

Company Registration No. 06772181

Bradford College Education Trust

(a Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

for the year ended

31 August 2016

Bradford College Education Trust

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Bradford College Education Trust

REFERENCE AND ADMINISTRATIVE DETAILS

MEMBERS

Bradford College Corporation
E Gregory (Appointed 16 December 2014)
G S Senior (Resigned 31 March 2016)
A Welsh
R Wightman

DIRECTORS

R Wightman (Chairman)
E Gregory
S Anwar-Bleem (Resigned 9 December 2015)
K Cornforth
D Hambleton (Resigned 24 May 2016)
P Harris
D Harwood (Appointed 24 May 2016)
E Hughes (Appointed 24 May 2016)
D Saxton (Accounting Officer)
G S Senior (Resigned 31 March 2016)
S Tinsley (Resigned 31 July 2016)
M Walsh (Resigned 24 November 2015)
N Ward (Appointed 23 June 2016)
A Welsh

SENIOR MANAGERS

Director of School Improvement
Principal–Appleton Academy
Principal – Samuel Lister Academy
Acting Director – Bradford Studio School
Chief Financial Officer

D Saxton
H Jones
R Osborne
V Almond (Ceased employment 31 July 2016)
S Murray

REGISTERED OFFICE

Bradford College
Great Horton Road
Bradford
West Yorkshire
BD7 1AY

PRINCIPAL PLACES OF BUSINESS

Appleton Academy
Woodside Road
Wyke
Bradford
BD12 8AL

Samuel Lister Academy
Cottingley New Road
Bingley
West Yorkshire
BD16 1TZ

Bradford Studio School (now closed)
88 Thornton Road
Bradford
BD1 2DX

COMPANY REGISTRATION NUMBER

06772181 (England and Wales)

Bradford College Education Trust

REFERENCE AND ADMINISTRATIVE DETAILS

EXTERNAL AUDITOR

Saffery Champness
Mitre House
North Park Road
Harrogate
HG1 5RX

BANKERS

Barclays Commercial Bank
PO Box 378
71 Grey Street
Newcastle upon Tyne
NE99 1JP

Lloyds Bank
Hustlergate
Bradford
BD1 1NT

Natwest plc
7 Hustlergate
Bradford
West Yorkshire
BD1 1PP

SOLICITORS

Browne Jacobson
Mowbray House
Castle Meadow Road
Nottingham
NG2 1BJ

Bradford College Education Trust

REPORT OF THE DIRECTORS

The directors present their annual report together with the financial statements and auditor's report of the charitable company for the year ended 31 August 2016. The charitable company was incorporated on 12 December 2008.

The financial statements have been prepared in accordance with the accounting policies on pages 30 to 33 of the attached financial statements, and comply with the charitable company's memorandum and articles of association, the Companies Act 2006, and the requirements of Accounting and Reporting by Charities: Statement of Recommended Practice, applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (Effective 1 January 2015) (SORP 2015).

The Trust operates one all through academy and one secondary academy in Bradford, West Yorkshire. It has a pupil capacity of 2,525 and had a roll of 1,974 in the school census on 1 October 2016.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Trust is a company limited by guarantee with no share capital (registration no.06772181) and is an exempt charity. The charitable company's Memorandum and Articles of Association dated March 2012 are the primary governing documents of the Trust. Members of the charitable company are nominated by either the Secretary of State for Education or by Bradford College, the sponsors of the Trust.

The Articles of Association require the members of the charitable company to appoint at least four members to be responsible for the statutory and constitutional affairs of the charitable company and the management of the Trust.

Members' liability

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

Directors

The directors indicated on page 1 are directors of the charitable company for the purposes of the Companies Act 2006 and Trustees for the purposes of charity legislation. The directors who were in office at 31 August 2016 served throughout the period, except where indicated on page 1.

Principal activities

The principal object and activity of the charitable company is the operation of the Bradford College Education Trust to advance, for the public benefit, comprehensive education for pupils between the ages of 3 and 19 years offering a broad and balanced curriculum.

Method of recruitment and appointment of Directors

The Trust Board currently consists of up to 11 individuals (see page 4) which are comprised as follows: 6 Sponsor Directors identified by the lead sponsor all of whom have a complimentary skill set including teaching and learning, finance, human resources and buildings and estates. Alongside the six are five further directors who are appointed by the Board, one of which must have financial expertise and one Senior Management Team Director. There are currently 2 vacancies on the Board of Directors.

All Directors are appointed for a period of four years. Should any sponsor director resign the Trust members will be responsible for receiving nominations and agreeing a suitable replacement.

Policies and Procedures Adopted for the Induction and Training of Directors

All new Directors are inducted into the Trust through a variety of ways which include a meeting on appointment with the Director of School Improvement, Head of Finance and Head of HR of the Trust to induct them. During this meeting training needs are identified and agreed with an implementation plan following. A minimum of one visit to each school/academy per year is expected alongside corporate training with school/academy governors which takes place prior to Board meetings as necessary.

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All directors have access to a secure online storage area which enables them source policies, procedures, accounts and budgets and other documents they require to undertake their role. All paperwork for meetings is stored securely within a governors portal accessible on the Trust website.

Organisational Structure

The management and organisational structure consists of five levels: the Trust members, Board of Directors, sub-committees, local Governing Bodies, and the senior managers within the Trust and academies. The aim of the structure is to devolve accountability and responsibility and encourage involvement in decision making at all levels.

- a) The Members of Bradford College Education Trust define the Object, Purpose and Ethos.
- b) The Board of Directors has overall responsibility and ultimate decision making authority for all the work of Bradford College Education Trust. This is largely exercised through strategic planning and the setting of policy. It is managed through the business planning, monitoring of budgets, ensuring statutory and financial compliance, performance appraisal, the setting and monitoring of standards and the implementation of quality assurance processes. The Board of Directors appoints individual academy senior leaders and governors.
- c) The Local Governing Bodies of the academies are responsible for the day to day operation of their academy in accordance to the delegations from the Board of Directors.
- d) The local Governing Body is responsible for raising the educational standards at their academy, scrutinising the academies performance in a range of educational and financial areas, monitoring policy and adopting an annual school development plan and budget.
- e) The Senior Leadership Team, who are the Director of School Improvement, the Academy Principals and Vice Principals along with the Head of Finance, control the Trust at an executive level implementing the strategy and policies laid down by the Directors and Governors and reporting back to them regularly. As a group the Senior Leadership Team, along with the Business/Finance Lead is responsible for the authorisation of spending within agreed budgets. A scheme of delegation is in place across the Trust to ensure consistent levels of authorisation of expenditure are in place.
- f) To assist the Directors in their work the Trust has established the two following sub-committees:
 - The Finance and General Purposes (F&GP) Committee
 - The Audit and Risk Management Committee (ceased 31 August 2016 and responsibilities merged into F&GP Committee from 1 September 2016)

Arrangements for setting pay and remuneration of key management personnel

The Members consider the Board of Directors and the senior management team comprising of the key management personnel of the Trust to be in charge of directing and controlling, running and operating the Trust on a day to day basis.

All directors, with the exception of the Director of School Improvement who is an employee of the trust, give of their time freely and received no remuneration in the year. Details of directors' expenses and related party transactions are disclosed in note 17 to the accounts.

The pay of senior and centrally appointed staff is reviewed annually by the Trusts HR and Remuneration Committee. Any increases are in line with the Trust's appraisal and pay policy.

Related parties and connected organisations

Bradford College is the sponsor to Bradford College Education Trust. Please refer to note 16 for details of related and connected party transactions.

Risk management

The directors have assessed the major risks to which the Trust is exposed, in particular those relating to education, provision of facilities and other operational areas of the Trust, and its finances. The Trust monitors risk through Finance and General Purposes Committee, Local Governing Body and Board meetings and tracking through the Director of School Improvement, Head of Finance and Head of HR.

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The directors have implemented a number of systems to assess risks that the academies face, especially in corporate and operational areas (e.g. in relation to teaching, health and safety, HR and staffing, bullying and school trips) and in relation to the control of finance. The Trust has introduced systems, including operational procedures (e.g. vetting of directors/governors, staff and visitors, supervision of school grounds) and internal financial controls in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover through a group policy.

The Trust has an effective system of internal financial controls and this is explained in more detail in the later statement.

OBJECTIVES AND ACTIVITIES

Objects, aims and objectives

The principal object and activity of the charitable company is the operation of Bradford College Education Trust to advance, for the public benefit, education for pupils of different abilities between the ages of 3 and 19.

In accordance with the Articles of Association the charitable company has entered into a Master Funding Agreement approved by the Secretary of State for Education. The Master Funding Agreement specifies, amongst other things, the basis for admitting pupils to the Academies, the catchment area from which the pupils are drawn, and that the curriculum should be broad and balanced and relevant to the needs and aspirations of all our learners.

The vision of the Trust is clear:

Bradford College Education Trust's vision is to deliver outstanding learning and educational achievement.

We will enable successful progression and enhanced life opportunities for children and young people in all of our academies, schools and communities. We want every child and young person to fulfil their potential as individuals, as citizens, as employees and as leaders in a rapidly changing world.

Underpinning this vision are a set of core beliefs and values.

Bradford College Education Trust's beliefs include:

- All our learners, and those who support them benefit from high aspirations and expectations.
- All our learners can achieve to their full potential.
- All our learners should have access to the very best opportunities and teaching available.
- Success for children and young people comes from active engagement with, and ownership of, their own learning.
- Learning must be appreciated as a lifelong process that will constantly open up new opportunities.
- All children and young people need to have self-confidence, a strong sense of personal and social responsibility, and eventually 'work' and life skills.
- Recruiting and retaining the best Staff.
- The best results come from a 'culture' of collaboration and partnership.

The values that underpin our beliefs and actions:

- Respect for ourselves, for others and for the environment.
- Openness.
- Honesty.
- Creativity and inspiration.
- A healthy, critical perspective on new ideas.
- A 'can do' attitude and approach.
- Hard work, perseverance and striving for excellence.

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- Empathy and being prepared to listen to what others have to say.
- Helpfulness and a thoughtful attitude and approach to others.
- Being responsive to feedback.

Bradford College Education Trust's Aims

Bradford College Education Trust aims to achieve the following with all of our academies:

- Outstanding achievement and attainment for all children and young people
- All of our children and young people feel safe and secure in an academy that is a caring and nurturing environment
- Excellent attendance
- A relevant and broad curriculum offer to our learners
- All learners have an enjoyment of learning
- 100% progression post 16 and post 18 to further and/or higher education, training and/or employment with training
- The highest quality teaching and learning
- The use of a wide range of effective learning and teaching approaches and practice
- Our academies to be the first choice for families and respected in their communities
- Highly effective collaborative and partnership activity with key stakeholders, employers, multi-agency groups and others
- Excellent opportunities for staff development
- To be the employer of first choice

Equal opportunities policy

The Directors recognise that equal opportunities should be an integral part of good practice within the workplace. The Trust aims to establish equal opportunity in all areas of its activities including creating a working environment in which the contribution and needs of all people are fully valued. The Trust has a detailed Equal Opportunities Policy which has been agreed by Directors during the year.

Disabled persons

Lifts and disabled toilets are installed and door widths are adequate to enable wheelchair access to the main areas of the Trust. The policy of the Trust is to support recruitment and retention of pupils and employees with disabilities. The Trust will do this by adapting the physical environment wherever possible by making support resources available and through training and career development.

Public Benefit

When setting the objectives of the charitable company for the year the Directors of BCET have given careful consideration to the Charities Commission guidance on public benefit.

STRATEGIC REPORT

The two academies and the Studio School have outcomes and achievements for the academic year 2015-2016 that will be reported in the national performance tables covering all Key Stages.

The outcomes reported below show that in many areas the performance of the Trust's academies has improved and that the Early Years and Key Stage 1 performance is outstanding. However, in Key Stage 2 there has been a drop in some key performance indicators and in Key Stage 4 the results are not improving at a sufficiently rapid rate.

Appleton Academy

Appleton Academy is an all through academy and has outcomes in all key stages.

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Early Years Outcomes 2015-16

Good Level of Development	No	2015 AA	2015 NA	2016 AA	2016 Change
All	60	72%	66%	80%	+8%

- The proportion of pupils achieving a good level of development this year is 80% this has exceeded the target of 75% and increased the percentage of children achieving this last year by 8%. This continues the year on year improvement.
- Provision is outstanding and the Local Authority are signposting Appleton as an example of excellence this area was also identified as outstanding in the latest Ofsted report. The quality of the provision and the outstanding teaching is having a significant impact on pupil outcomes.

Key Stage 1

Phonics

Phonics Year 1	2016 AA	2016 NA
All	84%	81%

Key Stage 1 Results

Passing Phonics Check by end of Y2	2016 AA	2016 NA
All	94%	91%

End of KS 1

Key Stage 1	2016	2016 NA
% achieving ARE in Reading	78%	74%
% achieving Greater Depth in Reading	27%	24%
% achieving ARE in Writing	73%	65%
% achieving Greater Depth in Writing	17%	13%
% achieving ARE in Maths	75%	73%
% achieving Greater Depth in Maths	24%	18%

- At the end of KS1 children at Appleton continue to exceed national performance in all of the performance measures.

Key Stage 2

End of Key Stage 2

	2015 (ARE_L4B+)		2016	
	AA	NA	AA	NA
% achieving ARE Reading	85%	80%	54%	66%
% exceeding ARE Reading	40%	49%	5%	19%
% achieving ARE Writing	85%	87%	68%	74%
% exceeding ARE Writing	40%	36%	8%	15%
% achieving ARE maths	76%	77%	76%	70%

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% exceeding ARE in Maths	40%	42%	11%	17%
% reaching ARE GPAS	70%	73%	70%	72%
% achieving ARE R&W&M	73%	69%	43%	53%

- Performance in Maths is positive with Writing and Grammar Punctuation and Spelling close to national average.
- Reading performance is not as expected and is not in line with teacher assessment.
- The proportion of pupils achieving ARE is below the national performance, which is mainly due to the drop in reading performance.
- Girls performance is weaker than boys in reading, maths and the combined measure although the prior attainment of girls was lower
- The difference in performance of disadvantaged pupils in reading is smaller than in Maths where there is a 15% difference in performance.
- The academy is putting in place a range of strategies to bring about a rapid improvement in the achievement of children in reading.

KS2 Progress Scores for 2015/16

Progress	2016	Expected / Floor
Reading	-2.2	0/-5
Maths	-0.2	0/ -5
Writing	-1.7	0/ -7

While the Academy is not below the floor or “coasting” standards the progress achieved is below national and not the positive progress seen with previous cohorts.

Key Stage 4 - GCSE Results

	Appleton			National
	2014	2015	2016	2016
Progress 8	NA	-0.52	-0.47	
Attainment 8	NA	40.8	42.4	48.2
% Basics (A*-C E&M)	44%	49%	50%	58.7%
% Ebacc	5%	7%	7%	22.8%
% Ebacc entries	18%	20%	21%	36.6%
				2015
% 5 A*-C EM	40%	46%	48%	57%
% English A*-C	64%	60%	60%	73%
% Maths A*-C	53%	62%	58%	70%
% English Expected	61%	66%	70%	71%
% Maths Expected	40%	59%	51%	67%

- While Appleton has a rising trend in most measures these are not rising as rapidly as required.
- The provisional Progress 8 measure indicates the progress of students is below average for students with similar prior attainment.
- The areas of greatest weakness within the academy are maths, and science with maths being the only area that has weakened from 2015.

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Post-16 Results

Appleton Academy 2016 Year 13 Results	National	Appleton Academy		
	2015	2014	2015	2016
No in cohort at end of KS5 study		16	19	39
APS A level entry	216.1	140.0	133.4	19.33
APS as A level grade	C+	E-	U	D
A level Value Added	0	-0.57	-0.43	0.02
APS vocational entry	219.5	219.4	231.7	40.82
APS as vocational grade	Dist-	Dist-	Dist+	Dist+
Vocational Value Added	0	-0.4	-0.22	0.51

- Academic attainment has improved by a full grade (E to D) and progress has also improved by half a grade (-0.41 to 0.02).
- Attainment in applied general qualifications has improved by half a grade (Distinction to Distinction+) and progress has improved by over a full grade (-0.22 to 0.51).
- Progress in GCSE English has remained at 0.5, which is significantly above the national figure of -0.09.
- Progress in GCSE Maths has dropped slightly from 0 to -0.05, however this remains better than the national figure of -0.11.

Samuel Lister Academy

Key Stage 4 – GCSE results

	Samuel Lister			National
	2014	2015	2016	2016
Progress 8	NA	-0.36	-0.17	
Attainment 8	NA	38.2	41.5	48.4
% Basics (A*-C E&M)	55%	44%	34%	57%
% Ebacc	14%	5%	8%	24%
% Ebacc entries	22%	19%	20%	39%
				2015
% 5 A*-C EM	54%	40%	35%	57%
% English A*-C	63%	60%	61%	73%
% Maths A*-C	61%	45%	40%	70%
% English Expected	74%	70%	70%	71%
% Maths Expected	58%	52%	38%	67%

- The Progress 8 measure indicates that the academy is close to national performance with students of similar prior attainment.
- The Basics performance has as a result of a drop in attainment in maths, which has seen a three year decline in performance.
- GCSE English has remained relatively stable and has a positive progress score.
- The performance of students in the EBacc element is weak in terms of progress due to the weak performance of science.
- The performance of students in the Open Progress 8 element is stronger.

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Post-16 Results

SLA KS5 Results 2016 Y13	National Results	Samuel Lister Academy		
	2015	2014	2015	2016
No in cohort at end of KS5 study		51	55	52
APS A level entry	216.1	168	150.0	21.17
APS as A level grade	C+	D-	E	D
A level Value Added	0	-0.36	-0.34	0.17
APS vocational entry	219.5	210	232.0	39.10
APS as vocational grade	Dist-	Dist-	Dist+	Dist+
Vocational Value Added	0	-0.32	0.01	0.42

- Academic attainment has improved by half a grade (D- to D) and progress has improved by slightly over a half a grade (-0.43 to 0.17).
- Attainment in applied general qualifications has also improved by half a grade (Distinction to Distinction+) and progress has improved by a half grade (-0.09 to 0.42). This L3VA score is significantly above national.
- Attainment in Tech Levels (BTEC Applied Law) improved by half a grade (Distinction+ to Distinction*).
- Progress in GCSE English has improved from 0.56 to 0.73, which is significantly above the national figure of -0.09.
- Progress in GCSE Maths has improved from 0.25 to 0.8, again this is significantly above the national figure of -0.11.

Bradford Studio School

The cohort at the Studio School for 2016 was 9 students who had significant issues around attendance, behaviour and engagement on arriving at the Studio School.

	BSS		National
	2015	2016	2016
Progress 8	-1.11	-02.07	
Attainment 8	32.33	25.6	48.4
% Basics (A*-C E&M)	8%	0%	57%
% Ebacc	0%	0%	24%
% Ebacc entries	0%	0%	39%
			2015
% 5 A*-C EM	8%	0%	57%
% English A*-C	33%	33%	73%
% Maths A*-C	17%	0%	70%
% English Expected	42%	8%	71%
% Maths Expected	33%	15%	67%

The students did not follow a curriculum that met the requirements of Progress 8 and EBacc and instead focused on the basics and vocational qualifications.

All students had a place in education, training or employment to progress to after the Studio School.

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Bradford Studio School

SLA KS5 Results 2016 Y13	National Results	Samuel Lister Academy		
	2015	2014	2015	2016
No in cohort at end of KS5 study		51	55	52
APS A level entry	216.1	168	150.0	21.17
APS as A level grade	C+	D-	E	D
A level Value Added	0	-0.36	-0.34	0.17
APS vocational entry	219.5	210	232.0	39.10
APS as vocational grade	Dist-	Dist-	Dist+	Dist+
Vocational Value Added	0	-0.32	0.01	0.42

2015 Shadow Data was not available for BSS to compare with 2016 Provisional Data. Academic attainment was slightly lower than that of the other two academies (D-) and progress was significantly lower (-0.72). Attainment in applied general qualifications was again slightly lower than the other two academies (Distinction), the value added score was slightly positive (0.08).

Progress in GCSE English was 0.27, which is above the national figure of -0.09 and progress in GCSE Maths was 0.21, again this is above the national figure of -0.11.

The Bradford Studio School was closed on 31 August 2016 by agreement with the Secretary of State.

Ofsted Inspections

Both Appleton Academy and Samuel Lister Academy had Section 5 Ofsted inspections during the academic year.

Appleton Academy's inspection resulted in an overall judgement of Requires Improvement. However, within the overall judgement some areas of strength were identified with leadership and management judged as Good and the Early Years provision judged as Outstanding. The text of the report also identifies that there is good provision with the Primary phase of the academy. The area of weakness within the academy continues to be within the secondary phase.

The inspection of Samuel Lister Academy identified that the academy was Inadequate in all of the judgement areas and the academy was placed into Special Measures. The Trust has put in place a plan to bring about rapid improvements at Samuel Lister Academy so that it will come out of Special Measures at the first available opportunity.

More detail regarding the plans to bring about improvement at both academies is provided in the Plans for Future Periods section of the report.

Going Concern

After making appropriate enquiries, the Directors have a reasonable expectation that the academy Trust has adequate resources to continue in operational existence for the foreseeable future despite having an overall in-year deficit of £1.7m. The Trust has invested heavily in educational focussed activities during the year, utilising the reserves built up in previous periods and deems its substantial remaining reserves to be adequate to support its on-going activities. A review of all non payroll expenditure is underway and the Trust continues to seek for value for money across all procurement.

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 Accounting Policies.

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Key Performance Indicators

Key performance indicators are set out each year with the academies relating to student examination outcomes and other key measures, such as staffing percentages being below 80% of GAG or less. These are monitored on a regular basis by the Finance and General Purpose Committee of the Trust as well as the Local Governing Bodies and reported to the Trust board.

FINANCIAL REVIEW

Financial report for the period

Most of the Trust's income is obtained from the EFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFA during the year ended 31 August and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the period ended 31 August 2016, total income of £12.6m (2015 £13.1m) was recognised.

Total expenditure amounting to £14.4m (2015: £17.7m) was incurred resulting in a deficit of £1.7m (2015 £4.5m) in year before the FRS102 pension adjustment of £3.1m, which leads to an overall in year deficit of £4.8m.

There has been a significant increase in Trusts pension liability by £3.3m to £5.0m (2015:£1.7m) at the balance sheet date due to the timing of the collapse in the discount rate during the accounting period, and the historically unprecedented low bond rates at 31 August 2016. The FRS102 accounting standard largely prescribes how the liabilities are to be measured, including the way in which the discount rate is to be determined and therefore the trust has little control over the value of this figure after electing to follow the recommended assumptions set out by the actuary.

GAG income has reduced at Samuel Lister by almost £161k and Bradford Studio School by £142k due to falling pupil numbers at both schools.

With the exception of the FRS102 actuarial pension adjustment and restricted fixed asset costs, expenditure across the trust has decreased in all areas to ensure the long term financial viability of the trust. As contracts have come up for renewal in the year they have been carefully assessed and renegotiated wherever possible. The largest investment in funds during the year has been ensuring we have the right staff in place to meet the demands of the academies and bringing about the required school improvement.

At 31 August 2016 the Trust had net assets excluding pension liability of £26.6m (2015: £28.2m) and a consolidated pension deficit of £4.96m (2015: £1.69m).

Financial and Risk Management Objectives and Policies

Principal Risks and Uncertainties

At all the academies a system of internal controls including financial, operational and risk management designed to protect the entities assets and reputation have been in place.

During the year the Trust had an Audit and Risk Committee which undertook a comprehensive review of the risks to which the whole Trust and individual academies were exposed. They identified systems and procedures, including specific preventable actions, which would mitigate any potential impact on the Trust.

From 1 September 2016 the duties of the separate Audit and Risk Committee were merged with the Finance and General Purposes Committee and remain of key importance to the committee. A programme of appraisal and review of the controls in place is undertaken to review the Trust's

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effectiveness and protect against risk. In addition to this the Finance and General Purposes Committee considers any risks which may arise as results of a new area of work undertaken by the Trust.

A risk register is maintained by the Trust and populated by the academies, reviewed throughout the year at each Board meeting and regularly during the year by the individual academies. The risk register identifies key risks, likelihood of risks occurring, the inherent and residual risk, their potential impact on the Trust and the actions being taken to reduce and mitigate the risks, as well as looking at the cause and effects of risks in detail.

The Scheme of Delegation for the Trust has been reviewed and updated from 1 September 2016 as have the Financial Regulations and Financial Policies for each part of the Trust.

Reserves policy

The Directors review the reserve levels of the Trust annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Directors have determined that an appropriate level of free reserves should be in the region of £600k. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance.

BCET central funds are in surplus at 31 August 2016 of £192k (2015:£175k). For 2015/16 the Trust increased its percentage of GAG that it invoiced the academies and studio school for from 3.75% in 2014/15 to 5.5% in 2015/16. The Trust has invested heavily during the year in additional Assistant Directors for School Improvement in the key areas Mathematics and Post-16. These appointments have required a need for greater income in the centre. The Trust centre plans to hold minimal reserves and will ensure that any surplus funds are reinvested into the academies within BCET.

The Trust's level of free reserves at 31 August 2016 (total funds less the amount held in fixed assets and restricted funds) is £1.1m (2015: £920k).

The Trust's pension scheme liability at 31 August 2016 amounted to £5.0m (2014: £1.7m). This liability does not have an immediate impact on cash flow, but may result in increased contributions in future years. Parliament has agreed, that at the request of the Secretary of State for Education, to guarantee that in the event of an academy closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education.

Investment policy

The Trust has an Investment policy approved by the Board of Directors and supporting finance committee which focuses on:

- Exercising care and skill when making investment decisions.
- Selecting investments that are right for the schools. This means taking account of:
 - How suitable any investment is for the school.
 - The need to diversify investments.
- Reviewing investments periodically.

PRINCIPAL RISKS AND UNCERTAINTIES

The main risks of the Trust are

- The Trust does not take sufficient effective action to bring about rapid improvement in the quality of education and outcomes for all students so that Ofsted judges the academies Good at their next inspection.
- The lack of rapid improvement in the academies leads to the being re-brokered by the Regional Schools Commissioner.

Bradford College Education Trust

REPORT OF THE DIRECTORS

- The Trust does not take prompt action in putting in place a more effective structure of governance and reporting.
- Future funding levels from the EFA.

There is little assurance from government policy that funding levels will remain the same in future years and the introduction of the Fairer Funding Policy from 2018 is expected to reduce the levels of income received by the academies within BCET.

To mitigate this the Trust will continue to review the staffing structures within the academies and BCET during 2016-17 to ensure it is fit for purpose and sustainable. The Trust is also committed to centralising the key areas of finance and HR to benefit from economies of scale so that more resources can be released to rapidly improve education within the academies.

- Sustainable pupil numbers at Samuel Lister

In September 2016 Samuel Lister Academy enrolled 26 pupils into Year 12. With a cohort of 44 pupils leaving the academy in year 13 there has been a fall in the number of pupils at the academy to 663. This will result in a loss of funding in the 2017-2018 year.

The academy has already taken action to reduce staffing and other costs. The Trust will keep the staffing costs under review and seek where possible to make further savings. The Trust will also seek to provide support for the ongoing requirement for improvement at Samuel Lister Academy by using capacity from other areas of the Trust.

BCET has appointed RSM (formally Baker Tilly) as its Internal Auditors to further develop and embed the system of internal controls, designed to protect the Trust's assets and reputation.

Final reports of their findings have been reported to the Audit and Risk Committee who were monitoring all recommendations to ensure they are put into practice as soon as possible to provide independent assurance to the Board that controls have been adequately designed and complied with.

PLANS FOR FUTURE PERIODS

The Trust has put in place an improvement plan for Samuel Lister Academy that has been judged fit for purpose by Ofsted. The plan identifies a range of actions and resources that will be committed to bringing about rapid improvements at the academy, which consist of the following;

- The suspension of the Local Governing Body and the replacement by an Interim Executive Board (IEB) consisting of Directors and independent education experts.
- The commitment by the Trust to provide whatever is required in terms of its human and financial resources to effect change at the academy.
- The commissioning of Feversham College, a local outstanding academy, to be a school improvement partner focussing on leadership, quality assurance and teaching.
- The commissioning of Rodillian Academy to support Samuel Lister Academy in bringing about improvements in behaviour.
- A range of activities provided by the sponsor to support student outcomes, progression and the developing of teaching.
- The appointment of high quality staff to the academy over and above requirements to provide additional leadership and teaching capacity.
- The commissioning of B11 consultancy to provide independent monitoring and quality assurance of the academy to the IEB and Board of Directors at half termly intervals.

Bradford College Education Trust

REPORT OF THE DIRECTORS

The Directors will monitor the plan on a regular basis to ensure it is having an impact and if required the plan will be adjusted to bring about the required rapid improvements at Samuel Lister Academy.

In relation to Appleton Academy the Board of Directors has commissioned Cockburn School to provide school to school support in the key areas of Key Stage 4 science and mathematics to bring about improvements in outcomes for students.

A further important activity for the Trust at the start of the 2016-2017 academic year is the commissioning of an external review of governance across the Trust. The Board of Directors are committed to acting on the recommendations of the review and will put in place an action plan to implement the recommendations in a timely manner.

AUDITOR

Statement as to disclosure of information to the auditor

The Directors confirm that so far as they are aware, there is no relevant audit information of which the charitable company's auditor is unaware. They have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

The Trustees' Annual Report is approved by order of the board of Trustees and the Strategic Report (included therein) is approved by the Board of Trustees in their capacity as the directors at a meeting on _____ date and signed on its behalf by:

R Wightman, Chair of Board of Directors

Bradford College Education Trust

GOVERNANCE STATEMENT

Scope of Responsibility

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

The Board of Directors delegated the day to day responsibility to Dwayne Saxton, the accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Bradford College Education Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Directors any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Directors' Report and in the Statement of Directors responsibilities.

The Board of Directors has formally met seven times during the year. Attendance at these meeting were as follows:

	Meetings attended	Out of a possible
S Anwar-Bleen (Resigned 9 December 2015)	0	1
K Cornforth	4	6
E Gregory	4	6
D Hambleton (Resigned 24 May 2016)	1	5
P Harris	5	6
D Harwood (Appointed 24 May 2016)	1	1
E Hughes (Appointed 24 May 2016)	1	1
D Saxton (Accounting Officer)	6	6
G Senior (Resigned 31 March 2016)	2	4
S Tinsley (Resigned 31 July 2016)	2	6
M Walsh (Resigned 24 November 2015)	0	1
N Ward (Appointed 24 May 2016)	0	1
A Welsh	4	6
R Wightman (chair)	6	6

Within 2015/16 the Board received five resignations and three appointments were made.

All Directors and Governors are expected to attend appropriate training sessions during the year.

Finance and General Purposes Committee

The Finance and General Purposes Committee is a sub-committee of the Board and its responsibilities on behalf of the Board include

1. Review, adopt and monitor financial policy and scheme of delegation
2. Financial decision making and planning and monitoring of this thereafter
3. Review and adopt policies in relation to IT, HR and Premises

From the 1 September 2016 the Finance and General Purposes Committee also took on the responsibilities of the Audit and Risk Committee in one newly merged committee.

Bradford College Education Trust

GOVERNANCE STATEMENT

Attendance at the F&GP committee meetings in the year were as follows:

	Meetings attended	Out of a possible
B Boulier (Resigned 1 March 2016)	0	2
K Cornforth	3	5
D Saxton	4	5
Y Mayat (Appointed 15 March 2016)	1	2
S Murray	5	5
G Senior (Chair) (Resigned 31 March 2016)	2	3
D Tucker-Brown (Resigned 1 March 2016)	1	2
A Welsh (Acting Chair)	4	5
C Wilson (Appointed 15 March 2016)	1	2

Audit & Risk Committee

During the 2015/16 year the Board of Directors delegated responsibilities of Audit and Risk to a separate sub-committee of the main Board of Directors. Its purpose was to:

1. To provide the Trust Board, normally through the Audit Committee, with an independent, objective assurance and consulting service designed to add value and improve the Trust's operations.
2. To help the Trust accomplish its objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of risk management, control, due diligence and governance processes.

Attendance at the audit and risk committee meetings in the year were as follows:

	Meetings attended	Out of a possible
S Anwar Bleen (Resigned 9 December 2015)	0	1
P Ashton	1	1
D Hambleton (appointed 16 December 2014)	1	1

From 1 September 2016 the responsibilities of this committee were merged into the Finance and General Purposes Committee.

Review of Value for Money

As Accounting Officer the Director of School Improvement has responsibility for ensuring that the academy Trust delivers good value in the use of public resources. The accounting officer understands that the value for money refers to the educational and wider societal outcomes achieved in return for the taxpayers resources received.

The accounting officer considered how the Trust's use of its resource has provided good value for money during each academic year, and reports to the Board of Directors where value for money can be improved including the use of benchmarking data where available.

The accounting officer for the Trust has delivered improved value for money during the year by:

- Financial governance and oversight
The Trust benefits from the provision of an independent internal audit service provided by RSM. RSM report directly to the Audit Committee on all systems and procedures together with other areas identified in the Internal Audit Programme.

Bradford College Education Trust

GOVERNANCE STATEMENT

BCET receives support throughout the year from its external auditors, Saffrey Champness, on compliance and accounting practices.

The Finance and General Purposes Committee receive regular Income and Expenditure reports together with a detailed analysis of all significant variances. Compliance with the Scheme of Delegation is also monitored by the Committee, which reviews the Scheme annually.

The Board of Directors approve the budget each year bearing in mind the requirement to achieve a balanced budget and to ensure that the Trust remains a “going concern”. The Members also receive and approve the Trustees annual report and accounts together with external auditors management Letter.

- **Better procurement**
Contracts and services are regularly appraised and renegotiated when appropriate to ensure value for money. BCET takes advantage of consortia or other “bulk” purchasing arrangements when appropriate, to obtain economies of scale.
- **Reviewing controls and managing risk**
The BCET Head of Finance and appropriate staff in the academies prepare regular budget monitoring reports for review by the Director of School Improvement and Principals. Where appropriate action is taken to address any variances that may have an impact on the budget out-turn.

BCET ensures that all surplus cash balances are invested in interest bearing accounts to maximise interest earning potential. Investment institutions are selected carefully to provide the most acceptable balance of return and risk.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The system of internal control has been in place in Bradford College Education Trust for the year ended 31 August 2016 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Board of Directors has reviewed the key risks to which the academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Directors is of the view that there is a formal on-going process for identifying, evaluating and managing the academy Trust's significant risks that has been in place for the year ending 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Directors

Bradford College Education Trust

GOVERNANCE STATEMENT

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Directors and local governing bodies;
- regular reviews by the Finance and General Purposes Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

RSM Risk Advisory Services LLP (formerly Baker Tilly Risk Advisory Services LLP) has been appointed as advisors to the Trust and undertake a scope of work as directed by the Audit Committee across all parts of the Trust including BCET centre.

The advisor's role includes giving advice on financial matters and performing a range of checks on the academy Trust's financial statements.

During the year reviews have taken place on the following areas:

- Underperforming Departments
- Procurement
- Governance
- Staff Development and Performance Management.

The Audit and Risk Committee receive the reports from the internal auditors on a termly basis and monitor the implementation of any recommendations. The Audit and Risk Committee then report its findings and recommendations to Board of Directors at each meeting.

Review of Effectiveness

As accounting officer, the Director of School Improvement has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the advisors;
- the work of the audit committee;
- 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.

Bradford College Education Trust

GOVERNANCE STATEMENT

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

Approved by order of the members of the Board of Directors on 2016 and signed on its behalf by:

D Saxton
Accounting Officer

R Wightman
Chair of Board of Directors

Bradford College Education Trust

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

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

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

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

If any instances are identified after the date of this statement these will be notified to the Board of Directors and EFA.

D Saxton
Accounting Officer

Bradford College Education Trust

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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

Company law requires the directors to prepare financial statements for each financial year. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Charitable Company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. observe the methods and principles in the Charities Statement of Recommended Practice (SORP 2005);
- c. make judgements and estimates that are reasonable and prudent;
- d. state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- e. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in business.

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

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

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

Approved by order of the members of the governing body on
by:

2016 and signed on its behalf

R Wightman
Chair of Board of Directors

Bradford College Education Trust

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF BRADFORD COLLEGE EDUCATION TRUST

We have audited the financial statements on pages 27 to 50. 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) including Financial Reporting Standard 102 (FRS102) and the Academies Accounts Direction 2015 to 2016 issued by EFA.

This report is made solely to the company's members and the trustees, 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.

We have been appointed as auditors under the Companies Act 2006 and report in accordance with those Acts. 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 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended.
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- Have been prepared in accordance with the requirements of the Companies Act 2006
- have been prepared in accordance with the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016

Bradford College Education Trust

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF BRADFORD COLLEGE EDUCATION TRUST (CONTINUED)

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

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

Bradford College Education Trust

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

In accordance with the terms of our engagement letter dated 21 July 2016 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, 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 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Bradford College Education 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 Bradford College Education 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 Bradford College Education Trust and the EFA, for our work, for this report, or for the conclusions we have formed.

Respective responsibilities of Bradford College Education Trust's accounting officer and the reporting auditor

The accounting officer is responsible, under the requirements of Bradford College Education Trust's funding agreement with the Secretary for State for Education dated 1 April 2012 and the Academies Financial Handbook, extant from 1 September 2015, 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 2015 to 2016. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2015 to 31 August 2016 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 2014 to 2016 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.

Bradford College Education Trust

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

The work undertaken to draw to our conclusion 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

During the course of our work, except for the matters listed below, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2015 to 31 August 2016 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Jonathan Davis
Reporting Accountant

For and on behalf of

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

Bradford College Education Trust
STATEMENT OF FINANCIAL ACTIVITIES
for the year ended 31 August 2016
(including the income and expenditure account)

	<i>Notes</i>	<i>Unrestricted funds</i> £'000	<i>Restricted general funds</i> £'000	<i>Restricted Fixed asset funds</i> £'000	<i>2016 Total</i> £'000	<i>2015 Total Restated</i> £'000
INCOME FROM						
Donations and capital grants	1	-	-	45	45	67
Charitable activities: Funding for the Academy Trust's educational operations	2	390	12,178	-	12,568	13,107
Investment income		8	-	-	8	12
TOTAL		<u>398</u>	<u>12,178</u>	<u>45</u>	<u>12,621</u>	<u>13,186</u>
EXPENDITURE ON:						
Charitable activities:						
Academy Trust's educational operations	3	263	12,984	1,103	14,350	15,104
Exceptional fixed asset write off		-	-	-	-	2,633
TOTAL		<u>263</u>	<u>12,984</u>	<u>1,103</u>	<u>14,350</u>	<u>17,737</u>
NET INCOME / (EXPENDITURE)		135	(806)	(1,058)	(1,729)	(4,551)
Transfers between funds	12	-	(87)	87	-	-
Other recognised gains / (losses): Actuarial gain on defined benefit pension schemes	19	-	(3,112)	-	(3,112)	228
NET MOVEMENT IN FUNDS		135	(4,005)	(971)	(4,841)	(4,323)
RECONCILIATION OF FUNDS						
TOTAL FUNDS BROUGHT FORWARD		<u>920</u>	<u>(868)</u>	<u>26,414</u>	<u>26,466</u>	<u>30,789</u>
TOTAL FUNDS CARRIED FORWARD		<u>1,055</u>	<u>(4,873)</u>	<u>25,443</u>	<u>21,625</u>	<u>26,466</u>

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

Bradford College Education Trust

BALANCE SHEET
as at 31 August 2016

Company Registration No: 06772181

	Notes	2016 £'000	2015 £'000
FIXED ASSETS			
Tangible assets	9	25,443	26,414
CURRENT ASSETS			
Stock	10	5	5
Debtors	11	375	413
Investments		-	200
Cash at bank & in hand		1,697	2,117
		2,077	2,735
Creditors: amounts falling due within one year	12	(933)	(998)
NET CURRENT ASSETS		1,144	1,737
TOTAL ASSETS LESS CURRENT LIABILITIES		26,587	28,151
NET ASSETS EXCLUDING PENSION LIABILITY		26,587	28,151
Pension scheme liability	19	(4,962)	(1,685)
TOTAL NET ASSETS	13	21,625	26,466
FUNDS OF THE ACADEMY TRUST:			
RESTRICTED FUNDS			
Fixed asset fund	13	25,443	26,414
General fund	13	89	817
Restricted funds excluding pension reserve		25,532	27,231
Pension reserve	13	(4,962)	(1,685)
TOTAL RESTRICTED FUNDS		20,570	25,546
TOTAL UNRESTRICTED INCOME FUNDS	13	1,055	920
TOTAL FUNDS		21,625	26,466

The financial statements on pages 27 to 50 were approved and authorised for issue by the Board of Directors on December 2016 and are signed on their behalf by:

R Wightman
Chair of Board of Directors

Bradford College Education Trust
CASH FLOW STATEMENT
for the year ended 31 August 2016

	<i>Notes</i>	2016 £'000	2015 £'000
Cash flow from operating activities			
Net cash provided by (used in) operating activities	16	(542)	(383)
Cash flows from investing activities		(86)	(81)
Cash flows from financing activities	16	8	12
		<hr/>	<hr/>
Change in cash and cash equivalents in the period		(620)	(452)
		<hr/>	<hr/>
Cash and cash equivalents at 1 September 2015		2,317	2,769
		<hr/>	<hr/>
Cash and cash equivalents at 31 August 2016	16	1,697	2,317
		<hr/> <hr/>	<hr/> <hr/>

Bradford College Education Trust

ACCOUNTING POLICIES

Year ending 31 August 2016

BASIS OF PREPARATION

The financial statements of the academy trust, which is a public benefit entity under FRS 102 have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2015 to 2016 issued by the EFA, the Charities Act 2011 and the Companies Act 2006.

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

Bradford College Education Trust meets the definition of a public benefit entity under FRS 102.

FIRST TIME ADOPTION OF FRS 102

These financial statements are the first financial statements of Bradford College Education Trust prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Charities SORP 2015 (SORP 2015). The financial statements of the Trust for the year ended 31 August 2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the trustees have amended certain accounting policies to comply with FRS 102 and SORP 2015.

Reconciliations to previous UK GAAP for the comparative figures are included in note 21.'

GOING CONCERN

The financial statements have been prepared on a going concern basis. Having carried out a detailed review of the Academies' resources and the challenges presented by the current economic climate, the Directors are confident that the Academies have sufficient resources and cash to meet its liabilities as they fall due for at least one year from the date of approval of the financial statements.

INCOME

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 abatement in respect of the period is deducted from income and recognised as a liability.

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

Other Income

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

Bradford College Education Trust

ACCOUNTING POLICIES

Year ending 31 August 2016

DONATED SERVICES & GIFTS IN KIND

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

EXPENDITURE

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

Expenditure on Raising funds

This includes all expenditure incurred by the academy trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non charitable trading.

Charitable Activities

These are costs incurred on the Academy Trust's educational operations, including support costs and costs relating to the governance of the academy trust apportioned to charitable activities. .

TANGIBLE FIXED ASSETS

Tangible fixed assets acquired at a cost exceeding £1,000 since the Trust was established are carried at cost net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid for specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over the useful economic life. Where there are specific conditions attached to the funding requiring continued use of the asset the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

DEPRECIATION

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

Freehold Buildings	- 12 years
Leasehold Building	- 50 years
Leasehold Land	- 125 years
Leasehold Improvements	- 30 years
Groundworks and improvements	- 5 years
Furniture and equipment	- 5 years
Computer equipment and software	- 3 years
Motor Vehicles	- 3 years

Freehold land is not depreciated.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value

Bradford College Education Trust

ACCOUNTING POLICIES

Year ending 31 August 2016

of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities.

TAXATION

The 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 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.

PENSIONS BENEFITS

Retirement benefits to employees of the Trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Government Pension Scheme ("LGPS"). These are defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Trust in such a way that the pension cost is a substantially level percentage of current future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in Note 19, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the 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 the costs of schemes introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets and the actual rate of return on the scheme assets is recognised in the other recognised gains and losses.

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

LEASED ASSETS

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the statement of financial activities on a straight line basis over the lease term.

AGENCY ARRANGEMENTS

The Academy Trust acts as an agent in the administering of 16-19 Bursary Funds from the EFA. Related payments received from the EFA and subsequent disbursements to pupils are excluded from the Statement Of Financial Activities as the Trust does not have control over the charitable application of the funds, the Trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid and any balances held are disclosed in note 20.

FUND ACCOUNTING

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

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

Bradford College Education Trust

ACCOUNTING POLICIES

Year ending 31 August 2016

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants most significantly from the Education Funding Authority, Department for Education, Bradford Metropolitan District Council amongst other smaller providers of grants.

Critical accounting and estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 19, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Bradford College Education Trust
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2016

1a	DONATIONS AND CAPITAL GRANTS	2016 Restricted fixed asset £'000	Total 2016 £'000	Total 2015 £'000
	Capital grants	45	45	67
		45	45	67
		45	45	67

The income from donations and capital grants was £45k (2015: £67k) which was restricted fixed asset fund income.

1b	INVESTMENT INCOME	2016 Unrestricted £'000	Total 2016 £'000	Total 2015 £'000
	Capital grants	8	8	12
		8	8	12
		8	8	12

The income from investments £8k (2015: £12k) which was unrestricted fund income.

2	FUNDING FOR THE TRUST'S EDUCATIONAL OPERATIONS	2016 £'000 Unrestricted	2016 £'000 Restricted	2016 £'000 Total	2015 £'000 Total
	DFE/EFA GRANTS				
	General Annual Grant (GAG)	-	10,839	10,839	11,128
	Start Up Grant	-	48	48	84
	Pupil Premium	-	859	859	912
	Other DfE/EFA grants	-	84	84	183
	OTHER GOVERNMENT GRANTS				
	Other Government grants	-	214	214	228
	OTHER INCOME				
	Salary recharges	-	84	84	159
	Catering income	263	-	263	286
	Other miscellaneous income	127	50	177	127
		390	12,178	12,568	13,107
		390	12,178	12,568	13,107

The funding for the Trust's education operations was £12,568k in total (2015:£13,107k) of which £12,178k was restricted (2015:£12,746) and £39k was unrestricted (2015:£361k).

Bradford College Education Trust
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2016

3 EXPENDITURE

	<i>Staff Costs</i>	<i>Non pay expenditure</i>		<i>Total</i>	<i>Total</i>
		<i>Other</i>	<i>Premises</i>	<i>2016</i>	<i>2015</i>
	£'000	£'000	£'000	£'000	<i>Restated</i>
					£'000
TRUST'S EDUCATIONAL OPERATIONS					
Direct costs	8,737	1,306	1,103	11,146	11,410
Allocated support costs	1,438	1,766	-	3,204	3,464
Exceptional fixed asset write off	-	-	-	-	2,633
	<u>10,175</u>	<u>3,072</u>	<u>1,103</u>	<u>14,350</u>	<u>17,507</u>

The expenditure in the year was £14,350 in total (2015:£17,737k) of which £12,984k was restricted (2015:£13,250k), £263k was unrestricted (2015:£253k) and £1,103k (2015:£4,234k) was restricted fixed assets, of which £nil related to exceptional write off of fixed assets (2015:£2,633k).

Net (outgoing)/ incoming resources for the year:

	2016	2015
	£'000	£'000
Operating leases - other	20	89
Depreciation	1,096	1,590
Loss on disposal of assets	2	11
Fees payable to auditors :		
- external audit – prior year	-	2
- external audit – current year	19	19
- other services	3	
	<u>1,139</u>	<u>1,711</u>

4 CHARITABLE ACTIVITIES

	2016	2015
	£'000	<i>Restated</i> £'000
Direct costs – educational operations	11,146	11,410
Support costs – educational operations	3,204	3,694
	<u>14,350</u>	<u>15,104</u>

ANALYSIS OF SUPPORT COSTS

	2016	2015
	£'000	<i>Restated</i> £'000
Support staff costs	1,438	1,581
Technology costs	214	326
Premises costs	829	1,009
Other support costs	659	719
Governance costs	64	59
	<u>3,204</u>	<u>3,694</u>

Bradford College Education Trust
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2016

5 STAFF

a Staff Costs

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

	2016 No	2015 No
Charitable Activities:		
Management	37	38
Teaching Staff	99	96
Administration Staff	35	35
Classroom Support Staff	100	108
Kitchen Staff	21	22
Site Staff	16	18
	308	317
	308	317
	2016 £'000	2016 <i>Restated</i> £'000
Staff costs:		
Wages and salaries	7,535	7,847
Employers' National Insurance costs	629	554
Employers' pension costs	1,295	1,194
	9,459	9,595
Supply teachers cost	646	480
Support supply costs	32	41
Staff restructuring costs	38	1
	10,175	10,117
	10,175	10,117

b. Staff severance payments

Included in staff costs is two non-statutory/non-contractual severance payment totalling £4,938 (2015: £875 one payment). Individually the payments were £4,000 and £938.

c. Higher paid staff

The number of employees who earned more than £60,000 per annum (including taxable benefits but excluding employers' pension contributions) during the period ended 31 August 2016 is shown below, these employees were also accruing benefits under a defined benefit pension scheme with contributions (Teacher Pension and Local Government Pension Schemes) amounting to £119,707 (2015: £99,948).

d. Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employers pension contributions) received by key management personnel for their services to the academy trust was £452k. (2015: £429k)

Bradford College Education Trust
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2016

5 STAFF *continued*

	2016	2015
	No	No
£60,000 - £69,999	7	6
£70,000 - £79,999	1	-
£80,000 - £89,999	2	2
£100,000 - £109,999	-	-
£110,000 - £119,999	1	1
	<u> </u>	<u> </u>

6 CENTRAL SERVICES

The Academy Trust has provided the following central services to its academies during the year:

- School Improvement
- Financial Services
- Human Resources
- Legal Services
- Educational Support services
- Others as arising

The Trust charges for these services on a flat percentage basis of GAG income being 5.5% (2015:3.75%).

The actual amounts charged during the year were as follows:

	2016	2015
	£'000	£'000
Appleton Academy	341	233
Samuel Lister Academy	234	164
Bradford Studio School	16	18
	<u> </u>	<u> </u>
	591	415
	<u> </u>	<u> </u>

During the year the Trust also charged Bradford Studio School the sum of £nil (2015: £50,000) for additional services provided in the year. This includes Executive Head support role, full finance and HR operations, Business Management, PR, Marketing and student recruitment. These services were not provided to the other academies in the Trust and were not covered by the percentage charge.

Bradford College Education Trust

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2016

7 DIRECTORS' REMUNERATION AND EXPENSES

The Director of School Improvement, D Saxton, of the Trust is also a Director and only received remuneration in respect of the service they provide undertaking their role and contract of employment and not in respect of their services as Director. Other Directors did not receive any payments from the Academy Trust in respect of their role as Directors.

D Saxton

Remuneration £110,000 - £115,000 (2015: £110,000 - ,£115,000)

Employers Pension Contributions £15,000 - £20,000 (2015: £15,000-£20,000)

No Directors of the Trust claimed any expenses (2015: no directors claimed) for travel, during the accounting period under review.

Other Related Parties are set out in Note 17.

8 DIRECTORS' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the Trust has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2016 was £1,976 (2015: £2,748). The cost of this insurance is included in the total insurance cost,

Bradford College Education Trust
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2016

9	TANGIBLE FIXED ASSETS	Freehold Land and buildings £'000	Leasehold Land and Buildings £'000	Leasehold improvements £'000	Groundworks and improvement £'000	Computer Equipment £'000	Motor vehicles £'000	Software Licences £'000	Fixtures and fittings £'000	Total £'000
	Cost									
	At 1 September 2015	4,700	26,100	426	158	1,861	7	18	462	33,732
	Additions	-	-	-	1	85	-	-	45	131
	Disposal	-	-	(426)	-	(117)	-	-	(73)	(616)
	At 31 August 2016	<u>4,700</u>	<u>26,100</u>	<u>-</u>	<u>159</u>	<u>1,829</u>	<u>7</u>	<u>18</u>	<u>434</u>	<u>33,247</u>
	Depreciation									
	At 1 September 2015	3,288	1,552	426	33	1,774	6	5	234	7,318
	Charged in the year	308	514	-	4	63	1	6	200	1,096
	Disposals	-	-	(426)	-	(117)	-	-	(74)	(617)
	Impairment of assets	-	-	-	-	-	-	-	7	7
	At 31 August 2016	<u>3,596</u>	<u>2,066</u>	<u>-</u>	<u>37</u>	<u>1,720</u>	<u>7</u>	<u>11</u>	<u>367</u>	<u>7,804</u>
	Net book value									
	At 31 August 2016	<u><u>1,104</u></u>	<u><u>24,034</u></u>	<u><u>-</u></u>	<u><u>122</u></u>	<u><u>109</u></u>	<u><u>-</u></u>	<u><u>7</u></u>	<u><u>67</u></u>	<u><u>25,443</u></u>
	At 31 August 2015	<u><u>1,412</u></u>	<u><u>24,548</u></u>	<u><u>-</u></u>	<u><u>125</u></u>	<u><u>87</u></u>	<u><u>1</u></u>	<u><u>13</u></u>	<u><u>228</u></u>	<u><u>26,414</u></u>

The impairment charge of £7k relates to the write-down of the assets no longer in use due to the closure of Bradford Studio School (2015: £2,633k of which £2,235 was relating to the building at Samuel Lister Academy and £398k relating to building and assets at the Bradford Studio School).

Bradford College Education Trust
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2016

10	STOCK	2016 £'000	2015 £'000
	Uniform & catering supplies	<u>5</u>	<u>5</u>
11	DEBTORS	2016 £'000	2015 £'000
	Trade debtors	32	27
	Other debtors	91	63
	Prepayments and accrued income	<u>252</u>	<u>323</u>
		<u>375</u>	<u>413</u>
12	CREDITORS: Amounts falling due within one year	2016 £'000	2015 £'000
	Trade creditors	466	320
	Other taxes and social security	185	166
	Other creditors	4	5
	Amounts owed to Funding Body	70	143
	Accruals and deferred income	<u>208</u>	<u>364</u>
		<u>933</u>	<u>998</u>

Deferred income relates to grants received in the year that relate to the next financial year.

	£ '000
Deferred Income	
Deferred Income at 1 September 2015	50
Resources deferred in the year	53
Amounts released from previous years	<u>(50)</u>
Deferred Income at 31 August 2016	<u>53</u>

Bradford College Education Trust

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2016

13 FUNDS

	<i>At 1 September 2015</i>	<i>Incoming Resources</i>	<i>Resources Expended</i>	<i>Gains, losses and transfers</i>	<i>At 31 August 2016</i>
	£'000	£ '000	£'000	£'000	£ '000
Restricted General Funds					
General Annual Grant (GAG) (excluding pension reserve)	494	10,839	(11,186)	(87)	60
Pension reserve	(1,685)	-	(165)	(3,112)	(4,962)
Other restricted funds	323	1,339	(1,633)	-	29
	<u>(868)</u>	<u>12,178</u>	<u>(12,984)</u>	<u>(3,199)</u>	<u>(4,873)</u>
Restricted fixed asset funds					
Inherited assets	25,439	-	(848)	-	24,591
DfE Capital Grants	747	45	(204)	-	588
Capital paid through GAG	228	-	(51)	87	264
	<u>26,414</u>	<u>45</u>	<u>(1,103)</u>	<u>87</u>	<u>25,443</u>
Total Restricted Funds	<u>25,546</u>	<u>12,223</u>	<u>(14,087)</u>	<u>(3,112)</u>	<u>20,570</u>
Unrestricted Funds					
Unrestricted funds	920	398	(263)	-	1,055
Total Unrestricted Funds	<u>920</u>	<u>398</u>	<u>(263)</u>	<u>-</u>	<u>1,055</u>
Total Funds	<u>26,466</u>	<u>12,621</u>	<u>(14,350)</u>	<u>(3,112)</u>	<u>21,625</u>

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

Under the funding agreement with the Secretary of State none of the academies in the multi academy Trust were subject to a limit on the amount of GAG that it could carry forward at 31 August 2016.

The General Annual Grant and Other restricted funds were paid specifically to cover the running costs of the Trust for the year to 31 August 2016, together with various grants from different funding bodies.

Bradford College Education Trust

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2016

13 FUNDS (continued)

Other restricted funds includes Pupil Premium which is used to raise the attainment of disadvantaged pupils and close the gap between them and their peers and Universal Infant Free School Meal income used to provide free lunches to reception and Key Stage 1 pupils.

Restricted fixed assets have been funded by government grants, local authority transfers and surplus from revenue funding.

The restricted fixed asset fund represents fixed assets funded by grants and assets transferred on conversion to an Academy.

Analysis of academies by fund balance

	Total Reserves 2016 £'000
Appleton Academy	551
Samuel Lister Academy	400
Bradford Studio School	-
Bradford College Education Trust	193
	<hr/>
Total before fixed assets and pension reserve	1,144
Restricted fixed asset fund	25,443
Pension	(4,962)
	<hr/>
Totals	21,625
	<hr/> <hr/>

There was a closing reserves deficit of £51k for Bradford Studio School which arose because of the financial pressure due to low pupil numbers. As the school has now formally closed the deficit has been transferred to the BCET reserves balance.

Bradford College Education Trust
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2016

13 FUNDS (continued)

Analysis of academies by cost

During the year the academies within the Academy Trust spent the following on teaching and support staff, educational supplies and other costs:

	Teaching & support staff £'000	Other support staff £'000	Educational supplies £'000	Other costs £'000	Total £'000
Year ended 31 August 2016:					
Appleton Academy	4,864	727	428	1,531	7,550
Samuel Lister Academy	3,209	610	290	719	4,828
Bradford Studio School	239	18	9	16	282
Bradford College Education Trust	425	83	-	19	587
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL	8,737	1,438	727	2,345	13,247
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

14 ANALYSIS OF NET ASSETS BETWEEN FUNDS

Fund balances at 31 August 2016 are represented by:

	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	Total funds £'000
Tangible fixed assets	-	-	25,443	25,443
Current assets	1,055	1,022	-	2,077
Current liabilities	-	(933)	-	(933)
Pension Scheme Liability	-	(4,962)	-	(4,962)
	<hr/>	<hr/>	<hr/>	<hr/>
	1,055	(4,873)	25,443	21,625
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

15 MEMBERS' LIABILITY

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

Bradford College Education Trust
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2016

16 CASH FLOWS	2016	2015
	£'000	<i>restated</i> £'000
Reconciliation of net income/(expenditure) to net cash flow from operating activities		
Net income/(expenditure) for the reporting period (as per the Statement of Financial Activities)	(1,729)	(4,551)
Adjusted for:		
Depreciation and fixed asset disposals	1,096	1,600
Fixed asset impairment	7	2,633
Decrease / (increase) in stocks	-	(2)
Decrease / (increase) in debtors	38	(8)
(Decrease) / increase in creditors	(66)	(212)
Defined benefit pension scheme cost less contributions payable	107	179
Defined benefit pension scheme finance cost	58	57
Interest receivable	(8)	(12)
Capital grants from EFA	(45)	(67)
	<u> </u>	<u> </u>
Net cash provided by / (used in) operating activities	<u> </u> <u> </u>	<u> </u> <u> </u>
 Cash flows from investing activities	 2016	 2015
	£'000	£ '000
Purchase of tangible fixed assets	(131)	(148)
Capital grants from EFA	45	67
	<u> </u>	<u> </u>
Net cash provided by/ (used in) investing activities	<u> </u> <u> </u>	<u> </u> <u> </u>
 Analysis of cash and cash equivalents		
Cash in hand and at bank	1,697	2,117
	<u> </u>	<u> </u>
Total cash and cash equivalents	<u> </u> <u> </u>	<u> </u> <u> </u>

Bradford College Education Trust

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2016

17 RELATED PARTY DISCLOSURES

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

Bradford College is the sponsor to Bradford College Education Trust. The Trust has paid to Bradford College various sums amounting to £28,589 (2015: £70,210) for services and goods received. Amounts owing to Bradford College at 31 August 2016 were £64,098 (2015: £36,472).

The Trust also paid £11,513 (2015: £25,514) to Inprint & Design Ltd, a subsidiary of Bradford College and amounts owing to them at the year-end amounted to £1,278 (2015: £8,935).

Two directors of the Trust are also directors of Beacon Recruitment, which is a wholly owned subsidiary of Bradford College. During the year the Trust paid £5,670 for agency staff (2015: £14,443) and at the year-end there was £nil (2015: £5,771) outstanding.

A director of the Trust is also a director of City Training Services, a subsidiary of Bradford College and in the year the Trust paid £ nil for room hire. (2015: £1,195) At the year-end there was £ nil outstanding. (2015: £56)

During the year the Trust invoiced Bradford College the total of £nil for services provided (2015: £35,513). At the year end the amount owing from Bradford College was £nil (2015: £13,526).

During the year the Trust paid £9,442 (2015: £4,625) to DAC Beachcroft for legal services. There was £nil outstanding at the year-end (2015: £3,600). A Director of the Trust is partner at DAC Beachcroft. Samuel Lister Academy were successful in their bid for a new school under the Priority School Build Programme (PSBP) in 2013. There are six other schools in the batch with Samuel Lister and the group of schools decided to procure legal services together to review of the legal documents associated with the programme. Six legal providers submitted tenders and this was short listed to three to interview. Across the seven schools, DAC Beachcroft were unanimously selected because of their experience and knowledge of the sector. The Trust had no significant influence over the selection of the legal provider and the Director of the Trust is not involved in the work of the PSBP in a professional capacity.

A director of the Trust is also a director of Apprentice Training Agency Bradford District. During the year the Trust paid £ nil (2015: £685) for an apprentice working in the Trust. There was £nil (2015: £nil) balance outstanding at the year end.

Bradford College Education Trust

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2016

18 OPERATING LEASES

At 31 August 2016 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases as follows:

Other	2016 £'000	2015 £'000
Amounts due within one year	14	10
Amounts due between within two and five years	17	-
	<hr/>	<hr/>
	31	10
	<hr/> <hr/>	<hr/> <hr/>

19 PENSION COMMITMENTS

The Trust's employees belong to one of two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by the West Yorkshire Pension Fund. Both are multi employer defined-benefit schemes.

The pension costs are assessed in accordance with the advice of the independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2012 and of the LGPS 31 March 2013.

There were no outstanding or prepaid contributions at either the beginning or the 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) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions along with those made by employers are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

19 PENSION COMMITMENTS *continued*

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2015. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%))
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%

During the year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4% from September 2014, which will be payable during the implementation period until the next valuation as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The pension costs paid to TPS in the year amounted to £789k (2015: £663k).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (<https://www.teacherspensions.co.uk/news/employers/2015/06/publication-of-the-valuation-report.aspx>).

Under the definitions set out in Financial Reporting Standard (FRS 102) Retirement Benefits, the TPS is a multi-employer pension scheme. The Trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Trust has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate Trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £471k (2015: £423k), of which employer's contributions totaled £341k (2015: £295k) and employees' contribution totaled £130k (2015: £128k). The agreed rates for future years are between 13% and 18% for employers and 5.5% and 7.5% per cent for employees.

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

Bradford College Education Trust
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2016

19 PENSION COMMITMENTS *continued*

Principal actuarial assumptions

	At 31 August 2016	At 31 August 2015
Rate of increase in salaries	3.4%	3.5-3.6%
Rate of increase for pension payments	1.9%	2.0-2.1%
Discount rate for liabilities	2.0%	3.8%
Inflation: RPI	3.0%	3.1%
Inflation: CPI	1.9%	2.0%

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

	At 31 August 2016	At 31 August 2015
Retiring today:		
Males	22.7	22.6
Females	25.6	25.5
Retiring in 20 years		
Males	24.9	24.8
Females	27.8	27.8

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

	Fair value 31 August 2016 £'000	Fair value 31 August 2015 £'000
Equities	5,946	4,782
Government Bonds	380	284
Property	887	655
Corporate Bonds	333	290
Cash	111	95
Other	260	195
	<hr/>	<hr/>
Total market value of assets	<u>7,917</u>	<u>6,301</u>

The actual return on scheme assets was £1,223k (2015: £81k).

Bradford College Education Trust
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2016

19 PENSION COMMITMENTS *continued*

Amounts recognised in the statement of financial activities

	2016	2015
	£'000	<i>Restated</i> £'000
Current service cost (net of employee contributions)	448	474
Net interest cost	-	-
	<hr/>	<hr/>
Total operating charge	<u>448</u>	<u>459</u>

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

	2016	2015
	£'000	<i>Restated</i> £'000
At 1 September	7,986	7,601
Current service cost	448	474
Interest cost	305	282
Employee contributions	130	128
Actuarial (loss) / gain	4,088	(366)
Benefits paid	(78)	(133)
Past service cost	-	-
	<hr/>	<hr/>
At 31 August	<u>12,879</u>	<u>7,986</u>

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

	2016	2015
	£'000	<i>Restated</i> £'000
At 1 September	6,301	5,924
Expected return of assets	247	225
Actuarial (loss)/gain	976	(138)
Employer contributions	341	295
Employee contributions	130	128
Benefits paid	(78)	(133)
	<hr/>	<hr/>
At 31 August	<u>7,917</u>	<u>6,301</u>

Bradford College Education Trust

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2016

20 AGENCY ARRANGEMENTS

The Academy Trust distributes 16-19 bursary funds to pupils as an agent for the EFA. In the year it received £49k (2015: £43k) and disbursed £37k (2015: £51k). An amount of £56k (2015: £44k) is included in other creditors relating to undistributed funds that is repayable to the EFA.

21 EXPLANATION OF TRANSITION TO FRS 102

It is the first year that the Academy Trust has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 1 September 2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

Reconciliations and descriptions of the effect of the transition to FRS 102 and SORP 2015 on total funds and net income/(expenditure) for the comparative period reported under previous UK GAAP and SORP 2005 are given below:

	31 August 2015
	£'000
Net (expenditure) previously reported under UK GAAP	(4,380)
Change in recognition of LGPS interest cost	(117)
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Net (expenditure) reported under FRS 102	(4,551)
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Change in recognition of LGPS interest cost

Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in income/expense. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in income/expense. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to reduce the credit/debit to income/expense by £285k and increase the credit/debit in other recognised gains and losses in the SoFA by an equivalent amount.