

Financial Statements
Bright Futures Educational Trust
(A company limited by guarantee)

For the year ended 31 August 2013

Company No: 07695771

Charitable Company limited by guarantee exempt from registration

Charitable company information

Company registration number:	07695771
Registered office:	The Lodge Cavendish Road Altrincham Cheshire WA14 2NL
Trust Directors (charity trustees and directors of the company)	Mr Baron Bernstein Dr Fassah Bibi Mr Gary Copitch Mr Alan Foster Mrs Linda Groom Mrs Wendy Jenkins Mr Justin Kelly Mr Anthony Leon Mr Stephen Lindemann Miss Susan Morrison Mr Jonathan Poole Mr Michael Prior Mrs Josephine Purcell Mr James Rankin Dame Dana Ross-Wawrzynski Mrs Caroline Shaw Mr Edward Smith Mrs Anne Yeomans
Company Secretary:	Eversecretary Limited
Bankers:	Lloyds Bank 223 Finney Lane Heald Green Cheadle Cheshire SK8 3PY
Solicitors:	Eversheds LLP 70 Great Bridgewater Street Manchester M1 5ES
Independent Auditor:	Grant Thornton UK LLP Chartered Accountants Statutory Auditors 4 Hardman Square Spinningfields Manchester M3 3EB

Index

	PAGE
Trustees' report	3
Governance statement	13
Statement on Regularity, Propriety and Compliance	16
Statement of trustees' responsibilities	17
Independent auditor's report on Financial Statements	19
Independent auditor's report on Regularity	21
Statement of financial activities	23
Balance sheet	24
Cash flow statement	25
Notes to the financial statements	26 - 45

Trustees' Report

The trustees, who are also directors for the purposes of company law, present their report and the audited financial statements of Bright Futures Educational Trust ('the Company', 'Charitable Company' or 'the Trust') for the year ended 31 August 2013.

The trustees

The trustees who served the trust during the year, and at the date of this report, were as follows:

Mr Baron Bernstein
Dr Fassah Bibi
Mr Gary Copitch (appointed 1 September 2012)
Mr Alan Foster
Mrs Linda Groom
Mrs Wendy Jenkins
Mr Justin Kelly
Mr Anthony Leon
Mr Stephen Lindemann
Miss Susan Morrison (appointed 3 December 2012)
Mr Jonathan Poole
Mr Michael Prior
Mrs Josephine Purcell (appointed 1 September 2012)
Mr James Rankin
Dame Dana Ross-Wawrzynski
Mrs Caroline Shaw
Mr Edward Smith
Mrs Anne Yeomans (appointed 8 April 2013)

Structure, governance and management

Constitution

Bright Futures Educational Trust is a company limited by guarantee (No. 07695771) and an exempt charity in accordance with the Academies Act 2010. The charitable company was incorporated on 6 July 2011.

On 19 April 2012, the trust changed its name from AGGS Academy Trust to Bright Futures Educational Trust.

The Company was incorporated on 6 July 2011 and the fully transitioned operations of Altrincham Girls Grammar School commenced on 17 August 2011 following a decision by the governing body and acceptance by the Secretary of State for Education that the School become an academy as of this date.

On 1 August 2012, the operations of Melland High School and Cedar Mount High Academy were fully transitioned into the Trust following a decision by their respective governing bodies and acceptance by the Secretary of State for Education that they become academies as of this date.

Trustees' Report (continued)

On 1 September 2012, the operations of Stanley Grove Primary Academy and Gorton Mount Primary Academy were fully transitioned into the Trust following a decision by their respective governing bodies and acceptance by the Secretary of State for Education that they become academies as of this date. The trustees listed above act as the trustees for the charitable activities of Bright Futures Educational Trust and are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as Bright Futures Educational Trust.

The schools have wider boards of governors which comprise appointed governors, parent governors, staff governors, and co-opted governors.

Members' liability

Every 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/she is a member, or within one year after he/she ceases to be a member and to pay such amounts as may be required not exceeding £10 for the debt and liabilities contracted before he/she ceased to be a member. The Secretary of State for Education can direct the trustees of the Trust in certain circumstances where the quality of education is deemed unsatisfactory.

Trustees' indemnities

The Trust has purchased insurance to cover trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business. Details of the costs can be found in note 12 of the accounts.

Principal activities

The Trust's principal activities are to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing schools offering a broad and balanced curriculum.

Method of recruitment and appointment of directors

The Members of the Trust are responsible for the appointment of Trust Directors except a minimum of two Parent Governor Directors who will be appointed through an election process directed by the Local Governing Body. In the event that these positions are not filled, the members of the Trust are able to appoint to these positions.

The number of Directors shall be not less than three and shall not be subject to any maximum.

Policies and procedures adopted for the induction and training of directors

No formal policy has been adopted. Training requirements are discussed at directors' board meetings.

Organisational structure

The governance of the Trust is defined in the Memorandum and Articles of Association together with the funding agreements with the Department of Education. In addition to the trustees (see above), Local Governing Bodies have been appointed for each school within the Trust. These bodies will report to the Board of Directors. The Board of Directors has appointed an Audit and Risk Committee, and further committees will be appointed in due course.

Trustees' Report (continued)

The Audit and Risk Committee will report to the full Board of Directors.

The Board of Directors meets on at least three occasions per year.

The day to day running of the Trust is delegated by the trustees to management under the leadership of the Chief Executive Officer, who is the Accounting Officer.

Risk management

Risk Registers are produced for the Trust as a whole in addition to each individual Academy. Each Academy is responsible for the maintenance and regular review of the individual Risk Register. Risk Registers are a standing item on the agenda of Directors' Board Meetings and Academy Governing Body meetings.

The governors have assessed the major risks to which the Trust is exposed, in particular those related to the operations and finances of the Trust, and are satisfied that systems are in place to mitigate any exposure to major risks.

A formal review of the Trust's risk management process will be undertaken on an annual basis and key controls will be put in place to include:

- formal agendas for all committee activity;
- terms of reference for all governing body and delegated committees under the direction of the governing body;
- pecuniary interests of governors are reviewed annually;
- comprehensive budgeting and management reporting;
- established organisational structure and clear lines of reporting;
- formal written policies;
- clear authorisation and approval levels; and
- vetting procedures as required by law for the protection of the vulnerable.

It is recognised that systems can only provide reasonable but not absolute assurance that major risks have been adequately managed.

Further details of financial and risk management are included on page 9 of this report.

Connected organisations and related parties

Although there are a number of professional links to other schools and third party organisations, the Trust is an independent company with no affiliation to outside bodies.

The Trust works closely with a wide variety of organisations in the field of education, including but not restricted to: -

- The Prince's Teaching Institute
- National College for School Leadership
- The British Council
- Challenge Partners
- Future Leaders
- Teaching Leaders

Trustees' Report (continued)

The CEO of the Trust sits on the Education Committee for the Centre of Social Justice and is a member of the Ofqual Board.

Altrincham Grammar School for Girls has established a Teaching School Alliance, which now sits within the Trust. Current members of the alliance are: -

- Bright Futures Educational Trust schools
 - Altrincham Grammar School for Girls
 - Cedar Mount Academy
 - Gorton Mount Primary Academy
 - Melland High School
 - Stanley Grove Primary Academy
- Altrincham Grammar School for Boys
- Bollin Primary School
- Camberwell Park Specialist Support School
- Cheadle Hulme High School
- Flixton Girls' High School
- Lostock College
- Neston High School
- Palatine College
- Parrenthorn High School
- Piper Hill Specialist Support School
- Sale Grammar School
- St Bede Primary Academy
- St Mary's C of E Primary
- Sir John Deane's Sixth Form College
- The University of Manchester
- Yesoiday Hatorah School

None of these organisations are considered to constitute formal related parties.

Objectives and activities

Objects and aims

The Trust's object is to advance for public benefit education in the United Kingdom.

Our vision is to create a world class education within our academies to enable every pupil to realise their full academic potential. The vision is based on the following principles: -

- We will create a teaching and learning environment to enable pupils to fulfil their full academic potential.
- We will create a working atmosphere to enable pupils to develop their full potential in every sense; personally, morally, spiritually, culturally, physically as well as academically.

Trustees' Report (continued)

- We will support the creation of an outstanding cadre of staff who will continuously engage in, and contribute to, their own and colleagues' professional development to the highest level towards the offer of a world class education.
- We will generate and maintain through sound financial systems a quality and appropriate physical environment with excellent facilities to support and provide world class education.
- We will engage with other schools and the wider community locally, nationally and internationally to achieve higher standards in education both locally and nationally.
- We will engage with all our stakeholders to create a common purpose in the development of a world class education within our schools.

Students are offered a supportive, positive and dynamic learning environment that enables them to focus on their studies and extra-curricular activities. As a result, students achieve academic and technological excellence and extend their sporting, artistic and musical accomplishments.

The Trust fosters personal development that helps students to find meaning in their lives and respond with creativity and determination to the challenges that arise through the rapid pace of social change.

Objectives, strategies and activities

The Trust's strategic objectives for the year ended 31 August 2013 were: -

- To offer a predominately academic curriculum appropriate to the age and ability of pupils that leads to successful progression into HE, training or employment at the age of 18+.
- To provide a safe environment with opportunities where pupils can acquire knowledge and skills to develop their full potential, in every sense; that is, personal, moral, spiritual, cultural, physical as well as academic.
- To understand each pupil's learning needs to enable them to access the curriculum fully with pace and significant progress matched to their ability.
- To ensure any pupil falling behind is given timely, appropriate and relevant catch- up support.
- To ensure a wide variety of teaching methods is understood by staff and used appropriately for most effective learning.
- To provide data and assessment of the highest quality to inform staff effectively of their pupil's progress for their lesson planning.
- To encourage and support all staff to develop their professional skills and experience to the highest level both individually and as members of appropriate teams.

Trustees' Report (continued)

- To have secure financial systems based on a business model to enable the development of revenue and capital streams in order to generate opportunities for staff and pupils; and to generate and maintain a quality and appropriate physical environment with excellent facilities.
- To engage with all the stakeholders – pupils, parents, staff, governors, trust directors, neighbours, local authority and government to create common purpose in order both to satisfy our social obligations and retain our licence to operate, and to gain advantage from contributions, skills and policies at all levels.

These strategic objectives have all largely been met, and all Trust schools have made significant progress educationally.

The total number of pupils and students on roll for the period 1 September 2012 to 31 August 2013 was 3,146, based on Autumn 2012 census information.

Attendance - the attendance level achieved for the period was 93.92%.

Permanent exclusions - the aim is to have permanent exclusions only in exceptional circumstances. The Trust had one permanent exclusion during the period 1 September 2012 to 31 August 2013, relating to Cedar Mount Academy.

Staffing - the average number of staff employed during the period 1 September 2012 to 31 August 2013 was 540, corresponding to 418 full time equivalents.

Public benefit

The Academy Trust directors have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission in exercising their powers or duties.

The schools' catchment areas are as designated in the Admissions Policies and have not changed since academy status. School governors have reviewed the pupil admissions policies' and consider there to be no barriers to entry on the grounds of gender, ethnicity or family circumstances.

Achievements and performance

Gorton Mount Primary Academy and Stanley Grove Primary Academy joined the Trust on 1 September 2012. In addition to the existing Academies of Altrincham Grammar School for Girls, Cedar Mount Academy and Melland High School, this meant that the Trust comprised five Academies throughout the financial period.

One of the key achievements during the period was the set up of a brand new educational establishment, Connell Sixth Form College, which opened its doors immediately after year end on 1 September 2013. The College was created via the DfE's Free School Programme, and key partners include Manchester City Council and Manchester City Football Club. Connell will be based within The East Manchester Academy site during the Academic Year 2013/14, with building work for the new site scheduled for completion in summer 2014.

The Trust's charitable objects are education-orientated, and the vision remains "to create a world class education within our academies to enable every pupil realise their full academic potential".

Trustees' Report (continued)

At the two Primary Schools, Gorton Mount and Stanley Grove, the first year in the Trust has seen both schools above floor target for the first time. Raiseonline analysis through Ofsted has indicated that the schools are improving and rated in the "green" category.

Melland High School was subject to an Ofsted inspection during the year, which confirmed that the school is outstanding in all areas.

At Altrincham Grammar School for Girls, educational achievement continues to be excellent with the school rated fifth in the country and nineteen students going on to Oxbridge.

There are promising signs at Cedar Mount Academy and results in History, Geography and English are particularly encouraging. Attendance has reached a high at over 93% for the year.

At Connell Sixth Form College, links with Oxford University's Pembroke College have been established, and one student has been selected to represent the College at the northern hub meeting.

Going Concern

After making appropriate enquiries, the board of trustees 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 (note 1 in the financial statements).

Financial review

For the financial period ended 31 August 2013, financial performance has been analysed across the operating divisions of the Trust which are largely responsible for managing delegated budgets. These are: Altrincham Grammar School for Girls (AGGS), Melland High School (Melland), Cedar Mount Academy (CMA), Gorton Mount Primary Academy (GMPA), Stanley Grove Primary Academy (SGPA) and Head Office.

Occupancy of both the Gorton Mount and Stanley Grove sites is via a Tenancy at Will arrangement. As long-term leases have not currently been entered in to, land and buildings valuations have not been added on to the Trust's Balance Sheet. Consequently, total assets at 31 August 2013 are of a similar value to total assets at 31 August 2012. Changes to two areas of the Balance Sheet are significant. Net current assets increased from £470k to over £2million, predominantly due to the healthy cash positions of SGPA and GMPA. However, the Local Government Pension Scheme deficit increased from £2,736k to £3,095k with the additional schools over the same period. All schools within the Trust finished the year in surplus.

The main source of income for the Trust is revenue grant funding for individual academies. Funding is based largely on pupil numbers, and the key risk moving forward is a reduction in the number of pupils at schools within the Trust. However, AGGS and Melland are currently oversubscribed, and there are positive signs that pupil numbers at CMA are moving in the right direction. It should be noted that the age demographic in East Manchester is likely to result in increased pupil numbers across CMA and the two primaries in the short to medium term.

Trustees' Report (continued)

Expenditure across the Trust is typical for the education sector with the main area of expenditure being staff costs.

The trustees' policy on reserves is to strike a balance between financial prudence and achieving the Trust's educational objectives. It is acknowledged both that available assets should remain at a financially secure level and that current year government funding is to meet the educational needs of current year pupils. Net current assets were in excess of the minimum of 5% of total annual General Annual Grant (GAG) funding as planned.

Financial and Risk Management Objectives and Policies

The Trust has developed risk management procedures as outlined above. The governors are currently undertaking an assessment of the major risks to which the individual schools are exposed and a formal review of the Trust's risk management process will be undertaken on an annual basis.

The Trust uses a variety of financial instruments, including cash and items such as trade debtors and trade creditors that arise directly from day to day activities. The main purpose of these financial instruments is to ensure liquidity for the Trust's operations.

Principal Risks and Uncertainties

Risks across Trust Schools are managed via individual School Risk Registers, which are reviewed regularly at Senior Management level. The Risk Registers are updated by School Business Managers and forwarded to the Trust's Chief Finance Officer.

The principal risks are the loss of reputation through falling standards, falling student rolls and failure to safeguard the students.

Key controls in place are:

- an organisational structure with defined roles, responsibilities and authorisation levels;
- terms of reference for the committees of the Governing Body;
- financial planning, budgeting and regular management reporting highlighting areas of financial risk;
- formal written and published policies for employees; and
- vetting procedures as required by law for the protection of the vulnerable.

The Trust's employees are members of two defined benefit pension schemes, the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). The Trust has recognised its share of the LGPS assets and liabilities in accordance with Financial Reporting Standard no. 17. A deficit has been recognised at 31 August 2013. The TPS has been accounted for as a defined contribution scheme. Further details of the accounting policy adopted for each scheme are included in note 1 to the financial statements.

Due to the nature of the two pension schemes there is an underlying risk to the Trust which relates primarily to the uncertainty of the future funding requirements of each scheme, the results of which impact on the contribution rates for future employer contributions to each scheme. The governors have given due consideration to this risk, and are seeking further advice.

Trustees' Report (continued)

Reserves Policy

The level of net current asset reserves held at 31 August 2013 total £2,137,000 (2012: £470,000). This excludes the fixed asset and pension liability reserves. The reserves will be allocated and spent as part of the Trust's plan to deliver its objectives and maintain its facilities and resources.

The deficit on the Local Government Pension Scheme (£3,095,000 at 31 August 2013) does not mean that an immediate liability crystallises. The deficit results in a cash flow effect for the Academy Trust in the form of possible future increases in pension contributions, which, if required, will be met from the budgeted annual income. There is therefore considered to be no material impact on free reserves of the Academy Trust because of recognising the deficit.

Investment Policy

A formal investment policy will be proposed for adoption by the Board of Directors.

The aim of the policy will be to ensure funds that the Trust does not immediately need to cover anticipated expenditure are invested in such a way as to maximise the Trust's income but with minimal risk. The aim is to research where funds may be deposited applying prudence in ensuring there is minimum risk. The Trust does not consider the investment of surplus funds as a primary activity, rather as a result of good stewardship and as and when circumstances allow.

The Trust will, after constructing and reporting forecasts versus budgets, consider whether it is prudent to deposit funds into an account where improved terms are offered. As improved terms are generally only offered where funds are invested for a fixed term, it may be prudent for the Trust not to invest funds in this manner.

Plans for future periods

Educationally, the aim is to provide a structure for continuous improvement and achievement at all key stages and to demonstrate year on year improvements.

As from 1 September 2013, the Trust comprises six educational establishments, all located in the Manchester area. While an integral part of the short term plan is the successful integration of all of the schools, the Board of Directors have been considering models of expansion, and the preferred model is a hub-based approach. The plan is to develop the Manchester hub further and to concurrently create a second hub elsewhere in the North West. It is a firm belief of the Board that educational delivery within the UK should remain exclusively within the North West of England.

Trustees' Report (continued)

Auditor

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the charitable company receives notice under section 488(1) of the Companies Act 2006.

Approved by order of the members of the board of directors on 17 December 2013 and signed on its behalf by



Mr Baron Bernstein
Chairman



Dame Dana Ross-Wawrzynski
Accounting Officer

Governance statement

Scope of responsibility

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

The Board of Directors has delegated the day-to-day responsibility to the Chief Executive Officer, 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 academy trust and the Secretary of State for Education. They are also responsible for reporting to the governing body any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' report and in the Statement of trustees' responsibilities. The board of trustees body has formally met ten times during the period. Attendance during the year at meetings of the governing body was as follows:

Trustee	Meetings Attended	Out of a possible
Mr Baron Bernstein	10	10
Dr Fassah Bibi	6	8
Mr Gary Copitch	7	10
Mr Alan Foster	9	10
Mrs Linda Groom	9	10
Mrs Wendy Jenkins	10	10
Mr Justin Kelly	9	10
Mr Anthony Leon	7	10
Mr Stephen Lindemann	10	10
Miss Susan Morrison	5	7
Mr Jonathan Poole	10	10
Mr Michael Prior	5	7
Mrs Josephine Purcell	7	10
Mr James Rankin	9	10
Dame Dana Ross-Wawrzynski	10	10
Mrs Caroline Shaw	8	10
Mr Edward Smith	7	10
Mrs Anne Yeomans	3	3

Governance statement (continued)

The Audit and Risk Committee is a sub-committee of the main Board of Directors. Its purpose is to advise the board on all strategic risk-related issues, in particular financial risk. The structure and format of the Committee was finalised in May 2013, and there were two meetings during the period 1 September 2012 to 31 August 2013.

The purpose of the system of internal financial controls

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of 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 Bright Futures Educational Trust throughout the financial period and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the financial year ending 31 August 2013 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

A Risk Management Policy will be adopted by the board of trustees and a risk register and process of review has been implemented.

The Risk and Control Framework

The 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 Audit and Risk Committee who report to the full governing body;
- regular reviews by the Audit and Risk Committee of reports which indicate financial performance against forecasts, capital expenditure plans and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset and general expenditure purchase) guidelines;
- delegation of authority and segregation of duties; and
- identification and management of risks

Governance statement (continued)

Review of Effectiveness

As Accounting Officer, the Chief Executive Officer has responsibility for reviewing the effectiveness of the system of internal control. During the period in question the review has been informed by the work of the executive managers within the Trust who have responsibility for the development and maintenance of the internal control framework, the external auditor and the financial management and governance process employed by the Trust.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control and together with the Audit and Risk Committee will address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Trust on 17 December 2013 and signed on its behalf by:



Mr Baron Bernstein
Chairman



Dame Dana Ross-Wawrzynski
Accounting Officer

Statement on Regularity, Propriety and Compliance

As accounting officer of Bright Futures Educational Trust I have considered my responsibility to notify the Academy Trust board of directors and the Education Funding Authority 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 irregularity 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.



Dame Dana Ross-Wawrzynski
Accounting officer

17 December 2013

Statement of trustees' responsibilities

The trustees (who are also directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with the Annual Accounts Requirements issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

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

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

The trustees are responsible for ensuring that in its conduct and operations the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the EFA/DfE have been applied for the purposes intended.

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

Statement of trustees' responsibilities (continued)

The trustees confirm that:

- so far as each trustee is aware, there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all the steps that they ought to have taken as trustees 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.

Approved by order of the members of the board of trustees on 17 December 2013 and signed on its behalf by:



Mr Baron Bernstein
Chairman



Dame Dana Ross-Wawrzynski
Accounting Officer



Independent auditor's report to the members of Bright Futures Educational Trust

We have audited the financial statements of Bright Futures Educational Trust for the year ended 31 August 2013 which comprise the Statement of Financial Activities (including the income and expenditure account), the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Account Direction 2013 issued by the Education Funding Agency and applicable law.

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 trustees and auditor

As explained more fully in the statement of trustees' responsibilities set out on page 17 and 18, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/apb/scope/private.cfm.

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 2013 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2013 issued by the Education Funding Agency.



Independent auditor's report to the members of Bright Futures Educational Trust (continued)

Opinion on other matters prescribed by the Companies Act 2006

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

Grant Thornton UK LLP

Kevin Engel
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Manchester

20 December 2013



Independent reporting auditor's assurance report on Regularity to Bright Futures Educational Trust and the Education Funding Agency

In accordance with the terms of our engagement letter dated 21 November 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Bright Futures Educational Trust the period 1 September 2012 to 31 August 2013 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Bright Futures Educational Trust and the EFA. Our review work has been undertaken so that we might state to Bright Futures Educational Trust and the EFA those matters we are required to state to them 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 Bright Futures Educational Trust and the EFA, for our review work, for this report, or for the conclusion we have formed.

Respective responsibilities of Bright Futures Educational Trust's Accounting Officer and the reporting auditor

The accounting officer is responsible, under the requirements of Bright Futures Educational Trust's funding agreement with the Secretary of State for Education and the Academies Financial Handbook, extant from 1 September 2012, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2013. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2012 to 31 August 2013 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

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

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

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



Independent reporting auditor's assurance report on Regularity to Bright Futures Educational Trust and the Education Funding Agency

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2012 to 31 August 2013 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

A handwritten signature in dark ink, appearing to read "Grant Thornton UK LLP", with a stylized flourish at the end.

Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Manchester

20 December 2013

Statement of financial activities (including income and expenditure account and statement of total recognised gains and losses)

	Note	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	2013 Total £'000	2012 Total £'000
Incoming resources						
<i>Income from generated funds</i>						
Voluntary income	2	29	19	-	48	49
Voluntary income – transfers on conversion	2	284	-	173	457	25,982
Activities for generating funds	3	152	807	-	959	289
Investment income	4	-	1	-	1	1
<i>Income from charitable activities</i>						
Funding for the academies' educational operations	5	-	22,122	185	22,307	8,020
Total incoming resources		465	22,949	358	23,772	34,341
Resources expended						
<i>Charitable activities</i>						
Academies' educational operations	7	153	21,830	846	22,829	8,253
<i>Governance costs</i>	8	-	39	-	39	58
<i>Other resources expended</i>						
Local Government Pension Scheme liability assumed on conversion	23	-	361	-	361	2,078
Total resources expended		153	22,230	846	23,229	10,389
Net incoming resources before transfers		312	719	(488)	543	23,952
Transfers between funds		-	-	-	-	-
Net incoming resources for the year		312	719	(488)	543	23,952
Other recognised gains and losses						
Actuarial losses on defined benefit pension schemes	23	-	277	-	277	(596)
Net movement in funds		312	996	(488)	820	23,356
Reconciliation of funds						
Funds brought forward at 1 September	15	35	(2,301)	25,622	23,356	-
Funds carried forward at 31 August	15	<u>347</u>	<u>(1,305)</u>	<u>25,134</u>	<u>24,176</u>	<u>23,356</u>

All the above results are derived from continuing activities in both financial periods.

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 accompanying notes form part of these financial statements.

Balance sheet

	Note	2013 £'000	2012 £'000
Fixed assets			
Tangible assets	12	25,134	25,622
Current assets			
Debtors	13	702	713
Cash at bank and in hand		2,704	895
		<u>3,406</u>	<u>1,608</u>
Creditors: amounts falling due within one year	14	<u>(1,269)</u>	<u>(1,138)</u>
Net current assets		<u>2,137</u>	<u>470</u>
Total assets less current liabilities and net assets excluding pension liability		27,271	26,092
Pension scheme liability	23	<u>(3,095)</u>	<u>(2,736)</u>
Net assets including pension liability		<u>24,176</u>	<u>23,356</u>
Funds			
Restricted fixed asset fund	15	25,134	25,622
Restricted general fund	15	1,790	435
Pension reserve	15	<u>(3,095)</u>	<u>(2,736)</u>
Total restricted funds	15	23,829	23,321
Unrestricted funds	15	<u>347</u>	<u>35</u>
Total funds		<u>24,176</u>	<u>23,356</u>

The financial statements were approved by the Trustees and authorised for issue on December 2013 and signed on their behalf by:



Mr Baron Bernstein



Dame Dana Ross-Wawrzynski

Cash flow statement

	Note	2013 £'000	2012 £'000
Net cash inflow from operating activities	19	1,872	946
Returns on investments and servicing of finance			
Interest received		1	1
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(185)	(76)
Capital grants from DfE/EFA		121	24
Net cash out flow from capital expenditure and financial investment		(64)	(52)
		<hr/>	<hr/>
Increase in cash	20	<u>1,809</u>	<u>895</u>

Reconciliation of net cash flow to movement in net funds

	2013 £'000	2012 £'000
Net funds at start of the year	895	-
Increase in cash	1,809	895
	<hr/>	<hr/>
Net funds at year end	<u>2,704</u>	<u>895</u>

Notes to the financial statements

1 Principal accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards (United Kingdom Generally Accepted Accounting Practice), 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.

The principal accounting policies are set out below.

Going concern

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

In undertaking their review the trustees have taken into account various factors including the Trust's relative youth and the ongoing organisational and operational challenges presented by its programme of expansion. Such ongoing changes take place in a general environment of reduced public sector funding which in the medium to long-term is likely to reduce. In the foreseeable future the Trust benefits from transitional arrangements and start-up grants that facilitate the meeting of obligations arising from conversions and transfers.

The trustees have not identified any material uncertainties from their review and accordingly have applied the basis of going concern in preparing these financial statements.

Incoming resources

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

Grants receivable

Grants are included in the statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the year 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 it is included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued. General Annual Grant is recognised in the year to which it relates as part of restricted general funds.

Sponsorship income

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the statement of financial activities in the year in which it is receivable, where there is certainty of receipt.

Donations

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

Other income

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

Notes to the financial statements (continued)

Donated services and gifts in kind

The value of donated services and gifts in kind provided to the academy trust is recognised as incoming resources at open market value in the year in which they are receivable, where the benefit to the academy trust can be reliably measured. An equivalent amount is included as expenditure under a relevant heading in the statement of financial activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over its useful economic life in accordance with the academy trust's policy.

Resources expended

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

Costs of generating funds

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

Charitable activities

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

Governance costs

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

All resources expended are net of recoverable VAT.

Tangible fixed assets

Tangible fixed assets acquired since the trust was established are included in the accounts at cost.

In the case of fixed assets transferred from predecessor schools these are treated as acquired at fair value, calculated by reference to either:

- net book value at date of transfer; or
- in the absence of reliable net book value data, an estimate of fair value calculated by reference to an assumed value of fixed assets as compared to the pupil roll.

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

Assets costing more than £1,000 are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Notes to the financial statements (continued)

Depreciation

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write down the cost of each asset to its estimated residual value on a straight line, reducing balance basis over their expected useful lives. No depreciation is provided on freehold land or assets under construction.

The rates generally applicable are:

Freehold property	18 years
Long leasehold land and buildings	50 years
Furniture and equipment	10 years
Computers	3 years
Motor vehicles	4 years

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

Leased assets

Rentals under operating leases are charged to the statement of financial activities on a straight line basis over the lease term.

Taxation

The academy trust is considered to pass the tests set out in Paragraph 1 of Schedule 6 to the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly the academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Taxes 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.

Retirement Benefits

Retirement benefits to employees of the academy trust are provided by the Teachers' Pensions Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes, are contracted out of the State Earnings-Related Pension Scheme ('SERPS'), and the assets are held separately from those of the academy trust.

Teachers' Pension Scheme

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

Notes to the financial statements (continued)

Local Government Pension Scheme

The LGPS is a funded scheme and the assets are held separately from those of the academy trust in separate trustee-administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on high quality corporate bonds 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 as part of staff costs are the current service costs and gains and losses on settlements and curtailments. Past service costs are recognised immediately in the statement of financial activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the year till vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount. Actuarial gains and losses are recognised immediately in other gains and losses.

Fund accounting

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

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

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

Conversion to an academy trust

The conversion of two predecessor schools to academies involved the transfer to the trust of identifiable assets and liabilities and the operation of the schools for £nil consideration and has been accounted for under the acquisition accounting method.

The assets and liabilities transferred on conversion to academies trust have been valued at their fair value, being a reasonable estimate of the current market value that the board of trustees would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for the Trust.

The two schools that have joined the Trust during the year are currently occupied via a Tenancy at Will arrangement. As such, ownership of the land and buildings currently remains with Manchester City Council, and no value has transferred onto the Balance Sheet.

The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in voluntary income as net income or other resources expended in the Statement of Financial Activities and analysed as appropriate under unrestricted funds, restricted general funds (pension liability) and restricted fixed asset funds (buildings, fixtures and fittings). Further details of the transaction are set out in note 25.

Notes to the financial statements (continued)

2 Voluntary income

	Unrestricted funds £'000	Restricted funds £'000	2013 Total £'000	2012 Total £'000
Capital grants	-	-	-	24
Other donations	313	192	505	26,007
	313	192	505	26,031

Included within other donations is £457,000 (2012: £25,982,000) in relation to funds received on conversion. See note 25 for further details.

3 Activities for generating funds

	Unrestricted Funds £'000	Restricted funds £'000	2013 Total £'000	2012 Total £'000
Hire of facilities	64	88	152	35
Catering income	-	304	304	38
Other generated income	88	415	503	216
	152	807	959	289

Notes to the financial statements (continued)

4 Investment income

	Unrestricted funds £'000	Restricted funds £'000	2013 Total £'000	2012 Total £'000
Bank interest receivable	-	1	1	1

5 Funding for the academy's educational operations

	Unrestricted funds £'000	Restricted Funds £'000	2013 Total £'000	2012 Total £'000
DfE/EFA revenue grants				
General Annual Grant	-	19,676	19,676	7,092
Start-up grants	-	510	510	165
Capital grants	-	121	121	-
Other DfE/EFA grants	-	2,000	2,000	763
	-	22,307	22,307	8,020

6 Analysis of total resources expended

	Staff Costs £'000	Premises costs £'000	Other costs £'000	2013 Total £'000	2012 Total £'000
Costs of generating voluntary income	-	-	-	-	25
Costs of activities for generating funds	-	-	-	-	255
Academy's educational operations					
- direct costs	13,191	-	2,344	15,535	5,478
- allocated support costs	2,808	1,429	3,057	7,294	2,495
Governance costs	-	-	39	39	58
	15,999	1,429	5,440	22,868	8,311

Total resources expended include:

	2013 £'000	2012 £'000
Operating lease rentals	84	3
Auditor's remuneration	21	14
Depreciation	846	436

Notes to the financial statements (continued)

7 Charitable activities – academy's educational operations

	Unrestricted funds £'000	Restricted funds £'000	2013 Total £'000	2012 Total £'000
Direct costs				
Teaching and educational support staff	17	13,174	13,191	4,975
Educational supplies	57	1,451	1,508	179
Examination fees	-	201	201	126
Staff development	-	194	194	44
Educational consultancy	-	356	356	209
Other direct costs	-	85	85	97
	74	15,461	15,535	5,630
Allocated support costs				
Support staff costs	3	2,833	2,836	1,035
Depreciation	-	846	846	436
Recruitment and support	-	62	62	68
Maintenance of premises and equipment	71	918	989	209
Cleaning	-	276	276	201
Rent and rates	-	164	164	234
Insurance	-	189	189	54
Catering	5	572	577	167
Other support costs	-	1,355	1,355	219
	79	7,215	7,294	2,623
	153	22,676	22,829	8,253

8 Governance costs

	Unrestricted funds £'000	Restricted funds £'000	2013 Total £'000	2012 Total £'000
Legal and professional fees	-	19	19	44
Auditor's remuneration	-	-	-	-
- audit of financial statements	-	15	15	12
- other audit costs	-	5	5	2
	-	39	39	58

Notes to the financial statements (continued)

9 Staff costs

Staff costs during the year were as follows:

	2013 £'000	2012 £'000
Wages and salaries	12,311	4,982
Social security costs	1,023	389
Other pension costs	1,479	639
	14,813	6,010
Supply teacher costs	579	-
Compensation payments	32	-
	15,424	6,010

The average number of persons employed by the academy during the year, expressed as full time equivalents, was as follows:

	2013 Number	2012 Number
Teachers	187	134
Administration and support	190	127
Management	41	28
	418	289

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

	2013 Number	2012 Number
£60,001 to £70,000	6	3
£70,001 to £80,000	2	-
£80,001 to £90,000	2	1
£90,001 to £100,000	2	1
£100,001 to £110,000	1	1
£210,000 to £220,000	1	-

During the year the following pension contributions were paid in respect of the higher paid employees as shown above:

	2013 £'000	2012 £'000
Pension contributions to Teachers Pension Scheme	130	43
Pension contributions to Local Government Pension Scheme	12	11

Notes to the financial statements (continued)

10 Governors' remuneration and expenses

The Chief Executive Officer and staff trustees only receive remuneration in respect of services they provide undertaking the roles of Chief Executive Officer and staff and not in respect of their services as trustees. The value of trustees'/directors' remuneration was as follows:

Dame Dana Ross-Wawrzynski	£210,000 – £215,000 (2012: £120,000 – £125,000)
Mr Jonathan Poole	£70,000 – £75,000 (2012: £60,000 – £65,000)
Mrs Linda Groom	£15,000 – £20,000 (2012: £Nil)
Mrs Wendy Jenkins	£5,000 – £10,000 (2012: £Nil)
Ms Anne Yeomans	£5,000 – £10,000 (2012: £Nil)

11 Governors' and officers' insurance

In accordance with normal commercial practice the academy trust has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on the academy trust's business.

The charitable company will also insure against any losses of money or goods resulting from fraud or dishonesty by the charitable company's employees.

12 Tangible fixed assets

	Freehold Land £'000	Freehold Buildings £'000	Leasehold Land & Buildings £'000	Furniture & Equipment £'000	Computer Equipment £'000	Total £'000
Cost						
At 1 September 2012	1,451	6,507	17,828	177	95	26,058
Assets transferred on conversion (Note 25)	-	-	-	81	92	173
Additions	-	-	-	97	88	185
At 31 August 2013	<u>1,451</u>	<u>6,507</u>	<u>17,828</u>	<u>355</u>	<u>275</u>	<u>26,416</u>
Depreciation						
At 1 September 2012	-	-	399	20	17	436
Provided in the year	-	-	724	50	72	846
At 31 August 2013	<u>-</u>	<u>-</u>	<u>1,123</u>	<u>70</u>	<u>89</u>	<u>1,282</u>
Net book value at:						
31 August 2013	<u>1,451</u>	<u>6,507</u>	<u>16,705</u>	<u>285</u>	<u>186</u>	<u>25,134</u>
31 August 2012	<u>1,451</u>	<u>6,507</u>	<u>17,429</u>	<u>157</u>	<u>78</u>	<u>25,622</u>

Notes to the financial statements (continued)

13 Debtors

	2013	2012
	£	£
Trade debtors	14	69
Other debtors	332	118
Prepayments	137	188
Accrued income	219	338
	<u>702</u>	<u>713</u>

14 Creditors: amounts falling due within one year

	2013	2012
	£'000	£'000
Trade creditors	598	614
Other creditors	21	88
Accruals	221	262
Deferred income	429	174
	<u>1,269</u>	<u>1,138</u>
Deferred income		£'000
At 1 September 2012		174
Resources deferred in the year		429
Amounts released from previous year		<u>(174)</u>
At 31 August 2013		<u>429</u>

Notes to the financial statements (continued)

15 Funds

	Balance at 31 August 2012 £'000	Incoming resources £'000	Resources expended £'000	Gains, Losses & Transfer £'000	Balance at 31 August 2013 £'000
Restricted general funds					
General Annual Grant	422	20,691	(19,323)	-	1,790
Start-Up Grant	-	510	(510)	-	-
Other DfE/EFA grants	13	1,748	(1,761)	-	-
Pensions reserve	(2,736)	-	(636)	277	(3,095)
	(2,301)	22,949	(22,230)	277	(1,305)
Restricted fixed asset funds					
DfE/EFA capital grants	24	121	(12)	-	133
Capital expenditure from GAG	52	64	-	-	116
Donated on conversion	25,546	173	(834)	-	24,885
	25,622	358	(846)	-	25,134
Total restricted funds	23,321	23,307	(23,076)	277	23,829
Unrestricted funds	35	465	(153)	-	347
Total funds	23,356	23,772	(23,229)	277	24,176

16 Analysis of net assets between funds

Fund balances at 31 August 2013 are represented by:

	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	Total funds £'000
Tangible fixed assets	-	-	25,134	25,134
Current assets	347	3,059	-	3,406
Current liabilities	-	(1,269)	-	(1,269)
Pension scheme liability	-	(3,095)	-	(3,095)
Total	347	(1,305)	25,134	24,176

Notes to the financial statements (continued)

17 Capital commitments

There were no amounts contracted for, but not provided in the financial statements at 31 August 2013 or 31 August 2012.

18 Operating lease commitments

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

	Land & buildings		Other	
	2013	2012	2013	2012
	£'000	£'000	£'000	£'000
Expiring within one year	24	-	17	-
Expiring within two and five years inclusive	-	-	69	31

19 Reconciliation of net income to net cash inflow from operating activities

	2013	2012
	£'000	£'000
Net income	543	23,952
Depreciation	846	436
Capital grants from DfE and other capital income	(121)	(24)
Assets donated	(173)	(25,982)
Interest receivable	(1)	(1)
FRS 17 pension finance income/cost	636	2,140
Decrease/(increase) in debtors	11	(713)
Increase in creditors	131	1,138
Net cash inflow from operating activities	1,872	946

20 Analysis of changes in net funds

	At 31 August 2012 £'000	Cash flows £'000	At 31 August 2013 £'000
Cash at bank and in hand	895	1,809	2,704

21 Contingent liabilities

If a capital asset acquired by the academy trust for market value using a capital grant made available to the academy trust by the Department for Education, is disposed of during the currency of the relevant funding agreement between the charitable company and the Secretary of State, the academy trust is required to repay to the Secretary of State the same proportion of the proceeds of the disposal as equates with the proportion of the agreed costs met by the Secretary of State, unless the Secretary of State agrees to all proceeds being retained by the academy trust for its charitable purposes.

Notes to the financial statements (continued)

22 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.

23 Pension and similar obligations

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

As described in notes 1 and 25 the LGPS obligation relates to employees of the Trust who were employees transferred as part of the conversion from the maintained schools and new employees who were eligible to, and did, join the scheme in the year. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor schools and the Trust at the balance sheet date.

The pension costs are assessed in accordance with the recommendations of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period end 31 March 2004 and of the LGPS 31 March 2010.

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

Teachers' Pension Scheme (TPS)

Introduction

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

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a "pay as you go" basis – these contributions along with those made by employers are credited to the Exchequer under arrangements governed by the above Act. The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Notes to the financial statements (continued)

Valuation of the Teachers' Pension Scheme

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

The last valuation of the TPS related to the period 1 April 2001 to 31 March 2004. The Government Actuary's report of October 2006 revealed that the total liabilities of the Scheme (pensions in payment and the estimated cost of future benefits) amounted to £166,500 million. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at that valuation date) was £163,240 million. The assumed real rate of return was 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth was assumed to be 1.5%. The assumed gross rate of return was 6.5%. From 1 January 2007, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable. Actuarial scheme valuations are dependent on assumptions about the value of future costs, the design of benefits and many other factors. Many of these assumptions are being considered as part of the work on the reformed TPS, as set out below. Scheme valuations therefore remain suspended. The Public Service Pensions Bill, which is being debated in the House of Commons, provides for future scheme valuations to be conducted in accordance with Treasury directions. The timing for the next valuation has still to be determined, but it is likely to be before the reformed schemes are introduced in 2015.

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

Although teachers and lecturers are employed by various bodies, their retirement and other pension benefits, including annual increases payable under the Pensions (Increases) Acts are, as provided for in the Superannuation Act 1972, paid out of monies provided by Parliament. Under the unfunded TPS, teachers' contributions on a 'pay as you go' basis are credited to the Exchequer under arrangements governed by the above Act.

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

Notes to the financial statements (continued)

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 salaries of teachers and lecturers in service or entering service during the year over which the contribution rate applies which if it were paid over the entire active service of these teachers and lecturers would broadly defray the costs of benefits payable in respect of that service. Secondly, a supplementary contribution is payable if, as a result of the 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 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 year 1 April 2001 to 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 million. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £163,240 million. The assumed real rate of return is 3.5% in excess of prices and 2% in excess of earnings. The 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 the Scheme's assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5% which translates into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable.

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

Teachers' Pension Scheme Changes

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

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

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

In his interim report of October 2010, Lord Hutton recommended that short-term savings were also

Notes to the financial statements (continued)

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

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

Local Government Pension Scheme (LGPS)

The charitable company is one of several employing bodies included within the Local Government Pension Scheme (LGPS).

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

The total contribution made for the year ended 31 August 2013 was £698,000, of which employer's contributions totalled £511,000 and employees contributions totalled £187,000. The agreed contribution rates for future years are 17.9% per cent for employers and average 6.5% per cent for employees, which is based upon the rates until March 2014.

The following information is based upon full actuarial valuations of the funds at 31 August 2013. Additional employees transferred into the Trust on 1 September 2012 with the incorporation of Gorton Mount and Stanley Grove Primary Academies. Disclosures have been consolidated to facilitate an understanding of the overall position as permitted by Financial Reporting Standard 17. Once employees are transferred they are classed as one admitted body and the same assumptions are applied across all employees.

The principal actuarial assumptions used by the actuaries were as follows:

	2013 %	2012 %
Discount rate for scheme liabilities at 31 August 2013	4.6	4.1
Expected return on plans' assets at 31 August 2013	5.9	4.8
Rate of increase in pensions in payment	2.8	2.2
Rate of increase in salaries	4.6	4.0
Inflation assumption	1.0	1.0

Notes to the financial statements (continued)

The post retirement mortality assumptions used to value the benefit obligation at 31 August 2013 and 31 August 2012 are based on the Fund's VitaCurves with improvement in line with the Medium cohort and a 1% p.a. underpin from 2010. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	At 31 August 2013	At 31 August 2012
<i>Retiring today</i>		
Males	20.1	20.1
Females	22.9	22.9
<i>Retiring in 20 years</i>		
Males	22.5	22.5
Females	25	25

*Figures assume members aged 45 as at the last formal valuation date

The expected return on plans' assets is based on market expectations for investment returns over the life of the related obligation.

The amounts charged or (credited) in the statement of financial activities in calculating net incoming resources are as follows:

	2013 £'000	2012 £'000
Current service cost (net of employee contributions)	686	155
Total operating charge	686	155
Analysis of pension finance income/(costs)		
Expected return on plans' assets	(208)	(90)
Interest on obligation	308	127
Pension finance income	100	37
Total	786	192

The amounts charged or credited in the statement of financial activities are included in wages and salaries charge.

The amounts recognised in the statement of financial activities after net incoming resources are as follows:

	2013 £'000	2012 £'000
Actuarial gains/(losses)	277	(596)

Notes to the financial statements (continued)

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

	Expected return at 31 August 2013	Fair value at 31 August 2013 £'000	Expected return at 31 August 2012	Fair value at 31 August 2012 £'000
Equities	6.6%	3,850	5.5%	2,471
Bonds	3.9%	963	3.4%	716
Property	4.7%	321	3.7%	179
Cash	3.6%	214	2.8%	215
Total market value of assets		5,348		3,581
Present value of scheme liabilities				
- Funded		(8,443)		(6,317)
Surplus/(deficit) in the scheme		(3,095)		(2,736)

The major categories of plan assets as a percentage of the total plan assets are as follows: -

	2013 %	2012 %
Equities	72	69
Bonds	18	20
Property	6	5
Cash	4	6

The actual return on plan assets during the year was £468,000.

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

	2013 £'000	2012 £'000
Opening Defined Benefit Obligation	6,317	-
Defined benefit liabilities assumed on conversion of AGGS	-	1,962
Defined benefit liabilities assumed on conversion of Melland and CMA	-	3,436
Defined benefit liabilities assumed on conversion of GMPA and SGPA	798	-
Current service cost	686	155
Interest cost	308	127
Actuarial losses	191	628
Contributions by plan participants	187	50
Benefits paid	(44)	(41)
Closing defined benefit liabilities at 31 August 2013	8,443	6,317

Notes to the financial statements (continued)

Changes in the fair value of the Trust's share of scheme plan assets are as follows:

	2013 £'000	2012 £'000
Opening fair value of employer assets	3,581	-
Fair value of employer assets acquired on conversion of AGGS	-	1,141
Fair value of employer assets acquired on conversion of Melland and CMA	-	2,179
Fair value of employer assets acquired on conversion of SGPA and GMPA	437	-
Expected return	208	90
Actuarial gains	468	32
Contributions by employer	511	130
Contributions by plan participants	187	50
Benefits paid	(44)	(41)
Closing fair value of plans' assets at 31 August 2013	<u>5,348</u>	<u>3,581</u>

The actuarial gains and losses for the current year are recognised in the statement of financial activities. The cumulative actuarial losses recognised in the statement of financial activities at 31 August 2013 was £319,000 (2012: £596,000).

The estimated value of employer contributions for the year ended 31 August 2014 is £528,000.

The two-year history of experience adjustments is as follows:

	2013 £'000	2012 £'000
Present value of defined benefit obligations	(8,443)	(6,317)
Fair value of share of scheme assets	5,348	3,581
Deficit in the scheme	<u>(3,095)</u>	<u>(2,736)</u>
Experience adjustments on share of scheme assets	468	32
Experience adjustments on share of scheme liabilities	-	(20)

Parliament has agreed, at the request of the Secretary of State of 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. The guarantee came into force on 18 July 2013.

Notes to the financial statements (continued)

24 Related party transactions

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 sectors 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. During the year there have been no related party transactions that were considered to be material to either party.

25 Acquisitions

On 1 August 2013, Stanley Grove Primary School and Gorton Mount Primary School converted to academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Bright Futures Educational Trust from Manchester County Council for £nil consideration.

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

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the SOFA (the figures for the two schools have been aggregated reflecting the fact that they both transferred on the same day from Manchester City Council, occupy the same site and their staff have been pooled for pension purposes).

	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	Total funds 2013 £'000	Total funds 2012 £'000
Tangible fixed assets					
- Leasehold land and buildings	-	-	-	-	17,894
- other tangible fixed assets	-	-	173	173	82
Budget surplus on LA funds	284	-	-	284	-
LGPS deficit	-	(361)	-	(361)	(3,436)
Total	284	(361)	173	96	14,540

26 Post balance sheet event

On 1 September 2013, Connell Sixth Form College was opened by the Trust via the DfE's Free School Programme. For the opening year of operation, the College will be based at The East Manchester Academy, with the new building planned to open in September 2014.

On 1 December 2013 Palatine College, now known as South Shore Academy, joined the Trust.

The trustees consider that this expansion will have a positive impact on all aspects of the Trust's objectives.