

UNIVERSITY ACADEMY KEIGHLEY
(A Company Limited by Guarantee)

Annual Report and Financial Statements

Year ended 31 August 2019

Company Limited by Guarantee

Registration Number:
7134810 (England and Wales)



University Academy Keighley

Reference and Administrative Details

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Reference and Administrative Details

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University Academy Keighley

Reference and Administrative Details

Bankers

Lloyds Bank plc
Hustlergate
Bradford
BD1 1NT

Solicitors

Browne Jacobson LLP
Mowbray House
Castle Meadow Road
Nottingham
NG2 1BJ

University Academy Keighley

Trustees' report

The trustees of University Academy Keighley present their annual report together with the financial statements and auditor's report of the charitable company for the year 1st September 2018 to 31st August 2019. The Annual Report serves the purposes of both a Trustees' Report and a Directors' Report under company law.

Location and Capacity Information

The Academy Trust operates an Academy for pupils aged 11 to 16 in Keighley, West Yorkshire. It has a pupil admission number of 900 and had a roll of 583 in the 2019 October Census.

Governance, Structure and Management

Constitution

The academy trust 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 trustees of University Academy Keighley are also the directors of the charitable company for the purposes of common law. The charitable company is known as University Academy Keighley. The principal sponsor is the University of Bradford and the co-sponsor is the City of Bradford Metropolitan District Council.

Details of the trustees who served during the year and to the date these accounts are approved are included in the Reference and Administrative Details on Page 1.

Members' Liability

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

Trustees Indemnities

No specific Third Party or Pension Indemnities.

Principal Activities

The principal activity of the charitable company is the education provision of teaching and learning. The main ambition for our students is encapsulated in the statement "Aspire, Accomplish, Achieve", and we support the learning of all our students to the highest standards possible, creating the environment where effective teaching and learning can take place, endeavouring to remove barriers for learning such as deprivation, behaviour or social issues.

Method of Recruitment and Appointment or Election of Trustees

Trustees are appointed under the rules contained within its Memorandum and Articles of Association. The appointments are made by the Secretary of State, the academy sponsors and the trustees who delegate powers to the academy senior leadership team.

University Academy Keighley

Trustees' Report

The membership of the main board of trustees is in accordance with the structure contained within its Memorandum and Articles of Association. Trustees have a breadth of skills, which are beneficial to the academy.

Policies and Procedures Adopted for the Induction and Training of Trustees

On appointment to the board of trustees, access is provided to an external governor training and support programme where the operating procedures are outlined alongside the structure of the board of trustees and its committees. Newly appointed trustees are appointed to the board of trustees and are appointed to the Full Governing Body committee (which incorporates the Audit Committee). Within the academy, the trustees can access the policies and procedures via the electronic Google system or the academy website. Where trustees have a particular professional skill, the academy seeks to support and utilise the skill.

Trustees also attend whole-school events and, where appropriate, staff training sessions. Specific training is provided to trustees to ensure they are always kept up to date.

Organisational Structure

Members define the object, purpose and ethos of the company.

The trustees (trust board) have overall responsibility and ultimate decision-making authority for the effective operation of the academy. This is largely exercised through strategic planning and the setting of policy. It is managed through business planning, monitoring of budgets, performance appraisal, the setting and monitoring of standards and the implementation of quality assurance processes.

Trustees have the power to direct change where required to ensure that the object, purpose and ethos of the trust are met. They delegate their responsibilities for the daily operation of the academy to the Executive Senior Leadership Team.

The Executive Senior Leadership Team consists of the Executive Principal and Head of School/Principal, who implement the policies laid down by trustees and report back to them regularly. They are responsible for the authorisation of spending within agreed budgets and the appointment of staff. Some spending control is devolved to other senior leaders or managers within the academy within strict financial limits above which the approval of the Executive Principal is required. The structure and operation of the trust follow the guidelines set out in the Academies Financial Handbook.

There have been significant and wide-ranging changes to both the leadership structure and leadership personnel during 2018-19. A new, flatter leadership structure was introduced which now closely meets the ongoing operational needs of the academy. This was also accompanied by a reduction in the salary levels paid in each position, which formerly were far too high when considering academy size and attendant responsibilities. Only one member of the previous leadership has continued their employment at the academy, with dynamic new leaders being recruited to occupy all other leadership roles.

From the start of the 2018-19 academic year, the academy entered into a formal school improvement and support agreement with Carlton Bolling, a secondary school in Bradford. With the approved formation of the Carlton Academy Trust in November 2018, UAK was also given formal approval to join this trust subject to financial due diligence. Since that time, the two trusts have been operating together in the same operational manner as would be found if/when UAK is legally incorporated into the Carlton Trust.

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Trustees' Report

Many Carlton employees now have a direct and significant involvement with UAK, including the Executive Principal, Head of School, Director of School Improvement, Assistant Principal for Teaching and Learning, Assistant Principal for Pastoral, Finance Director and HR Manager.

The academy also accesses many prominent external agencies for support to enable a broader range of education and learning including One Britain One Nation (community inclusion charity), Bradford Community Champions (charity raising aspirations amongst young people), the police and the careers and guidance services.

Arrangements for Setting Pay and Remuneration of Key Management Personnel

Key management personnel remuneration is recommended by the Executive Headteacher following extensive performance management, and this is ratified by the Board.

Connected Organisations Including Related Party Relationships

University Academy Keighley operates as a sole entity and is not part of a wider network or federation. The University of Bradford is the principal sponsor. The City of Bradford Metropolitan District Council is the co-sponsor.

University of Bradford Faculty of Management and Law:

During the year, the academy paid £6,012 (2018: £71,040) to the University of Bradford Faculty of Management and Law in respect of HR support and hire of meeting rooms.

Shipley College:

A Trustee is also a governor at Shipley College. During the year the Trust paid £2,500 (2018: £1,265) to Shipley College in respect of course fees.

Other Significant Agreements

Rodillian Multi Academy Trust:

During the year, the academy paid £282,074 (2018: £502,051) to Rodillian MAT for the services of five members of staff for the academic period.

Bradford MDC (Clerking Only):

During the later stages of 2016/17, the academy changed clerking providers from North Yorkshire County Council to Bradford MDC. The charge to the academy during the year ended 31st August 2019 was £1,905 (2018: £5,987).

Carlton Bolling (SLA)

The support of Carlton Bolling is covered by a Service Level Agreement. Charges to cover the SLA are estimated as £244,614 (4% of Gross Income) for the SLA and staffing charges of £40,648 (2018: Nil).

Objectives and Activities

Objects & Aims

The object of the charity is 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 a school offering a broad curriculum.

Objectives, strategies and activities

1) Improve Industrial Relations - particularly with the NASUWT teaching union: This was achieved through active engagement with the staff and unions to facilitate positive and trusting relations with both. This was an essential pre-requisite in order to facilitate the school improvement initiatives to follow. This objective was largely achieved by the end of the first term, enabling rapid school improvement to follow thereafter.

2) Introduce new and improved operational systems and procedures: These would be facilitated by improved industrial relations, and would be the driver of improvement at the academy. This school improvement work has been led by the Carlton Academy Trust Director of School Improvement, who has overseen the successful implementation of many trust operating procedures.

3) Develop an effective senior leadership team: Leadership has been an issue since the Academy opened in 2010, and it was imperative to create an effective team working within a leadership structure that is congruent with strategic priorities and salary scales appropriate to school size. A new Leadership team structure was created, and recruited to by the end of May 2019. Only one member of the former team is a part of the new structure.

4) Resolve Outstanding HR Issues: This specifically related to the four ongoing Employment Tribunals that former staff had made against the academy. All were successfully resolved over the course of the year.

5) Improve the Financial Position of the Trust: This has considerably improved through the use of restructures and redundancies, which have seen recent in-year deficits being converted in to a balanced budget for 2018-19 and a projected surplus for 2019-20. There has also been considerable work to resolve the issues relating to PFI payments, and at the year close there is justifiable confidence that a solution can be found.

Public Benefit

The trustees are aware of, and have complied with, the duty in section 4 of the Charities Act 2006 to have due regard to the public benefit guidance published by the Charities Commission.

Mission and Core Principles

The academy's mission statement is "Aspire, Accomplish, Achieve", but with the involvement of and probable move into the Carlton Academy Trust, this in practice has been superseded by the Carlton Trust's mission of 'Excellence for All'. This mission is articulated through the following principles:

- **Moral Purpose:** The interests of students are paramount and the focus of all we do, instilling in them the benefits of personal responsibility, hard work, resilience, honesty and integrity.
- **High Expectations:** Setting of the highest expectations for academic achievement, with no compromise for students due to socio or economic disadvantage, ability, gender, cultural, religious or other factors.
- **Outstanding Behaviour, Discipline and Conduct:** As these are the essential pre-requisites for outstanding learning, progress and achievement.
- **Focus on Learning:** Maximal resources are deployed to activities directly relating to the teaching and learning, and the wider educational development of students. These represent the prime focus and objectives of the trust.
- **Financial and Operational Efficiency:** To ensure maximal deployment of resources to the teaching and learning and wider educational development of students.

Achievements and Performance Including Key Performance Indicators

Academic results for the last three years are outlined below:

Progress 8	2017	2018	2019
Overall Progress 8	0.02	0.03	-0.18
English Progress 8	0.01	-0.04	0
Maths Progress 8	0.06	0.04	-0.24
Ebacc Progress 8	-0.04	-0.34	-0.61
Open Progress 8	0.07	0.23	-0.15

Progress 8 - Pupil Groups	2017	2018	2019	National
Progress 8: Disadvantaged	-0.04	-0.35	-0.23	-0.45
Progress 8: Non - Disadvantaged	-0.07	0.16	-0.16	0.13
Progress 8: Boys	-0.18	-0.19	-0.65	-0.27
Progress 8: Girls	0.2	0.15	0.21	0.23
Progress 8: LAPs	-0.24	0.2	-0.11	-0.22
Progress 8: MAPs	0.13	-0.17	-0.22	-0.01
Progress 8: HAPs	0.19	-0.01	-0.19	0.01

Achievement	2017	2018	2019	National
% Good Basics (5+ in English & Maths)	28	25.4	25.9	43.3
% Good Pass in English	45	46.8	47.6	49
% Good Pass in Maths	30	29.4	28.7	46
% Standard Basics (4+ in English & Maths)	49	42.1	42.7	64.2
% Standard Pass in English	60	60.3	62.2	68
% Standard Pass in Maths	52	46.8	46.2	69
Average Total Attainment 8	36.69	37.04	36.43	46.5
% Students with at least 1 qualification	100	99.2	100	99

Cohort Size	100	126	143
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Commentary

- Overall Results:** Were slightly down on previous years. This was expected due to the significant issues facing the academy at the start of this year including major industrial relations issues, poor operational systems leadership, and the majority of teaching staff on temporary contracts.
- Progress Overall:** The overall Progress 8 score has dipped slightly from standards in 2017 and 2018. However, this is only a slight dip with results still being rated as 'Average' by the DFE, as found in the previous two years.
- Progress (Core):** English results have maintained their position very close to national averages, with maths dropping back to -0.24. This latter performance was not unexpected, as more than half the teachers – including both joint faculty leaders – were temporary members of staff.

Trustees' Report

- **Progress (Ebacc):** This was the worst performing of the subject elements at -0.61. Performance here was also negatively affected by the inadequate temporary leadership in all subjects, and many temporary staff working underneath them.
- **Progress (Open):** Was the best performing of all subject components at +0.15. Results across this group of subjects were mixed with some very high performing subjects and others registering disappointing results.
- **Attainment:** Overall attainment has broadly stayed the same across all major measures.
- **Disadvantaged Students:** The performance of disadvantaged students improved, both against national standards and when comparing the gap in performance between them and non-disadvantaged students at the school.

Going Concern

Leadership have prepared detailed financial forecasts for the period 2019/20 to 2021/22 and these indicate that the trust has sufficient reserves and cash to pay its liabilities for the next three years before entering a potential period of deficit. To ensure this position, the academy continues to review staffing to ensure it meets the needs of the school and maintain its' status as a going concern. There were several restructures in 2018-19, principally involving the introduction of the new leadership structure, but also including changes to middle leadership and the redundancy of a number of non-teaching roles. It is anticipated that there will be further restructures in 2019-20.

Further cost savings were gained through the closure of KS5 provision. Following reviews in previous years, the academy made an application to the DFE for the closure of Post-16 provision, with a major factor being its' poor financial viability. The application was approved and ratified through a Deed of Variation signed on 25 June 2019.

The ability of the academy to retain its' ongoing status as a going concern looks likely to be threatened by the introduction of the National Funding Formula in 2020-21. This is likely to result in far lower student-led funding, which is projected to lead to sizeable in-year deficits and the depletion of financial reserves. The academy senior leadership has been in discussion with the ESFA and office of the RSC over the last year to discuss these issues, which led to a preferred financial solution being presented to the regional DFE delivery team in September 2019.

For the aforementioned reasons, the trust board 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.

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Financial Review

The majority of the academy's income derives from central government funding via the Education and Skills Funding Agency (ESFA). The academy also received funding from Bradford MDC to support special educational needs and designated special provision. In addition, the academy has raised funds through its expertise and use of its facilities.

During the year ended 31st August 2019 the academy recorded a deficit of £210k (before actuarial movement); total income was £6,173k and the total expenditure the same period was £6,383k. The operating expense, excluding depreciation and non-cash pension movements, was £6,246k.

At 31st August 2019 the total assets less current liabilities was £1,844k (2018: £1,835k), and the net book value of tangible fixed assets was £305k (2018: £433k).

There is a declared deficit on the defined benefit pension scheme (Local Government Pension Scheme, LGPS) for associate staff. Whereas the value is significant, it is the norm nationwide. Whilst the return on the fair value of assets has been maintained at the same low level as the previous academic year, the defined benefit obligations have reduced from that of the previous year.

The deficit has increased from £1.1m in 2018 to £2.6m in 2019. There is still a real risk that contribution rates will increase in the future.

Reserves and Investment Policy

Reserves:

The trustees manage the academy's reserves to ensure the academy can meet its commitments and ensure sufficient funds are available in a current account to meet foreseeable requirements.

At 31st August 2019, the academy trust held the following reserves:

	£,000
Restricted General Fund	85
Restricted Fixed Asset Fund	305
Unrestricted Fund	1,454
Pension Reserve	(2,608)

In the Investment and Treasury Management Policy, the governing body do not set a specific target range of reserves but look to invest funds "not immediately required for the furtherance of its objectives". The previous target set was to ensure sufficient sums were available in a current account or at short notice to meet foreseeable requirements. Current staffing costs are in the region of £287k per month (including secondment charges and the Carlton Bolling SLA) and monthly PFI charges are £107k.

Investment:

The trustees seek to earn an acceptable rate of return on surplus funds without undue risk as prescribed in the Investment and Treasury Management Policy. Cash is monitored on a daily basis, and is invested with Lloyds Bank plc and can be invested as prudently as required.

University Academy Keighley

Trustees' Report

Principal Risks and Uncertainties

Risks and uncertainties have reduced considerably over the 2018-19 year. Perhaps the biggest concern entering the year was the poor state of industrial relations between the former senior leaders and the NASUWT teaching union. This had led to a series of strikes and high profile picketing by staff during the previous year, and deteriorated relations to such a point that senior leaders were unable to implement or conduct the most basic school improvement procedures. Relationships have rapidly improved since that point, with considerable work to create professional, respectful and trusting dialogue with all staff and unions. This has proven to be very successful, with staff now reporting the academy to be a pleasant and enjoyable place to work, and very positive working relationships established with the NASUWT. This has facilitated the recent introduction and implementation of new school improvement initiatives, setting the academy on a rapid improvement journey.

An unwanted side-effect of the poor industrial relations was a number of employment tribunals taken out against the academy, with four live cases at the start of 2018-19. These have all been successfully resolved over the course of the year at no cost to the academy, and as such eliminating a significant risk and uncertainty.

Following several restructures and cost saving measures, the financial position is greatly improved with a balanced budget for 2018-19 and small surplus forecast for 2019-20. The recent improvements at the academy have also led to a significant improvement in its reputation and profile in the local community. This has already led to an increase in student numbers, with an additional 20 students already joining the academy roll. It is hoped and anticipated that there will be increased numbers applying to the 2020 Year 7 cohort, which will further boost the financial position of the academy.

The only remaining major risk and uncertainty facing the school relates to the introduction of the National Funding Formula in 2020-21 and the attendant high levels of PFI payments the academy is scheduled to continue to pay under this new funding regime. Currently, there is support within student-led funding calculations for this PFI payment, which is due to be removed under the National Funding Formula. This would lead to substantial projected in-year deficits, which would threaten the on-going financial viability of the academy and very probably lead to UAK not being assimilated into the Carlton Academy Trust unless an ongoing financial solution is brokered.

This comprises a significant risk to the operational ability of the trust as all the senior executive leaders and nearly half of all senior leaders are employed by Carlton Academy Trust. In addition, several other members of Carlton staff directly support subject areas, the Carlton Director of School Improvement oversees all academy improvement initiatives, with HR provision and increasing elements of finance all being led by Carlton personnel. Replacing this support would be problematic due to the inevitable interruption to service provision. This would be compounded by the unlikely prospect of another trust being prepared to take on the trust due to its' extenuating financial circumstances.

Fundraising

The academy trust does not use any external fundraisers. All fundraising / income generation undertaken during the year was monitored by the trustees.

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Plans for Future Periods

The academy is working closely with Carlton Academy Trust, and employs some of their personnel on both a full-time, part-time and specific project-led basis. At the time of writing there are four full-time secondments to the academy as follows:

- Head of School
- Assistant Principal Teaching and Learning
- Assistant Principal Student Support
- Lead Head of Year/Pastoral Leader

Trade Union Facility Time

A member of teaching staff is seconded to the NASUWT on a full-time basis, which is fully funded by the local authority through a facilities time agreement. Figures in brackets exclude the secondment.

Number of trade union representatives in the academy -	4	(3)
Percentage of time spent of facility time:		
1% to 50%	3	(3)
100%	1	(0)
Amount spent on facility time	£54,803	(£7,029)
Percentage of paid facility time spent on trade union activities (payroll related)	1.72%	(0.22%)

Basis of Preparation of Financial Statements and Accounting Policies and Practices:

The financial statements have been prepared in accordance with the accounting policies set out on pages 26 to 23 and comply with the charitable company's memorandum and articles of association, applicable laws and the requirements of the Statement of Recommended Practice 'Accounting and Reporting by Charities' issued March 2015.

Auditors:

In so far as the trustees are 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 to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

Saffery Champness LLP will be retained in this capacity.

Trustees report, incorporating a strategic report, was approved by order of the board of trustees as the company directors on 11th December 2019 and signed on their behalf by:



Gwendolen Bradshaw
Chair of Trustees

University Academy Keighley

Governance Statement

Scope of Responsibility

As trustees, we acknowledge we have overall responsibility for ensuring that UAK 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.

During the year the board of trustees delegated the day to day responsibility to the acting Headteacher as Accounting Officer, for ensuring financial controls conform to the requirements and responsibilities of both propriety and good financial management in accordance with the requirements assigned to it in the funding agreement between University Academy Keighley and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance here supplements that described in the trustees' report and in the statement of trustees responsibilities. The board of trustees has formally met seven times during the year, including the AGM. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings Attended	Out of Possible
Joanne Marshall	5	7
Gwendolen Bradshaw	5	7
Shirley Congdon	6	6
Phillip Hunter	5	7
Margo Kane	4	6
Claire Kirwin	3	6
Naz Kazmi	3	7
Gail Khan	5	7
Nazia Koser	5	7
Shahin Malik	6	6
Gary McFarlane	2	2
Aziz Rafiq	7	7
Steve Wiggins	2	2

Finance & General Purposes Committee:

There was only one meeting during 2018-19, as it was decided that the items discussed here were of such significance that they needed to be standing agenda items at main trust board meetings. This would enable the major financial issues that face the trust to have the prominence in discussions they demand, provide trustees with a full awareness of the financial challenges facing the academy, and allow them to play a full role in providing solutions to these problems.

Trustee	Meetings Attended	Out of Possible
Joanne Marshall	1	1
Phillip Hunter	1	1
Steve Wiggins	1	1

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Governance Statement

Performance & Achievement and Pastoral Care Committee:

Trustee	Meetings Attended	Out of Possible
Gail Khan	3	5
Claire Kirwin	5	5
Aziz Rafiq	3	5
Margo Kane	0	5
Naz Koser	3	5

For similar reasons as with the Financial and General Purposes, this committee was discontinued during 2018-19, becoming a standard agenda item at main trust board meetings.

Review of Value for Money

As Accounting Officer the Assistant Principal has responsibility for ensuring that the academy trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received. They consider how the trust's use of resources has provided good value for money during each academic year and report to the trust board where value for money can be improved, including benchmarking data where available. The accounting officer for the academy trust has delivered improved value for money during the year by:

- The use of Google Chrome books has been investigated during the year and the provision of them to individual students is to be phased out over the next 4 years. This will save around £30,000 per annum.
- Departmental spending was controlled by the Acting Headteacher (Accounting Officer) during the year

A Best Value Statement is prepared annually as part of the Financial Management Policy of the academy.

Finance Governance and Oversight

The trust benefits from the provision of an independent internal audit service. They report directly to the Audit Committee on all systems and procedures together with other areas identified in the internal audit programme.

UAK also benefits from support throughout the year from its external auditors on compliance and accounting practice.

The Chair of Trustees, Executive Principal and Accounting Officer receive monthly management accounts, together with a financial update regarding relevant and significant issues. The trust board approve the budget each year bearing in mind the requirement to achieve a balanced budget and to ensure that the trust remains a 'going concern'. The Trust Board also receive and approve the Trustees Annual Report and accounts together with external auditors' management letter.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process

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Governance Statement

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, the impact should they be realised and to manage them efficiently, effectively and economically. This system of internal control has been in place for the year ended 31 August 2019. And up to the date of approval of the annual report and financial statements.

Capacity to Handle Risks

The Trust Board 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 these risks. The Trust Board has a formal ongoing process for risk management that has been put in place for the year ending 31 August 2019 and up to the date of approval of the annual report and financial statements. The process is regularly reviewed by the Trust Audit Committee and Trust Board.

The Risk and Control Framework

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

- Comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- Reviews by the full Governing Body 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;
- Defined purchasing guidelines;
- Delegation of authority and segregation of duties;
- Identification and management of risks.

An external partner will be engaged and will undertake peer review audits in the new academic period covering:

- Payroll and contracts
- Other areas as directed by Trustees

On a termly basis, the reviewer will report to Management and the Board of trustees, on the operation of the system of control and on the discharge of the Board of trustees financial responsibilities.

Internal audits

There have been no internal audits during the year. The process recommenced on the 14th November 2019.

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Review of Effectiveness

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

- Work of the external auditor
- The review of connected party transactions
- The work of leaders within the academy who have responsibility for the development and maintenance of the internal control framework
- Weekly meetings between the acting Headteacher and Interim Financial Controller
- Bank reconciliation
- Key reconciliations
- Regular updates presented at trust board meetings.

The accounting officer has been advised of the implications of the result of their review of the systems of internal control by the Board and plan to address weaknesses and ensure continuous improvement of the systems in place.

Approved by order of the board of trustees on 11 December 2019 and signed on its behalf by:



Gwendolen Bradshaw
Chair of Trust



Mark Turvey

University Academy Keighley

Statement of Regularity, Propriety and Compliance

As accounting officer of UAK, I have considered my responsibility to notify the trust board and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of all funding received by the academy trust, under the funding agreement in place between the trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

I draw the reader's attention to the current situation with regards to the position of the academy and the accounting officer, namely:

- The previous accounting officer, Mr Sean Carragher, was replaced on 1st September 2019 when I was appointed to the role of Assistant Principal
- Previous SLA with Rodillian MAT
- Current Service Level Agreement with Carlton Bolling

Since I have become accounting officer, I have placed reliance on my discussions with the Chair of Governors and the Interim Financial Controller of the academy regarding the period before my appointment in September 2019. I have also used my meetings with the academy's Interim Financial Controller with regard to ensuring the following:

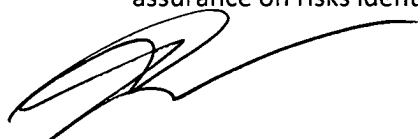
- Sound and appropriate financial governance is in place and risk management processes are under urgent review during this year and for the new academic year
- Preparation of management accounts and the monitoring of budgets took place during the year
- Any weaknesses in financial systems and controls are identified and there is continuous improvement in systems, and
- There is sufficient due process for the preparation of the annual accounts of the academy

I confirm that the academy governing body and I are able to identify any material irregular or improper use of funds by the academy, or material non-compliance with the terms and conditions of funding under the academy's funding agreement and Academies Financial Handbook 2018.

I confirm that the following instances of material irregularity, impropriety or funding non-compliance discovered to date have been notified to the board of trustees and ESFA. If any instances are identified after the date of this statement, these will be notified to the board of trustees and ESFA.

Non-financial issues:

- No programme of internal audit work was undertaken during the year to address and provide assurance on risks identified.



Mark Turvey
Accounting Officer

11 December 2019

Statement of Trustees' Responsibilities

The trustees (who are also the 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 Academies Accounts Direction published by the Education & Skills 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, for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019
- 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 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 trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform to the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the ESFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the board of trustees on " *December 2019* and signed on its behalf by:



Gwendolen Bradshaw
Chair of Trustees

Independent Auditor's Report on the Financial Statements to the Board of Trustees of University Academy Keighley

Opinion

We have audited the financial statements of University Academy Keighley for the year ended 31 August 2019 which comprise Statement of Financial Activities, Balance Sheet, Cashflow and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the charitable company's state of affairs as at 31 August 2019 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.
- have been prepared in accordance with the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Independent Auditor's Report on the Financial Statements to the Board of Trustees of University Academy Keighley

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Annual Report which includes the Directors' Report and the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Annual Report which includes the Directors' Report and the Strategic Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report and Strategic Report.

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.

Responsibilities of trustees

As explained more fully in the Trustees' Responsibilities Statement set out on page 17, the trustees (who are also 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, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative to do so.

Independent Auditor's Report on the Financial Statements to the Board of Trustees of University Academy Keighley

Auditor's responsibilities for the audit of the financial statements

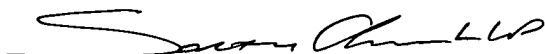
We have been appointed as auditors under the Companies Act 2006 and report in accordance with that Act.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



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

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

Date: 12/12/19

Saffery Champness LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Independent Reporting Accountants Assurance Report on Regularity to University Academy Keighley and the Education and Skills Funding Agency

In accordance with the terms of our engagement letter dated 6 September 2018 and further to the requirements of the Education Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by the academy trust during the period 1 September 2018 to 31 August 2019 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 University Academy Keighley and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to University Academy Keighley and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than University Academy Keighley and the ESFA, for our work, for this report, or for the conclusions we have formed.

Respective responsibilities of University Academy Keighley's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of University Academy Keighley's funding agreement with the Secretary of State for Education and the Academies Financial Handbook, extant from 1 September 2018, 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 2018 to 2019. 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 2018 to 31 August 2019 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 2018 to 2019 issued by the ESFA. 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 Accountants Assurance Report on Regularity to University Academy Keighley and the Education and Skills Funding Agency

The work undertaken to draw to our conclusions includes:

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

Conclusion

During the course of our work, except for the matters listed below, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Non-financial issues:

- No programme of internal audit work was undertaken during the year to address and provide assurance on risks identified.



Jonathan Davis
Senior Statutory Auditor

For and on behalf of 12/12/19.

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

Statement of Financial Activities for the year ended 31 August 2019
(including Income and Expenditure Account)

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2019 £000	Total 2018 £000
Income and endowments from:						
Donations and capital grants	3	-	-	53	53	16
Charitable activities:						
Funding for the academy trust's						
educational operations	6	-	5,796	-	5,796	5,971
Other trading activities	4	319	-	-	319	293
Investments	5	5	-	-	5	5
Total		324	5,796	53	6,173	6,285
Expenditure on:						
Raising funds	7	-	-	-	-	49
Charitable activities:						
Academy trust educational operations	8	127	6,119	137	6,383	6,789
Other		-	-	-	-	-
Total		127	6,119	137	6,383	6,838
Net income / (expenditure)		197	(323)	(84)	(210)	(553)
Transfers between funds	15	-	44	(44)	-	-
Other recognised gains / (losses):						
Actuarial gains / (losses) on defined benefit pension schemes	15,23	-	(1,300)	-	(1,300)	414
Net movement in funds		197	(1,579)	(128)	(1,510)	(139)
Reconciliation of funds						
Total funds brought forward		1,257	(944)	433	746	885
Total funds carried forward		1,454	(2,523)	305	(764)	746

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

Balance Sheet as at August 2019

		2019	2019	2018	2018
	Notes	£000	£000	£000	£000
Fixed assets					
Tangible assets	12		305		433
Current assets					
Debtors	13	460		317	
Cash at bank and in hand		<u>2,157</u>		<u>1,933</u>	
Total current assets		2,617		2,250	
Liabilities					
Creditors falling due within one year	14	<u>(1,078)</u>		(848)	
Net current assets			1,539		1,402
Total assets less current liabilities			1,844		1,835
Pension scheme liability	23		<u>(2,608)</u>		<u>(1,089)</u>
Total net assets/(liabilities)			(764)		746
Funds of the academy:					
Restricted funds					
Fixed asset funds	15	305		433	
Restricted income funds	15	85		145	
Pension reserve	15	<u>(2,608)</u>		<u>(1,089)</u>	
Total restricted funds			(2,218)		(511)
Unrestricted funds					
General funds	15	<u>1,454</u>		<u>1,257</u>	
Total unrestricted funds			1,454		1,257
Total Funds			(764)		746

The financial statements on pages 24 to 46 were approved by members of the academy trust and authorised for issue on 12 December 2019 and signed on their behalf by:



Gwendolen Bradshaw
Chair of Trustees

University Academy Keighley

Cash Flow Statement for the year ended 31 August 2019

	Notes	2019 £000	2018 £000
Cash flows from operating activities			
Net cash provided by / (used in) operating activities	18	171	(261)
Cash flows from investing activities	19	53	(67)
Cash flows from financing activities		-	-
Change in cash and cash equivalents in the reporting period		224	(328)
Cash and cash equivalents at 1 September 2018		1,933	2,261
Cash and cash equivalents at 31 August 2019	20	2,157	1,933

The closing cash balance includes £750,000 (2018: £750,000) held on deposit.

Notes to the Financial Statements for the year ended 31 August 2019

1. Statement of Accounting Policies

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

Basis of preparation

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

University Academy Keighley meets the definition of a public benefit entity under FRS 102.

Going concern

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

In assessing the going concern position of the Trust, the Board have considered the impact of the local government pension scheme charge on the result for the year and on overall reserves of the Trust. Whilst net funds show an in year deficit of £1,510,000 the Board do not consider this as having a major impact in terms of the short – medium term going concern assumption. Moreover, the positive cash position of £2,157,000, net current asset position of £1,539,000 and the underlying non-pension related reserves of the Trust continue to support the assessment made.

Incoming resources

All incoming resources are recognised when the academy has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

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 meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

General annual grant is in full in the Statement of Financial Activities in the year for when it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

1. Statement of Accounting Policies (continued)

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

Sponsorship

Sponsorship income provided to the academy which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable (where there are no performance related conditions), where there is certainty of receipt and it is measurable.

Donations

Donations are included in the Statement of Financial Activities on a receivable basis (where there are no performance-related conditions) where the receipt is probable and it can be measured reliably.

Other income

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the academy trust has provided the goods and services. Interest receivable is included within the Statement of Financial Activities on an accruals basis.

Donated Services and gifts in kind

Gifts in kind provided to the academy are recognised in the Statement of Financial Activities at their value, as determined by the trustees, in the period in which they are receivable, and where the benefit to the academy can be reliably measured.

Agency income

The academy trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid and any balances are disclosed in note 26.

Expenditure

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

- **Expenditure on Raising Funds**

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

1. Statement of Accounting Policies (continued)

- **Charitable Activities**

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

All resources expended are inclusive of irrecoverable VAT.

Tangible fixed assets

Assets costing £1,000 or more and with an expected useful life exceeding one year are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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 school's depreciation policy.

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

Computer equipment & software	20-33% p.a.
Chromebooks and other computer equipment	20% p.a.
Motor vehicles	20% p.a.
Furniture and equipment	20% p.a.
Land and buildings	20% p.a.

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.

Liabilities

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy trust anticipated it will pay to settle the debt or the amount it has received as advance payments for the goods or services it must provide.

Provisions

Provisions are recognised when the academy trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

1. Statement of Accounting Policies (continued)

Leased assets

Rentals applicable to operating leases where substantially all 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.

Financial instruments

The academy trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the academy trust and their measurement basis are as follows:

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 13. Prepayments are not financial instruments. Amounts due to the charity's wholly owned subsidiary are held at face value less any impairment.

Cash at bank – is classified as a basic financial instrument and is measured at face value.

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 14. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

Taxation

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

Accordingly, the academy 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.

Pension benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the school in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in note 23, the TPS is a multi-employer scheme and the school is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPS is a funded multi-employer 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 credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term

1. Statement of Accounting Policies (continued)

and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

Fund accounting

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

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

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

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

2. General Annual Grant (GAG)

Under the funding agreement with the Secretary of State the academy trust was subject to limits at 31 August 2019 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward of which up to 2% could be used for general recurrent purposes with any balance being available for premises/ capital purposes.

The academy trust has not exceeded these limits during the year ended 31 August 2019.

3. Donations and capital grants

	Unrestricted Funds £000	Restricted Funds £000	2019 Total £000	2018 Total £000
Capital grants	-	53	53	16
Other donations	-	-	-	-
	-	53	53	16
2018	-	16	16	

4. Other trading activities

	Unrestricted Funds £000	Restricted Funds £000	2019 Total £000	2018 Total £000
Hire of facilities	132	-	132	88
Catering facilities	155	-	155	178
Other income	32	-	32	27
	319	-	319	293
2018	293	-	293	

5. Investment income

	Unrestricted Funds £000	Restricted Funds £000	2019 Total £000	2018 Total £000
Short term deposits	5	-	5	5
	5	-	5	5
2018	5	-	5	

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

6. Funding for academy's educational operations	Unrestricted Funds £000	Restricted Funds £000	2019 Total £000	2018 Total £000
DfE / ESFA grants				
General Annual Grant (GAG) (note 2)	-	4,774	4,774	4,982
Start-up grants	-	-	-	-
PFI grant	-	635	635	597
Other DfE / ESFA grants	-	268	268	262
	-	5,677	5,677	5,841
Other Government grants				
SEN from LA	-	89	89	79
Other grants	-	30	30	51
	-	119	119	130
	-	5,796	5,796	5,971
2018	-	5,971	5,971	

7. Expenditure	Staff costs £000	Non Pay Expenditure Premises costs £000	Other costs £000	2019 Total £000	2018 Total £000
Expenditure on raising funds	-	-	-	-	49
Educational operations					
Direct costs	3,480	137	271	3,888	4,190
Allocated support costs	749	1,291	455	2,495	2,599
	4,229	1,428	726	6,383	6,838

2019 Total £000	2018 Total £000
--------------------------------	--------------------------------

Net incoming / (outgoing) resources for the year include:

Operating lease rentals	1,245	1,227
Depreciation	137	157
Fees payable to auditor – audit of the current year financial statements	14	14
– other services	3	3
Internal audit fees	-	-
(Profit)/Loss on disposal of fixed assets	(4)	-

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

8. Charitable activities – educational operations	Unrestricted Funds	Restricted Funds	2019 Total	2018 Total
	£000	£000	£000	£000
Direct costs				
Teaching & educational support staff costs	-	3,480	3,480	3,742
Depreciation	-	137	137	157
Educational supplies	-	96	96	142
Examination fees	-	65	65	65
Staff development	-	57	57	21
Educational consultancy	-	-	-	-
Other direct costs	-	53	53	63
	-	3,888	3,888	4,190
2018	-	4,190	4,190	
Allocated support costs				
Support staff costs	-	749	749	761
Depreciation	-	-	-	-
Recruitment and support	-	13	13	12
Maintenance of premises and equipment	-	9	9	10
Computer software and hardware	-	177	177	171
Rent and rates	-	1,282	1,282	1,258
Insurance	-	21	21	18
Catering	127	-	127	151
Other support costs	-	105	105	165
Governance	-	12	12	53
	127	2,368	2,495	2,599
	127	6,256	6,383	6,789
2018	-	6,789	6,789	

9. Staff

a. Staff costs	2019 Total £000	2018 Total £000
Wages and salaries	2,392	2,653
Social security costs	205	240
Pension costs	499	366
	3,096	3,259
Secondment costs	328	553
Supply teacher costs	591	497
Staff restructuring costs	214	68
	4,229	4,377

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

Staff restructuring costs comprise:

Redundancy payments	9	-
Severance payments	205	68
Other restructuring costs	-	-
	<u>214</u>	<u>68</u>

b. Non statutory/non-contractual staff severance payments

Included within staff restructuring costs above is £nil (2018: £67,859) of non-statutory compensation payments.

c. Staff numbers

The average number of persons (including senior leadership team) employed by the academy during the year was as follows:

	2019	2018
Charitable activities	No	No
Teachers	24	33
Administration and support	64	72
Management	1	7
	<u>89</u>	<u>112</u>

d. Higher paid staff

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

	2019	2018
£60,001 - £70,000	1	1
£70,001 - £80,000	2	1
£80,001 - £90,000	2	-
£90,001 - £100,000	1	1
£100,001 - £110,000	-	-
£170,001 - £180,000	-	-

Five of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2019, total employers' pension contributions for these employees amounted to £42,667 (2018: £26,506). Staff only achieve these bands, due in the main to severance payments of £144,048 during the period

e. Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £187,596 (2018: £748,163). A severance payment of £42,467 is included in the details.

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

10. Related party transactions - Trustees' Remuneration and Expenses

One or more trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment, and not in respect of their role as trustees. The value of trustees' remuneration and other benefits was as follows:

Aziz Rafiq (Staff Trustee)

Remuneration: £30,000 - £35,000 (2018: £30,000 - £35,000)

Employers pension: £nil (2018: £nil)

During the year ended 31 August 2019, travel and subsistence expenses totaling £407 (2018: £nil) were reimbursed to 1 trustee (2018: nil).

Related party transactions involving the trustees are set out in note 24.

11. Trustees' and officers' insurance

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2019 was £132 (2018: £125).

12. Tangible fixed assets

	Leasehold land and buildings £000	Furniture and equipment £000	Computer equipment £000	Motor Vehicles £000	Total £000
Cost					
At 1 September 2018	15	667	793	23	1,498
Additions	-	7	3	-	10
Disposals	-	-	-	(11)	(11)
At 31 August 2019	15	674	796	12	1,497
Depreciation					
At 1 September 2018	13	637	394	21	1,065
Charged in year	2	14	120	1	137
Eliminated in year	-	-	-	(10)	(10)
At 31 August 2019	15	651	514	12	1,192
Net book value					
At 31 August 2019	-	23	282	-	305
At 31 August 2018	2	30	399	2	433

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

13. Debtors	2019	2018
	£000	£000
Trade debtors	48	54
Prepayments and accrued income	185	140
Sundry debtors	2	5
VAT recoverable	225	118
	460	317

14. Creditors: amounts falling due within one year	2019	2018
	£000	£000
Trade creditors	225	82
Other taxation and social security	-	64
Other creditors	3	3
Accruals and deferred income	850	699
	1,078	848

Deferred income	2019	2018
	£000	£000
Deferred income at 1 September 2018	-	-
Resources deferred in the year	-	-
Amounts released from previous years	-	-
Deferred income at 31 August 2019	-	-

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

15. Funds	Balance at 1 Sept 2018	Incoming resources	Resources expended	Gains, losses & transfers	Balance at 31 Aug 2019
	£000	£000	£000	£000	£000
Restricted general funds					
General Annual Grant	145	5,409	(5,513)	44	85
Other DfE/ESFA grants	-	268	(268)	-	-
Local Authority grants	-	119	(119)	-	-
Pension reserve	(1,089)	-	(219)	(1,300)	(2,608)
	(944)	5,796	(6,119)	(1,256)	(2,523)
Restricted fixed asset funds					
DfE/ESFA capital grants	112	53	-	-	165
Other capital grants	267	-	(137)	(44)	86
Drake and Tonson	19	-	-	-	19
Capital expenditure from GAG	35	-	-	-	35
	433	53	(137)	(44)	305
Total restricted funds	(511)	5,849	(6,383)	(1,300)	(2,218)
Total unrestricted funds	1,257	324	(127)	-	1,454
TOTAL FUNDS	746	6,173	(6,383)	(1,300)	(764)

Under the funding agreement with the Secretary of State the academy trust was subject to limits at 31 August 2019 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward of which up to 2% could be used for general recurrent purposes with any balance being available for premises/ capital purposes.

The academy trust has not exceeded these limits during the year ended 31 August 2019.

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

Comparative information in respect of the proceeding period is as follows:

	Balance at 1 Sept 2017	Incoming resources	Resources expended	Gains, losses & transfers	Balance at 31 Aug 2018
	£000	£000	£000	£000	£000
Restricted general funds					
General Annual Grant	666	5,579	(6,036)	(64)	145
Other DfE/ESFA grants	29	262	(291)	-	-
Local Authority grants	-	130	(130)	-	-
Pension reserve	(1,328)	-	(175)	414	(1,089)
	(633)	5,971	(6,632)	350	(944)
Restricted fixed asset funds					
DfE/ESFA capital grants	96	16	-	-	112
Other capital grants	360	-	(157)	64	267
Drake and Tonson	19	-	-	-	19
Capital expenditure from GAG	35	-	-	-	35
	510	16	(157)	64	433
Total restricted funds	(123)	5,987	(6,789)	414	(511)
Total unrestricted funds	1,008	298	(49)	-	1,257
TOTAL FUNDS	885	6,285	(6,838)	414	746

University Academy Keighley

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

16. Analysis of net assets between funds

Fund balances at 31 August 2019 are represented by:

	Unrestricted general fund	Restricted general fund	Restricted fixed asset fund	Total Funds 2019	Total Funds 2018
	£000	£000	£000	£000	£000
Tangible fixed assets	-	-	305	305	433
Current assets	1,454	1,163	-	2,617	2,250
Current liabilities	-	(1,078)	-	(1,078)	(848)
Pension scheme liability	-	(2,608)	-	(2,608)	(1,089)
Total net assets	1,454	(2,523)	305	(764)	746

Comparative information in respect of the proceeding period is as follows:

	Unrestricted general fund	Restricted general fund	Restricted fixed asset fund	Total Funds 2018	Total Funds 2017
	£000	£000	£000	£000	£000
Tangible fixed assets	-	-	433	433	510
Current assets	1,257	993	-	2,250	2,696
Current liabilities	-	(848)	-	(848)	(993)
Pension scheme liability	-	(1,089)	-	(1,089)	(1,328)
Total net assets	1,257	(944)	433	746	885

17. Commitments under operating leases

Operating leases

At 31 August 2019 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2019 £000	2018 £000
Land and buildings		
Amounts due within one year	1,159	1,131
Amounts due between one and five years	4,933	4,813
Amounts due after five years	18,089	19,369
	24,181	25,313

The academy receives funding from the LA in relation to the land and buildings lease commitment. In the year to 31 August 2019 the academy expects to receive £40,000 from the LA in relation to this agreement.

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

18. Reconciliation of net income/(expenditure) to net cash flow from operating activities

	2019	2018
	£000	£000
Net expenditure for the reporting period (as per the statement of financial activities)	(210)	(553)
Adjusted for:		
Depreciation (note 12)	137	157
(Profit)/Loss on disposal of fixed assets	(4)	8
Capital grants from DfE and other capital income	(53)	(16)
Interest receivable (note 5)	(5)	(5)
Defined benefit pension scheme cost less contributions payable (note 23)	190	144
Defined benefit pension scheme finance cost (note 23)	29	31
Decrease in stocks	-	-
(Increase) / decrease in debtors	(143)	118
Increase / (decrease) in creditors	230	(145)
Net cash provided by / (used in) Operating Activities	171	(261)

19. Cash flows from investing activities

	2019	2018
	£000	£000
Dividends, interest and rents from investments	5	5
Proceeds from sale of tangible fixed assets	5	-
Purchase of tangible fixed assets	(10)	(88)
Capital grants from DfE/EFA	53	16
Capital funding received from sponsors and others	-	-
Net cash provided by / (used in) investing activities	53	(67)

20. Analysis of cash and cash equivalents

	2019	2018
	£000	£000
Cash in hand and at bank:		
At beginning of year	1,933	2,261
Cash flows	224	(328)
At end of year	2,157	1,933

21. Contingent liabilities

The academy has no contingent liabilities.

22. Members' liabilities

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

23. Pension and similar obligations

The academy 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 Scheme (LGPS) for non-teaching staff, which is managed by West Yorkshire Pension Fund. Both are multi-employer defined-benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2016 and of the LGPS 31 March 2016.

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

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

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

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 (amended) published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2016 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 (amended). The valuation report was published by the Department for Education on 5 March 2019. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% employer administration charge)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million giving a notional past service deficit of £22,000 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return is 4.45%.

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

23. Pension and similar obligations (continued)

The TPS valuation for 2012 determined an employer rate of 16.48%, which was payable from September 2015. As a result of the latest valuation based on membership data as at 31 March 2016, TPS employees will pay an increased contribution rate of 23.68% from 1 September 2019 (this includes the administration levy of 0.08%).

The pension costs paid to TPS in the period amount to £256,629 (2018: £230,003)

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

Under the definitions set out in FRS 102, the TPS is an unfunded multi-employer pension scheme. The academy trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy trust has set out above the information available on the scheme.

Local Government Pension Scheme

The Local Government Pension Scheme (LGPS) is a funded defined benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £164,000 (2018: £197,000) of which employer contributions totalled £119,000 (2018: £141,000) and employee contributions totalled £45,000 (2018: £56,000). The agreed contribution rates for future years are 12.8% employer and 5.5% to 6.8% for employees.

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

Principal Actuarial Assumptions	At 31 August 2019	At 31 August 2018
Rate of increase in salaries	3.35%	3.25%
Rate of increase for pensions in payment / inflation	2.10%	2.00%
Discount rate for scheme liabilities	1.90%	2.80%
Inflation assumption (CPI)	2.10%	2.00%
Commutation of pension to lump sums		

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 2019	At 31 August 2018
<i>Retiring today</i>		
Males	22.2	22.1
Females	25.4	25.3
<i>Retiring in 20 years</i>		
Males	23.2	23.1
Females	27.2	27.1

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

23. Pension and similar obligations (continued)

Sensitivity analysis	At 31 August 2019 £000	At 31 August 2018 £000
Discount rate +0.1%	(151)	(116)
Discount rate -0.1%	155	119
Mortality assumption – 1 year increase	(219)	(147)
Mortality assumption – 1 year decrease	221	148

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

	Fair value at 31 August 2019 £000	Fair value at 31 August 2018 £000
Equities	3,125	2,980
Government bonds	177	431
Property	423	168
Corporate bonds	181	140
Cash	77	88
Other	44	187
Total market value of assets	4,027	3,994
Present value of scheme liabilities - funded	(6,635)	(5,083)
Deficit in the scheme	(2,608)	(1,089)

The actual return on the scheme assets was £7,000 (2018: £177,000).

Amount recognised in the Statement of Financial Activities	2019 £000	2018 £000
Current service cost	221	285
Past service cost	88	-
Net interest cost	29	31
Total operating charge	338	316

23. Pension and similar obligations (continued)

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

	2019 £000	2018 £000
At 1 September	5,083	4,996
Current service cost	221	285
Interest cost	141	125
Employee contributions	45	56
Actuarial loss/(gain)	1,195	(331)
Benefits paid	(138)	(48)
Past service cost	88	-
At 31 August	6,635	5,083

23. Pension and similar obligations (continued)

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

	2019 £000	2018 £000
At 1 September	3,994	3,668
Interest income	112	94
Actuarial gain	(105)	83
Employer contributions	119	141
Employee contributions	45	56
Benefits paid	(138)	(48)
At 31 August	4,027	3,994

24. Related Party Transactions

Owing to the nature of the academy trust and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with the academy trust's financial regulations and normal procurement procedures relating to connected and related party transactions. The following related party transactions took place in the financial period.

University of Bradford Faculty of Management and Law

During the year, the academy paid £6,012 (2018: £71,040) to the University of Bradford Faculty of Management and Law in respect of HR support and hire of meeting rooms. At 31 August 2019, £nil (2018: £6,012) was owed to University of Bradford School of Management.

Shipley College

A Trustee is also a governor at Shipley College. During the year the Trust paid £2,500 (2018: £1,265) to Shipley College in respect of course fees.

25. Post balance sheet events

The Board concludes there to be no reportable PBSEs as at the date of approval of these financial statements.

26. Agency arrangements

The academy trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2019 the trust received £2,980 (2018: £13,410) and disbursed £nil (2018: £2,423) from the fund. An amount of £44,465 (2018: £41,485) is included in creditors relating to undistributed funds.