



**Financial Statements for the Period Ended 31 August 2013**

FOR

THE BECKFOOT AND HAZELBECK TRUST  
(a company limited by guarantee)

COMPANY REGISTERED NUMBER: 8155088  
AND AN EXEMPT CHARITY

## THE BECKFOOT AND HAZELBECK TRUST

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## REFERENCE AND ADMINISTRATIVE DETAILS

The Beckfoot and Hazelbeck Trust includes Beckfoot School and Hazelbeck School.

### Trustees/Company Directors:

S Ali (Appointed 01/08/13)  
C J Burland (Appointed 17/12/12)  
J M C Cole (Appointed 26/7/12)  
C Connolly (Appointed 26/7/12)  
D J Horn (CEO from 24/7/12)  
M J Kelly (Appointed 26/7/12)  
R Lawrence (Appointed 17/12/12)  
J M Lee (Appointed 26/7/12)  
C D Tebbutt (Appointed 26/7/12)  
S K Tollervey (Appointed 26/7/12)  
S Pierce (Appointed 01/08/13)  
J Winkley (Chair from 24/7/12)

### Company Secretary

Schofield Sweeney LLP (Appointed 26/07/12)

### Beckfoot School Senior Leadership Team:

Headteacher  
Deputy Headteacher  
Deputy Headteacher  
Deputy Headteacher  
Deputy Headteacher and Business Manager  
Assistant Headteacher  
Assistant Headteacher  
Assistant Headteacher

D J Horn  
G C Halls  
T S Smith  
S W Wade  
C D Tebbutt  
D Anness  
N Bostock Hayes  
D Cooley

### Hazelbeck School Senior Leadership Team:

Executive Headteacher  
Head of School  
Assistant Headteacher  
Assistant Headteacher  
Assistant Headteacher  
Business Manager

D J Horn  
S J Pierce  
C Robinson  
S Dennison  
E B Mcphail  
C D Tebbutt

### Principal and Registered Office

Wagon Lane  
Bingley  
Bradford  
West Yorkshire  
BD16 1EE

### Company Registered Number

08155088

### Independent Auditor

Saffery Champness  
Mitre House  
North Park Road  
Harrogate  
North Yorkshire  
HG1 5RX

**The Beckfoot and Hazelbeck Trust  
Reference and Administrative Details**

**Bankers**

Lloyds TSB  
45 Hustlergate  
Bradford  
BD1 1NT

**Solicitors**

Schofield Sweeney LLP  
Church Bank House  
Church Bank  
Bradford  
BD1 4DY

## TRUSTEES' REPORT

The trustees present their annual report together with the financial statements and auditor's reports of the charitable company from its incorporation, 24<sup>th</sup> July 2012 to 31 August 2013. The financial statements cover the trading period 1<sup>st</sup> August 2013 to 31<sup>st</sup> August 2013 following conversion of the schools to academy status on 1<sup>st</sup> August 2013.

The financial statements have been prepared in accordance with the accounting policies on pages 25 to 28 and the Companies Act 2006, comply with the charitable company's memorandum and articles of association and the requirements of the Statement of Recommended Practice "Accounting and Reporting by Charities" as issued in March 2005 ("SORP 2005").

### Structure, Governance and Management

#### Constitution

The Beckfoot and Hazelbeck Trust is a company limited by guarantee and an exempt charity. The Charitable Company's memorandum and articles of association dated 9<sup>th</sup> May 2013 are the primary governing documents of the Academy Trust.

The Beckfoot and Hazelbeck Trust is currently responsible for Beckfoot School, a mainstream Secondary School with a roll of 1620 students and Hazelbeck Secondary Special School, with a roll of 110 students. Both schools converted to academy status on 1<sup>st</sup> August 2013.

The directors act as trustees for the charitable activities of The Beckfoot and Hazelbeck Trust. The Charitable Company is known as The Beckfoot and Hazelbeck Trust.

Details of the directors who served throughout the period are included in the Reference and Administrative details on page 1.

#### Members' Liability

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

#### Trustees' Indemnity Insurance

In accordance with normal commercial practice The Beckfoot and Hazelbeck Trust has purchased indemnity insurance to protect Governors and Officers from claims occurring whilst on Academy business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the period ended 31 August 2013 was £88 (£1,060 annually).

#### Principal Activities

The principal activities and objects of The Beckfoot and Hazelbeck Trust are:

- The advancement, for public benefit, education in the United Kingdom, in particular establishing, maintaining, managing and developing schools offering a broad and balanced curriculum.
- To provide full or part time education for children of compulsory school age, who otherwise may not for any period receive suitable education unless alternative provision is made for them.
- To make special educational provision for pupils with Special Educational Needs
- To promote for the benefit of the inhabitants of Bradford and surrounding area the provision of facilities for recreation.

### Method of Recruitment and Appointment or Election of Trustees

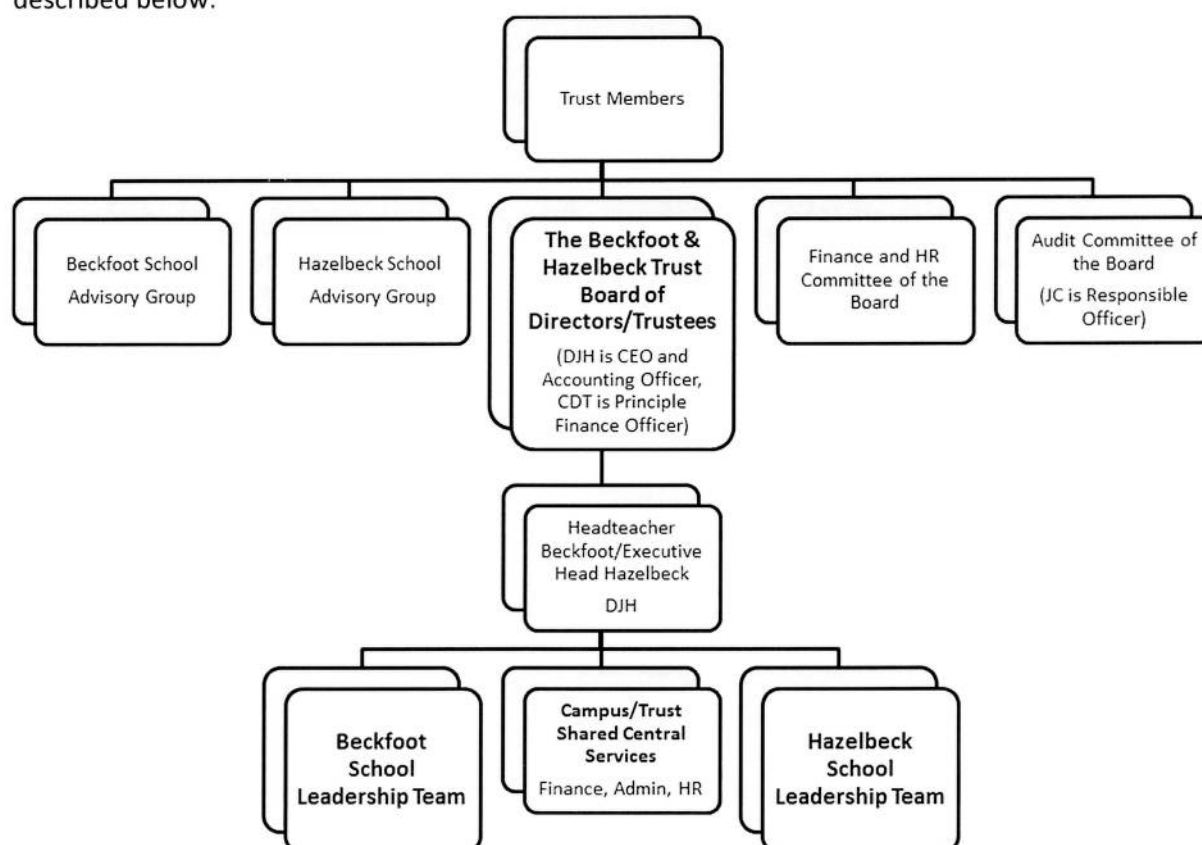
Up to a maximum of 8 directors may be appointed by the members of the charitable company, who are Trustees for the purposes of charity legislation. These directors may then co-opt further directors with no maximum number set. Two Directors must be a parent of a registered pupil at one or more of the Schools. The total number of Directors who are employees of the charitable company shall not exceed one third of the total number of Directors. The term of office for a Director is currently four years and any director may be re-appointed. The Members may appoint Directors through such process as they may determine.

### Policies and Procedures Adopted for the Induction and Training of Trustees

New trustees are inducted into the workings of the Academy, including policies and procedures, at arranged meetings with the Director of Finance and the Chief Executive. The training and induction provided for new trustees depends on their existing experience. Where appropriate, induction includes training on charity and educational, legal and financial matters (with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Trustees). Trustees are aware that a budget is available to support training needs on request.

### Organisational Structure

The way in which the board of directors/trustees receives advice and delegates responsibilities is described below.



The role of the Board is to ensure the Beckfoot and Hazelbeck Trust is governed and managed so as to comply with requirements set out by the DfE, relevant companies and charities legislation as well as its own governing documents.

The Board is responsible for setting general policy, adopting an annual plan and budget, monitoring the Academy by the use of budgets and management accounts and making major decisions about

the direction of the Academy, capital expenditure, appointment of auditors and senior staff appointments.

The Finance and HR Committee has delegated responsibility for financial management of Beckfoot and Hazelbeck Schools, specifically for delegating responsibility to the Headteacher, recommending budgets to the board, identifying variances from approved budgets, managing Headteacher performance and remuneration and approving the remuneration of higher paid staff.

The Audit Committee is made up of one Director acting as Responsible Officer (RO) and the remaining directors not on the Finance and HR Committee. The Audit Committee has delegated responsibility for the internal controls and the external audit function.

In addition to the above committees there are several ad hoc committees formed as and when necessary including Student Discipline Committee and Staff Discipline and Grievance Committee.

The Headteacher of Beckfoot School and Executive Headteacher of Hazelbeck School (The Headteacher) manages the strategic, operational and financial business of the schools as delegated by the Trust Board. The Headteacher is also the Trust's Chief Executive and Accounting Officer.

The Operations and Finance Director completes strategic operational and financial management tasks as delegated by the Headteacher. The Operations and Finance Director is also the Trust's Principle Financial Officer.

The Leadership Teams manage the schools at an executive level implementing the policies laid down by the Directors and reporting back to them regularly. As a group, the Leadership Teams are responsible for the authorisation of spending within agreed budgets. Some spending control is devolved to members of the Management Team with financial limits above which a Senior Manager must countersign.

### **Risk Management**

The Beckfoot and Hazelbeck Trust actively manages risk through the monitoring, review and updating of the Trust's Risk Register. The risk register is reviewed at all Finance and HR Committee meetings. A summary of the five key risks and the control measures in place are noted below:

- Human Resources Risk - Board retains an excellent understanding of the impact of the current leadership team
- Hazelbeck Special School Roll capacity - resolved by demographic changes in primary school
- Single negative event that could lead to significant negative publicity (includes Strikes, Child protection issues, Disasters etc.) - Daily business of running effective schools
- Legal claims are made against either school - DfE advice obtained prior to conversion should mitigate risks if they transpire
- WYPF Pension Scheme - Risk of significant deficit & contribution rate increase - Actuary valuation + 1.9% on conversion looks good value by comparison to more recent examples

### **Connected Organisations including Related Party Relationships**

Trustees are required to make a declaration of interest annually in order to enable the Trust to identify related parties. There were no specific related parties identified. If related party transactions are identified in future they will be carried out at on an arm's length basis.

Beckfoot School is an active member of the Bradford Partnership providing a formal arrangement for sharing best practice and data for system improvement. Hazelbeck Special School is an active member of the Special School District Achievement Partnership (DAP) providing a formal arrangement for sharing best practice and data for system improvement.

## **Objectives and Activities**

### **Inclusive Education**

Beckfoot School is a 1600 place secondary school that moved into new buildings on its existing site in June 2011. As part of the redevelopment Beckfoot was joined on site by Hazelbeck, a new secondary special school in a co-location devised to create an inclusive learning community where students from both schools could learn and live together. The collaboration between the two schools started informally and has grown in depth until the governors of both schools concluded there should be more formal links within the corporate structure of a Multi-Academy Trust. Both schools share similar visions and believe every student, regardless of whether they are categorised as being educated in a mainstream or special school; or are able bodied or disabled; or come from different social backgrounds, has talent and deserve access to the very best possible learning experience for them as individuals. The co-location of Beckfoot and Hazelbeck makes the community a very special place in which to work and learn.

### **A Three year Strategic Vision**

Beckfoot and Hazelbeck are very ambitious schools with a restless determination to see their students succeed.

**Beckfoot:** We want all Beckfoot students to enjoy school, be independent learners and to expect success. Our job is to equip every Beckfoot learner with the skills and qualities needed to succeed in an ever-changing world. Our ambition is that by 2015, all Beckfoot students will make 'more than expected' progress from their starting point in Year 7 to when they sit external exams in Year 11. The vast majority of students will make at least four levels of progression during that time. 90% of students will achieve 5 A\*-C GCSE grades including English and Maths. Post 16 achievement will continue to be 'Outstanding'.

**Hazelbeck:** At Hazelbeck our core purpose is to provide a learning environment which enables every student to feel safe, secure, valued and happy. One that will enable our learners to develop as fully as possible their self-help, independence, communication and social skills so that when they leave school they enjoy life, are healthy, confident and able to achieve personal goals. By 2015, taking account of each student's starting point and need, the school will be able to demonstrate that all groups of learners make outstanding progress and consolidate their learning.

The charitable company's objects are summarised under the Principal Activity heading earlier in this report.

### **Improvement Strategies and Activities**

Beckfoot and Hazelbeck Schools have separate but complimentary strategies and visions. Each has a three year strategic plan with activities identified to achieve the objectives.

### **Beckfoot School Improvement Strategies 2012-15**

#### **Priority 1 Beckfoot Teachers Teach Good or Better Lessons Every Day**

New strategies to increase discussion about best practice in the classroom and to free colleagues to innovate and take risks:

- Appointment of Faculty Teaching Champions to be advocates for innovation and risk taking within faculties
- Use of 'Outstanding' Teachers to coach and mentor colleagues
- Promote Peer Observation and Self-reflection against teaching and leadership standards



**Priority 2 A Curriculum that Challenges and Excites Students to Learn**

- Every student is Literate and Numerate by the end of Year 8 and ready to access the three year KS4 programme
- Introduction of Cross Curriculum 'Deeper Learning Days' (to include PSHCE) that promote a deeper appreciation of culture, citizenship, work, life and how we learn
- A more Flexible Curriculum allowing for wider learning and community outreach opportunities, including those with Hazelbeck
- Re-invent homeworking as Extended Learning Independent Studies

**Priority 3 Support for Learners**

Development of support and challenge strategies that encourages greater independence amongst learners:

- Develop a new 'Shut the School' Tutoring System that reduces the student/tutor ratio, is more focussed on learning progress and involves all staff
- Establish an e-Portfolio for every student to evidence the wider skills and participation expected of the 'Beckfoot Learner'
- Establish a Parent Partnership Programme that enhances support for every learner

**Priority 4 Nurturing Leadership Qualities**

- Develop Personalised Appraisal and Professional Development Programmes that ensure staff flourish as effective leaders of school improvement: Includes programmes dedicated to NQT, '2-5 years in', post threshold, middle to senior leadership, Teaching Assistants and support staff
- Continue to Develop the Role of Student Leaders and ex-students in all the work of the school

**Hazelbeck School Improvement Strategies 2012-15**

**Priority 1 All teachers and support staff deliver good or better lessons that promote independence**

- To develop a collaborative model of practice within the 'Teachers and HLTA' Group where best practice in teaching is shared, innovation is celebrated and risks are taken to ensure that learners are challenged to make progress
- To develop a joint campus approach, sharing best practice and enabling students to make progress as learners. Expand the 'Good to Outstanding Teacher' scheme, broaden out the 'Teaching and Teaching Assistant Champions' initiative to include colleagues from both schools

**Priority 2 A curriculum that challenges and excites students to learn**

Develop an exciting personalised curriculum that builds on independence skills with the following features:

- Allows good progress to be made for all groups of learners through all key stages
- Acknowledges the growing maturity of students as they progress through the school
- Allows for a broader range of independence, life and leadership skills to be developed in and out of school
- Maximises the co-location with Beckfoot
- Develop further the external spaces within the school environment as requested by student leaders: notably the playground and the sensory garden

**Priority 3 Nurturing Leadership Development**

- Develop Personalised Appraisal and Professional Development Programmes that ensure staff flourish as effective leaders of school improvement including programmes dedicated to support staff, NQTs, 2-5 years in, post threshold and middle to senior leadership
- Continue to involve and promote the role of student leaders in the development of the school

### **Public Benefit**

When setting the objectives of the charitable company for the year, the Academy Trust's Directors have given careful consideration to the Charity Commission's guidance on public benefit.

### **Achievements and Performance**

Beckfoot School's last full Ofsted Inspection was in November 2008 where the school was judged 'a good school with a number of significant outstanding features'.

Hazelbeck School's last full Ofsted Inspection was in September 2011 where the school was judged as 'a satisfactory school that is moving forward on all fronts.'

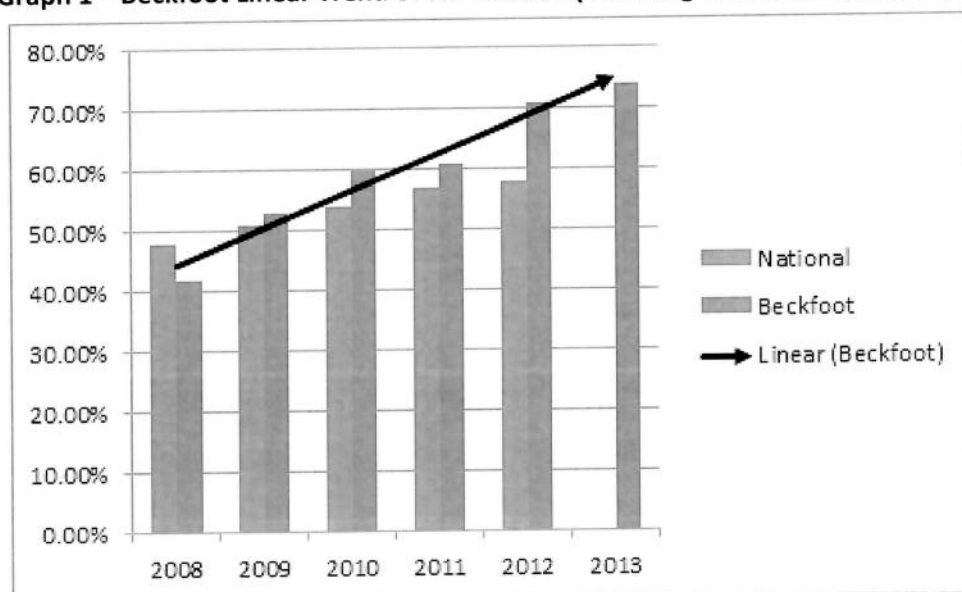
Since these inspections both schools have continued to improve and results are described below:

### **Beckfoot School Three Year Results Trends 2011 – 2013**

The headline GCSE 5A\*-C (EM) score 72.2% was 14% above national average for all schools. Thirty percent of students achieved 5 or more A\*-A grades and all students achieved a qualification. All groups of learners have made good progress including those on Pupil Premium. Maths and English students making 'expected progress' was 8% and 15% above national average respectively. A Level outcomes continue to be strong. QCA average points were up by 61 points to 843. Eighty Five percent of A2 qualification students achieved A-C grades.

| <b>Beckfoot Achievement and Performance Table</b> |             |             |             |
|---|-------------|-------------|-------------|
| <b>Key Stage 4 Year 11 GCSE Results</b>           | <b>2013</b> | <b>2012</b> | <b>2011</b> |
| Number in Year Group                              | 266         | 266         | 262         |
| % 5+ A* - C Including English & Maths GCSE        | 72.2        | 71.4        | 61          |
| % 5+ A* - C E Bacc (En, Ma, Sc, Lang, Hi/Gg)      | 36.0        | 26.7        | 18          |
| % 5+ A* - C                                       | 92.1        | 90.2        | 88          |
| % 5+ A* - A                                       | 30.8        | 30.8        | 30          |
| % 8 A* - C Including English & Maths GCSE         | 68.8        | 68.8        | 60          |
| % 8 A*-G Including English & Maths GCSE           | 97.0        | 94.4        | 92          |
| % 5+ A* - G                                       | 98.5        | 98.5        | 97          |
| % Achieving at least one qualification            | 100.0       | 99.6        | 100         |
| % 3+ levels of progress: English                  | 86.0        | 84.2        | 82          |
| % 3+ levels of progress: Maths                    | 77.4        | 75.6        | 73          |
| % 4+ levels of progress: English                  | 41.0        | 41.7        | N/A         |
| % 4+ levels of progress: Maths                    | 40.6        | 35.7        | N/A         |
| % 5+ levels of progress: English                  | 8.0         | N/A         | N/A         |
| % 5+ levels of progress: Maths                    | 15.4        | N/A         | N/A         |
|   |             |             |             |
| <b>Key Stage 5 Year 12 AS Results</b>             | <b>2013</b> | <b>2012</b> | <b>2011</b> |
| A - E %   | 91.8        | 93.4        | 95          |
| A - B %   | 38.3        | 39.6        | 36          |
| A - C %   | 63          | 66.7        | 64          |
| ALPS Value Added Grade                            | 5           | 2           | 3           |
|   |             |             |             |
| <b>Key Stage 5 Year 13 A2 Results</b>             | <b>2013</b> | <b>2012</b> | <b>2011</b> |
| A* - E %  | 99.7        | 99.7        | 100         |
| A* - B %  | 54.5        | 53.1        | 57          |
| A* - C %  | 85.3        | 85.2        | 81          |
| Average Points Score UCAS                         | 348         | 318         | 308         |
| ALPS Value Added Grade                            | 5           | 3           | 2           |

**Graph 1 – Beckfoot Linear Trend of 5A\*-C GCSE (Including Maths & English) Over 6 Years**



In 2013, Beckfoot School was one of only four schools in the country to win three Specialist Schools and Academies Trust (SSAT) achievement awards. Sue Williams, CEO at SSAT wrote *'Your school is one of only four in the country to have gained all three awards. Beckfoot Schools should be congratulated for their stunning achievement in securing some of the best GCSE results in the country. These results are testament to the commitment and hard work of the students, teachers and leadership team at Beckfoot School and a vindication of their belief in high expectations, good teaching and ambition for every young person.'*

#### **Hazelbeck School Three Year Results Trends 2011 – 2013**

Hazelbeck is a rapidly improving Special School with consistent improvements in student progress against a wide variety of measures. The table below compares Hazelbeck student progress with a National cohort of similar students and identifies a very positive trend over three years.

| <b>Hazelbeck Achievement and Performance Table CASPA Comparison Data</b>                                      |             |             |             |
|---|-------------|-------------|-------------|
| <b>% of students making expected or above expected progress against a National cohort of similar children</b> | <b>2013</b> | <b>2012</b> | <b>2011</b> |
| Language and Literacy   | 97          | 89          | 75          |
| Mathematics   | 96          | 88          | 72          |
| Science   | 98          | 82          | 75          |
| Information Communication Technology (ICT)  | 92          | 95          | 69          |
| Personal and Social Development   | 98          | 80          | 74          |

The co-location of Hazelbeck with Beckfoot School has provided increased opportunity for curricular inclusion and in 2013 one student gained a GCSE in English and a BTEC in Drama and one student gained a GCSE in Science.

Additionally, students were accredited with the following external qualifications:

- 11 students gained AQA Entry level English
- 10 students gained AQA Entry level Maths
- 3 students gained an ASDAN Personal Progress certificate

### **Going Concern**

After making appropriate enquiries, the directors have a reasonable expectation that The Beckfoot and Hazelbeck Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Principal Accounting Policies.

### **Key Financial Performance Indicators**

The Academy Trust prepares monthly management accounts and monitors its cash position closely. The KPI's are considered to be, in-year budget variance, cash position and overall reserves. These figures can all be seen in the financial statements.

### **Financial Review**

The financial statements show a surplus for the month of August 2013 of £655k. Exceptional items going through in the period include the transfer of surplus funds from the Local Authority relating to Beckfoot £1,055k and Hazelbeck £220k (note 1). There are also exceptional costs of £238k for Beckfoot and £71K for Hazelbeck (note 13). Taking these into account the actual trading surplus of the Trust was £29k for the month of August.

The balance sheet shows net assets of £655k including fixed assets transferred from the Local Authority of £1,238k and a pension deficit of £1,369k also transferred from the Local Authority. The level of funds exceeds the reserves policy for both Beckfoot and Hazelbeck.

### **Financial and Risk Management Objectives and Policies**

The board is satisfied that its risk management process identifies risks as well as controls required to mitigate them. In particular, trustees are satisfied that:

- The West Yorkshire Pension Scheme deficit is understood and financial arrangements are in place to repay the necessary shortfalls.
- Cash flow is monitored effectively.
- Bad debt risk is minimal.

### **Principle Risks and Uncertainties**

See Risk Management section of the Trustees' Report above.

### **Reserves Policy**

The Beckfoot and Hazelbeck Trust has 3 categories of reserves: Restricted General Funds, which is GAG funding used to carry out the principal objects of the organisation, Fixed Asset Reserve used to finance fixed assets and Unrestricted Reserves which is used under the direction of the board of directors and which has been delegated to the Governing Body.

The unrestricted reserves of £826k are freely available for general purposes. The trustees have designated £466k to be used for the repair and maintenance of certain fixed assets over their lifetime. These will be allocated in line with the strategic objectives of The Trust. The restricted funds of £103k deficit includes and pension liability of £1,624k and fixed asset funds of £1,342k. Without these the restricted funds are £179k. It is the policy of the trust to maintain an unrestricted reserve level of at least £190k split as Beckfoot £150k and Hazelbeck £40k.

### **Investment Policy**

A return on working capital should be optimised whilst allowing easy access of the funds. In balancing risk against return the Academy policy is geared towards avoiding risk rather than to maximise return. The Academies current investment policy is to maximise income but from a low risk strategy. All monies are currently held on bank deposit and are attracting interest.

### **Plans for Future Periods**

#### **Three Year Strategic Plans**

Beckfoot and Hazelbeck Schools have clear an ambitious three year strategic plans written to cover the academic years 2012-2014. These plans are described fully in the section above entitled Objectives and Activities.

### **AUDITOR**

Saffery Champness has been appointed to the office of auditor and have indicated their willingness to continue in office.

The trustees have confirmed that, as far as they are aware that there is no relevant audit information of which the charitable company's auditor is unaware. The trustees have confirmed that they have taken all the steps that they ought to have taken in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Approved by order of the board of trustees on 16<sup>th</sup> December 2013 and signed on its behalf by:



Mr J Cole  
Vice Chair of Trustees

## GOVERNANCE STATEMENT

### Scope of Responsibility

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

The board of trustees has delegated the day-to-day responsibility to the Headteacher, 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 The Beckfoot and Hazelbeck Trust and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

### Governance

The information on governance included here supplements that described in the Trustees Report and in the Statement of Trustees' Responsibilities. The board has met five times in the period 24<sup>th</sup> July 2012 to 31<sup>st</sup> August 2013.

| Director      | Meetings Attended | Out of a Possible |
|---------------|-------------------|-------------------|
| D J Horn      | 5                 | 5                 |
| C D Tebbutt   | 5                 | 5                 |
| J M C Cole    | 5                 | 5                 |
| M J Kelly     | 5                 | 5                 |
| C J Burland   | 4                 | 5                 |
| J Winkley     | 4                 | 5                 |
| J M Lee       | 4                 | 5                 |
| S K Tollervey | 4                 | 5                 |
| C Connolly    | 3                 | 5                 |
| R Lawrence    | 1                 | 5                 |

The Finance and HR Committee is a sub-committee of the main board of trustees. It has delegated responsibility for financial management of Beckfoot and Hazelbeck Schools, specifically for delegating responsibility to the Headteacher, recommending budgets to the board, identifying variances from approved budgets, managing Headteacher performance and remuneration and approving the remuneration of higher paid staff. The Finance and HR Committee has met seven times in the period 24<sup>th</sup> July 2012 to 31<sup>st</sup> August 2013.

| Director    | Meetings Attended | Out of a Possible |
|-------------|-------------------|-------------------|
| C D Tebbutt | 7                 | 7                 |
| D J Horn    | 7                 | 7                 |
| J M C Cole  | 6                 | 7                 |
| J Winkley   | 6                 | 7                 |
| M J Kelly   | 6                 | 7                 |
| J M Lee     | 5                 | 7                 |



The Audit Committee is also a sub-committee of the main board of trustees. The Audit Committee has delegated responsibility for the internal and external audit function. The Audit Committee met for the first time, 17<sup>th</sup> October 2013.

### **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 The Beckfoot and Hazelbeck Trust for the period 1<sup>st</sup> August 2013 to 31<sup>st</sup> August 2013 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 is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The trustees oversee this risk management framework with regular reviews of the Risk Register at the Finance and HR Committee of the board of trustees. 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 and that the process has been in place for the period 1<sup>st</sup> August 2013 to 31<sup>st</sup> August 2013 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

### **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:

- Regular reviews of the academy trust's financial policies and procedures
- Comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Finance and HR Committee of the board of trustees in respect of each Academy
- Regular reviews by the Finance and HR Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes
- Setting targets to measure financial and other performance
- Clearly defined purchasing (asset purchase or capital investment) guidelines
- Delegation of authority and segregation of duties
- Identification and management of risks

The board of trustees has considered the need for a specific internal audit function and has decided to appoint John Cole, a trustee, as Responsible Officer (RO). The RO is Chair of the Audit Committee of the board of trustees. The RO has appointed an external party to complete a series of internal control checks on a quarterly basis during the 2013/14 Financial Year. The RO's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. On a regular basis, the RO will report to the board of trustees on the operation of the systems of control and on the discharge of the board's financial responsibilities.




**Review of Effectiveness**

As accounting officer, David Horn, the Headteacher has responsibility for reviewing the effectiveness of the system of internal control. During the period in question the review has been informed by:

- The work of the external auditor
- The financial management and governance self-assessment process
- The work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework and the financial policies and procedures
- The effectiveness of the financial management of the predecessor schools

Approved by the board of trustees on 16<sup>th</sup> December 2013 and signed on its behalf by:



Mr J Cole  
Vice Chair of Trustees



David Horn  
Accounting officer

## STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer of The Beckfoot and Hazelbeck Trust I have considered my responsibility to notify the board of directors of the Academy Trust and the Education Funding Agency of material irregularity, impropriety and noncompliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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

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

A handwritten signature in black ink, appearing to read 'D J Horn', with a stylized flourish at the end.

Mr D J Horn  
Accounting officer

## STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees, who act as governors of Beckfoot and Hazelbeck Trust and are also directors of the Charitable Company for the purposes of company law, are responsible for preparing the Trustees' 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 they 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 at the end of the financial year and of its incoming resources and application of resources, including its income and expenditure, for the financial 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
- Make judgements and estimates that are reasonable and prudent
- State whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Charitable Company will continue in operation

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 which 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 with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the EFA and Department of Education (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 16<sup>th</sup> December 2013 and signed on its behalf by:



Mr J Cole  
Vice Chair of Trustees

## INDEPENDENT AUDITOR'S REPORT

### INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS OF TO THE MEMBERS OF THE BECKFOOT AND HAZELBECK TRUST LIMITED

We have audited the financial statements on pages 22 to 44. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the 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 company's members those matters we are required to state to them in an auditors' 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 company and company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### Respective responsibilities of trustees and auditors

As explained more fully in the Statement of Trustees' Responsibilities, the trustees (who are also the directors of the company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

#### Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the academy's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the trustees;
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Trustees' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### Opinion on the financial statements

In our opinion the financial statements:

- Give a true and fair view of the state of the charity's affairs as at 31 August 2013 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended.
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Academies Accounts Direction 2013 issued by the EFA.
- Have been prepared in accordance with the requirements of the Companies Act 2006 and grants made by the DfE and EFA have been applied for the purposes intended.

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

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

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

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

- The charity has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us, or
- The charity 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.



**Jonathan Davis**  
**Senior Statutory Auditor**  
**For and on behalf of**

12/12/13 .

Saffery Champness  
Chartered Accountants  
Statutory Auditors  
Harrogate Office  
Mitre House  
North Park Road  
Harrogate  
North Yorkshire  
HG1 5RX

**INDEPENDENT REPORTING AUDITOR'S ASSURANCE REPORT ON REGULARITY TO THE BECKFOOT AND HAZELBECK TRUST LIMITED AND THE EDUCATION FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 18 October 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by the academy trust during the period 1 August 2013 to 31 August 2013 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

**Respective responsibilities of The Beckfoot and Hazelbeck Trust's accounting officer and the reporting auditor**

The accounting officer is responsible, under the requirements of The Beckfoot and Hazelbeck Trust's funding agreement with the Secretary for State for Education dated 1<sup>st</sup> August 2013 and the Academies Financial Handbook, extant from 1 September 2012, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements Academies Accounts Direction 2013. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 August 2013 to 31 August 2013 have not been applied to purposes intended by Parliament or that financial transactions do not conform to the authorities which govern them.

**Approach**

We conducted our engagement in accordance with the Academies Accounts Direction 2013 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

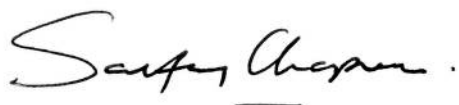
Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the Academy Trust's income and expenditure.

The work undertaken to draw to our conclusions includes:

- Risk based sample testing on income and expenditure.
- Review of the systems and internal controls in place.
- Making appropriate enquiries of the Accounting Officer.

**Opinion**

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



**Jonathan Davis**  
**Senior Statutory Auditor**

19/12/13 .

**For and on behalf of**

Saffery Champness  
Chartered Accountants  
Statutory Auditors  
Harrogate Office  
Mitre House  
North Park Road  
Harrogate  
North Yorkshire  
HG1 5RX

**STATEMENT OF FINANCIAL ACTIVITIES FOR THE PERIOD ENDED 31 AUGUST 2013 (Including the Income and Expenditure Account and Statement of Total Recognised Gains and Losses)**

|   | Note     | Unrestricted<br>Funds<br>£000 | Restricted<br>General<br>Funds<br>£000 | Restricted<br>Fixed<br>Asset<br>Funds<br>£000 | Total<br>2013<br>£000 |
|---|----------|-------------------------------|--|---|-----------------------|
| <b>Incoming resources</b>                                   |          |                               |  |   |                       |
| Incoming resources from generated funds:                    |          |                               |  |   |                       |
| Transfer on conversion                                      | 1        | -                             | -                                      | -   | -                     |
| Activities for generating funds                             | 2        | 1,126                         | (1,323)                                | 1,375   | 1,178                 |
| Investment Income   |          | 9                             | -                                      | -   | 9                     |
| Incoming resources from charitable activities:              |          |                               |  |   |                       |
| Funding for the Academy's educational operations            | 3        | -                             | 977                                    | -   | 977                   |
| <b>Total incoming resources</b>                             |          | <b>1,135</b>                  | <b>(346)</b>                           | <b>1,375</b>                                  | <b>2,164</b>          |
| <b>Resources expended</b>                                   |          |                               |  |   |                       |
| Cost of generating funds:                                   |          |                               |  |   |                       |
| Costs of generating voluntary income                        | 4        | -                             | 3                                      | -   | 3                     |
| Charitable activities:                                      |          |                               |  |   |                       |
| Academy's educational operations                            | 5        | -                             | 888                                    | 33  | 921                   |
| Exceptional Building Cost                                   | 5        | 309                           | -                                      | -   | 309                   |
| Governance costs  | 6        | -                             | 33                                     | -   | 33                    |
| <b>Total resources expended</b>                             | <b>4</b> | <b>309</b>                    | <b>924</b>                             | <b>33</b>                                     | <b>1,266</b>          |
| <b>Net incoming / (outgoing) resources before transfers</b> |          | <b>826</b>                    | <b>(1,270)</b>                         | <b>1,342</b>                                  | <b>898</b>            |
| <b>Other recognised gains and losses</b>                    |          |                               |  |   |                       |
| Actuarial loss on defined benefit pension schemes           | 14,19    | -                             | (243)                                  | -   | (243)                 |
| <b>Net movement in funds</b>                                |          | <b>826</b>                    | <b>(1,513)</b>                         | <b>1,342</b>                                  | <b>655</b>            |
| <b>Funds/(Deficits) carried forward at 31 August 2013</b>   |          | <b>826</b>                    | <b>(1,513)</b>                         | <b>1,342</b>                                  | <b>655</b>            |

All of the Academy's activities derive from acquisitions in the current financial period. A Statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities.



**BALANCE SHEET AS AT 31 AUGUST 2013 (Company Number: 8155088)**

|   | Notes | 2013<br>£000   | 2013<br>£000 |
|---|-------|----------------|--------------|
| <b>Fixed assets</b>                                   |       |                |              |
| Tangible assets                                       | 11    |                | 1,205        |
| <b>Current assets</b>                                 |       |                |              |
| Debtors   | 12    | 1,353          |              |
| Cash at bank and in hand                              |       | 997            |              |
|   |       |                | <b>2,350</b> |
| <b>Creditors:</b> Amounts falling due within one year | 13    | <b>(1,276)</b> |              |
| <b>Net current assets</b>                             |       |                | <b>1,074</b> |
| Total assets less current liabilities                 |       |                | 2,279        |
| <b>Net assets excluding pension liability</b>         |       |                | <b>2,279</b> |
| Pension scheme liability                              | 19    |                | (1,624)      |
| <b>Net assets including pension liability</b>         |       |                | <b>655</b>   |
| <b>Funds of the academy:</b>                          |       |                |              |
| <b>Restricted funds</b>                               |       |                |              |
| Fixed asset fund                                      | 14    |                | 1,342        |
| General fund  | 14    |                | 111          |
| Pension reserve                                       | 14    |                | (1,624)      |
| <b>Total restricted funds</b>                         |       |                | <b>(171)</b> |
| <b>Unrestricted funds</b>                             |       |                |              |
| General fund  | 14    |                | 360          |
| Designated funds                                      |       |                | 466          |
| <b>Total unrestricted funds</b>                       |       |                | <b>826</b>   |
| <b>Total funds</b>                                    |       |                | <b>655</b>   |

The financial statements on pages 22 to 44 were approved by the Trustees and authorised for issue on 16<sup>th</sup> December 2013 and are signed on their behalf by:



Mr J Cole  
Vice Chair of Trustees

# **CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 AUGUST 2013**

|   | Notes | 2013<br>£000 |
|---|-------|--------------|
| Net cash inflow from operating activities                       | 16    | 963          |
| Cash transferred on conversion to an academy trust              |       | 34           |
| <b>Increase in cash in the period</b>                           |       | <b>997</b>   |
| <b>Reconciliation of net cash flow to movement in net funds</b> |       |              |
| Net funds at 1 August   |       | -            |
| <b>Net funds at 31 August</b>                                   |       | <b>997</b>   |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2013

### Statement of Accounting Policies for the Period Ended 31 August 2013

#### **Basis of Preparation**

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

#### **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 one year from the date of approval of the financial statements.

The Beckfoot and Hazelbeck Trust is considered to be a going concern for the next 12 months based on budget forecasts and cashflow statements prepared.

#### **Incoming resources**

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

#### ***Grants receivable***

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of entitlement of receipt its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

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

#### ***Donations***

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

#### ***Other income***

Other income including hire of facilities is recognised in the period it is receivable and to the extent the goods have been provided or the completion of the service.

#### ***Investment income***

Investment income is included in the Statement of Financial Activities on a receivable basis, and is stated inclusive of related tax credits.

### **Resources Expended**

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

### **Costs of Generating Funds**

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

### **Charitable Activities**

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

### **Governance Costs**

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

### **VAT**

VAT is recoverable on the majority of resources expended are but if it is not recoverable resources expended are shown inclusive of irrecoverable VAT.

### **Tangible Fixed Assets**

Assets costing £500 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment. Assets costing less than £500 are written off in the year of acquisition.

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

|                                  |                            |
|----------------------------------|----------------------------|
| Fixtures, Fittings and Equipment | 5% to 20% Straight Line    |
| Motor Vehicles                   | 10% Reducing Balance       |
| ICT Equipment                    | 20% to 33.3% Straight Line |

A review for impairment will be made if circumstances indicate that the net book value of assets may not be recoverable. Any shortfall between the net book value and their recoverable value is recognised as an impairment and included in the Statement of Financial Activities. This has not occurred in the period ended 31<sup>st</sup> August 2013.

### **Investments**

The academy's shareholding in the wholly owned and dormant subsidiary, Beckfoot School (Trading) Limited [company number: 8130928 incorporation date: 24<sup>th</sup> July 2012], is not included in the balance sheet due to the cost of the share capital owned being a minimal value of £1. The investment will not be valued as there is no readily available market value and the cost of valuation exceeds the benefit derived.

### **Leased Assets**

Rentals under operating leases are charged as they are due over the period of the lease agreement.

### **Taxation**

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

The Academy Trust is registered for VAT.

### **Pensions Benefits**

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 20, the TPS is a multi-employer scheme and the academy trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPS is a funded scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

### **Fund Accounting**

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

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

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

It is the policy of the Academy Trust to maintain a minimum unrestricted fund level of £150k for Beckfoot School and £40k for Hazelbeck School.

**Conversion to an Academy Trust**

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

The assets and liabilities transferred on conversion from the maintained schools Beckfoot School and Hazelbeck School to an academy trust have been valued at their fair value being a reasonable estimate of the current market value that the governors would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for The Beckfoot and Hazelbeck Academy Trust. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in voluntary income as net income in the SOFA and analysed under unrestricted, restricted general and restricted fixed asset funds.

## 1. Conversion to an Academy Trust

On 1<sup>st</sup> August 2013 Beckfoot School and Hazelbeck School both converted to academy trust status under the Academies Act 2010 and all the operations, assets and liabilities were transferred to the Beckfoot and Hazelbeck Academy Trust from the City of Bradford Local Authority for £nil consideration.

The transfer has been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised as net incoming resources in the Statement of Financial Activities as voluntary income.

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

|                                 | Unrestricted<br>Funds<br>£000 | Restricted<br>general funds<br>£000 | Restricted<br>Fixed Asset<br>Funds<br>£000 | Total<br>2013<br>£000 |
|---------------------------------|-------------------------------|-------------------------------------|--|-----------------------|
| Tangible fixed assets           |                               |                                     |  |                       |
| Other tangible fixed assets     | -                             | -                                   | 1,238                                      | 1,238                 |
| Budget surplus on LA funds      | 1,092                         | 46                                  | 137  | 1,275                 |
| Transfer of school fund account | 34                            | -                                   | -  | 34                    |
| LGPS pension deficit            | -                             | (1,369)                             | -  | (1,369)               |
| <b>Net assets</b>               | <b>1,126</b>                  | <b>(1,323)</b>                      | <b>1,375</b>                               | <b>1,178</b>          |

The above net assets include £nil that were transferred as cash.

## 2. Activities for Generating Funds

|                 | Unrestricted<br>Funds<br>£000 | Restricted<br>Funds<br>£000 | Total<br>2013<br>£000 |
|-----------------|-------------------------------|-----------------------------|-----------------------|
| Lettings income | 9                             | -                           | 9                     |
|                 | 9                             | -                           | 9                     |

3. Funding for Academy's Educational Operations

|   | Unrestricted<br>Funds<br>£000 | Restricted<br>Funds<br>£000 | Restricted<br>Fixed<br>Asset<br>Funds<br>£000 | Total<br>2013<br>£000 |
|---|-------------------------------|-----------------------------|---|-----------------------|
| <b>DfE/EFA grants</b>                           |                               |                             |   |                       |
| GAG   | -                             | 877                         | -   | 877                   |
|   | -                             | 877                         | -   | 877                   |
| <b>Other Government grants</b>                  |                               |                             |   |                       |
| CBMDC SEN funding                               | -                             | 100                         | -   | 100                   |
| <b>Total Government Grants</b>                  | -                             | 100                         | -   | 100                   |
| <b>Total Funding for Educational Operations</b> | -                             | 977                         | -   | 977                   |

4. Resources Expended

|  | Staff<br>Costs<br>£000 | Non Pay<br>Premises<br>£000 | Expenditure<br>Other<br>£000 | Total<br>2013<br>£000 |
|--|------------------------|-----------------------------|------------------------------|-----------------------|
| Costs of activities for generating funds           | 3                      | -                           | -                            | 3                     |
| Academy's educational operations                   |                        |                             |                              |                       |
| Direct costs                                       | 623                    | 29                          | 2                            | 654                   |
| Allocated support costs                            | 100                    | 454                         | 22                           | 576                   |
|  | 726                    | 483                         | 24                           | 1,233                 |
| Governance costs including allocated support costs | 4                      | -                           | 29                           | 33                    |
|  | 730                    | 483                         | 53                           | 1,266                 |

Outgoing resources for the period include:

|                                 | 2013<br>£000 |
|---------------------------------|--------------|
| Building provision cost         | 309          |
| Fees payable to auditor – audit | 9            |
| Depreciation                    | 33           |



5. Charitable Activities – Academy’s educational operations

|  | Unrestricted<br>Funds<br>£000 | Restricted<br>Funds<br>£000 | Restricted<br>Fixed Asset<br>Funds<br>£000 | Total<br>2013<br>£000 |
|--|-------------------------------|-----------------------------|--|-----------------------|
| <b>Direct costs</b>                          |                               |                             |  |                       |
| Teaching and educational support staff costs | -                             | 623                         | -  | 623                   |
| Depreciation                                 | -                             | -                           | 29   | 29                    |
| Educational supplies                         | -                             | 2                           | -  | 2                     |
|  | -                             | 625                         | 29   | 654                   |
| <b>Allocated support costs</b>               |                               |                             |  |                       |
| Support staff costs                          | -                             | 100                         | -  | 100                   |
| Maintenance of premises and equipment        | -                             | 137                         | -  | 137                   |
| Exceptional Cost                             | 309                           | -                           | -  | 309                   |
| Insurance                                    | -                             | 4                           | -  | 4                     |
| Depreciation                                 | -                             | -                           | 4  | 4                     |
| Other support costs                          | -                             | 22                          | -  | 22                    |
|  | 309                           | 263                         | 4  | 576                   |
|  | <b>309</b>                    | <b>888</b>                  | <b>33</b>                                  | <b>1,230</b>          |

Exceptional costs of £309k represent a provision for premises costs inherited on conversion to Academy status.

6. Governance costs

|                               | Unrestricted<br>Funds<br>£000 | Restricted<br>Funds<br>£000 | Total<br>2013<br>£000 |
|-------------------------------|-------------------------------|-----------------------------|-----------------------|
| Legal and professional fees   | -                             | 20                          | 20                    |
| - Auditor’s remuneration      | -                             | 9                           | 9                     |
| Audit of financial statements | -                             | 4                           | 4                     |
| Support staff costs           | -                             | 33                          | 33                    |

7. Staff costs

|                                     | 2013<br>£000 |
|-------------------------------------|--------------|
| Staff costs during the period were: |              |
| Wages and salaries                  | 600          |
| Social security costs               | 39           |
| Pension costs                       | 79           |
|                                     | 718          |
| FRS 17 Adjustment                   | 12           |
|                                     | <b>730</b>   |

## 7 Staff Costs (continued...)

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

|                                     | <b>2013</b> |
|-------------------------------------|-------------|
|                                     | <b>No.</b>  |
| <b>Charitable Activities</b>        |             |
| Teachers                            | 121         |
| Education Support                   | 104         |
| Administration and clerical support | 18          |
| Community Management                | 1           |
|                                     | <u>244</u>  |

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

|                     | <b>2013</b> |
|---------------------|-------------|
|                     | <b>No.</b>  |
| £60,001 - £70,000   | 4           |
| £120,001 - £130,000 | 1           |
|                     | <u>5</u>    |

Four of the above employees participated in the Teachers' Pension Scheme. During the period ended 31 August 2013, pension contributions for these staff amounted to £3,795. The other employee participated in the Local Government Pension Scheme, pension contributions amounted to £845.

## 8. Governors' remuneration and expenses

The principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff, and not in respect of their services as trustees. Other trustees did not receive any payments, other than expenses, from the academy trust in respect of their role as trustees. The value of trustees' remuneration was as follows:

|   |                     |
|---|---------------------|
| D Horn (Executive Headteacher and trustee): | £120,001 - £125,000 |
| S Pierce (Head of School and trustee)       | £65,001 - £70,000   |
| C Tebbutt (Business Manager and trustee):   | £65,001 - £70,000   |
| C J Burland (staff trustee):                | £30,001 - £35,000   |

During the period ended 31 August 2013 no travel or subsistence payments were made.

Other related party transactions involving the trustees are set out in note 18.

## **9. Governors' and Officers' Indemnity Insurance**

In accordance with normal commercial practice, the Academy has purchased insurance to protect Governors and officers from claims, occurring whilst they are undertaking Academy business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the period ended 31 August 2013 was £88. The cost of this insurance is included in the total insurance cost.

## **10. Central Services**

The academy trust provides the following services on the following basis:

| <b>Service</b>        | <b>Hazelbeck% of<br/>total cost</b> | <b>Beckfoot% of<br/>total cost</b> | <b>Basis for split</b>       |
|-----------------------|-------------------------------------|------------------------------------|------------------------------|
| WYPF Fees             | 37%                                 | 63%                                | WYPF Staff Numbers (FTE)     |
| Professional Services | 33%                                 | 67%                                | Fair basis approved by board |
| Insurance             | 20%                                 | 80%                                | Balance of risk              |
| Other overheads       | 10%                                 | 90%                                | Assessed Actual              |
| Admin/Finance and HR  |                                     |                                    | Salary Match                 |
| Headteacher           |                                     |                                    | Salary Match                 |
| Business Manager      |                                     |                                    | Time Allocation              |
| Trust Administration  |                                     |                                    | Time Allocation              |

The board have approved the method of allocation of these central costs. The actual amounts charged during the period were accrued in the relevant school as follows:

|                     | <b>2013<br/>£000</b> |
|---------------------|----------------------|
| Beckfoot School     | 75                   |
| Hazelbeck School    | 16                   |
| Total Central Costs | <u>91</u>            |

## 11. Tangible Fixed Assets

|                           | Leasehold<br>Fixtures,<br>Fittings<br>and<br>Equipment<br>£000 | ICT<br>Equipment<br>£000 | Motor<br>Vehicles<br>£000 | Total<br>£000 |
|---------------------------|--|--------------------------|---------------------------|---------------|
| <b>Cost</b>               |  |                          |                           |               |
| Transferred on conversion | 353  | 842                      | 43                        | <b>1,238</b>  |
| Additions                 |  |                          |                           |               |
| At 31 August 2013         | 353  | 842                      | 43                        | <b>1,238</b>  |
| <b>Depreciation</b>       |  |                          |                           |               |
| Charged in period         | 7  | 25                       | 1                         | <b>33</b>     |
| At 31 August 2013         | 7  | 25                       | 1                         | <b>33</b>     |
| <b>Net book values</b>    |  |                          |                           |               |
| At 31 August 2013         | 346  | 817                      | 42                        | <b>1,205</b>  |

## 12. Debtors

|  | 2013<br>£000 |
|--|--------------|
| VAT Recoverable                        | 22           |
| Prepayments & Accrued Income           | 56           |
| Due from Local Authority on Conversion | 1,275        |
|  | <b>1,353</b> |

## 13. Creditors: amounts falling due within one year

|                              | 2013<br>£000 |
|------------------------------|--------------|
| EFA Creditor                 | 36           |
| Other creditors              | 359          |
| Accruals and deferred income | 881          |
|                              | <b>1,276</b> |

Other creditors consists of the following provisions all made in full during the period ended 31 August 2013 in accordance with Financial Reporting Standard 12:

|                    | 2013<br>£000 |
|--------------------|--------------|
| Property provision | 309          |
| Payroll provision  | 50           |
|                    | <b>359</b>   |

**The Beckfoot and Hazelbeck Trust**  
**Notes to the Financial Statements**

| <b>14. Funds</b>                    | <b>Transferred<br/>from Local<br/>Authority<br/>£000</b> | <b>Incoming<br/>Resources<br/>£000</b> | <b>Resources<br/>Expended<br/>£000</b> | <b>Gains,<br/>Losses and<br/>Transfers<br/>£000</b> | <b>Balance at<br/>31 August<br/>2013<br/>£000</b> |
|-------------------------------------|--|--|--|---|---|
| <b>Restricted general funds</b>     |  |  |  |   |   |
| General Annual Grant (GAG)          | -  | 877                                    | (812)                                  | -   | 65  |
| Other Government grants             | -  | 100                                    | (100)                                  | -   | -   |
| 6th Form Bursary                    | 46   | -                                      | -                                      | -   | 46  |
| Pension liability                   | (1,369)  | -                                      | (12)                                   | (243)   | (1,624)   |
| Other Restricted                    |  |  |  |   |   |
|                                     | <b>(1,323)</b>   | <b>977</b>                             | <b>(924)</b>                           | <b>(243)</b>  | <b>(1,513)</b>                                    |
| <b>Restricted fixed asset funds</b> |  |  |  |   |   |
| Assets transferred on conversion    | 1,238  | -                                      | (33)                                   | -   | 1,205   |
| Capital funds                       | 137  | -                                      | -                                      | -   | 137   |
|                                     | <b>1,375</b>   | <b>-</b>                               | <b>(33)</b>                            | <b>-</b>  | <b>1,342</b>                                      |
| <b>Total restricted funds</b>       | <b>52</b>  | <b>977</b>                             | <b>(957)</b>                           | <b>(243)</b>  | <b>(171)</b>                                      |
| <b>Unrestricted funds</b>           |  |  |  |   |   |
| Buildings fund                      | -  | -                                      | (309)                                  | 309   | -   |
| FFE fund                            | -  | -                                      | -                                      | 466   | 466   |
| Unrestricted funds                  | 1,126  | 9                                      | -                                      | (775)   | 360   |
| <b>Total unrestricted funds</b>     | <b>1,126</b>   | <b>9</b>                               | <b>(309)</b>                           | <b>-</b>  | <b>826</b>  |
| <b>Total funds</b>                  | <b>1,178</b>   | <b>986</b>                             | <b>(1,266)</b>                         | <b>(243)</b>  | <b>655</b>  |

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

Restricted general funds have been spent in line with the terms of the Master Funding Agreement.

The 6th Form Bursary fund is for providing grants to students in the 6th form to be used on the furtherance of educational objectives.

Restricted fixed asset funds are used solely for capital purchases in line with the strategic objectives of The Beckfoot and Hazelbeck Trust.

The restricted pension fund is in deficit to the value of £1,624k as at 31 August 2013, which is in excess of the unrestricted funds, this is due to a lower return on our liabilities within this Financial Year. The trustees will continue to monitor this situation closely.

The FFE fund is designated by the trustees to be spent on repairs and maintenance of certain fixed assets not included in the management companies schedule of maintained assets.

#### 14. Funds (continued...)

The buildings fund is being used to set aside the funds for potential costs relating to the building.

Under the funding agreement with the Secretary of State, the academy trust was not subject to limits on the amount of GAG that it could carry forward at 31 August 2013.

#### Analysis of fund balance by school

Fund balances at 31 August 2013 were allocated as follows:

|   | <b>2013</b>         |
|---|---------------------|
|   | <b>£000</b>         |
| Beckfoot School                               | 895                 |
| Hazelbeck School                              | 179                 |
| Total before fixed assets and pension reserve | <u><b>1,074</b></u> |
| Restricted fixed asset fund                   | 1,205               |
| Pension Reserve                               | <u>(1,624)</u>      |
|   | <u><b>655</b></u>   |

#### Analysis of costs by school

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

|                  | <b>Teaching and<br/>Educational<br/>Support Staff<br/>Costs<br/>£000</b> | <b>Other<br/>Support<br/>Staff Costs<br/>£000</b> | <b>Educational<br/>Supplies<br/>£000</b> | <b>Other Costs<br/>(excluding<br/>Depreciation)<br/>£000</b> | <b>Total<br/>£000</b> |
|------------------|--|---|--|--|-----------------------|
| Beckfoot School  | 496  | 66  | 2  | 383  | <b>947</b>            |
| Hazelbeck School | 127  | 21  | -  | 90   | <b>238</b>            |
|                  | <u>623</u>   | <u>87</u>   | <u>2</u>                                 | <u>473</u>   | <u><b>1,185</b></u>   |

#### 14 Funds (continued...)

##### Analysis of net assets between funds

Fund balances at 31 August 2013 are represented by:

|                          | Unrestricted | Restricted     | Restricted<br>Fixed<br>Asset | Total      |
|--------------------------|--------------|----------------|------------------------------|------------|
|                          | Funds        | Funds          | Funds                        | Funds      |
|                          | £000         | £000           | £000                         | £000       |
| Tangible fixed assets    | -            | -              | 1,205                        | 1,205      |
| Current assets           | 1,135        | 1,078          | 137                          | 2,350      |
| Current liabilities      | (309)        | (967)          | -                            | (1,276)    |
| Pension scheme liability | -            | (1,624)        | -                            | (1,624)    |
| <b>Total net assets</b>  | <b>826</b>   | <b>(1,513)</b> | <b>1,342</b>                 | <b>655</b> |

#### 15 Financial commitments

At 31 August 2013 the academy trust had annual commitments under non-cancellable operating leases and other agreements as follows:

|  | 2013         |
|--|--------------|
| Other  | £000         |
| Expiring within one year                     | -            |
| Expiring within two and five years inclusive | 92           |
| Expiring in over five years                  | 1,170        |
|  | <b>1,262</b> |

There is also a non-cancellable lease relating to the rental of the land and buildings from the City of Bradford Metropolitan District Council. This is for a peppercorn rate and is due to expire in 1st August 2138.

**16. Reconciliation of Net Income to Net Cash Inflow from Operating activities**

|  | <b>2013</b> |
|--|-------------|
|  | <b>£000</b> |
| Net income   | 910         |
| Depreciation (note 11)                                   | 33          |
| FRS 17 pension cost less contributions payable (note 19) | (14)        |
| FRS 17 pension finance income (note 19)                  | 2           |
| Increase in fixed assets                                 | (1,238)     |
| Increase in debtors                                      | (1,353)     |
| Increase in creditors                                    | 1,276       |
| Transfer in of pension scheme liability                  | 1,381       |
| <b>Net cash inflow from operating activities</b>         | <b>997</b>  |

**Returns on investment and servicing of finance**

|                   |   |
|-------------------|---|
| Interest received | - |
|-------------------|---|

**Capital expenditure and financial investment**

|  |          |
|--|----------|
| Purchase of tangible fixed assets  | -        |
| Capital funding received from others                                     | -        |
| <b>Net cash inflow from capital expenditure and financial investment</b> | <b>-</b> |

**Analysis of changes in net funds**

|                          | <b>At 1 August</b> | <b>Cash</b>  | <b>At 31</b>       |
|--------------------------|--------------------|--------------|--------------------|
|                          | <b>2013</b>        | <b>flows</b> | <b>August 2013</b> |
|                          | <b>£000</b>        | <b>£000</b>  | <b>£000</b>        |
| Cash in hand and at bank | -                  | 997          | 997                |
|                          | -                  | 997          | 997                |

**17. 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 they are a member, or within one year after they cease to be a member, such amount as may be required, but not exceeding £10.00, for the debts and liabilities contracted before they cease to be a member.

**18. Related Party Transactions**

As the composition of the Governing Body is drawn from local public and private sector organisations it is likely that transactions will take place with the organisations in which a Governor may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy's financial regulations and normal procurement procedures. There have been no related party transactions in the period.



## **19. Pension and similar obligations**

The Academy's employees belong to two principal schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by the West Yorkshire Pension Fund. Both are defined-benefit schemes and are applicable to staff in both Beckfoot School and Hazelbeck School.

The LGPS obligation relates to the employees of the academy trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the Scheme in the period. The obligation in respect of the employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy trust at the balance sheet date.

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

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

### **Teachers' Pension Scheme**

#### **Introduction**

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

#### **The Teachers' Pension Budgeting and Valuation Account**

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a "pay as you go" basis – these contributions along with those made by employers are credited to the Exchequer under arrangements governed by the above Act.

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

## **19. Pension and Similar Obligations (continued)**

### **Valuation of the Teachers' Pension Scheme**

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

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

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

### **Teachers' Pension Scheme Changes**

Lord Hutton published his final report in March 2011 and made recommendations about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation and Ministers engaged in extensive discussions with trade unions and other representative bodies on reform of the TPS. Those discussions concluded on 9 March 2012 and the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

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

**19. Pension and Similar Obligations (continued)**

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

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

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The academy is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the academy has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy has set out above the information available on the scheme.

## 19. Pension and Similar Obligations (continued)

### The Local Government Pension Scheme (LGPS)

The LGPS is a funded defined benefit scheme, with the assets held in separate trustee administered funds. The total contributions made for the period ended 31 August 2013 was £34k, of which employer's contributions totalled £24k and employees' contributions totalled £10k. The agreed contribution rates for future years are 16.9% for employers plus a lump sum contribution of £34k and between 5.5% and 7.5% for employees dependent upon their full time equivalent earnings.

|  | At 31<br>August<br>2013 | At 1<br>August<br>2013 |
|--|-------------------------|------------------------|
| <b>Principal Actuarial Assumptions</b>                             |                         |                        |
| Rate of increase in salaries                                       | 4.7%                    | 4.6%                   |
| RPI Inflation increase   | 3.7%                    | 3.6%                   |
| CPI Inflation increase   | 2.8%                    | 2.7%                   |
| Discount rate for scheme liabilities                               | 4.5%                    | 4.5%                   |
| Rate of increase in deferred pensions                              | 2.8%                    | 2.7%                   |
| Rate of increase to pensions in payment                            | 2.8%                    | 2.7%                   |
|  | <b>2013</b>             | <b>2011</b>            |
| Commutation of pensions to lump sums<br>pre April 2010 entitlement | 50%                     | 50%                    |
| post April 2010 entitlement  | 75%                     | 75%                    |

The current mortality assumptions are based on the recent actual mortality experience of members within the Fund and allow for expected future mortality improvements. The assumed life expectations on retirement age 65 are:

|                                  | At 31 August 2013 | At 1 August 2013 |
|----------------------------------|-------------------|------------------|
| <b>Retiring today</b>            |                   |                  |
| Males                            | 22.1              | 22.1             |
| Females                          | 24.3              | 24.3             |
| <b>Retiring in 20 years time</b> |                   |                  |
| Males                            | 23.9              | 23.9             |
| Females                          | 26.2              | 26.2             |

## 19. Pension and similar obligations (continued)

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

|                                     | Expected<br>return at<br>31 August<br>2013 | Fair Value<br>at 31<br>August<br>2013<br>£000 | Expected<br>return at 1<br>August<br>2013 | Fair Value<br>at 1 August<br>2013<br>£000 |
|-------------------------------------|--|---|---|---|
| Equities                            | 7.9%                                       | 2,844   | 7.8%                                      | 2,889                                     |
| Property                            | 7.4%                                       | 116   | 7.3%                                      | 119                                       |
| Government Bonds                    | 3.4%                                       | 444   | 3.3%                                      | 450                                       |
| Corporate Bonds                     | 4.1%                                       | 222   | 4.0%                                      | 225                                       |
| Cash                                | 0.9%                                       | 148   | 0.9%                                      | 150                                       |
| Other                               | 7.9%                                       | 117   | 7.8%                                      | 119                                       |
| <b>Total market value of assets</b> |  | <b>3,891</b>                                  |   | <b>3,952</b>                              |
| Present value of scheme liabilities |  | (5,515)                                       |   | (5,321)                                   |
| <b>Deficit in the scheme</b>        |  | <b>(1,624)</b>                                |   | <b>(1,369)</b>                            |

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.

The Beckfoot and Hazelbeck Academy Trust employs a building block approach in determining the expected rate of return on fund assets. Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles. The assumed rate of return on each asset class is set out above. The overall expected rate of return on assets is then derived by aggregating the expected return for each asset class over the over the actual asset allocation for the Fund at 31 August 2013.

The actual loss on scheme assets for 2013 was £94,000.

### Amounts recognised in the Statement of Financial Activities

|  | 2013<br>£000 |
|--|--------------|
| Current service cost (net of employee contributions) | 38           |
| <b>Total operating charge</b>                        | <b>38</b>    |

### Analysis of pension finance costs

|  |            |
|--|------------|
| Expected return on pension scheme assets | (21)       |
| Interest on pension liabilities          | 19         |
| <b>Pension finance costs</b>             | <b>(2)</b> |

The actuarial gains and losses for the current year are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a £243k loss.

**19. Pension and similar obligations (continued)**

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

|                        | <b>2013</b>  |
|------------------------|--------------|
|                        | <b>£000</b>  |
| <b>At 1 August</b>     | <b>5,321</b> |
| Current service cost   | 38           |
| Interest cost          | 19           |
| Employee contributions | 10           |
| Actuarial (gain)/loss  | 128          |
| Benefits paid          | (1)          |
| <b>At 31 August</b>    | <b>5,515</b> |

**Movements in the present value of academy's share of scheme assets:**

|                           | <b>2013</b>  |
|---------------------------|--------------|
|                           | <b>£000</b>  |
| <b>At 1 August</b>        | <b>3,952</b> |
| Expected return on assets | 21           |
| Actuarial gain            | (115)        |
| Employer contributions    | 24           |
| Employee contributions    | 10           |
| Benefits paid             | (1)          |
| <b>At 31 August</b>       | <b>3,891</b> |

The estimated value of employer contributions for the period ending 31 August 2014 is £340,000.

**History of experience adjustments since becoming an academy are as follows:**

|   | <b>2013</b>    |
|---|----------------|
|   | <b>£000</b>    |
| Present value of defined benefits obligations                 | (5,515)        |
| Fair value of share of scheme                                 | 3,891          |
| <b>Deficit in scheme</b>                                      | <b>(1,624)</b> |
| Experience adjustments on share of scheme assets amounts £000 | (115)          |
| Experience adjustments on scheme liabilities amounts £000     | -              |