

WIRRAL ACADEMY TRUST

(A Company Limited by Guarantee)
Company Registration Number 07472190 (England & Wales)

Annual Report and Financial Statements

Year ended 31st August 2017

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Wirral Academy Trust

WIRRAL ACADEMY TRUST

Report and Financial Statements For the year ended 31st August 2017

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Reference and Administrative Details continued

Member	Date of Appointment	Date of Resignation
John Cook	17 th March 2015	
Lyn Eaton	17 th March 2015	3 rd October 2017
Kathryn Podmore	17 th March 2015	21 st March 2017
John Syvret	21 st March 2017	
Nicholas Roe-Ely	3 rd October 2017	
Trustee		
Carl Beer	17 th March 2015	
Catherine Jones	17 th March 2015	
Michael Kilbride	17 th March 2015	5 th July 2017
Lyn Eaton	17 th March 2015	
John Cook	17 th March 2015	
Kathryn Podmore	17 th March 2015	
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	Will Melia

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

Lloyds Bank Plc
Wirral
PO Box 1000
BX1 1LT

WIRRAL ACADEMY TRUST

Reference and Administrative Details continued

Solicitors:

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

SAS Daniels LLP
30 Greek Street
Stockport
SK3 8AD

Cook Lawyers Ltd
Barons Court
Manchester Road
Manchester
SK9 1BQ

WIRRAL ACADEMY TRUST

Trustees' Report for the year ended 31st August 2017

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 1st September 2016 to 31st August 2017. The annual report serves the purposes of both a trustees' report and a directors' report under company law.

The trust operates Birkenhead Park School, an academy for students aged 11 to 16 serving a catchment area in the Wirral. It has a pupil capacity of 1,250 and had a roll of 528 in the school census in January 2017.

On 1st August 2017 Birkenhead Sixth Form College joined the trust. The College provides high quality Post-16 education for a wide cohort of students. For the academic year 2016/17 the College enrolled 1,271 sixth form students, in addition the College also had 150 learners enrolled on post-19 funded programmes.

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 (UAB).

UAB 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 principal 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 principal activity of the charitable company is to provide education for young people within the Wirral area.

Details of the trustees and directors who served during the year are included in the Reference and Administration Details on page 1 and 2.

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 minimum number of Members shall not be less than 3.

Trustees of the academy trust shall comprise up to 7 trustees appointed by the members, up to 2 academy trustees and, in the event that no local governing body is established, a minimum of 2 parent trustees. 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

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Trustees' Report for the year ended 31st August 2017

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.

A local governing body sits within the member institutions. 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 Members, as required:

- Appointment of members
- Amendments to articles of association
- Change of name of the Trust
- Appointment and removal of one or more Directors
- Approve the appointment of CEO as a Director
- Approve the appointment of external auditors
- Receive annual accounts and annual report from the Board
- Approve any service contracts with Directors in accordance with the Articles
- Give directions by special resolution to the Board
- Wind up the Trust

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/ESFA.
- To approve the appointment of the Headteachers/Principals for member organisations and to oversee the HR strategy and policy.
- To review 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/Principals for sponsored academies in conjunction with the Trust Board.
- To agree in conjunction with the Headteacher/Principal strategic and improvement plans for the institution for presentation to WAT Trust Board.

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Trustees' Report for the year ended 31st August 2017

- To work with the Headteacher/Principal in each organisation within the Trust to ensure high standards of performance are attained.
- To manage the performance of the Headteachers/Principals of the member institutions.
- 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 appraised of all financial arrangements and has an accurate information on the financial position of the Trust at all times.
- To produce presents accurate and timely reports to the Board.

Key Responsibilities of Director of Education

- To undertake specific educational projects to raise standards with member organisations.
- To monitor performance standards across the Trust.
- To report to the Directors on the standards and related projects and to make recommendations.
- To work with the CEO as part of the senior management team of WAT.

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 Trust 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 students, maintain discipline, maintain high levels of attendance, 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 the Wirral Academy Trust to identify levels of support and potential for joint services.
- To develop an annual budget in conjunction with the Director of Finance and to operate within the agreed budget.
- 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 Board with regular reports.

Key Responsibilities of Local Governing Body

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

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Trustees' Report for the year ended 31st August 2017

The Board of Directors will delegate to the Local Governing Body the following responsibilities for supporting the institution and its leadership and management team in improving the:

- Achievement of students
- Quality of Teaching
- Behaviour and Safety of students

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 the standards and performance of the institution and all aspects of student support and welfare
- To monitor teaching, learning and assessment within the institution to ensure that timely improvements are being made.
- To ensure that an appropriate curriculum is being offered that meets local needs and fits within Wirral Academy Trust guidelines.
- To ensure implementation and closely monitor safeguarding and health and safety requirements.
- 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 (Chief Executive, Chief Financial Officer and Director of Education) were remunerated through their host employer (Birkenhead Sixth Form College) in 2016-17. 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 26.

Objectives and Activities

The principal activity of Wirral Academy Trust is to support member institutions to provide high quality education for its students.

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.

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Trustees' Report for the year ended 31st August 2017

- 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 organisations.

Objectives, Strategies and Activities

Key Objectives for Wirral Academy Trust

- To ensure that all our member institutions 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 member institutions 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 2016-17

Key Performance Indicators

Birkenhead Park School

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:

- Despite improvements in recent years, summer 2017 saw a reduction in GCSE pass rates for both English and Mathematics. Comprehensive action plans have been put in place to ensure that this decline is arrested and that outcomes improve in 2018 and beyond.
- Chemistry GCSE achieved a 100% pass rate in 2017 for the third consecutive year
- Biology GCSE pass rate improved from 84% to 93%
- Physics GCSE improved from 60% pass rate to 97%
- Attainment in MFL is consistently at or above national average, with 84% of students achieving A*-C grades in 2017. Progress in MFL is also significantly above the national figure for all students at +1.6.

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Trustees' Report for the year ended 31st August 2017

- The gap between the attainment of the school's disadvantaged students and other students nationally is narrowing.
- The percentage of eligible students achieving the Ebacc qualification is above the national average.
- 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 Birkenhead Park School received a full Ofsted inspection in May 2017 with the following judgements:

Overall effectiveness	Requires improvement
Effectiveness of leadership and management	Good
Quality of teaching learning and assessment	Requires improvement
Personal development, behaviour and welfare	Requires improvement
Outcomes for pupils	Requires improvement

Birkenhead Sixth Form College

Birkenhead Sixth Form College had yet another successful year for academic performance in 2016-17. Level 3 success rates remain above the sector average at 86.6%. Overall value added remains very positive for all Level 3 provision on a range of measures. The College is placed in the top 25% nationally for A-Level provision by ALPS, this being supported by a top 16% placing in the Sixth Form College Sector Six Dimensions analysis. College record breaking high grades have been maintained with the A-Level percentage now standing at 44.2%.

Of particular note is the very high achievement in GCSE Maths and English, in 2012-13 the college had achieved the outstanding outcome of 77% achieving a C grade pass, such was the extent of this performance that it became the object of an OFSTED case study into good practice. This high level of performance has been maintained in the subsequent years and was 76.4% in 2016-17.

Ofsted Report

Birkenhead Sixth Form College received a full Ofsted inspection in December 2016 with the following judgements:

Overall effectiveness	Outstanding
Effectiveness of leadership and management	Outstanding
Quality of teaching learning and assessment	Outstanding
Personal development, behaviour and welfare	Outstanding
Outcomes for learners	Outstanding
16 to 19 study programmes	Outstanding

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 ESFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the year ended 31st August 2017 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The trust also receives grants for fixed assets from the ESFA. 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.

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Trustees' Report for the year ended 31st August 2017

At 31st August 2017 the net book value of fixed assets was £7,658,000 (2016: £252,000). The movements in tangible fixed assets are shown in Note 12 to the financial statements. The assets were used exclusively for providing education and the associated support services to the students of the trust.

Income totalling £8,584,000 (2016: £4,482,000) in the year ended 31st August 2017 is above expenditure of £4,439,000 (2016: £5,167,000) by £4,145,000 (2016: negative £685,000) before the Merseyside Pension Fund actuarial gain in the year of £615,000 (2016: actuarial loss 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 23 to the financial statements.

The trustees have reviewed the fund balances carried forward at 31st August 2017, 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 2017 of £8,638,000 (2016: £1,151,000) which included restricted general funds of £980,000 (2016: £899,000) and a further £7,658,000 (2016: £252,000) which can only be realised by the disposal of tangible fixed assets. In addition, the deficit on the restricted pension fund of £6,809,000 (2016: £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 2017 is £nil.

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. Latest projections indicate that the Trust will return to a surplus position by 2020-21.

Investment Policy

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

Principal 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 principal 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 / ESFA 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

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Trustees' Report for the year ended 31st August 2017

- 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/ESFA

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 plans
- 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 destination of choice for students in Birkenhead.

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

Birkenhead Park School

The key priorities for Birkenhead Park School in 2017-18 are focused on strategies to ensure short and long-term improvements. The school is concentrating on four key areas as follows:

- Improving the quality of teaching and learning
- Embedding the school's vision and values
- Improving attendance and punctuality
- Improving the effectiveness of leadership and management

The above priorities form the basis of the School's development plan which consists of clear objectives, actions, responsibilities and deadlines for a range of improvement measures.

Birkenhead Sixth Form College

In 2017-2018 the key priority will be a clear focus on Teaching and Learning. Senior Management have a number of strategies that will be implemented in 2017/2018.

To maintain the strong performance of the college, AS-Levels have been withdrawn from September 2017. The college has the expertise and systems in place to ensure that this transitional period is effectively managed and has formulated strategies to ensure it maintains its outstanding status.

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Trustees' Report for the year ended 31st August 2017

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.

Trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 12th December 2017 and signed on the board's behalf by:



Carl Beer
Trustee
12th December 2017

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Governance Statement Year ended 31st August 2017

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	4	4
Michael Kilbride	3	4
Kathryn Podmore	4	4
David Hazell	3	4
Phil Adams	2	4

The Audit Committee comprises up to four 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
Phil Adams	1	3

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Governance Statement (continued)

Year ended 31st August 2017

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:

- 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 2016 to 31st August 2017 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 2016 to 31st August 2017 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 appointed 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 that the arrangements in respect of processing supplier and payments are appropriate and are operating effectively and efficiently.
- Review to ensure that the arrangements in respect Private Finance Initiative (PFI) invoices are operating effectively and efficiently

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Governance Statement (continued) Year ended 31st August 2017

- Review of School trips process from beginning to end to ensure that the appropriate controls are in place and that the process is robust and efficient.

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:

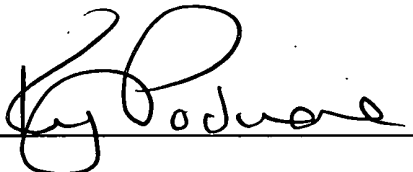
- the work of the internal auditor
- the work of the external auditor
- the work of the headteachers and their senior management teams
- the work of the executive managers within the trust who have responsibility for the development and maintenance of the internal control framework.

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 12th December 2017 and signed on its behalf by:



Carl Beer
Trustee



Kathryn Podmore
Accounting Officer

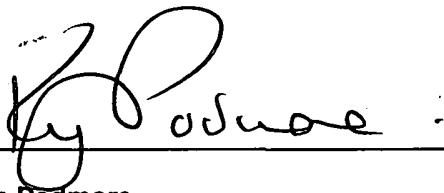
WIRRAL ACADEMY TRUST

Statement of Regularity, Propriety and Compliance Year ended 31st August 2017

As accounting officer of Wirral Academy Trust I have considered my responsibility to notify the Trust Board and the Education Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA 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 2016.

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 2016.

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 ESFA.

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

**Kathryn Podmore
Accounting Officer
12th December 2017**

WIRRAL ACADEMY TRUST

Statement of Trustees' Responsibilities for the year ended 31st August 2017

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 2016 to 2017
- 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 ESFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the board of trustees on 12th December 2017 and signed on its behalf by:



Carl Beer
Trustee

WIRRAL ACADEMY TRUST

Independent Auditor's Report on the Financial Statements to the Members of Wirral Academy Trust for the year ended 31st August 2017

Opinion

We have audited the financial statements of Wirral Academy Trust (the 'charitable company') for the year ended 31 August 2017 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice), the Charities Statement of Recommended Practice (SORP 2015) and the Academies Accounts Direction 2016 to 2017 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2017, and of its incoming resources and application of resources 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 Charities Statement of Recommended Practice (SORP 2015) and the Academies Accounts Direction 2016 to 2017.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The other information comprises the information included in the report and financial statements, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

WIRRAL ACADEMY TRUST

Independent Auditor's Report on the Financial Statements to the Members of Wirral Academy Trust for the year ended 31st August 2017 (continued)

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit;

Responsibilities of the Trustees

As explained more fully in the Trustees' Responsibilities Statement set out on page 16, the trustees, who are also the directors of Wirral Academy Trust for the purposes of company law, are responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and in respect of the separate opinion in relation to compliance with the Academies Accounts Direction 2016 to 2017 issued by the Education & Skills Funding Agency on terms that have been agreed.

WIRRAL ACADEMY TRUST

Independent Auditor's Report on the Financial Statements to the Members of Wirral Academy Trust for the year ended 31st August 2017 (continued)

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.



Scott Gillon BA (Hons) FCCA (Senior Statutory Auditor),
For and on behalf of Wylie & Bisset LLP

Chartered Accountants
Statutory Auditor
168 Bath Street
Glasgow
G2 4TP

12th December 2017

WIRRAL ACADEMY TRUST

Independent Reporting Accountant's Assurance Report on Regularity to Wirral Academy Trust and the Education and Skills Funding Agency for the year ended 31st August 2017

In accordance with the terms of our engagement letter dated 8th September 2015 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, 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 2016 to 31 August 2017 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 ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Wirral Academy Trust and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Wirral Academy Trust and ESFA, 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 2016, 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 2016 to 2017. 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 2016 to 31 August 2017 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 2016 to 2017 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

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;
- Assessment of adequacy of policies and procedures to ensure compliance with the framework of authorities;
- Testing transactions with connected parties to determine whether the Trust has complied with the 'at cost' requirement of the Academies Accounts Direction 2016 to 2017.
- Consideration of whether the absence of a control represents a breach of authorities;

WIRRAL ACADEMY TRUST

Independent Reporting Accountant's Assurance Report on Regularity to Wirral Academy Trust and the Education and Skills Funding Agency for the year ended 31st August 2017 (continued)

- Review of accounts or transactions susceptible to a greater risk of impropriety such as credit cards and cash accounts.

This list is not exhaustive and we performed additional procedures designed to provide us with additional appropriate evidence to express a conclusion on regularity consistent with the requirements of Part 9 of the Academies Accounts Direction 2016 to 2017.

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 2016 to 31 August 2017 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Signed:



Scott Gillon BA (Hons) FCCA
Reporting Accountant

Wylie & Bisset LLP,
Chartered Accountants,
Statutory Auditor

12th December 2017

WIRRAL ACADEMY TRUST

Statement of Financial Activities

For the year ended 31st August 2017

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

		2017	2017	2017		2016	2016	2016	
		Unrestricted	Restricted	Restricted	Total	Unrestricted	Restricted	Restricted	Total
		Funds	General	Fixed Asset	2017	Funds	General	Fixed Asset	2016
		£000	£000	£000	£000	£000	£000	£000	£000
Note									
Income and endowments from :									
Donations and capital grants	2	-	-	19	19	-	-	15	15
- Transfer on conversion	4	-	(3,282)	7,422	4,140	-	-	-	-
Charitable activities:									
- Funding for the Trust's educational operations	3	-	4,376	-	4,376	-	4,345	-	4,345
Other trading activities	5	10	37	-	47	6	107	-	113
Investments	6	2	-	-	2	9	-	-	9
Total		12	1,131	7,441	8,584	15	4,452	15	4,482
Expenditure on :									
Raising funds		-	-	-	-	-	-	-	-
Charitable activities :									
- Academy trust educational operations	7,8	12	4,304	74	4,390	15	4,710	264	4,989
- Other	9	-	49	-	49	-	178	-	178
Total		12	4,353	74	4,439	15	4,888	264	5,167
Net income / (expenditure)		-	(3,222)	7,367	4,145	-	(436)	(249)	(685)
Transfers between funds		-	(39)	39	-	-	9	(9)	-
Net income/(expenditure) for the year		-	(3,261)	7,406	4,145	-	(427)	(258)	(685)
Other recognised gains and losses									
Actuarial losses on defined benefit pension schemes	23	-	615	-	615	-	(1,387)	-	(1,387)
Net movement in funds		-	(2,646)	7,406	4,760	-	(1,814)	(258)	(2,072)
Reconciliation of funds									
Total funds brought forward		-	(3,183)	252	(2,931)	-	(1,369)	510	(859)
Total funds carried forward		-	(5,829)	7,658	1,829	-	(3,183)	252	(2,931)


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

WIRRAL ACADEMY TRUST

Balance Sheet As at 31st August 2017

	Note	2017 £000	2017 £000	2016 £000	2016 £000
Fixed assets					
Tangible assets	12		7,658		252
Current assets					
Debtors	13	611		272	
Cash at bank and in hand		1,553		1,279	
		<u>2,164</u>		<u>1,551</u>	
Liabilities					
Creditors: Amounts falling due within one year	14	(1,154)		(652)	
Net current assets			1,010		899
Net assets excluding pension liability			<u>8,668</u>		<u>1,151</u>
Provisions					
Defined benefit pension scheme liability	23		(6,809)		(4,082)
Other provisions	24		(30)		-
Net assets including pension liability			<u><u>1,829</u></u>		<u><u>(2,931)</u></u>
Funds of the Trust:					
Restricted funds					
- Fixed asset fund	15	7,658		252	
- General fund	15	980		899	
- Pension reserve	15	(6,809)		(4,082)	
Total restricted funds			<u>1,829</u>		<u>(2,931)</u>
Unrestricted income funds	15		-		-
Total funds			<u><u>1,829</u></u>		<u><u>(2,931)</u></u>

The financial statements on pages 22 to 44 were approved by the Board of Trustees, and authorised for issue on 12th December 2017 and are signed on their behalf by:



Carl Beer
Trustee

Company Number: 07472190

WIRRAL ACADEMY TRUST

Cash Flow Statement For the year ended 31st August 2017

	Note	2017 £000	2016 £000
Cash flows from operating activities			
Net cash provided by (used in) operating activities	18	312	(460)
Cash flows from investing activities	19	(38)	18
Cash flows from financing activities		-	-
Change in cash and cash equivalents in the reporting period		274	(442)
Cash and cash equivalents at 1st September		1,279	1,721
Cash and cash equivalents at 31st August	20	1,553	1,279

WIRRAL ACADEMY TRUST

Notes to the Financial Statements for the Year Ended 31st August 2017

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 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

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 2017 and have approved budget and cash flow forecasts for 2017/18 and future years, and consider it appropriate for the financial statements to be drawn up on a going concern basis.

At 31st August 2017 the trust had net assets of £1,829,188 after providing for a defined benefit pension scheme deficit under FRS102 of £6,809,000. 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 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 in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grant are reflected in the balance sheet in the restricted fixed asset fund. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

WIRRAL ACADEMY TRUST

Notes to the Financial Statements for the Year Ended 31st August 2017 (continued)

▪ 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.

▪ 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.

WIRRAL ACADEMY TRUST

Notes to the Financial Statements for the Year Ended 31st August 2017 (continued)

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:

Birkenhead Park School

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

Birkenhead Sixth Form College

- Furniture and equipment 10%
- Computer equipment 20%
- Freehold Buildings inherited 4%
- Freehold Buildings 2.5% to 6.67%

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.

WIRRAL ACADEMY TRUST

Notes to the Financial Statements for the Year Ended 31st August 2017 (continued)

1.9. Financial Instruments

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

Financial assets – trade and other debtors are basic financial instruments and debt instruments measured at amortised cost as detailed in note 13. Prepayments are not financial instruments. Amounts due to the charity's

Cash at bank and in hand – is classified as a basic financial instruments and is measured at face value.

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

1.10. 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.

1.11. 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 23, 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.

WIRRAL ACADEMY TRUST

Notes to the Financial Statements for the Year Ended 31st August 2017 (continued)

1.12. 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.

1.13. 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.

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 2017 for the Birkenhead Park School, and the 31st July 2017 for the Birkenhead Sixth Form College. 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.

1.14. Transfer on conversion

Assets have been received by the trust on the conversion of Birkenhead Sixth Form College to an academy and transferred into Wirral Academy Trust, the transferred assets are measured at fair value and recognised in the balance sheet at the point when the risks and rewards of ownership pass to the trust. An equal amount of income is recognised for the Transfer of an existing academy into the trust within Donations and capital grant income. Further details are set out in note 4.

2. Donations and Capital Grants

	Unrestricted Funds £000	Restricted Funds £000	Total 2017 £000	Total 2016 £000
Capital grants	-	19	19	15
	-	19	19	15

WIRRAL ACADEMY TRUST

Notes to the Financial Statements for the Year Ended 31st August 2017 (continued)

3. Funding for the Trust's Educational Operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2017 £000	Total 2016 £000
DfE / EFA grants				
- General annual grant (GAG)	-	3,420	3,420	3,902
- Start-up grant	-	-	-	-
- Other DfE / ESFA grants	-	860	860	328
	-	4,280	4,280	4,230
Other Government grants				
- Local authority grants	-	11	11	23
- Other grants	-	85	85	92
	-	96	96	115
	-	4,376	4,376	4,345

Included in other DfE / ESFA grants is income relating to Birkenhead Sixth Form College during the period 1st August 2017 to the 31st August 2017.

4. Conversion to an Academy Trust

On 1st August 2017 the Birkenhead Sixth Form College converted to academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to the Wirral Academy Trust for £nil consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised in the Statement of Financial Activities as Donations – transferred on conversion.

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total £000
Tangible fixed assets				
- Freehold land and buildings	-	-	6,824	6,824
- Equipment	-	-	598	598
Current Assets	-	988	-	988
Current liabilities less LGPS pension deficit	-	(951)	-	(951)
LGPS pension deficit	-	(3,319)	-	(3,319)
Net liabilities	-	(3,282)	7,422	4,140

5. Other Income

	Unrestricted Funds £000	Restricted Funds £000	Total 2017 £000	Total 2016 £000
Other Income	-	37	37	107
Hire of facilities	10	-	10	6
	10	37	47	113

WIRRAL ACADEMY TRUST

Notes to the Financial Statements for the Year Ended 31st August 2017 (continued)

6. Investment income

	Unrestricted Funds £000	Restricted Funds £000	Total 2017 £000	Total 2016 £000
Bank interest received	2	-	2	9
	<u>2</u>	<u>-</u>	<u>2</u>	<u>9</u>

7. Expenditure

	Staff Costs £000	Non Pay Premises £000	Expenditure Other £000	Total 2017 £000	Total 2016 £000
Expenditure on raising funds	-	-	-	-	-
Trust's educational operations:					
- Direct costs	2,288	-	284	2,572	2,992
- Allocated support costs	488	685	645	1,818	1,997
	<u>2,776</u>	<u>685</u>	<u>929</u>	<u>4,390</u>	<u>4,989</u>

Net expenditure for the period includes

	Total 2017 £000	Total 2016 £000
Operating lease rentals	414	396
Depreciation	76	264
Fees payable to auditor for :		
- Audit	9	7
- Other services	5	5
	<u>504</u>	<u>672</u>

8. Charitable Activities

	Total 2017 £000	Total 2016 £000
Direct costs - educational operations	2,572	2,992
Support costs - educational operations	1,818	1,997
	<u>4,390</u>	<u>4,989</u>

WIRRAL ACADEMY TRUST

Notes to the Financial Statements for the Year Ended 31st August 2017 (continued)

Analysis of support costs

	Educational operations	Total 2017	Total 2016
	£000	£000	£000
Support staff costs	489	489	469
Depreciation	76	76	264
Technology costs	119	119	100
Recruitment and support	10	10	12
Maintenance of premises and equipment	52	52	24
PFI Charge	554	554	558
Cleaning	13	13	1
Rent & rates	22	22	20
Energy costs	45	45	70
Insurance	19	19	20
Security and transport	22	22	32
Catering	86	86	104
Bank interest and charges	2	2	3
Professional fees / management charge	241	241	238
Other support costs	68	68	82
	1,818	1,818	1,997

9. Staff Costs

a. Staff costs during the period were:

	Total 2017 £000	Total 2016 £000
Wages and salaries	1,994	2,287
Social security costs	226	199
Operating costs of defined benefit pension schemes	492	499
	2,712	2,985
Supply staff costs	64	70
Staff restructuring costs	49	178
	2,825	3,233
Staff restructuring costs comprise :		
Redundancy payments	-	149
Severance payments	49	29
Other restructuring costs	-	-
	49	178

b. Staff severance payments

Included in staff restructuring costs are statutory severance payments totalling £49,000 (2016: £178,338). Individually, the payments were: £14,000, £15,000 and accrued redundancy costs of £20,000 committed as at 31st August 2017.

WIRRAL ACADEMY TRUST

Notes to the Financial Statements for the Year Ended 31st August 2017 (continued)

9. Staff costs (continued)

c. Staff numbers

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

	2017 No.	2016 No.
Teachers	38	39
Administration and support	41	40
Management	3	3
	82	82

d. Higher paid staff

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

	2017 No.	2016 No.
£60,001 - £70,000	-	1
£70,001 - £80,000	2	1
£80,001 - £90,000	-	-
£90,001 - £100,000	-	-

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

		2017	2016
Teachers' pension scheme	Numbers	2	2
	£000	39	24
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 £240,799 (2016: £279,454)

WIRRAL ACADEMY TRUST

Notes to the Financial Statements for the Year Ended 31st August 2017 (continued)

10. 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 : £32

Travel costs : £47

Mike Kilbride (Director of Education)

Course costs : £228

Other related party transactions involving the trustees are set out in Note 26.

11. Trustees', Directors' and Officers' Insurance

The trust has opted into the Department for Education's Risk Protection Arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to £10,000,000. It is not possible to quantify the trustees and officers indemnity element from overall cost of the RPA scheme.

12. Tangible Fixed Assets

	Freehold Improvements £000	Leasehold Improvements £000	Furniture and Equipment £000	Computer Equipment £000	2017 Total £000	2016 Total £000
Cost						
At 1 September 2016	-	267	73	953	1,293	1,287
Additions	-	-	49	27	76	6
Donated Assets	6,824	-	598	-	7,422	
Disposals	-	(17)	-	-	(17)	
At 31 August 2017	6,824	250	720	980	8,774	1,293
Depreciation						
At 1 September 2016	-	31	68	942	1,041	777
Charge in year	34	16	19	7	76	264
Disposals	-	(1)	-	-	(1)	-
At 31 August 2017	34	46	87	949	1,116	1,041
Net book values						
At 31 August 2017	6,790	204	633	31	7,658	252
At 31 August 2016	-	236	5	11	252	510

13. Debtors

	Total 2017 £000	Total 2016 £000
Trade debtors	90	1
VAT recoverable	125	115
Other debtors	17	-
Prepayments and accrued income	379	156
	611	272

WIRRAL ACADEMY TRUST

Notes to the Financial Statements for the Year Ended 31st August 2017 (continued)

14. Creditors: amounts falling due within one year

	Total 2017 £000	Total 2016 £000
Trade creditors	375	296
Taxation and social security	480	96
Other creditors	55	-
Accruals and deferred income	244	260
	1,154	652
	2017 £000	2016 £000
Deferred income		
Deferred income at 1 September	26	45
Amounts released from previous years	(26)	(45)
Resources deferred in the year	33	26
Deferred income at 31 August	33	26

At the 31st August 2017 the Wirral Academy Trust was holding funds received in advance for funding in which the funding period overlaps the financial year.

15. Funds

	Balance at 31 August 2016 £000	Incoming Resources £000	Resources Expended £000	Gains, Losses and Transfers £000	Balance at 31 August 2017 £000
Restricted general funds					
Other trading activities	-	37	(37)	-	-
General annual grant	796	3,420	(3,337)	(39)	840
Transfer on conversion	-	37	-	-	37
Other DfE/ESFA Grants	-	860	(860)	-	-
Other	103	96	(96)	-	103
Pension reserve	(4,082)	(3,319)	(23)	615	(6,809)
	(3,183)	1,131	(4,353)	576	(5,829)
Restricted fixed asset funds					
Transfer on conversion	-	7,422	-	-	7,422
DfE/EFA capital grants	252	19	(74)	39	236
	252	7,441	(74)	39	7,658
Total restricted funds	(2,931)	8,572	(4,427)	615	1,829
Unrestricted funds					
Unrestricted funds	-	12	(12)	-	-
Total unrestricted funds	-	12	(12)	-	-
Total funds	(2,931)	8,584	(4,439)	615	1,829

WIRRAL ACADEMY TRUST

Notes to the Financial Statements for the Year Ended 31st August 2017 (continued)

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

- Restricted fund (excluding pension and other restricted reserves) represent funds received from the Department for Education and is specifically spent on the running of the Academy Trust;
- Other restricted reserve represents funds which are restricted by the donor;
- Pension reserve represents the liability on the Local Government Pension Scheme Liability;
- Restricted fixed asset funds represent resources which are applied to specific capital purposes imposed by the Department for Education where the asset acquired or created is held for a specific purpose; and
- Unrestricted funds represent those resources which may be used towards meeting any of the charitable objectives of the Trust at the discretion of the Directors.

16. Analysis of Net Assets between Funds

Fund balances at 31st August 2017 are represented by:

	2017 Unrestricted Funds £000	2017 Restricted General Funds £000	2017 Restricted Fixed Asset Funds £000	2017 Total Funds £000
Tangible fixed assets	-	-	7,658	7,658
Current assets	-	2,164	-	2,164
Current liabilities	-	(1,154)	-	(1,154)
Non-current liabilities	-	(30)	-	(30)
Pension scheme liability	-	(6,809)	-	(6,809)
Total net assets	-	(5,829)	7,658	1,829

17. Commitments under Operating Leases

At 31st August 2017 the total of the academy trust's future minimum lease payments under non-cancellable operating leases was:

	Total 2017 £000	Total 2016 £000
Expiring within one year	414	397
Expiring within two and five years inclusive	1,585	1,568
Expiring over five years	3,467	3,856
	5,466	5,821

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

Notes to the Financial Statements for the Year Ended 31st August 2017 (continued)

18. Reconciliation of Net Expenditure to Net Cash Flow from Operating Activities

	Total	Total
	2017	2016
	£000	£000
Net income/(expenditure) for the reporting period (as per statement of financial activities)	4,145	(685)
Adjusted for :		
Depreciation (Note 12)	76	264
Capital grants from DfE and other capital income	(19)	(15)
Transferred on conversion	(7,422)	-
Interest receivable (Note 6)	(2)	(9)
Defined benefit pension scheme obligation inherited	3,319	-
Defined benefit pension scheme cost less contributions payable (Note 23)	(61)	(54)
Defined benefit pension scheme finance cost (Note 23)	84	102
Decrease/(Increase) in debtors	(339)	109
Increase/(decrease) in provision	30	-
Increase/(decrease) in creditors	501	(172)
Net cash provided by / (used in) operating activities	312	(460)

19. Cash Flows from Investing Activities

	Total	Total
	2017	2016
	£000	£000
Dividend, interest and rents from investments	2	9
Proceeds from sale of tangible fixed assets	17	-
Purchase of tangible fixed assets	(76)	(6)
Capital grants from DfE/ESFA	19	15
Net cash inflow from returns on investment and servicing of finance	(38)	18

20. Analysis of Cash and Cash Equivalents

	Total	Total
	2017	2016
	£000	£000
Cash in hand and at bank	1,553	1,279
Notice deposits (less than 3 months)	-	-
Total cash and cash equivalents	1,553	1,279

WIRRAL ACADEMY TRUST

Notes to the Financial Statements for the Year Ended 31st August 2017 (continued)

21. 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.

22. 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.

23. 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 £118,433 (2016: £42,573) were payable to the schemes at 31st August 2017 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

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:

WIRRAL ACADEMY TRUST

Notes to the Financial Statements for the Year Ended 31st August 2017 (continued)

- 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 previous 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 is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £253,263, Birkenhead Park School £216,834 (2016: £254,535), Birkenhead Sixth Form College £36,429 (2016: £nil).

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)

Birkenhead Park School

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 2017 was £298,999 (2016: £407,353), of which employer's contributions totalled £265,982 (2016: £259,535) and employees' contributions totalled £33,017 (2016: £152,819). 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 31/08/2017	At 31/08/2016
Rate of increase in salaries	3.7%	3.3%
Rate of increase for pensions in payment / inflation	2.2%	1.9%
Discount rate for scheme liabilities	2.4%	2.1%
Inflation assumption (CPI)	2.2%	1.8%

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

	At 31/08/2017	At 31/08/2016
<i>Retiring today</i>		
Males	21.6	22.5
Females	24.7	25.4
<i>Retiring in 20 years</i>		
Males	24.9	24.9
Females	27.7	28.2

WIRRAL ACADEMY TRUST

Notes to the Financial Statements for the Year Ended 31st August 2017 (continued)

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

	Fair value at 31 August 2017	Fair value at 31 August 2016
	£000	£000
Equity instruments	1,068	926
Debt instruments	709	627
Property	163	144
Cash	98	65
Total market value of assets	2,038	1,762

The actual return on scheme assets was £184,000 (2016: £273,000).

Amounts recognised in the statement of financial activities

	Total 2017 £000	Total 2016 £000
Current service cost (net of employee contributions)	61	54
Net interest cost	(84)	(102)
Total operating charge	(23)	(48)

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

	Total 2017 £000	Total 2016 £000
At 1 September	5,844	3,958
Current service cost	184	142
Interest cost	122	158
Employee contributions	33	40
Actuarial (gain) / loss	(504)	1,604
Benefits paid	(151)	(58)
At 31 August	5,528	5,844

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

	Total 2017 £000	Total 2016 £000
At 1 September	1,762	1,311
Interest income	38	56
Actuarial gain / (loss)	111	217
Administration	(3)	(3)
Employer contributions	248	199
Employee contributions	33	40
Benefits paid	(151)	(58)
At 31 August	2,038	1,762

WIRRAL ACADEMY TRUST

Notes to the Financial Statements for the Year Ended 31st August 2017 (continued)

Birkenhead Sixth Form College (Joined the trust 1st August 2017)

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 2017 was £24,033 (2016: £nil), of which employer's contributions totalled £16,583 (2016: £nil) and employees' contributions totalled £7,450 (2016:nil). 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 31/07/2017	At 31/07/2016
Rate of increase in salaries	3.7%	3.2%
Rate of increase for pensions in payment / inflation	2.2%	1.8%
Discount rate for scheme liabilities	2.6%	2.5%
Inflation assumption (CPI)	2.2%	1.7%

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

	At 31/07/2017	At 31/07/2016
<i>Retiring today</i>		
Males	21.6	22.5
Females	24.7	25.4
<i>Retiring in 20 years</i>		
Males	24.2	24.9
Females	27.7	28.2

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

	Fair value at 31 July 2017	Fair value at 31 July 2016
	£000	£000
Equity instruments	3,215	2,985
Debt instruments	2,136	2,023
Property	491	466
Cash	295	210
Total market value of assets	6,137	5,684

The actual return on scheme assets was £614,000 (2016:nil).

WIRRAL ACADEMY TRUST

Notes to the Financial Statements for the Year Ended 31st August 2017 (continued)

Amounts recognised in the statement of financial activities

	Total 2017 £000	Total 2016 £000
Current service cost (net of employee contributions)	(136)	(59)
Net interest cost	(84)	(102)
Total operating charge	(220)	(161)

No costs were recorded in the Trust as the valuation was up to the 31st July 2017 and the Birkenhead Sixth Form College became part of the Trust on 1st August 2017.

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

	Total 2017 £000	Total 2016 £000
At 1 September	9,661	7,527
Current service cost	446	352
Interest cost	240	285
Employee contributions	95	92
Actuarial (gain) / loss	(820)	1,560
Benefits paid	(166)	(155)
Past service cost	-	-
Curtailments and settlements	-	-
At 31 August	9,456	9,661

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

	Total 2017 £000	Total 2016 £000
At 1 September	5,684	4,842
Interest income	145	188
Actuarial gain / (loss)	69	424
Administration	(8)	(7)
Employer contributions	318	300
Employee contributions	95	92
Benefits paid	(166)	(155)
At 31 August	6,137	5,684

WIRRAL ACADEMY TRUST

Notes to the Financial Statements for the Year Ended 31st August 2017 (continued)

24. Other Provisions

	Total 2017 £000	Total 2016 £000
Enhanced pensions		
As at 1st September 2016	-	-
Transferred on conversion	(30)	-
Expenditure in the period	-	-
Additions in the period	-	-
	-	-
As at 31st August 2017	<u>(30)</u>	<u>-</u>

25. Financial instruments

	Total 2017 £000	Total 2016 £000
Financial assets		
Financial assets measured at fair value through profit and loss	-	-
Debt instruments measured at amortised cost	232	116
Total	<u>232</u>	<u>116</u>
Financial liabilities		
Financial liabilities measured at fair value through profit and loss	-	-
Financial liabilities measured at amortised cost	431	296
Total	<u>431</u>	<u>296</u>

26. 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 £814,634 (2016: £845,577). The amounts outstanding at 31st August 2017 were £86,461 (2016: £37,829) included in accrued expenditure, £53,273 (2016: £239,181) included in trade creditors, Included in prepayments was a value of £5,368 (2016: £11,303), and included in accrued income was a value of £70,833 (2016: £nil).

WIRRAL ACADEMY TRUST

Notes to the Financial Statements for the Year Ended 31st August 2017 (continued)

Birkenhead Sixth Form College

Management fees totalling £183,837 (2016: £249,109) were payable to Birkenhead Sixth Form College and other costs of £40,200 including central costs. An amount of £90,002 (2015: £22,970) 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 2016 to 31st July 2017 as agreed by the school.

SAS Daniels LLP

John Cook, a trustee, is also a partner for SAS Daniels LLP. During 2015/16 year the trust entered into a contract with SAS Daniels for the provision of HR Legal Services with a total value of £3,905 which expired in June 2017. The contract was entered into following normal purchasing regulations and signed off by the Chief Executive.

Cook Lawyers Ltd

John Cook, a trustee, is also a director of Cook Lawyers Ltd. During the year the trust entered into a contract with Cook Lawyers Ltd for the provision of HR Legal Services with a total value of £900 (2016: £nil). The contract was entered into following normal purchasing regulations and signed off by the Chief Executive.