

Registered Number 5598063  
Registered charity number 1112261

Merchants' Academy Withywood  
Report and financial statements  
for the period ended 31 August 2006

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# **Merchants' Academy Withywood**

## **Report and financial statements for the period ended 31 August 2006**

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# **Merchants' Academy Withywood**

## **Trustees and Directors**

### **Trustees and Directors**

The Trustees, who are also Directors of the company for the purpose of the Companies Act, and who were all appointed as Directors and Trustees on incorporation and registration with the Charity Commission (being 20 October 2005 and 24 November 2005 respectively), serving during the period and since the period end were as follows:

R J Morris + ~ ^  
S C B Cooper + ~  
R E J Bernays + ^  
D Pretty + #  
D A S Burn + ^

+ denotes member of the Academy Project Board

# denotes member of the Finance Group

~ denotes member of the Community and Stakeholder sub-committee

^ denotes member of the Education sub-committee

## **Officers and advisors**

### **Project Managers**

3e Enterprises Limited  
E C Harris  
Capita Symonds

### **Registered Office**

Merchants' Hall  
The Promenade  
Clifton  
Bristol  
BS8 3NH

### **Auditors**

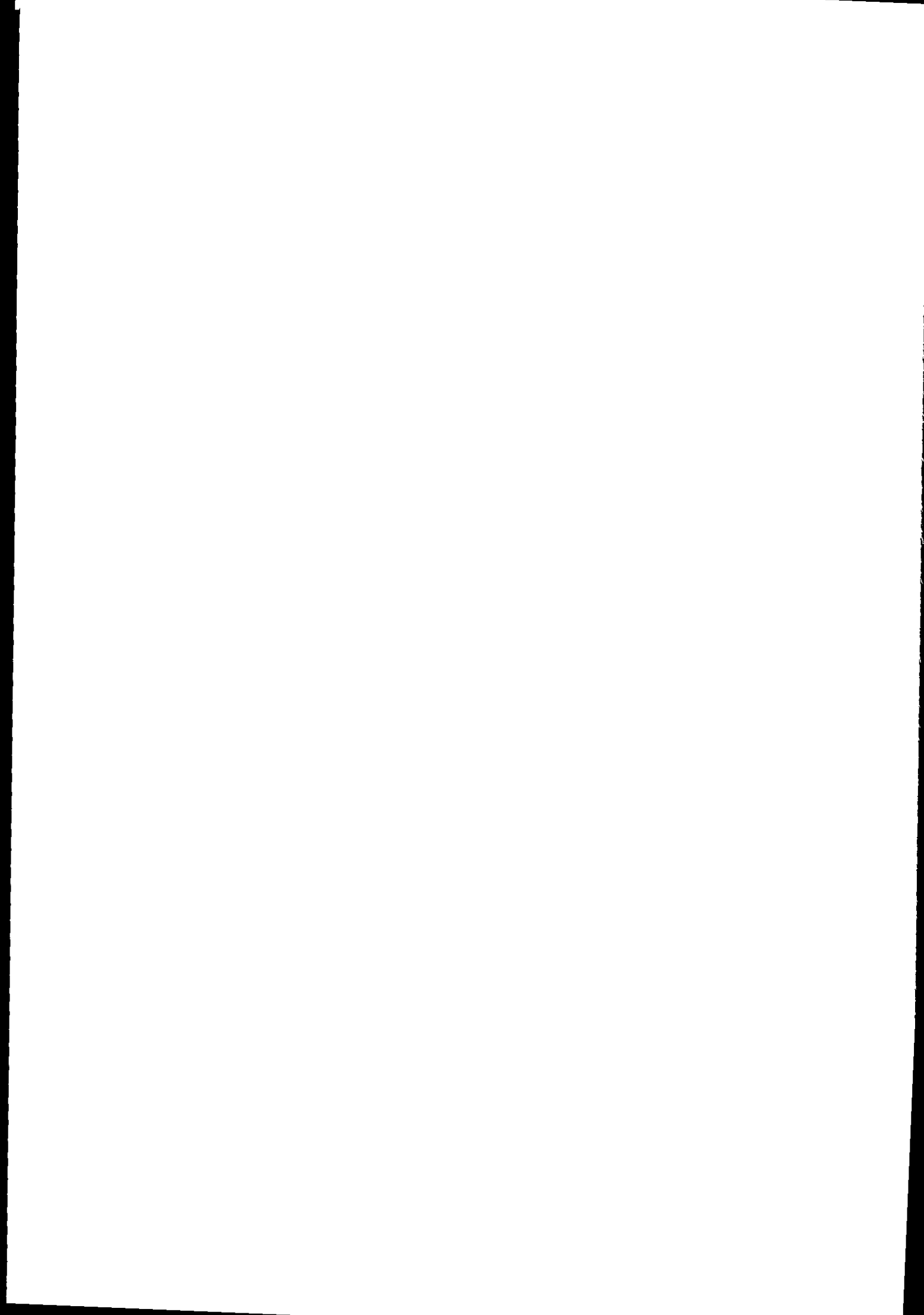
PricewaterhouseCoopers LLP  
31 Great George Street  
Bristol, BS1 5QD

### **Solicitors**

Veale Wasbrough  
Orchard Court  
Orchard Lane  
Bristol, BS1 5WS

### **Bankers**

HSBC  
49 Corn Street  
Bristol, BS99 7PP



# **Merchants' Academy Withywood**

## **Report of the Trustees for the period ended 31 August 2006**

The Trustees, who are also directors of the company for the purposes of the Companies Act, present their report and the audited financial statements for the period ended 31 August 2006.

The financial statements comply with current statutory requirements; the Memorandum and Articles of Association, applicable Accounting Standards in the United Kingdom, the Statement of Recommended Practice issued in March 2005 (SORP 2005) and the Companies Act 1985.

### **Reference and Administrative Information**

The information with respect to the Trustees, officers and advisors set out on page 1 forms part of this report.

The Academy is a company limited by guarantee, and a registered charity governed by its Memorandum and Articles of Association dated 20 October 2005.

### **Structure, Governance and Management**

#### **Principal activity**

The charitable company was incorporated on 20 October 2005 and registered as a charity on 24 November 2005. Its principal activity is to establish and maintain an Academy in Bristol known as Merchants' Academy, Withywood. It is a company limited by guarantee (company registration number 5598063). During the period, the Trustees have been engaged on the construction of the Academy at Withywood, Bristol. The sponsor of the company is the Society of Merchant Venturers with the University of Bristol as the co-sponsor.

#### **Governing Document**

The Academy is a company limited by guarantee, and a registered charity governed by its Memorandum and Articles of Association dated 20 October 2005.

#### **Trustees**

All the committees as detailed on page 1 are made up of Trustees and other individuals. All committees operate under specific terms of reference, which delegate certain functions from the full board of Trustees. Each committee has its recommendations considered by the full board and ratified as received. The Buildings Group is able to make executive decisions, reporting these to the Board. During the year under review the Trustees met monthly as part of the Project Board Meetings (see below for details of the Project Board).

#### **Project Board**

The Project Board was established separately from the Charitable Company. It is responsible for ensuring the successful construction and opening of the Academy to cost, quality and time and for instituting governance and appropriate systems to enable the Academy to achieve its objectives.

# Merchants' Academy Withywood

## Recruitment and Training of Trustees

As set out in the Articles of Association, the Trustees of the Academy comprise:

- a) up to 6 persons appointed by the Society of Merchant Venturers;
- b) 1 person appointed by the University of Bristol;
- c) 1 person appointed by the Secretary of State;
- d) the chair of the Academy; and
- e) any person unanimously agreed in writing.

The Trustees will appoint the Governing Body prior to the opening of the Academy in 2008.

As set out in the Governing Document, not more than 11 of the Sponsor Governors of the charitable company will be nominated by the Society of Merchant Venturers and 2 will be nominated by the University of Bristol. At least 4 Community Governors will be appointed by the Sponsor / Governors. Governors will have a term in office until the AGM following 3 years of service, when they may be eligible for re-election.

On becoming a Trustee, new members are provided with a Trustee's responsibilities handbook. In addition, new Trustees have been members of the Project Board for over 18 months and therefore have a detailed understanding of the activities and plans of the Academy.

## Organisational Management

The Trustees of the Charity are legally responsible for the overall management and control of the Academy. They meet monthly as part of the Project Board meetings. The committees, as listed on page 1, operate under specific terms of reference, which delegate the consideration of certain functions from the Trustees. The Buildings Group is empowered to make executive decisions on behalf of the Project Board.

The Trustees, all of whom served throughout the period ended to 31 August 2006 and since the period end, are listed on page 1.

The Academy recognises the importance of good communication to ensure that it is aware of the needs of all of its stakeholders. The Community and Stakeholders sub committee considers, identifies and reflects the views of the wider Withywood Community on all matters concerning the Academy, reporting and making recommendations to the Project Board.

The day to day running of the Academy is delegated to 3e Enterprises Limited for the operational project management and Capita Symonds (Trust Contract Manager) and E C Harris (Construction Project Manager) for the construction project management.

## Risk Management

In the light of Corporate Governance guidance contained within the Charities Statement of Recommended Practice issued on March 2005, the Trustees have spent time in identifying the major risks to which the Academy is exposed. These have been thoroughly reviewed and examined in detail and systems are being established to mitigate risks. The risk assessment is subject to review at each Project Board. The Trustees are responsible for the management of the risks faced by the Academy and are satisfied that the major risks identified are being adequately mitigated. The Trustees recognise that any system can only provide reasonable but not absolute assurance that major risks have been adequately managed.



## **Merchants' Academy Withywood**

The key risks impacting on the Academy are:

- Buildings will not be constructed in time for opening in September 2008; and
- Insufficient revenue funding to meet the Academy's aspirations.

The following statements summarise the Academy's policy in managing identified forms of financial risk:

### **Price Risk**

The contract for the design and build of the Academy is to be signed in December 2006. A design and build contract is the key aspect of risk management to ensure the budget is not exceeded.

### **Credit Risk**

Credit risk on amounts owed to the Academy by its funders is low as all the current debtors relate to the DfES funding.

### **Liquidity Risk and Interest rate cash flow risk**

The Academy will place surplus funds on short term deposit accounts with the Academy's bankers.

## **Objectives and Activities**

### **Charitable objects**

The Academy's objectives are:

- to advance, for the public benefit, education in United Kingdom by establishing, maintaining, carrying on, managing and developing an Academy offering a broad curriculum with a strong emphasis on, but in no way limited to, enterprise and skills; and
- in so far as ancillary or incidental to the advancement of education, such other purposes for the benefit of the local community as shall be exclusively charitable.

### **Aims and intended impact**

The Academy aims to meet this objective by the provision of an excellent independent education, through both academic success and wider social awareness and participation, to a broad spectrum of the community.

The Academy will also help regenerate Withywood by providing its young people with a first class education, developing their ambition, skills, confidence and potential.

This will be achieved through;

- recognising the needs of every student;
- engaging with students, parents and carers;
- a focus on enterprise and skills;
- academic rigour with a vocational emphasis;
- investment in ICT to support staff, students and parents; and
- being an innovative community of learning for adults and young people.

# **Merchants' Academy Withywood**

## **Objectives for the year**

This is the first period of financial statements for the Academy and the key objective has been to ensure the Funding Agreement was signed. The Funding Agreement is a contractual agreement made under s482 of the Education Act 1996, as substituted by the Education Act 2002, between the Secretary of State for Education and Skills and the Merchants' Academy Trust to establish an independent school to be known as the Merchants' Academy.

## **Strategies to achieve the year's objectives**

The Academy has adopted a number of strategies to meet the objective including the appointment of appropriate professional advisers.

## **Review of Achievements and performance for the year**

### **Operational performance of the Academy**

During the period to 31 August 2006, the objective of signing the Funding Agreement has been met and development plans are now in place to appoint the construction team.

The contract for the design and build of the Academy is to be signed in December 2006.

## **Financial review and results for the year**

Capital and project expenditure for the period was covered by grants from the DfES. The excess of income over running costs for the period was £108,145, reflecting the amount spent on fixed assets in the period.

The plans are developing and the construction contract will be signed in December 2006.

### **Investment powers, policy and performance**

The Governors may invest in such investments as they shall in their absolute discretion think fit. In practice, the Academy does not currently hold any long term investments. Short term deposits are held with the Academy's bankers.

### **Change in fixed assets**

The movement in fixed assets during the period are set out in note 5 to the financial statements.

### **Asset cover for funds**

Note 9 to the financial statements sets out an analysis of the assets attributable to the various funds and note 8 sets out a description of the trusts. These assets are sufficient to meet the Academy's obligations in respect of each individual fund.

### **Reserves policy**

It is recognised at present that the Academy is not in a position to generate surplus funds. All of the income will be utilised in the building of the Academy. When the Academy is open, the Trustees will determine the amount of reserves required for future educational purposes. This will be reviewed on an annual basis.

# **Merchants' Academy Withywood**

## **Future Plans**

It is envisaged that the building works will commence in January 2007 with a completion date of July 2008. The Academy will then open for its first intake of pupils in September 2008.

Specific plans for 2006/2007 include:

- tenders for the build will be received and be within budget and the contractors will be appointed;
- appointment of the Principal;
- formulation of education and curriculum policies; and
- extend partnerships with the wider business community.

## **Governance**

### **Statement of Trustees' responsibilities**

The Trustees are required by Company law to prepare financial statements for each financial period that give a true and fair view of the state of affairs of the Academy as at the end of the financial period and of the surplus or deficit of the Academy for that period.

The Trustees confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the period ended 31 August 2006. The Trustees also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Academy and enable the Trustees to ensure that the financial statements comply with the Companies Act 1985. The Trustees are also responsible for safeguarding the assets of the Academy and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Statement on disclosure of information to the auditors**

So far as each director is aware, there is no relevant audit information of which the company's auditors are unaware.

Each director has taken all the steps (such as making enquiries of other directors and the auditors and any other steps required by the director's duty to exercise due care, skill and diligence) that he ought to have taken in his duty as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

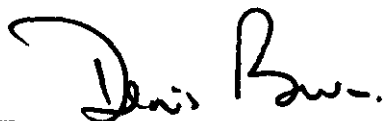
## **Merchants' Academy Withywood**

### **Auditors**

PricewaterhouseCoopers LLP were appointed auditors on incorporation of the charitable company.

A resolution for the reappointment of PricewaterhouseCoopers LLP as auditors of the company is to be proposed at the forthcoming annual general meeting.

**By order of the board**

A handwritten signature in black ink, appearing to read 'D A S Burn', written in a cursive style.

**D A S Burn**

**Chairman**

12 December 2006

# **Merchants' Academy Withywood**

## **Independent auditors' report to the members of Merchants' Academy Withywood**

We have audited the financial statements of the Merchants' Academy Withywood for the period ended 31 August 2006 which comprise the statement of financial activities, the balance sheet and the related notes. These financial statements have been prepared under the accounting policies therein.

### **Respective responsibilities of Trustees and auditors**

The Trustees are also directors of Merchants' Academy Withywood for the purpose of Company Law. As described in the Statement of Trustees' Responsibilities the Trustees are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume any responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether the Report of the Trustees is consistent with the financial statements. We also report to you, if in our opinion, the charitable company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read other information contained in the Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Report of the Trustees. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

## Merchants' Academy Withywood

### Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the charitable company at 31 August 2006 and of the net incoming resources, including the income and expenditure of the Academy for the period then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Report of the Trustees is consistent with the financial statements.

*PricewaterhouseCoopers LLP*

PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

Bristol

*12 January 2007*

## Merchants' Academy Withywood

### Statement of financial activities (including income and expenditure account) for the period ended 31 August 2006

	Note	Unrestricted funds £	Restricted capital fund £	Restricted income fund £	Total 2006 £
<b>Incoming resources</b>					
<b>Incoming resources from generated funds</b>					
Voluntary income	1	-	108,145	49,267	157,412
<b>Total incoming resources</b>		-	108,145	49,267	157,412
<b>Resources expended</b>					
Charitable activities					
Academy development		-	-	(45,742)	(45,742)
Governance costs		-	-	(3,525)	(3,525)
<b>Total resources expended</b>	2	-	-	(49,267)	(49,267)
<b>Net income before transfers</b>	4	-	108,145	-	108,145
Gross transfers between funds		-	-	-	-
Net movement in funds		-	108,145	-	108,145
Fund balances on incorporation		-	-	-	-
<b>Fund balances carried forward at 31 August 2006</b>	8	-	108,145	-	108,145

The Statement of financial activities analyses all the capital and income resources and expenditures of the Academy during the period and reconciles the movements in funds.

All items dealt with in arriving at the net incoming resources for the financial period for 2006 relate to continuing operations.

There is no material difference between the net movement in funds for the year stated above and their historical cost equivalent.

# Merchants' Academy Withywood

## Balance sheet as at 31 August 2006

	Note	2006 £	2006 £
<b>Fixed assets</b>			
Tangible fixed assets	5		108,145
<b>Current assets</b>			
Debtors	6	157,412	
		157,412	
Creditors: amounts falling due within one year	7	(157,412)	
<b>Net current assets</b>			-
<b>Net assets</b>			108,145
<b>Represented by</b>			
Unrestricted funds			-
Restricted capital fund	8		108,145
	9		108,145

The financial statements on pages 10 to 16 were approved by the board of directors on 12 December 2006 and were signed on its behalf by:



**D A S Burn**  
Chairman

# Merchants' Academy Withywood

## Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom, the Companies Act 1985 and the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005.

The accounting policies that the charitable company has adopted to determine the amounts included *in respect of material items shown in the Balance sheet and also to determine the income and expenditure* have been applied consistently and are shown below.

### Basis of accounting

The financial statements have been prepared in accordance with the historical cost convention.

The Academy has availed itself of Paragraph 3 (3) of Schedule 4 of the Companies Act 1985 and adapted the Companies Act formats to reflect the special nature of the Academy's activities.

### Voluntary income

Incoming resources are included in the Statement of financial activities when the Charitable Company is legally entitled to the income and the amount can be quantified with reasonable accuracy. Donated facilities are included at the value to the Charitable Company where this can be quantified and a third party is bearing the cost.

Grant income and grants for premises and equipment are recognised in the Statement of financial activities and income and expenditure account in the period in which it is receivable.

### Expenditure

- a) All expenditure is accounted for on an accruals basis, inclusive of irrecoverable VAT, and is recognised when there is a legal or constructive obligation to pay for expenditure.
- b) Charitable activities expenditure relates to costs incurred in the management of the development of the Academy.
- c) Governance costs relate to the management of the charitable company's assets, the organisation and administration of the charitable company and compliance with constitutional and statutory requirements.

All costs have been directly attributed to one of the functional categories of resources expended in the Statement of financial activities.

### Fund accounting

The unrestricted fund can be used in accordance with the charitable objects at the discretion of the directors.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Academy for particular purposes.

### Cash flow statement

The charitable company qualifies as a small company under the terms of Section 247 of the Companies Act 1985. Consequently the charitable company has taken the exemption from

## **Merchants' Academy Withywood**

preparing a cash flow statement under the terms of Financial Reporting Standard No 1 (revised 1996).

### **Tangible fixed assets**

Tangible fixed assets acquired since the Academy was established are included in the financial statements at cost.

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 the statement of financial activities when they are receivable and included as a restricted fund. The depreciation is charged to the restricted fund consistent with the depreciation policy.

Assets under construction are not depreciated.

The de-minimis limit for capitalisation of fixed assets is £500.

### **Taxation**

The Charitable Company is a registered charity and as such tax exemption applies to the income arising from and expended on charitable activities and to its investment income and gains.

The Charitable Company cannot recover value added tax and expenditure, where applicable, is therefore included gross of the related value added tax.

## Merchants' Academy Withywood

### Notes to the financial statements for the period ended 31 August 2006

#### 1. Voluntary income

	2006 £
DfES capital grant	108,145
DfES implementation grant	49,267
	<b>157,412</b>

#### 2. Total resources expended

	Professional fees £	Project management £	Others £	Total £
Academy development	15,192	30,550	-	<b>45,742</b>
Governance costs	-	-	3,525	<b>3,525</b>
	<b>15,192</b>	<b>30,550</b>	<b>3,525</b>	<b>49,267</b>

#### 3. Staff numbers and costs

None of the Trustees received any remuneration or expenses from the Charitable Company. The Charitable Company had no employees throughout the period.

#### 4. Net income before transfers

	2006 £
Net income before transfers is stated after charging:	
Auditors' remuneration (including unrecoverable VAT) for audit services	<b>3,525</b>

# Merchants' Academy Withywood

## 5. Tangible fixed assets

	Assets under construction
	£
<b>Cost</b>	
Additions	108,145
At 31 August 2006	108,145
<b>Depreciation</b>	
Charge for the period	-
At 31 August 2006	-
<b>Net book value</b>	
At 31 August 2006	108,145
 <b>Source of funding for assets acquired</b>	
Capital grants	108,145
Private sector	-
 <b>The net book value at 31 August 2006 represents fixed assets used for</b>	
<b>Direct Charitable purpose:</b>	
Education provision	108,145

## 6. Debtors

	2006
	£
Grants receivable	157,412

## 7. Creditors: Amounts falling due within one year

	2006
	£
Accruals	3,525
Capital creditors	153,887
	157,412

# Merchants' Academy Withywood

## 8. Statement of funds

The income funds comprise the following:

	Incoming resources £	Resources expended £	Transfers £	Balance at 31 August 2006 £
Restricted funds				
Restricted capital fund	108,145	-	-	108,145
Restricted income fund	49,267	(49,267)	-	-
Total funds	157,412	(49,267)	-	108,145

The restricted DfES grants fund relates to Government funding for the implementation and development phases associated with the construction of the Academy.

The government capital grant funds are provided by the Government for specific capital projects. Such funds continue to be treated as restricted due to ongoing restrictions imposed by the DfES and sponsors over the use of disposal of the related assets.

## 9. Analysis of net assets between funds

	Restricted capital fund £	Restricted income fund £	Total £
Tangible fixed assets	108,145	-	108,145
Current assets	-	157,412	157,412
Current liabilities	-	(157,412)	(157,412)
	108,145	-	108,145

## 10. Capital

The Academy is a company limited by guarantee. Each member has undertaken to contribute £10 to the assets of the company to meet its liabilities if called on to do so. The total amount guaranteed by the Members at 31 August 2006 is £50.

## 11. Ultimate controlling party

The Academy is controlled by the Society of Merchant Venturers as they nominate the majority of the members of the Trustees. As set out in the governing document, up to six of the Trustees are nominated by the Society of Merchant Venturers, one person is appointed by the University of Bristol, one person is appointed by the Secretary of State and up to two people are co-opted by the Board.