

Company Registration No. 06457394 (England and Wales)

THE WELLINGTON ACADEMY TRUST LIMITED
(A COMPANY LIMITED BY GUARANTEE)

GOVERNORS' REPORT AND AUDITED ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2013

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THE WELLINGTON ACADEMY TRUST LIMITED

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THE WELLINGTON ACADEMY TRUST LIMITED

REFERENCE AND ADMINISTRATIVE DETAILS

Governors

Mr D Cowley (Chairman) *
Sir A Salz
Dr A Seldon
Mr B Parry
Mr C Howard (Appointed 21 June 2013) *
S Evans
Mr T Bunting
Mr P Hucklesby
Mr M Collins *
A Botha-Jones
Mr S Crouch *
Mr A Schofield (Principal) (Resigned 30 August 2013) *
Dr M Milner (Acting principal) (Appointed 30 November 2012)
C Perry MP
S Clare (Staff governor) (Appointed 30 November 2012)
Col J Denny (Appointed 1 September 2013)
Mr R Wood (Resigned 30 November 2012)
R Groves (Resigned 30 November 2012)
Mr M Connolly (Resigned 21 June 2013)
Mr M Sherwin (Resigned 21 June 2013) *
Mr P Tabor (Resigned 22 February 2013)

* members of the Finance, Premises and Personnel Committee

Senior management team

| | |
|--|-----------------|
| - Acting Principal | Dr M Milner |
| - Vice Principal (appointed 1 January 2013) | Mr K Still |
| - Vice Principal (resigned 31 December 2012) | Mr S Madzarevic |
| - Finance Director | Ms S Richardson |
| - Vice Principal (appointed 1 May 2013) | Mr B Bond |
| - Assistant Principal | Mr D Maxwell |

Company secretary

Mrs S Richardson

Company registration number

06457394 (England and Wales)

Registered office

Castledown
Ludgershall
Andover
Hampshire
SP11 9RR

Independent auditor

Moore Stephens (South) LLP
33 The Clarendon Centre
Dairy Meadow Lane
Salisbury, Wiltshire,
SP1 2TJ

THE WELLINGTON ACADEMY TRUST LIMITED

GOVERNORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2013

The Directors present their fourth annual report together with the accounts and independent auditor's reports of the charitable company for the period 1 September 2012 to 31 August 2013. The company was incorporated on 19 December 2007. The report has been prepared in accordance with Part VI of the Charities Act 1993.

The financial statements have been prepared in accordance with the accounting policies on pages 26 to 28 of the attached financial statements, and comply with the charitable company's memorandum and articles of association, the Companies Act 2006, and the requirements of the Statement of Recommended Practice "Accounting and Reporting by Charities" as issued in March 2005 ('SORP 2005').

Structure, governance and management

Constitution

The Wellington Academy Trust is a company limited by guarantee with no share capital (registration no 06457394) and was formerly a registered charity (registration no 1123096), and it is now an exempt charity. The charitable company's memorandum and articles of association are the prime governing documents of The Wellington Academy. Members of the charitable company are nominated by Wellington College, the main sponsor of The Wellington Academy. The articles of association require members of the charitable company to appoint not less than 3 Directors to be responsible for the statutory and constitutional affairs of the charitable company and the management of The Wellington Academy.

The governors are the trustees of The Wellington Academy Trust Limited and are also the directors of the charitable company for the purposes of company law. Details of the governors who served during the year are included in the Reference and Administrative Details on page 1.

Members' liability

Every member of the charitable company undertakes to contribute such amount as may be required (such amount not exceeding £10) to the assets of the company in the event of it being wound up while he or she is a member or within one year after he or she ceases to be a member, for the payment of the Trusts debts and liabilities before he or she ceases to be a member and of the costs charges and expenses of winding up and for the adjustment of the rights of contributories amongst themselves.

Governors' indemnities

The Academy Trust has purchased Governors' Liability insurance £2,000,000 and Fidelity Guarantee cover (£250,000- Governors and Employees) at a cost of £1016 00 + £60 96 ipt = £1076 96 and £907 19 + £54 43 ipt = £961 62 respectively in 2011/2012.

Principal activities

The principal object and activity of the charitable company 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 and developing a school offering a broad curriculum.

In accordance with the articles of association the charitable company has adopted a "Scheme of Government" approved by the Secretary of State for Children, Schools and Families. The Scheme of Government specifies, amongst other things, the basis for admitting students to The Wellington Academy, the catchment area from which the students are drawn and that the curriculum should comply with the substance of the national curriculum with an emphasis on modern foreign languages and business and enterprise and their practical applications.

THE WELLINGTON ACADEMY TRUST LIMITED

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2013

Method of recruitment and appointment or election of governors

The Articles of Association states that the following governors may be appointed

- Up to 10 persons appointed by the Sponsor
- 1 LA governor
- 2 Parent governors
- 1 Staff governor
- The Principal of the Academy
- The Master of Wellington College
- The Deputy Garrison Commander for Tidworth, Netheravon and Bulford

Additionally the Governing Body may appoint up to three co-opted governors. The Secretary of State may also appoint additional Governors in certain circumstances.

The staff governor whose position is approved by the Principal Sponsor. Their appointment is decided by a vote of the members of teaching staff of the Academy.

The appointment of the Parent Governors is determined by means of an election.

On 1st September 2009, all Directors also became governors of the Wellington Academy. Except for the Master of Wellington College, the Principal and the Deputy Garrison Commander, Governors are subject to retirement after 4 years of service but are eligible for re-appointment or re-election at the meeting at which they retire.

Policies and procedures adopted for the induction and training of governors

The training and induction provided for new Directors will depend on their existing experience. Where necessary, induction will provide training on charity and educational legal and financial matters. All new Directors will be given a tour of the academy and the chance to meet staff and students. All Directors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Directors. As there are only normally 2 or 3 new Directors a year, induction tends to be done informally and is tailored specifically to the needs of the individual.

Organisational structure

The Academy is managed according to a structure at 3 primary levels:

- The Governing Body which is responsible for setting general policy, adopting the annual plan and budget, monitoring the Academy by the use of budgets and making major decisions about the direction of the Academy, capital expenditure and senior staff appointments.
- The Senior Leadership Team (SLT) consists of the Principal, Vice Principals, Assistant Vice Principals and FD. The SLT controls the Academy at an executive level, implements policies laid down by governors and reports back to them. Through a system of devolved spending controls, the SLT is responsible for the authorisation of spending within agreed budgets but with limits above which the Finance Director and Principal must countersign their approval. (Higher levels also require the signature of the Chair of the Finance, Premises and Personnel Committee and the highest level requires full Governing Body approval).
- A Middle Leadership Team (MLT) comprising Curriculum Leaders and Other Managers. The MLT is responsible for the day to day operation of the Academy, organising staff, facilities and students.

THE WELLINGTON ACADEMY TRUST LIMITED

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2013

Risk management

The Directors have assessed the major risks to which The Wellington Academy is exposed, in particular those relating to the continued development of The Wellington Academy, specific teaching, boarding facilities and recruitment of students and the management and upkeep of the new buildings. The Directors have implemented a number of systems to assess risks that the academy faces, and regularly review the systems in operational areas, (e.g. in relation to teaching, health and safety, bullying and school trips), and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, supervision of school grounds) and internal financial controls in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover. The Wellington Academy has an effective system of internal financial controls and this is explained in more detail in the following statement:

Connected organisations and related party relationships

Wellington College is the sponsor of The Wellington Academy and as part of the development agreement to build the new building agreed to donate £2 million to assist The Wellington Academy in achieving its objectives. This donation is subject to an agreed deed of gift between The Wellington College, The Wellington Academy and the Secretary of State.

Objectives and activities

Objects and aims

The principal object and activity of the charitable company is to advance public benefit education in the United Kingdom, in particular (but without prejudice to the generality of the foregoing) by establishing, maintaining and carrying on and developing a school offering a broad curriculum together with boarding for 100 students.

Objectives, strategies and activities

The characteristics of an academy are a school that

- Has a broad curriculum with an emphasis on particular subject areas,
- And provides education for pupils of different abilities who are drawn wholly or mainly from the area where the school is situated.

The objectives of the Academy are

- to promote the well-being of pupils at the Academy
- to promote community adhesion

In accordance with the articles of association the charitable company has adopted a "Scheme of Government" approved by the Secretary of State for Children, Schools and Families. The Scheme of Government specifies, amongst other things, the basis for admitting students to The Wellington Academy and the catchment area from which the students are drawn.

Our mission is to become, as part of the Wellington family, one of the best and most exciting non-selective state schools in the UK.

By one of the best and most exciting, we mean being widely recognised for

- excelling in education
- transforming life chances for our students
- playing a key role in community vitality

By Wellington family, we mean

- the traditions and innovations of the Wellington brand applied locally in a compelling manner
- epitomising how a state-independent school partnership breaks down barriers
- working in partnership for the mutual benefit of staff and students

The Wellington Academy opened as an academy on 1st September 2009

THE WELLINGTON ACADEMY TRUST LIMITED

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2013

Public benefit

The Wellington Academy exists for the educational benefit of those students in the communities of Tidworth, Ludgershall and adjacent villages. We also have a duty to promote community cohesion.

The campus incorporates Castledown Radio, Castledown Bowls Club and our Sports Centre.

The Directors, acting as Trustees, confirm that they have complied with the duty in Section 4 of the Charities Act 2006 to have due regard to the guidance issued by the Charity Commission on public benefit.

Achievements and performance

Achievements in the year

The Wellington Academy currently has 1002 students including 62 boarders. We opened in 2009 with 550, inheriting Wiltshire's lowest performing comprehensive school, Castledown. We also extended our age range to 17/18 by opening a 6th form in 2009, which currently has 203 students. The academy moved into new premises in 2011, the final works on the site were completed in December 2011.

In 2013 37% of students gained 5A*-C GCSE grades including English and maths, 85% 8+ A*-C GCSE grades and 93% 5+A*-C grades. Twenty two (2012/11) students from our Yr 13 took up their first choice places at university, after receiving their A-level results in August. 2 of our students entered Russell Group Universities (Liverpool and Exeter) for the first time. Exclusions, which were very high in the predecessor school, continue to be low and there have been no permanent exclusions since opening.

Our boarding facility opened in September 2011. Marketing for the boarding house is well structured and focused on key areas such as military families. There are currently over 75 boarders of which 18% are from military families, and 43 are from overseas. 10 members of staff are currently involved in the roles of House Parents and House and Prep Tutors to support our boarders.

The academy campus acts as a hub for the local community with a sports centre, bowling green and community radio station, Castledown Radio. We also rent premises in the adjacent Castledown Business park and have converted 2 units into a Applied Learning Centre with the assistance of a grant from Plain Action to teach construction trades to students and the local community.

THE WELLINGTON ACADEMY TRUST LIMITED

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2013

Key performance indicators

The main financial performance indicator is the level of reserves held at the Balance Sheet date. In particular the management of spending against General Annual Grant (GAG) requires special attention as the amount of carry forward is restricted. In the period of review there was no breach.

As funding is based on student numbers this is also a key performance indicator. Pupil numbers for 2012 were 855 an increase of 129 (15%) over 2011. It is anticipated that this number will continue to rise.

Another key financial performance indicator is staffing costs as a percentage of total income. For 2013 this was 68% compared to 60% in 2012.

The following KPI's were set at the start of the year:

Student to teacher ratio Target 14 Actual 14
Ratio of teaching to non-teaching staff costs Target 64% Actual 62%
Student numbers Target 998 Actual 985
Total income per student Target £6,731 Actual £7,542
Total GAG per student Target £5,888 Actual £5,972
Ratio of GAG to total income Target 87% Actual 79%
Staff costs per student Target £5,054 Actual £5,158
Ratio of staff costs to income Target 75% Actual 68%
Ratio of pension cost to staff costs Target 9% Actual 9%
Total learning resources costs per student Target £317 Actual £337
Capital spend per student Target £40 Actual £334
Property repair costs per student Target £91 Actual £96

Going concern

After making appropriate enquiries, the board of governors has a reasonable expectation that the academy trust has adequate resources to continue in operational existence for the foreseeable future. For this reason the board of governors continues to adopt the going concern basis in preparing the accounts. Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies.

Financial review

During the period The Wellington Academy received income of £5,743,230 (2012 £3,553,046) from EFA in respect of the general annual grant and specific grants.

In addition £787 (2012 £458) was received in respect of bank interest, and investment income of £24,946 (2012 £26,806) was received in relation to the endowment fund.

Other income received totalled £102,392 (2012 £102,392).

Total income received totalled £7,437,439 (2012 £5,695,159). Expenditure amounted to £8,423,112 (2012 £7,974,789) in respect of operating The Wellington Academy.

THE WELLINGTON ACADEMY TRUST LIMITED

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2013

Principal risks and uncertainties

The major risks to which the Academy is exposed are as follows

- Loss of (or reduction in) funding
- Loss of building or facilities preventing the delivery of education
- Loss of members of staff (either suddenly or gradually over time)
- Loss of reputation
- Lack of safeguarding of students
- Funding of pension deficits under the Local Government Pension Scheme (LGPS)

The Senior Leadership Team have considered these risks. Policies and procedures have been put into place to minimise these risks, including budget management and forecasting procedures, the procurement of adequate insurance cover, investing in staff training and continuing professional development, and continued local marketing and advertising highlighting the achievement of our students. We maintain a large number of policies and procedures which protect our staff, students and the Academy, also reducing the risk of safeguarding failures. The pension scheme is reviewed by qualified actuaries on behalf of the Academy. There is currently a deficit on this scheme as disclosed in note 29. The Trustees of the LGPS pension scheme arrange for appropriate contribution rates to be paid by the members and the employer to ensure that the pension scheme is properly funded over time.

Financial and risk management objectives and policies

As Directors, we acknowledge that we have overall responsibility for ensuring that The Wellington Academy has an effective and appropriate system of control, financial and otherwise. We are also responsible for keeping proper accounting records which disclose with reasonable accuracy, at any time, the financial position of The Wellington Academy and enable us to ensure that the financial statements comply with the Companies Act. We also acknowledge responsibility for safeguarding the assets of The Wellington Academy and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities and to provide reasonable assurance that -

- The Wellington Academy is operating efficiently and effectively,
- The assets of The Wellington Academy are safeguarded against unauthorised use or disposition,
- The proper records are maintained and financial information used within The Wellington Academy or for publication is reliable,
- The Wellington Academy complies with relevant laws and regulations

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

- Comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the governing body,
- Regular reviews by the finance and general purposes committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes,
- Setting targets to measure financial and other performance,
- Clearly defining purchasing (asset purchase or capital investment) guidelines,
- Delegation of authority and segregation of duties,
- Identification and management of risks

THE WELLINGTON ACADEMY TRUST LIMITED

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2013

Reserves policy

The Directors review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Directors have determined that the appropriate level of free reserves would be equivalent to 4 weeks expenditure, approximately £500K. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. The Academy's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is currently below this level but the Directors have agreed necessary budget projections and identified other management actions in order to generate the required level of reserves.

In respect of any surplus or deficit recognised in relation to the Academy's share of the Local Government Pension Scheme, this would generally result in a cash flow effect for the Academy in the form of an increase or decrease in employer's pension contributions over a number of years. This year a deficit of £1,000 (2012 Deficit £72,000) has been recognised in the accounts, this does not represent an immediate liability.

Investment policy and powers

The Wellington Academy operates an investment policy that seeks to maximise returns, minimise risk and maintain flexibility and access to funds. Investments are made through the Wellington College's Investment Committee and are managed by Cazenove.

Plans for the future

Longer term plans for the Academy are focussed on ensuring that we can grow in a planned manner to cope with increased local housing development and the expansion of the 'super-garrison' in Tidworth and more widely across Salisbury Plain. This is particularly so where the sixth form and our boarding facilities are concerned.

In August, the Principal Andy Schofield left the academy, Dr Mike Milner has been appointed to succeed him. It is anticipated that during 2013-14 the governors will draw down funds from the endowment to be used for the continuing development of the academy.

Headline future aims

- (1) To continue to serve the towns of Ludgershall and Tidworth as the sole secondary school catering for the full attainment range 11-19. This will involve expansion of our footprint into the adjoining Castledown Business Park, where we already have an Applied Learning Centre, to cope with sixth form expansion.
- (2) To improve further the education on offer across the Tidworth Area Partnership by working more closely with all our partner Primary, Junior and Infant schools.
- (3) With Wellington College the Trust will be setting up the new Primary School in the NEQ of Tidworth which is due to open in September 2014.
- (4) To continue to develop the campus as a community hub, and in particular to plan coherently with Wiltshire LA in respect of their community campus strategy.
- (5) To strengthen and further develop our work with the Tidworth based Help 4 Heroes charity, as their primary education and training partner.

THE WELLINGTON ACADEMY TRUST LIMITED

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2013

Auditor

In so far as the governors are aware

- there is no relevant audit information of which the charitable company's auditor is unaware, and
- the governors have taken all 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

A resolution proposing that Moore Stephens (South) LLP be reappointed as auditor of the charitable company will be put to the members

Approved by order of the board of governors on 29 November 2013 and signed on its behalf by



Mr D Cowley
Chairman

THE WELLINGTON ACADEMY TRUST LIMITED

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2013

Scope of responsibility

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

The board of governors has delegated the day-to-day responsibility to the [principal/chief executive], as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The Wellington Academy Trust Limited and the Secretary of State for Education. They are also responsible for reporting to the board of governors any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Governors' Report and in the Statement of Governors' Responsibilities. The board of governors has formally met 4 times during the year. Attendance during the year at meetings of the board of governors was as follows:

| Governors | Meetings attended | Out of possible |
|---|-------------------|-----------------|
| Mr D Cowley (Chairman) | 4 | 4 |
| Sir A Salz | 2 | 4 |
| Dr A Seldon | 2 | 4 |
| Mr B Parry | 1 | 4 |
| Mr C Howard (Appointed 21 June 2013) | 2 | 2 |
| S Evans | 1 | 4 |
| Mr T Bunting | 4 | 4 |
| Mr P Hucklesby | 2 | 4 |
| Mr M Collins | 1 | 4 |
| A Botha-Jones | 3 | 4 |
| Mr S Crouch | 3 | 4 |
| Mr A Schofield (Principal) (Resigned 30 August 2013) | 4 | 4 |
| Dr M Milner (Acting principal) (Appointed 30 November 2012) | 4 | 4 |
| C Perry MP | 2 | 4 |
| S Clare (Staff governor) (Appointed 30 November 2012) | 2 | 4 |
| Col J Denny (Appointed 1 September 2013) | 0 | 0 |
| Mr R Wood (Resigned 30 November 2012) | 0 | 0 |
| R Groves (Resigned 30 November 2012) | 0 | 0 |
| Mr M Connolly (Resigned 21 June 2013) | 1 | 2 |
| Mr M Sherwin (Resigned 21 June 2013) | 1 | 4 |
| Mr P Tabor (Resigned 22 February 2013) | 2 | 2 |

THE WELLINGTON ACADEMY TRUST LIMITED

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2013

The Finance, Premises and Personnel Committee is a sub-committee of the main board of governors. Its purpose is to review the financial position of the academy, and has limited delegated powers to approve revenue and capital expenditure, disposal of assets and changes to the staffing structure of the Academy. This subcommittee also reviews issues relating to Human Resources, Health and Safety, Premises, and Administration.

Attendance at meetings in the year was as follows:

| Governors | Meetings attended | Out of possible |
|--|-------------------|-----------------|
| Mr D Cowley (Chairman) | 3 | 3 |
| Mr C Howard (Appointed 21 June 2013) | 1 | 1 |
| Mr M Collins | 3 | 3 |
| Mr S Crouch | 3 | 3 |
| Mr A Schofield (Principal) (Resigned 30 August 2013) | 3 | 3 |
| Mr M Sherwin (Resigned 21 June 2013) | 2 | 3 |

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 designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Wellington Academy Trust Limited for the period 1 September 2012 to 31 August 2013 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The board of governors has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of governors is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1 September 2012 to 31 August 2013 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the board of governors.

The risk and control framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of governors,
- regular reviews by the finance and general purposes committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes,
- setting targets to measure financial and other performance,
- clearly defined purchasing (asset purchase or capital investment) guidelines,
- delegation of authority and segregation of duties,
- identification and management of risks

THE WELLINGTON ACADEMY TRUST LIMITED

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2013

The board of governors has considered the need for a specific internal audit function and has decided

- not to appoint an internal auditor. However the governors have appointed Moore Stephens (South) LLP to carry out procedures to check the soundness of internal controls within the academy and report to M Sherwin, a governor, as responsible officer (RO)

The RO's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. On a termly basis, the RO reports to the board of governors on the operation of the systems of control and on the discharge of the financial responsibilities of the board of governors.

Review of effectiveness

As accounting officer the principal has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by

- the work of the responsible officer,
- the work of the external auditor,
- the financial management and governance self-assessment process],
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the Finance, Premises and Personnel Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the board of governors on 29 November 2013 and signed on its behalf by



Mr D Cowley
Chairman

THE WELLINGTON ACADEMY TRUST LIMITED

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE FOR THE YEAR ENDED 31 AUGUST 2013

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

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

I confirm that any instances of material irregularity, impropriety or funding non-compliance discovered to date have been notified to the board of governors and the Education Funding Agency or, if occurring after the date of this statement, will be notified to the board of governors and the Education Funding Agency.

Approved on 29 November 2013 and signed by



Dr M Milner
Accounting Officer

THE WELLINGTON ACADEMY TRUST LIMITED

STATEMENT OF GOVERNORS' RESPONSIBILITIES

The governors (who act as trustees for The Wellington Academy Trust Limited and are also the directors of The Wellington Academy Trust Limited for the purposes of company law) are responsible for preparing the Governors' Report and the accounts in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations

Company law requires the governors to prepare accounts for each financial year. Under company law the governors must not approve the accounts 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 accounts, the governors are required to

- select suitable accounting policies and then apply them consistently,
- observe the methods and principles in the Charities SORP,
- make judgements 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 accounts, and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

The governors 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 accounts may differ from legislation in other jurisdictions.

Approved by order of the board of governors on 29 November 2013 and signed on its behalf by



Mr D Cowley
Chairman

THE WELLINGTON ACADEMY TRUST LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF THE WELLINGTON ACADEMY TRUST LIMITED

We have audited the accounts of The Wellington Academy Trust Limited for the year ended 31 August 2013 set out on pages 19 to 43. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2013 issued by the EFA.

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

Respective responsibilities of governors and auditors

As explained more fully in the Governors' Responsibilities Statement set out on page 14, the governors, who are also the directors of The Wellington Academy Trust Limited for the purposes of company law, are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view.

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

Scope of the audit of the accounts

An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the governors, and the overall presentation of the accounts. In addition, we read all the financial and non-financial information in the Governors' Annual Report to identify material inconsistencies with the audited accounts. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on accounts

In our opinion the accounts

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2013 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and in accordance with the requirements of the Companies Act 2006, and
- have been prepared in accordance with the Academies Accounts Direction 2013 issued by the EFA.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Governors' Report for the financial year for which the accounts are prepared is consistent with the accounts.

THE WELLINGTON ACADEMY TRUST LIMITED

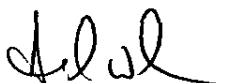
INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF THE WELLINGTON ACADEMY TRUST LIMITED

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

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



Mr Andrew Williams (Senior Statutory Auditor)
for and on behalf of Moore Stephens (South) LLP

Chartered Accountants
Statutory Auditor
33 The Clarendon Centre
Dairy Meadow Lane
Salisbury, Wiltshire,
SP1 2TJ

Dated 29 November 2013

THE WELLINGTON ACADEMY TRUST LIMITED

INDEPENDENT REPORTING AUDITOR'S ASSURANCE REPORT ON REGULARITY TO THE WELLINGTON ACADEMY TRUST LIMITED AND THE EDUCATION FUNDING AGENCY

In accordance with the terms of our engagement letter dated 07 March 2012 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Wellington Academy Trust Limited during the period 1 September 2012 to 31 August 2013 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them

This report is made solely to The Wellington Academy Trust Limited and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the The Wellington Academy Trust Limited and the EFA 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 the The Wellington Academy Trust Limited and the EFA, for our work, for this report, or for the conclusion we have formed

Respective responsibilities of The Wellington Academy Trust Limited's accounting officer and the reporting auditor

The accounting officer is responsible, under the requirements of The Wellington Academy Trust Limited's funding agreement with the Secretary of State for Education dated May 2008 and the Academies Financial Handbook, extant from 1 September 2012, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them

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

Approach

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

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

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

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

The work undertaken to draw to our conclusion includes

- consideration of the evidence supporting the accounting officers statement on regularity, propriety and compliance,
- analytical procedures on the general activities of the academy trust,
- a review of minutes of committees and board meetings which may be relevant to regularity,
- consideration of discussions with key personnel including the accounting officer and governing body,
- tests of control have been carried out on a control activity which are relevant to regularity,
- substantive testing of individual transactions

THE WELLINGTON ACADEMY TRUST LIMITED

INDEPENDENT REPORTING AUDITOR'S ASSURANCE REPORT ON REGULARITY TO THE WELLINGTON ACADEMY TRUST LIMITED AND THE EDUCATION FUNDING AGENCY (CONTINUED)

Conclusion

In 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 2012 to 31 August 2013 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them

Matter 1

A severance payment made in the 2011/12 financial year is currently under review by the Education Funding Agency. At the date of approving the financial statements no decision regarding this had been made



Mr Andrew Williams (Senior Statutory Auditor)
for and on behalf of Moore Stephens (South) LLP

Dated 29 November 2013

THE WELLINGTON ACADEMY TRUST LIMITED

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2013

| | | Unrestricted funds £ | Restricted funds £ | Fixed Asset fund £ | Endowment funds £ | Total 2013 £ | Total 2012 £ |
|--|--------------|----------------------------|--------------------------|--------------------------|-------------------------|--------------------|--------------------|
| <u>Incoming resources</u> | Notes | | | | | | |
| <i>Resources from generated funds</i> | | | | | | | |
| - Voluntary income | 2 | 55,764 | - | - | 24,946 | 80,710 | 93,946 |
| - Activities for generating funds | 3 | - | 297,822 | - | - | 297,822 | 276,975 |
| - Investment income | 4 | 789 | - | - | - | 789 | 448 |
| <i>Resources from charitable activities</i> | | | | | | | |
| - Funding for educational operations | 5 | - | 6,323,927 | 15,230 | - | 6,339,157 | 4,816,571 |
| - Funding for Boarding activities | 24 | - | 718,961 | - | - | 718,961 | 507,219 |
| Total incoming resources | | 56,553 | 7,340,710 | 15,230 | 24,946 | 7,437,439 | 5,695,159 |
| <u>Resources expended</u> | | | | | | | |
| <i>Costs of generating funds</i> | | | | | | | |
| <i>Charitable activities</i> | | | | | | | |
| - Educational operations | 7 | - | 6,531,344 | 1,205,415 | - | 7,736,759 | 7,429,640 |
| - Boarding activities | 24 | - | 638,111 | - | - | 638,111 | 498,620 |
| Governance costs | 8 | - | 48,242 | - | - | 48,242 | 46,529 |
| Total resources expended | 6 | - | 7,217,697 | 1,205,415 | - | 8,423,112 | 7,974,789 |
| Net incoming/ (outgoing) resources before transfers | | 56,553 | 123,013 | (1,190,185) | 24,946 | (985,673) | (2,279,630) |
| Gross transfers between funds | | - | (95,301) | 317,056 | (221,755) | - | - |
| Net income/(expenditure) for the year | | 56,553 | 27,712 | (873,129) | (196,809) | (985,673) | (2,279,630) |

THE WELLINGTON ACADEMY TRUST LIMITED

STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2013

Other recognised gains and losses

| | | | | | | | |
|--|----|--------|-----------|------------|-----------|------------|-------------|
| Actuarial gains/(losses) on defined benefit pension scheme | 19 | - | 64,000 | - | - | 64,000 | (153,000) |
| Gains on endowment investments | | - | - | - | 187,557 | 187,557 | 101,098 |
| Net movement in funds | | 56,553 | 91,712 | (873,129) | (9,252) | (734,116) | (2,331,532) |
| Fund balances at 1 September 2012 | | - | (405,370) | 30,233,856 | 1,172,000 | 31,000,486 | 33,332,018 |
| Fund balances at 31 August 2013 | | 56,553 | (313,658) | 29,360,727 | 1,162,748 | 30,266,370 | 31,000,486 |

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006. A statement of total recognised gains and losses is not required as all gains and losses are included in the statement of financial activities.

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

THE WELLINGTON ACADEMY TRUST LIMITED

BALANCE SHEET

AS AT 31 AUGUST 2013

| | Notes | 2013 £ | 2012 £ |
|---|-------|-------------------|-------------------|
| Fixed assets | | | |
| Tangible assets | 11 | 29,360,727 | 30,233,856 |
| Investments | 12 | 1,162,748 | 1,499,184 |
| | | <u>30,523,475</u> | <u>31,733,040</u> |
| Current assets | | | |
| Stocks | 13 | 21,585 | 33,027 |
| Debtors | 14 | 351,203 | 279,917 |
| Cash at bank and in hand | | 701,189 | 135,607 |
| | | <u>1,073,977</u> | <u>448,551</u> |
| Creditors amounts falling due within one year | 15 | (1,258,082) | (1,109,105) |
| Net current liabilities | | <u>(184,105)</u> | <u>(660,554)</u> |
| Total assets less current liabilities | | <u>30,339,370</u> | <u>31,072,486</u> |
| Defined benefit pension liability | 19 | (73,000) | (72,000) |
| Net assets | | <u>30,266,370</u> | <u>31,000,486</u> |
| Funds of the academy trust | | | |
| Restricted income funds | 17 | | |
| - Fixed asset funds | | 29,360,727 | 30,233,856 |
| - General funds | | (240,658) | (333,370) |
| - Pension reserve | | (73,000) | (72,000) |
| - Endowment funds | | 1,162,748 | 1,172,000 |
| Total restricted funds | | <u>30,209,817</u> | <u>31,000,486</u> |
| Unrestricted funds | 17 | <u>56,553</u> | <u>-</u> |
| Total funds | | <u>30,266,370</u> | <u>31,000,486</u> |

The accounts were approved by order of the board of governors and authorised for issue on 29 November 2013.



Mr D Cowley
Chairman

Company Number 06457394

THE WELLINGTON ACADEMY TRUST LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2013

| | Notes | 2013 £ | 2012 £ |
|---|-----------|-----------|-----------|
| Net cash inflow/(outflow) from operating activities | 20 | 332,910 | (334,003) |
| Returns on investments and servicing of finance | | | |
| Investment income | 789 | 448 | |
| Net cash inflow/(outflow) from returns on investments and servicing of finance | | 789 | 448 |
| | | 333,699 | (333,555) |
| Capital expenditure and financial investments | | | |
| Capital grants received | 15,230 | 19,047 | |
| Payments to acquire tangible fixed assets | (358,285) | (38,919) | |
| Payments to acquire investments | 371,500 | - | |
| Receipts from sales of investments | - | 421,253 | |
| Receipts from sales of tangible fixed assets | 26,000 | - | |
| Net cash flow from capital activities | | 54,445 | 401,381 |
| Net cash inflow/(outflow) before financing | | 388,144 | 67,826 |
| Financing | | | |
| Endowment fund income | 24,946 | 26,806 | |
| Net cash inflow/(outflow) from funding | | 24,946 | 26,806 |
| Increase/(decrease) in cash | 21 | 413,090 | 94,632 |

THE WELLINGTON ACADEMY TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2013

1 Accounting policies

1.1 Basis of preparation

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

1.2 Going concern

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

1.3 Basis of consolidation

The Academy Trust has taken advantage of the exemption criteria from Financial Reporting Standard 2 Accounting for Subsidiary Undertakings, on the grounds that the subsidiary is individually and collectively immaterial.

1.4 Incoming resources

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

Grants receivable

Grants are included in the statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of entitlement of receipt its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund. Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

Sponsorship income

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

Donations

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

Other income

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

THE WELLINGTON ACADEMY TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2013

1 Accounting policies

(Continued)

Donated services and gifts in kind

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

1.5 Resources expended

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

Costs of generating funds

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

Charitable activities

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

Governance costs

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

All resources expended are inclusive of irrecoverable VAT.

1.6 Tangible fixed assets and depreciation

Assets costing £ 500 or more 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 academy trust's depreciation policy.

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

| | |
|-------------------------------------|-------------------|
| Freehold land is not depreciated | |
| Freehold buildings | 2% straight line |
| Improvements to leasehold buildings | 10% straight line |
| Computer equipment | 33% straight line |
| Fixtures, fittings & equipment | 10% straight line |
| Motor vehicles | 25% straight line |

THE WELLINGTON ACADEMY TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2013

1 Accounting policies

(Continued)

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

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

1.7 Leasing and hire purchase commitments

Rentals payable under operating leases are charged against income on a straight line basis over the period of the lease.

1.8 Stock

Stock is valued at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less further costs to completion and disposal. Provision is made for obsolete and slow moving stock.

1.9 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 trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by chapter 3 part 11 of the Corporation 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.

1.10 Pensions 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 and the assets are held separately from those of the academy trust.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future 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 19, the TPS is a multi-employer scheme and the academy trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions are recognised as they are paid each year.

The LGPS is a funded scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the statement of financial activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

THE WELLINGTON ACADEMY TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2013

1 Accounting policies

(Continued)

1.11 Fund accounting

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

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

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

2 Voluntary income

| | Unrestricted funds £ | Restricted funds £ | Endowment funds £ | Total 2013 £ | Total 2012 £ |
|-----------------|----------------------------|--------------------------|-------------------------|--------------------|--------------------|
| Other donations | 55,764 | - | - | 55,764 | 67,140 |
| Endowments | - | - | 24,946 | 24,946 | 26,806 |
| | <u>55,764</u> | <u>-</u> | <u>24,946</u> | <u>80,710</u> | <u>93,946</u> |

3 Activities for generating funds

| | Unrestricted funds £ | Restricted funds £ | Total 2013 £ | Total 2012 £ |
|-----------------|----------------------------|--------------------------|--------------------|--------------------|
| Catering income | - | 164,886 | 164,886 | 149,010 |
| Music tuition | - | 9,658 | 9,658 | 8,717 |
| Other income | - | 123,278 | 123,278 | 119,248 |
| | <u>-</u> | <u>297,822</u> | <u>297,822</u> | <u>276,975</u> |

4 Investment income

| | Unrestricted funds £ | Restricted funds £ | Total 2013 £ | Total 2012 £ |
|-------------------------|----------------------------|--------------------------|--------------------|--------------------|
| Other investment income | <u>789</u> | <u>-</u> | <u>789</u> | <u>448</u> |

THE WELLINGTON ACADEMY TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2013

5 Funding for the academy trust's educational operations

| | Unrestricted funds £ | Restricted funds £ | Total 2013 £ | Total 2012 £ |
|---------------------------------|----------------------------|--------------------------|--------------------|--------------------|
| DfE / EFA revenue grants | | | | |
| General annual grant (GAG) | - | 5,743,230 | 5,743,230 | 3,553,046 |
| Start up grants | - | 164,556 | 164,556 | 284,529 |
| Capital grants | - | 15,230 | 15,230 | 19,047 |
| Other DfE / EFA grants | - | 266,718 | 266,718 | 193,090 |
| | - | 6,189,734 | 6,189,734 | 4,049,712 |
| Other government grants | | | | |
| Local authority grants | - | - | - | 264,244 |
| Other grants | - | 149,423 | 149,423 | 423,142 |
| | - | 149,423 | 149,423 | 687,386 |
| Other funds | | | | |
| Other incoming resources | - | - | - | 79,473 |
| Total funding | - | 6,339,157 | 6,339,157 | 4,816,571 |

6 Resources expended

| | Staff costs £ | Premises & equipment £ | Other costs £ | Total 2013 £ | Total 2012 £ |
|---|---------------------|------------------------------|---------------------|--------------------|--------------------|
| Academy's educational operations | | | | | |
| - Direct costs | 3,750,689 | 1,205,415 | 712,158 | 5,668,262 | 5,935,181 |
| - Allocated support costs | 1,215,003 | 461,461 | 392,033 | 2,068,497 | 1,494,459 |
| | 4,965,692 | 1,666,876 | 1,104,191 | 7,736,759 | 7,429,640 |
| Boarding activities | | | | | |
| - Direct costs | - | - | 51,403 | 51,403 | 5,776 |
| - Allocated support costs | 259,115 | 44,967 | 282,626 | 586,708 | 492,844 |
| | 259,115 | 44,967 | 334,029 | 638,111 | 498,620 |
| Other expenditure | | | | | |
| Governance costs | - | - | 48,242 | 48,242 | 46,529 |
| Total expenditure | 5,224,807 | 1,711,843 | 1,486,462 | 8,423,112 | 7,974,789 |

THE WELLINGTON ACADEMY TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2013

6 Resources expended

(Continued)

| Incoming/outgoing resources for the year include: | 2013 £ | 2012 £ |
|---|-------------------|-------------------|
| Operating leases | 144,581 | 106,512 |
| Loss/(profit) on disposal of fixed assets | (18,362) | - |
| Fees payable to auditor | | |
| - Audit | 5,150 | 5,000 |
| - Other services | 8,922 | 6,535 |
| - RO services | 3,276 | 2,600 |
| | <u> </u> | <u> </u> |

THE WELLINGTON ACADEMY TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2013

7 Charitable activities - the academy trust's educational operations

| | Unrestricted funds £ | Restricted funds £ | Total 2013 £ | Total 2012 £ |
|--|----------------------------|--------------------------|--------------------|--------------------|
| Direct costs | | | | |
| Teaching and educational support staff costs | - | 3,750,689 | 3,750,689 | 4,043,142 |
| Depreciation | - | 1,205,415 | 1,205,415 | 1,356,164 |
| Technology costs | - | 80,040 | 80,040 | 53,559 |
| Educational supplies and services | - | 377,190 | 377,190 | 280,413 |
| Examination fees | - | 113,391 | 113,391 | 123,973 |
| Staff development | - | 27,458 | 27,458 | 16,167 |
| Educational consultancy | - | 50,971 | 50,971 | - |
| Other direct costs | - | 114,511 | 114,511 | 67,539 |
| | - | 5,719,665 | 5,719,665 | 5,940,957 |
| Boarding activities costs included above | - | (51,403) | (51,403) | (5,776) |
| Costs excluding Boarding activities | - | 5,668,262 | 5,668,262 | 5,935,181 |
| Allocated support costs | | | | |
| Support staff costs | - | 1,474,118 | 1,474,118 | 1,159,875 |
| Technology costs | - | 26,935 | 26,935 | 38,999 |
| Recruitment and support | - | 40,389 | 40,389 | 17,631 |
| Maintenance of premises and equipment | - | 166,628 | 166,628 | 65,827 |
| Cleaning | - | 29,969 | 29,969 | 13,527 |
| Energy costs | - | 200,115 | 200,115 | 180,736 |
| Rent and rates | - | 134,264 | 134,264 | 97,741 |
| Insurance | - | 83,399 | 83,399 | 86,639 |
| Security and transport | - | 60,623 | 60,623 | 27,689 |
| Catering | - | 370,244 | 370,244 | 260,376 |
| Interest and finance costs | - | (5,000) | (5,000) | (11,000) |
| Other support costs | - | 73,521 | 73,521 | 49,263 |
| | - | 2,655,205 | 2,655,205 | 1,987,303 |
| Boarding activities costs included above | - | (586,708) | (586,708) | (492,844) |
| Costs excluding Boarding activities | - | 2,068,497 | 2,068,497 | 1,494,459 |
| Total costs | - | 8,374,870 | 8,374,870 | 7,928,260 |
| Boarding activities costs included above | - | (638,111) | (638,111) | (498,620) |
| Costs excluding Boarding activities | - | 7,736,759 | 7,736,759 | 7,429,640 |

THE WELLINGTON ACADEMY TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2013

8 Governance costs

| | Unrestricted funds £ | Restricted funds £ | Total 2013 £ | Total 2012 £ |
|---------------------------------|----------------------------|--------------------------|--------------------|--------------------|
| Legal and professional fees | - | 39,816 | 39,816 | 38,929 |
| Auditor's remuneration | | | | |
| - Audit of financial statements | - | 5,150 | 5,150 | 5,000 |
| - Other audit costs | - | 3,276 | 3,276 | 2,600 |
| | - | 48,242 | 48,242 | 46,529 |

9 Staff costs

The average number of persons (including senior management team) employed by the academy trust during the year expressed as full time equivalents was as follows

| | 2013 Number | 2012 Number |
|----------------------------|----------------|----------------|
| Teachers | 72 | 65 |
| Administration and support | 67 | 70 |
| Management | 8 | 9 |
| | 147 | 144 |

Costs included within the accounts

| | 2013 £ | 2012 £ |
|-----------------------|-----------|-----------|
| Wages and salaries | 4,299,851 | 4,240,017 |
| Social security costs | 327,699 | 336,073 |
| Other pension costs | 536,334 | 486,083 |
| | 5,163,884 | 5,062,173 |
| Supply teacher costs | 52,481 | 28,244 |
| Compensation payments | 8,442 | 112,600 |
| Total staff costs | 5,224,807 | 5,203,017 |

The number of employees whose annual remuneration was £60,000 or more was

| | 2013 Number | 2012 Number |
|---------------------|----------------|----------------|
| £60,001 - £70,000 | - | 1 |
| £70,001 - £80,000 | 1 | 1 |
| £80,001 - £90,000 | - | 1 |
| £120,001 - £130,000 | 1 | 1 |

THE WELLINGTON ACADEMY TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2013

9 Staff costs

(Continued)

Of the employees above, the number participating in pension schemes and the employers' contributions paid on their behalf were as follows

| | | 2013 | 2012 |
|---------------------------------|---------|--------|--------|
| Teachers' Pension Scheme | Numbers | 1 | 2 |
| | £ | 17,818 | 38,603 |
| Local Government Pension Scheme | Numbers | 1 | 1 |
| | £ | 9,825 | 9,825 |

10 Governors' remuneration and expenses

The Principal and other staff governors only receive remuneration in respect of services they provide undertaking the roles of Principal and staff, and not in respect of their services as governors. Other governors did not receive any payments, other than expenses, from the academy trust in respect of their role as governors.

The value of governors' remuneration was as follows

A Schofield (Principal and trustee) £125,000 - £130,000 (2012 £125,000 - £130,000)

R Wood (Staff Governor and Trustee) £40,000 - £45,000 (2012 £40,000 - 45,000)

S Clare (Staff Governor and Trustee) £45,000 - £50,000 (2012 n/a)

During the year ended 31 August 2013, travel and subsistence expenses totalling £2,622 were reimbursed to one governor (2012 £1,311)

Other related party transactions involving the governors are set out within the related parties note

Governors' and officers' insurance

In accordance with normal commercial practice, the academy trust has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy trust business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2013 was £77,412 (2012 £80,070)

THE WELLINGTON ACADEMY TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2013

11 Tangible fixed assets

| | Long leasehold buildings | Improvements to leasehold buildings | Computer equipment | Fixtures, fittings & equipment | Motor vehicles | Total |
|-----------------------|--------------------------------|--|-----------------------|--------------------------------------|-------------------|------------|
| | £ | £ | £ | £ | £ | £ |
| Cost | | | | | | |
| At 1 September 2012 | 30,228,763 | 20,985 | 2,000,374 | 200,226 | 52,374 | 32,502,722 |
| Additions | 84,682 | 66,467 | 82,811 | 124,325 | - | 358,285 |
| Disposals | - | - | - | - | (52,374) | (52,374) |
| At 31 August 2013 | 30,313,445 | 87,452 | 2,083,185 | 324,551 | - | 32,808,633 |
| Depreciation | | | | | | |
| At 1 September 2012 | 928,776 | 12,392 | 1,212,554 | 75,863 | 39,281 | 2,268,866 |
| On disposals | - | - | - | - | (44,737) | (44,737) |
| Charge for the year | 614,257 | 7,713 | 547,018 | 49,333 | 5,456 | 1,223,777 |
| At 31 August 2013 | 1,543,033 | 20,105 | 1,759,572 | 125,196 | - | 3,447,906 |
| Net book value | | | | | | |
| At 31 August 2013 | 28,770,412 | 67,347 | 323,613 | 199,355 | - | 29,360,727 |
| At 31 August 2012 | 29,299,987 | 8,593 | 787,820 | 124,363 | 13,093 | 30,233,856 |

Finance leases and hire purchase contracts

Included within Long Term Leasehold is recognition of the value of the land and buildings leased from Wiltshire County Council. The site is being leased over 125 years at a peppercorn rent of £100 per annum. The site is being depreciated straight line over a period of 50 years.

12 Fixed asset investments

| | Investments in Cazenove | Cash | Investment in subsidiary | Total |
|---------------------------------|----------------------------|-----------|--------------------------------|-----------|
| | £ | £ | £ | £ |
| Market value | | | | |
| At 1 September 2012 | 1,285,534 | 213,649 | 1 | 1,499,184 |
| Disposals at opening book value | (371,501) | (550,000) | - | (921,501) |
| Acquisitions at cost | - | 371,500 | - | 371,500 |
| Change in value in the year | 187,557 | 26,008 | - | 213,565 |
| At 31 August 2013 | 1,101,590 | 61,157 | 1 | 1,162,748 |

THE WELLINGTON ACADEMY TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2013

| | | | |
|-----------|---|-----------------------|-----------------------|
| 13 | Stocks | 2013 | 2012 |
| | | £ | £ |
| | School uniform | 16,453 | 24,076 |
| | Catering stock | 5,132 | 8,951 |
| | | <u>21,585</u> | <u>33,027</u> |
| 14 | Debtors | 2013 | 2012 |
| | | £ | £ |
| | Trade debtors | 154,551 | 148,666 |
| | VAT recoverable | 43,207 | 16,350 |
| | Other debtors | 31,457 | 23,611 |
| | Prepayments and accrued income | 121,988 | 91,290 |
| | | <u>351,203</u> | <u>279,917</u> |
| 15 | Creditors amounts falling due within one year | 2013 | 2012 |
| | | £ | £ |
| | Trade creditors | 342,318 | 179,249 |
| | Other creditors | 141,134 | 130,154 |
| | Accruals | 322,000 | 397,509 |
| | Deferred income | 452,630 | 402,193 |
| | | <u>1,258,082</u> | <u>1,109,105</u> |
| 16 | Deferred income | 2013 | 2012 |
| | | £ | £ |
| | Deferred income is included within | | |
| | Creditors due within one year | <u>452,630</u> | <u>402,193</u> |
| | Total deferred income at 1 September 2012 | 402,193 | 128,358 |
| | Amounts credited to the statement of financial activities | (402,193) | (128,358) |
| | Amounts deferred in the year | <u>452,630</u> | <u>402,193</u> |
| | Total deferred income at 31 August 2013 | <u>452,630</u> | <u>402,193</u> |

At the balance sheet date the academy trust was holding funds received in advance for boarding fees received relating to the 2013/14 academic year, YPSS income for the academic year 2013/14, course fees paid up in advance and 6th Form income

THE WELLINGTON ACADEMY TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2013

17 Funds

| | Balance at 1 September 2012 | Incoming resources | Resources expended | Gains, losses and transfers | Balance at 31 August 2013 |
|-------------------------------------|-----------------------------------|-----------------------|-----------------------|--------------------------------|------------------------------|
| | £ | £ | £ | £ | £ |
| Restricted general funds | | | | | |
| General Annual Grant | (341,969) | 5,743,230 | (5,051,200) | (95,301) | 254,760 |
| Start up grants | - | 164,556 | (164,556) | - | - |
| Other DfE / EFA grants | - | 266,718 | (843,570) | - | (576,852) |
| Other government grants | - | 149,423 | (149,423) | - | - |
| Boarding activities | 8,599 | 718,961 | (638,111) | - | 89,449 |
| Other restricted funds | - | 297,822 | (305,837) | - | (8,015) |
| | <u>(333,370)</u> | <u>7,340,710</u> | <u>(7,152,697)</u> | <u>(95,301)</u> | <u>(240,658)</u> |
| Funds excluding pensions | (333,370) | 7,340,710 | (7,152,697) | (95,301) | (240,658) |
| Pension reserve | (72,000) | - | (65,000) | 64,000 | (73,000) |
| | <u>(405,370)</u> | <u>7,340,710</u> | <u>(7,217,697)</u> | <u>(31,301)</u> | <u>(313,658)</u> |
| Restricted fixed asset funds | | | | | |
| DfE / EFA capital grants | 30,233,856 | 15,230 | (1,205,415) | 317,056 | 29,360,727 |
| | <u>30,233,856</u> | <u>15,230</u> | <u>(1,205,415)</u> | <u>317,056</u> | <u>29,360,727</u> |
| Restricted endowment fund | 1,172,000 | 24,946 | - | (34,198) | 1,162,748 |
| | <u>1,172,000</u> | <u>24,946</u> | <u>-</u> | <u>(34,198)</u> | <u>1,162,748</u> |
| Total restricted funds | <u>31,000,486</u> | <u>7,380,886</u> | <u>(8,423,112)</u> | <u>251,557</u> | <u>30,209,817</u> |
| Unrestricted funds | | | | | |
| General funds | - | 56,553 | - | - | 56,553 |
| | <u>-</u> | <u>56,553</u> | <u>-</u> | <u>-</u> | <u>56,553</u> |
| Total funds | <u>31,000,486</u> | <u>7,437,439</u> | <u>(8,423,112)</u> | <u>251,557</u> | <u>30,266,370</u> |

The specific purposes for which the funds are to be applied are as follows

The DfE grants must be used to meet the costs of running The Wellington Academy. Any unexpended balance of these grants beyond the stipulated thresholds must be surrendered to the DfE at 31 August 2013.

Permission was sought to use the endowment funds to cover funding shortfalls in 2011, 2012 and 2013 to match a clawback of a DfE grant.

THE WELLINGTON ACADEMY TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2013

18 Analysis of net assets between funds

| | Unrestricted funds | Restricted funds | Fixed asset funds | Endowment funds | Total funds |
|---|-----------------------|---------------------|----------------------|--------------------|-------------------|
| | £ | £ | £ | £ | £ |
| Fund balances at 31 August 2013 are represented by | | | | | |
| Tangible fixed assets | - | - | 29,360,727 | - | 29,360,727 |
| Fixed asset investments | - | - | - | 1,162,748 | 1,162,748 |
| Current assets | 56,553 | 1,017,424 | - | - | 1,073,977 |
| Creditors' amounts falling due within one year | - | (1,258,082) | - | - | (1,258,082) |
| Defined benefit pension liability | - | (73,000) | - | - | (73,000) |
| | <u>56,553</u> | <u>(313,658)</u> | <u>29,360,727</u> | <u>1,162,748</u> | <u>30,266,370</u> |

19 Pensions 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 Wiltshire Council. Both are defined-benefit schemes. The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2004 and of the LGPS 31 August 2013.

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

The Teachers' Pension Scheme budgeting and valuation account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis - these contributions along with those made by employers are credited to the Exchequer under arrangements governed by the above Act.

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

THE WELLINGTON ACADEMY TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2013

19 Pensions and similar obligations

(Continued)

Valuation of the Teachers' Pension Scheme

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

The last valuation of the TPS related to the period 1 April 2001 to 31 March 2004. The Government Actuary's report of October 2006 revealed that the total liabilities of the Scheme (pensions in payment and the estimated cost of future benefits) amounted to £166,500 million. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at that valuation date) was £163,240 million. The assumed real rate of return was 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth was assumed to be 1.5%. The assumed gross rate of return was 6.5%. From 1 January 2007, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable.

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

Teachers' Pension Scheme changes

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

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

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

In his interim report of October 2010, Lord Hutton recommended that short-term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the Spending Review 2010 the Government announced an average increase of 3.2 percentage points on the contribution rates by 2014-15. The increases were to be phased in from April 2012 on a 40/80/100 percent basis.

THE WELLINGTON ACADEMY TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2013

19 Pensions and similar obligations

(Continued)

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

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 21 per cent for employers and 13 per cent for employees. The estimated value of employer contributions for the forthcoming year is £132,000.

The level of employer contributions will be increased and lump sum payments made to assist in reducing the pension deficit.

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.

| | 2013 £ | 2012 £ |
|--------------------------|-----------|-----------|
| Employer's contributions | 126,000 | 115,000 |
| Employees' contributions | 59,000 | 55,000 |
| Total contributions | 185,000 | 170,000 |

Principal actuarial assumptions

| | 2013 % | 2012 % |
|--|-----------|-----------|
| Rate of increase in salaries | 5.10 | 4.50 |
| Rate of increase for pensions in payment | 2.80 | 2.20 |
| Discount rate for scheme liabilities | 4.60 | 4.10 |
| Inflation assumption (CPI) | 2.20 | 2.60 |
| Commutation of pensions to lump sums | 50.00 | 50.00 |

Change in assumptions at 31st August 2013

| | Approximate % increase in employer liability | Approximate monetary amount (£000) |
|--|---|---------------------------------------|
| 0.5% decrease in Real Discount Rate | 13% | 211 |
| 1 year increase in member life expectancy | 3% | 50 |
| 0.5% increase in the Salary Increase Rate | 6% | 98 |
| 0.5% increase in the Pension Increase Rate | 6% | 107 |

THE WELLINGTON ACADEMY TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2013

19 Pensions and similar obligations

(Continued)

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

| | 2013 Years | 2012 Years |
|----------------------|---------------|---------------|
| Retiring today | | |
| - Males | 21 | 21 |
| - Females | 24 | 24 |
| Retiring in 20 years | | |
| - Males | 26 | 26 |
| - Females | 26 | 26 |

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

| | 2013 Expected return % | 2013 Fair value £ | 2012 Expected return % | 2012 Fair value £ |
|--|---------------------------------|-------------------------|---------------------------------|-------------------------|
| Equities | 6.60 | 1,141,000 | 5.50 | 826,000 |
| Other bonds | 4.10 | 238,000 | 3.50 | 234,000 |
| Cash | 3.60 | 48,000 | 2.80 | 37,000 |
| Property | 4.70 | 159,000 | 3.70 | 136,000 |
| Total market value of assets | | 1,586,000 | | 1,233,000 |
| Present value of scheme liabilities - funded | | (1,659,000) | | (1,305,000) |
| Net pension asset / (liability) | | (73,000) | | (72,000) |

The expected return on assets is based on the long term future expected investment return for each asset class as at the beginning of the period (i.e. As at 1 September 2012 for the year to 31 August 2013). The return on gilts and other bonds are assumed to be the gilt yield and corporate bond yield (with an adjustment to reflect the default risk) respectively at the relevant date. The returns on equities and property are then assumed to be a margin above gilt yields.

THE WELLINGTON ACADEMY TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2013

19 Pensions and similar obligations

(Continued)

Operating costs and income recognised in the statement of financial activities

| | 2013 £ | 2012 £ |
|--|----------------|-----------------|
| Financial expenditure/(income) | | |
| Expected return on pension scheme assets | (64,000) | (64,000) |
| Interest on pension liabilities | 59,000 | 53,000 |
| | <u>(5,000)</u> | <u>(11,000)</u> |
| Other expenditure/(income) | | |
| Current service cost | 5,000 | 11,000 |
| Past service cost | - | - |
| | <u>5,000</u> | <u>11,000</u> |
| Total operating charge/(income) | <u>-</u> | <u>-</u> |

Actuarial gains and losses recognised in the statement of financial activities

| | 2013 £ | 2012 £ |
|--|-----------------|----------------|
| Actuarial (gains)/losses on assets actual return less expected | (64,000) | 153,000 |
| Experience (gains)/losses on liabilities | - | - |
| (Gains)/losses arising from changes in assumptions | - | - |
| Total (gains)/losses | <u>(64,000)</u> | <u>153,000</u> |
| Cumulative (gains)/losses to date | <u>(8,000)</u> | <u>56,000</u> |

Movements in the present value of defined benefit obligations were as follows

| | 2013 £ | 2012 £ |
|-------------------------------------|--------------------|--------------------|
| Opening defined benefit obligations | (1,305,000) | (887,000) |
| Current service cost | (196,000) | (143,000) |
| Interest cost | (59,000) | (53,000) |
| Contributions by employees | (59,000) | (55,000) |
| Actuarial gains/(losses) | (41,000) | (167,000) |
| Benefits paid | 1,000 | - |
| | <u>(1,659,000)</u> | <u>(1,305,000)</u> |

THE WELLINGTON ACADEMY TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2013

19 Pensions and similar obligations

(Continued)

Movements in the fair value of the academy trust's share of scheme assets

| | 2013 £ | 2012 £ |
|-------------------------------------|------------------|------------------|
| Opening fair value of scheme assets | 1,233,000 | 985,000 |
| Expected return on assets | 64,000 | 64,000 |
| Actuarial gains/(losses) | 105,000 | 14,000 |
| Contributions by employers | 126,000 | 115,000 |
| Contributions by employees | 59,000 | 55,000 |
| Benefits paid | (1,000) | - |
| | <u>1,586,000</u> | <u>1,233,000</u> |

History of experience gains and losses:

| | 2013 £ | 2012 £ |
|--|------------------|------------------|
| Present value of defined benefit obligations | (1,659,000) | (1,305,000) |
| Fair value of share of scheme assets | <u>1,586,000</u> | <u>1,233,000</u> |
| Surplus / (deficit) | <u>(73,000)</u> | <u>(72,000)</u> |
| Experience adjustment on scheme liabilities | (41,000) | (167,000) |
| Experience adjustment on scheme assets | <u>105,000</u> | <u>14,000</u> |

20 Reconciliation of net income to net cash inflow/(outflow) from operating activities

| | 2013 £ | 2012 £ |
|---|----------------|------------------|
| Net income | (985,673) | (2,279,630) |
| Capital grants and similar income | (15,230) | (19,047) |
| Net endowment income | (24,946) | (26,806) |
| Investment income | (789) | (448) |
| FRS17 pension costs less contributions payable | 70,000 | 28,000 |
| FRS17 pension finance income | (5,000) | (11,000) |
| Depreciation of tangible fixed assets | 1,223,777 | 1,356,164 |
| Losses/(profits) on disposals of fixed assets | (18,362) | - |
| (Increase)/decrease in stocks | 11,442 | (10,414) |
| (Increase)/decrease in debtors | (71,286) | 104,006 |
| Increase/(decrease) in creditors | 148,977 | 525,172 |
| Net cash inflow/(outflow) from operating activities | <u>332,910</u> | <u>(334,003)</u> |

THE WELLINGTON ACADEMY TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2013

| | | | |
|-----------|---|----------------|----------------|
| 21 | Reconciliation of net cash flow to movement in net funds | 2013 | 2012 |
| | | £ | £ |
| | Increase/(decrease) in cash | 413,090 | 94,632 |
| | Net funds at 1 September 2012 | 349,256 | 254,624 |
| | Net funds at 31 August 2013 | 762,346 | 349,256 |

| | | | | | |
|-----------|------------------------------|------------------------------------|-------------------|-----------------------------|------------------------------|
| 22 | Analysis of net funds | At 1 September 2012 | Cash flows | Non-cash changes | At 31 August 2013 |
| | | £ | £ | £ | £ |
| | Cash at bank and in hand | 135,607 | 565,582 | - | 701,189 |

23 Commitments under operating leases

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

| | | | | |
|------------------------------|---------------------------|---------------|----------------|----------------|
| | Land and buildings | | Other | |
| | 2013 | 2012 | 2013 | 2012 |
| | £ | £ | £ | £ |
| Expiry date | | | | |
| - Within one year | 8,333 | - | - | - |
| - Between two and five years | 43,855 | 43,208 | 394,907 | 208,842 |
| | 52,188 | 43,208 | 394,907 | 208,842 |

THE WELLINGTON ACADEMY TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2013

| 24 Boarding activities trading account | 2013 | | 2012 | |
|---|----------------|----------------------|----------------|---------------------|
| | £ | £ | £ | £ |
| Direct income | | | | |
| Fee income | | 710,947 | | 507,219 |
| Other income | | 8,014 | | - |
| | | <u>718,961</u> | | <u>507,219</u> |
| Direct costs | | | | |
| Technology costs | 389 | | - | |
| Educational supplies and services | 26,600 | | 2,262 | |
| Staff development | 1,865 | | 1,681 | |
| Bad debt write offs | 1,725 | | - | |
| Other direct costs | 20,824 | | 1,833 | |
| | <u>51,403</u> | | <u>5,776</u> | |
| Other costs | | | | |
| Support staff costs | 259,115 | | 384,919 | |
| Technology costs | 4,223 | | - | |
| Recruitment and support | 1,339 | | - | |
| Maintenance of premises and equipment | 44,967 | | 4,806 | |
| Cleaning | 15,626 | | 2,781 | |
| Energy costs | 43,783 | | 17,023 | |
| Rent and rates | 11,470 | | 3,194 | |
| Insurance | 2,233 | | - | |
| Security and transport | 29,750 | | 1,711 | |
| Catering | 166,980 | | 71,708 | |
| Other support costs | 7,222 | | 6,702 | |
| | <u>586,708</u> | | <u>492,844</u> | |
| Total expenditure | | (638,111) | | (498,620) |
| Transfers between funds excluding depreciation | | - | | (31,500) |
| Surplus/(Deficit) from all sources | | <u>80,850</u> | | <u>(22,901)</u> |
| Boarding activities balances at 1 September 2012 | | <u>8,599</u> | | <u>31,500</u> |
| Boarding activities balances at 31 August 2013 | | <u><u>89,449</u></u> | | <u><u>8,599</u></u> |

THE WELLINGTON ACADEMY TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2013

25 Related parties

Owing to the nature of the academy trust's operations and the composition of the board of governors being drawn from local public and private sector organisations, transactions may take place with organisations in which governors have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy trust's financial regulations and normal procurement procedures

No related party transactions took place in the period of account

26 Members' liability

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