

**Bradford Academy Trust Limited**  
(A company limited by guarantee)

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

for the year ended  
31 August 2012



Company Registration No 5508735

# Bradford Academy Trust Limited

## REFERENCE AND ADMINISTRATIVE DETAILS

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### Members

The Secretary of State (1)  
The Diocese of Bradford (4)  
The Chair of Governors (1)

### The Board of Governors and Directors

Howard Astin (Chair)  
Manojkumar Joshi (Vice Chair)  
John Anderson  
Andrew Blake  
Kathy Cremin  
Gareth Dawkins (Principal and Accounting Officer)  
Jan de Villiers  
Stuart Herrington  
Nadine Hirst (resigned 28 June 2012) (Staff governor)  
David Ison (resigned 30 November 2011)  
Michelle Kneale  
Barry Miller (resigned 1 September 2011)  
Barbara Moores (Appointed 28 June 2012) (Staff governor)  
Bridget Pearson  
Albert Price  
Sandra Reynolds (Staff Governor)  
Reverend Clive Sedgewick  
Malcolm Sykes  
Rob Taylor

### Company Secretary

Reverend Clive Sedgewick

### Senior Executive Team

Principal  
Vice Principal  
Vice Principal  
Vice Principal  
Finance Director

Gareth Dawkins  
Bernie Addison  
Tehmina Hashmi  
Linda Marshall  
Andrew Blake

### Principal and Registered Office

Bradford Academy  
Teasdale Street  
Bradford  
BD4 7QJ

### Company Registration Number

5508735 (England and Wales)

### Independent Auditor

Baker Tilly UK Audit LP  
Chartered Accountants and Registered Auditors  
Two Humber Quays  
Wellington Street West  
Hull  
HU1 2BN

### Bankers

Barclays Bank plc  
10 Market Street  
Bradford  
BD1 1EG

### Solicitors

Gordons Solicitors  
Riverside West  
Whitehall Road  
Leeds  
LS1 4AW

# Bradford Academy Trust Limited

## GOVERNORS' REPORT

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### INTRODUCTION

The Governors of Bradford Academy Trust, who are also directors for the purposes of company law, have pleasure in presenting their report and audited financial statements of the charitable company for the year ended 31 August 2012. In preparing their report, the governors have complied with the Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP 2005) and the Companies Act 2006.

### STRUCTURE, GOVERNANCE AND MANAGEMENT

#### CONSTITUTION

The company is a teaching and learning institution with charitable status. Incorporated on 14 July 2005, it is governed by the rules contained within its Memorandum and Articles of Association. Trustees are members nominated by the Secretary of State for Education and The Diocese of Bradford. The Trustees devolve the management and development of the Academy to the governing body and the Senior Executive Team.

The Academy is a company limited by guarantee, an exempt charity and has no share capital.

Due to its status, the organisation is exempt from UK corporation taxation.

Details of the governors who served throughout the year except as noted are included in the details on the governors annual report page 1.

The Academy's principle operations are carried out at the site and registered offices at Teasdale Street. The Academy opened in September 2007 and has completed five years of operation.

#### 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.

#### GOVERNORS' INDEMNITIES

There are no qualifying third party indemnity provisions in force at Bradford Academy as defined in the Companies Act 2006 s236.

#### PRINCIPAL ACTIVITIES

The principal activity of the charitable company during the period was the educational provision of teaching and learning. The principal activity is executed from the premise of 'every learner known, valued and understood,' creating the environment where effective teaching and learning can take place, endeavouring to remove barriers for learning such as deprivation, behaviour or social issues.

#### METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF GOVERNORS

Governors are appointed under the rules contained within its Memorandum and Articles of Association. The appointments are made by the Secretary of State, the Academy Sponsor and the Trustees who devolve the powers to the Senior Executive Team.

The membership of the main governing body is in accordance with the structure contained within its Memorandum and Articles of Association. Governors have a breadth of skills which are beneficial to the various sub-committees that support the governing body. Howard Astin is the Chair of governors.

#### POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF GOVERNORS

Newly appointed Governors are required to join one of the sub-committees reporting to the main governing body. The induction process involves meeting the Chair of the Governors, the Academies Senior Leadership team and assignment to a sub-committee. The governing body operating procedures are outlined alongside the structure of the governing body and its committees. Access is also provided to the external governor training and support programme. Within the Academy the governors can access the policies and procedures via the staff handbook or the learning gateway. Where governors have a particular professional skill the Academy seeks to support and utilise the skill within a relevant committee. Governors also attend 'whole-school' events and where appropriate staff training sessions.

# Bradford Academy Trust Limited

## GOVERNORS' REPORT (continued)

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### STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

#### ORGANISATIONAL STRUCTURE

The Trust consists of a Chair and a board of five elected members. The membership consists of one member appointed by the Secretary of State for Education, four members appointed by the Sponsor and the Chair of Governors. All members have long experience of being trustees. The members are also represented on the governing body of the Academy with responsibility for monitoring the trust's activities. The Trust operates a main governing body whose minimum meeting requirement is once per term. The governing body delegates responsibilities to its Committees. The core Committees are, Finance, Curriculum and Personnel, the Chairs with responsibility to submit recommendations to the main Governing Body for approval, or where empowered, inform the main board of their actions. Where appropriate other representative committees are formed to oversee developments for the Academy. The committee for the building and establishment of the Primary school being an example. Individual governors also have specific responsibilities to the Academy such as heads of Committees, safeguarding or community relations.

The Senior Executive Team consists of the Principal, Finance Director and three Vice-Principals who are responsible for the communication and implementation of the Academies strategies.

The Principal, Executive and Senior Leadership team are responsible for the day-to-day running of the organisation, overseeing the teaching staff, administrative and operational support. The structure and operation of the trust follow the guidelines set out in the Academies Handbook issued by the Department for Education.

The Trust headquarters and registered offices are in Bradford. The Academy also accesses a number of external agencies to enable a broader provision of education and learning. The external agencies include alternative educational and vocational provision, social workers, the police service, careers and guidance services, counselling and youth services.

#### RISK MANAGEMENT

The governors have assessed the major risks to which the Academy is exposed. The Academy has a Risk Register which records and summarises the main large-scale, offensive and systematic risks to the Academy with safeguarding being the underlying principle of assessment. Risk assessments of the work environment are carried out including all learners their safeguarding and well-being. Risks are examined, particularly those relating to specific teaching and learning, the provision of facilities and operations, and its finances. 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 minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover. The Academy has an effective system of internal financial controls and this is explained in more detail in the following statement.

#### STATEMENT ON THE SYSTEM OF INTERNAL FINANCIAL CONTROL

As governors, we acknowledge we have overall responsibility for ensuring that Bradford Academy has an effective and appropriate system of control, financial and otherwise. We are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Academy and enable us to ensure the financial statements comply with the Companies Act. We also acknowledge responsibility for safeguarding the assets of the Academy and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities and to provide reasonable assurance that -

- The Academy operates efficiently and effectively,
- Its assets are safeguarded against unauthorised use or disposition,
- The proper records are maintained and financial information used within the Academy or for publication is reliable,
- The Academy complies with relevant laws and regulations,
- The Academy financial systems and procedures minimise the risk of fraud

# Bradford Academy Trust Limited

## GOVERNORS' REPORT (continued)

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### STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

#### STATEMENT ON THE SYSTEM OF INTERNAL FINANCIAL CONTROL (continued)

The Academy'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 governing body,
- Regular reviews by the Finance 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,
- Use of authorisation procedures for expenditure to monitor and control costs

#### CONNECTED ORGANISATIONS, INCLUDING RELATED PARTY RELATIONSHIPS

Bradford Academy Trust operates as a sole business entity and is not part of a federation or other constituted organisation. The Academy does co-operate with other Bradford schools as part of The Bradford Partnership, an alliance of Bradford schools who effectively provide an internal OFSTED service by peer to peer review of practice and standards.

### OBJECTIVES AND ACTIVITIES

#### OBJECTS AND AIMS

The object of the charity is to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad curriculum with a strong emphasis on, but in no way limited to Citizenship and Enterprise within which the religious education and religious worship shall be in accordance with the doctrines and practice of the Church of England.

#### OBJECTIVES, STRATEGIES AND ACTIVITIES

The Academy's main strategic intent is encapsulated in the statement "Every learner is known, valued and understood." Delivery of this strategy focuses the Academy on our learners and the mechanisms that are required to create an environment where learners succeed. Continual improvement is at the core of the strategy. Below are examples of areas of focus used to drive improvement:

- Assessment for learning,
- Raising achievement,
- No exclusion policy,
- Attendance strategy,
- Development of best practice through lead-practioners,
- Training and development (for all learners),
- Student voice,
- Development of in-school business ventures to endorse Citizenship and Enterprise,
- Provision of external agencies including, counselling, careers, pastoral care, spiritual support, social working, school nurse, learning mentors and youth workers,
- Development of strategic alliances for the Academy with its feeder schools,
- The establishment of an all-through academy offering places to ensure development from the earliest age,
- The under-pinning of the strategy with sound operations and procedural method and systems

#### SAFEGUARDING

The safety and well-being of all our learners is the foundation for building a successful learning and teaching community. The Academy's policies, procedures and practices place a strong emphasis on creating a safe environment for learners, for example by maintaining the control register for all persons on site and e-safety for use of IT and communications systems.

# **Bradford Academy Trust Limited**

## **GOVERNORS' REPORT (continued)**

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### **OBJECTIVES AND ACTIVITIES (continued)**

#### **EQUAL OPPORTUNITIES POLICY**

The governors recognise that equal opportunities should be an integral part of good practice within the workplace. The Academy aims to establish equal opportunity in all areas of its activities including creating a working environment in which the contribution and needs of all people are fully 'known, valued and understood'.

#### **DISABLED / NON-AMBULANT PERSONS**

Lifts, ramps and disabled toilets are installed and door widths are adequate to enable wheelchair access to all areas of the Academy. The policy of the Academy is to support Special Education Needs and Designated Special Provision. The Academy does this by adapting the physical environment, by making support resources available and thorough training and career development.

#### **PUBLIC BENEFIT**

The governors are aware of the need to have the public benefit as the primary outcome of their aims and objectives in compliance with their duties identified in section 4 of the Charities Act 2006 published by the Charities Commission.

#### **ACHIEVEMENTS AND PERFORMANCE**

The Academy has continued to improve its primary objective of increased attainment of our learners. The floor target for attainment of 5+ A\*-C's including English and Maths was increased for the second year running, now standing at 40%. Bradford Academy again outperformed the revised target by achieving 42% 5+ A\* - C including Maths and English (2011 - 37%). This must be contextualised alongside the successful achievement of no exclusions where performances can easily be manipulated by changing the constituency being measured. For other significant performance measures the Academy achieved 1A\*-G, 100% (100% - 2011), 5+ A\*-C, 74% (72% - 2011), 5+A\*-G, 98% (93% - 2011) and 5+A\*-G including Maths and English performance improved to 95% (89% - 2011).

#### **GOING CONCERN**

After making appropriate enquiries, the governing body 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.

#### **KEY FINANCIAL PERFORMANCE INDICATORS**

The key financial performance indicators are covered in the financial review and the notes to the accounts.

# Bradford Academy Trust Limited

## GOVERNORS' REPORT (continued)

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### FINANCIAL REVIEW

The majority of the Academy's income derived from central government funding via the YPLA (Young Peoples Learning Agency) up to 31<sup>st</sup> March 2012, then following cessation of the YPLA, from the replacement agency, the EFA (Education Funding Agency). The Academy also received local authority funding to support Special Education Needs, Designated Special Provision. In addition the Academy has raised funds through its expertise and use of its facilities.

During the year ended 31 August 2012 the total operating expenditure of £9 382m (2011 £9 189m) was covered by grant funding and other incoming resources. The excess of income over expenditure (excluding pension liabilities) was £451,000 (2011 £220,000).

At 31 August 2012 the net book value of tangible fixed assets was £17 681m (2010 £17 653m). The assets were used exclusively for providing education and the associated support services to the learners of the academy.

### FINANCIAL AND RISK MANAGEMENT OBJECTIVES AND POLICIES

The Academy's exposure to financial risk is monitored. Cash availability is monitored daily and there are no material risks arising from debtors or trade creditors. Cash is invested on a staggered rolling programme to ensure access to liquidity within a reasonable timescale if necessary.

The deficit inherited from the Local Government Pension Scheme (LGPS) represents the only area where there is a material value. The governors believe the risk of this scheme is no more material than the Teacher Pension Scheme underwritten by the government but not held on company balance sheets.

### PRINCIPAL RISKS AND UNCERTAINTIES

The principle risks and uncertainties concern future funding streams. As the majority of the Academies' commitment to costs is focussed largely on fixed wages and salaries expenditure, the risk and uncertainty is of a reduction in future rates of grant income.

The loss of key personnel is also a short term risk to the Academy. Investment in people to develop potential successors is a key feature of the Academy's development.

### RESERVES POLICY

The Governors have established the minimum level of reserves (that is those that are freely available in cash form) that the Academy ought to have. The Governors keep free reserves so that at least one month's salary cost is on hand in cash form at any point in time. Cash is monitored on a daily basis. The good level of cash reserve developed has meant the Academy operates with reserves significantly above the minimum required level.

### INVESTMENT POLICY

In addition to cash reserves the academy invests medium term deposits on a rolling basis so that there is constant maturity programme arising on a quarterly basis.

### PLANS FOR FUTURE PERIODS

The establishment of the Academy Primary school as part of the wider All-Through continues with a further 2-form entry year added in 2011/12. The Academy now has, a Nursery, Reception and year 1 with year 2 starting in September 2012.

The total school population is now significantly above the standard number, the largest element of the increase being the Post-16 part of the Academy. Opportunities to expand the buildings and facilities available to Post-16 are being sought.

# Bradford Academy Trust Limited

## GOVERNORS' REPORT (continued)

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### PLANS FOR FUTURE PERIODS (continued)

#### FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

There are no assets or arrangements for safe custody where Bradford Academy Trust or its governors are acting as custodian trustee

#### AUDITOR

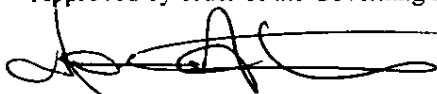
Baker Tilly UK Audit LLP has indicated its willingness to continue in office

#### STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

Insofar 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

Approved by order of the Governing Board at its meeting on 17 December 2012 and signed on its behalf by



**Howard Astin**  
Chair



# Bradford Academy Trust Limited

## GOVERNANCE STATEMENT

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As the governing body of Bradford Academy we are aware of our responsibility to provide the assurance that the resources of the academy are appropriately managed and controlled. As an established governing body we are able to provide the required assurances.

### SCOPE OF RESPONSIBILITY

As governors, we acknowledge we have overall responsibility for ensuring that Bradford 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 governing body has delegated the day-to-day responsibility to Gareth Dawkins, 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 Bradford Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the governing body 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 full governing body has formally met three times during the year. Attendance during the year at meetings of the governing body was as follows:

Governor	Meetings attended	Out of a possible
Howard Astin (Chairman)	3	3
Manojkumar Joshi (Vice Chair)	2	3
John Anderson	3	3
Andrew Blake	3	3
Kathy Cremin	0	3
Gareth Dawkins (Principal and accounting officer)	3	3
Jan de Villiers	3	3
Stephen Herndlhofer	1	3
Stuart Herrington	2	3
Nadine Hirst (Resigned 28 06 2012) (Staff Governor)	1	2
David Ison (Resigned 30 11 2011)	1	1
Michelle Kneale	3	3
Barry Miller (Resigned 01 9 2011)	0	0
Barbara Moores (Appointed 28 06 2012) (Staff Governor)	1	1
Bridget Pearson	2	3
Albert Price	2	3
Sandra Reynolds (Staff Governor)	2	3
Reverend Clive Sedgewick	1	3
Malcolm Sykes	3	3
Rob Taylor	3	3

The changes in governors have taken place to maintain the relevant number of people responsible to the various governing body committees.

For logistical reasons Kathy Cremin has been unable to attend governors meetings and as a result has tendered her resignation for the new academic year.

The **Finance Committee** is a committee of the main governing body. Its purpose is to oversee the propriety and governance of all academy financial matters on behalf of the governing body. The development of the Primary school represented the area of greatest financial impact during the year where Secretary of State Approval was sought and gained for asset procurement as part of the development.

# Bradford Academy Trust Limited

## GOVERNANCE STATEMENT

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Attendance at meetings in the year was as follows

Governor	Meetings attended	Out of a possible
Manojkumar Joshi (Chair of Finance)	3	3
Howard Astin (Chair of governors)	2	2
Gary Bandy (Responsible Officer)	0	3
Andrew Blake	3	3
Gareth Dawkins (Principal and accounting officer)	2	3
Malcolm Sykes	2	3
Rob Taylor	1	1

### 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 Bradford Academy Trust for the year ended 31 August 2012 and up to the date of approval of the annual report and financial statements.

### CAPACITY TO HANDLE RISK

The governing body 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 governing body is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the year ending 31 August 2012 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the governing body.

### 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 governing body,
- 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 governing body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the governors have appointed Gary Bandy as Responsible Officer ('RO'). The RO's role includes at arms' length advice on financial matters and performing a range of checks on the academy trust's financial systems. The RO reports to the governing body on the operation of the systems of control and on the discharge of the governing body's financial responsibilities. There are no material control issues arising and no remedial action is required.

# Bradford Academy Trust Limited

## GOVERNANCE STATEMENT

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### REVIEW OF EFFECTIVENESS

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

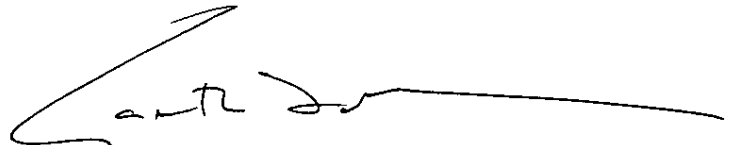
- the work of the Responsible Officer,
- the work of the external auditor,
- the financial management and governance self-assessment process,
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance on the internal control framework,

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

Approved by order of the members of the Governing Body on 17 December 2012 and signed on its behalf by



**Howard Astin**  
Chair



**Gareth Dawkins**  
Accounting Officer

# Bradford Academy Trust Limited

## STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

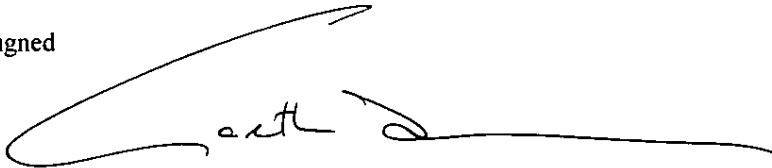
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As accounting officer of Bradford Academy Trust I have considered my responsibility to notify the academy trust governing body and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of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

I confirm that I and the academy trust governing body are able to identify any 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.

Signed

A handwritten signature in black ink, appearing to read 'Gareth Dawkins', with a long horizontal flourish extending to the right.

**Gareth Dawkins**  
**Accounting officer**

Date 17 December 2012

# Bradford Academy Trust Limited

## STATEMENT OF GOVERNORS' RESPONSIBILITIES

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The governors (who act as trustees for charitable activities of Bradford Academy Trust Limited and are also the directors of the Charitable Company for the purposes of company law) are responsible for preparing the governors' report and the financial statements in accordance with the Annual Accounts Requirements 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 financial statements for each financial year. Under company law the governors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Charitable Company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the governors are required to

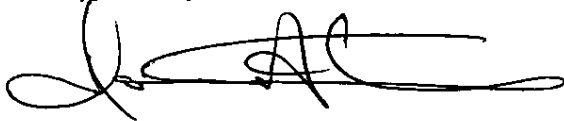
- select suitable accounting policies and then apply them consistently,
- observe the methods and principles in the Charities SORP,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material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

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

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

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

Approved by order of the members of the governing body on 17 December 2012 and signed on its behalf by



**Howard Astin**  
Chair

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BRADFORD ACADEMY TRUST LIMITED

We have audited the financial statements of Bradford Academy Trust Limited for the year ended 31 August 2012 on pages 14 to 37. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice, and the Academies Accounts Direction 2011/12 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 the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of Governors and auditor

As explained more fully in the Statement of Governors' Responsibilities set out on page 12, the Governors (who act as trustees for the charitable activities of the company, and are also the directors of the company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

### Scope of the audit of the financial statements

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

### Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2012 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 Companies Act 2006, and
- have been prepared in accordance with the Academies Accounts Direction 2011/12 issued by the Education Funding Agency.

### Opinion on other requirement of the Companies Act 2006

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

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

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

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

*Baker Tilly UK Audit LLP*

RICHARD LEWIS (Senior Statutory Auditor)

For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor

Two Humber Quays

Wellington Street West

Hull

HU1 2BN

Date

19/12/2012

# Bradford Academy Trust Limited

## STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT AND STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES)

for the year ended 31 August 2012

	Notes	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	Total 2012 £'000	Total 2011 £'000
<b>INCOMING RESOURCES</b>						
Income from generated funds						
Voluntary income	2	-	-	243	243	47
Activities for generating funds	3	405	-	-	405	141
Investment income	4	15	-	-	15	8
Income from charitable activities						
Academy's educational operations	5	-	8,850	-	8,850	8,922
Other Income	5	-	320	-	320	291
<b>Total incoming resources</b>		<b>420</b>	<b>9,170</b>	<b>243</b>	<b>9,833</b>	<b>9,409</b>
<b>RESOURCES EXPENDED</b>						
Charitable activities						
Academy's educational operations	7	-	8,612	717	9,329	9,135
Governance costs	8	-	53	-	53	54
<b>Total resources expended</b>	<b>6</b>	<b>-</b>	<b>8,665</b>	<b>717</b>	<b>9,382</b>	<b>9,189</b>
<b>NET INCOMING/(OUTGOING) RESOURCES BEFORE TRANSFERS</b>						
Gross transfers between funds		420	505	(474)	451	220
		-	(526)	526	-	-
<b>NET INCOME FOR THE YEAR</b>		<b>420</b>	<b>(21)</b>	<b>52</b>	<b>451</b>	<b>220</b>
<b>OTHER RECOGNISED GAINS AND LOSSES</b>						
Actuarial (losses)/gains on defined benefit schemes	24	-	(398)	-	(398)	332
<b>NET MOVEMENT IN FUNDS</b>		<b>420</b>	<b>(419)</b>	<b>52</b>	<b>53</b>	<b>552</b>
<b>RECONCILIATION OF FUNDS</b>						
Total funds brought forward at 1 September 2011		252	(207)	17,705	17,750	17,198
<b>TOTAL FUNDS CARRIED FORWARD AT 31 AUGUST</b>	<b>16</b>	<b>672</b>	<b>(626)</b>	<b>17,757</b>	<b>17,803</b>	<b>17,750</b>

All of the Academy Trust's activities derive from continuing operations during the above two financial periods

# Bradford Academy Trust Limited

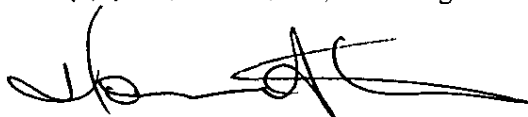
## BALANCE SHEET

31 August 2012

Company Registration No 5508735

	Notes	2012 £'000	2012 £'000	2011 £ 000	2011 £'000
<b>FIXED ASSETS</b>					
Tangible assets	12		17,682		17,653
<b>CURRENT ASSETS</b>					
Debtors	13	349		345	
Cash at bank and in hand		2,500		2,232	
		<u>2,849</u>		<u>2,577</u>	
<b>CREDITORS</b> Amounts falling due within one year	14	(1,293)		(1,536)	
<b>NET CURRENT ASSETS</b>			1,556		1,041
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>19,238</u>		<u>18,694</u>
<b>NET ASSETS EXCLUDING PENSION LIABILITY</b>			19,238		18,694
Pension scheme liability	24		(1,435)		(944)
<b>NET ASSETS INCLUDING PENSION LIABILITY</b>			<u>17,803</u>		<u>17,750</u>
<b>FUNDS OF THE ACADEMY TRUST</b>					
<b>RESTRICTED FUNDS</b>					
Fixed asset fund	15		17,757		17,704
General fund	15		809		738
Restricted funds excluding pension reserve			<u>18,566</u>		<u>18,442</u>
Pension reserve	15		(1,435)		(944)
<b>TOTAL RESTRICTED FUNDS</b>			<u>17,131</u>		<u>17,498</u>
<b>UNRESTRICTED FUNDS</b>					
General fund(s)			672		252
<b>TOTAL UNRESTRICTED FUNDS</b>	15		<u>672</u>		<u>252</u>
<b>TOTAL FUNDS</b>			<u>17,803</u>		<u>17,750</u>

The financial statements on pages 14 to 37 were approved by the governors and authorised for issue on 17/12/12 and are signed on their behalf by



Howard Astin  
Chair

17/12/12



# Bradford Academy Trust Limited

## CASH FLOW STATEMENT

for the year ended 31 August 2012

	Notes	2012 £'000	2011 £'000
NET CASH FLOW FROM OPERATING ACTIVITIES	18	756	851
Returns on investments and servicing of finance	19	15	8
Capital expenditure	20	(503)	(6)
INCREASE IN CASH IN THE YEAR	21	268	853
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS			
NET FUNDS AT 1 SEPTEMBER 2011		2,232	1,379
NET FUNDS AT 31 AUGUST 2012		2,500	2,232

# Bradford Academy Trust Limited

## ACCOUNTING POLICIES

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### BASIS OF PREPARATION

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Statement of Recommended Practice ('SORP 2005') 'Accounting and Reporting by Charities', the Academies Accounts Direction 2011/12 issued by the Education Funding Agency and Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

### GOING CONCERN

The financial statements have been prepared under the going concern basis. Having carried out a review of the Academy's cash flow and resources, the Governors are confident that the academy is able to meet its liabilities as they fall due for at least one year from the date of approval of the financial statements. The Academy has secured funding of £9,241,000 for the next academic year. The Governors have no reason to believe that funding will not continue in future years.

### 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.

### SPONSORSHIP INCOME

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

### 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 academy trust's policies.

### 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.

### 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.

# Bradford Academy Trust Limited

## ACCOUNTING POLICIES (continued)

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### GOVERNANCE COSTS

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

All resources expended are inclusive of irrecoverable VAT

### FUND ACCOUNTING

Funds held by the charity are either

Unrestricted general funds - these are funds which can be used in accordance with the charitable objects at the discretion of the Governors

Restricted funds - these are funds that can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the funder or when funds are raised for particular restricted purposes

### RESTRICTED FIXED ASSET FUNDS

The funds are applied to specific capital purposes imposed by the Education Funding Agency, where the asset acquired or created is held for a specific purpose

### TANGIBLE FIXED ASSETS

Assets costing £17,445,000 are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision of impairment

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. The depreciation on such assets is charged in the statement of financial activities so as to reduce the fund over the useful economic life of the related assets on a basis consistent with the academy trust's depreciation policy.

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

Assets are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable, shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of net realisation value and the value in use, are recognised as impairment in the SOFA.

### DEPRECIATION

Depreciation is provided on the cost of tangible fixed assets, to write them down to their estimated residual values over their expected useful lives. The principal annual rates used are

Freehold land	is not depreciated
Leasehold land	over the life of the lease
Freehold buildings	2% straight line
Furniture and equipment	20% reducing balance
ICT equipment	33% reducing balance
Motor vehicles	20% reducing balance

### 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 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 any such income or gains are applied exclusively to charitable purposes.

# Bradford Academy Trust Limited

## ACCOUNTING POLICIES (continued)

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### LEASED ASSETS

Rentals applicable to operating leases are charged on a straight line basis over the lease term

### 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, are contracted out of the State Earnings-Related Pension Scheme ('SERPS'), 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 quinquennial valuations using a prospective benefit method. As stated in Note 24, 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 recognised as they are paid each year.

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.

### AGENCY ARRANGEMENTS

The Academy Trust acts as an agent in the administering of 16-19 Bursary Funds from the EFA. Related payments received from the EFA and subsequent disbursements to students are excluded from the statement of financial activities to the extent that the Academy Trust does not have a beneficial interest in the individual transactions. The allowance of 5% as a contribution to administration costs is however recognised in statement of financial activities. Where funds have not been fully applied in the year then an amount will be included as amounts due to the EFA.

# Bradford Academy Trust Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2012

### 1 GENERAL ANNUAL GRANT (GAG)

	2012 £'000	Restated 2011 £'000
a) Results and carry forward for the year		
GAG brought forward from previous year	688	190
GAG allocation for current year	8,354	9,071
<b>TOTAL GAG AVAILABLE TO SPEND</b>	<b>9,042</b>	<b>9,261</b>
Recurrent expenditure from GAG	(8,516)	(8,567)
Fixed assets purchased from GAG	(526)	(6)
<b>GAG CARRIED FORWARD TO NEXT YEAR</b>	<b>-</b>	<b>688</b>
Maximum permitted GAG carry forward at end of current year (12% of allocation for current year)	1,002	1,089
<b>GAG TO SURRENDER TO DfE</b> (12% rule breached if result is positive)	<b>(1,002)</b>	<b>(401)</b>
	no breach	no breach
b) Use of GAG brought forward from previous year for recurrent purposes (of the amount carried forward each year, a maximum of 2% of GAG can be used for recurrent purposes. Any balance, up to a maximum of 12%, can only be used for capital purposes)		
Recurrent expenditure from GAG in current year	8,516	8,567
GAG allocation for current year	(8,354)	(9,071)
GAG allocation for previous year x 2%	(181)	(153)
<b>GAG brought forward from previous year in excess of 2%, used on recurrent expenditure in current year (2% rule breached if result is positive)</b>	<b>(19)</b>	<b>(657)</b>
	no breach	no breach

The comparative figure has been restated as it was incorrectly brought forward from note 15

### 2 VOLUNTARY INCOME

	Unrestricted funds £'000	Restricted funds £'000	2012 Total £'000	2011 Total £'000
Capital Grants	-	23	23	47
Land transferred		220	220	-
	-	243	243	47

# Bradford Academy Trust Limited

## NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 August 2012

### 3 ACTIVITIES FOR GENERATING FUNDS

	Unrestricted funds £'000	Restricted funds £'000	2012 Total £'000	2011 Total £'000
Hire of facilities	8	-	8	25
Other income	397	-	397	266
	<u>405</u>	<u>-</u>	<u>405</u>	<u>291</u>

### 4 INVESTMENT INCOME

	Unrestricted funds £'000	Restricted funds £'000	2012 Total £'000	2011 Total £'000
Sort term deposits	15	-	15	8
	<u>15</u>	<u>-</u>	<u>15</u>	<u>8</u>

### 5 FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds £'000	Restricted funds £'000	Total 2012 £'000	Total 2011 £'000
<b>DfE/EFA REVENUE GRANTS</b>				
General annual grant (GAG) (note 1)	-	8,354	8,354	8,704
Start-up grants	-	218	218	108
Other DfE/EFA grants	-	278	278	42
	<u>-</u>	<u>8,850</u>	<u>8,850</u>	<u>8,854</u>
<b>OTHER GOVERNMENT GRANTS</b>				
Local Authority grants	-	320	320	367
	<u>-</u>	<u>320</u>	<u>320</u>	<u>367</u>
<b>TOTAL</b>	<u>-</u>	<u>9,170</u>	<u>9,170</u>	<u>9,221</u>

# Bradford Academy Trust Limited

## NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 August 2012

### 6 RESOURCES EXPENDED

	Staff costs £'000	Non pay expenditure Premises £'000	Other costs £'000	Total 2012 £'000	Total 2011 £'000
Academy's educational operations					
Direct costs	4,329	478	687	5,495	5,341
Allocated support costs	2,311	239	1,284	3,834	3,794
	<u>6,640</u>	<u>717</u>	<u>1,972</u>	<u>9,329</u>	<u>9,135</u>
Governance costs including allocated support costs	34	-	19	53	54
	<u>6,674</u>	<u>717</u>	<u>1,991</u>	<u>9,382</u>	<u>9,189</u>
Net incoming resources for the year				2012 £'000	2011 £'000
Operating leases – other				24	18
Fees payable to Baker Tilly UK Audit LLP and its associates for					
- audit				13	11
- other services				3	-
				<u>40</u>	<u>29</u>

# Bradford Academy Trust Limited

## NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 August 2012

### 7 CHARITABLE ACTIVITIES – ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	Total 2012 £'000	Total 2011 £'000
<b>DIRECT COSTS</b>					
Teaching and educational support staff costs	-	4,329	-	4,329	4,222
Depreciation	-	-	478	478	405
Learning aids	-	481	-	481	420
Examination fees	-	176	-	176	165
Staff development	-	48	-	48	105
Educational consultancy	-	(17)	-	(17)	24
	-	5,017	478	5,495	5,341
<b>ALLOCATED SUPPORT COSTS</b>					
Support staff costs	-	2,311	-	2,311	2,250
Defined benefit pension service cost	-	247	-	247	279
Pension finance cost	-	19	-	19	24
Depreciation	-	-	239	239	217
Administrative costs	-	64	-	64	61
Travel, entertainment and catering	-	69	-	69	40
IT and communication	-	190	-	190	204
Premises costs	-	694	-	694	725
Bank interest and charges	-	1	-	1	(6)
	-	3,595	239	3,834	3,794
	-	8,612	717	9,329	9,135



# Bradford Academy Trust Limited

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### for the year ended 31 August 2012

#### 8 GOVERNANCE COSTS

	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	Total 2012 £'000	Total 2011 £'000
Allocated support costs	-	34	-	34	36
Audit of financial statements	-	13	-	13	10
Legal and professional fees	-	2	-	2	7
Other audit fees	-	1	-	1	-
Governors' reimbursed expenses	-	3	-	3	1
	<u>-</u>	<u>53</u>	<u>-</u>	<u>53</u>	<u>54</u>

#### 9 STAFF COSTS

	2012 £'000	2011 £'000
Staff costs during the period were		
Wages and salaries	5,534	5,312
Social security costs	475	421
Pension costs	718	630
	<u>6,727</u>	<u>6,363</u>
Supply teacher costs	145	143
	<u>6,872</u>	<u>6,506</u>

# Bradford Academy Trust Limited

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### for the year ended 31 August 2012

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#### 9 STAFF COSTS (continued)

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

	2012 No	2011 No
Teachers	122	122
Administration and support	88	91
Management	15	15
	<hr/>	<hr/>
	225	228
	<hr/>	<hr/>

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

	2012 No	2011 No
£60,001 - £70,000	1	2
£70,001 - £80,000	2	1
£80,001 - £90,000	2	1
£90,001 - £100,000	-	1
£140,001 - £1500,000	1	-
£170,001 - £180,000	-	1
	<hr/>	<hr/>
	6	6
	<hr/>	<hr/>

Four of the above employees participated in the Teachers' Pension Scheme During the year ended 31 August 2012, pension contributions for these staff amounted to £51,600 (2011 £48,100) The other employees participated in the Local Government Pension Scheme, pension contributions amounted of £19,200 (2011 £20,300)

# Bradford Academy Trust Limited

## NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 August 2012

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### 10 GOVERNORS' REMUNERATION AND EXPENSES

Principal and staff governors only receive remuneration in respect of services they provide undertaking the roles of Principal and staff members under their contracts of employment and not in respect of their services as governors. Other governors did not receive any payments from the Academy Trust in respect of their role as governors. The value of the Governors' remuneration was as follows:

	2012 £'000	2011 £'000
Principal	132	122
Staff governor	80	77
Staff governor	37	37
Staff governor	30	30

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All of the above are accruing pension benefits.

During the year ended 31 August 2012, travel and subsistence expenses totalling £2,712 (2011: £439) were reimbursed to 4 governors (2011: 2).

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

### 11 GOVERNORS' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the Academy Trust has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy Trust business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2012 was £3,300 (2011: £1,515).

The cost of this insurance is included in the total insurance cost.

# Bradford Academy Trust Limited

## NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 August 2012

### 12 TANGIBLE FIXED ASSETS

	Freehold land & buildings £'000	Vehicles £'000	Furniture & equipment £'000	Computer equipment & software £'000	Total £'000
Cost					
1 September 2011	18,296	68	967	1,835	21,166
Additions	340	-	45	361	746
31 August 2012	18,636	68	1,012	2,196	21,912
Depreciation					
1 September 2011	1,462	40	568	1,443	3,513
Charged in the year	371	6	89	251	717
31 August 2012	1,833	46	657	1,694	4,230
Net book value					
31 August 2012	16,803	22	355	502	17,682
31 August 2011	16,834	28	399	392	17,653

Included in freehold land is leasehold land at a net book value of £57,000 (2011 £nil)

### 13 DEBTORS

	2012 £'000	2011 £'000
Trade debtors	84	104
Prepayments	109	135
Accrued income	156	106
	349	345

# Bradford Academy Trust Limited

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### for the year ended 31 August 2012

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#### 14 CREDITORS Amounts falling due within one year

	2012 £'000	2011 £'000
Trade creditors	641	64
Other taxation and social security	132	128
Other creditors	299	-
Accruals	24	913
Deferred income	197	431
	<u>1,293</u>	<u>1,536</u>
Deferred income	2012 £'000	2011 £'000
Deferred income at 1 September 2011	431	10
Resources deferred in the year	197	431
Amounts released from previous years	(431)	(10)
	<u>197</u>	<u>431</u>
Deferred income at 31 August 2012	197	431

At the balance sheet date the academy trust was holding funds received for the start-up period of the Primary School, the South Bradford Confederation of Schools, 2012/13 Bursary receipts and Insurance costs receivable

**Bradford Academy Trust Limited**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
for the year ended 31 August 2012

15 FUNDS

	At 1 September 2011 £'000	Incoming resources £'000	Expenditure £'000	Transfers £'000	At 31 August 2012 £'000
<b>RESTRICTED GENERAL FUNDS</b>					
General Annual Grant (GAG)	688	8,354	(8,516)	(526)	-
Other DfE funds	49	816	(56)	-	809
Pension reserve	(944)	-	(491)	-	(1,435)
	<u>(207)</u>	<u>9,170</u>	<u>(9,063)</u>	<u>(526)</u>	<u>(626)</u>
<b>RESTRICTED FIXED ASSET FUNDS</b>					
DfE capital grants	17,283	243	(717)	-	16,809
Capital expenditure from GAG	422	-	-	526	948
	<u>17,704</u>	<u>243</u>	<u>(717)</u>	<u>526</u>	<u>17,756</u>
<b>TOTAL RESTRICTED FUNDS</b>	<u>17,498</u>	<u>9,413</u>	<u>(9,780)</u>	<u>-</u>	<u>16,920</u>
<b>UNRESTRICTED FUNDS</b>					
Unrestricted funds	252	420	-	-	672
	<u>252</u>	<u>420</u>	<u>-</u>	<u>-</u>	<u>672</u>
<b>TOTAL UNRESTRICTED FUNDS</b>	<u>252</u>	<u>420</u>	<u>-</u>	<u>-</u>	<u>672</u>
<b>TOTAL FUNDS</b>	<u>17,749</u>	<u>9,833</u>	<u>(9,780)</u>	<u>-</u>	<u>17,803</u>

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

Restricted general funds have been spent in line with the terms of the Master funding agreement  
Restricted fixed asset funds are used solely for capital purchases in line with the strategic objectives of the Academy

The restricted pension fund is in deficit to the value of £1 435m as at 31 August 2012. However this deficit has been inherited on conversion to Academy status. Whilst the value is significant the Governors do not believe that the liability represents a material risk.

# Bradford Academy Trust Limited

## NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 August 2012

### 16 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	Total funds £'000
Tangible fixed assets	-	-	17,682	17,682
Current assets	672	2,102	75	2,849
Current liabilities	-	(1,293)	-	(1,293)
Pension scheme liability	-	(1,435)	-	(1,435)
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL NET ASSETS AT 31 AUGUST 2012	672	(626)	17,757	17,802
	<hr/>	<hr/>	<hr/>	<hr/>

### 17 FINANCIAL COMMITMENTS

At 31 August 2012 the Academy had annual commitments under non-cancellable operating leases as follows

	2012 £'000	2011 £'000
Other		
Expiring within two and five year inclusive	24	18
	<hr/>	<hr/>

### 18 RECONCILIATION OF NET INCOME TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2012 £'000	2011 £'000
Net income	451	220
Depreciation (note 12)	717	622
Capital grants from DfE and others	(23)	(47)
Land transferred	(220)	-
Interest receivable	(15)	(8)
FRS 17 pension cost less contributions payable (note 24)	74	94
FRS 17 pension finance income (note 24)	19	24
(Increase)/decrease in debtors	(4)	(210)
Increase/(decrease) in creditors	(243)	156
	<hr/>	<hr/>
NET CASH INFLOW FROM OPERATING ACTIVITIES	756	851
	<hr/>	<hr/>

# Bradford Academy Trust Limited

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### for the year ended 31 August 2012

#### 19 RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2012 £'000	2011 £'000
Interest received	15	8
NET CASH INFLOW FROM RETURNS ON INVESTMENT AND SERVICING OF FINANCE	15	8

#### 20 CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT

	2012 £'000	2011 £'000
Purchase of tangible fixed assets	(526)	(53)
Capital grants from DfE/EFA	23	34
Capital funding received from sponsors and others	-	13
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	(503)	(6)

#### 21 ANALYSIS OF CHANGES IN NET FUNDS

	At 1 September 2011 £'000	Cash flows £'000	At 31 August 2012 £'000
Cash in hand and at bank	2,232	268	2,500

#### 22 CONTINGENT LIABILITIES

During the period of the Funding Agreement, in the event of the sale or disposal by other means of any asset for which a government capital grant was received, the Academy is required to re-invest the proceeds or to repay the State the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the State

#### 23 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 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



# Bradford Academy Trust Limited

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### for the year ended 31 August 2012

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#### 24 PENSION 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 the West Yorkshire Pension Fund Both are defined-benefit schemes

The pension costs are assessed in accordance with the advice of independent qualified actuaries The latest actuarial valuation of the TPS was 31 March 2004 and of the LGPS 31 March 2010

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

#### **Teachers' Pension Scheme (TPS)**

The TPS is a statutory, contributory, defined benefit scheme The regulations under which the TPS operates are the Teachers' Pension Regulations 2010

Although teachers and lecturers are employed by various bodies, their retirement and other pension benefits, including annual increases payable under the Pensions (Increase) Acts are, as provided for in the Superannuation Act 1972, paid out of monies provided by Parliament Under the unfunded TPS, teachers' contributions on a 'pay-as-you-go' basis, and employers' contributions, are credited to the Exchequer under arrangements governed by the above Act

The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Budgeting and Valuation 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 (in excess of price increases and currently set at 3.5%), which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return

The Government Actuary ("GA"), using normal actuarial principles, conducts formal actuarial reviews of the TPS The aim of the reviews is to specify the level of future contributions

The contribution rate paid into the TPS is assessed in two parts First, a standard contribution rate ("SCR") is 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 investigation, 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- 31 March 2004 The GA's report of October 2006 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £166,500 millions The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £163,240 millions The assumed real rate of return is 3.5% in excess of prices and 2% in excess of earnings The rate of real earnings growth is assumed to be 1.5% The assumed gross rate of return is 6.5%

# Bradford Academy Trust Limited

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### for the year ended 31 August 2012

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#### 24 PENSION AND SIMILAR OBLIGATIONS (continued)

##### Teachers' Pension Scheme (TPS) (continued)

As from 1 January 2007, and as part of the cost-sharing agreement between employers' and teachers' representatives, 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 cost-sharing agreement also introduced - effective for the first time for the 2008 valuation - a 14% cap on employer contributions payable.

From 1 April 2012 to 31 March 2013, the employee contribution rate will range between 6.4% and 8.8%, depending on a member's Full Time Equivalent salary. Further changes to the employee contribution rate will be applied in 2013-14 and 2014-15.

Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. Many of these are being discussed in the context of the design for a reformed TPS and scheme valuations are, therefore, currently suspended. The Government, however, has set out a future process for determining the employer contribution rate under the new scheme, and this process will involve a full actuarial valuation.

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The academy is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the academy 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 has set out above the information available on the scheme and the implications for the academy in terms of the anticipated contribution rates.

##### Local Government Pension Scheme (LGPS)

The Academy is one of several employing bodies included within the Local Government Pension Scheme (LGPS).

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2012 was £251,000, of which employer's contributions totalled £173,000 and employees' contribution totalled £78,000. The agreed contribution rates for future years are 15% for employers and a variable rate between 5.5% and 7.2% for employees.

##### Principal actuarial assumptions

	2012	2011
Rate of increase in salaries	4.70%	5.20%
Rate of increase for pensions in payment	2.20%	2.80%
Discount rate for scheme liabilities	4.20%	5.30%
Inflation assumption (CPI)	3.20%	3.70%
Commutation of pensions to lump sums – pre 1 April 2010	50.00%	50.00%
Commutation of pensions to lump sums – post 31 March 2010	75.00%	75.00%

# Bradford Academy Trust Limited

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### for the year ended 31 August 2012

#### 24 PENSION AND SIMILAR OBLIGATIONS (continued)

##### Local Government Pension Scheme (continued)

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

	2012	2011
Retiring today		
Males	18.9	21.2
Females	21.8	24.0
Retiring in 20 years		
Males	19.9	22.4
Females	22.8	25.1

The Academy Trust's share of the assets and liabilities in the scheme and the expected rates of return were

	Expected return at 31 August 2012 %	Fair value at 31 August 2012 £'000	Expected return at 31 August 2011 %	Fair value at 31 August 2011 £'000
Equities	7.50	1,799	7.70	1,577
Property	7.00	93	7.20	78
Government bonds	2.50	342	3.70	250
Corporate bonds	3.20	147	4.80	86
Cash/liquidity	1.30	71	1.60	45
Other	7.50	121	7.70	121
<b>TOTAL MARKET VALUE OF ASSETS</b>	<b>6.40</b>	<b>2,573</b>	<b>6.97</b>	<b>2,157</b>
Present value of scheme liabilities				
- Funded		(4,008)		(3,101)
<b>(DEFICIT) IN THE SCHEME</b>		<b>(1,435)</b>		<b>(944)</b>

Bradford Academy employs a building block approach in determining the rate of return on Fund assets. Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles. The assumed rate of return on each asset class is set out within this note. The overall expected rate of return on assets is then derived by aggregating the expected return for each asset over the actual asset allocation for the Fund at 31 August 2012.

The actual return on scheme assets was £186,000 (2011: £19,000 loss).

# Bradford Academy Trust Limited

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### for the year ended 31 August 2012

#### 24 PENSION AND SIMILAR OBLIGATIONS (continued)

##### Local Government Pension Scheme (continued)

Amounts recognised in the statement of financial activities	2012 £'000	2011 £'000
Current service cost (net of employee contributions)	247	279
Past service cost	-	-
	<hr/>	<hr/>
Total operating charge	247	279
	<hr/>	<hr/>
<b>Analysis of pension finance costs</b>		
Expected return on pension scheme assets	153	136
Interest on pension liabilities	(172)	(160)
	<hr/>	<hr/>
Pension finance costs	(19)	(24)
	<hr/>	<hr/>

The actuarial gains and losses for the current year are recognised in the SOFA. The cumulative amount of actuarial gains and losses recognised in the statement of recognised gains and losses since the adoption of FRS 17 is £1,017,000 loss (2011: £619,000 loss).

Movements in the present value of defined benefit obligations were as follows:	2012 £'000	2011 £'000
At 1 September 2011	3,101	3,107
Current service cost	247	279
Interest cost	172	160
Employee contributions	78	80
Actuarial (gain)/loss	431	(487)
Benefits paid	(21)	(38)
	<hr/>	<hr/>
At 31 August 2012	4,008	3,101
	<hr/>	<hr/>

##### Movements in the fair value of Academy Trust's share of scheme assets:

At 1 September 2011	2,157	1,949
Expected return on assets	153	136
Actuarial gain/(loss)	33	(155)
Employer contributions	173	185
Employee contributions	78	80
Benefits paid	(21)	(38)
	<hr/>	<hr/>
At 31 August 2012	2,573	2,157
	<hr/>	<hr/>

The estimated value of employer contributions for the year ended 31 August 2013 is £176,000.

# Bradford Academy Trust Limited

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### for the year ended 31 August 2012

#### 24 PENSION AND SIMILAR OBLIGATIONS (continued)

##### Local Government Pension Scheme (continued)

Movement in deficit during period	2012 £'000	2011 £'000
At 1 September 2011	944	1,158
Employer service charge	247	279
Employer contributions	(173)	(185)
Net interest	19	24
Actuarial loss	398	(332)
	<hr/>	<hr/>
At August 2012	1,435	944
	<hr/>	<hr/>

##### The five-year history of experience adjustments is as follows:

	2012 £'000	2011 £'000	2010 £'000	2009 £'000	2008 £'000
Present value of defined benefit obligations	(4,008)	(3,101)	(3,107)	(2,696)	(1,848)
Fair value of share of scheme assets	2,573	2,157	1,949	1,557	1,286
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Deficit in the scheme	(1,435)	(944)	(1,158)	(1,139)	(562)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Experience adjustments on share of scheme assets Amount £'000*	33	(155)	42	(89)	(149)
Experience adjustments on scheme liabilities Amount £'000*	(2)	150	-	-	-

#### 25 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, it is inevitable that transactions will take place with organisations in which a member of the board of governors may 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.

# Bradford Academy Trust Limited

## NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 August 2012

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### 26 AGENCY ARRANGEMENTS

The Academy Trust administers the disbursement of the new discretionary support for learners 16-19 Bursary funds, on behalf of the EFA. In the year it received £52k and disbursed £46k. The remaining cash is unclaimed net of 5% admin and is being disbursed in the 2012/13 academic year. The Academy Trust returned a beneficial interest in the individual transactions such that the £52k and £46K has been recognised in income and expenditure in the Statement of Financial Activities.

### 27 POST BALANCE SHEET EVENTS

Bradford Academy has opened a Primary School, the initial years have been in temporary accommodation with the finalisation of the all-through facility receiving practical completion at the end of July. The building programme was undertaken by Bradford Council who have a city-wide need for additional primary places due to increasing roles. The client therefore is Bradford Council who will oversee the transfer of the asset to Bradford Academy during 2012/13.