

THE BASILDON ACADEMIES
(A Company Limited by Guarantee)

REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 AUGUST 2012

Company Limited by Guarantee
Registration Number:
6308595 (England and Wales)

THE BASILDON ACADEMIES

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THE BASILDON ACADEMIES

REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS DIRECTORS, GOVERNORS AND ADVISORS

Directors	M. Finegold (Sponsor) P. Birch (Resigned 31 May 2012) M. Turner
Governors	L.Livermore (Chair) * M. Turner (V. Chair) N. Luckock * M. Finegold Cllr K. Bobbin * J. Lake * L. George K. Charman B. Hart B. Oppenheim (Appointed 22 June 2012)

* Members of the Staffing and Finance committees

Clerk to the Governing Body	B. Rymarz
Senior Managers	
- Principal	B. Bell (Appointed 26 November 2012) Dr R. Fox (Resigned 26 November 2012)
- Vice Principal	S. Breslin (Appointed 1 October 2012) G. Smith (Appointed 1 October 2012) T Robinson (Appointed 1 October 2012) N. Moir (Appointed 1 June 2012) J .Rowe (Resigned 31 December 2011) A. Moise-Dixon (appointed 5 December 2011) A. Moise-Dixon (resigned 4 November 2012)
- Finance Director	B. Collins
Company Secretary & Registered Office	Neptune Secretaries Limited Jessop House, Jessop House, Cheltenham, Gloucestershire, GL50 3WG.
Company Registration Number	6308595
Independent Auditor	Moore Stephens 150 Aldersgate Street, London, EC1A 4AB

THE BASILDON ACADEMIES

Bankers

Lloyds TSB,
The Broadway, High Road, Basildon, SS13 3AR

THE BASILDON ACADEMIES

DIRECTORS' REPORT

The Directors present their annual report together with the audited financial statements of the Charitable Company for the year ended 31 August 2012.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academy Trust is known as The Basildon Academies ("the Academy") and is a company limited by guarantee and an exempt charity. The Charitable Company's Memorandum and Articles of Association are the primary governing documents of the Academy Trust.

The Directors act as the trustees for the charitable activities of Basildon Academy Trust Limited and are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as Basildon Academies.

Details of the governors who served throughout the year except as noted are included in the Reference and Administrative Details on page 1.

There are two statutory Directors both of them are also Governors. The Board of Directors delegate the management of operations of the Academy to the Board of Governors who have contributed to this report.

Members of the Charitable Company are nominated by either the Secretary of State or by the main sponsors.

Member's liability

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

DIRECTORS & GOVERNORS

Directors' & Governors' Indemnities

The Academy's insurers indemnify against any claims in respect of any civil liability and which arises out of the conduct of the insured in their personal capacity as a Director, Governor, Trustee or Officer of the Academy.

Principal Activities

The principal activity of the Charitable Company is the operation of The Basildon Academies to provide education for pupils of different abilities between the ages of 11 and 19 with an emphasis on Mathematics & Enterprise.

In accordance with the Articles of Association the Charitable Company has adopted a "Scheme of Government" approved by the Secretary of State for Education. The Government specifies, amongst other things, the basis for admitting students to the Academy, the catchment area from which the students are drawn, and that the curriculum should comply with the substance of the national curriculum with an emphasis on Mathematics & Enterprise.

Method of Recruitment and Appointment of Election of Directors

The number of directors shall be not less than one but unless otherwise determined by ordinary resolution shall not be subject to any maximum.

THE BASILDON ACADEMIES

DIRECTORS' REPORT (continued)

The Academy can have the following directors:

- up to 12 Sponsor Directors
- up to eight Academy Directors
- any Parent Directors
- any DCSF Directors
- Any additional Directors

The Principal Sponsor can appoint up to 12 Directors and the Secretary of State may appoint one Director.

Term of Office

The term of office for any Director other than the Principal Sponsor shall be 3 years. Subject to remaining eligible to be a Director under the Articles, any Director may be re-appointed.

Governing Body

The Directors under the Articles of Association have appointed a Governing Committee to be responsible for the statutory and constitutional affairs of the Charitable Company and the management of the Academy.

The committee can have a maximum of 15 members which include:

- the Principal of the Academy;
- one elected parent/guardian of a pupil at the Academy;
- one elected non-teaching staff member employed at the Academy;
- one elected teacher member employed at the Academy
- one person appointed by the appropriate LA; and
- such other members as the Directors decide.

The Governing Body meets regularly and is advised by a range of sub-committees which includes the Staffing and Finance Committees, the Admissions Committee and the Academy's Health and Safety Committee.

Details of the Governors who served throughout the year except as noted are included in the Reference and Administrative Details on Page 1.

Policies and Procedures Adopted for the Induction and Training of Directors & Governors

The training and induction provided for new Directors and Governors will depend on their existing experience. Where necessary, induction will provide training on charity and educational legal and financial matters. All new Directors and Governors will be given a tour of the Academy and the chance to meet with staff and students. All new appointees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents as appropriate that they will need to undertake their role.

ORGANISATIONAL STRUCTURE

The structure consists of three levels: the Governors, Senior Leadership Team and other management positions. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

The Governors are responsible for setting general policy, adopting an annual plan and budget, monitoring the Academy by the use of budgets and making major decisions about the direction of the Academy, capital expenditure and senior staff appointments.

THE BASILDON ACADEMIES

DIRECTORS' REPORT (continued)

The Senior Leadership Team includes the Principal, Vice Principals, Directors and Heads of School. These managers control the Academy at an executive level implementing the policies laid down by the Governors and reporting back to them. As a group, the Senior Leadership Team is responsible for the authorisation of spending within agreed budgets and the appointment of staff, though appointment for posts in the Senior Leadership Team always contain a Governor. Some spending control is devolved to other management including Faculty Heads and Associate Directors.

The Management Team includes the Senior Management Team and four Heads of Academies. These managers are responsible for the day to day operation of the Academy, in particular organising the teaching staff, facilities and students.

Risk management

The Directors and Governors have assessed the major risks to which the Academy is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Academy, and its finances. The Directors and Governors have implemented a number of systems to assess risks that the Academy faces, especially in the operational area and in relation to the control of finance. They have introduced systems, including operational procedures and internal financial controls in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover.

Connected Organisations including Related Party Relationships

The Stanton Lane Educational Trust is the principal sponsor. A trustee of that trust, Martin Finegold is a Director of the Academy and since the Academy's founding has provided voluntary advisory support and guidance to the Academy.

OBJECTIVES AND ACTIVITIES

Objects and Aims

The objects of the Charity are to promote and to provide for the advancement and education of children. In the furtherance of these Objects the Directors, as the charity trustees have complied with the duty in Section 4 of the Charities Act 2011 to have due regard to the Charity Commission's published general and relevant sub-sector guidance concerning the operation of the Public Benefit requirement under the Act. All activities undertaken by Academy are for the public benefit.

The main objective of The Basildon Academies during the year ended 31 August 2012 is to provide an inclusive environment that is built around trust, openness, secure relationships, positive behaviours and effective partnership-working to enable all students to meet their potential and will equip all our students with the skills, attitudes and knowledge so that they can progress into employment, further training or higher education, helping them to achieve more than they thought possible.

The current priorities for the School during the year ended 31 August 2012 are summarised below:

- To ensure that each pupil enjoys the same excellent education in terms of resourcing, tuition and care.
- To raise the standard of educational achievement of all pupils.
- To improve the effectiveness of the Academy by keeping the curriculum and organisational structure under continual review.
- To provide value for money for the funds expended.
- To comply with all appropriate statutory and curriculum requirements.
- To maintain close links with industry and commerce.
- To conduct the Academy's business in accordance with the highest standards of integrity, probity and openness.

THE BASILDON ACADEMIES

DIRECTORS' REPORT (continued)

Objectives, Strategies and Activities

The Basildon Academies' strategy is encompassed in its aims and objectives stated above. To this end it recognised the need to be innovative and challenging in the approach to:

- the subdivision of the two Academies' populations by age range (11-14 and 14-19);
- the grouping of students;
- the organisation, management and governance of the Academies;
- the curriculum design and the approach to the Academies' specialism;
- the building design and organisation of the learning environments;
- the organisation, management and development of staff;
- the delivery of services that support individual pupils and families;
- the way business is engaged, and how the two Academies can impact on the prosperity, effectiveness and development of the local community and future business;
- the celebrating of success, the setting of targets and the robust monitoring of performance.

Equal opportunities

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

Disabled persons

Lifts, ramps and disabled toilets are installed and door widths are adequate to enable wheelchair access to the Academies. The policy of the Academy is to support recruitment and retention of students and employees with disabilities. The Academy does this by adapting the physical environment, by making support resources available and through training and career development.

ACHIEVEMENTS AND PERFORMANCE

The Academy is in its third year of operation and due to the on-going building works has struggled to achieve the forecast numbers of students. Total students in the year ended 31st August 2012 were 1,626.

The Academy achieved improved results in the 2012 GCSE examinations, with 45% of students achieving five or more GCSEs at grades A -C, including English and maths.

To ensure that standards are continually raised the Academy: operates a programme of observation of lessons; is visited by inspectors; undertakes a comparison of results from entry to Key Stage 3 and from Key Stage 3 to GCSE to assess the added value. The Academy also participates in national programmes looking at added value through the key stages.

Key Financial Performance Indicators

Governors assess performance of the academies through:

- Pupil numbers;
- Curriculum events;
- Exam results;
- Facilities;
- Post 16 learning and students moving onto University;
- Staff Performance Reviews.

THE BASILDON ACADEMIES

DIRECTORS' REPORT (continued)

FINANCIAL REVIEW

The Academy's principal income is from the DfE in the form of recurrent, restricted grants. The grants received during the year ended 31 August 2012 and the associated expenditure are shown in the Statement of Financial Activities.

The Academy also receives grants for fixed assets from the DfE. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2005), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund.

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

At 31 August 2012 the net book value of fixed assets was £568,000. Movements in tangible fixed assets are shown in Note 12 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

During the year ended 31 August 2012, total expenditure of £11,529,000 (2011: £14,555,000) was covered by recurrent grant funding from the DfE together with other incoming resources. The net outgoing resources from private and public funds totalled £330,000 (2011: net outgoing resources £207,000). Total reserves at 31 August 2012 before deducting the pension scheme deficit, totalled £1,400,000 (2011: £894,000) and this is made up of: restricted general funds of £495,000 (2011: £120,000); restricted fixed asset funds of £568,000 (2011: £536,000) and unrestricted free reserves of £337,000 (2011: £238,000).

The deficit in the Local Government Pension Scheme (LGPS) is recognised in the balance sheet in accordance with FRS17. At 31 August 2012, the deficit stood at £4,863,000 (2011: £4,204,000) resulting in net liabilities including the pension scheme liability of £3,422,000 (2011: Liability £3,310,000). The existence of the pension scheme deficit does not mean an immediate liability crystallises and is addressed over a series of years through the pension contributions recommended by the pension scheme actuaries during subsequent triennial valuations of the scheme.

The land and buildings on which the Academies operate from are owned by Essex County Council and the Academy continues to occupy the land and premises under licence at a peppercorn rent. No notional value of rent has been included due to various restrictive covenants.

Work on the buildings were completed in August 2011. There follows a further period for snagging to be agreed and undertaken.

To date, no amount has been brought into the financial statements in respect of the land or the building costs other than those improvements paid for directly by the Academy. When all building works have been signed off, the buildings will be transferred to the Academy. The value of the land and buildings will then be capitalised in the year of final completion.

Financial and Risk Management Objectives and Policies

In accordance with the Academy's statutes, the Governors and senior staff are responsible for the administration and management of the Academy's affairs and ensuring that:

- effective systems of internal control are in place and that accounting records are properly kept;
- appropriate financial and management controls are in place to safeguard the assets of the Academy and prevent and detect fraud; and
- the Academy secures economical, efficient and effective management of its resources and expenditure.

THE BASILDON ACADEMIES

DIRECTORS' REPORT (continued)

Principal Risks and Uncertainties

The Academies principal goal is to safeguard its long-term ability to continue to attract high-calibre staff and deliver an excellent education to academically able students, and to maintain and renew its physical facilities, whilst continue to increase on current pupil numbers.

Two key uncertainties are the extent and impact of changes to Government funding and an uncertain economic climate and financial environment that puts pressure on enterprise and capital projects and the decline in pupil numbers.

Reserves Policy

The Governors review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Governors have determined that the appropriate level of free reserves should be equivalent to 2 weeks' expenditure, approximately £550,000. 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. The Academy's current level of free reserves of £525,000 (total funds before pension reserves but less the amount held in fixed assets and restricted funds) is less than is needed. The Academy intends to continue building up free reserves to the level needed.

Public Benefit

The Governors acknowledge the duty in Section 4 of the Charities Act 2011 to have due regard to the Charity Commission's published general and relevant sub-sector guidance on public benefit. We have referred to this guidance when reviewing our aims, strategy and in planning future activities. All activities undertaken by the Academy are for the public benefit.

The Academy is specifically restricted to advance, for the public benefit, education in the United Kingdom and reports annually on the way in which it has successfully delivered in this regard.

Investment Policy

Cash is held in a deposit account to ensure any balances attract interest.

Going Concern

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

PLANS FOR FUTURE PERIODS

The Academy will strive to raise the aspirations and achievement of all students within the Academy as well as those in the wider community of East Basildon through the use of the Academy's excellent facilities, curriculum materials and expertise to staff and through the provision of excellent learning experiences which will be enhanced by the Academy's specialism of Enterprise and Mathematics.

Our aim is to have high expectations and belief in every child and bring about rapid and sustainable improvement in attendance, behaviour and attainment and make the Academy a place in which children, parents and stakeholders can be justifiable proud.

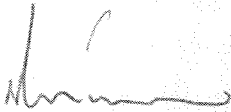
THE BASILDON ACADEMIES
DIRECTORS' REPORT (continued)

AUDITOR

In so far as the Directors are aware:

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

Approved by order of the Board of Directors on 21 December 2012 and signed on its behalf by:



Michael Turner
Director

THE BASILDON ACADEMIES

GOVERNANCE STATEMENT

Scope of Responsibility

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

The Governing Body has delegated the day to day responsibility to the Principal, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The Basildon Academies and the Secretary of State for Education. They are also responsible for reporting to the Governing Body and material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Governors' Report and in the Statement of governors' responsibilities. The Governing Body has formally met 8 times during the year. Attendance during the year at meetings of the Governing Body was as follows:

Governor	Meetings attended	Out of a possible
L. Livermore	8	8
M. Turner	3	8
N. Luckock	8	8
M. Finegold	6	8
Cllr. K. Bobbin	8	8
J. Lake	5	8
L. George	8	8
K. Charman	7	8
B. Hart	5	8
B. Oppenheim	1	8

The **Finance and General Purposes Committee** is a sub-committee of the main governing body. Its terms of reference include financial management, risk management, management of physical resources and management of health and safety issues. They are also attended by the Finance Director. Attendance at the meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
L. Livermore	4	4
N. Luckock	4	4
Cllr. K. Bobbin	3	4
J. Lake	3	4

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 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's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Basildon Academies for the year ended 31 August 2012 and up to the date of approval of the annual reports and financial statements.

THE BASILDON ACADEMIES

GOVERNANCE STATEMENT (continued)

Capacity to Handle Risk

The Governing Body has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Body is of the view that there is a formal on-going process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the year ended 31 August 2012 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Governing Body.

The Risk and Control Framework

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

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

The Governing Body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. The Directors appointed Moore Stephens as the Responsible Officer ('RO') in September 2010. In order to maintain independence, this role is undertaken by a team that are completely separate to the audit team. The RO's role includes performing a range of checks on the Academy's financial systems as set by the Finance and General Purposes Committee and in line with the EFA's requirements. Results are reported to the finance and general purposes committee who in turn report to the Governing Body.

Review of Effectiveness

As Accounting Officer, Rory Fox had responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- The work of the Responsible Officer;
- The work of the external auditor;
- The financial management and governance self-assessment process;
- The work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the Governing Body on 21 December 2012 and signed on its behalf by:


Michael Turner
Director


Les Livermore
Chief Executive Officer

THE BASILDON ACADEMIES

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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

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

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



Les Livermore
Chief Executive Officer

21 DECEMBER 2012

THE BASILDON ACADEMIES

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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


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

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

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

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

Approved by order of the members of the Board of Directors on 21 December 2012 and signed on its behalf by:



Michael Turner
Director

THE BASILDON ACADEMIES

INDEPENDENT AUDITOR'S REPORT

Independent Auditor's Report to the Members of The Basildon Academies

We have audited the financial statements of The Basildon Academies for the year ended 31 August 2012 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Annual Accounts Direction 2011/2012 issued by the Education Funding Agency.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 13, the Directors (who are also the Trustees for the purpose of charity law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual 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 financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2012, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Annual Accounts Direction 2011/2012 issued by the Education Funding Agency.

THE BASILDON ACADEMIES

INDEPENDENT AUDITOR'S REPORT (Continued)

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' 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:

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



James Hurrell, *Senior Statutory Auditor*
For and on behalf of Moore Stephens LLP, Statutory Auditor
150 Aldersgate Street
London
EC1A 4AB

31 December 2012

THE BASILDON ACADEMIES

STATEMENT OF FINANCIAL ACTIVITIES YEAR ENDED 31 AUGUST 2012

	Note	Unrestricted Funds £'000s	Restricted General Funds £'000s	Restricted Fixed Asset Funds £'000s	Total 2012 £'000s	Total 2011 £'000s
Incoming resources						
<i>Incoming resources from generated funds:</i>						
Voluntary income	2	2	-	-	2	36
<i>Activities for generating funds:</i>						
Lettings	3	87	-	-	87	43
Other income	3	7	157	-	164	17
<i>Investment income</i>	4	3	-	-	3	2
<i>Incoming resources from charitable activities :</i>						
Funding for educational operations	5	-	11,564	39	11,603	14,250
Total incoming resources		99	11,721	39	11,859	14,348
Resources expended						
<i>Charitable activities:</i>						
Academy's educational operations	6,7	-	11,373	113	11,486	14,537
<i>Governance costs</i>	6,8	-	43	-	43	18
Total resources expended		-	11,416	113	11,529	14,555
Net incoming/(outgoing) resources before transfers						
		99	305	(74)	330	(207)
Gross transfers between funds						
			(106)	106	-	
Net incoming/(expenditure) for the year						
		99	199	32	330	(207)
Other recognised gains and losses						
<i>Business combination</i>						
		-	-	-	-	-
<i>Actuarial gains/(losses) on defined benefit pension schemes</i>						
	26	-	(483)	-	(483)	165
Net movement in funds						
		99	(284)	32	(153)	(42)
Reconciliation of funds						
	16					
Funds brought forward at 1 September 2011		238	(4,084)	536	(3,310)	(3,268)
Total funds carried forward at 31 August 2012		337	(4,368)	568	(3,463)	(3,310)

All of the Academy's activities derive from continuing operations during the above financial period.

A Statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities.

THE BASILDON ACADEMIES

Company Number: 6308595

BALANCE SHEET AT 31 AUGUST 2012

	Note	2012 £'000s	2011 £'000s
Fixed assets			
Tangible assets	12	<u>568</u>	<u>529</u>
		<u>568</u>	<u>529</u>
Current assets			
Stock	13	43	52
Debtors	14	258	632
Cash at bank and in hand		<u>2,062</u>	<u>1,798</u>
		<u>2,363</u>	<u>2,482</u>
Creditors: Amounts falling due within one year	15	<u>(1,531)</u>	<u>(2,117)</u>
Net current assets		<u>832</u>	<u>365</u>
Total assets less current liabilities		1,400	894
Pension scheme liability	26	(4,863)	(4,204)
Net liability including pension liability		<u>(3,463)</u>	<u>(3,310)</u>
Funds			
Restricted funds			
Restricted general fund	16	495	120
Pension reserve	16	(4,863)	(4,204)
Restricted fixed asset fund	16	568	536
Total Restricted Funds		<u>(3,800)</u>	<u>(3,548)</u>
Unrestricted funds			
General funds	16	337	238
Pension reserve	16	-	-
Total Unrestricted Funds		<u>337</u>	<u>238</u>
Total Funds		<u>(3,463)</u>	<u>(3,310)</u>

The financial statements were approved by the directors and authorised for issue on 21 December 2012 and signed on their behalf by:



M Turner
Director

THE BASILDON ACADEMIES

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 AUGUST 2012

	Note	2012 £'000s	2011 £'000s
Net cash inflow from operating activities	22	374	463
Returns in investments and servicing of finance	23	3	2
Capital expenditure	24	(113)	7
Increase in cash		<u>264</u>	<u>472</u>
Reconciliation of net cash flow to movements in net funds			
Net funds at 1 September 2011		1,798	1,326
Net funds at 31 August 2012		<u>2,062</u>	<u>1,798</u>

THE BASILDON ACADEMIES

PRINCIPAL ACCOUNTING POLICIES FOR THE YEAR ENDED 31 AUGUST 2012

Basis of preparation

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

Going Concern

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

Incoming Resources

All incoming resources are recognised when the Academy 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.

Schools trips and activities

These transactions are included in restricted funds. Income is recognised when received and expenditure is recognised when paid, any surpluses being carried forward as deferred within restricted funds until the trip or activity is completed.

Sponsorship income

Sponsorship income provided to the Academy is recognised in the statement of financial activities in the period in which it is receivable.

Donations

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

Donated services and gifts in kind

The value of donated services and gifts in kind provided to the Academy is recognised in the Statement of Financial Activities as incoming resources and resources expended at their estimated value to the Academy in the period in which they are receivable, and where the benefit is both quantifiable and material.

Other income

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

Interest receivable

Interest receivable is included within the Statement of Financial Activities on a receivable basis.

THE BASILDON ACADEMIES

PRINCIPAL ACCOUNTING POLICIES FOR THE YEAR ENDED 31 AUGUST 2012

Resources expended

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

Cost of generating funds

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

Charitable activities

These are costs incurred on the Academy's educational operations.

Governance costs

Governance costs include the costs attributable to the Academy's compliance with constitutional and statutory requirements, including audit, strategic management and governors' meetings and reimbursed expenses. Such costs include both direct and allocated support costs.

All resources expended are inclusive of irrecoverable VAT.

Tangible fixed assets

All assets costing more than £1,000 and with an expected useful life exceeding one year are capitalised. Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. The depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

Grants provided to acquire fixed assets may be paid either to the Academy or directly to meet the cost of the fixed asset. Where costs have been paid directly and are part of the capital project, they have been recognised as restricted fixed asset funding.

Depreciation

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

Long leasehold property improvements	Up to 125 years dependant on useful life of improvements
Furniture, fitting and equipment	5 to 10 Years
Computer equipment and software	3 Years

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

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

THE BASILDON ACADEMIES

PRINCIPAL ACCOUNTING POLICIES FOR THE YEAR ENDED 31 AUGUST 2012

Stock

Stock is valued at the lower of cost or net realisable value.

Fund accounting

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

Restricted general funds comprise grants from the EFA and other donors which are to be used for specific purposes, imposed by the donors.

Restricted fixed assets funds are resources which are to be applied to specific capital purposes imposed by the EFA, DfE and other donors where the asset acquired or created is held for a specific purpose.

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.

Taxation

The Academy is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Academy 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

Academy staff are members of one of two pension schemes, both of which are defined benefit schemes. More details of the schemes are given in Note 26.

Defined Benefit Schemes

Teachers' Pension Scheme

Full-time and part-time teaching staff employed under a contract of service are eligible to contribute to the Teachers' Pension Scheme (TPS). The TPS, a statutory, contributory, final salary scheme is administered by Capita Teachers' Pensions on behalf of the Department for Education and Skills. As the Academy is unable to identify its share of the underlying (notional) assets and liabilities of the scheme, the Academy has taken advantage of the exemption in Financial Reporting Standard (FRS) 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The pension costs for the scheme represent the contributions payable by the Academy in the year.

Local Government Pension Scheme

Non teaching members of staff are offered membership of the Local Government Scheme (LGPS). The LGPS is a defined benefit pension scheme and is able to identify the Academy's share of assets and liabilities and the requirements of FRS17, Retirement Benefits, have been followed.

The Academy's share of the LGPS assets are measured at fair value at each Balance Sheet date. Liabilities are measured on an actuarial basis using the projected unit method. The net of these two figures is recognised as an asset or liability on the balance sheet. Any movement in the asset or liability between Balance Sheet dates is reflected in the Statement of Financial Activities.

THE BASILDON ACADEMIES

Notes to the financial statements 31 August 2012

	2012 £'000s	2011 £'000s
1. GENERAL ANNUAL GRANTS (GAG)		
a. Results and Carry Forward for the Year		
GAG brought forward from previous year	346	623
GAG allocation for current year	10,884	12,759
Total GAG available to spend	<u>11,230</u>	<u>13,382</u>
Recurrent expenditure from GAG	(10,403)	(12,963)
Fixed Assets purchased from GAG	(106)	(73)
GAG carried forward to next year	<u>721</u>	<u>346</u>
Maximum permitted GAG carry forward at end of current year (12% of allocation for current year)	<u>1,306</u>	<u>1,531</u>
GAG to surrender to DfE	<u>(585)</u>	<u>(1,185)</u>
(12% rule breached if result is positive. Since the result is negative there is no breach and funds do not need to be surrendered to the DfE.)	<i>no breach</i>	<i>no breach</i>
b. Use of GAG brought forward from previous year for recurrent purposes		
Recurrent expenditure from GAG in current year	10,403	12,963
GAG allocation for current year	(10,884)	(12,759)
Prior year GAG allocation x 2%	(255)	(279)
GAG b/fwd from previous year in excess of 2%, used on recurrent expenditure in current year.*	<u>(736)</u>	<u>(75)</u>
*(2% rule breached if result is positive. Since the result is negative there is no breach and funds do not need to be surrendered to the DfE.)	<i>no breach</i>	<i>no breach</i>

2. VOLUNTARY INCOME

	Unrestricted Funds £'000s	Restricted Funds £'000s	Total 2012 £'000s	Total 2011
Donations	<u>2</u>	<u>-</u>	<u>2</u>	<u>36</u>
	<u>2</u>	<u>-</u>	<u>2</u>	<u>36</u>

THE BASILDON ACADEMIES

Notes to the financial statements 31 August 2012

3. ACTIVITIES FOR GENERATING FUNDS

	Unrestricted Funds £'000s	Restricted Funds £'000s	Total 2012 £'000s	Total 2011 £'000s
Letting	87	-	87	43
Other income	7	157	164	17
	<u>94</u>	<u>157</u>	<u>251</u>	<u>60</u>

4. INVESTMENT INCOME

	Unrestricted Funds £'000s	Restricted Funds £'000s	Total 2012 £'000s	Total 2011 £'000s
Bank interest	3	-	3	2
	<u>3</u>	<u>-</u>	<u>3</u>	<u>2</u>

5. FUNDING FOR THE ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted Funds £'000s	Restricted Funds £'000s	Total 2012 £'000s	Total 2011 £'000s
DfE/EFA capital grant				
- Devolved capital grant	-	39	39	141
	<u>-</u>	<u>39</u>	<u>39</u>	<u>141</u>
DfE / EFA revenue grants				
- General Annual Grants (GAG)	-	10,884	10,884	12,759
- Other DfE / EFA grants	-	291	291	207
	<u>-</u>	<u>11,175</u>	<u>11,175</u>	<u>12,966</u>
Other Government grants				
- Academy Standards Funds	-	-	-	334
- Special educational projects	-	322	322	320
- Other	-	67	67	93
- Extended Services	-	-	-	396
	<u>-</u>	<u>389</u>	<u>389</u>	<u>1,143</u>
	<u>-</u>	<u>11,603</u>	<u>11,603</u>	<u>14,250</u>

THE BASILDON ACADEMIES

Notes to the financial statements 31 August 2012

6.

	Staff Costs £'000s	Depreciation £'000s	Other Costs £'000s	Total 2012 £'000s	Total 2011 £'000s
- Direct costs	6,708	113	739	7,560	8,368
- Allocated support costs	1,565	-	2,178	3,743	5,966
- Pension finance costs	-	-	183	183	203
	<u>8,273</u>	<u>113</u>	<u>3,100</u>	<u>11,486</u>	<u>14,537</u>
Governance costs	-	-	43	43	18
	<u>8,273</u>	<u>113</u>	<u>3,143</u>	<u>11,529</u>	<u>14,555</u>

Incoming / outgoing resources for the year include:

	Total 2012 £'000s	Total 2011 £'000s
Other operating leases	71	71
Auditor's remuneration		
- Audit of financial statements	16	12
- Non audit services	11	6
Exceptional Item		
- Redundancy costs	69	278
- Redundancy grant income	-	(102)

During the year 2011, redundancies were announced, the total costs of £278,116 was included within staff costs. This year such costs total £69,000.

During the year 2011, an application was submitted to the EFA (previously YPLA) for a £102,000 grant to meet the pre-academy statutory redundancy costs. This year there is no such grant.

THE BASILDON ACADEMIES

Notes to the financial statements 31 August 2012

7. CHARITABLE ACTIVITIES - ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted Funds £'000s	Restricted Funds £'000s	Total 2012 £'000s	Total 2011 £'000s
Direct costs				
Teaching and educational support staff costs	-	6,708	6,708	6,972
Depreciation	-	113	113	98
Educational supplies	-	199	199	444
Examination fees	-	165	165	296
Staff development	-	47	47	107
Educational consultancy	-	196	196	161
Other direct costs	-	132	132	290
	-	7,560	7,560	8,368
Allocated support costs				
Support staff costs	-	1,565	1,565	3,609
Maintenance of premises and equipment	-	1,275	1,275	1,324
Uniform	-	34	34	13
Catering	-	254	254	373
Pupil support services	-	138	138	94
ICT	-	181	181	264
Transport	-	44	44	23
Administrative printing	-	17	17	23
Postage	-	35	35	38
Telephone	-	29	29	38
Reprographics	-	73	73	92
Advertising	-	3	3	12
Bad debt	-	4	4	5
Other support costs	-	91	91	58
	-	3,743	3,743	5,966
Interest costs on pension obligations		263	263	218
Expected return on plan assets		(80)	(80)	(15)
	-	183	183	203
	-	11,486	11,486	14,537

8. GOVERNANCE COSTS

	Unrestricted Funds £'000s	Restricted Funds £'000s	Total 2012 £'000s	Total 2011 £'000s
Legal and professional fees	-	16	16	-
Auditor's remuneration				
- Audit of financial statements	-	16	16	12
- Non audit services	-	11	11	6
Governors' reimbursed expenses	-	-	-	-
	-	43	43	18

THE BASILDON ACADEMIES

Notes to the financial statements 31 August 2012

9. STAFF COSTS

Staff costs during the period were:

	2012 £'000s	2011 £'000s
Wages and salaries	6,238	8,036
Social security costs	518	601
Other pension costs	969	1,033
	<u>7,725</u>	<u>9,670</u>
Supply teacher costs	479	836
Compensation payments	69	76
	<u>8,273</u>	<u>10,582</u>

The average number of persons (including senior management team) employed by the Academy during the year ended 31st August 2012 expressed as full time equivalents was as follow:

	2012 No.	2011 No.
<i>Charitable Activities</i>		
Teachers	94	118
Administration and support	107	158
Management	16	13
	<u>217</u>	<u>289</u>
<i>Governance Activities</i>	1	1
	<u>218</u>	<u>290</u>

8 (2011: 6) employees earned more than £60,000 during the year (including taxable benefits but excluding employers' pension contributions) during the year ended 31st August 2012.

The total emoluments of these employees were in the following ranges:

	2012 No.	2011 No.
£60,001 - £70,000	6	1
£70,001 - £80,000	1	2
£80,001 - £90,000	-	2
£100,001 - £110,000	1	-
£220,001 - £230,000	-	1

All of the above employees earning more than £60,000 per annum participated in the Teachers' Pension Scheme.

During the year ended 31 August 2012 pension contributions for these staff amounted to £78,480 (2011: £74,459).

THE BASILDON ACADEMIES

Notes to the financial statements 31 August 2012

10. GOVERNORS' REMUNERATION AND EXPENSES- TO DISCUSS AT MEETING

The governors and trustees of the Academy did not receive any payment from the Academy other than the reimbursement of travel and subsistence expenses incurred in the course of their duties. However the Chair of governors received remuneration in his capacity as Chief Executive Officer and not in his capacity as governor. The value of governors' remuneration, including pension costs was as follows:

	2012 £	2011 £
Chief Executive Officer Gross Salary	60,000	60,000
Chief Executive Officer pension contribution	9,815	6,840

During the year travel and subsistence expenses totalling £Nil (2011 - £145) were reimbursed to directors.

11. GOVERNORS' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the Academy has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2012 was £4,356 (2011 - £1,400).

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

12. TANGIBLE FIXED ASSETS

	Leasehold Land and Building Improvements	Furniture and fittings Equipment £'000s	Computer Equipment and Software £'000s	Total £'000s
Cost				
At 1 September 2011	156	388	120	664
Additions	56	90	6	152
Disposals	-	-	-	-
At 31 August 2012	<u>212</u>	<u>478</u>	<u>126</u>	<u>816</u>
Depreciation				
At 1 September 2011	16	72	47	135
Charge for the year	16	64	33	113
Disposals	-	-	-	-
At 31 August 2012	<u>32</u>	<u>136</u>	<u>80</u>	<u>248</u>
Net book values				
At 31 August 2012	<u>180</u>	<u>342</u>	<u>46</u>	<u>568</u>
At 31 August 2011	<u>140</u>	<u>316</u>	<u>73</u>	<u>529</u>

THE BASILDON ACADEMIES

Notes to the financial statements 31 August 2012

13. STOCK

	2012 £'000s	2011 £'000s
Uniform	36	52
Catering	7	-
	<u>43</u>	<u>52</u>

14. DEBTORS

	2012 £'000s	2011 £'000s
Trade debtors	19	19
Other debtors	92	229
Prepayments and accrued income	147	384
	<u>258</u>	<u>632</u>

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2012 £'000s	2011 £'000s
Trade creditors	166	228
Other creditors	3	180
Taxation and social security	159	190
Accruals and deferred income (see 15(a))	1,203	1,519
	<u>1,531</u>	<u>2,117</u>

15.(a) DEFERRED INCOME

	2012 £'000s	2011 £'000s
Deferred income as at 1 September 2011	82	-
Resources deferred in the year	629	82
Amounts released from previous year	(82)	-
Deferred income at 31 August 2012	<u>629</u>	<u>82</u>

THE BASILDON ACADEMIES

Notes to the financial statements 31 August 2012

16. FUNDS

	Balance at 1 September 2011 £'000s	Incoming resources £'000s	Resources expended £'000s	Gains, losses and transfers £'000s	Balance at 31 August 2012 £'000s
Restricted general funds					
General Annual Grant (i)	120	10,884	(10,403)	(106)	495
Other DfE/EFA grants	-	291	(291)	-	-
Standards Funds (ii)	-	-	-	-	-
Special Educational Needs (SEN) (iii)	-	322	(322)	-	-
Other Government grants	-	67	(67)	-	-
Other income (iv)	-	157	(157)	-	-
Pensions Reserves	(4,204)	-	(659)	-	(4,863)
	<u>(4,084)</u>	<u>11,721</u>	<u>(11,899)</u>	<u>(106)</u>	<u>(4,368)</u>
Restricted fixed assets funds					
Legacy income	105	-	(10)	-	95
Capital expenditure from GAG	300	-	(82)	106	324
Devolved capital grant	131	39	(21)	-	149
	<u>536</u>	<u>39</u>	<u>(113)</u>	<u>106</u>	<u>568</u>
Total restricted funds	<u>(3,548)</u>	<u>11,760</u>	<u>(12,012)</u>	<u>-</u>	<u>(3,800)</u>
Unrestricted funds					
General funds	238	99	-	-	337
Pensions Reserves	-	-	-	-	-
Total unrestricted funds	<u>238</u>	<u>99</u>	<u>-</u>	<u>-</u>	<u>337</u>
Total Funds	<u>(3,310)</u>	<u>11,859</u>	<u>(12,012)</u>	<u>-</u>	<u>(3,463)</u>

Notes

(i) General Annual Grant must be used for the normal running costs of the Academy. The Academy is allowed to carry forward up to 12% of the current (GAG). Of the carried forward amount, up to 2% of GAG can be used for general purposes at the discretion of the Academy, but any balance over 2% must be used for capital purposes.

(ii) The Standards Grant is provided by the EFA/DCSF and the Local Authority to support the improvement in teaching and learning at the Academy.

(iii) The Special Educational Needs (SEN) funding has been provided by the Local Authority to fund those pupils that require additional educational support.

(iv) Includes insurance claims, settlements and mentor training.

THE BASILDON ACADEMIES

Notes to the financial statements 31 August 2012

17. ANALYSIS OF NET ASSETS BETWEEN FUNDS

Fund balances at 31 August 2012 are represented by:

	Unrestricted	Restricted	Restricted Fixed Asset		Total
	Funds	General	Public	Private	
	£'000s	£'000s	£'000s	£'000s	£'000s
Tangible fixed assets	-	-	568	-	568
Current assets	337	2,026	-	-	2,363
Current liabilities	-	(1,531)	-	-	(1,531)
Pension scheme liability	-	(4,863)	-	-	(4,863)
	<u>337</u>	<u>(4,368)</u>	<u>568</u>	<u>-</u>	<u>(3,463)</u>

18. CAPITAL COMMITMENTS

At the year end there were no capital commitments. (2011: £Nil)

19. LEASED COMMITMENTS

Operating leases

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

	Land and buildings		Other	
	2012 £'000s	2011 £'000s	2012 £'000s	2011 £'000s
Operating leases which expire:				
- Within one year	-	-	-	69
- Within two to five years	-	-	-	-

20. CONTINGENT LIABILITIES

During the period of the Funding Agreement, in the event of the sale or disposal by other means of any asset for which a Government capital grant was received, the Academy is required either to re-invest the proceeds or to repay to the DFE (also known as the Department for Education) the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the DFE.

Upon termination of the Funding Agreement, whether as a result of the Secretary of State or the Academy serving notice, the Academy shall repay to the Secretary of State sums determined by reference to:

- the value at that time of the Academy's site and premises and other assets held for the purpose of the Academy; and
- the extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreement.

THE BASILDON ACADEMIES

Notes to the financial statements 31 August 2012

21. CONTINGENT ASSET

During 2011 the Academy submitted a grant application to the EFA for £30,053 for the costs associated with the enhanced redundancy pay relating to pre-academy service. The grant application was not successful. There are no contingent assets this year.

22. RECONCILIATION OF NET INCOME TO NET CASH INFLOW FROM OPERATING

	2012 £'000s	2011 £'000s
Net income	330	(207)
Depreciation (Note 12)	113	98
Capital grants from DfE and other capital income	(39)	(141)
Interest receivable (Note 4)	(3)	(2)
FRS 17 pension cost less contributions payable (Note 26)	(7)	(59)
FRS 17 pension finance income (Note 26)	183	203
Decrease / (Increase) in stock	9	(30)
Decrease / (Increase) in debtors	374	(365)
(Decrease) / Increase in creditors	(586)	966
Net cash inflow from operating activities	<u>374</u>	<u>463</u>

23. RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

Interest received	<u>3</u>	<u>2</u>
Net cash inflow from returns on investment and servicing of finance	<u>3</u>	<u>2</u>

24. CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT

Purchase of tangible fixed assets	(152)	(134)
Capital grants from DfE/EFA	39	141
Capital funding received from others	-	-
Receipts from sale of tangible fixed assets	-	-
Net cash outflow from capital expenditure and financial investment	<u>(113)</u>	<u>7</u>

25. ANALYSIS OF CHANGES IN NET FUNDS

	At 1 September 2011 £'000	Cash Flows £'000	At 31 August 2012 £'000
Cash in hand and at bank	<u>1,798</u>	<u>264</u>	<u>2,062</u>

THE BASILDON ACADEMIES

Notes to the financial statements 31 August 2012

26. PENSION AND SIMILAR OBLIGATIONS

The Academy's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Essex County Council. Both are defined-benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2004 and of the LGPS 31 August 2012.

There is outstanding contributions at the end of the financial year amounting to £Nil (2011 £6,534) were payable to the schemes at 31 August and are included within creditors.

The total pension cost to the Academy during the year ended 31 August 2012 was £969,000 (2011: £1,085,000) of which £554,000 (2011 - £602,000) relates to the TPS and £415,000 (2011 - £483,000) relates to the LGPS. Additional costs of £nil (2011: £6,534) relating to redundancies were accrued.

Teachers Pension Scheme (TPS)

The teachers' Pension Scheme ("TPS") is a statutory, contributory, defined benefit scheme. The regulations under which the TPS operates are the Teachers' Pensions Regulations 2010.

Although teachers and lecturers are employed by various bodies, their retirement and other pension benefits,

The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the Account has been credited with a real rate of return (in excess of price increases and currently set at 3.5%), which is equivalent to assuming the balance in the Account is invested in notional investments that produce the real rate of return.

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

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

The last valuation of the TPS related to the period 1 April 2001 - 31 March 2004. The GA's report of October 2006 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £166,500 millions. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £163,240 millions. The assumed real rate of return is 3.5% in excess of prices and 2% in excess of earnings. The real rate of earnings growth is assumed to be 1.5%. The assumed gross rate of return is 6.5%.

THE BASILDON ACADEMIES

Notes to the financial statements 31 August 2012

26. PENSION AND SIMILAR OBLIGATIONS (continued)

The last valuation of the TPS related to the period 1 April 2001 - 31 March 2004. The GA's report of October 2006 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £166,500 millions. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £163,240 millions. The assumed real rate of return is 3.5% in excess of prices and 2% in excess of earnings. The real rate of earnings growth is assumed to be 1.5%. The assumed gross rate of return is 6.5%.

As from 1 January 2007, and as part of the cost-sharing agreement between employers' and teachers' representatives, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable. The cost sharing agreement also introduced - effective for the first time for the 2008 valuation - a 14% cap on employer contributions payable.

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

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

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

THE BASILDON ACADEMIES

Notes to the financial statements 31 August 2012

26. PENSION COMMITMENTS (CONTINUED)

Local Government Pension Scheme (LGPS)

The Academy is one of several employing bodies included within LGPS.

The LGPS is a funded defined benefit scheme, with the assets held in separate trustee administered funds. Contributions to the scheme are determined by a qualified actuary on the basis of triennial valuations using the projected unit method.

The total contributions made for the year ended 31 August 2012 was £507,000 of which employers' contributions totalled £415,000 and employees' contributions totalled £92,000.

At the point of transfer to the Academy, any initial funding deficit existing in respect of the members who initially transfer to the Academy, is allocated to the Academy and is calculated as the capitalised value of the deficit contributions which the Academy would have been due to make and maintain over a recovery period (twenty years) whilst maintained by the local authority. In addition, a calculation is made to assess the initial allocation of assets. The funding deficit is deducted from accrued funding liabilities to establish the notional asset allocation. If the deficit is lower than the funding liabilities a positive asset allocation occurs. However, in the case of the Academy, because the deficit exceeded the accrued funded liabilities at the date of transfer, it has been offset against the notional asset allocation of assets giving rise to negative assets.

There are separate pension valuations for Basildon Upper and Lower Academies. A summary of each is explained in the following paragraphs. A summary is provided of the total deficit in the scheme on page 40.

(1) Basildon Upper Academy

The following information is based upon a full actuarial valuation of the fund at 31 August 2012.

Principal Actuarial Assumptions

	At 31 August 2012	At 31 August 2011
Rate of increase in salaries	3.7%	4.2%
Rate of increase in pensions	1.9%	2.7%
Discount rate	3.9%	5.3%
Inflation-RPI	2.7%	3.2%
Inflation-CPI	1.9%	2.7%

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

	At 31 August 2012	At August 2011
Retiring today		
Males	22.7	22.6
Females	25.3	25.2
Retiring in 20 years		
Males	24.1	24
Females	26.8	26.8

THE BASILDON ACADEMIES

Notes to the financial statements 31 August 2012

26. PENSION COMMITMENTS (CONTINUED)

The following table sets out the impact of a small change in the discount rates on the defined benefit obligation and projected service cost along with a +/- 1 year age rating adjustment to the mortality assumption:

Sensitivity Analysis	£'000s	£'000s	£'000s
Adjustment to the discount rate	0.1%	0.00%	-0.1%
Present value of Total Obligation	4,496	4,616	4,739
Projected Service Cost	187	194	201
Adjustment to mortality age rate assumption	+ 1 year	None	- 1 year
Projected value of Total Obligation	4,454	4,616	4,779
Projected Service Cost	185	194	203

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

	Expected return at 31 August 2012	Fair value at 31 August 2012 £'000s	Expected return at 31 August 2011	Fair value at 31 August 2011 £'000s
Equities	5.90%	763	7.00%	295
Government Bonds	2.80%	67	3.70%	30
Other Bonds	3.90%	101	4.80%	37
Cash/liquidity	0.50%	45	0.50%	21
Property	4.90%	146	6.00%	49
Other assets	-	-	-	-
Total market value of assets		1,122		432
Present value of scheme liabilities		4,616		3,437
Deficit in the scheme		3,494		3,005

Amounts recognised in the statement of financial activities are as follows:

	31 August 2012 £'000s	31 August 2011 £'000s
Current service cost	151	270
Past service cost	-	-
Total operating charge	151	270

Analysis of pension finance income / (costs)

Expected return on scheme assets	58	12
Interest on pension liabilities	(190)	(158)
Pension finance costs	(132)	(146)

THE BASILDON ACADEMIES

Notes to the financial statements 31 August 2012

26. PENSION COMMITMENTS (CONTINUED)

Changes in the present value of the defined obligation are as follows:

	2012 £'000s	2011 £'000s
Benefit obligation at the beginning of the period	3,437	3,022
Current service cost	151	270
Interest cost	190	158
Contributions by scheme participants	57	95
Actuarial losses / (gains) on liabilities	772	(140)
Past service costs	-	-
Transfer in of scheme obligations	-	-
Curtailments	126	-
Benefits paid	(117)	32
Closing defined benefit obligation	<u>4,616</u>	<u>3,437</u>

Changes in the fair value of scheme assets are as follows:

	2012 £'000s	2011 £'000s
Fair value in plan assets at the beginning of the period	432	(20)
Expected return on plan assets	58	12
Actuarial gains	411	-
Business combinations/transfers out of scheme assets	-	-
Contributions by employer	281	313
Contributions by scheme participants	57	95
Benefits/transfers paid	(117)	32
Fair value of plan assets at the end of the period	<u>1,122</u>	<u>432</u>

The cumulative amount of actuarial losses recognised in the statement of financial activities was £221,000. (2011: £140,000 gains)

The company expects to contribute £365,000 (2011: £337,000) to its defined benefit pension scheme in the next financial year.

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	2012	2011
Equities	68.0%	68.4%
Government bonds	6.0%	7.0%
Other bonds	9.0%	8.5%
Property	13.0%	11.3%
Cash / Liquidity	4.0%	4.8%
Other	0%	0%

THE BASILDON ACADEMIES

Notes to the financial statements 31 August 2012

26. PENSION COMMITMENTS (CONTINUED)

Amounts for the current period are as follows:

	2012 £'000s	2011 £'000s
Defined benefit obligation	4,616	3,437
Scheme assets	(1,122)	(432)
Deficit	3,494	3,005
	2012 £'000s	2011 £'000s
Experience adjustments on scheme liabilities	-	-
Experience adjustments on scheme assets	411	-
Actual return on plan assets	58	12

(2) Basildon Lower Academy

The following information is based upon a full actuarial valuation of the fund at 31 August 2012.

Principal Actuarial Assumptions

	At 31 August 2012	At 31 August 2011
Rate of increase in salaries	3.7%	4.2%
Rate of increase in pensions	1.9%	2.7%
Discount rate	3.9%	5.3%
Inflation-RPI	2.7%	3.2%
Inflation-CPI	1.9%	2.7%

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

	At 31 August 2012	At August 2011
Retiring today		
Males	22.7	22.6
Females	25.3	25.2
Retiring in 20 years		
Males	24.1	24
Females	26.8	26.8

THE BASILDON ACADEMIES

Notes to the financial statements 31 August 2012

26. PENSION COMMITMENTS (CONTINUED)

The following table sets out the impact of a small change in the discount rates on the defined benefit obligation and projected service cost along with a +/- 1 year age rating adjustment to the mortality assumption:

Sensitivity Analysis	£000's	£000's	£000's
Adjustment to the discount rate	0.1%	0.0%	-0.1%
Present value of Total Obligation	1,742	1,789	1,838
Projected Service Cost	118	122	126
Adjustment to mortality age rate assumption	+ 1 year	None	- 1 year
Projected value of Total Obligation	1,727	1,789	1,852
Projected Service Cost	117	122	128

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

	Expected return at 31 August 2012	Fair value at 31 August 2012 £'000	Expected return at 31 August 2011	Fair value at 31 August 2011 £'000
Equities	5.90%	285	7.00%	89
Government Bonds	2.80%	25	3.70%	9
Other Bonds	3.90%	38	4.80%	11
Cash/liquidity	0.50%	17	0.50%	6
Property	4.90%	55	6.00%	15
Other assets	-	-	-	-
Total market value of assets		420		130
Present value of scheme liabilities		1,789		1,329
Deficit in the scheme		1,369		1,199

Amounts recognised in the statement of financial activities are as follows:

	31 August 2012 £'000s	31 August 2011 £'000s
Current service cost	95	154
Past service cost	-	-
Total operating charge	95	154

THE BASILDON ACADEMIES

Notes to the financial statements 31 August 2012

26. PENSION COMMITMENTS (CONTINUED)

Analysis of pension finance income / (costs)

	2012 £'000s	2011 £'000s
Expected return on scheme assets	22	3
Interest on pension liabilities	(73)	(60)
Pension finance (costs) / income	(51)	(57)

Changes in the present value of the defined obligation are as follows:

	2012 £'000s	2011 £'000s
Benefit obligation at the beginning of the period	1,329	1,144
Current service cost	95	154
Interest cost	73	60
Contributions by scheme participants	35	53
Actuarial losses / (gains) on liabilities	304	(25)
Past service costs	-	-
Transfer in of scheme obligations	-	-
Curtailments	36	-
Benefits paid	(83)	(57)
Closing defined benefit obligation	1,789	1,329

Changes in the fair value of scheme assets are as follows:

	2012 £'000s	2011 £'000s
Fair value in plan assets at the beginning of the period	130	(39)
Expected return on plan assets	22	3
Actuarial gains and losses	182	-
Business combinations/transfers out of scheme assets	-	-
Contributions by employer	134	170
Contributions by scheme participants	35	53
Benefits/transfers paid	(83)	(57)
Fair value of plan assets at the end of the period	420	130

The cumulative amount of actuarial losses recognised in the statement of financial activities was £97,000. (2011: £25,000 gains)

The company expects to contribute £192,000 (2011: £164,000) to its defined benefit pension scheme in the next financial year.

THE BASILDON ACADEMIES

Notes to the financial statements 31 August 2012

26. PENSION COMMITMENTS (CONTINUED)

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	2012	2011
Equities	68.0%	68.4%
Government bonds	6.0%	7.0%
Other bonds	9.0%	8.5%
Property	13.0%	11.3%
Cash / Liquidity	4.0%	4.8%
Other	0%	0%

Amounts for the current period are as follows:

	2012 £'000s	2011 £'000s
Defined benefit obligation	1,789	1,329
Scheme assets	(420)	(130)
Deficit	1,369	1,199

	2012 £'000s	2011 £'000s
Experience adjustments on scheme liabilities	-	-
Experience adjustments on scheme assets	182	-
Actual return on plan assets	22	3

Movement in deficit during the year:

	2012 £'000s	2011 £'000s
At the beginning of the year	4,204	
Movement in the year		
Current service costs	246	424
Net interest / Return on investments	183	203
Past service costs	-	-
Employer contributions	(415)	(483)
Actuarial (gain)/losses	483	(165)
Curtailments	162	-
Business combinations	-	-
Deficit at 31 August 2012	4,863	4,204

THE BASILDON ACADEMIES

Notes to the financial statements 31 August 2012

26. PENSION COMMITMENTS (CONTINUED)

It must be appreciated in accordance with the Charity Commission publication, 'Charity Reserves and Defined Pension Schemes' that where, under the FRS 17, a charity discloses a significant pension fund deficit, this does not mean that an immediate liability for this amount crystallises. Similarly, where a pension surplus is disclosed this does not create an immediately realisable asset that can be released straight away and expended on the purposes of the charity. In particular, the disclosure of a pension liability does not mean that the equivalent amount is already committed and is no longer available to the trustees to further the charity's objectives.

27. 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.

28. RELATED PARTY TRANSACTIONS

Owing to the nature of the Academies' 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's financial regulations and normal procurement procedures.