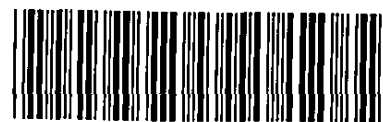


THE BASILDON ACADEMIES
(A Company Limited by Guarantee)

REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 AUGUST 2011

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

THURSDAY



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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 M. Turner
Governors	L. Livermore (Chair) * M. Turner (V. Chair) N. Luckock * M. Finegold Cllr K. Bobbin (LA rep – Appointed 23 September 2010) J. Lake * A. Roach (Ex Principal – Resigned 31 August 2011) M. Upward (Resigned 31 March 2011) L. George (Appointed 14 January 2010) K. Charman B. Hart (Appointed 23 March 2011)
* Members of the Personnel and Finance committee	
Clerk to the Governing Body	B. Rymarz
Senior Managers	
- Principal Designate	R. Fox (Appointed 26 April 2011) Z. King (LA – Appointed 01 September 2009 & Resigned 31 August 2011)
- Principal	
- Principal	M. Feehan (JA – Appointed 01 September 2010 & Resigned 31 August 2011)
- Vice Principal	J. Rowe
- Finance Director	T. Brighton (Appointed 15 December 2010 & Resigned 4 November 2011) B. Collins (Appointed 14 November 2011)
Company Secretary & Registered Office	Neptune Secretaries Limited 95 The Promenade, Cheltenham, GL50 1WG
Company Registration Number	6308595
Auditors	Moore Stephens 150 Aldersgate Street, London, EC1A 4AB
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 2011.

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 of the Charitable Company for the purposes of the Companies Act 2006 are also the Trustees for the purposes of charity legislation

There are three statutory Directors and two of these 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

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 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

THE BASILDON ACADEMIES

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 Finance Committee, 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 Management Team and Heads of Learning Zone. 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 Senior Management Team are the Principal, Vice Principal, Associate Principals and Finance Director. 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 Management Team are responsible for the authorisation of spending within agreed budgets and the appointment of staff, though appointment boards for posts in the Management Team always contain a Governor. Some spending control is devolved to Heads of Learning Zone, with limits above which a Senior Manager must countersign.

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.

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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

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

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 2011 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 2011 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

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 BASILDON ACADEMIES

- 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 second year of operation and due to the ongoing building works has struggled to achieve the forecast numbers of students. Total students in the year ended 31st August 2011 were 1,816.

The Academy achieved improved results in the 2011 GCSE examinations, with 33% 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

FINANCIAL REVIEW

The Academy's principal income is from the YPLA in the form of recurrent, restricted grants. The grants received during the year ended 31 August 2011 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.

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At 31 August 2011 the net book value of fixed assets was £529,000. 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 2011, total expenditure of £14,555,000 (2010: £14,856,000) was covered by recurrent grant funding from the DfE together with other incoming resources. The net outgoing resources from private and public funds totalled £(207,000) (2010: net incoming resources £1,029,000). Total reserves at 31 August 2011 before deducting the pension scheme deficit, totalled £894,000 (2010: £957,000) and this is made up of: restricted general funds of £120,000 (2010: £324,000), restricted fixed asset funds of £536,000 (2010: £493,000) and unrestricted free reserves of £238,000 (2010: £140,000).

The deficit in the Local Government Pension Scheme (LGPS) is recognised in the balance sheet in accordance with FRS17. At 31 August 2011, the deficit stood at £4,204,000 (2010: £4,225,000) resulting in net liabilities including the pension scheme liability of £(3,310,000) (2010: £(3,268,000)). 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 twelve month 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

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.

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

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of £238,000 (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.

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 justifiably proud

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 19th December 2011 and signed on its behalf by:



Michael Turner
Director

THE BASILDON ACADEMIES

STATEMENT OF INTERNAL CONTROL

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.

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 ongoing 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 2011 and up to the date of approval of the annual reports and financial statements.

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 ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the year ended 31 August 2011 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

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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 YPLA's requirements. Results are reported to the finance committee who in turn report to the Governing Body.

Review of Effectiveness

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

- The work of the 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 19th December 2011 and signed on its behalf by



Michael Turner
Director



Rory Fox
Accounting Officer

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 Young People's Learning 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 YPLA/DIE 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 19th December 2011 and signed on its behalf by:



Michael Turner
Director

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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 2011 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 2010/2011 issued by the Young People's Learning Agency

This report is made solely to the Academy'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 Academy'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 Academy 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 10, 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 Academy'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 Academy's affairs as at 31 August 2011, 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 2010/2011 issued by the Young People's Learning Agency.

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.

THE BASILDON ACADEMIES

Opinion on other matters prescribed by the Academy's funding agreement with the Secretary of State for Education

In our opinion grants made by the Young People's Learning Agency have been applied for the purposes intended

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

30 May 2012

THE BASILDON ACADEMIES

STATEMENT OF FINANCIAL ACTIVITIES YEAR ENDED 31 AUGUST 2011

	Note	Unrestricted Funds £'000s	Restricted Funds £'000s	Restricted Fixed Asset Funds £'000s	Total 2011 £'000s	Total 2010 £'000s
Incoming resources						
<i>Incoming resources from generated funds:</i>						
Voluntary Income	2	36	-	-	36	115
<i>Activities for generating funds.</i>						
Lettings	3	43	-	-	43	26
Other Income	3	17	-	-	17	-
Investment Income	4	2	-	-	2	1
<i>Incoming resources from charitable activities.</i>						
Funding for educational operations	5	-	14,109	141	14,250	15,743
Total Incoming resources		98	14,109	141	14,348	15,885
Resources expended						
<i>Charitable activities:</i>						
Academy's educational operations	6	-	14,439	98	14,537	14,832
Governance costs	6	-	18	-	18	24
Total resources expended		-	14,457	98	14,555	14,856
Net incoming/(outgoing) resources before transfers						
		98	(340)	43	(207)	1,029
Gross transfers between funds						
		4,225	(4,225)	-	-	-
Net incoming/(outgoing) for the year						
		4,323	(4,573)	43	(207)	1,029
Other recognised gains and losses						
Business combination		-	-	-	-	(4,052)
Actuarial gains/(losses) on defined benefit pension schemes	28	-	165	-	165	(245)
Net movement in funds		4,323	(4,408)	43	(42)	(3,268)
Reconciliation of funds						
Funds brought forward at 1 September 2010		(4,085)	324	493	(3,268)	-
Total funds carried forward at 31 August 2011		238	(4,084)	536	(3,310)	(3,268)

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


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Company Number: 6308595

BALANCE SHEET AT 31 AUGUST 2011

	Note	2011 £'000s	2010 £'000s
Fixed assets			
Tangible assets	12	<u>529</u>	<u>493</u>
		<u>529</u>	<u>493</u>
Current assets			
Stock	13	52	22
Debtors	14	632	267
Cash at bank and in hand		<u>1,798</u>	<u>1,326</u>
		<u>2,482</u>	<u>1,615</u>
Creditors: Amounts falling due within one year	15	<u>(2,117)</u>	<u>(1,151)</u>
Net current assets		<u>365</u>	<u>464</u>
Total assets less current liabilities		894	957
Pension scheme liabilities	26	(4,204)	(4,225)
Net liability including pension liabilities		<u>(3,310)</u>	<u>(3,268)</u>
Funds			
Restricted funds			
Restricted general funds	16	120	324
Pension reserve	16	(4,204)	-
Restricted fixed asset funds	16	<u>536</u>	<u>493</u>
		<u>(3,548)</u>	<u>817</u>
Unrestricted funds			
General funds	16	238	140
Pension reserve	16	-	(4,225)
		<u>238</u>	<u>(4,085)</u>
Total Funds		<u>(3,310)</u>	<u>(3,268)</u>

The financial statements were approved by the directors and authorised for issue on 19 December 2011 and signed on their behalf by


M Turner
Director

THE BASILDON ACADEMIES

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 AUGUST 2011

	Note	2011 £'000s	2010 £'000s
Net cash inflow from operating activities	22	463	1,325
Returns in investments and servicing of finance	23	2	1
Capital expenditure	24	7	-
Increase in cash		<u>472</u>	<u>1,326</u>
Reconciliation of net cash flow to movements in net funds			
Net funds at 1 September 2010	25	1,326	-
Net funds at 31 August 2011		<u>1,798</u>	<u>1,326</u>

THE BASILDON ACADEMIES

PRINCIPAL ACCOUNTING POLICIES FOR THE YEAR ENDED 31 AUGUST 2011

Basis of accounting

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 YPLA 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 Directors 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.

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 2011

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 in the statement of financial activities 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	Over 125 years
Furniture, fitting and equipment	3 to 10 Years
Computer equipment and software	3 to 10 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 2011

Stock

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

Fund accounting

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

Restricted funds comprise grants from the YPLA 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 YPLA, DIE 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 2011

	2011 £'000s	2010 £'000s
1. GENERAL ANNUAL GRANTS (GAG)		
a. Results and Carry Forward for the Year		
GAG brought forward from previous year	623	-
GAG allocation for current year	12,759	13,952
Total GAG available to spend	13,382	13,952
Recurrent expenditure from GAG	(12,963)	(12,919)
Fixed Assets purchased from GAG	(73)	(410)
GAG carried forward to next year	346	623
Maximum permitted GAG carry forward at end of current year (12% of allocation for current year)	(1,531)	(1,674)
GAG to surrender to DfES	(1,185)	(1,051)
(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>
Use of GAG brought forward from previous year for recurrent purposes		
Recurrent expenditure from GAG in current year	12,963	12,919
GAG allocation for current year	(12,759)	(13,952)
Prior year GAG allocation x 2%	(279)	-
GAG b/fwd from previous year in excess of 2%, used on recurrent expenditure in current year.	(75)	(1,033)
(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 2011 £'000s	Total 2010 £'000s
Donations	36	-	36	115
	36	-	36	115

THE BASILDON ACADEMIES

Notes to the financial statements 31 August 2011

3. ACTIVITIES FOR GENERATING FUNDS

	Unrestricted Funds £'000s	Restricted Funds £'000s	Total 2011 £'000s	Total 2010 £'000s
Letting	43	-	43	26
Other income	17	-	17	-
	<u>60</u>	<u>-</u>	<u>60</u>	<u>26</u>

4. INVESTMENT INCOME

	Unrestricted Funds £'000s	Restricted Funds £'000s	Total 2011 £'000s	Total 2010 £'000s
Bank Interest	2	-	2	1
	<u>2</u>	<u>-</u>	<u>2</u>	<u>1</u>

5. FUNDING FOR THE ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted Funds £'000s	Restricted Funds £'000s	Total 2011 £'000s	Total 2010 £'000s
DfE/YPLA capital grant				
- Devolved capital grant	-	141	141	100
	<u>-</u>	<u>141</u>	<u>141</u>	<u>100</u>
DfE / YPLA revenue grants				
- General Annual Grants (GAG)	-	12,759	12,759	13,952
- Other DfE / YPLA grants	-	207	207	-
	<u>-</u>	<u>12,966</u>	<u>12,966</u>	<u>13,952</u>
Other Government grants				
- Academy Standards Funds	-	334	334	528
- Special educational projects	-	320	320	345
- Other	-	93	93	239
- Extended Services	-	396	396	579
	<u>-</u>	<u>1,143</u>	<u>1,143</u>	<u>1,691</u>
	<u>-</u>	<u>14,250</u>	<u>14,250</u>	<u>15,743</u>

THE BASILDON ACADEMIES

Notes to the financial statements 31 August 2011

6. RESOURCES EXPENDED

	Staff Costs £'000s	Depreciation £'000s	Other Costs £'000s	Total 2011 £'000s	Total 2010 £'000s
Academy's educational operations					
- Direct costs	6,972	98	1,298	8,368	8,354
- Allocated support costs	3,609	-	2,357	5,966	6,251
- Pension finance costs	-	-	203	203	227
	<u>10,581</u>	<u>98</u>	<u>3,858</u>	<u>14,537</u>	<u>14,832</u>
Governance costs	-	-	18	18	24
	<u>10,581</u>	<u>98</u>	<u>3,876</u>	<u>14,555</u>	<u>14,856</u>

Incoming/(outgoing) resources for the year include:

	Total 2011 £'000s	Total 2010 £'000s
Other operating leases	71	71
- Fees payable to auditor	12	14
- other services	6	-
Profit/(loss) on disposal of fixed assets	-	-
Exceptional Item		
- Redundancy costs	278	-
- Redundancy grant income	(102)	-

During the year redundancies were announced, the total costs of £278,116 has been included within staff costs

A application has been submitted to the YPLA for a £102,000 grant to meet the pre-academy statutory redundancy costs

THE BASILDON ACADEMIES

Notes to the financial statements 31 August 2011

7. CHARITABLE ACTIVITIES - ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted Funds £'000s	Restricted Funds £'000s	Total 2011 £'000s	Total 2010 £'000s
Direct costs				
Teaching and educational support staff costs	-	6,972	6,972	7,119
Depreciation	-	98	98	37
Educational supplies	-	444	444	340
Examination fees	-	296	296	293
Staff development	-	107	107	48
Educational consultancy	-	161	161	329
Other direct costs	-	290	290	188
	-	8,368	8,368	8,354
Allocated support costs				
Support staff costs	-	3,609	3,609	3,102
Maintenance of premises and equipment	-	1,324	1,324	1,710
Uniform	-	13	13	144
Catering	-	373	373	472
Pupil support services	-	94	94	189
ICT	-	264	264	272
Transport	-	23	23	35
Administrative printing	-	23	23	44
Postage	-	38	38	34
Telephone	-	38	38	33
Reprographics	-	92	92	49
Advertising	-	12	12	9
Bad debt	-	5	5	93
Other support costs	-	58	58	65
	-	5,966	5,966	6,251
Interest costs on pension obligations		218	218	209
Expected return on plan assets		(15)	(15)	18
	-	203	203	227
	-	14,537	14,537	14,832

8. GOVERNANCE COSTS

	Unrestricted Funds £'000s	Restricted Funds £'000s	Total 2011 £'000s	Total 2010 £'000s
Legal and professional fees	-	-	-	10
Non audit services	-	6	6	-
Auditor's remuneration	-	12	12	14
Governors' reimbursed expenses	-	-	-	-
	-	18	18	24

THE BASILDON ACADEMIES

Notes to the financial statements 31 August 2011

9. STAFF COSTS

Staff costs during the period were:

	2011 £'000s	2010 £'000s
Wages and salaries	8,036	8,851
Social security costs	601	602
Other pension costs	1,033	768
	<u>9,670</u>	<u>10,221</u>
Supply teacher costs	836	-
Compensation payments	76	-
	<u>10,582</u>	<u>10,221</u>

The average number of persons (including senior management team) employed by the Academy during the year ended 31st August 2011 expressed as full time equivalents was as follow.

	2011 No	2010 No.
Charitable Activities		
Teachers	118	134
Administration and support	158	161
Management	13	13
	<u>289</u>	<u>308</u>
Governance Activities	<u>1</u>	<u>1</u>
	<u>290</u>	<u>309</u>

6 (2010 8) employees earned more than £60,000 during the year (including taxable benefits but excluding employers' pension contributions) during the year ended 31st August 2011

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

	2011 No	2010 No
£60,001 - £70,000	1	4
£70,001 - £80,000	2	1
£80,001 - £90,000	2	2
£220,001 - £230,000	1	1

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

During the year ended 31 August 2011 pension contributions for these staff amounted to £74,459 (2010 £92,000) There are also accrued pension costs of £2,670

THE BASILDON ACADEMIES

Notes to the financial statements 31 August 2011

10. GOVERNORS' REMUNERATION AND EXPENSES

The Governors and Directors 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 principal of the Academy and the chair of Governors received remuneration in their capacity as principal and chief executive officer and not in their as Governors.

During the year travel and subsistence expenses totalling £145 (2010 - £Nil) 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 2011 was £1,400 (2010 - £Nil)

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

12. TANGIBLE FIXED ASSETS

	Leasehold Land and Building Improvements £'000s	Furniture and fittings Equipment £'000s	Computer Equipment and Software £'000s	Total £'000s
Cost				
At 1 September 2010	156	268	106	530
Additions	-	120	14	134
Disposals	-	-	-	-
At 31 August 2011	<u>156</u>	<u>388</u>	<u>120</u>	<u>664</u>
Depreciation				
At 1 September 2010	5	15	17	37
Charge for the year	11	57	30	98
Disposals	-	-	-	-
At 31 August 2011	<u>16</u>	<u>72</u>	<u>47</u>	<u>135</u>
Net book values				
At 31 August 2011	<u>140</u>	<u>316</u>	<u>73</u>	<u>529</u>
At 31 August 2010	<u>151</u>	<u>253</u>	<u>89</u>	<u>493</u>

THE BASILDON ACADEMIES

Notes to the financial statements 31 August 2011

13. STOCK

	2011 £'000s	2010 £'000s
Uniform	<u>52</u>	<u>22</u>
	<u>52</u>	<u>22</u>

14. DEBTORS

	2011 £'000s	2010 £'000s
Trade debtors	19	70
Other debtors	229	-
Prepayments and accrued income	<u>384</u>	<u>197</u>
	<u>632</u>	<u>267</u>

15 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011 £'000s	2010 £'000s
Trade creditors	228	335
Other creditors	180	-
Taxation and social security	190	128
Accruals and deferred income	<u>1,519</u>	<u>688</u>
	<u>2,117</u>	<u>1,151</u>

THE BASILDON ACADEMIES

Notes to the financial statements 31 August 2011

16. FUNDS

	Balance at 1 September 2010 £'000s	Incoming resources £'000s	Resources expended £'000s	Gains, losses and transfers £'000s	Balance at 31 August 2011 £'000s
Restricted general funds					
General Annual Grant (i)	324	12,759	(12,963)	-	120
Other DfE/YPLA grants	-	207	(207)	-	-
Standards Funds (ii)	-	334	(334)	-	-
Special Educational Needs (SEN) (iii)	-	320	(320)	-	-
Other Government grants	-	93	(93)	-	-
Extended Services	-	396	(396)	-	-
Pensions Reserves (iv)	-	165	(144)	(4,225)	(4,204)
	<u>324</u>	<u>14,274</u>	<u>(14,457)</u>	<u>(4,225)</u>	<u>(4,084)</u>
Restricted fixed assets funds					
Legacy income	120	-	(15)	-	105
Capital expenditure from GAG	373	-	(73)	-	300
Devolved capital grant	-	141	(10)	-	131
	<u>493</u>	<u>141</u>	<u>(98)</u>	<u>-</u>	<u>536</u>
Total restricted funds	<u>817</u>	<u>14,415</u>	<u>(14,555)</u>	<u>(4,225)</u>	<u>(3,548)</u>
Unrestricted funds					
General funds	140	98	-	-	238
Pensions Reserves (iv)	(4,225)	-	-	4,225	-
Total unrestricted funds	<u>(4,085)</u>	<u>98</u>	<u>-</u>	<u>4,225</u>	<u>238</u>
Total Funds	<u>(3,268)</u>	<u>14,513</u>	<u>(14,555)</u>	<u>-</u>	<u>(3,310)</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 YPLA/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) The Pensions Reserves have been transferred from unrestricted funds to restricted funds in line with the guidance issued by the YPLA.

THE BASILDON ACADEMIES

Notes to the financial statements 31 August 2011

17. ANALYSIS OF NET ASSETS BETWEEN FUNDS

Fund balances at 31 August 2011 are represented by

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds		Total
	£'000s	£'000s	Public £'000s	Private £'000s	£'000s
Tangible fixed assets	-	-	529	-	529
Current assets	238	2,237	7	-	2,482
Current liabilities	-	(2,117)	-	-	(2,117)
Pension scheme liability	-	(4,204)	-	-	(4,204)
	<u>238</u>	<u>(4,084)</u>	<u>536</u>	<u>-</u>	<u>(3,310)</u>

18. CAPITAL COMMITMENTS

At the year end there were no capital commitments (2010 £Nil)

19. LEASED COMMITMENTS

Operating leases

At 31 August 2011 the Academy had annual commitments under non-cancellable operating leases as follows

	Land and buildings		Other	
	2011	2010	2011	2010
	£'000s	£'000s	£'000s	£'000s
Operating leases which expire:				
Within one year	-	-	69	-
Within two to five years	-	-	-	69
	<u>-</u>	<u>-</u>	<u>69</u>	<u>69</u>

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

21. CONTINGENT ASSET

The Academy has submitted a grant application to the YPLA for £30,053 for the costs associated with the enhanced redundancy pay relating to pre academy service

THE BASILDON ACADEMIES

Notes to the financial statements 31 August 2011

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

	2011 £'000s	2010 £'000s
Net (expenditure)/income	(207)	1,029
Depreciation (Note 12)	98	37
Capital grants from DiE and other capital income	(141)	(530)
Interest receivable (Note 4)	(2)	(1)
FRS 17 pension cost less contributions payable (Note 26)	(59)	(299)
FRS 17 pension finance costs (Note 26)	203	227
(Increase) in stock	(30)	(22)
(Increase) in debtors	(365)	(267)
Increase in creditors	966	1,151
Net cash inflow from operating activities	<u>463</u>	<u>1,325</u>

23. RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

Interest received	<u>2</u>	<u>1</u>
Net cash inflow from returns on investment and serving of finance	<u>2</u>	<u>1</u>

24. CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT

Purchase of tangible fixed assets	(134)	(530)
Capital grants from DiE/YPLA	141	410
Capital funding received from others	-	120
Receipts from sale of tangible fixed assets	-	-
Net cash inflow from capital expenditure and financial investment	<u>7</u>	<u>-</u>

25. ANALYSIS OF CHANGES IN NET FUNDS

	At 1 September 2010 £'000	Cash Flows £'000	At 31 August 2011 £'000
Cash in hand and at bank	<u>1,326</u>	<u>472</u>	<u>1,798</u>

THE BASILDON ACADEMIES

Notes to the financial statements 31 August 2011

26. PENSION COMMITMENTS

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 2011.

There are outstanding contributions at the end of the financial year amounting to £6,534 (2010: £Nil) which were payable to the schemes at 31 August 2011 and are included within creditors.

The total pension cost to the Academy during the year ended 31 August 2011 was £1,085,000 (2010: £1,068,000) of which £602,000 (2010: £628,000) relates to the TPS and £483,000 (2010: £440,000) relates to the LGPS. Additional costs of £6,534 relating to the redundancies has been accrued.

Teachers Pension Scheme (TPS)

The TPS is an unfunded defined benefit scheme. Contributions on a "pay-as-you-go" basis are credited to the Exchequer under arrangements governed by the Superannuation Act 1972. A notional asset value is ascribed to the scheme for the purpose of determining contribution rates. The pensions cost is normally assessed no less than every four years in accordance with the advice of the Government Actuary. The assumptions and other data that have the most significant effect on the determination of the contribution levels are as follows:

Latest actuarial valuation (under the new provisions)	31 March 2004
Actuarial method	Prospective benefits
Investment returns per annum	6.5 per cent per annum
Salary scale increases per annum	5.0 per cent per annum
Notional value of assets at date of last valuation	£162,650 million

Proportion of members' accrued benefits covered by the notional value of the assets	98.88%
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Following the implementation of Teacher's Pension (Employers' Supplementary Contributions) Regulations 2000, the Government Actuary carried out a further review on the level of employer contributions. For the period from 1 September 2010 to 31 August 2011 the employer contribution was 14.1 per cent. The employee rate was 6.4% for the same period.

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multiemployer 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 2011

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 2011 was £631,000 of which employers' contributions totalled £483,000 and employees' contributions totalled £148,000

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 36.

(1) Basildon Upper Academy

The following information is based upon a full actuarial valuation of the fund at 31 August 2011

Principal Actuarial Assumptions

	At 31 August 2011	At 31 August 2010
Rate of increase in salaries	4.2%	4.0%
Rate of increase in pensions	2.7%	2.5%
Discount rate	5.3%	4.9%
Inflation-RPI	3.2%	3.0%
Inflation-CPI	2.7%	2.5%

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 2011	At August 2010
Retiring today		
Males	22.6	22.5
Females	25.2	25.1
Retiring in 20 years		
Males	24	24
Females	26.8	26.7

THE BASILDON ACADEMIES

Notes to the financial statements 31 August 2011

26. PENSION COMMITMENTS (CONTINUED)

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

	Expected return at 31 August 2011	Fair value at 31 August 2011 £000s	Expected return at 31 August 2010	Fair value at 31 August 2010 £000s
Equities	7.0%	295	7.00%	(12)
Government Bonds	3.70%	30	3.70%	(1)
Other Bonds	4.80%	37	4.50%	(1)
Cash/liquidity	0.50%	21	0.50%	(2)
Property	6.00%	49	6.00%	(1)
Other assets	-	-	7.50%	(3)
Total market value of assets		<u>432</u>		<u>(20)</u>
Present value of scheme liabilities		3,437		3,022
Deficit in the scheme		<u>3,005</u>		<u>3,042</u>

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

	31 August 2011 £'000s	31 August 2010 £'000s
Current service cost	270	273
Past service cost	-	(177)
Total operating charge	<u>270</u>	<u>96</u>

Analysis of pension finance income / (costs)

Expected return on scheme assets	12	(11)
Interest on pension liabilities	(158)	(151)
Pension finance income / (costs)	<u>(146)</u>	<u>(162)</u>

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Notes to the financial statements 31 August 2011

26. PENSION COMMITMENTS (CONTINUED)

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

	2011 £'000s	2010 £'000s
Benefit obligation at the beginning of the period	3,022	-
Current service cost	270	273
Interest cost	158	151
Contributions by scheme participants	95	99
Actuarial (gains)/losses on liabilities	(140)	187
Past service costs	-	(177)
Transfer in of scheme obligations	-	2,539
Benefits paid	32	(50)
Closing defined benefit obligation	<u>3,437</u>	<u>3,022</u>

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

	2011 £'000s	2010 £'000s
Fair value in plan assets at the beginning of the period	(20)	-
Expected return on plan assets	12	(11)
Actuarial losses	-	(9)
Business combinations/transfers out of scheme assets	-	(360)
Contributions by employer	313	311
Contributions by scheme participants	95	99
Benefits/transfers paid	32	(50)
Fair value of plan assets at the end of the period	<u>432</u>	<u>(20)</u>

The cumulative amount of actuarial gains recognised in the statement of financial activities was £140,000.

The company expects to contribute £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

	2011	2010
Equities	68.4%	59.4%
Government bonds	7%	7.4%
Other bonds	8.5%	5.6%
Property	11.3%	11.7%
Cash / Liquidity	4.8%	3.2%
Other	0%	12.7%

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26. PENSION COMMITMENTS (CONTINUED)

Amounts for the current period are as follows:

	2011 £'000s	2010 £'000s
Defined benefit obligation	3,437	3,022
Scheme assets	(432)	20
Deficit	<u>3,005</u>	<u>3,042</u>

	2011 £'000s	2010 £'000s
Experience adjustments on scheme liabilities	-	-
Experience adjustments on scheme assets	-	(9)
Actual return on plan assets	12	(20)

(2) Basildon Lower Academy

The following information is based upon a full actuarial valuation of the fund at 31 August 2011.

Principal Actuarial Assumptions

	At 31 August 2011	At 31 August 2010
Rate of increase in salaries	4.2%	3.9%
Rate of increase in pensions	2.7%	2.4%
Discount rate	5.3%	4.9%
Inflation-RPI	3.2%	2.9%
Inflation-CPI	2.7%	2.4%

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 2011	At August 2010
Retiring today		
Males	24	22.5
Females	26.8	25.1
Retiring in 20 years		
Males	22.6	24
Females	25.2	26.7

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26. PENSION COMMITMENTS (CONTINUED)

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

	Expected return at 31 August 2011	Fair value at 31 August 2011 £'000	Expected return at 31 August 2010	Fair value at 31 August 2010 £'000
Equities	7%	89	7%	(23)
Government Bonds	3.70%	9	3.70%	(3)
Other Bonds	4.80%	11	4.50%	(2)
Cash/liquidity	0.50%	6	0.50%	(1)
Property	6.00%	15	6.00%	(5)
Other assets	-	-	7.50%	(5)
Total market value of assets		130		(39)
Present value of scheme liabilities		1,329		1,144
Deficit in the scheme		1,199		1,183

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

	31 August 2011 £'000s	31 August 2010 £'000s
Current service cost	154	129
Past service cost	-	(69)
Total operating charge	154	60
Analysis of pension finance income / (costs)		
Expected return on scheme assets	3	(7)
Interest on pension liabilities	(60)	(58)
Pension finance income / (costs)	(57)	(65)

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26. PENSION COMMITMENTS (CONTINUED)

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

	2011 £'000s	2010 £'000s
Benefit obligation at the beginning of the period	1,144	-
Current service cost	154	129
Interest cost	60	58
Contributions by scheme participants	53	44
Actuarial (gains)/losses on liabilities	(25)	44
Past service costs	-	(69)
Transfer in of scheme obligations	-	961
Benefits paid	(57)	(23)
Closing defined benefit obligation	<u>1,329</u>	<u>1,144</u>

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

	2011 £'000s	2010 £'000s
Fair value in plan assets at the beginning of the period	(39)	-
Expected return on plan assets	3	(7)
Actuarial gains and losses	-	(5)
Business combinations/transfers out of scheme assets	-	(192)
Contributions by employer	170	144
Contributions by scheme participants	53	44
Benefits/transfers paid	(57)	(23)
Fair value of plan assets at the end of the period	<u>130</u>	<u>(39)</u>

The cumulative amount of actuarial gains recognised in the statement of financial activities was £25,000.

The company expects to contribute £164,000 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:

	2011	2010
Equities	68.4%	59.4%
Government bonds	7%	7.4%
Other bonds	8.5%	5.6%
Property	11.3%	11.7%
Cash / Liquidity	4.8%	3.2%
Other	0%	12.7%

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26. PENSION COMMITMENTS (CONTINUED)

Amounts for the current period are as follows:

	2011 £'000s	2010 £'000s
Defined benefit obligation	1,329	1,144
Scheme assets	(130)	39
Deficit	1,199	1,183

	2011 £'000s	2010 £'000s
Experience adjustments on scheme liabilities	-	-
Experience adjustments on scheme assets	-	(5)
Actual return on plan assets	3	(12)

Movement in deficit during the year:

	2011 £'000s	2010 £'000s
At the beginning of the year	4,225	-
Movement in the year		
Current service costs	424	402
Net interest / Return on investments	203	227
Past service costs	-	(246)
Employer contributions	(483)	(455)
Actuarial (gain)/losses	(165)	245
Business combinations	-	4,052
Deficit at 31 August 2011	4,204	4,225

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.

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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.

Details of Governors' and Officers' insurance is detailed in note 11 to the financial statements