

Company Registration No. 07561574 (England and Wales)

BENFLEET SCHOOLS TRUST
(FORMERLY "THE APPLETON SCHOOL ACADEMY TRUST")
(A COMPANY LIMITED BY GUARANTEE)

GOVERNORS' REPORT AND AUDITED ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2014



**BENFLEET SCHOOLS TRUST
(FORMERLY "THE APPLETON SCHOOL ACADEMY TRUST")
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**BENFLEET SCHOOLS TRUST
(FORMERLY "THE APPLETON SCHOOL ACADEMY TRUST")
REFERENCE AND ADMINISTRATIVE DETAILS**

Governors

M Atkins (Staff Governor)
P Coverley (Member, Parent Governor, 'R O') (Resigned 31 August 2014) *
S Edmondson (Member, Governor) *
J Hilliker (Appointed 3 December 2013)
M Hillman (Member, Governor)
P Hillman (Member, Chair) *
M Jones (Appointed 1 July 2014)
J Keeling (Governor) (Resigned 1 July 2014) *
K Kerridge (Head Teacher) *
D Parmenter (Vice Chair) *
S Parmenter (Governor) *
T Reynolds (Governor)
M Scott (LA Governor) *
G Webb (Parent Governor) *

* members of the finance, estates and general purposes committee

Senior management team

K Kerridge	- Head Teacher
A Clarke	- Deputy Head Teacher
S Cox	- Deputy Head Teacher
A Cruse	- Assistant Head Teacher
J Gill	- Assistant Head Teacher
J Banks	- Assistant Head Teacher
S Mooney	- Assistant Head Teacher
A Hawes	- Assistant Head Teacher
G Farrance	- Business Manager

Company Secretary

A Wright

Company registration number

07561574 (England and Wales)

Registered office

Croft Road
Benfleet
Essex
SS7 5RN
United Kingdom

Independent auditor

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

**BENFLEET SCHOOLS TRUST
(FORMERLY "THE APPLETON SCHOOL ACADEMY TRUST")
REFERENCE AND ADMINISTRATIVE DETAILS**

Bankers

Barclays Bank PLC
109-111 London Road
Benfleet
SS7 5UH

Solicitors

Eversheds LLP
One Wood Street
London
EC2V 7WS

BENFLEET SCHOOLS TRUST (FORMERLY "THE APPLETON SCHOOL ACADEMY TRUST") GOVERNORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2014

The governors present their annual report together with the accounts and independent auditor's reports of the charitable company for the period 1 September 2013 to 31 August 2014.

Structure, governance and management

Constitution

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

The governors are the trustees of Benfleet Schools Trust and are also the directors of the charitable company for the purposes of company law. Details of the governors who served during the year are included in the Reference and Administrative Details on page 1.

Members' liability

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

Method of recruitment and appointment or election of governors

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

- a) Up to four initial governors appointed on incorporation;
- b) Up to six governors appointed by the Governors;
- c) Up to two staff governors elected by the staff;
- d) Minimum of two parent governors elected by parents;
- e) The Head Teacher is an ex-officio Governor;
- f) Further governors may be appointed by the Secretary of State.

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

Policies and procedures adopted for the induction and training of governors

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

**BENFLEET SCHOOLS TRUST
(FORMERLY "THE APPLETON SCHOOL ACADEMY TRUST")
GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2014**

Organisational structure

The board of governors, the majority of whom are non-executive, comprises those persons appointed under the Articles of Association. The board meets at least three times a year and has two committees;

- Standards, Staffing and Curriculum Committee
- Finance, Estates and General Purposes Committee.

The Finance, Estates and General Purposes Committee also fulfils the functions of an Audit Committee

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

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

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

The Head Teacher is the Accounting Officer.

Connected organisations including related party relationships

The Academy has no connected organisations.

Objectives and activities

Objects and aims

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

Objectives, strategies and activities

The principal object of the company is to advance for the public benefit, education in the United Kingdom.

It achieves this object through the operation of The Appleton School, providing a state education, free of charge, to pupils aged 11 to 16.

Public benefit

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

**BENFLEET SCHOOLS TRUST
(FORMERLY "THE APPLETON SCHOOL ACADEMY TRUST")
GOVERNORS' REPORT (CONTINUED)**

FOR THE YEAR ENDED 31 AUGUST 2014

Strategic report

Achievements and performance

The schools was judged Outstanding for the second time by OFSTED in July 2013, and since then the school has expanded by one form of entry and opened its sixth form.

The school has enjoyed a successful year. Exam results were strong, 60% of pupils having obtained 5 or more grades A* - C including English and Mathematics in the Summer 2014 GCSE examinations.

On the sporting front, our basketball, hockey, netball and rugby teams all achieved high places in their leagues.

We also had significant successes in enterprise Activities and Public Speaking with all our teams gaining awards.

During the year we have run several successful school trips abroad including France, Germany, Austria, Iceland and USA.

The Sixth Form has a new refurbished building resulting in adequate space for 2014.

Several school productions and concerts were organised and these were well supported and attended, particularly the summer production of Camp Rock.

We participate in the Duke of Edinburgh Award Scheme at bronze and silver levels with our Years 10 and 11 students.

Key performance indicators

No key financial performance indicators have been set by the Governors, beyond the requirement that the financial position should remain sufficient to fund future needs. The principal performance measures are non-financial; these are largely educational and pastoral.

Going concern

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

Financial review

During the year, the total incoming resources amounted to £8,047k (2013: £8,612k) while total resources expended were £7,650k (2012:£7,359k).

At 31st August 2014 the net book value of fixed assets was £12,336k (2013:£11,687k) and details are shown in note 11 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

The academy held fund balances at 31 August 2014 of £11,509k (2013:£10,923k) comprising a fixed asset fund of £12,429k (2013:£11,739k), a deficit on the FRS 17 LGPS fund of £(1,849k), (2013:£(1,912k)), restricted general funds of £786k (2013:£978k) and an unrestricted fund of £143k (2013:£118k). The fixed asset fund comprises two elements, the first being unavailable for spending, representing as it does the net book value of fixed assets already acquired of £12,336k (2013:£11,687k). The second element is available for spending on specific capital projects, representing the unspent balance of capital grants of £93k (2013:£52k). The pension fund deficit is due to be repaid over the long term, in accordance with advice given by scheme actuaries. Note 18 to the accounts gives further analysis of the funds held at 31 August 2014.

Reserves policy

The Governors have not yet formalised a specific policy on reserves, beyond the requirement that reserve levels are regularly monitored by Governors and Management to ensure that sufficient reserves are maintained to meet anticipated future needs while avoiding long term accumulation of excessive sums.

**BENFLEET SCHOOLS TRUST
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GOVERNORS' REPORT (CONTINUED)**

FOR THE YEAR ENDED 31 AUGUST 2014

Investment policy and powers

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

Principal risks and uncertainties

The governors have assessed the major risks to which the company is exposed, in particular those relating to academic performance/finances/child welfare. The governors have implemented a number of systems to assess risks that the company faces, and have developed policies and procedures to mitigate those risks. Where significant financial risk still remains they have ensured they have adequate insurance cover. The company has an effective system of internal financial controls and this is explained in more detail in the Governance Statement.

The risk management process has been codified in a risk register implemented by the Leadership Team and overseen by governors.

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

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

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

Plans for future periods

The principal task facing the company is to maintain the excellent educational standards achieved by the school and to establish an outstanding Sixth Form.

More specifically, over the year we will be continuing to work on the curriculum and recruitment of staff for the second year of the Sixth Form. A second Sixth Form building is currently under construction which accounts for the large bank balance presently showing as in excess of one million pounds.

There is also inadequate space for the delivery of science education and this requires address.

Funds held as custodian trustee on behalf of others

The Academy is the "banker school" holding funds on behalf of the 14-19 Area Planning Group. The amount of £19k (2013:£149k) remains unspent at the end of the period to 31st August 2014 and is held within restricted funds.

**BENFLEET SCHOOLS TRUST
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GOVERNORS' REPORT (CONTINUED)**

FOR THE YEAR ENDED 31 AUGUST 2014

Auditor

In so far as the governors are aware:

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

A resolution proposing that Baxter & Co be reappointed as auditor of the charitable company will be put to the members.

Approved by order of the board of governors on 02 December 2014 and signed on its behalf by:



P Hillman
Member, Chair

**BENFLEET SCHOOLS TRUST
(FORMERLY "THE APPLETON SCHOOL ACADEMY TRUST")
GOVERNANCE STATEMENT**

FOR THE YEAR ENDED 31 AUGUST 2014

Scope of responsibility

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

The board of governors has delegated the day-to-day responsibility to K Kerridge, 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 Benfleet Schools Trust and the Secretary of State for Education. They are also responsible for reporting to the board of governors any material weaknesses or breakdowns in internal control.

Governance

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

Governors	Meetings attended	Out of possible
M Atkins (Staff Governor)	5	5
P Coverley (Member, Parent Governor, 'R O') (Resigned 31 August 2014)	5	5
S Edmondson (Member, Governor)	5	5
J Hilliker (Appointed 3 December 2013)	5	5
M Hillman (Member, Governor)	2	5
P Hillman (Member, Chair)	4	5
M Jones (Appointed 1 July 2014)	1	1
J Keeling (Governor) (Resigned 1 July 2014)	3	5
K Kerridge (Head Teacher)	4	5
D Parmenter (Vice Chair)	4	5
S Parmenter (Governor)	4	5
T Reynolds (Governor)	4	5
M Scott (LA Governor)	4	5
G Webb (Parent Governor)	3	5

An informal internal review of governance structures was carried out in January 2014 and its outcome included the creation of Lead Governor roles. These incorporated the existing statutory roles with regards to Safeguarding and Special Educational Needs and Disability. Additional roles created oversee key subject areas as well as the Sixth Form.

During the next 12 months a skills audit of Governors is planned as well as audit of the effectiveness of the Governing body towards the end of the 2014/15 academic year. In carrying out this review we will be seeking input from a suitably qualified outside body or individual.

**BENFLEET SCHOOLS TRUST
(FORMERLY "THE APPLETON SCHOOL ACADEMY TRUST")
GOVERNANCE STATEMENT (CONTINUED)**

FOR THE YEAR ENDED 31 AUGUST 2014

The Finance, Estates and General Purposes Committee is a sub-committee of the main board of governors. Its purpose is to:

- the initial review and recommendation of the annual budget;
- the regular monitoring of actual expenditure and income against budget;
- ensuring the annual accounts are produced in accordance with the requirements of the Companies Act 2006 and the DfE guidance issued to academies;
- reviewing the reports of the Responsible Officer on the effectiveness of the financial procedures and controls.

The Chair of the Committee is Mrs S Edmondson.

Governors	Meetings attended	Out of possible
P Coverley (Member, Parent Governor, 'R O') (Resigned 31 August 2014)	3	3
S Edmondson (Member, Governor)	3	3
P Hillman (Member, Chair)	2	3
J Keeling (Governor) (Resigned 1 July 2014)	2	3
K Kerridge (Head Teacher)	3	3
D Parmenter (Vice Chair)	1	3
S Parmenter (Governor)	1	3
M Scott (LA Governor)	2	3
G Webb (Parent Governor)	2	3

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 Benfleet Schools Trust for the period 1 September 2013 to 31 August 2014 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The board of governors has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of governors is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1 September 2013 to 31 August 2014 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the board of governors.

The risk and control framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of governors;
- regular reviews by the finance, estates 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.

**BENFLEET SCHOOLS TRUST
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GOVERNANCE STATEMENT (CONTINUED)**

FOR THE YEAR ENDED 31 AUGUST 2014

The board of governors has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However the governors have appointed P Coverley, a governor, as responsible officer (RO).

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 governors on the operation of the systems of control and on the discharge of the board of governors financial responsibilities. The RO function has been delivered in line with the EFA requirements. This has been audited. There is currently no remedial action proposed.

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 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, Estates 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 governors on 02 December 2014 and signed on its behalf by:



P Hillman
Member, Chair



K Kerridge
Head Teacher

**BENFLEET SCHOOLS TRUST
(FORMERLY "THE APPLETON SCHOOL ACADEMY TRUST")
STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

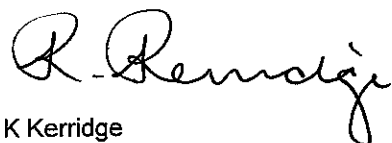
FOR THE YEAR ENDED 31 AUGUST 2014

As accounting officer of Benfleet Schools Trust I have considered my responsibility to notify the academy trust board of governors and the Education Funding Agency of material irregularity, impropriety and non-compliance with Education Funding Agency terms and conditions of funding, under the funding agreement in place between the academy trust and Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date.

Approved on 02 December 2014 and signed by:



K Kerridge
Accounting Officer

BENFLEET SCHOOLS TRUST (FORMERLY "THE APPLETON SCHOOL ACADEMY TRUST") STATEMENT OF GOVERNORS' RESPONSIBILITIES

The governors (who act as trustees for Benfleet Schools Trust and are also the directors of Benfleet Schools Trust for the purposes of company law) are responsible for preparing the Governors' 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 governors to prepare accounts for each financial year. Under company law the governors 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 governors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the 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 governors are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the 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 governors are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring that grants received from the EFA/DfE have been applied for the purposes intended.

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

Approved by order of the board of governors on 02 December 2014 and signed on its behalf by:



P Hillman
Member, Chair

BENFLEET SCHOOLS TRUST (FORMERLY "THE APPLETON SCHOOL ACADEMY TRUST") INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BENFLEET SCHOOLS TRUST

We have audited the accounts of Benfleet Schools Trust for the year ended 31 August 2014 set out on pages 17 to 38. 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) and the Academies Accounts Direction 2014 issued by the EFA.

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

Respective responsibilities of governors and auditors

As explained more fully in the Governors' Responsibilities Statement set out on page 12, the governors, who are also the directors of Benfleet Schools 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

An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the governors; and the overall presentation of the accounts. In addition, we read all the financial and non-financial information in the Governors' Annual Report to identify material inconsistencies with the audited accounts 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 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 2014 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2014 issued by the EFA.

Opinion on other matter prescribed by the Companies Act 2006


In our opinion the information given in the Governors' Report for the financial year for which the accounts are prepared is consistent with the accounts.

**BENFLEET SCHOOLS TRUST
(FORMERLY "THE APPLETON SCHOOL ACADEMY TRUST")
INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS OF BENFLEET SCHOOLS TRUST**

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



**David John Walsh FCCA (Senior Statutory Auditor)
Baxter & Co**

**Chartered Certified Accountants
Statutory Auditor**
Lynwood House
Crofton Road
Orpington
Kent
BR6 8QE

Dated: 8 December 2014

BENFLEET SCHOOLS TRUST (FORMERLY "THE APPLETON SCHOOL ACADEMY TRUST") INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO BENFLEET SCHOOLS TRUST AND THE EDUCATION FUNDING AGENCY

In accordance with the terms of our engagement letter dated 01 November 2012 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2014, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Benfleet Schools Trust during the period 1 September 2013 to 31 August 2014 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 Benfleet Schools Trust and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Benfleet Schools 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 the Benfleet Schools Trust and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Benfleet Schools Trust's accounting officer and the reporting accountant
The accounting officer is responsible, under the requirements of Benfleet Schools Trust's funding agreement with the Secretary of State for Education dated 1 April 2011 and the Academies Financial Handbook, extant from 1 September 2013, 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 2014. 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 2013 to 31 August 2014 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 2014 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.


The work undertaken to draw to our conclusion includes:

- Review of payments to staff;
- Review of payments to suppliers and other third parties;
- Review of grant and other income streams;
- Discussions with finance staff;
- Consideration of the record maintained by the Accounting Officer of the oversight they have exercised;
- Consideration of the work of the Responsible Officer.

**BENFLEET SCHOOLS TRUST
(FORMERLY "THE APPLETON SCHOOL ACADEMY TRUST")
INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON
REGULARITY TO BENFLEET SCHOOLS TRUST AND THE EDUCATION FUNDING
AGENCY (CONTINUED)**

Conclusion

In the course of our work nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2013 to 31 August 2014 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



David John Walsh FCCA

For and on behalf of Baxter & Co

Reporting Accountant

Lynwood House

Crofton Road

Orpington

Kent

BR6 8QE

Dated: 08 December 2014

BENFLEET SCHOOLS TRUST
(FORMERLY "THE APPLETON SCHOOL ACADEMY TRUST")
STATEMENT OF FINANCIAL ACTIVITIES
INCLUDING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2014

	Notes	Unrestricted funds £'000	Restricted funds £'000	Fixed Asset fund £'000	Total 2014 £'000	Total 2013 £'000
<u>Incoming resources</u>						
<i>Resources from generated funds</i>						
- Voluntary income	2	25	144	-	169	180
- Activities for generating funds	3	89	-	-	89	75
- Investment income	4	8	-	-	8	7
<i>Resources from charitable activities</i>						
- Funding for educational operations	5	20	7,174	587	7,781	8,350
Total incoming resources		142	7,318	587	8,047	8,612
<u>Resources expended</u>						
<i>Costs of generating funds</i>						
- Relating to voluntary income	6	-	190	-	190	174
- Fundraising trading	6	8	-	-	8	7
<i>Charitable activities</i>						
- Educational operations	7	6	6,867	468	7,341	7,069
Governance costs	8	-	111	-	111	109
Total resources expended	6	14	7,168	468	7,650	7,359
Net incoming/(outgoing) resources before transfers		128	150	119	397	1,253
Gross transfers between funds		(103)	(468)	571	-	-
Net income/(expenditure) for the year		25	(318)	690	397	1,253
<u>Other recognised gains and losses</u>						
Actuarial gains/(losses) on defined benefit pension scheme	18	-	189	-	189	(106)
Net movement in funds		25	(129)	690	586	1,147
Fund balances at 1 September 2013		118	(934)	11,739	10,923	9,776
Fund balances at 31 August 2014		143	(1,063)	12,429	11,509	10,923

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006. A statement of total recognised gains and losses is not required as all gains and losses are included in the statement of financial activities.

All of the academy's activities derive from continuing operations during the two financial periods above.

**BENFLEET SCHOOLS TRUST
(FORMERLY "THE APPLETON SCHOOL ACADEMY TRUST")
BALANCE SHEET**

AS AT 31 AUGUST 2014

	Notes	2014		2013	
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	11		12,336		11,687
Current assets					
Stocks	12	7		5	
Debtors	13	328		453	
Cash at bank and in hand		1,086		965	
		<u>1,421</u>		<u>1,423</u>	
Creditors: amounts falling due within one year	14	(399)		(275)	
Net current assets			<u>1,022</u>		<u>1,148</u>
Total assets less current liabilities			<u>13,358</u>		<u>12,835</u>
Defined benefit pension liability	18		(1,849)		(1,912)
Net assets			<u>11,509</u>		<u>10,923</u>
Funds of the academy trust:					
Restricted income funds	16				
- Fixed asset funds			12,429		11,739
- General funds			786		978
- Pension reserve			(1,849)		(1,912)
Total restricted funds			<u>11,366</u>		<u>10,805</u>
Unrestricted funds	16		143		118
Total funds			<u>11,509</u>		<u>10,923</u>

The accounts were approved by order of the board of governors and authorised for issue on 02 December 2014.



P Hillman
Member, Chair

Company Number 07561574

**BENFLEET SCHOOLS TRUST
(FORMERLY "THE APPLETON SCHOOL ACADEMY TRUST")
CASH FLOW STATEMENT**

FOR THE YEAR ENDED 31 AUGUST 2014

	Notes	2014 £'000	2013 £'000
Net cash inflow/(outflow) from operating activities	19	643	286
Returns on investments and servicing of finance			
Investment income		8	7
Net cash inflow/(outflow) from returns on investments and servicing of finance		8	7
		651	293
Capital expenditure and financial investments			
Capital grants received		587	1,081
Payments to acquire tangible fixed assets		(1,117)	(1,462)
Net cash flow from capital activities		(530)	(381)
Increase/(decrease) in cash	20	121	(88)

**BENFLEET SCHOOLS TRUST
(FORMERLY "THE APPLETON SCHOOL ACADEMY TRUST")
NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 AUGUST 2014

1 Accounting policies

1.1 Basis of preparation

The accounts have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice: Accounting and Reporting by Charities' ('SORP 2005'), the Academies Accounts Direction issued by the Education Funding Agency and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

1.2 Going concern

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

1.3 Incoming resources

All incoming resources are recognised when the academy trust has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

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 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 year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund. Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

Donations

Donations are recognised on a receivable basis where there 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 it is receivable and to the extent the goods have been provided or on completion of the service.

Donated services and gifts in kind

The value of donated services and gifts in kind provided to the academy trust are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the academy trust can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the statement of financial activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's policies.

1.4 Resources expended

All expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

**BENFLEET SCHOOLS TRUST
(FORMERLY "THE APPLETON SCHOOL ACADEMY TRUST")
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2014**

1 Accounting policies

(Continued)

Costs of generating funds

These are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

Charitable activities

These are costs incurred on the academy trust's educational operations.

Governance costs

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

All resources expended are inclusive of irrecoverable VAT.

1.5 Tangible fixed assets and depreciation

Assets costing £2,500 or more per item (or less if they form part of a larger purchase or project where the total cost exceeds £25,000) are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

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

Freehold Land and buildings	2% Straight Line
Computer equipment	20% Straight Line
Fixtures, fittings & equipment	10% - 15% Straight Line

Fixed Asset Transfer from Predecessor School

Where fixed assets were transferred to the charitable company from the predecessor school, these have been included at a value determined in accordance with the policy described below;

Land

Where land is owned (or occupied under the terms of a long lease), subject to a legally binding restriction as to its use, it is included at a valuation that assumes continuation of existing use.

Buildings

In accordance with the requirements of FRS 15, specialist buildings transferred from a predecessor school are recognised at their depreciated replacement cost at the time of the transfer. Future depreciation is charged over the estimated remaining useful life of the buildings.

Other Fixed Assets

Other fixed assets transferred from the predecessor school are also included at depreciated replacement cost (subject to the capitalisation limit set).

**BENFLEET SCHOOLS TRUST
(FORMERLY "THE APPLETON SCHOOL ACADEMY TRUST")
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

FOR THE YEAR ENDED 31 AUGUST 2014

1 Accounting policies (Continued)

1.6 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.

1.7 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.

1.8 Taxation

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

1.9 Pensions benefits

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

Teachers' Pension Scheme

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 18, the TPS is a multi-employer scheme and the academy trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions are recognised as they are paid each year.

Local Government Pension Scheme

The LGPS is a funded scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit 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 gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the statement of financial activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

**BENFLEET SCHOOLS TRUST
(FORMERLY "THE APPLETON SCHOOL ACADEMY TRUST")
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

FOR THE YEAR ENDED 31 AUGUST 2014

1 Accounting policies **(Continued)**

1.10 Fund accounting

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

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

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

2 Voluntary income

	Unrestricted funds £'000	Restricted funds £'000	Total 2014 £'000	Total 2013 £'000
Other donations	25	144	169	180
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

3 Activities for generating funds

	Unrestricted funds £'000	Restricted funds £'000	Total 2014 £'000	Total 2013 £'000
Hire of facilities	89	-	89	75
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

4 Investment income

	Unrestricted funds £'000	Restricted funds £'000	Total 2014 £'000	Total 2013 £'000
Short term deposits	8	-	8	7
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

BENFLEET SCHOOLS TRUST
(FORMERLY "THE APPLETON SCHOOL ACADEMY TRUST")
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

5 Funding for the academy trust's educational operations

	Unrestricted funds £'000	Restricted funds £'000	Total 2014 £'000	Total 2013 £'000
DfE / EFA grants				
General annual grant (GAG)	-	6,222	6,222	5,907
Capital grants	-	587	587	1,081
Other DfE / EFA grants	-	338	338	191
	<u>-</u>	<u>7,147</u>	<u>7,147</u>	<u>7,179</u>
Other government grants				
Other grants	-	294	294	710
	<u>-</u>	<u>294</u>	<u>294</u>	<u>710</u>
Other funds				
Other incoming resources	20	320	340	461
	<u>20</u>	<u>320</u>	<u>340</u>	<u>461</u>
Total funding	<u>20</u>	<u>7,761</u>	<u>7,781</u>	<u>8,350</u>

6 Resources expended

	Staff costs £'000	Premises & equipment £'000	Other costs £'000	Total 2014 £'000	Total 2013 £'000
Academy's educational operations					
- Direct costs	4,646	374	535	5,555	5,502
- Allocated support costs	670	429	687	1,786	1,567
	<u>5,316</u>	<u>803</u>	<u>1,222</u>	<u>7,341</u>	<u>7,069</u>
Other expenditure					
Costs of generating voluntary income	-	-	190	190	174
Costs of activities for generating funds	2	-	6	8	7
Governance costs	-	-	111	111	109
	<u>2</u>	<u>-</u>	<u>307</u>	<u>309</u>	<u>290</u>
Total expenditure	<u>5,318</u>	<u>803</u>	<u>1,529</u>	<u>7,650</u>	<u>7,359</u>

**BENFLEET SCHOOLS TRUST
(FORMERLY "THE APPLETON SCHOOL ACADEMY TRUST")
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

FOR THE YEAR ENDED 31 AUGUST 2014

6 Resources expended (Continued)

Incoming/outgoing resources for the year include:	2014 £'000	2013 £'000
Fees payable to auditor		
- Audit	8	6
- Other services	7	11
	<u> </u>	<u> </u>

Included within resources expended are the following transactions. Individual transactions exceeding £5,000 are identified separately:

	2014 £'000
Gifts made by the trust - total	448
	<u> </u>

7 Charitable activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2014 £'000	Total 2013 £'000
Direct costs				
Teaching and educational support staff costs	-	4,646	4,646	4,615
Depreciation	-	374	374	345
Technology costs	-	169	169	102
Educational supplies and services	-	246	246	287
Examination fees	-	96	96	76
Staff development	-	24	24	21
Educational consultancy	-	-	-	2
Other direct costs	-	-	-	54
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	-	5,555	5,555	5,502
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Allocated support costs				
Support staff costs	-	670	670	761
Depreciation	-	94	94	86
Maintenance of premises and equipment	-	335	335	170
Cleaning	-	119	119	10
Energy costs	-	123	123	118
Rent and rates	-	41	41	36
Insurance	3	17	20	49
Catering	3	159	162	143
Interest and finance costs	-	84	84	62
Other support costs	-	138	138	132
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	6	1,780	1,786	1,567
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total costs	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	6	7,335	7,341	7,069
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

BENFLEET SCHOOLS TRUST
(FORMERLY "THE APPLETON SCHOOL ACADEMY TRUST")
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

8 Governance costs

	Unrestricted funds £'000	Restricted funds £'000	Total 2014 £'000	Total 2013 £'000
Legal and professional fees	-	96	96	92
Auditor's remuneration				
- Audit of financial statements	-	8	8	6
- Other non audit costs	-	7	7	11
	<u>-</u>	<u>111</u>	<u>111</u>	<u>109</u>

9 Staff costs

The average number of persons (including senior management team) employed by the academy trust during the year expressed as full time equivalents was as follows:

	2014 Number	2013 Number
Teachers	76	67
Administration and support	69	79
Management	9	8
	<u>154</u>	<u>154</u>

Costs included within the accounts:

	2014 £'000	2013 £'000
Wages and salaries	4,293	4,322
Social security costs	297	311
Other pension costs	631	618
	<u>5,221</u>	<u>5,251</u>
Supply staff costs	93	112
Staff restructuring costs	4	16
	<u>5,318</u>	<u>5,379</u>

The number of employees whose annual remuneration was £60,000 or more was:

	2014 Number	2013 Number
£60,000 - £70,000	3	-
£70,001 - £80,000	2	2
£100,001 - £110,000	-	1
£110,001 - £120,000	1	-
	<u>6</u>	<u>3</u>

**BENFLEET SCHOOLS TRUST
(FORMERLY "THE APPLETON SCHOOL ACADEMY TRUST")
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

FOR THE YEAR ENDED 31 AUGUST 2014

9 Staff costs (Continued)

Of the employees above, the number participating in pension schemes and the employers' contributions paid on their behalf were as follows:

		2014	2013
Teachers' Pension Scheme	Numbers	6	3
	£'000	62	34
		<u> </u>	<u> </u>
Local Government Pension Scheme	Numbers	-	-
	£'000	-	-
		<u> </u>	<u> </u>

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £4k (2013: £16k). None of the non-statutory/non-contractual payments exceeded £5,000 individually.

10 Governors' remuneration and expenses

The Head Teacher and other staff governors only receive remuneration in respect of services they provide undertaking the roles of Head Teacher and staff, and not in respect of their services as governors. Other governors did not receive any payments, other than expenses, from the academy trust in respect of their role as governors. During the year, travel and subsistence payments totalling £864 (2013: £2,212) were reimbursed to 3 governors (2013: 1 governors).

The value of governors' remuneration was as follows;

K Kerridge (Head Teacher) £115,000 - £120,000 (2013: £100,000 - £105,000)
M Atkins (Staff Governor) £45,000 - £50,000 (2013: £45,000 - £50,000)
J Hilliker (Staff Governor) £10,000 - £15,000 (2013: N/a)

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

Governors' 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 £2,000,000 on any one claim and the cost for the year ended 31 August 2014 was £1,041(2013: £982).

BENFLEET SCHOOLS TRUST
(FORMERLY "THE APPLETON SCHOOL ACADEMY TRUST")
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

11 Tangible fixed assets

	Freehold Land and buildings £'000	Computer equipment £'000	Fixtures, fittings & equipment £'000	Total £'000
Cost				
At 1 September 2013	11,845	11	299	12,155
Additions	1,117	-	-	1,117
At 31 August 2014	12,962	11	299	13,272
Depreciation				
At 1 September 2013	397	7	64	468
Charge for the year	434	2	32	468
At 31 August 2014	831	9	96	936
Net book value				
At 31 August 2014	12,131	2	203	12,336
At 31 August 2013	11,448	4	235	11,687

Freehold land and buildings include land of £1,893,728 which is not depreciated.

12 Stocks

	2014 £'000	2013 £'000
Stores of Catering and uniform supplies	7	5

13 Debtors

	2014 £'000	2013 £'000
Trade debtors	4	3
VAT recoverable	110	154
Other debtors	148	264
Prepayments and accrued income	66	32
	328	453

**BENFLEET SCHOOLS TRUST
(FORMERLY "THE APPLETON SCHOOL ACADEMY TRUST")
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

FOR THE YEAR ENDED 31 AUGUST 2014

14 Creditors: amounts falling due within one year	2014 £'000	2013 £'000
Taxes and social security costs	96	95
Other creditors	76	71
Accruals	153	16
Deferred income	74	93
	<u>399</u>	<u>275</u>
15 Deferred income	2014 £'000	2013 £'000
Deferred income is included within:		
Creditors due within one year	<u>74</u>	<u>93</u>
Total deferred income at 1 September 2013	93	59
Amounts credited to the statement of financial activities	(93)	(59)
Amounts deferred in the year	74	93
Total deferred income at 31 August 2014	<u>74</u>	<u>93</u>

BENFLEET SCHOOLS TRUST
(FORMERLY "THE APPLETON SCHOOL ACADEMY TRUST")
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

16 Funds

	Balance at 1 September 2013	Incoming resources	Resources expended	Gains, losses and transfers	Balance at 31 August 2014
	£'000	£'000	£'000	£'000	£'000
Restricted general funds					
General Annual Grant	409	6,222	(6,311)	(78)	242
Other DfE / EFA grants	41	338	(194)	-	185
Other government grants	392	294	(126)	(390)	170
Other restricted funds	136	464	(411)	-	189
	<u>978</u>	<u>7,318</u>	<u>(7,042)</u>	<u>(468)</u>	<u>786</u>
Funds excluding pensions					
Pension reserve	(1,912)	-	(126)	189	(1,849)
	<u>(934)</u>	<u>7,318</u>	<u>(7,168)</u>	<u>(279)</u>	<u>(1,063)</u>
Restricted fixed asset funds					
DfE / EFA capital grants	1,392	587	(31)	(138)	1,810
Inherited fixed asset fund	10,059	-	(382)	-	9,677
Capital expenditure from GAG or other funds	288	-	(55)	709	942
	<u>11,739</u>	<u>587</u>	<u>(468)</u>	<u>571</u>	<u>12,429</u>
Total restricted funds	<u>10,805</u>	<u>7,905</u>	<u>(7,636)</u>	<u>292</u>	<u>11,366</u>
Unrestricted funds					
General funds	<u>118</u>	<u>142</u>	<u>(14)</u>	<u>(103)</u>	<u>143</u>
Total funds	<u>10,923</u>	<u>8,047</u>	<u>(7,650)</u>	<u>189</u>	<u>11,509</u>

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

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

Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2013.

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

The Restricted Fixed Asset Fund represents the net book value of fixed assets (£12,336k) plus the unspent element of Capital funds (£93k). When assets are purchased the fund is increased and depreciation charges reduce the fund.

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

**BENFLEET SCHOOLS TRUST
(FORMERLY "THE APPLETON SCHOOL ACADEMY TRUST")
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

FOR THE YEAR ENDED 31 AUGUST 2014

17 Analysis of net assets between funds

	Unrestricted funds £'000	Restricted funds £'000	Fixed asset funds £'000	Total funds £'000
Fund balances at 31 August 2014 are represented by:				
Tangible fixed assets	-	-	12,336	12,336
Current assets	143	1,185	93	1,421
Creditors: amounts falling due within one year	-	(399)	-	(399)
Defined benefit pension liability	-	(1,849)	-	(1,849)
	<u>143</u>	<u>(1,063)</u>	<u>12,429</u>	<u>11,509</u>

18 Pensions and similar obligations

The academy trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Essex County Council. Both are 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 2014 and of the LGPS 31 March 2013.

Contributions amounting to £76,309 (2013: £70,935) were payable to the schemes at 31 August 2014 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.

The Teachers' Pensions Regulations require an annual account to be kept of receipts and expenditure (including the cost of pensions increases). From 1 April 2001, the account has been credited with a real rate of return, which is equivalent to assuming that the balance in the account is invested in notional investments that produce that real rate of return.

**BENFLEET SCHOOLS TRUST
(FORMERLY "THE APPLETON SCHOOL ACADEMY TRUST")
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

FOR THE YEAR ENDED 31 AUGUST 2014

18 Pensions and similar obligations

(Continued)

Valuation of the Teachers' Pension Scheme

At the last valuation, the contribution rate to be paid into the TPS was assessed in two parts. First, a standard contribution rate (SCR) was determined. This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service. Secondly, a supplementary contribution is payable if, as a result of the actuarial review, it is found that accumulated liabilities of the account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions. The total contribution rate payable is the sum of the SCR and the supplementary contribution rate.

The last valuation of the TPS related to the period 1 April 2001 to 31 March 2004. The Government Actuary's report of October 2006 revealed that the total liabilities of the Scheme (pensions in payment and the estimated cost of future benefits) amounted to £166,500 million. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at that valuation date) was £163,240 million. The assumed real rate of return was 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth was assumed to be 1.5%. The assumed gross rate of return was 6.5%. From 1 January 2007, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable.

The Public Service Pensions Bill provides for future scheme valuations to be conducted in accordance with Treasury directions. The actuarial valuation report in summer 2014 takes effect from September 2015.

Teachers' Pension Scheme changes

Lord Hutton made recommendations in 2011 about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation with trade unions and other representative bodies. In March 2012 the Department for Education published proposals for the design for a reformed TPS.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Pension benefits built up before 1 April 2015 will be fully protected.

In addition, the proposed final agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall up to three and a half years outside of the 10 year protection.

In his interim report of October 2010, Lord Hutton recommended that short-term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the Spending Review 2010 the Government announced an average increase of 3.2 percentage points on the contribution rates by 2014-15. The increases have been phased in since April 2012 on a 40:80:100 percent basis.

The Department for Education has continued to work closely with trade unions and other representatives bodies to develop the reformatted Teachers' Pension Scheme, and regulations giving effect to it came into force on 1 April 2014. Communications are being rolled out and the reformatted scheme will commence on 1 April 2015.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

FOR THE YEAR ENDED 31 AUGUST 2014

18 Pensions and similar obligations

(Continued)

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The academy trust is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the academy trust has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy 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 19.5% for employers and between 5.5% and 7.5% for employees. The estimated value of employer contributions for the forthcoming year is £175K.

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.

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	2014	2013
	£'000	£'000
Employer's contributions	172	176
Employees' contributions	51	55
	<u>223</u>	<u>231</u>
Principal actuarial assumptions		
	2014	2013
	%	%
Rate of increase in salaries	4.50	4.70
Rate of increase for pensions in payment	2.70	2.90
Discount rate for scheme liabilities	3.90	4.70
RPI Increase	3.50	3.70
CPI Increase	<u>2.70</u>	<u>2.90</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2014

18 Pensions and similar obligations

(Continued)

Sensitivity Analysis

Scheme liabilities have been valued at £2,677k (2013: £2,510k). The measurement of these liabilities would change in the event that key assumptions underlying their valuation changed.

If the discount rate were to increase by 0.1%, liabilities would be measured at £2,619k (2013: £2,437k)

If the discount rate used were to decrease by 0.1%, liabilities would be measured at £2,737k (2013: £2,585k)

If the mortality rate were to increase by a year, liabilities would be measured at £2,585k (2013: £2,422k)

If the mortality rate were to decrease by a year, liabilities would be measured at £2,769k (2013: £2,599k)

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

	2014	2013
	Years	Years
Retiring today		
- Males	22.70	22.70
- Females	25.10	25.30
Retiring in 20 years		
- Males	24.90	24.20
- Females	27.40	26.90

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

	2014	2014	2013	2013
	Expected	Fair value	Expected	Fair value
	return	£'000	return	£'000
	%		%	
Equities	6.10	532	6.60	388
Gilts	3.00	53	3.50	48
Other Bonds	3.60	91	4.40	54
Cash	2.90	23	0.50	18
Property	5.10	96	5.60	66
Other assets	3.60	33	4.40	24
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total market value of assets		828		598
Present value of scheme liabilities - funded		(2,677)		(2,510)
		<u> </u>		<u> </u>
Net pension asset / (liability)		(1,849)		(1,912)

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

FOR THE YEAR ENDED 31 AUGUST 2014

18 Pensions and similar obligations

(Continued)

Assumptions on expected rates

The expected return on assets is based on the long-term future expected investment return for each asset class as at the beginning of the period.

The returns on gilts and other bonds are assumed to be the gilt yield and corporate bond yield respectively at the relevant date. The return on equities and property are then assumed to be a margin above gilt yields.

Operating costs and income recognised in the statement of financial activities

	2014	2013
	£'000	£'000
Financial expenditure/(income)		
Expected return on pension scheme assets	(39)	(21)
Interest on pension liabilities	123	83
	<u>84</u>	<u>62</u>
Other expenditure/(income)		
Current service cost	214	224
Past service cost	-	-
	<u>214</u>	<u>224</u>
Total operating charge/(income)	<u>298</u>	<u>286</u>

Actuarial gains and losses recognised in the statement of financial activities

	2014	2013
	£'000	£'000
Actuarial (gains)/losses on assets: actual return less expected	(7)	(42)
Experience (gains)/losses on liabilities	(200)	-
(Gains)/losses arising from changes in assumptions	18	148
	<u>(189)</u>	<u>106</u>
Total (gains)/losses	<u>(189)</u>	<u>106</u>
Cumulative (gains)/losses to date	<u>323</u>	<u>512</u>

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FOR THE YEAR ENDED 31 AUGUST 2014

18 Pensions and similar obligations (Continued)

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

	2014	2013
	£'000	£'000
Opening defined benefit obligations	(2,510)	(1,973)
Current service cost	(217)	(224)
Interest cost	(123)	(83)
Contributions by employees	(51)	(55)
Actuarial gains/(losses)	182	(148)
Benefits paid	42	(27)
	<u>(2,677)</u>	<u>(2,510)</u>

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

	2014	2013
	£'000	£'000
Opening fair value of scheme assets	598	277
Expected return on assets	39	21
Actuarial gains/(losses)	7	42
Contributions by employers	172	176
Contributions by employees	51	55
Benefits paid	(39)	27
	<u>828</u>	<u>598</u>

History of experience gains and losses:

	2014	2013	2012	2011
	£'000	£'000	£'000	£'000
Present value of defined benefit obligations	(2,677)	(2,510)	(1,973)	(1,213)
Fair value of share of scheme assets	828	598	277	-
Surplus / (deficit)	<u>(1,849)</u>	<u>(1,912)</u>	<u>(1,696)</u>	<u>(1,213)</u>
Experience adjustment on scheme liabilities	200	-	-	-
Experience adjustment on scheme assets	<u>7</u>	<u>42</u>	<u>-</u>	<u>-</u>

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FOR THE YEAR ENDED 31 AUGUST 2014

19	Reconciliation of net income to net cash inflow/(outflow) from operating activities		
		2014	2013
		£'000	£'000
	Net income	397	1,253
	Capital grants and similar income	(587)	(1,081)
	Investment income	(8)	(7)
	FRS17 pension costs less contributions payable	42	48
	FRS17 pension finance income	84	62
	Depreciation of tangible fixed assets	468	431
	(Increase)/decrease in stocks	(2)	2
	(Increase)/decrease in debtors	125	(358)
	Increase/(decrease) in creditors	124	(64)
		<u>643</u>	<u>286</u>
	Net cash inflow/(outflow) from operating activities	<u>643</u>	<u>286</u>

20	Reconciliation of net cash flow to movement in net funds		
		2014	2013
		£'000	£'000
	Increase/(decrease) in cash	121	(88)
	Net funds at 1 September 2013	965	1,053
		<u>1,086</u>	<u>965</u>
	Net funds at 31 August 2014	<u>1,086</u>	<u>965</u>

21	Analysis of net funds				
		At 1	Cash flows	Non-cash	At 31 August
		September		changes	2014
		2013			2014
		£'000	£'000	£'000	£'000
	Cash at bank and in hand	965	121	-	1,086
		<u>965</u>	<u>121</u>	<u>-</u>	<u>1,086</u>

22 **Commitments under operating leases**

At 31 August 2014 the academy trust had annual commitments under non-cancellable operating leases as follows:

	2014	2013
	£'000	£'000
Expiry date:		
- Within one year	1	4
- Between two and five years	5	-
	<u>6</u>	<u>4</u>
	<u>6</u>	<u>4</u>

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23 Capital commitments

	2014 £'000	2013 £'000
At 31 August 2014 the company had capital commitments as follows:		
Expenditure contracted for but not provided in the accounts	2,412	990

At 31 August 2014 the academy had capital commitments of £2,412k in respect of construction of a new 6th form block, completion of asbestos removal and completion of the sports hall improvements, funding for all of which is due from capital grant.

24 Related parties

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

No related party transactions took place in the period of account.

25 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.