

Bradford Academy Trust
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

for the year ended
31 August 2019

BRADFORD ACADEMY TRUST

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BRADFORD ACADEMY TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Members

The Secretary of State
Toby Howarth
Andrew Jolley
Manojkumar Joshi
Jeremy Lepine
Richard Noakes

The Board of Trustees and Directors

Tehmina Hashmi (Executive Principal)
Manojkumar Joshi (Chair of Trustees)
Adrian Farley (Vice-Chair of Trustees)
Richard Arnold
Bruce Berry
Nadine Good
Helen Griffin (Resigned - 27.03.19)
Kabir Hameed (Parent Trustee - Appointed 13.09.18)
Jagdeep Kainth (Resigned - 30.01.19)
Jennifer Jakes (Staff Trustee - Appointed 02.05.19)
Alan Jarvis
Ruth Leetham (Parent Trustee)
Peter Mayo-Smith
Darren Metcalfe
Rob Taylor (School Chaplain - Resigned 16.09.19)
Tim Thomas
Steve Walker (Staff Trustee)

Company Secretary

Andrew Blake

Executive Team:

Executive Principal
Primary Principal
Secondary Principal
Human Resources Director
Finance Director

Tehmina Hashmi (Accounting Officer)
Melanie Saville
Jennifer Tierney
David Fearnley
Andrew Blake

Principal and Registered Office

Bradford Academy
Teasdale Street
Bradford
BD4 7QJ

Company Registration Number

05508735 (England and Wales)

Independent Auditor

RSM UK Audit LLP
Chartered Accountants
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

TRUSTEES REPORT

INTRODUCTION

The Board of Trustees and Directors present their annual report together with the financial statements and auditor's report of the charitable company for the period 1 September 2018 to 31 August 2019. The annual report serves the purposes of both a Trustees' report and a Directors' report under company law.

The Trust operates an all-through academy serving learners from the ages of 2 to 19 serving a catchment area to the South of Bradford Metropolitan District. It has capacity to accommodate 2,185 learners, the operational capacity is currently 1,820 learners for September 2019.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academy Trust is a teaching and learning company limited by guarantee and an exempt charity. The charitable company's Memorandum and Articles of Association are the primary governing documents of the academy trust, originally dated July 2005, however has now adopted the Memorandum and Articles of a religiously designated organisation from October 2018. The Trustees of Bradford Academy are also the directors of the charitable company for the purposes of company law. The charitable company is known as Bradford Academy Trust.

Details of the Trustees who served throughout the year are included in the details on the Reference and Administrative Details on page 2.

Members Liability

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

Trustees Indemnities

Trustees and company officers at Bradford Academy are covered by Liability Insurance for any civil liability arising from their role as defined in the Companies Act 2006 s236.

Method of Recruitment and Appointment or Election of Trustees

Trustees are either; appointed by members; elected or co-opted by those trustees appointed by the members under the constitutional provisions of the company's Articles of Association. The appointments are made by the Academy Sponsor and the Trustees who delegate all powers to run the organisation to the Senior Executive Team.

The membership of the board of Trustees is in accordance with the structure contained within its Memorandum and Articles of Association. Trustees have a breadth of skills, which are beneficial to the various sub-committees that support the main governing body. Manojkumar Joshi is Chair of Trustees.

Policies and Procedures Adopted for the Induction and Training of Trustees

Newly appointed Trustees are required to join one of the sub-committees reporting to the main governing body. The induction process involves meeting the Chair of the Trustees, the Academy's 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 provided to the external governor training and support programme. Within the Academy, the Trustees can access the policies and procedures via the Staff Handbook or the learning gateway. Where Trustees have a particular professional skill the Academy seeks to support and utilise the skill within a relevant committee. Trustees also attend 'whole-school' events and where appropriate staff training sessions in addition to bespoke governor training. The Academy also provides access to governor training.

BRADFORD ACADEMY TRUST

TRUSTEES REPORT (continued)

Organisational Structure

The Trust consists of five elected members being an appointee by the Diocesan Board of Finance, two appointees by the Diocesan Board of Education, the chairman of trustees and one member appointed by the members. The governing body consists of up to 8 member appointed trustees, 2 member appointed staff trustees, 2 elected parent governors, up to 4 member appointed co-opted governors and the ex-officio Principal. 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. Individual Trustees also have specific responsibilities to the Academy such as heads of Committees, Safeguarding or Community relations.

The Senior Executive Team consists of the Executive Principal, Secondary Principal, Primary Principal, Finance Director and Human Resources Director who are responsible for the determination, communication and implementation of the Academy's strategies.

The Principal, Executive and Senior Leadership team are responsible for 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 Financial Handbook issued by the Education and Skills Funding Agency.

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

The principal activity of the charitable company during the period was the educational provision of teaching and learning. The principal activity is to raise standards of achievement, the academy motto's of every learner known, valued and understood, and be the best creating the environment where effective teaching and learning can take place, endeavouring to remove barriers for learning such as deprivation, behaviour or social issues, ultimately raising standards achieved by all learners. Bradford Academy is a well-established all through Academy serving the needs of learners largely from the local community and where necessary serving learners from further afield if they are brought into the community.

Arrangements for setting pay and remuneration of key management personnel

The academy trust operates two pay-scales for determining pay, the National Joint Council for Associate staff and the Teachers' pay spines subject to national negotiation and agreement. Job weight and market forces determine the remuneration of key management as the Academy needs to be competitive to attract strong leaders to South Bradford. The Academy uses the Teachers' Leadership pay set and agreed with the teaching unions. Senior Leadership Pay is determined by reference to board approved standardised contracts.

Trade union facility time

Under the provisions of the Trade Union (Facility Time Publication Requirements) Regulations 2017, where an academy trust has more than 49 full time equivalent employees throughout any 7 months within the reporting period, it must include information included in Schedule 2 of the Regulations. The information to be published consists of four tables covering:

Relevant union officials

Number of employees who were relevant union officials during the relevant period	2
Full-time equivalent employee number	2

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	0
1% - 50%	2
51% - 99%	0
100%	0

Percentage of pay bill spent on facility time

The total cost of facility time	£3,369
The total pay bill	£9,026,812
The percentage of the total pay bill spent on facility time	0.04%

BRADFORD ACADEMY TRUST

TRUSTEES REPORT (continued)

Paid trade union activities

Percentage of time spent on paid trade union activities 0%

Related Parties and other Connected Charities and Organisations

Bradford Academy Trust does not transact with any connected organisations, which would have a direct influence on operating policies and procedures. The Academy sponsor is the Leeds Diocese. The sponsor has no operating input. Management and strategy of the Academy is the responsibility of the Senior Executive Team and Bradford Academy Trustees.

OBJECTIVES AND ACTIVITIES

Objects and Aims

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 with a designated Church of England religious character offering a broad and balanced curriculum conducted in accordance with the principles, practices and tenets of the Church of England both generally and in particular in relation to arranging for religious education and daily acts of worship, and having regard to any advice of the Diocese of Leeds.

Objectives, Strategies and Activities

The Academy's main strategic intent is encapsulated in the statements: "Every learner is known, valued and understood" and "Be the best." Delivery of this strategy focuses the Academy on our learners and the mechanisms that are required to create an environment where learners can succeed, academically and as good citizens, to be the best that they can be. Improvement in standards is at the core of the strategy. Below are examples of areas of focus used to drive development of our Learners:

- Assessment for learning;
- Raising achievement;
- No exclusion policy – however has been used this year used as a last resort;
- Attendance strategy;
- Development of best practice through lead-practioners;
- Training and development (for all learners);
- Student voice;
- Student, senior leadership team;
- Provision of external agencies including; counselling, careers, pastoral care, spiritual support, social working, 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 age of 2;
- High standards of capital provision to ensure the best working environment;
- The under-pinning of the strategy with sound financial, operational, procedural methodologies and systems.

Public Benefit

The Trustees are aware that by improving the outcomes for our learners the wider society will benefit from the investment of public funds received in the form of grants. Their aims and objectives are in compliance their duties identified by the Charity Commission on their website at Charities and Public Benefit in exercising their powers or duties.

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. The Academy has named persons who are available to anyone who has any safeguarding concerns.

Equal Opportunities policy

The Trustees recognise that equal opportunities should be an integral part of good practice within the workplace. The Academy provides equal opportunity for all areas of its activities including creating a working environment which is inclusive for all.

Employee Consultation and disabled persons

Bradford Academy is an Equal Opportunities employer and is mindful of its obligations under the Equalities Act 2010. The Academy works alongside external agencies as necessary to enable support for disabled persons. The academy also has specialists for Special Education Needs (SEN), Designated Special Provision (DSP) and Autistic Learners. The academy provides resources for work place assessments and makes reasonable adjustments where possible.

BRADFORD ACADEMY TRUST

TRUSTEES REPORT (continued)

STRATEGIC REPORT

Achievements and Performance

Key Performance Indicators

Bradford Academy continues to improve the outcomes for our learners. There are significant numbers of learners who suffer from socially and economically deprived circumstances where any form of academic achievement represents a good achievement. The Academy's SEN, DSP, Autism and Deprivation levels have lower rates of performance gains compared to mainstream learners.

In the Primary phase Key Stage 2 Attainment consolidated at 57, (2018 57) however Key Stage 2 Progress results showed a dramatic improvement with Reading at 1.4 (2018 -1.3) Writing 1.4 (2018 -2.1) and particularly Maths at 2.9 (2018 -0.1). At Key Stage 1 performance improved to 66.1 (2018 55.9).

In the Secondary phase Progress 8 was -0.57 (2018 -0.32) and Attainment 8 was 36.05% (2018 38.03%) in overall terms with grades 9-5 in Basics (English and Maths) increasing to 26.3% (2018 20.9%). Top grades also improved at 29 grade 9's (2018 18). The polarisation of performance was heavily influenced by the cohort of Alternative Provision Learners increasing to 9.6% compared to 6.6% last year.

At Post-16 the Learners gaining university places was 71% from a cohort of 72 (2018: 83%, cohort 87). A*-E performance was 96.2% compared to 97% last year and reflects the move to a more vocational offering in light of the more academic post-16 provision that has been introduced to South Bradford.

Income generation was £1.1m lower than last year, £375k due to the funding rate changes for deprivation (IDACI), so whilst core funding rates have been kept flat overall funding rates are down. The remaining loss of funding is due to the reduction in 6th form places. We have endeavoured to manage cost reductions alongside the corresponding fall in revenues. Staffing levels have reduced with a programme of non-replacement and restructuring occurring when staff have left, for teachers was enabled by the reduction in 6th form and for professional services staff a recruitment freeze was undertaken with a re-evaluation of necessity before commitment. These measures alongside cost reviews have resulted in an underlying fall of over £1m in costs before the impact of pension costs.

The Alternative Provision facility for our most challenging and vulnerable Learners has already become known for excellence to the point where we have received incomes from local authorities who are unable to manage those pupils. The provision has a capacity of 50 and an obvious potential to generate additional. £27k was generated from direct transfers in last year.

Pupil premium recipients represent 50% of the school and we see a strong correlation between, attendance, attainment and achievement of those Learners.

Attendance is below the increased national target, a review is underway to address the issue.

Going Concern

After making appropriate enquiries, the Trustees have a reasonable expectation that the academy trust has adequate resources to continue in operational existence for a period to at least 31st December 2020. The trust produces cash-flow forecasts with sensitivity analysis to inform their view. For this reason, it continues to adopt the going concern basis in preparing the financial statements. Details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

FINANCIAL REVIEW

In the year ended 31 August 2019 total grant funding and other incoming resources excluding capital at £11.710m (2018: £12.917m) covered operating expenditure, excluding depreciation and pension charges, of £11.564m (2018: £12.491m). On this basis the excess of income over expenditures was a £146k surplus (2018: £465k surplus). Including capital income, depreciation and pension charges the outturn was £11.846m income (2018: £12.956m) and expenditures £12.891m (2018: £13.159m) resulting in a £1.045m deficit (2018: £203k deficit).

At 31 August 2019, the net book value of tangible fixed assets was £22.710m (2018: £23.039m). The assets were used exclusively for providing education and the associated professional support services to the Learners of the academy.

Total staff costs excluding the pension past service cost of 274k reduced to £9.993m this year compared to £9.967m in 2018 and £10.439 in the previous year in spite of wage rate increases.

BRADFORD ACADEMY TRUST

TRUSTEES REPORT (continued)

FINANCIAL REVIEW (continued)

Other non-staff costs have been subject to constant review to seek opportunities to exclude, reduce or minimise costs resulting in expenditure levels at £2.624m compared to 2018: £3.192m.

The Local Government Pension Scheme actuarially assessed liability is now £4.630m compared to £2.103m last year. The main reasons for the change are the actuarial losses due to changes in financial assumptions of the present value of the defined benefit obligation. This estimated cost is £2.251m. The accounting for the transitional liability due to the implications of the McCloud judgement on an approximation basis adds and addition of £0.274m in past service costs.

Balance sheet total net assets are £19.486m compared to £22.435m in 2018. Fixed tangible assets at £22.710m compared to £23.039m in 2018. Net current assets £99k (2018: £222k) driven by the reduction in cash and debtor levels with creditors and at similar level.

Cash holdings are £365k compared to £413k in 2018.

Reserves Policy

The Trustees have established the minimum level of reserves (that is those that are freely available in cash form) that the Academy ought to have. The Trustees keep free reserves so that at least one month's salary cost equating to approximately £783k is on hand in liquid form at any point in time. The Wealth fund is also liquid reserves so the academy has a very healthy cash position. Cash holding is monitored regularly.

Total funds value at 31 August 2019 is £19.486m compared to 2018: £22.435m.

Fixed asset reserves are £22,710k compared to £23,039k in 2018.

Restricted general reserves including pension reserve are; 2019: (£4.630m); 2018: (£2.103m). Excluding the pension deficit restricted and unrestricted reserves show a surplus of £1,406k, 2018 £1,499k.

Investment Policy

The Academy seeks to maximise the return on all cash for the long-term benefit of the learners and the local community. Surpluses of cash are invested to provide a strong return where it is clear the operating cash levels are sustainable. The unrealised gain is £30k this year compared to £24k in 2018.

Principal Risks and Uncertainties

The principal risks and uncertainties concern future funding streams. As the majority of the Academy's 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.

Providing for the economic, educational and social well-being for the learners of South Bradford is at the heart of Bradford Academy's strategy.

The Trustees 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 to ensure health and safety of the work environment are carried out. Risks are examined, particularly those relating to specific teaching and learning, the provision of facilities and operations, and its finances. We 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. 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. As this risk has been underwritten by the Secretary of State the Trustees 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 sheet.

BRADFORD ACADEMY TRUST

TRUSTEES REPORT (continued)

FINANCIAL REVIEW (continued)

As Trustees, 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. Regular reviews of cash-flows and forecasts measured against budgets 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.

FUNDRAISING

Bradford Academy's approach to fundraising is to facilitate those activities where our Learners have determined it is a charitable cause or community based programme they wish to support. The academy does not work with professional or commercial fundraisers and the activities adopted by our pupils do not breach recognised standards. There is no fundraising carried out on Bradford Academy's behalf, so consequently no complaints have been received. Under our safeguarding practices and procedures our learners are protected from contact with persons who may attempt to exert undue influence.

PLANS FOR FUTURE PERIODS

Bradford Academy has consolidated its operations to match the corresponding reduction in growth (largely of the 6th form). This strategy will continue however we are looking to establish future growth through service provision utilising the Alternative Provision unit. The Academy has further supplemented the 2-year-old offer extended to offer 30-hour provision. The financial pressures are continuing with substantial pay award, growth of minimum living wage alongside increases in pension rates for both the Teachers and Local Government Pension schemes. Continual review of opportunities to maximise income and minimise costs is a consequence of the continued funding restraints faced in education.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

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

AUDITOR

RSM UK Audit LLP has indicated its willingness to continue in office.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

Insofar as the Trustees are aware:

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

The Trustees Report and the Strategic Report (included therein) is approved by the order of the Board of Trustees in their capacity as the directors in a meeting on 12th December 2019 and signed on its behalf by:


Manojkumar Joshi
Chair of Trustees

BRADFORD ACADEMY TRUST

GOVERNANCE STATEMENT

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 Trustees, 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 Board of Trustees has delegated the day-to-day responsibility to Tehmina Hashmi 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.

The Governing Body also acknowledge the Academy as a social institution as part of the wider local community. Corporate Social Responsibility (CSR) is a recognition of the part Bradford Academy plays in the development of the community for our learners.

GOVERNANCE

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' responsibilities. The Board of Trustees has formally met six times during the year. The Chairs of Committee met five times during the year and the Members met once. Attendance during the year at meetings of the governing body was as follows:

Trustee	Meetings attended	Out of a possible
Tehmina Hashmi (Executive Principal, Accounting Officer)	5	5
Manojkumar Joshi (Chairman)	5	5
Adrian Farley (Vice-Chair of Trustees)	3	5
Richard Arnold	4	4
Bruce Berry	2	3
Nadine Good	4	4
Kabir Hameed	2	2
Jennifer Jakes	0	2
Helen Griffin	0	2
Jagdeep Kainth	0	2
Alan Jarvis	3	3
Ruth Leetham	3	3
Peter Mayo-Smith	2	3
Darren Metcalfe	2	3
Rob Taylor	3	3
Tim Thomas	3	3
Steve Walker	3	3

The changes in Trustees have taken place to maintain the relevant number of people responsible to the various governing body committees. Bradford Academy executives ensure strong governance through having a structure that involves further committees. These are Curriculum / Community, Finance and Personnel committees who meet at least once a term in addition to main board meetings. The Chairs' of Committee also meet in addition to the full governing body meetings. A project group has been established to review of governance to ensure the structures roles and responsibilities of the Trustees is purposeful and in keeping with the requirements of excellence in governance.

BRADFORD ACADEMY TRUST

GOVERNANCE STATEMENT (Continued)

The Finance Committee is one of the committees 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. Attendance at meetings in the year was as follows:

Trustees	Meetings attended	Out of a possible
Manojkumar Joshi (Chair of Trustees)	4	4
Richard Arnold (Chair of Finance - Appointed 11.02.19)	3	3
Andrew Blake (Finance Director)	4	4
Tehrmina Hashmi (Principal and Accounting Officer)	4	4
Alan Jarvis	3	4
Jagdeep Kainth (Chair of Finance from 14.03.19 to 30.01.19)	3	3
Terry Morton (Ex-officio)	4	4
Rob Taylor	1	1
Steve Walker	1	1

REVIEW OF VALUE FOR MONEY

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

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

- Bradford Academy continues to provide a safe, well-maintained clean environment for learners.
- Completion of the Alternative Provision unit for the most challenging learners.
- Significantly reducing the reliance on external cover costs.
- Investment in technology to enable more cost effective methods to achieve the same result. For example electronic in preference to paper communications with parents.
- On-going strategic review of staffing and structures.

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 2019 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

The Board of Trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal 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 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

BRADFORD ACADEMY TRUST

GOVERNANCE STATEMENT (Continued)

THE RISK AND CONTROL FRAMEWORK

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of Trustees;
- A redesign of the management accounts reviewed by the Trustees;
- 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.

The Board of Trustees has considered the need for an internal audit function. Unfortunately Gary Bandy who previously provided the function of Internal Auditor was increasingly unable to perform the role due to his own work commitments and travel distance. RSM Risk Assurance Services LLP have been appointed as advisors to the Trust to undertake a scope of work as directed by the Finance Committee. The advisors' role includes performing a range of checks on the Trust's Internal Control framework and to report factual findings by exception to the Finance Committee. The scope of works agreed with the Finance Committee was to review the payroll and procurement systems. The reports were reviewed by the Finance Committee who upon receiving the findings and recommendations agreed an action plan to implement the recommendations, with the Finance Committee monitoring the actions against these recommendations. There are no high or fundamental issues.

REVIEW OF EFFECTIVENESS

As Accounting Officer, Tehmina Hashmi 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 advisors to the Finance Committee;
- Accounting Officer benchmarking against similar organisations;
- the work of the Finance Committee;
- 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 with no issues arising however a plan to ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees on 12th December 2019 and signed on its behalf by:



Manojkumar Joshi
Chair of Trustees



Tehmina Hashmi
Accounting Officer

BRADFORD ACADEMY TRUST

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Bradford Academy Trust I have considered my responsibility to notify the Academy Trust board of Trustees and the Education and Skills Funding Agency ('ESFA') of material irregularity, impropriety and non-compliance with ESFA terms and conditions of all funding received by the Academy Trust, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

I confirm that I and the Academy Trust board of Trustees are able to identify any material irregular or improper use of funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academies Financial Handbook 2018.

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

Signed



Tehmina Hashmi
Accounting Officer

Date: 12 December 2019

BRADFORD ACADEMY TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees (who act as trustees for charitable activities of Bradford Academy Trust and are also the Directors of the Charitable Company for the purposes of company law) are responsible for preparing the Trustees' Report, including the Strategic 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 Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Charitable Company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

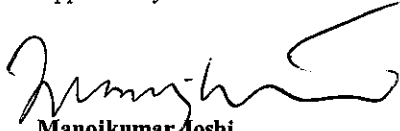
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting 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 Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Charitable Company's transactions and disclose with reasonable accuracy at any time the financial position of the Charitable Company and enable them to ensure that the 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 Trustees 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 ESFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the Board of Trustees on 12th December 2019 and signed on its behalf by:



Manojkumar Joshi
Chair of Trustees

Opinion

We have audited the financial statements of Bradford Academy Trust (the “charitable company”) for the year ended 31 August 2019 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards, including FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” (United Kingdom Generally Accepted Accounting Practice), and the Academies Accounts Direction 2018 to 2019 issued by the Education and Skills Funding Agency.

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 2019 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2018 to 2019 issued by the Education and Skills Funding Agency.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC’s Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company’s ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Annual Report other than the financial statements and our auditor’s report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees’ Report, which includes the Trustees’ Report and the Strategic Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors’ Report and the Strategic Report included within the Trustees’ Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors’ Report or the Strategic Report included within the Trustees’ Report.

We have nothing to report in respect of the following matters in relation to which 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 trustees’ remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' responsibilities set out on page 13, the trustees (who act as trustees for the charitable activities of the charitable company are also the directors 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, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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.

RICHARD LEWIS (Senior Statutory Auditor)
For and on behalf of RSM UK AUDIT LLP, Statutory Auditor
Chartered Accountants
Two Humber Quays
Wellington Street West
Hull
HU1 2BN

Date

BRADFORD ACADEMY TRUST

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 AUGUST 2019 (INCLUDING INCOME AND EXPENDITURE ACCOUNT)

	Notes	Unrestricted funds £000'S	Restricted general funds £000'S	Restricted fixed asset funds £000'S	Total 2019 £000'S	Total 2018 £000'S
Income and endowments from:						
Donations and Capital Grants	3	-	-	136	136	39
Charitable Activities;						
Funding for the academy's educational operations	4	262	11,165	-	11,427	12,588
Other trading activities	5	280	-	-	280	328
Investments	6	3	-	-	3	1
Total		<u>545</u>	<u>11,165</u>	<u>136</u>	<u>11,846</u>	<u>12,956</u>
Expenditure on:						
Raising funds	7	35	-	-	35	31
Charitable activities:						
Academy trust educational operations	7	-	12,122	734	12,856	13,128
Total	7	<u>35</u>	<u>12,122</u>	<u>734</u>	<u>12,891</u>	<u>13,159</u>
Net Income / (expenditure)		510	(957)	(598)	(1,045)	(203)
Transfer between funds	17	<u>(633)</u>	<u>364</u>	<u>269</u>	<u>-</u>	<u>-</u>
Other recognised gains						
Re-measurement of net defined benefit pension obligation	17, 26	-	(1,934)	-	(1,934)	848
Unrealised gain on investments	12	<u>30</u>	<u>-</u>	<u>-</u>	<u>30</u>	<u>24</u>
Net movement in funds		<u>(93)</u>	<u>(2,527)</u>	<u>(329)</u>	<u>(2,949)</u>	<u>669</u>
Reconciliation of funds						
Total funds brought forward at 1 September 2018		<u>1,499</u>	<u>(2,103)</u>	<u>23,039</u>	<u>22,435</u>	<u>21,766</u>
Total funds carried forward at 31 August 2019	17	<u>1,406</u>	<u>(4,630)</u>	<u>22,710</u>	<u>19,486</u>	<u>22,435</u>

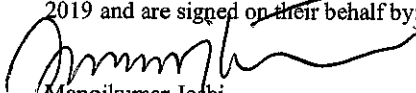
BRADFORD ACADEMY TRUST

BALANCE SHEET AS AT 31 AUGUST 2019

Company Number 05508735

	Notes	2019 £000'S	2019 £000'S	2018 £000'S	2018 £000'S
Fixed assets					
Tangible assets	13		22,710		23,039
Investments	12		1,307		1,277
Current assets					
Debtors	14	304		383	
Cash at bank and in hand		365		413	
		<u>669</u>		<u>796</u>	
Liabilities					
Creditors: amounts falling due within one year	15	(570)		(574)	
		<u></u>		<u></u>	
Net current assets			<u>99</u>		<u>222</u>
Total assets less current liabilities			<u>24,116</u>		<u>24,538</u>
Defined benefit pension scheme liability	17, 26		(4,630)		(2,103)
			<u></u>		<u></u>
Total net assets			<u><u>19,486</u></u>		<u><u>22,435</u></u>
Funds of the Academy Trust					
Restricted funds					
Fixed assets fund	17		22,710		23,039
General income fund	17		-		-
Pension Reserve	17		(4,630)		(2,103)
			<u></u>		<u></u>
Total restricted funds			<u>18,080</u>		<u>20,936</u>
Total unrestricted fund	17		<u>1,406</u>		<u>1,499</u>
Total funds			<u><u>19,486</u></u>		<u><u>22,435</u></u>

The financial statements on pages 16 to 36 were approved by the Board of Trustees and authorised for issue on 12th December 2019 and are signed on their behalf by:


Manojkumar Joshi
Chair of Trustees

BRADFORD ACADEMY TRUST

STATEMENT OF CASH FLOW FOR THE YEAR 31 AUGUST 2019

	Notes	2019 £000'S	2018 £000'S
Cash flows from operating activities			
Net cash provided by operating activities	20	218	1,314
Cash flows from investing activities			
Interest from grants	21	3	1
Proceeds from disposal of fixed assets	21	11	-
Capital grants from DfE / ESFA	21	136	39
Capital expenditure	21	(416)	(1,176)
Investment fund (receipt) / withdrawal	12	-	(420)
Net (decrease) in cash and cash equivalents in the reporting period		(48)	(242)
Cash at 1 September 2018		413	655
Cash at 31 August 2019	21	365	413

BRADFORD ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019

General Information

Bradford Academy is a charitable company (the 'Academy Trust'). The address of the Trust's principal place of business is given on page 2. The nature of the Academy Trust's operation is set out in the Trustees' Report.

1 ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006. Bradford Academy Trust meets the definition of a public benefit entity under FRS 102. The financial statements are presented in sterling which is also the functional currency of the Academy Trust. Monetary amounts in these financial statements are related to the nearest whole £1,000, except where otherwise indicated.

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

Going Concern

The Trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for a period to at least 31st December 2020. The trust produces cash-flow forecasts with sensitivity analysis to inform their view. There are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Income

All incoming resources are obtained when the academy trust has entitlement to the funds, receipt is probable and the amount can be measured with sufficient reliability.

- **Grants (Government and other)**

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

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

Other grants from government agencies, Local Authorities and other bodies are recognised in the period in which they are receivable.

- **Donations**

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

- **Other Income**

Other income, including the hire of facilities, is recognised at fair value of the consideration received or receivable in the period it is receivable to the extent the Academy Trust has provided the goods or services.

BRADFORD ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019

- **Donated Services and Gifts in Kind**

The value of donated services and gifts in kind provided to the Academy Trust are recognised at their fair 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 trusts accounting policies.

BRADFORD ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019 (Continued)

Expenditure

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

- **Expenditure on Raising Funds**

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 to further its charitable aims for the benefit of its beneficiaries, including support costs and costs relating to the governance of the Academy Trust apportioned to charitable activities. All resources expended are inclusive of irrecoverable VAT.

Investments

Wealth fund investments of £1,307,000 are initially measured at cost and subsequently measured at fair value at the balance sheet date. The resulting movements on the unrealised valuation surplus/deficit are included as a movement of funds to update in the Statements of Financial Activities.

Tangible Fixed Assets

Assets costing £500 are assessed for capitalisation and recognised when future economic benefits are probable and the cost of value of the asset can be measured reliably. Tangible fixed assets are carried at net book value of £22,710,000, net of depreciation and any provision for impairment. All other costs of repairs and maintenance are charged to the SOFA as incurred.

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 assets on a basis consistent with the academy trust's depreciation policy.

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

• Freehold buildings	2% straight line
• Freehold land	not depreciated
• Leasehold land	0.8% straight line
• Furniture and equipment	20% reducing balance
• ICT equipment	20% reducing balance
• Motor vehicles	20% reducing balance

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

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

Liabilities

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

BRADFORD ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019 (Continued)

Provisions

Provisions are recognised when the Academy Trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised as a financing cost in the period it arises in the SOFA and is allocated to the appropriate expenditure heading.

BRADFORD ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019 (Continued)

Leased Assets

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

Financial Instruments

The Academy Trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the academy trust and their measurement basis are as follows:

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 16. Prepayments are not financial instruments.

Cash at bank – is classified as a basic financial instrument and is measured at face value.

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 15 and 16. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

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.

Pensions Benefits

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ('TPS') and the West Yorkshire Pension Fund ('WYPF'), which are multi-employer defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a projected unit method. As stated in note 26, the TPS is a multi-employer scheme but there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate. Differences between the contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

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

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

Fund Accounting

Unrestricted income funds represent those resources, which may be used towards meeting any of the charitable objects of the Academy Trust at the discretion of the Trustees.

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

Restricted general funds comprise all other restricted funds received, which are to be applied for restricted fund activity including pensions imposed by the funder/ donor and include grants from the Education and Skills Funding Agency.

BRADFORD ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019 (Continued)

Agency Arrangements

The Academy Trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The funds received and paid and any balances held are disclosed in note 27.

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 13 for the carrying amount of the property plant and equipment, and the accounting policies for the useful economic lives for each class of assets.

Defined benefit pension scheme

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 26, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2 General Annual Grant (GAG)

Under the funding agreement with the Secretary of State the Academy Trust was subject to limits at 31 August 2019 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes with any balance being available for capital / premises purposes.

The Academy Trust has not exceeded these limits during the year ended 31 August 2019.

BRADFORD ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019 (Continued)

3 Donations and capital grants

	Unrestricted funds £000'S	Restricted fixed asset Funds £000'S	Total 2019 £000'S	Total 2018 £000'S
Capital grants	-	136	136	39
	<u>-</u>	<u>136</u>	<u>136</u>	<u>39</u>

The income from donations and capital grants in 2018 was £39k all of which was restricted fixed asset funds.

4 Funding for academy's educational operations

	Unrestricted funds £000'S	Restricted general funds £000'S	Total 2019 £000'S	Total 2018 £000'S
DfE / ESFA revenue grants				
General Annual Grant (GAG)	-	9,660	9,660	10,874
Other DfE / ESFA grants	-	962	962	877
	<u>-</u>	<u>10,622</u>	<u>10,622</u>	<u>11,751</u>
Other Government grants				
Local authority grants	-	543	543	593
	<u>-</u>	<u>543</u>	<u>543</u>	<u>593</u>
Other income from the academy trusts educational Operations				
Catering income	262	-	262	244
	<u>262</u>	<u>11,165</u>	<u>11,427</u>	<u>12,588</u>

The income from academy's educational operations in 2018 was £12,588k of which £244k was unrestricted and £12,344k were restricted general funds.

5 Other trading activities

	Unrestricted funds £000'S	Restricted general funds £000'S	Total 2019 £000'S	Total 2018 £000'S
Hire of facilities	122	-	122	129
Other income	158	-	158	199
	<u>280</u>	<u>-</u>	<u>280</u>	<u>328</u>

The income from other trading activities in 2018 was £328k all of which was unrestricted funds.

BRADFORD ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019 (Continued)

6 Investment Income

	Unrestricted funds	Restricted general funds	Total 2019	Total 2018
	£000'S	£000'S	£000'S	£000'S
Interest from short term deposits	3	-	3	1
	<u>3</u>	<u>-</u>	<u>3</u>	<u>1</u>

The investment income in 2018 was £1k all of which was unrestricted funds.

7 Expenditure

	Staff costs	Non-pay expenditure		Total 2019	Total 2018
	£000'S	Premises £000'S	Other costs £000'S	£000'S	£000'S
Expenditure on raising funds	-	-	35	35	31
Academy's educational operations:					
Direct costs	7,549	533	1,428	9,510	10,143
Allocated Support Costs	2,444	172	729	3,346	2,985
Total Support Costs	<u>9,993</u>	<u>705</u>	<u>2,193</u>	<u>12,891</u>	<u>13,159</u>

The expenditure was £12,891k (2018: £13,159k) of which £35k (2018: 31k) was unrestricted funds, £734k (2018: £668k) was restricted fixed asset funds and £12,122k (2018: £12,460k) was restricted general funds.

Net income/(expenditure) for the period includes:	2019 £000'S	2018 £000'S
Operating lease rentals	27	18
Depreciation	736	668
Net interest on defined benefit pension liability	55	61
(Gain) on disposal of fixed assets	(2)	(1)
Fees payable to auditor and its associates in respect of		
- audit	19	18
- other fees & services	6	1

Included within expenditure are the following transactions:

	Amount	Reason
Fixed asset gains	£2k	Stolen minibus - Insurance compensated

BRADFORD ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019 (Continued)

8	Charitable Activities	Total 2019	Total 2018
		£000'S	£000'S
	Direct costs - educational operations	9,510	10,143
	Support costs - educational operations	3,381	2,985
	Total Direct and Support Costs	12,891	13,128
		Total 2019	Total 2018
		£000'S	£000'S
	Analysis of support costs		
	Support staff costs	2,351	1,979
	Depreciation	180	139
	Technology costs	122	172
	Premises costs	172	137
	Other support costs	517	551
	Governance Costs	39	38
		3,381	2,985
9	Staff	Total 2019	Total 2018
		£000'S	£000'S
	a. Staff costs		
	Staff costs during the period were:		
	Wages and salaries	7,559	7,666
	Social security costs	694	678
	Pension costs	1,557	1,332
	Total staff costs	9,810	9,676
	Supply teacher costs	121	287
	Staff restructuring:		
	Redundancy costs	40	-
	Severance costs	22	4
		9,993	9,967

BRADFORD ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019 (Continued)

9 Staff (Continued)

b. Non statutory/ non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/ non contractual severance payments totalling £22,000 (2018: £4,000). Individual payments totalled £22,000.

c. Staff numbers

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

	2019	2018
	No.	No.
Teaching	112	114
Administration and support	183	191
Management	6	6
	<u>301</u>	<u>311</u>

d. Higher paid staff

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

	2019	2018
	No.	No.
£60,000 - £70,000	5	7
£70,000 - £80,000	1	-
£100,000 - £110,000	1	1
£120,000 - £130,000	1	1
	<u>8</u>	<u>9</u>

Employers pensions are paid to salaried staff, either into the Teachers' pension fund or the Local government pension scheme.

e. Key Management personnel

The key management personnel of the Academy Trust comprise the trustees and the senior management team as listed on page 2. The total amount of employee benefits (including employer pension contributions and employer national insurance) received by key management personnel for their services to the academy trust was £537k (2018: £540k).

BRADFORD ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019 (Continued)

10 Related Party Transactions - Trustees' remuneration and expenses

One or more trustees have been paid remuneration or have received other benefits from an employment with the Academy Trust. The principal and staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment.

The value of trustees' remuneration and other benefits was as follows:

T. Hashmi (Principal and Trustee)

Remuneration £122,725 (2018: £118,542)

Employers TPS pension contributions £19,236 (2018: £18,952)

K. Hameed (Parent Trustee)

Remuneration £47,202 (2018: £nil)

Employers LGPS pension contributions (£0) (2018: £nil)

J. Jakes (Staff Trustee)

Remuneration £44,050 (2018: £nil)

Employers TPS pension contributions £7,260 (2018: £nil)

R. Taylor (School Chaplain and Trustee)

Remuneration £39,202 (2018: £39,202)

Employers Diocesan pension contributions £9,496 (2018: £9,496)

S. Walker (Staff Trustee)

Remuneration £56,433 (2018: £51,639)

Employers TPA pension contributions £9,300 (2018: £8,510)

During the year ended 31 August 2018, travel and subsistence expenses totalling £4,056 were reimbursed to 4 trustees (2018 - £1,497 to 5 trustees).

Other related party transactions involving the Trustees are set out in note 26.

11 Trustees' and Officers' Insurance

In accordance with normal commercial practice the academy has purchased insurance to protect Trustees and officers from claims arising from negligent acts errors or omissions occurring whilst on Academy Trusts business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2019 was £1,342 (2018: £1,342). The cost of this insurance is included in the total insurance cost.

12 Investments

	UK quoted investments	UK quoted investments
	2019	2018
	£'000	£'000
Valuation at 1 September 2018	1,277	833
Additions	-	420
Unrealised gain	30	24
Valuation at 31 August 2019	1,307	1,277

BRADFORD ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019 (Continued)

13 Tangible Fixed Assets

	Freehold land and buildings	Leasehold land	Motor Vehicles	Furniture and equipment	Information Technology equipment	Total
	£000'S	£000'S	£000'S	£000'S	£000'S	£000'S
Cost:						
At 1 September 2018	26,752	60	112	1,673	2,880	31,477
Additions	195	-	-	137	85	416
Disposals	-	-	(11)	-	-	(11)
At 31 August 2019	26,947	60	101	1,810	2,965	31,882
Depreciation:						
At 1 September 2018	4,781	5	61	1,203	2,388	8,438
Charge for year	532	1	10	94	99	736
Disposals	-	-	(2)	-	-	(2)
At 31 August 2019	5,313	6	69	1,297	2,487	9,172
Carrying Amount						
At 31 August 2019	21,634	54	32	513	478	22,710
At 31 August 2018	21,971	55	51	470	492	23,039

BRADFORD ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019 (Continued)

14 Debtors

	2019	2018
	£000'S	£000'S
Trade debtors	3	34
VAT recoverable	83	138
Other debtors	-	1
Prepayments and Accrued Income	218	210
	<u>304</u>	<u>383</u>

15 Creditors: amounts falling due within one year

	2019	2018
	£000'S	£000'S
Trade Creditors	185	184
Other taxation and social security	171	166
Other Creditors	36	3
Accruals and deferred income	178	221
	<u>570</u>	<u>574</u>

Deferred Income

	2019	2018
	£000'S	£000'S
Deferred Income at 1 September 2018	33	18
Resources deferred in the year	1	33
Released from previous years	(33)	(18)
	<u>1</u>	<u>33</u>

At the balance sheet date the Academy Trust was holding funds received in advance for lettings booked for autumn term 2019.

16 Financial Instruments

The Academy Trust has the following financial instruments:

	2019	2018
	£000'S	£000'S
Financial assets		
Financial assets measure at fair value through profit or loss	1,307	1,277
Debt instruments measured at amortised cost	3	36
	<u>363</u>	<u>372</u>
Financial liabilities		
Financial liabilities measure at amortised cost	363	372

BRADFORD ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019 (Continued)

17 FUNDS

The income funds of the Academy comprise the following balances of grants to be applied for specific purposes.

	Balance at 1 September 2018	Income	Expenditure	Gains / losses and transfers	Balance at 31 August 2019
	£000'S	£000'S	£000'S	£000'S	£000'S
Restricted General Funds:					
General annual grant (GAG)	-	9,660	(10,024)	364	-
Other DfE funds	-	1,505	(1,505)	-	-
Pension reserve	(2,103)	-	(593)	(1,934)	(4,630)
	<u>(2,103)</u>	<u>11,165</u>	<u>(12,122)</u>	<u>(1,570)</u>	<u>(4,630)</u>
Restricted Fixed Asset Funds:					
DfE/ESFA capital grants	14,149	136	(734)	-	13,550
Capital expenditure from GAG	3,946	-	-	269	4,215
Public sector capital sponsorship	4,945	-	-	-	4,945
	<u>23,039</u>	<u>136</u>	<u>(734)</u>	<u>269</u>	<u>22,710</u>
Total Restricted funds	<u>20,936</u>	<u>11,301</u>	<u>(12,856)</u>	<u>(1,301)</u>	<u>18,080</u>
Total Unrestricted funds	<u>1,499</u>	<u>575</u>	<u>(35)</u>	<u>(633)</u>	<u>1,406</u>
Total Funds	<u>22,435</u>	<u>11,876</u>	<u>(12,891)</u>	<u>(1,934)</u>	<u>19,486</u>

The specific purpose for 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. General annual grant funds are neutral (£0k); 2018: (£0k).

Restricted fixed asset funds are used solely for capital purchases in line with the strategic objectives of Bradford Academy Trust.

The restricted pension fund is in deficit to the value of £4.630m as at 31 August 2019. However, this deficit has been inherited on conversion to Academy status. Whilst the value is significant it is underwritten by the government.

The restricted fixed asset fund represents fixed assets funded by the ESFA and the Local Authority.

BRADFORD ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019 (Continued)

17 Funds (continued)

Comparative information in respect of the preceding period is as follows :

	Balance at 1 September 2017	Income	Expenditure	Gains / losses and transfers	Balance at 31 August 2018
	£000'S	£000'S	£000'S	£000'S	£000'S
Restricted General Funds:					
General annual grant (GAG)	-	10,874	(10,601)	(273)	-
Other DfE funds	-	1,470	(1,470)	-	-
Pension reserve	(2,562)	-	(389)	848	(2,103)
	<u>(2,562)</u>	<u>12,344</u>	<u>(12,460)</u>	<u>575</u>	<u>(2,103)</u>
Restricted Fixed Asset Funds:					
DfE/ESFA capital grants	14,778	39	(668)	-	14,149
Capital expenditure from GAG	3,584	-	-	361	3,946
Public sector capital sponsorship	4,945	-	-	-	4,945
	<u>23,307</u>	<u>39</u>	<u>(668)</u>	<u>361</u>	<u>23,039</u>
Total Restricted funds	<u>20,745</u>	<u>12,383</u>	<u>(13,128)</u>	<u>936</u>	<u>20,936</u>
Total Unrestricted funds	<u>1,021</u>	<u>573</u>	<u>(31)</u>	<u>(64)</u>	<u>1,499</u>
Total Funds	<u>21,766</u>	<u>12,956</u>	<u>(13,159)</u>	<u>872</u>	<u>22,435</u>

BRADFORD ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019 (Continued)

18 Analysis of net assets between funds

Fund balances at 31 August 2019 are represented by:

	Unrestricted funds	Restricted general funds	Restricted fixed asset funds	2019 Total Funds
	£000'S	£000'S	£000'S	£000'S
Tangible fixed assets	-	-	22,710	22,710
Investments	1,307	-	-	1,307
Current assets	99	570	-	669
Current liabilities	-	(570)	-	(570)
Pension Scheme liability	-	(4,630)	-	(4,630)
Total net assets at 31 August 2019	<u>1,406</u>	<u>(4,630)</u>	<u>22,710</u>	<u>19,486</u>

Fund balances at 31 August 2018 are represented by:

	Unrestricted funds	Restricted general funds	Restricted fixed asset funds	2018 Total Funds
	£000'S	£000'S	£000'S	£000'S
Tangible fixed assets	-	-	23,039	23,039
Investments	1,277	-	-	1,277
Current assets	222	574	-	796
Current liabilities	-	(574)	-	(574)
Pension Scheme liability	-	(2,103)	-	(2,103)
Total net assets at 31 August 2018	<u>1,499</u>	<u>(2,103)</u>	<u>23,039</u>	<u>22,435</u>

BRADFORD ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019 (Continued)

19 Commitments under operating leases

At 31 August 2019 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2019	2018
	£000's	£000's
Amounts due with one year	27	18
Amounts due between one and five years	54	37
	<u>81</u>	<u>55</u>

20 Reconciliation of net (expenditure) / income to net cash flow from operating activities

	2019	2018
	£000's	£000's
Net (expenditure) for the reporting period	(1,045)	(203)
Adjusted for:		
Depreciation [note 13]	736	668
Capital grants from DfE and other capital income	(136)	(39)
(Profit) / loss on disposal	(2)	(1)
Interest receivable [note 6]	(3)	(1)
Defined benefit pension scheme cost less contributions payable [note 26]	538	328
Defined benefit pension scheme finance cost [note 26]	55	61
Decrease in debtors	79	912
(Decrease) in creditors	(4)	(411)
Net cash generated from operating activities	<u>218</u>	<u>1,314</u>

21 Cash flows from investing activities

	2019	2018
	£000's	£000's
Interest Received	3	1
Purchase of tangible fixed assets	(416)	(1,176)
Proceeds on disposal of tangible fixed asset	11	-
Capital grants from DfE	136	39
Net cash outflow from capital expenditure and financial investment	<u>(266)</u>	<u>(1,136)</u>

22 Analysis of cash equivalents

	2019	2018
	£000's	£000's
Cash in hand and at bank	<u>365</u>	<u>413</u>

23 Guarantees, Letters of Comfort and Indemnities

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.

24 Contingent Liabilities

At the time of writing there are no contingent liabilities.

BRADFORD ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019 (Continued)

25 Members Liability

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

26 Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. 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. The TPS is a multi-employer pension plan and there is insufficient information to account for the scheme on as a defined benefit plan so it is accounted for as a defined contribution plan.

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

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary ("GA"), using normal actuarial principles, conducts a formal actuarial review of the TPS. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors.

The latest actuarial valuation was carried out as at 31 March 2016 and in accordance with The Public Service Pensions (Valuation and Employer Cost Cap) Directions 2014 except it has been prepared following the Government's decision to pause the operation of the cost control mechanisms at the time when legal challenges were still pending.

The valuation report was published in April 2019. The key results of the valuation and subsequent consultation are:

- Total scheme liabilities for service (pensions currently payable and the estimated cost of future benefits) of £218 billion
- Value of notional assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) of £196 billion
- Notional past service deficit of £22 billion
- Discount rate is 2.4% in excess of CPI.

As a result of the valuation, new employer contributions rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 2018/19). DfE has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2019-20 academic year.

However, legal challenge to the 2015 public sector pension reforms could have a further impact on the scheme, which would have retrospective application.

The employer's pension costs paid to the TPS in the period amounted to £1,016,443 (2018: £1,021,999).

BRADFORD ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019 (Continued)

26 Pension and similar obligations (continued)

The Local Government Pension Scheme

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 2019 £474k (2018: £460k) of which employers totalled £325k (2018: £313k) and employees' £149k (2018: £147k). The agreed contribution rate for 2018/19 is 13.3% for employers and a variable rate between 5.5% and 12.5% for employees.

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

Principal Actuarial assumptions

	At 31 August 2019	At 31 August 2018
Rate of increase in salaries	3.25%	3.25%
Rate of increase for pensions in payment / inflation	2.00%	2.00%
Discount rate for scheme liabilities	1.90%	2.80%
Inflation assumption (CPI)	2.00%	2.00%
Commutation of pensions to lump sums	75.00%	75.00%

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

	At 31 August 2019	At 31 August 2018
Retiring today		
Males	22.2	22.1
Females	25.4	25.3
Retiring in 20 years		
Males	23.2	23.1
Females	27.2	27.1

Sensitivity analysis

	At 31 August 2019	At 31 August 2018
	£000s	£000s
Discount rate +0.1%	12,576	8,728
Discount rate -0.1%	13,191	9,155
Mortality assumption - 1 year increase	12,461	8,680
Mortality assumption - 1 year decrease	13,304	9,199
Salary rate +0.1%	12,971	9,000
Salary rate -0.1%	12,790	8,879
Pension increase rate +0.1%	13,099	n/a
Pension increase rate -0.1%	12,665	n/a

BRADFORD ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019 (Continued)

26 Pension and similar obligations (continued)

The academy's share of the assets in the scheme were:

	Fair Value at 31 August 2019	Fair Value at 31 August 2018
	£000s	£000s
Equity instruments	6,650	5,571
Debt instruments	1,238	978
Property	362	287
Total fair value of assets	8,250	6,836

The actual return on scheme assets was £1,209,000 (2018: £399,000).

Amounts recognised in the statement of financial activities

	2019	2018
	£000s	£000s
Current service cost	589	641
Past Service cost	274	-
Net interest cost	249	218
Interest income	(194)	(157)
Total operating charge	918	702

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

	2019	2018
	£000s	£000s
At 1 September 2018	8,939	8,713
Current service cost	589	641
Interest cost	249	218
Employee contributions	149	147
Actuarial losses/(gain)	2,949	(606)
Benefits paid	(269)	(174)
Past Service Cost	274	-
At 31 August 2019	12,880	8,939

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

	2019	2018
	£000s	£000s
At 1 September 2018	6,836	6,151
Return on plan assets (excluding net interest on the net defined pension liability)	194	157
Actuarial gain	1,015	242
Employer contributions	325	313
Employee contributions	149	147
Benefits paid	(269)	(174)
At 31 August 2019	8,250	6,836

BRADFORD ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019 (Continued)

27 Related party transactions

No related party transaction or events took place during the year. The other related party transactions were certain Trustees' remuneration and expenses already disclosed in note 10.

28 Agency Arrangements

The Academy Trust administers the distribution of the discretionary bursary support fund for aged 16-19 learners as arranged for by the ESFA. In the year it received £31k (2018; £54k) any remaining funds are included in creditors, £9k (2018; £32k). The funds are administered wholly and exclusively for qualifying 6th form learners. Each year the eligible learners are identified and a plan is determined for the half-termly distribution of funds to them.

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

Conclusion

We have carried out an engagement in accordance with the terms of our engagement letter dated August 2019 and further to the requirements of the Education and Skills Funding Agency ('ESFA') as included in the Academies Accounts Direction 2018 to 2019, to obtain limited assurance about whether the expenditure disbursed and income received by Bradford Academy Trust during the period 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Basis for conclusion

The framework that has been applied is set out in the Academies Accounts Direction 2018 to 2019 Annex B: Regularity Reporting. We are independent of Bradford Academy Trust in accordance with the ethical requirements that are applicable to this engagement and we have fulfilled our ethical requirements in accordance with these requirements. We believe the assurance evidence we have obtained is sufficient to provide a basis for our conclusion.

Responsibilities of Bradford Academy Trust's accounting officer and trustees

The accounting officer is responsible, under the requirements of Bradford Academy Trust's funding agreement with the Secretary of State for Education dated 13 June 2007 and the Academies Financial Handbook extant from 1 September 2018, 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. The accounting officer is also responsible for preparing the Statement of Regularity, Propriety and Compliance. The trustees¹ (who are also the directors of the charitable company for the purposes of company law) are responsible for the proper conduct and financial operation of Bradford Academy Trust and appointment of the accounting officer.

Reporting Accountant's responsibilities for reporting on regularity

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 2018 to 2019.

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 the procedures performed vary in nature and timing from, and are less in extent than for a reasonable assurance engagement; consequently a limited assurance engagement 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.

We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2018 to 31 August 2019 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including the specific requirements of the funding agreement with the Secretary of State for Education, the Academies Financial Handbook 201 published by the Education and Skills Funding Agency and high level financial control areas where we identified a material risk of irregularity is likely to arise. It also included areas assessed as presenting a higher risk of impropriety. We undertook detailed testing, on a sample basis, based on the identified areas where a material irregularity is likely to arise, or potential impropriety where such areas are in respect of controls, policies and procedures that apply to classes of transactions. Our work was undertaken with due regard to the 'Evidence to support conclusion on regularity' guidance in Academies Accounts Direction 2018 to 2019.

This work was integrated with our audit on the financial statements and evidence was also derived from the conduct of that audit to the extent it supports the regularity conclusion.

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO BRADFORD
ACADEMY TRUST LIMITED AND THE EDUCATION AND SKILLS FUNDING AGENCY (Continued)**

Use of our report

This report is made solely to Bradford Academy Trust and the ESFA in accordance with the terms of our engagement letter dated 8 August 2017. Our work has been undertaken so that we might state to the Bradford Academy Trust and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Bradford Academy Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

RSM UK AUDIT LLP

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HU1 2BN

Date