

WIRRAL ACADEMY TRUST

(formerly University Academy of Birkenhead)

(A Company Limited by Guarantee)

Company Registration Number 07472190 (England & Wales)

Annual Report and Financial Statements

Year ended 31st August 2016

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Wirral Academy Trust

**Report and Financial Statements
For the year ended 31st August 2016**

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WIRRAL ACADEMY TRUST (formerly University Academy of Birkenhead)

Reference and Administrative Details

Member	Date of Appointment	Date of Resignation
John Cook	17 th March 2015	
Lyn Eaton	17 th March 2015	
Kathryn Podmore	17 th March 2015	
Trustee		
Carl Beer	17 th March 2015	
Catherine Jones	17 th March 2015	
Michael Kilbride	17 th March 2015	
Michael Morris	17 th March 2015	22 nd February 2016
David Hazell	4 th October 2016	
Phil Adams	4 th October 2016	

Senior Management Team:

Chief Executive	Kathryn Podmore
Director of Education	Michael Kilbride
Chief Financial Officer	Karen Wiggins

Company Name: Wirral Academy Trust

Company Registration Number: 07472190 (England & Wales)

Registered Office: Wirral Academy Trust
Park Road West
Birkenhead
Wirral
CH43 8SQ

Principal Office: Birkenhead Park School
Park Road South
Birkenhead
Wirral
CH43 4UY

Independent Auditors: Wylie & Bisset LLP
168 Bath Street
Glasgow
G2 4TP

Bankers: Barclays Bank
39 Hoole Road
Hoole
Chester
CH2 3NH

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

SAS Daniels LLP
30 Greek Street
Stockport
SK3 8AD

WIRRAL ACADEMY TRUST (formerly University Academy of Birkenhead)

Trustees' Report

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 1st September 2015 to 31st August 2016. The annual report serves the purposes of both a trustees' report and a directors' report under company law.

The trust operates an academy for pupils aged 11 to 16 serving a catchment area in the Wirral. It has a pupil capacity of 1,250 and had a roll of 522 in the school census on 22nd January 2016.

Structure, Governance and Management

Constitution

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The trustees of Wirral Academy Trust (WAT) are also the directors of the charitable company for the purposes of company law. Since 17th March 2015 the charitable company is known as Wirral Academy Trust. Previously it was known as University Academy of Birkenhead.

The Academy was established on 1st January 2011 to replace Park High School and Rock Ferry High School, both of which ceased to exist in December 2010. On 17th March 2015 Birkenhead Sixth Form College became the sole sponsor of the academy, replacing the principle sponsor, University of Chester Academies Trust (UCAT). At this date the company was renamed Wirral Academy Trust and the amalgamated school, known as University Academy Birkenhead, was renamed Birkenhead Park School.

The principle activity of the charitable company was to provide education for 11-16 year olds within the Birkenhead community.

Details of the trustees and directors who served during the year are included in the Reference and Administration Details on page 1.

Trustees are directors of the charitable company for the purposes of the company law and trustees for the purposes of charity legislation.

Members' Liability

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

Trustees' Indemnities

The Companies Act 2006 s236 requires disclosure concerning qualifying third party indemnity provisions.

Method of Recruitment and Appointment or Election of Trustees

Members of the academy trust shall comprise signatories to the Memorandum, the sponsor body (i.e. Birkenhead Sixth Form College) and up to 4 persons who may be appointed by the sponsor body. The minimum number of Members shall not be less than 3.

Trustees of the academy trust shall comprise up to 6 trustees appointed by the sponsor body, up to 2 academy trustees and a minimum of 2 parent trustees, in the event that no local governing bodies are established. The total number of trustees including the Chief Executive Officer and employees of the academy trust shall not exceed one third of the total number of trustees. The minimum number of trustees shall not be less than 3 but shall not be subject to any maximum.

Trustees of the academy trust may also appoint co-opted trustees. A 'co-opted trustee' means a person who is appointed to be a trustee by being co-opted by trustees who have not themselves been so appointed. The trustees may not co-opt an employee of the academy trust as a co-opted trustee if thereby the number of trustees who are employees of the academy trust would exceed one third of the total number of trustees including the Chief Executive Officer to the extent he or she is a trustee.

WIRRAL ACADEMY TRUST (formerly University Academy of Birkenhead)

Trustees' Report (continued)

The sponsor body of the trust appoints up to 6 trustees. Up to two academy trustees can be appointed by the trustees. Future trustees will be appointed following a process that will be stipulated by the sponsor body. The total number of trustees including the Chief Executive shall not exceed one third of the total complement of the Board.

A local governing body sits within the member school. This body acts as an advisory body to the trustees. This body comprises of representatives from the community including two parent governors.

Policies and Procedures Adopted for the Induction and Training of Trustees

Trustees receive an introduction to their role and the Wirral Academy Trust along with appropriate training sessions which are arranged during the academic year. Information is provided for trustees on the role of the trustee and all trustees have been issued with the code of conduct for trustees.

Organisational Structure

The organisational structure with roles and responsibilities is set out in the Scheme of Delegation which is approved by the trustees annually. The key responsibilities are as follows:

Key Responsibilities of Wirral Academy Trust Directors

- To establish and review the vision and direction of Wirral Academy Trust.
- To have overall responsibility for formulating policy and taking decisions in relation to the establishment of the trust and the future work of the trust.
- To have overall responsibility for ensuring high quality provision within the Trust's academies.
- To approve improvement plans and targets for each institution.
- To have overall responsibility for the trust's budget and financial accounting.
- To give final approval of member organisation budgets.
- To give final approval for all capital projects to be undertaken within academies.
- To appoint and remove members of local governing bodies.
- To approve and review all policies and procedures required by law.
- To fulfil the requirements of external agencies e.g. DfE/EFA.
- To approve the appointment of the Headteachers for sponsored academies and to oversee the HR strategy and policy.
- To review the scheme of delegation on an annual basis and to make appropriate changes, as required.
- To monitor the role of the Chief Executive.

Key Responsibilities of Chief Executive

- To act as the Chief Accounting Officer and have appropriate oversight of the trust's financial affairs.
- To be accountable to the Board of Directors for the work of the trust.
- To work with the Board of Directors to ensure that the vision and key objectives are fulfilled.
- To implement and monitor policies and procedures required by the Board.
- To implement and monitor reporting procedures on each sponsored institution and any other issues that are pertinent to the Board.
- To appoint the Headteachers for sponsored academies.
- To manage the performance of the Headteachers for the sponsored academies.
- To have oversight of the quality improvement and financial monitoring processes.
- To represent the trust with outside bodies.

Key Responsibilities of Chief Financial Officer

- To act as the trust's Finance Director.
- To keep full and accurate accounting records.
- To ensure that the trust has robust financial governance arrangements and complies with all funding agreements.
- To ensure that risk management procedures are implemented.
- To prepare and monitor budgets and ensure that annual accounts are presented and all financial returns made in a timely manner.
- To ensure that the Board is fully apprised of all financial arrangements and has accurate information on the financial position of the trust at all times.

WIRRAL ACADEMY TRUST (formerly University Academy of Birkenhead)

Trustees' Report (continued)

- To present accurate and timely reports to the Board.

Key Responsibilities of Director of Education

- To work with the Headteacher in each school within the trust to establish a vision for the institution
- To agree in conjunction with the Headteacher a strategic plan and improvement plan for the institution for presentation to WAT Trust Board.
- To monitor the work of the institution against agreed targets.
- To report to the Directors on the work of the institution and to make recommendations.
- To be the day to day contact point for the Headteacher.
- To consult with the Headteacher of the institution/Chief Executive of the trust on appointment of the senior staff.

Key Responsibilities of Headteacher/Principal of each Member Organisation

- To implement the vision and policies of Wirral Academy Trust effectively.
- To share the vision of the academy and to implement strategies to ensure that the vision is fulfilled.
- To develop a strategic plan / improvement plan to ensure that strategic objectives are met.
- To work with staff in the institution to develop a culture of challenge, high expectations and standards.
- To implement a dynamic and flexible curriculum that meets the needs of the learners.
- To review, evaluate and monitor teaching, learning and assessment and to ensure that improvement strategies are implemented, as required.
- To implement strategies that secures high attendance, excellent punctuality and high standards of behaviour at all times.
- To develop an excellent learning environment and promote the use of technology to support learning.
- To implement robust quality procedures.
- To plan the allocation of all financial and human resources to ensure value for money and to maximise the use of resources to support teaching and learning.
- To manage the institution efficiently and effectively.
- To oversee the admissions of pupils, maintain discipline, maintain high levels of attendance and oversee suspension and exclusions in line with policy.
- To analyse data/information relating to the progress of the institution and to provide detailed and accurate reports, as required.
- To work with Wirral Academy Trust to identify levels of support and potential for joint services.
- To develop an annual budget and present to Wirral Academy Trust Board.
- To comply with all policies and legal requirements related to safeguarding and health and safety.
- To have overall responsibility for the day to day management of the organisation.
- To provide Wirral Academy Trust with regular reports.

Key Responsibilities of Local Governing Body

The Local Governing Board will act as an advisory board to Wirral Academy Trust Board. The meetings of the Local Governing Boards will take place two weeks in advance of each Wirral Academy Trust Board meeting. The Local Governing Board will make available minutes of their meetings. Papers will be issued one week in advance of meetings.

The Board of Directors will delegate to the local governing body the following responsibilities for supporting the school and its leadership and management team in improving the:

- Achievement of pupils
- Quality of teaching
- Behaviour and safety of pupils

The Local Governing Body will specifically be expected:

- To promote and support the vision and direction of Wirral Academy Trust.
- To agree the strategic objectives for the institution and its direction within the framework of the vision of Wirral Academy Trust.
- To develop and monitor the improvement plan for the institution.
- To monitor teaching, learning and assessment within the institution to ensure that timely improvements are being made.

WIRRAL ACADEMY TRUST (formerly University Academy of Birkenhead)

Trustees' Report (continued)

- To ensure that an appropriate curriculum is being offered that meets local needs and fits within Wirral Academy Trust guidelines.
- To operate within the budget that is devolved.
- To ensure implementation and closely monitor safeguarding and health and safety requirements.
- To hold the Headteacher/Principal to account for standards at the institution.
- To approve policies and procedures that are specific to the institution.
- To review, monitor, provide advice and constructively challenge, as appropriate.
- To ensure that Local Governing Body arrangements are conducted effectively.
- To be responsible to the Directors of Wirral Academy Trust and to comply and act within the Terms of Reference.

Arrangements for Setting Pay and Remuneration of Key Management Personnel

The Wirral Academy Trust trustees do not receive remuneration for their work as trustees as this is undertaken on a voluntary basis. However, they may claim travel expenses should they undertake trust business. The key senior personnel the Chief Executive, Director of Finance and Director of Education are remunerated through their host employer Birkenhead Sixth Form College and charges for their services to Wirral Academy Trust are reclaimed via the management fee. The WAT Board of trustees determine the senior post holders within the school which includes the Headteacher and Deputy Headteacher. Their salaries are determined using the recommended School Teachers' Pay & Conditions Document (STPCD) Leadership Group Pay Range. Local circumstances are also taken into account.

Related Parties and Other Connected Charities and Organisations

Details of related party transactions are given in Note 23.

Objectives and Activities

The principle activity of Wirral Academy Trust is to support member schools to provide high quality education for its pupils.

Mission Statement for Wirral Academy Trust

'Raising aspirations and transforming lives'

Objects and Aims

Overall Aims

- To enable students to experience an ambitious and creative learning environment and provide opportunities for every individual to reach their academic potential.
- To offer a broad, balanced and rich curriculum that enables core skills to be attained and provides the opportunity for students to take advantage of a range of opportunities and pathways.
- To support, challenge and nurture a lasting passion and curiosity for learning in each student.
- To be able to be an innovative educational organisation which seeks to use the best established practice to attain high standards of teaching and learning.
- To provide a secure and caring environment that will foster the development of socially responsible young people.
- To prepare students to proactively participate and compete at local, national and international levels.
- To encourage engagement with families and the local community to enhance opportunities and learning outcomes for students.
- To provide leadership and foster continuous improvement in all the work of the Wirral Academy Trust and the individual member schools.

WIRRAL ACADEMY TRUST (formerly University Academy of Birkenhead)

Trustees' Report (continued)

Objectives, Strategies and Activities

Key Objectives for Wirral Academy Trust

- To ensure that all our schools are high performing within a set timescale.
- To engage with learners to enable them to develop, progress to appropriate pathways and achieve their ambitions.
- To offer a dynamic and shared curriculum across the schools within the trust that will meet the needs of the learners.
- To provide standards for excellent pastoral provision, advice and guidance to support the learners in their academic studies in each institution.
- To develop excellent quality systems that will facilitate continuous improvement in all aspects of the work of the individual institutions.
- To disseminate good practice, encourage professional development and provide career opportunities for all staff working within the trust.
- To provide a range of central services to the organisations within the family to enable value for money to be attained and thus allowing money within the institutions to be channelled to improving teaching and learning.
- To develop the capacity of the trust to ensure financial viability and sustainability.

The key objectives are reviewed annually by the Board of Directors of the trust.

Public Benefit

The trustees have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission in exercising their powers and duties.

Strategic Report

Achievements and Performance for the Year 2015-2016

Key Performance Indicators

Reports were presented to the Local Governing Body and the Wirral Academy Trust Board to show the progress that Birkenhead Park School has made during the year. Some of the key outcomes of actions implemented are shown below:

- In summer 2016 Birkenhead Park School achieved an increase of 7%, based on the performance measure of 5A*CEM.
- Successes also included GCSE English where further improvements secured in 2015 were maintained, with expected levels of progress being broadly in line with national averages (for all schools).
- Attainment in Mathematics has improved.
- Core Science outcomes exceeded national results.
- All four vocational areas achieved pass rates above national averages.
- The within-school gap between the performance of the school's disadvantaged students and non-disadvantaged students is narrowing.
- The gap between the performance of the school's disadvantaged students and other students nationally is narrowing.
- The number of students achieving the Ebacc qualification has risen.
- Marked improvements in attendance have been secured over time.
- The school was granted the Achievement for All award in May 2015 for its work with vulnerable children and young people.
- Student numbers recruited to year 7 have increased.

The Wirral Academy Trust is committed to observing the importance of performance indicators, to ensure that it continues to strive for both educational and financial excellence.

WIRRAL ACADEMY TRUST (formerly University Academy of Birkenhead)

Trustees' Report (continued)

The Birkenhead Park School received a full Ofsted inspection in June 2015 with the following judgements:

Overall effectiveness	Requires improvement	3
Leadership and management	Good	2
Behaviour and safety of pupils	Good	2
Quality of teaching	Requires improvement	3
Achievement of pupils	Requires improvement	3

The trust is also monitored through the completion and submission to the EFA of:

- the Annual Accounts Return
- the Annual Budget Forecast
- the Pupil Numbers Census Return

Going Concern

After making appropriate enquiries, the board of trustees has a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies in Note 1.

Financial Review

Most of the trust's income is obtained from the EFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFA during the year ended 31st August 2016 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The Academy also receives grants for fixed assets from the EFA. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2015), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

At 31st August 2016 the net book value of fixed assets was £252,000. The movements in tangible fixed assets are shown in Note 11 to the financial statements. The assets were used exclusively for providing education and the associated support services to the students of the trust.

Income totalling £4,482,000 in the year ended 31st August 2016 is below expenditure of £5,167,000 by £685,000 before the Merseyside Pension Fund actuarial loss in the year of £1,387,000.

It should be noted that, as required by Financial Reporting Standard 102 (FRS102), the provision has been made in the financial statements for the deficit identified in the recent actuarial valuation of the local government defined benefit pension scheme, to which a number of support staff are members. Details of the provision are given in Note 22 to the financial statements.

The trustees have reviewed the fund balances carried forward at 31st August 2016, together with the projected results for the next two years, and confirm that it is appropriate for the financial statements to be drawn up on the going concern basis.

Reserves Policy

The trustees monitor the reserves of the trust. The review of reserves encompasses the nature of income and expenditure streams and the need to match income with commitments.

The trust had total restricted funds (excluding pension reserve) at 31st August 2016 of £1,151,000 which included restricted general funds of £899,000 and a further £252,000 which can only be realised by the disposal of tangible fixed assets. In addition, the deficit on the restricted pension fund of £4,082,000 arises from an actuarial deficit on the local government pension scheme which will be dealt with as advised by the actuary. The balance on the unrestricted reserves as at the 31st August 2016 is £nil.

WIRRAL ACADEMY TRUST (formerly University Academy of Birkenhead)

Trustees' Report (continued)

Trustees are aware of their responsibilities to ensure sufficient reserves are kept to ensure good financial practice and to maintain a safe financial future of the trust. At the Board meeting of 22nd March 2016 the trustees agreed a Cost Reduction Strategy to stabilise the financial position of the trust. It was agreed to utilise reserves to cover a deficit budget over the medium term with the trust forecast to return to a surplus position in 2019-20.

Investment Policy

The trust has a risk averse appetite to investment; any surplus reserves are invested for maximum return within that risk appetite.

Principle Risks and Uncertainties

A risk register is maintained by the trust which is reviewed at least annually by the trustees and more frequently where necessary. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the trust and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

Outlined below is a description of the principle risk factors that may affect the trust. Not all the factors are within the trust's control. Other factors besides those listed may also adversely affect the trust.

1. Government Funding

The trust has considerable reliance on continued government funding through the DfE / EFA and this level of requirement is expected to continue. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

The risk is mitigated in a number of ways:

- Funding is derived through a number of direct and indirect contractual arrangements
- By ensuring the trust is rigorous in delivering high quality education and training
- By careful management of the budget and identification of where costs can be reduced
- Considerable focus and investment is placed on maintaining and managing key relationships with the DfE

2. Maintenance of High Quality Provision

Maintain a focus on ensuring that improvement in achievement in all aspects of provision is on an upward trajectory.

The risk is mitigated in a number of ways:

- Rigorous improvement plan
- Continued improvement of core skills
- Effective quality assurance processes

Plans for Future Periods

Wirral Academy Trust will continue striving to improve achievement and progress of its students at all levels. It will also ensure that the impact across the community is positive and that the trust becomes the school of choice for students in Birkenhead.

Although there has been some improvement in GCSE performance at the member school we anticipate a further improvement to the educational reputation of the school. The school has a development plan and the trust will continue to provide support for the leadership, educational development and business strands of the school.

Wirral Academy Trust will continue to seek to build capacity to enable it to support additional schools within the locality, as appropriate.

WIRRAL ACADEMY TRUST (formerly University Academy of Birkenhead)

Trustees' Report (continued)


Auditor

Insofar as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware
- the trustees 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.

The financial statement auditors, Wylie & Bisset LLP have been appointed for a period of three years commencing with the 2014/15 academic year.

Trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 13th December 2016 and signed on the board's behalf by:



Carl Beer
Trustee
13th December 2016

WIRRAL ACADEMY TRUST (formerly University Academy of Birkenhead)

Governance Statement

Scope of Responsibility

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

The trustees have delegated the day-to-day responsibility to the 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 trust and the Secretary of State for Education. She is also responsible for reporting to the trustees any material weaknesses or breakdowns in internal control.

Governance

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

Trustee	Meetings Attended	Out of Possible
Carl Beer	4	4
John Cook	4	4
Lyn Eaton	4	4
Catherine Jones	3	4
Michael Kilbride	4	4
Michael Morris	0	2
Kathryn Podmore	4	4

The Audit Committee comprises up to five members of the Board. The committee operates in accordance with written terms of reference approved by the Board.

The Audit Committee meets on a termly basis and provides a forum for reporting by the trust's internal, regularity and financial statements auditors, who have access to the Committee for independent discussion, without the presence of trust management.

The trust's internal auditors review the systems of internal control, risk management controls and governance processes in accordance with an agreed plan of input and report their findings to management and the Audit Committee.

Management is responsible for the implementation of agreed audit recommendations and internal audit undertakes periodic follow-up reviews to ensure such recommendations have been implemented.

The Audit Committee also advises the Board on the appointment of internal and financial statements auditors and their remuneration for both audit and non-audit work as well as reporting annually to the Board.

The committee met 3 times during the year, the attendance during the year at meetings was as follows:

Trustee	Meetings Attended	Out of Possible
John Cook	3	3
Lyn Eaton	3	3
Catherine Jones	2	3
Mike Kilbride	1	1
Kathryn Podmore	3	3

WIRRAL ACADEMY TRUST (formerly University Academy of Birkenhead)

Governance Statement (continued)

Review of Value for Money

As accounting officer, the Chief Executive Officer has responsibility for ensuring that the trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The accounting officer considers how the trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where available. The accounting officer for the academy trust has delivered improved value for money during the year by:

- Replacing stand-alone printers in each room with fewer strategically placed multi-function devices to reduce paper and printing costs.
- Implementing a new internet link with increased capacity and contingency whilst reducing the overall costs.
- Tighter control of the budget setting process and focus on the financial position over the longer term.
- Continued focus on driving efficiencies from central services.
- Identification of improvements to financial controls to reduce the risk of improper use of public money.

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 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 trust for the period 1st September 2015 to 31st August 2016 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of trustees has reviewed the key risks to which the trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the trust's significant risks that has been in place for the period 1st September 2015 to 31st August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

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 which is reviewed and agreed by the board of trustees
- periodic financial reports including updates on 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 guidelines
- delegation of authority and segregation of duties
- identification and management of risks

The board of trustees has considered the need for a specific internal audit function and has decided to appoint Wylie & Bisset as internal auditor.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the trust's financial systems. During the year the internal auditors focused on the following areas:

- Review to ensure the adequacy and effectiveness of the trust's risk management, control and governance processes.

Governance Statement (continued)

- Review to ensure that the arrangements in respect of purchasing and payments are appropriate and are operating effectively and efficiently.
- Review to ensure that the arrangements in respect of income and credit control are appropriate and are operating effectively and efficiently.
- Review of the trust's controls around the area of banking with particular focus on BACS payments, cheque payments, bank reconciliation and setting up/changing of supplier payment details.
- Review to ensure that the trust's governance arrangements are adequate.

Reports are submitted by the internal auditors to the board of trustees, through the audit committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

Review of Effectiveness

As accounting officer, the Chief Executive 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 internal auditor
- the work of the external auditor
- the work of the headteacher and their senior management team
- the work of the executive managers within the 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 and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the Board of Trustees on 13th December 2016 and signed on its behalf by:



Carl Beer
Trustee



Kathryn Podmore
Accounting Officer

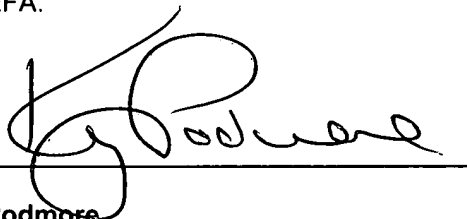
WIRRAL ACADEMY TRUST (formerly University Academy of Birkenhead)

Statement of Regularity, Propriety and Compliance

As accounting officer of Wirral Academy Trust I have considered my responsibility to notify the Trust Board and the Education Funding Agency (EFA) of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

I confirm that I and the academy trust board of trustees 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 trust's funding agreement and the Academies Financial Handbook 2015.

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the board of trustees and EFA.

A handwritten signature in black ink, appearing to read 'K Podmore', is written over a horizontal line.

Kathryn Podmore
Accounting Officer
13th December 2016

WIRRAL ACADEMY TRUST (formerly University Academy of Birkenhead)

Statement of Trustees' Responsibilities

The trustees (who act as governors of Wirral Academy Trust and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction published by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016
- make judgments and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards [FRS 102] have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business

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

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

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

Approved by order of the members of the board of trustees on 13th December 2016 and signed on its behalf by:



Carl Beer
Trustee

WIRRAL ACADEMY TRUST (formerly University Academy of Birkenhead)

Independent Auditor's Report on the Financial Statements to the Members of Wirral Academy Trust

We have audited the accounts of Wirral Academy Trust for the year ended 31 August 2016 set out on pages 19 to 37. 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 2015 to 2016 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 Wirral Academy Trust 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' Report including the incorporated strategic report to identify material inconsistencies with the audited accounts and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016.

Opinion on other matter prescribed by the Companies Act 2006

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

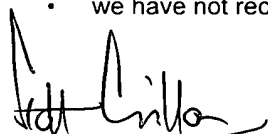
WIRRAL ACADEMY TRUST (formerly University Academy of Birkenhead)

**Independent Auditor's Report on the Financial Statements to the Members of Wirral Academy Trust
(continued)**

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.



Scott Gillon (Senior Statutory Auditor)
for and on behalf of Wylie & Bisset LLP
13th December 2016

**Chartered Accountants
Statutory Auditor
168 Bath Street
Glasgow
G2 4TP**

WIRRAL ACADEMY TRUST (formerly University Academy of Birkenhead)

Independent Reporting Accountant's Assurance Report on Regularity to Wirral Academy Trust and the Education Funding Agency

In accordance with the terms of our engagement letter and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Wirral Academy Trust during the period 1 September 2015 to 31 August 2016 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 Wirral Academy Trust and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Wirral Academy Trust 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 Wirral Academy Trust and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Wirral Academy Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Wirral Academy Trust's funding agreement with the Secretary of State for Education dated 27th July 2015 and the Academies Financial Handbook, extant from 1 September 2015, 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 2015 to 2016. 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 2015 to 31 August 2016 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 2015 to 2016 issued by 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:

- ☐ direct consideration and corroboration of evidence used to inform the accounting officer's statements;
- ☐ procedures to assess compliance with the funding agreement and Academies Financial Handbook from those already performed as part of the audit;
- ☐ consideration of whether expenditure outside of the academies delegated authorities has received departmental approval;
- ☐ evaluation and assessment of the operating effectiveness of the general control environment and operational level which are intended to reduce the risk of irregularity;

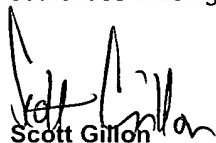
WIRRAL ACADEMY TRUST (formerly University Academy of Birkenhead)

Independent Reporting Accountant's Assurance Report on Regularity to Wirral Academy Trust and the Education Funding Agency (continued)

- ☐ assessment of adequacy of policies and procedures to ensure compliance with the framework of authorities;
- ☐ consideration of whether the absence of a control represents a breach of authorities;
- ☐ review of accounts or transactions susceptible to a greater risk of impropriety such as credit cards and cash accounts.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2015 to 31 August 2016 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Scott Gillon
Reporting Accountant

Wylie & Bisset LLP

Dated: 13th December 2016

WIRRAL ACADEMY TRUST (formerly University Academy of Birkenhead)

**Balance Sheet
As at 31st August 2016**

		2016	2016	2015	2015
	Note	£000	£000	£000	£000
Fixed assets					
Tangible assets	11		252		510
Current assets					
Debtors	12	272		381	
Cash at bank and in hand		1,279		1,721	
		<u>1,551</u>		<u>2,102</u>	
Liabilities					
Creditors: Amounts falling due within one year	13	(652)		(824)	
Net current assets			899		1,278
Net assets excluding pension liability			<u>1,151</u>		<u>1,788</u>
Defined benefit pension scheme liability	22		(4,082)		(2,647)
Net assets including pension liability			<u>(2,931)</u>		<u>(859)</u>
Funds of the Trust:					
Restricted funds					
- Fixed asset fund	14	252		510	
- General fund	14	899		1,278	
- Pension reserve	14	(4,082)		(2,647)	
Total restricted funds			<u>(2,931)</u>		<u>(859)</u>
Unrestricted income funds	14		-		-
Total funds			<u>(2,931)</u>		<u>(859)</u>

The financial statements on pages 19 to 37 were approved by the Board of Trustees, and authorised for issue on 13th December 2016 and are signed on their behalf by:



Carl Beer
Trustee

Company Number: 07472190

WIRRAL ACADEMY TRUST (formerly University Academy of Birkenhead)

Statement of Financial Activities

For the year ended 31st August 2016

(including Income and Expenditure Accounts and Statement of Total Recognised Gains and Losses)

		2016	2016	2016	2016	2015	2015	2015	2015
		Unrestricted	Restricted	Restricted	Total	Unrestricted	Restricted	Restricted	Total
		Funds	General	Fixed Asset	Total	Funds	General	Fixed Asset	Total
		£000	£000	£000	£000	£000	£000	£000	£000
Note									
Income and endowments from :									
Donations and capital grants	2	-	-	15	15	-	-	15	15
Charitable activities:									
- Funding for the Trust's educational operations	3	-	4,345	-	4,345	-	5,379	-	5,379
Other trading activities	4	6	107	-	113	7	37	-	44
Investments	5	9	-	-	9	13	-	-	13
Total		15	4,452	15	4,482	20	5,416	15	5,451
Expenditure on :									
Raising funds		-	-	-	-	-	-	-	-
Charitable activities :									
- Academy trust educational operations	6,7	15	4,710	264	4,989	20	5,508	260	5,788
- Other	8	-	178	-	178	-	147	-	147
Total		15	4,888	264	5,167	20	5,655	260	5,935
Net income / (expenditure)		-	(436)	(249)	(685)	-	(239)	(245)	(484)
Transfers between funds		-	9	(9)	-	-	1	(1)	-
Net income/(expenditure) for the year		-	(427)	(258)	(685)	-	(238)	(246)	(484)
Other recognised gains and losses									
Actuarial losses on defined benefit pension schemes	22	-	(1,387)	-	(1,387)	-	(97)	-	(97)
Net movement in funds		-	(1,814)	(258)	(2,072)	-	(335)	(246)	(581)
Reconciliation of funds									
Total funds brought forward		-	(1,369)	510	(859)	-	(1,034)	756	(278)
Total funds carried forward		-	(3,183)	252	(2,931)	-	(1,369)	510	(859)

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

WIRRAL ACADEMY TRUST (formerly University Academy of Birkenhead)**Cash Flow Statement****For the year ended 31st August 2016**

	Note	2016 £000	2015 £000
Cash flows from operating activities			
Net cash provided by (used in) operating activities	17	(460)	(355)
Cash flows from investing activities	18	18	11
Cash flows from financing activities		-	-
Change in cash and cash equivalents in the reporting period		<u>(442)</u>	<u>(344)</u>
 Cash and cash equivalents at 1st September		1,721	2,065
Cash and cash equivalents at 31st August	19	<u>1,279</u>	<u>1,721</u>

WIRRAL ACADEMY TRUST (formerly University Academy of Birkenhead)

Notes to the Financial Statements for the Year Ended 31st August 2016 (continued)

1. Statement of Accounting Policies

1.1. Basis of Preparation

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

Wirral Academy Trust meets the definition of a public benefit entity under FRS 102.

These accounts for the year ended 31st August 2016 are the first accounts of Wirral Academy Trust prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1st September 2014. The only FRS102 transition adjustment required was for the change of measurement of the net finance cost on the defined benefit pension plan as explained below.

The net pension finance cost recognised within net income/expenditure in the Statement of Financial Activities for the year ended 31st August 2015 under the previous UK GAAP was the net of the expected return on pension plan assets and the interest on pension liabilities. FRS102 requires the recognition within net income/(expenditure) of a net interest cost, calculated by multiplying the net plan obligations by the market yield on high quality corporate bonds (the discount rate applied). The effect of the change has been to increase pension costs within charitable expenditure by £21,000, and therefore increase net expenditure for the year from £463,000 as previously reported to £484,000. The actuarial loss has decreased by £21,000 meaning that the net movement in funds remains unchanged at (£581,000). The change has had no effect on net assets as the measurement of the net defined benefit plan obligation has not changed

1.2. Going Concern

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

The trustees have reviewed the fund balances at 31st August 2016 and have approved budget and cash flow forecasts for 2016/17 and future years, and consider it appropriate for the financial statements to be drawn up on a going concern basis.

At 31st August 2016 the trust had net liabilities of £2,931,000 after providing for a defined benefit pension scheme deficit under FRS102 of £4,082,000. The Board have considered a period of at least 12 months from the date of approval of these financial statements and are satisfied that the trust can continue to operate and meet its liabilities as they fall due. The pension scheme deficit is not expected to crystallise for the foreseeable future. Accordingly, the Board consider that it is appropriate to prepare the accounts on a going concern basis.

1.3. Income

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

▪ Grants

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of meeting any performance-related conditions there

Notes to the Financial Statements for the Year Ended 31st August 2016 (continued)

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

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

Capital grants are recognised when there is entitlement 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 are no performance-related conditions), where the receipt is probable and it can be measured reliably.

▪ **Donations**

Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable 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 academy trust has provided the goods or services.

▪ **Donated Services, Facilities and Services**

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's accounting policies.

1.4. Expenditure

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

▪ **Expenditure on Raising Funds**

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

WIRRAL ACADEMY TRUST (formerly University Academy of Birkenhead)

Notes to the Financial Statements for the Year Ended 31st August 2016 (continued)

▪ Charitable Activities

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

All resources expended are stated inclusive of any irrecoverable VAT.

1.5. Tangible Fixed Assets

Individual assets costing £2,500 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 the private sector, they are included in the Balance Sheet at cost and are depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, 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 the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

- Furniture and equipment 25%
- Computer equipment 25%
- Leasehold improvements are depreciated over the remaining term of the lease

Depreciation on all assets commences the month after acquisition.

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.

1.6. Liabilities

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

1.7. Provisions

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

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.8. Leased Assets

Rentals under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

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 part 11, chapter 3 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. Pension Benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the 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 quadrennial valuations using a prospective unit credit method. As stated in note 22, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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 credit 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 the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

1.11. Fund Accounting

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

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

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the Education Funding Agency / Department for Education.

1.12. Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

WIRRAL ACADEMY TRUST (formerly University Academy of Birkenhead)

Notes to the Financial Statements for the Year Ended 31st August 2016 (continued)

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in Note 23, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31st March 2013 has been used by the actuary in valuing the pensions liability at 31st August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2. Donations and Capital Grants

	Unrestricted Funds £000	Restricted Funds £000	Total 2016 £000	Total 2015 £000
Capital grants	-	15	15	15
	<u>-</u>	<u>15</u>	<u>15</u>	<u>15</u>

3. Funding for the Trust's Educational Operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2016 £000	Total 2015 £000
DfE / EFA grants				
- General annual grant (GAG)	-	3,902	3,902	4,518
- Start-up grant	-	-	-	5
- Other DfE / EFA grants	-	328	328	702
	<u>-</u>	<u>4,230</u>	<u>4,230</u>	<u>5,225</u>
Other Government grants				
- Local authority grants	-	23	23	34
- Other grants	-	92	92	120
	<u>-</u>	<u>115</u>	<u>115</u>	<u>154</u>
	<u>-</u>	<u>4,345</u>	<u>4,345</u>	<u>5,379</u>

4. Other Income

	Unrestricted Funds £000	Restricted Funds £000	Total 2016 £000	Total 2015 £000
Other Income	-	107	107	37
Hire of facilities	6	-	6	7
	<u>6</u>	<u>107</u>	<u>113</u>	<u>44</u>

5. Investment income

	Unrestricted Funds £000	Restricted Funds £000	Total 2016 £000	Total 2015 £000
Bank interest received	9	-	9	13
	<u>9</u>	<u>-</u>	<u>9</u>	<u>13</u>

WIRRAL ACADEMY TRUST (formerly University Academy of Birkenhead)

Notes to the Financial Statements for the Year Ended 31st August 2016 (continued)

6. Expenditure

	Staff Costs £000	Non Pay Premises £000	Expenditure Other £000	Total 2016 £000	Total 2015 £000
Expenditure on raising funds	-	-	-	-	-
Trust's educational operations:					
- Direct costs	2,586	-	406	2,992	3,569
- Allocated support costs	469	673	855	1,997	2,219
	3,055	673	1,261	4,989	5,788

Net expenditure for the period includes

	Total 2016 £000	Total 2015 £000
Operating lease rentals	396	393
Depreciation	264	260
Fees payable to auditor for :		
- Audit	7	9
- Other services	5	-

7. Charitable Activities

	Total 2016 £000	Total 2015 £000
Direct costs - educational operations	2,992	3,569
Support costs - educational operations	1,997	2,219
	4,989	5,788

Analysis of support costs

	Educational operations £000	Total 2016 £000	Total 2015 £000
Support staff costs	469	469	608
Depreciation	264	264	260
Technology costs	100	100	88
Recruitment and support	12	12	10
Maintenance of premises and equipment	24	24	18
PFI Charge	558	558	517
Cleaning	1	1	2
Rent & rates	20	20	20
Energy costs	70	70	72
Insurance	20	20	20
Security and transport	32	32	40
Catering	104	104	117
Bank interest and charges	3	3	2
Professional fees / management charge	238	238	244
Other support costs	82	82	201
	1,997	1,997	2,219

WIRRAL ACADEMY TRUST (formerly University Academy of Birkenhead)

Notes to the Financial Statements for the Year Ended 31st August 2016 (continued)

8. Staff Costs

a. Staff costs during the period were:

	Total 2016 £000	Total 2015 £000
Wages and salaries	2,287	2,874
Social security costs	199	216
Operating costs of defined benefit pension schemes	499	516
	2,985	3,606
Supply staff costs	70	124
Staff restructuring costs	178	147
	3,233	3,877
Staff restructuring costs comprise :		
Redundancy payments	149	147
Severance payments	29	-
Other restructuring costs	-	-
	178	147

b. Staff severance payments

Included in staff restructuring costs are statutory severance payments totalling £178,338 (2015: £147,446). Individually, the payments were: £39,516, £10,000, £19,500 and accrued redundancy costs of £109,321 committed as at 31st August 2016.

c. Staff numbers

The average number of persons employed by the academy during the period was as follows:

	2016 No.	2015 No.
Teachers	39	48
Administration and support	40	53
Management	3	6
	82	107

d. Higher paid staff

The number of employees whose emoluments exceeded £60,000 was:

	2016 No.	2015 No.
£60,001 - £70,000	1	1
£70,001 - £80,000	1	1
£80,001 - £90,000	-	-
£90,001 - £100,000	-	-
£100,001 - £110,000	-	1

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

WIRRAL ACADEMY TRUST (formerly University Academy of Birkenhead)**Notes to the Financial Statements for the Year Ended 31st August 2016 (continued)**

		2016	2015
Teachers' pension scheme	Numbers	2	3
	£000	24	34
Local government pension scheme	Numbers	-	-
	£000	-	-

e. Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1, in addition to other key management personnel. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £279,454 (2015: £394,211)

9. Related Party Transactions - Trustees' and Directors' Remuneration and Expenses

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

Kathryn Podmore (Chief Executive)
Course costs: £325

Mike Kilbride (Director of Education)
Course costs: £349

Other related party transactions involving the trustees are set out in Note 23.

10. Trustees', Directors' and Officers' Insurance

The trust has opted into membership of a Risk Protection Arrangement (RPA). The RPA is not an insurance scheme but is a mechanism through which the cost of risks that materialise from 1st September 2015 will be covered by government funds. Included in the RPA is governor's liability to a maximum aggregate of £10m in any one year. The cost of the RPA is not itemised with the overall costs included in insurance.

WIRRAL ACADEMY TRUST (formerly University Academy of Birkenhead)

Notes to the Financial Statements for the Year Ended 31st August 2016 (continued)

11. Tangible Fixed Assets

	Leasehold Improvements £000	Furniture and Equipment £000	Computer Equipment £000	2016 Total £000	2015 Total £000
Cost					
At 1 September 2015	266	73	948	1,287	1,270
Additions	1	-	5	6	17
Disposals	-	-	-	-	-
At 31 August 2016	<u>267</u>	<u>73</u>	<u>953</u>	<u>1,293</u>	<u>1,287</u>
Depreciation					
At 1 September 2015	15	54	708	777	517
Charge in year	17	14	233	264	260
Disposals	-	-	-	-	-
At 31 August 2016	<u>32</u>	<u>68</u>	<u>941</u>	<u>1,041</u>	<u>777</u>
Net book values					
At 31 August 2016	<u>235</u>	<u>5</u>	<u>12</u>	<u>252</u>	<u>510</u>
At 31 August 2015	<u>251</u>	<u>19</u>	<u>240</u>	<u>510</u>	<u>753</u>

12. Debtors

	Total 2016 £000	Total 2015 £000
Trade debtors	1	1
VAT recoverable	115	58
Other debtors	-	-
Prepayments and accrued income	156	322
	<u>272</u>	<u>381</u>

13. Creditors: amounts falling due within one year

	Total 2016 £000	Total 2015 £000
Trade creditors	296	309
Taxation and social security	96	122
Accruals and deferred income	260	393
	<u>652</u>	<u>824</u>
	2016 £000	2015 £000
Deferred income		
Deferred income at 1 September	45	14
Amounts released from previous years	(45)	31
Resources deferred in the year	26	-
Deferred income at 31 August	<u>26</u>	<u>45</u>

At the 31st August 2016 the Wirral Academy Trust was holding funds received in advance for funding in which the funding period overlaps the financial year.

WIRRAL ACADEMY TRUST (formerly University Academy of Birkenhead)

Notes to the Financial Statements for the Year Ended 31st August 2016 (continued)

14. Funds

	Balance at 31 August 2015 £000	Incoming Resources £000	Resources Expended £000	Gains, Losses and Transfers £000	Balance at 31 August 2016 £000
Restricted general funds					
General annual grant	1,175	3,902	(4,290)	9	796
Start up grant	-	-	-	-	-
Other DfE/EFA Grants	-	328	(328)	-	-
Other	103	115	(115)	-	103
Pension reserve	(2,647)	-	(48)	(1,387)	(4,082)
	<u>(1,369)</u>	<u>4,345</u>	<u>(4,781)</u>	<u>(1,378)</u>	<u>(3,183)</u>
Restricted fixed asset funds					
DfE/EFA capital grants	510	15	(264)	(9)	252
	<u>510</u>	<u>15</u>	<u>(264)</u>	<u>(9)</u>	<u>252</u>
Total restricted funds	<u>(859)</u>	<u>4,360</u>	<u>(5,045)</u>	<u>(1,387)</u>	<u>(2,931)</u>
Unrestricted funds					
Unrestricted funds	-	122	(122)	-	-
Total unrestricted funds	<u>-</u>	<u>122</u>	<u>(122)</u>	<u>-</u>	<u>-</u>
Total funds	<u>(859)</u>	<u>4,482</u>	<u>(5,167)</u>	<u>(1,387)</u>	<u>(2,931)</u>

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

The General Annual Grant must be used for the normal running costs within the trust.

Start-up grants are provided to support transitional costs for a period after a school converts to an academy and to cover diseconomies of scale until the academy reaches its pupil number capacity.

The DfE capital grants are provided by the Government for specific capital projects.

A Devolved Capital Formula grant of £15,154 was received and was expended within the year on the purchase and maintenance of fixed assets.

Under the funding agreement with the Secretary of State, there is no limit on the amount of GAG that the trust could carry forward at 31st August 2016.

Restricted funds include £103,000 held as a trustee on behalf of the Birkenhead Park School Education Fund, a registered charity.

WIRRAL ACADEMY TRUST (formerly University Academy of Birkenhead)

Notes to the Financial Statements for the Year Ended 31st August 2016 (continued)

15. Analysis of Net Assets between Funds

Fund balances at 31st August 2016 are represented by:

	2016 Unrestricted Funds £000	2016 Restricted General Funds £000	2016 Restricted Fixed Asset Funds £000	2016 Total Funds £000
Tangible fixed assets	-	-	252	252
Current assets	-	1,551	-	1,551
Current liabilities	-	(652)	-	(652)
Non-current liabilities	-	-	-	-
Pension scheme liability	-	(4,082)	-	(4,082)
Total net assets	-	(3,183)	252	(2,931)

16. Commitments under Operating Leases

At 31st August 2016 the total of the academy trust's future minimum lease payments under non-cancellable operating leases was:

	Total 2016 £000	Total 2015 £000
Expiring within one year	397	393
Expiring within two and five years inclusive	1,568	1,563
Expiring over five years	3,856	4,245
	5,821	6,201

The short term leases are for photocopiers and general office equipment, whilst the long term commitment relates to the PFI agreement between the trust and Wirral Borough Council. This agreement covers repairs and maintenance of land and buildings as well as equipment and motor vehicles, utility and management charges.

WIRRAL ACADEMY TRUST (formerly University Academy of Birkenhead)**Notes to the Financial Statements for the Year Ended 31st August 2016 (continued)****17. Reconciliation of Net Expenditure to Net Cash Flow from Operating Activities**

	Total	Total
	2016	2015
	£000	£000
Net (expenditure) for the reporting period (as per statement of financial activities)	(685)	(484)
Adjusted for :		
Depreciation (Note 11)	264	260
Capital grants from DfE and other capital income	(15)	(15)
Interest receivable (Note 5)	(9)	(13)
Defined benefit pension scheme obligation inherited		
Defined benefit pension scheme cost less contributions payable (Note 23)	(54)	(47)
Defined benefit pension scheme finance cost (Note 23)	102	95
Decrease/(Increase) in debtors	109	(112)
Decrease in creditors	(172)	(39)
Net cash provided by / (used in) operating activities	(460)	(355)

18. Cash Flows from Investing Activities

	Total	Total
	2016	2015
	£000	£000
Dividend, interest and rents from investments	9	13
Purchase of tangible fixed assets	(6)	(17)
Capital grants from DfE/EFA	15	15
Net cash inflow from returns on investment and servicing of finance	18	11

19. Analysis of Cash and Cash Equivalents

	Total	Total
	2016	2015
	£000	£000
Cash in hand and at bank	1,279	1,721
Notice deposits (less than 3 months)	-	-
Total cash and cash equivalents	1,279	1,721

20. Contingent Liabilities

Funding agreement contingency:

During the period of the Funding Agreement, in the event of the sale or disposal by other means of any asset for which a capital grant was received, the trust is required either to reinvest the proceeds or to repay to the Secretary of State for Education the same proportion of the proceeds of sale or disposal as equates with the proportion of the original cost met by the Secretary of State.

Upon termination of the Funding Agreement, whether as a result of the Secretary of State or the trust serving notice, the trust shall repay to the Secretary of State sums determined by reference to:

- the value at that time of the trust's premises and other assets held for the purpose of the trust, and
- the extent to which expenditure incurred in providing those assets was met by the Secretary of State under the Funding Agreement.

21. Members Liability

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

22. Pension and Similar Obligations

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

The latest actuarial valuation of the TPS related to the period ended 31st March 2012 and of the LGPS 31st March 2013.

Contributions amounting to £42,573 (2015: £57,851) were payable to the schemes at 31st August 2016 and are included within creditors.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1st April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1st January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

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

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%))
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%

During the year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS will be as at March 16, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

WIRRAL ACADEMY TRUST (formerly University Academy of Birkenhead)

Notes to the Financial Statements for the Year Ended 31st August 2016 (continued)

The employer's pension costs paid to TPS in the period amounted to £254,535 (2015: £459,394).

A copy of the valuation report and supporting documentation is on the [Teachers' Pensions website](#).

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

Local Government Pension Scheme (LGPS)

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31st August 2016 was £407,353 (2015: £243,883), of which employer's contributions totalled £254,535 (2015: £200,857) and employees' contributions totalled £152,819 (2015: £43,026). The agreed contribution rates for future years are 13.5% per cent for employers with employee contributions of 5.5% to 7.5%.

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 18th July 2013.

Principal Actuarial Assumptions

	At 31/08/16	At 31/08/15
Rate of increase in salaries	3.3%	3.8%
Rate of increase for pensions in payment / inflation	1.9%	2.3%
Discount rate for scheme liabilities	2.1%	4.0%
Inflation assumption (CPI)	1.8%	2.3%

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

	At 31/08/16	At 31/08/15
<i>Retiring today</i>		
Males	22.5	22.4
Females	25.4	25.3
<i>Retiring in 20 years</i>		
Males	24.9	24.8
Females	28.2	28.1

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

	Fair value at 31 August 2016 £000	Fair value at 31 August 2015 £000
Equity instruments	926	788
Debt instruments	627	(38)
Property	144	113
Cash	65	38
Total market value of assets	1,762	901

The actual return on scheme assets was £273,000 (2015: £32,000).

WIRRAL ACADEMY TRUST (formerly University Academy of Birkenhead)**Notes to the Financial Statements for the Year Ended 31st August 2016 (continued)****Amounts recognised in the statement of financial activities**

	Total	Total
	2016	2015
	£000	£000
Current service cost (net of employee contributions)	54	47
Net interest cost	(102)	(95)
Total operating charge	(48)	(48)

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

	Total	Total
	2016	2015
	£000	£000
At 1 September	3,958	3,581
Current service cost	142	150
Interest cost	158	142
Employee contributions	40	43
Actuarial (gain) / loss	1,604	86
Benefits paid	(58)	(44)
At 31 August	5,844	3,958

Changes in the fair value of trust's share of scheme assets

	Total	Total
	2016	2015
	£000	£000
At 1 September	1,311	1,079
Interest income	56	47
Actuarial gain / (loss)	217	(11)
Administration	(3)	(4)
Employer contributions	199	201
Employee contributions	40	43
Benefits paid	(58)	(44)
At 31 August	1,762	1,311

23. Related Party Transactions

Owing to the nature of the academy trust and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the trust's financial regulations and normal procurement procedures. The following related party transaction took place in the period of account.

Wirral Borough Council

The trust currently operates under a PFI agreement with Wirral Borough Council. This is a long term agreement and covers services for repairs and maintenance to the building, utility charges, cleaning, security and hire of mini buses for pupil transportation at Birkenhead Park School.

Other support services have also been purchased from the Local Authority at arm's length, on normal commercial terms. Costs incurred totalled £845,577 (2015: £850,079). The amounts outstanding at 31st August

WIRRAL ACADEMY TRUST (formerly University Academy of Birkenhead)

Notes to the Financial Statements for the Year Ended 31st August 2016 (continued)

2016 were £37,829 (2014: £71,116) included in accrued expenditure, £239,181 (2015: £234,424) included in trade creditors, and Included in prepayments was a value of £11,303 (2015: £5,944).

University of Chester Academies Trust (UCAT)

Management fees totalling £nil (2015: £86,391) were payable to University of Chester Academy Trust (UCAT). There were no payments outstanding (2015: nil) at the year end. The total costs relate to management fee charges for the period 1st September 2014 to 17th March 2015 when UCAT ceased to be the main sponsor, as agreed by the school.

Birkenhead Sixth Form College

Management fees totalling £249,109 (2015: £72,651) were payable to Birkenhead Sixth Form College and other costs of £30,225 including central costs. An amount of £22,970 (2015: £72,651) was outstanding at the year end and is included in trade creditors. The total costs relate to management fee charges for the period 1st September 2015 to 31st August 2016 as agreed by the school.

SAS Daniels LLP

John Cook, a trustee, is also a partner for SAS Daniels LLP. During the year the trust entered into a contract with SAS Daniels for the provision of HR Legal Services with a total value of £3,905 (2015: £3,444). The contract was entered into following normal purchasing regulations and signed off by the Chief Executive.