

**Bradford Diocesan Academies Trust
(A Company Limited By Guarantee)**

Annual Report and Financial Statements

For the period from 18 October 2012 to 31 August 2013

Company registration number: 08258994

Bradford Diocesan Academies Trust

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Bradford Diocesan Academies Trust

Reference and Administrative Details

Directors	Venerable Doctor David Lee (Chairman) (appointed 18 October 2012) Reverend Barry Miller (appointed 18 October 2012) Mr Anthony Hesselwood (appointed 18 October 2012) Mr Dennis Richards (Chair St Oswald's Academy) (appointed 1 November 2012) Mr John Watts (appointed 2 November 2012) Reverend John Butler (Chair Christ Church Academy) (appointed 24 June 2013)
Secretary	Reverend Clive Sedgewick (appointed 18 October 2013)
Senior Management Team	Mrs Elizabeth Davison, Headteacher (St Oswald's) Mrs Phillipa Foster, Headteacher (Christ Church) Mrs Catherine Lee, Business Manager (St Oswald's)
Registered office	Windsor House Cornwall Road Harrogate HG1 2PW
Independent Auditors	Clough & Co New Chartford House Centurion Way Cleckheaton BD19 3QB
Bankers	Co-operative Bank PLC Delf House Southway Skelmersdale WN8 6WT
Legal Advisers	Lee Bolton Monier Williams 1 The Sanctuary Westminster London SW1P 3JT

Bradford Diocesan Academies Trust

Directors' Report for the period ended 31 August 2013

The directors present their annual report together with the financial statements and auditor's reports of the charitable company for the period ended 31 August 2013.

Discussion on conversion to academy trust

On 1 November 2012, St. Oswald's Church of England Primary School and on 1 August 2013, Windhill Church of England Primary School, converted to academy trust status under the Academies Act 2010 all the operations assets and liabilities were transferred to The Bradford Diocesan Academies Trust from Bradford Metropolitan District Council for £nil consideration.

Structure, Governance and Management

Constitution

The academy trust is a company limited by guarantee and is an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The company was incorporated on 18 October 2012 and the company registration number is 08258994.

The trustees of Bradford Diocesan Academy Trust are also the directors of the charitable company for the purposes of company law. The charitable company is known as the Bradford Diocesan Academies Trust, and includes the following academies:

- St. Oswald's C of E Primary Academy
- Christ Church Church of England Primary Academy (formerly known as Windhill Church of England Primary School)

Details of the directors who served during the period are included in the Reference and Administrative Details on page 2.

Members' Liability

Members are appointed by the Diocese of Bradford and Diocese of Ripon & Leeds Educational Trust and each 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.

Directors' Indemnities

The charitable company pays a premium of £966 to provide indemnity insurance for the directors.

Principal Activity

The charitable company acts as sponsor for Church of England academies with a view to providing a high standard of education to the communities in which they exist.

Policies and Procedures Adopted for the Induction and Training of Directors

A programme of induction by academy visits and familiarisation with the objects and procedures is offered to new directors and appropriate training is made available.

Organisational Structure

The directors appoint LGB's for each academy to whom, in conjunction with the principal of that academy, some of the management responsibilities are delegated. A formal scheme of delegation is drawn up in consultation with the Department for Education for each LGB.

Bradford Diocesan Academies Trust

Directors' Report for the period ended 31 August 2013 (continued)

Risk Management

The directors have identified the major risks to which the organisation is exposed, in particular those relating to the specific teaching, provision of faculties, and other operational areas of the Trust, and its finance. The directors have implemented a number of systems to assess the risks that the Trust academies face, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and academy trips) and in relation to the control of finances. They have introduced systems including operational procedures (e.g. vetting of new staff and visitors, supervision of academy grounds) and internal financial controls in order to minimise risk. Where significant financial risk still remains, directors have ensured they have adequate insurance cover. The Trust has a system of internal financial controls which it continuously strives to improve.

Connected Organisations including Related Party Relationships

The charitable company is under the control of the Diocese of Bradford and Diocese of Ripon & Leeds Educational Trust which in turn is accountable to, but not controlled by, The Diocesan Boards of Education of the 2 dioceses.

Objectives and Activities

Objects and Aims

The objects of the company are specifically restricted to the following:

To advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of

(i) Church of England schools designated as such which shall be conducted in accordance with the principles, practices and tenets of the Church of England including any trust deed governing the use of the land by and academy both generally and in particular in relation to arranging for religious education and daily acts of worship (as required by the Relevant Funding Agreement), and having regard to any advice and following directives issued by the Diocesan Board of Education,
and

(ii) other academies whether with or without a designated religious character, but in relation to each of the academies to recognise and support their individual character and respect the different background of each and its links to the local community which it serves.

Public Benefit

In line with the policy of the Church of England the academies offer an education, with a Christian ethos, to the whole local community; encouraging good educational standards and an engagement with the wider community.

Achievements and performance

St. Oswald's Church of England Primary Academy opened on 1 November 2012 and Christ Church Church of England Primary Academy opened on 1 August 2013.

Both former schools had been identified as needing an improvement in standards. Results and inspection at St. Oswald's indicate that an effective team has been appointed and improved results are being achieved. Christ Church, post year end is also showing signs of improvement.

Going Concern

After making appropriate enquiries, the board of directors 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 aim is to build a reserve to facilitate development of existing and new academies. Working capital requirements are minimal due to the monthly stream of funding through the Education Funding Agency.

Strict budgetary control is maintained and performance monitored against the budgets.

Bradford Diocesan Academies Trust

Directors' Report for the period ended 31 August 2013 (continued)

Financial review

The results of the period are considered satisfactory. The funds transferred on conversion to academy status exceed the deficit on pension liabilities.

Reserves policy

The Directors of the Bradford Diocesan Academies Trust monitor the reserve levels of the Trust on a regular basis. These reviews encompass the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves.

Investment policy

The Accounting Officer will review cash flow, discuss current investment opportunities with the Academies Trust Bank Manager and make recommendations to Governors on investment proposals.

Plans for Future Periods

The directors will continue to maintain the improvement of standards at each academy and expect to sponsor one more academy in the ensuing year. Plans are being formulated to extend the age range and make building alterations at St Oswald's. Since the period end, the Secretary of State for Education has confirmed that the academies trust will be a sponsor for a further primary convertor by 1 August 2014 and a new 11-16 academy opening in September 2015.

Auditor

Insofar as the directors are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the directors 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 members of the board on 19 December 2013 and signed on its behalf by:



.....
Venerable Doctor David Lee
Director

Bradford Diocesan Academies Trust

Governance Statement

Scope of Responsibility

As directors, we acknowledge we have overall responsibility for ensuring that Bradford Diocesan Academies 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 directors has delegated the day-to-day responsibility to Reverend Clive Sedgewick, 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 Diocesan Academies Trust and the Secretary of State For Education. They are also responsible for reporting to the board of Trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Directors' Report and in the Statement of Directors' Responsibilities. The board of directors has formally met 9 times during the year. Attendance during the year at meetings of the board of directors was as follows:

Director	Meetings attended	Out of a possible
Venerable Doctor David Lee	9	9
Reverend Barry Miller	6	9
Mr Anthony Hesselwood	9	9
Mr Dennis Richards	5	8
Mr John Watts	8	9
Reverend John Butler	0	1

Due to the small size of the academies trust, currently there are no subcommittees. However, each academy has a Local Governing Body which have some delegated powers as defined in the Scheme of Delegation Agreements. The directors believe the current governance structure is appropriate to the size of the academies trust and acknowledge that this will be developed over time as the number of academies in the trust increases.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the School 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 Diocesan Academies Trust for the period ended 31 August 2013 and up to the date of approval of the annual report and financial statements.

Bradford Diocesan Academies Trust

Governance Statement

Capacity to handle risk

The board of directors 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 directors 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 ending 31 August 2013 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of directors.

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

The board of directors has considered the need for a specific internal audit function and has decided:

- not to appoint an internal auditor. However the directors have appointed Reverend Clive Sedgewick, the company secretary, as Responsible Officer (RO).

The RO's role includes giving advice on financial matters and performing a range of checks on the School Trust's financial systems. The RO will report to the board of directors on the operation of the systems of control and on the discharge of the board of director's financial responsibilities.

Review of effectiveness

As Accounting Officer, the company secretary has responsibility for reviewing the effectiveness of the system of internal control. During the period in question the review has been informed by:

- the work of the external auditor;
- the financial management and governance self assessment process; and
- the work of the executive managers within the School 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 the 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 board of directors on 19 December 2013 and signed on its behalf by:



Venerable Doctor David Lee
Chairman



Reverend Clive Sedgewick
Accounting Officer

Bradford Diocesan Academies Trust

Statement of Regularity, Propriety and Compliance

As accounting officer of Bradford Diocesan Academies Trust I have considered my responsibility to notify the Academy Trust's board of directors 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 board of directors 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.

A handwritten signature in black ink, appearing to read 'Clive Sedgewick', is written over a dotted line.

Reverend Clive Sedgewick
Accounting Officer

Bradford Diocesan Academies Trust

Statement of Directors' Responsibilities

The directors (who act as Trustees of Bradford Diocesan Academies Trust and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Directors' Report and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable laws and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under company law the directors 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 directors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and 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 directors 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 directors 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 grants received from the EFA/DfE have been applied for the purposes intended.

The directors 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 board of Directors on 19 December 2013 and signed on its behalf by:



.....
Venerable Doctor David Lee
Director

Bradford Diocesan Academies Trust

Independent Auditors' Report to the members of Bradford Diocesan Academies Trust

We have audited the financial statements of Bradford Diocesan Academies Trust for the period ended 31 August 2013, which comprise the Statement of Financial Activities, the Income and Expenditure Account, the Balance Sheet, the Principle Accounting Policies and the related notes. 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).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out in the Directors' Report, the directors (who are also the trustees of the charitable 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Directors to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material inconsistencies we consider the implications for our report.

Basis for qualified opinion on financial statements

The required information for complete valuation and disclosure of the pension scheme liability at 31 August 2013 is yet to be made available. Consequently, it is not possible to determine the amount of any such liability or completeness of disclosures.

Qualified opinion on financial statements

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2013 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and in accordance with the Academies Accounts Direction 2013 issued by the EFA;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared, is consistent with the financial statements.

Bradford Diocesan Academies Trust

Independent Auditors' Report to the members of Bradford Diocesan Academies Trust

Matters on which we are required to report by exception

In respect solely of the

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

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

.....
Roland Clark FCA, DChA
Senior Statutory Auditor

Clough & Company LLP

For and on behalf of: Clough & Company LLP, Statutory Auditor

.....
Clough & Company LLP, Statutory Auditor
New Chartford House
Centurion Way
Cleckheaton
Bradford
West Yorkshire
BD19 3QB

19. December 2013

Bradford Diocesan Academies Trust

Independent Auditors' Report on Regularity to the Board of Directors of Bradford Diocesan Academies Trust and the Education Funding Agency

In accordance with the terms of our engagement letter dated 7 November 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013, we have carried out an engagement to obtain assurance about whether the expenditure disbursed and income received by the Academy Trust during the period 18 October 2012 to 31 August 2013 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 Bradford Diocesan Academies 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 Bradford Diocesan Academies Trust and the EFA those matters we are required to state to it 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 Bradford Diocesan Academies Trust and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Bradford Diocesan Academies Trust's Accounting Officer and the reporting Auditor

The Accounting Officer is responsible, under the requirements of Bradford Diocesan Academies Trust's funding agreement with the Secretary of State for Education dated October 2012 and the Academies Financial Handbook, extant from 1 September 2012, 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 2013. 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 18 October 2012 to 31 August 2013 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies: Accounts Direction 2013 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 conclusions includes:

- checking that the academy trust's activities are consistent with its framework and its charitable objectives,
- checking that governors and key staff have disclosed their interest in related parties, discussing the same with management and reviewing transactions during the period for undisclosed related party transactions,
- checking that any related party transactions during the period are conducted at normal commercial rates,
- checking that academy trust expenditure is permitted by its funding agreement,
- checking that any borrowings entered into, including leases, are in accordance with the Academies Handbook,
- checking that any land and building transactions, especially disposals, are in line with the funding agreement and Academies Handbook

Bradford Diocesan Academies Trust

Independent Auditors' Report on Regularity to the Board of Directors of Bradford Diocesan Academies Trust and the Education Funding Agency

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 18 October 2012 to 31 August 2013 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

.....
Roland Clark FCA, DChA
Senior Statutory Auditor

For and on behalf of: Clough & Company LLP, Statutory Auditor

Clough & Company LLP

.....
Clough & Company LLP, Statutory Auditor
New Chartford House
Centurion Way
Cleckheaton
Bradford
West Yorkshire
BD19 3QB

.....
19 December 2013

Bradford Diocesan Academies Trust

Statement of Financial Activities for the period from 18 October 2012 to 31 August 2013 (including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted Funds £000	Restricted Funds £000	Total £000
Incoming resources				
<i>Incoming resources from generated funds:</i>				
Transfer on conversion	2	199	-	199
Voluntary income	2	138	-	138
Activities for generating funds	3	6	-	6
Investment income	4	1	-	1
<i>Incoming resources from charitable activities:</i>				
Funding for the academy trust's educational operations	5	13	2,194	2,207
Other income	6	64	-	64
Total incoming resources		421	2,194	2,615
Resources expended				
<i>Cost of generating funds:</i>				
Fundraising costs		2	-	2
<i>Charitable activities</i>				
Academy Trust educational operations	7	137	1,949	2,086
<i>Governance Costs</i>	8	-	38	38
Total resources expended		139	1,987	2,126
Net incoming resources		282	207	489
Other recognised gains and losses				
Opening defined benefit pension scheme liability		-	(114)	(114)
Actuarial gains on defined benefit pension scheme		-	-	-
Total funds carried forward at 31 August 2013		282	93	375

Bradford Diocesan Academies Trust
Company number 08258994

Balance Sheet as at 31 August 2013

		£000	£000
	Note		
Current assets			
Debtors	14	140	
Cash at bank and in hand		<u>443</u>	
		583	
Current Liabilities			
Creditors; amounts falling due within one year	15	<u>(94)</u>	
Net current assets			489
Pension scheme liability	16		(114)
Net assets including pension liability			<u>375</u>
Representing			
Restricted funds			
Restricted general fund		119	
Restricted property development fund		9	
Restricted school improvement fund		79	
Restricted pension fund		<u>(114)</u>	
Total restricted funds			93
Unrestricted Funds			
Unrestricted general fund	16		282
Total unrestricted funds			
Total funds			<u>375</u>

The financial statements on pages 14-27 were approved by the trustees and authorised for issue on 19 December 2013.



Venerable Doctor David Lee
Chairman of trustees

Bradford Diocesan Academies Trust

Notes to the Financial Statements for the period 18 October 2012 to 31 August 2013

1 Accounting Policies

Basis of preparation

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

Conversion to an academy trust

The conversion from a state maintained school to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for £Nil consideration and has been accounted for under the acquisition accounting method.

The assets and liabilities transferred on conversion to an academy trust have been valued at their fair value being a reasonable estimate of the current market value that the governors would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for The Bradford Diocesan Academies Trust. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in voluntary income as net income/net expenditure in the Statement of Financial Activities and analysed under restricted general funds and restricted fixed asset funds. Further details of the transaction are set out in the notes.

Going Concern

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

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 sheet in the restricted property development 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 is recognised in the period it is receivable and to the extent the goods have been provided or on completion of the service.

Bradford Diocesan Academies Trust

Notes to the Financial Statements for the period 18 October 2012 to 31 August 2013

1 Accounting Policies (continued)

- **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 is material and 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 the costs incurred on the Academy Trust's educational operations.

- **Governance Costs**

These include the costs attributable to formation and the company's compliance with constitutional and statutory requirements, including audit, strategic management and directors' meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

Tangible Fixed Assets

Assets costing £5,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

Land and buildings

The land and buildings that the Academies operate from are properties held in trust by The Bradford Diocesan Board of Finance Limited (BDBF). They are held in trust for the delivery of education and are made available for St Oswald's Church of England Primary Academy and Christ Church Church of England Primary Academy. As such the land and buildings have not been included as a fixed asset.

Rent for use of the land and buildings is charged based on directors' best estimates. The accounts include a donation in kind equivalent to the market value of rent.

Bradford Diocesan Academies Trust

Notes to the Financial Statements for the period 18 October 2012 to 31 August 2013

1 Accounting Policies (continued)

Depreciation

Depreciation is provided on a straight line basis over the estimated useful life of the asset.

Leased Assets

Rentals under operating leases are charged on an accruals basis over the term of the lease.

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.

Pension Benefits

Retirement benefits to the employees of the Academy Trust are provided by the Teachers' Pension Scheme (TPS) and the West Yorkshire Pension Scheme (WYPS). These are defined benefit schemes and the assets are held separately from those of the academy trust.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of 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 WYPS 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.

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 directors.

Restricted funds are restricted for the purposes determined by the Education Funding Agency and Department for Education.

Bradford Diocesan Academies Trust

Notes to the Financial Statements for the period 18 October 2012 to 31 August 2013

2 Voluntary Income	Unrestricted Funds £000	Restricted funds £000	Total 2013 £000
Transfer on conversion	199	-	199
Other voluntary income			
Sponsorship in kind	137	-	137
Other donations	1	-	1
	<u>138</u>	<u>-</u>	<u>138</u>
	337	-	337
3 Activities for Generating Funds	Unrestricted Funds £000	Restricted funds £000	Total 2013 £000
Fundraising	4	-	4
Other	2	-	2
	<u>6</u>	<u>-</u>	<u>6</u>
4 Investment income	Unrestricted Funds £000	Restricted funds £000	Total 2013 £000
Bank interest	1	-	1
Rents	-	-	-
	<u>1</u>	<u>-</u>	<u>1</u>
5 Funding for the academy trust's Educational Operations	Unrestricted Funds £000	Restricted funds £000	Total 2013 £000
DfE / EFA Grants			
General annual Grant	-	1,800	1,800
Start up Grant	-	50	50
School Improvement Grant	-	80	80
Other DfE/EFA Grants	-	264	264
	<u>-</u>	<u>2,194</u>	<u>2,194</u>
Other Grants	13	-	13
	<u>13</u>	<u>2,194</u>	<u>2,207</u>

Bradford Diocesan Academies Trust

Notes to the Financial Statements for the period 18 October 2012 to 31 August 2013

6 Other income generated from educational operations	Unrestricted Funds £000	Restricted funds £000	Total 2013 £000
Recharges and fees	47	-	47
Miscellaneous income	17	-	17
	64	-	64
7 Resources Expended	Unrestricted Funds £000	Restricted funds £000	Total 2013 £000
Charitable Activities - Academies' Educational operations			
Direct Costs			
Teaching and educational support staff costs	-	1,256	1,256
Technology costs	-	28	28
Educational supplies	-	48	48
Staff development	-	14	14
Educational consultancy	-	30	30
Other direct costs	-	48	48
	-	1,424	1,424
Support Costs			
Support staff costs	-	237	237
Technology costs	-	-	-
Recruitment	-	8	8
Maintenance of premises and equipment	-	29	29
Rent and rates	137	3	140
Energy costs	-	35	35
Cleaning	-	4	4
Insurance	-	23	23
Security	-	6	6
Catering	-	84	84
Professional fees	-	73	73
Other support costs	-	23	23
	137	525	662
Total	137	1,949	2,086

Bradford Diocesan Academies Trust

Notes to the Financial Statements for the period 18 October 2012 to 31 August 2013

8 Governance Costs

	Unrestricted Funds £000	Restricted funds £000	Total 2013 £000
Formation costs	-	33	33
Indemnity insurance	-	1	1
Audit	-	4	4
	<u>-</u>	<u>38</u>	<u>38</u>

9 Resources Expended

	Staff Costs £000	Non pay Expenditure Premises £000	other £000	Total 2013 £000
Cost of generating income	-	-	2	2
Academies' educational activity				
Direct Costs	1,256	-	168	1,424
Support costs	<u>237</u>	<u>231</u>	<u>194</u>	<u>662</u>
	<u>1,493</u>	<u>231</u>	<u>364</u>	<u>2,088</u>
Governance Costs	-	-	38	38
	<u>1,493</u>	<u>231</u>	<u>402</u>	<u>2,126</u>

Incoming resources for the period include

	2013 £000
Operating leases	14
Fees payable to auditor	<u>4</u>

Bradford Diocesan Academies Trust

Notes to the Financial Statements for the period 18 October 2012 to 31 August 2013

10 Staff Costs

	2013 £000
	1,220
Wages and salaries	80
Social security costs	146
Pension costs	1,446
	47
Supply costs	<u>1,493</u>

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

	2013 No.
Charitable Activities	
Teachers	24
Administration and support	35
	<u>59</u>

No employees were paid more than £60,000.

11 Related Party Transactions - Governors' Remuneration and Expenses

During the period ended 31 August 2013 there was no governors remuneration charged to the academy trust.

During the period ended 31 August 2013, travel and subsistence expenses totalling £422 were reimbursed to 3 governors.

12 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 period ended 31 August 2013 was £966.

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

13 Fixed Assets

On conversion the furniture and equipment were transferred by City of Bradford Metropolitan District Council at nil value. The insurance value is £1,762,100.

Bradford Diocesan Academies Trust

Notes to the Financial Statements for the period 18 October 2012 to 31 August 2013

14 Debtors

	2013
	£000
Trade debtors	42
Other debtors	58
Prepayments	40
	140

15 Creditors

Falling due within one year

	2013
	£000
Trade creditors	43
Other creditors	11
Accruals	40
	94

16 Funds

	Incoming Resources	Resources Expended	Balance at 31 August 2013
	£000	£000	£000
Restricted reserves			
General Annual Grant	1,800	1,681	119
Property development	9	-	9
School improvement	80	1	79
Other DfE	305	305	-
	2,194	1,987	207
Unrestricted reserves			
General	421	139	282
Pension reserve	(114)	-	(114)
	307	139	168

Bradford Diocesan Academies Trust

Notes to the Financial Statements for the period 18 October 2012 to 31 August 2013

16 Funds continued

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

General Annual Grant

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.

Property Development

This fund arises from surplus GAG and is to be used to fund building alterations.

School Improvement

This fund relates to the initial £40,000 improvement grant received for each academy. The terms of the grant state this must be spent within 6 years of receipt on academy improvement projects.

Other

This fund relates to other Dfe/EFA grants received to carry out the objectives of the academies.

17 Analysis of net assets between Funds

	Unrestricted Funds £000	Restricted Funds £000	Total 2013 £000
Current assets	370	207	577
Current liabilities	(100)	-	(100)
Pension scheme liability	(98)	-	(98)
	172	207	379

18 Financial Commitments

At 31 August 2013 the academy had annual commitments under operating leases for educational and administration equipment amounting to:

	2013 £000
Expiring within 1 year	2
Expiring with 2 to 5 years	7
Expiring in over 5 years	1

19 Related Party Transactions

The academy trust is related to Educational Development Limited which is a trading company of the Diocesan Board of Education. During the period the following transactions took place between the academy trust and this related party:

	2013 £000
Professional fees	30,000
Period end creditor	9,000

Bradford Diocesan Academies Trust

Notes to the Financial Statements for the period 18 October 2012 to 31 August 2013

19 Related Party Transactions (continued)

The academy trust is related to Towergate Underwriting Group Limited by virtue of Mr John Watt's consultancy role with that company. During the period the following transactions took place between the academy trust and this related party:

	2013
	£000
Insurance cost	22,702
Period end creditor	<u>12,251</u>

20 Members' liability

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/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.

21 Capital Commitments

There were no commitments at 31 August 2013.

22 Events after the Balance Sheet date

The Secretary of State has granted an order for a further existing primary school to convert to academy status by 1 August 2014 and a new 11 - 16 academy in BD4 opening in September 2015.

23 Pension and similar obligations

The Academy'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 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 August 2010.

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

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010). These regulations apply to teachers in schools that are maintained by local authorities and other educational establishments, including academies, in England and Wales. In addition teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and from 1 January 2007 automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and are paid by public funds provided by Parliament. 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 under arrangements governed by the above Act.

Bradford Diocesan Academies Trust

Notes to the Financial Statements for the period 18 October 2012 to 31 August 2013

23 Pension and similar obligations (continued)

The Teachers' Pension Budgeting and Valuation Account

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, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pension Scheme

At the last valuation, the contribution rate 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 contributions rate applies, which if it were paid over the entire active service of those 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 - 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 the valuation date) was £163,240 million. 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%. From 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.

Actuarial scheme valuations are dependent on assumptions about the value of future costs, the design of benefits and many other factors. Many of these assumptions are being considered as part of the work on the reformed TPS, as set out below. Scheme valuations therefore remain suspended. The Public Service Pensions Bill, which is being debated in the House of Commons, provides for future scheme valuations to be conducted in accordance with Treasury directions. The timing for the next valuation has still to be determined, but it is likely to be before the reformed schemes are introduced in 2015.

Teachers' Pension Scheme Changes

Lord Hutton published his final report in March 2011 and made recommendations 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 and Ministers engaged in extensive discussions with trade unions and other representative bodies on reform of the TPS. Those discussions concluded on 9 March 2012 and the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of $\frac{1}{57}^{\text{th}}$; 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. Importantly, 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 just 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 were to be phased in from April 2012 on a 40:80:100% basis.

Bradford Diocesan Academies Trust

Notes to the Financial Statements for the period 18 October 2012 to 31 August 2013

23 Pension 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 School is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the School 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 School has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the net assets held in separate trustee-administered funds. There were no contributions made during the period and the agreed rates for future years are 17.2% for employers.

The required information for complete valuation and disclosure of the pension scheme liability at 31 August 2013 is yet to be made available. Consequently, it is not possible to determine the amount of any such liability or completeness of disclosures. As such, the financial statements only show the pension fund liability on conversion.

24 Conversion to an academy trust

On 1 November 2012, St Oswald's Church of England Primary School and on 1 August 2013, Windhill Church of England Primary School (now known as Christ Church Church of England Primary Academy), converted to academy trust status under the Academies Act 2010 and all the operations assets and liabilities were transferred to The Bradford Diocesan Academies Trust from Bradford Metropolitan District Council for £Nil consideration.

The transfer has been accounted for using the acquisition method. The assets and liabilities transferred were valued at fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised in the Statement of Financial Activities as voluntary income.

The following table sets out the fair values of the identifiable assets and liabilities and an analysis of their recognition in the SOFA.

	Unrestricted fund	Restricted general fund	Total
	£000	£000	£000
School budget surplus funds	175	-	175
School funds	24	-	24
LGPS pension deficit	-	(114)	(114)
Net assets/(liabilities)	199	(114)	85