)
G Boyd (Executive Principal from 1 January 2015) £100,000 - £105,000 (2015: £90,000 - £95,000)
R Lambert (Staff) £40,000 - £45,000 (2015: (£45,000 - £50,000))

During the year ended 31 August 2016, expenses totalling £Nil (2015: £1,833) were paid to R Lambert to reimburse him for grounds maintenance costs for the academy trust.

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

BELIEVE ACADEMY TRUST**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 AUGUST 2016****10 Trustees and officers insurance**

In accordance with normal commercial practice, the academy trust has joined the Education Funding Agency's Risk Protection scheme to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy trust business. This scheme provides unlimited cover. As the cover for the trustees and officers is part of the policy, the cost cannot be determined in either this year or prior years.

11 Tangible fixed assets

	Long leasehold land and buildings	Computer equipment	Fixtures, fittings & equipment	Total
	£	£	£	£
Cost or valuation				
At 1 September 2015	9,316,175	227,918	41,146	9,585,239
Additions	-	11,272	28,415	39,687
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 August 2016	9,316,175	239,190	69,561	9,624,926
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 1 September 2015	376,165	186,642	11,752	574,559
Charge for the year	159,143	24,375	12,428	195,946
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 August 2016	535,308	211,017	24,180	770,505
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 August 2016	8,780,867	28,173	45,381	8,854,421
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 August 2015	8,940,010	41,276	29,394	9,010,680
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Included in long leasehold land and buildings is land of £1,358,100 which has not been depreciated.

The long leasehold land and buildings were transferred by Nottingham City Council and Nottinghamshire County Council to Believe Academy Trust at the date both schools converted to academy status. The land and buildings are held under the terms of two 125-year leases at nil rental.

The land and buildings were valued at depreciated replacement cost at the date of conversion.

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

12	Stocks	2016	2015
		£	£
	Stock	21,365	3,598
		<u> </u>	<u> </u>
13	Debtors	2016	2015
		£	£
	Trade debtors	10,543	5,382
	VAT recoverable	46,072	18,674
	Prepayments and accrued income	150,018	174,799
		<u> </u>	<u> </u>
		206,633	198,855
		<u> </u>	<u> </u>
14	Creditors: amounts falling due within one year	2016	2015
		£	£
	Trade creditors	60,423	97,877
	Other taxation and social security	72,257	66,489
	Accruals and deferred income	163,012	194,996
		<u> </u>	<u> </u>
		295,692	359,362
		<u> </u>	<u> </u>
15	Deferred income	2016	2015
		£	£
	Deferred income is included within:		
	Creditors due within one year	74,363	97,619
		<u> </u>	<u> </u>
	Deferred income at 1 September 2015	97,619	107,258
	Released from previous years	(97,619)	(107,258)
	Amounts deferred in the year	74,363	97,619
		<u> </u>	<u> </u>
	Deferred income at 31 August 2016	74,363	97,619
		<u> </u>	<u> </u>

At the balance sheet date the academy trust was holding funds received in advance for universal infant free school meals and rates relief.

BELIEVE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

16 Funds

	Balance at 1 September 2015	Incoming resources	Resources expended	Gains, losses & transfers	Balance at 31 August 2016
	£	£	£	£	£
Restricted general funds					
General Annual Grant	599,060	3,690,958	(3,548,950)	(21,357)	719,711
Other DfE / EFA grants	-	691,460	(691,460)	-	-
Other government grants	-	499,879	(499,879)	-	-
Other restricted funds	-	98,996	(98,996)	-	-
	<u>599,060</u>	<u>4,981,293</u>	<u>(4,839,285)</u>	<u>(21,357)</u>	<u>719,711</u>
Funds excluding pensions	599,060	4,981,293	(4,839,285)	(21,357)	719,711
Pension reserve	(1,660,000)	-	(133,000)	(829,000)	(2,622,000)
	<u>(1,060,940)</u>	<u>4,981,293</u>	<u>(4,972,285)</u>	<u>(850,357)</u>	<u>(1,902,289)</u>
Restricted fixed asset funds					
DfE / EFA capital grants	9,010,680	18,330	(195,946)	21,357	8,854,421
	<u>9,010,680</u>	<u>18,330</u>	<u>(195,946)</u>	<u>21,357</u>	<u>8,854,421</u>
Total restricted funds	<u>7,949,740</u>	<u>4,999,623</u>	<u>(5,168,231)</u>	<u>(829,000)</u>	<u>6,952,132</u>
Unrestricted funds					
General funds	238,199	106,201	(97,063)	-	247,337
	<u>238,199</u>	<u>106,201</u>	<u>(97,063)</u>	<u>-</u>	<u>247,337</u>
Total funds	<u>8,187,939</u>	<u>5,105,824</u>	<u>(5,265,294)</u>	<u>(829,000)</u>	<u>7,199,469</u>

BELIEVE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

16 Funds

(Continued)

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

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 Education Funding Agency/Department for Education/sponsor/other funders where the asset acquired or created is held for a specific purpose.

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

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.

The pension reserve held within restricted funds was in deficit by £2,622,000 at 31 August 2016. This does not mean that an immediate liability for this amount crystallises. The deficit position will result in a cash flow effect for the academy trust in the form of employer's pension contributions as assessed by the actuary.

Total funds analysis by academy

	Total
	£
Fund balances at 31 August 2016 were allocated as follows:	
Southwark Primary School	925,264
Arnbrook Primary School	41,784
	<hr/>
Total before fixed assets fund and pension reserve	967,048
Restricted fixed asset fund	8,854,421
Pension reserve	(2,622,000)
	<hr/>
Total funds	7,199,469
	<hr/> <hr/>

BELIEVE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

16 Funds

(Continued)

Total cost analysis by academy

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

	Teaching and educational support staff costs	Other support staff costs	Educational supplies	Other costs excluding depreciation	Total
	£	£	£	£	£
Southwark Primary School	2,434,067	668,494	66,971	665,409	3,834,941
Arnbrook Primary School	800,393	165,736	25,627	242,650	1,234,406
	<u>3,234,460</u>	<u>834,230</u>	<u>92,598</u>	<u>908,059</u>	<u>5,069,347</u>

17 Analysis of net assets between funds

	Unrestricted Funds	Restricted funds:		Total 2016
	£	General	Fixed asset	£
		£	£	
Fund balances at 31 August 2016 are represented by:				
Tangible fixed assets	-	-	8,854,421	8,854,421
Current assets	247,337	1,015,403	-	1,262,740
Creditors falling due within one year	-	(295,692)	-	(295,692)
Defined benefit pension liability	-	(2,622,000)	-	(2,622,000)
	<u>247,337</u>	<u>(1,902,289)</u>	<u>8,854,421</u>	<u>7,199,469</u>

BELIEVE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

18 Commitments under operating leases

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

	2016 £	2015 £
Amounts due within one year	26,919	22,063
Amounts due in two and five years	33,996	45,153
Amounts due after five years	8,762	-
	<u>69,677</u>	<u>67,216</u>

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

	2016 £	2015 £
Net expenditure for the reporting period	(159,470)	(37,622)
Adjusted for:		
Capital grants from DfE/EFA and other capital income	(18,330)	(210,265)
Investment income	(1,906)	(2,227)
Defined benefit pension costs less contributions payable	70,000	75,000
Defined benefit pension net finance cost/(income)	63,000	31,000
Depreciation of tangible fixed assets	195,946	198,765
Losses/(profits) on disposals of fixed assets	-	1,674
(Increase)/decrease in stocks	(17,767)	235
(Increase)/decrease in debtors	(7,778)	120,080
Increase/(decrease) in creditors	(63,670)	(13,602)
Net cash provided by operating activities	<u>60,025</u>	<u>163,038</u>

20 Members' liability

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

BELIEVE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

21 Pensions and similar obligations

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

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

Contributions amounting to £63,040 (2015: £56,757) were payable to the schemes at 31 August 2016 and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

BELIEVE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

21 Pensions and similar obligations

(Continued)

The key elements of the valuation and subsequent consultation are:

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

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

The pension costs paid to the TPS in the period amounted to £361,285 (2015: £313,730).

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

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

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 18.0 per cent for employers and 5.9 to 9.9 per cent for employees. The estimated value of employer contributions for the forthcoming year is £132,000.

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

Total contributions made	2016 £	2015 £
Employer's contributions	130,000	137,000
Employees' contributions	42,000	45,000
Total contributions	172,000	182,000

BELIEVE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

21 Pensions and similar obligations

(Continued)

Principal actuarial assumptions	2016	2015
	%	%
Rate of increases in salaries	4.1	4.5
Rate of increase for pensions in payment	2.3	2.7
Discount rate	2.2	4.0
Inflation assumption (CPI)	3.2	3.6
Commutation of pensions to lump sums	50.0	50.0

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

	2016	2015
	Years	Years
Retiring today		
- Males	22.1	22.1
- Females	25.3	25.2
Retiring in 20 years		
- Males	24.4	24.2
- Females	27.7	27.6

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

	2016	2015
	Fair value	Fair value
	£	£
Equities	1,420,000	1,231,000
Bonds	140,000	120,000
Gilts	77,000	46,000
Cash	88,000	60,000
Property	249,000	217,000
Other assets	88,000	55,000
Total market value of assets	2,062,000	1,729,000
Actual return on scheme assets - gain/(loss)	255,000	(28,000)

BELIEVE ACADEMY TRUST**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 AUGUST 2016****21 Pensions and similar obligations****(Continued)****Amounts recognised in the statement of financial activities**

	2016	2015
	£	£
Current service cost (net of employee contributions)	200,000	212,000
Net interest cost	63,000	31,000

Changes in the present value of defined benefit obligations

	2016	2015
	£	£
Obligations at 1 September	3,389,000	3,088,000
Current service cost	200,000	212,000
Interest cost	134,000	125,000
Employee contributions	42,000	45,000
Actuarial (gain)/loss	1,013,000	(74,000)
Benefits paid	(94,000)	(7,000)
Plan introductions, benefit changes, curtailments and settlements	-	-
At 31 August	4,684,000	3,389,000

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

	2016	2015
	£	£
Assets at 1 September	1,729,000	1,526,000
Interest income	71,000	94,000
Return on plan assets (excluding amounts included in net interest):		
Actuarial gain/(loss)	184,000	(66,000)
Employer contributions	130,000	137,000
Employee contributions	42,000	45,000
Benefits paid	(94,000)	(7,000)
Plan introductions, benefit changes, curtailments and settlements	-	-
At 31 August	2,062,000	1,729,000

BELIEVE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

22 Related party transactions

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

No related party transactions took place in this period of account, or last year.

23 Post balance sheet events

On 14 November 2016, the 'Southwark Primary Academy Trust' was renamed the 'Believe Academy Trust'.