

**WISE Academies**  
(A company limited by guarantee)

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**for the year ended 31 August 2015**

Company Registration No. 07521946 (England and Wales)

WEDNESDAY



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# WISE Academies

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# WISE Academies

## REFERENCE AND ADMINISTRATIVE DETAILS

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### Members

R Symonds (Chairman) \*  
M E W Stephenson \*  
J G Wood \*  
R Bradshaw (Appointed 10<sup>th</sup> July 2015)  
T Grieveson (Appointed 10<sup>th</sup> July 2015)

### Trustees

R Symonds (Chairman) \*  
M E W Stephenson \*  
J G Wood \*  
D M Weiss (Terminated 25<sup>th</sup> January 2015)  
A Humble (Terminated 25<sup>th</sup> January 2015)  
N Vokes #  
G Davies (Terminated 25<sup>th</sup> January 2015)  
R Symonds #  
Z Carr (CEO and Accounting Officer)\* #  
N Fountain #  
P Smith # (Appointed 9<sup>th</sup> December 2014)

\* members of the Finance and General Purpose Committee

# members of audit committee

### Company Secretary

Gary Robinson

### Senior Management Team:

Chief Executive Officer and Accounting Officer  
Headteacher  
Headteacher  
Headteacher  
Headteacher  
Chief Financial Officer

Z Carr  
N Fullard  
L Saunders  
G Letton (Resigned 31 August 2015)  
P Martindale  
F Hardie

### Principal and Registered Office

Borodin Avenue  
Sunderland  
SR5 4NX

### Company Registration Number

07521946 (England and Wales)

# WISE Academies

## REFERENCE AND ADMINISTRATIVE DETAILS

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### Independent Auditor

RSM UK Audit LLP  
1 St James Gate  
Newcastle upon Tyne  
NE1 4AD

### Bankers

Lloyds Bank Plc  
102 Grey Street  
Newcastle upon Tyne  
NE1 6AG

### Solicitors

Watson Burton  
1 St James Gate  
Newcastle upon Tyne  
NE99 1YQ

# WISE Academies

## TRUSTEES' REPORT

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The trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2015.

The trust operates 4 primary academies in the North East area of England: Town End Academy and Bexhill Academy which have been part of the Trust since March 2011; Welbeck Academy which joined the Trust in September 2012 and Hasting Hill Academy which joined in December 2012. Its academies have a combined pupil capacity of 1,341 in the school census on October 2015.

### **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 WISE Academies are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as WISE Academies.

Details of the Trustees who served throughout the year except as noted are included in the Reference and Administrative Details on page 1.

#### Members' liability

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

#### Trustees' indemnities

Trustees benefit from indemnity insurance under the Department of Education's risk protection arrangement (RPA) which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Trust, provided that any such insurance shall not extend to any claim arising from any act or omission which the Trustees knew to be a breach of trust or breach of duty or not and provided also that any such insurance shall not extend to the costs of any unsuccessful defence to a criminal prosecution brought against the Trustees in their capacity as Directors of the Trust. The indemnity is unlimited.

#### **Method of recruitment and appointment or election of trustees**

The Trust's Governing Body (the Directors) was subject to re-constitution in January 2015. The effect of this re-constitution was to ensure that the Board is no larger than necessary to secure the range of skills necessary to promote effective governance of the Trust. The Board of Directors now comprises the CEO, up to nine Directors appointed by Members and up to three Co-opted Directors. The Articles of Association require there to be a minimum of three Directors to be responsible for the statutory and constitutional affairs of the academy and its management.

# WISE Academies

## TRUSTEES' REPORT (continued)

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### Policies and procedures adopted for the induction and training of trustees

Training and induction provided for new Directors will depend on existing experience. Where necessary induction will provide training on charity and educational, legal and financial matters. All Directors are provided with copies of policies, procedures, accounts, budgets, plans and other documents that they need to undertake their role.

Those responsible for governance of the academies have been asked to identify ongoing training and development needs. Training needs identified through this mechanism will be addressed through the formulation of a training schedule which will reinforce the strategic governance role and strengthen accountability

### Organisational structure

The company is set up as a multi academy model, and the Board of Directors meet at least 4 times per year to discuss its strategic objectives with the Chief Executive Officer, who is the Accounting Officer of the multi academy trust.

In this multi academy model, the Chief Executive Officer, leads and develops the strategic vision of all schools in the chain. Each individual academy has a Head Teacher and Deputy Head Teacher who are responsible for the day to day management of the school supported by a senior management team comprising of teaching and non-teaching staff.

### Connected organisations, including related party relationships

The idea of partnership is important to WISE Academies. We use this approach in a way which is creative and which will allow our young people to achieve their full potential. Within the Trust our approach is the sharing of good practice for the mutual benefit of all.

A key component of the partnership working approach is provided through the Town End Teaching School Alliance which has a range of strategic partners including Local Authorities, other academies and maintained schools together with local universities.

A strategic partnership exists between WISE Academies and Newcastle City Council for the furtherance of appropriate provision for children with communication and language difficulties through ARC provision based at Welbeck Academy.

WISE Academies are conscious of the need for any person who is responsible for governance within the organisation, or who are employees of the organisation, to declare any relevant business or pecuniary interests and this is particularly the case with related party relationships. Examples of these related party relationships declared are between Trustees and external organisations are:

- N Vokes – Sunderland North Community Business Centre incorporating Buttercups and Sunflowers Nurseries
- J Wood – Tolent Construction Ltd
- R Symonds Jnr – Technology Services Group
- N Fountain – St Paul's CE Primary School and Prince Bishops Teaching School Alliance
- M Stephenson – University of Sunderland

# WISE Academies

## TRUSTEES' REPORT (continued)

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Two of the academies within the group (Welbeck and Hasting Hill) are sponsored academies. Like other academies in the group, these settings benefit from the sharing of expertise which helps our academies to move forward to deliver a quality education to our pupils. This principle is supported by the provision of central services where professionals are appropriately deployed to advance the rapid progress that is made in each setting.

### Risk Management

The charity trustees have considered the major risks to which the charity is exposed and have reviewed those risks and established systems and procedures to manage those risks.

## OBJECTIVES AND ACTIVITIES

### Objects and aims

The principal activity and objective of the academies is the advancement of education in the United Kingdom by establishing and maintaining high performing primary schools, offering a broad and balanced curriculum that meets the needs of its communities by providing a high quality and flexible learning environment.

In accordance with the Memorandum and Articles of Association, the company has adopted a scheme of governance approved by the Secretary of State for Education. Each academy will be governed by the Trust. The company shall have regard to (but for the avoidance of doubt shall not be bound by) any guidance as to the governance of academies that the Secretary of State may publish.

### Objectives, strategies and activities

The main objectives of the academies during the year ended 31 August 2015 are summarised below:

- to ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care
- to raise the standard of educational achievement of all pupils
- to improve the effectiveness of the Academies by keeping the curriculum and organisational structure under continual review
- to provide value for money for the funds expended
- to comply with all appropriate statutory and curriculum requirements
- to conduct the Academy's business in accordance with the highest standards of integrity, probity and openness
- to establish partnerships in order to extend its role in the wider community

### Public benefit

The Directors have paid due regard to guidance issued by the Charity Commission in deciding what activities the Company should undertake. All charitable activities are undertaken to further the charitable purposes for the public benefit.

# WISE Academies

## TRUSTEES' REPORT (continued)

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### STRATEGIC REPORT

#### Achievements and Performance

All four academies within the Trust have had a very positive year with strong KS2 outcomes across the board including fantastic 100% scores in all three measures at Town End Academy, our outstanding school. Marked improvements from last year's dip in results were reported at Bexhill Academy which has benefited from a strengthened leadership team during this academic year; 78% (2014: 56%) of pupils achieved a combined Level 4 in reading, writing and mathematics. Bexhill Academy also received an Ofsted inspection in summer 2015 and received a "Good" grading. Outcomes were again improved for a second year in the two sponsored academies that joined the Trust in 2012: at Welbeck Academy, the highest results on record were reported at 79% (2014: 67%) in the combined Level 4 result, and at Hasting Hill, an outstanding 91% (2014: 84%) of pupils achieved combined Level 4 grades.

Significant investment in Mathematics and Literacy training and resources has been made in preparation for the challenge of continuing with our improved performance in the face of the National Curriculum changes being implemented across our academies from September 2015.

A summary of results for all key stages is shown below:

#### KS2 Attainment Results

##### Reading

|               | Level 4+ | Level 4b+ | Level 5+ |
|---------------|----------|-----------|----------|
| Bexhill       | 84%      | 78%       | 40%      |
| Hasting Hill  | 97%      | 91%       | 62%      |
| Town End      | 100%     | 93%       | 76%      |
| Welbeck       | 83%      | 51%       | 21%      |
| National 2014 | 89%      | 78%       | 49%      |

##### Writing

|               | Level 4+ | Level 4b+ | Level 5+ |
|---------------|----------|-----------|----------|
| Bexhill       | 82%      |           | 27%      |
| Hasting Hill  | 91%      |           | 47%      |
| Town End      | 100%     |           | 48%      |
| Welbeck       | 80%      |           | 20%      |
| National 2014 | 85%      |           | 33%      |

##### Mathematics

|               | Level 4+ | Level 4b+ | Level 5+   |
|---------------|----------|-----------|------------|
| Bexhill       | 80%      | 71%       | 36%        |
| Hasting Hill  | 97%      | 97%       | 59%        |
| Town End      | 100%     | 97%       | 55% (10%)* |
| Welbeck       | 91%      | 66%       | 23% (2%)*  |
| National 2014 | 85%      | 73%       | 41%        |

\*(L6 attainment)



# WISE Academies

## TRUSTEES' REPORT (continued)

### Combined reading, writing and mathematics

|               | Level 4+ | Level 4b+ | Level 5+ |
|---------------|----------|-----------|----------|
| Bexhill       | 78%      |           | 18%      |
| Hasting Hill  | 91%      |           | 35%      |
| Town End      | 100%     |           | 38%      |
| Welbeck       | 79%      |           | 6%       |
| National 2014 | 79%      | 75%       | 24%      |

### Spelling, punctuation and grammar

|               | Level 4+ | Level 4b+ | Level 5+ |
|---------------|----------|-----------|----------|
| Bexhill       | 73%      | 62%       | 44%      |
| Hasting Hill  | 91%      | 82%       | 65%      |
| Town End      | 90%      | 83%       | 76% (3%) |
| Welbeck       | 62%      | 55%       | 26%      |
| National 2014 | 76%      | 68%       | 52%      |

\*(L6 attainment)

### KS2 Progress Results

#### Reading

|               | 2 levels | 3 levels |
|---------------|----------|----------|
| Bexhill       | 93%      | 40%      |
| Hasting Hill  | 100%     | 68%      |
| Town End      | 100%     | 72%      |
| Welbeck       | 89%      | 30%      |
| National 2014 | 91%      | 35%      |

#### Writing

|               | 2 levels | 3 levels |
|---------------|----------|----------|
| Bexhill       | 96%      | 36%      |
| Hasting Hill  | 97%      | 82%      |
| Town End      | 100%     | 48%      |
| Welbeck       | 91%      | 32%      |
| National 2014 | 93%      | 33%      |

#### Mathematics

|               | 2 levels | 3 levels |
|---------------|----------|----------|
| Bexhill       | 89%      | 33%      |
| Hasting Hill  | 97%      | 71%      |
| Town End      | 100%     | 55%      |
| Welbeck       | 98%      | 26%      |
| National 2014 | 89%      | 35%      |

### KS1 Results (Average Point Score)

|               | All Subjects | Reading | Writing | Maths |
|---------------|--------------|---------|---------|-------|
| Bexhill       | 15.6         | 15.8    | 15.0    | 16.0  |
| Hasting Hill  | 16.2         | 16.5    | 15.6    | 16.6  |
| Town End      | 15.9         | 16.3    | 15.0    | 16.3  |
| Welbeck       | 15.3         | 15.3    | 14.3    | 16.2  |
| National 2014 | 15.9         | 16.5    | 15.1    | 16.2  |

# WISE Academies

## TRUSTEES' REPORT (continued)

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### Y1 Phonics Check Results

|               | 2015 Result |
|---------------|-------------|
| Bexhill       | 83%         |
| Hasting Hill  | 78%         |
| Town End      | 83%         |
| Welbeck       | 72%         |
| National 2014 | 74%         |

### Y2 Phonics Check Re-take Results

|               | 2015 Result | No of children who didn't pass |
|---------------|-------------|--------------------------------|
| Bexhill       | 75%         | 3                              |
| Hasting Hill  | 50%         | 4                              |
| Town End      | 67%         | 2                              |
| Welbeck       | 71%         | 7                              |
| National 2014 | 66%         |                                |

### EYFS Good Level of Development Results

|                  | 2015 Result |
|------------------|-------------|
| Bexhill          | 58%         |
| Hasting Hill     | 60%         |
| Town End         | 59%         |
| Welbeck          | 53%         |
| National Average | 60%         |

NB: All data based on unvalidated datasets (compiled by academies)

### Financial Review

Most of the Trust's income is obtained from the Department for Education (DfE) via the Education Funding Agency (EFA), in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE/EFA during the period 1 September 2014 to 31 August 2015 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 DfE/EFA. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2005), 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. During the year, £321k was received following successful Condition Improvement Funding (CIF) bids to refurbish the kitchen facilities at Town End Academy (£199k) and replace windows at Welbeck Academy (£122k).

All of the expenditure shown in the Statement of Financial Activities is in furtherance of the Trust's objectives. In addition to the work funded by successful CIF bids at Town End Academy and Welbeck Academy, the Trust invested a further £884k (GAG surpluses totalling £680k; £170k from unrestricted funds and £34k from Devolved Capital Funds) to further improve the assets of the Trust. The main projects included classroom refurbishment works of £206k, £50k and £4k at Welbeck Academy, Bexhill Academy and Hasting Hill Academy respectively, together with the supply and installation of new whiteboards at Welbeck Academy costing £64k. Additionally at Welbeck Academy, we continued with

# WISE Academies

## TRUSTEES' REPORT (continued)

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of pupil enrichment by investing £211k in the outdoor areas providing an activity playground and outdoor classrooms, canopies and fencing upgrades and spent £40k on classroom furniture for our Key Stage 1 provision. The entrance and office accommodation at Town End Academy was refurbished which cost £239k. Smaller IT projects across the schools cost £17k and minor building upgrades cost £53k.

At 31 August 2015 the net book value of fixed assets was £7,063k and movements in tangible fixed assets are shown in note 13 to the Financial Statements. The assets were used exclusively for providing education and the associated support services to the students of the Trust.

### Key Performance Indicators

|  | 2015  | 2014  |
|--|-------|-------|
| Total staff costs / GAG income           | 96.9% | 89.5% |
| Total staff costs / Total Revenue income | 68.8% | 66.3% |
| Working Capital / Total Reserves         | 14.8% | 19.5% |
| Liquidity Ratio                          | 1.7   | 2.1   |

### Financial and risk management objectives and policies

The Trust is subject to a number of risks and uncertainties in common with other academies and has in place, procedures to identify, record and mitigate all risks including financial risks.

The Directors have reviewed the risk register in full during the year. During 2014-15, the risk register has been further developed to ensure key risks are clearly identified and our Audit Committee has completed more detailed assessments of our risks. Principal risks and uncertainties are discussed further in the relevant section of this report.

### Reserves policy

The Directors will review the Trust's reserve levels on an annual basis to encompass the nature of income and expenditure streams, the need to match revenue income with commitments through budgetary control and also the nature of reserves.

The Trust's total reserves at the Balance Sheet date of 31 August 2015 were £7,645k (2014: £6,917k) with the level of free reserves at the year end 31 August 2014 being £318k (2014: £441k).

The Trust has committed to utilise £100k of reserves to fund further refurbishment projects at Welbeck Academy to complete the programme of works that commenced in 2013 updating the building that is over 100 years old. The classroom furniture that has not been updated will be replaced together with works around the entrance to the school to further safeguard staff whilst simultaneously providing customer support functions.

Other aims are discussed in the Plans for Future Periods section further in this report.

### Investment policy

It is the policy of the Trust to invest surplus funds through money market accounts. Interest rates are reviewed prior to each investment. This policy maximises investment return whilst minimising risks to the principal sum.

# WISE Academies

## TRUSTEES' REPORT (continued)

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### **Plans for Future Periods**

WISE Academies are developing a strategy to include further growth of the Trust and we have applied to the DfE for Sponsor Capacity Funding in order to facilitate expansion which we anticipate will involve a steady growth rate of one to two schools over the coming two year period.

Plans for the 2015-16 academic year include further improvement of the Trust's estate to maximise accessibility of premises ensuring compliance with requirements around the health, safety and welfare of pupils and other users of Trust buildings. It is hoped to secure additional investment through bids for available funding sources to support the implementation of the Trust's objectives. This future investment in the infrastructure will build upon that which has taken place during the 2014/15 accounting period.

The overriding objective remains the drive to raise standards of attainment and progress in all levels and to ensure that the academies within the group are graded good or better in any inspection. This will continue to be achieved through rigorous monitoring, self-analysis and effective targeting of available resources to ensure the best possible outcomes. A key strength of the Trust is the range of expertise and talent available within the workforce and this will continue to be deployed in a collaborative manner to provide challenge and support. This is reinforced through structured external scrutiny from appropriate educational professionals which will provide a consistent review framework across all settings.

### **Principal risks and uncertainties**

One of the principal risks during 2014-15 had been the threat of unclear accountability and decision making responsibility between Members, Trustees and Local Governing Bodies. WISE Academies has conducted a review of its governance structure and its constitution during the year which resulted in the recruitment of a further two members with a range of skills that complement the original membership and a restructuring of its Board to ensure its trustees have the relevant skills and competencies to meet the demands of their roles.

Another key risk faced by WISE Academies continues to be the financial impact of falling rolls at individual academies which is mitigated by maintaining good links with local communities and sharing best practice across the Trust. WISE Academies are also considering marketing strategies to promote the schools in both the local press and on a national basis.

The Trust's highest priority is maximising pupil attainment and achievement. The measures to promote high performance include a consistent approach to data collection and recording, structured external scrutiny and internal challenges and accountability for outcomes. There is a rigorous approach to evaluation which is aided by the Trust model which promotes collaborative working thereby enabling a strategic perspective to be developed and an ability to compare and contrast across schools.

The Trust has coped well with implementation of key reforms including the introduction of a new curriculum. A significant challenge for the Trust is to ensure that Academy Trust policies and procedures are fit for purpose, up-to-date and accessible to all staff. The Trust will sustain efforts to undertake regular policy review and ensure a consistent approach to their implementation across all academies.

The possibility of any risk to a shortfall of resources to invest in teaching and learning will continue to be addressed through clear financial planning and controls which are in place to support the achievement of the overall financial objectives of the Trust. A key factor to consider around this is to develop the necessary level of capacity to deliver the most effective management and operation of the Trust's financial systems.

# WISE Academies

## TRUSTEES' REPORT (continued)

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### GOING CONCERN

After making appropriate enquiries, the Board of trustees has a reasonable expectation that the Academy 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.

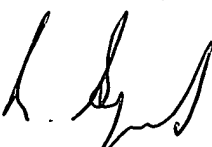
### AUDITORS

RSM UK Audit LLP (formerly Baker Tilly UK Audit LLP) has indicated its willingness to continue in office.

### Statement as to disclosure of information to auditors

The Trustees have confirmed that, as far as they are aware, there is no relevant audit information of which the auditors are unaware. Each of the Trustees have confirmed that they have taken all the steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

The Trustees' Annual Report is approved by order of the board of trustees and the Strategic Report (included therein) is approved by the board of trustees in their capacity as the directors at a meeting on ~~17 November 2015~~ and signed on its behalf by:



**R Symonds**  
**Chair of Trustees**

# WISE Academies

## GOVERNANCE STATEMENT (continued)

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### Scope of responsibility

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

The Board of Trustees has delegated the day-to-day responsibility to the Chief Executive Officer, 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 WISE Academies and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

### Governance

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

| Trustee           | Meetings Attended | Out of a possible |
|-------------------|-------------------|-------------------|
| R Symonds         | 5                 | 6                 |
| M.E.W. Stephenson | 5                 | 6                 |
| J.G. Wood         | 4                 | 6                 |
| Z.E. Carr         | 6                 | 6                 |
| R Symonds (jnr.)  | 5                 | 6                 |
| D. M. Weiss       | 0                 | 2                 |
| G. Davies         | 0                 | 2                 |
| A. Humble         | 1                 | 2                 |
| N. Vokes          | 4                 | 6                 |
| N Fountain        | 5                 | 6                 |
| P Smith           | 3                 | 5                 |

The **Finance and General Purposes Committee** is a committee of the main board of trustees. Its purpose includes the initial review and authorisation of the annual budget; approving financial statements for filing in accordance with Companies Act and Charity Commission requirements; ensuring compliance with the Funding Agreement and all relevant financial regulations are observed; to oversee capital investment programmes; the regular monitoring of actual expenditure and income against budget; authorising the purchases of goods and services of value in excess of limits specified within the Trust's financial procedures which is not provided for within the budgets of the individual academies or which exceeds the thresholds determined for spending decisions being taken by the CEO; authorising the disposal of assets with a value of greater than the sums specified in the Trust's financial procedures; set and monitor remuneration levels for members of staff within the Head Office function and other senior staff in accordance with schemes of delegation.

## WISE Academies

### GOVERNANCE STATEMENT (continued)

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Attendance at meetings of the Finance & General Purposes Committee in the year was as follows:

| Trustee           | Meetings Attended | Out of a possible |
|-------------------|-------------------|-------------------|
| R Symonds         | 7                 | 7                 |
| J.G. Wood         | 7                 | 7                 |
| M.E.W. Stephenson | 7                 | 7                 |
| Z.E. Carr         | 6                 | 7                 |

The **Audit Committee** is a committee of the main board of trustees. Its primary purpose is to advise the Academy Trust on the adequacy and effectiveness of the Trust's systems of internal control and its arrangements for risk management, control and governance processes, and securing economy, efficiency and effectiveness (value for money).

Attendance at meetings of the Audit Committee in the year was as follows:

| Trustee         | Meetings Attended | Out of a possible |
|-----------------|-------------------|-------------------|
| R Symonds (Jnr) | 4                 | 4                 |
| N Vokes         | 3                 | 4                 |
| N Fountain      | 4                 | 4                 |
| P Smith         | 1                 | 2                 |
| Z.E. Carr       | 4                 | 4                 |

#### **Governance reviews**

Skills Audit material continues to be used at Local Governing Body level during the course of the year, as it was considered essential that self-review took place at this level of governance to inform training and development needs and to identify priorities for future recruitment to the governance structure. Directors had previously considered the areas of expertise which existed amongst trustees and areas where additional strengthening would promote good governance. This skills balance is kept under review as an integral part of the overall review of governance composition.

The Trust has entered into an agreement with Durham Education Development Service to undertake external reviews of the performance of each academy and each termly visit will have a specific focus. The knowledge and awareness of those responsible for governance of the academies will be included in the scope of the school improvement work.

# WISE Academies

## GOVERNANCE STATEMENT (continued)

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### **Review of Value for Money**

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

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:

- Classroom Refurbishment at Welbeck Academy

A significant programme of works was required to be completed in the summer holidays of 2015 at Welbeck Academy where all eighteen classrooms and communal spaces were to be refurbished including replacement ceilings, renewed lighting and fittings, floor repairs and decoration. In March we issued documentation to three suppliers, one being the local authority, and invited tenders to be submitted by April for evaluation on price, quality and Health & Safety compliance. All invitees submitted bids as requested and on evaluation were confirmed to be on a like for like basis. The contract was awarded to the lowest bidder which amounted to £187,034.72. This price was 15% lower than the 2<sup>nd</sup> ranked bid and 47% lower than the most expensive option. The programme of works was delivered within budget and on schedule.

- Staff Absence Insurance

In prior years, full Staff Absence insurance was procured for one academy only at a cost of around £22k and a maternity scheme provision by the Local Authority was bought in for the other three schools, costing £15k which reimbursed the gross cost of maternity pay plus 8% towards oncosts. No provision was made in the other three schools to cover staff absence. WISE Academies competitively tested the Staff Absence insurance market and negotiated a Trust policy to cover the period April 2014 to March 2015 costing £41,313 in total.

In addition to providing sickness benefits and maternity cover for all schools, the Teaching School and Head Office staff, the policy includes a Wellbeing package for all Trust staff which provides, amongst other elements, individual cover for the provision of eyesight tests and a voucher towards spectacles; access to a telephone employee assistance programme; GP helpline; online health assessment, and more.

Additionally, the policy provides WISE Academies as the employer, with unlimited free telephone and email support and advice for day to day HR and Employment issues; regular updates on changes in HR and Employment law and any implications on schools; legal support at all hearings and appeals where dismissal is a possibility; free places at Education and Employment law seminars and the provision of one full day site attendance of a lawyer to review policy and procedures.

- Supply of Teachers' CPD in Mathematics Lessons

In readiness for the implementation of the new curriculum, the Trust looked into the provision of training for its teaching staff in a mathematics mastery programme, but was finding it increasingly difficult to organise a cost effective solution as most courses involved either staff travelling time and cost to venues in either London, Manchester or Birmingham, or a minimum number of



# WISE Academies

## GOVERNANCE STATEMENT (continued)

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delegates necessary to justify the trainer coming to the North East at a cost of £5,000 per training programme.

The resulting solution was to organise two cohorts of training and offer places to other interested schools and academies within the Sunderland region to spread the cost, which meant that staff did not have to incur time and travelling costs outside of the region and delegate fees were split across a maximum allocation of attendees.

The Trust recognises the need to continually develop and improve its processes around securing the most competitive prices to maximise the quality of outputs and benefit from economies of scale. In 2015-16 we are reviewing our Legal Services costs and will look to seek a competitive relationship to ensure future costs associated with growth are minimised.

Our Value for Money forum, which encourages Office Managers at each setting to explore areas where we can achieve greater economies of scale, maximise our buying power and share our practices and experience, has this year, secured better group prices for the supply of quality exercise books and in 2015-16 intends to explore the costs of agency supply staff on a Trust basis.

### **The purpose of the system of internal control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in WISE Academies for the year ended 31 August 2015 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 Academy 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 Academy Trust's significant risks that has been in place for the year ending 31 August 2015 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 and periodic financial reports which are reviewed and agreed by the board of trustees;
- regular reviews by the Finance and General Purposes committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;

## WISE Academies

### GOVERNANCE STATEMENT (continued)

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- identification and management of risks.

The Board of Trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However the trustees have adopted a combination of appointing R Symonds Jnr, a trustee, and 3S Accountancy Services, an independent accountancy firm, to perform additional checks and financial processes reviews. The auditor's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. Three times per year, the reviewing auditor reports to the audit committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities. During 2014/15, Mr Symonds and 3S Accountancy Services have completed and reported three reviews in line with our audit plan to the Audit Committee accordingly.

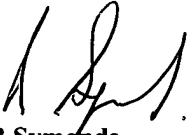
#### **Review of effectiveness**


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 Mr R Symonds and the work of 3S Accountancy Services
- the work of the external auditor
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the audit committee and a plan to address areas for further improvement of the system is in place.

Approved by order of the members of the Board of Trustees on 17/11/15 and signed on its behalf by:

  
**R Symonds**  
**Chair of Trustees**

  
**Z Carr**  
**Accounting Officer**

## WISE Academies

### STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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

I confirm that I and the academy trust 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 academy trust's funding agreement and the Academies Financial Handbook.

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



**Z Carr**  
**Accounting Officer**

Date: 17/11/15

# WISE Academies

## STATEMENT OF TRUSTEES' RESPONSIBILITIES

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The Trustees who are also the directors of the Charitable Company for the purposes of company law, are responsible for preparing the Trustees' Report (including the Strategic Report) and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the 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;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 the EFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the Board of Trustees on 17/11/15 and signed on its behalf by:



R Symonds  
Chair of Trustees

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WISE ACADEMIES**

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We have audited the financial statements of WISE Academies for the year ended 31 August 2015 on pages 21 to 47. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), and the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

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

### **Respective responsibilities of trustees and auditor**

As explained more fully in the Statement of Trustees' Responsibilities set out on page 18, the trustees (who act as trustees for the charitable activities of the charitable company, and are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on 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 (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>

### **Opinion on financial statements**

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 2015 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WISE ACADEMIES

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### Opinion on other requirement of the Companies Act 2006

In our opinion the information given in the Trustees' Report and the incorporated Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### Matters on which we are required to report by exception

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

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

*RSM UK Audit LLP*

KEVIN ROONEY (Senior Statutory Auditor)

For and on behalf of RSM UK AUDIT LLP, Statutory Auditor  
1 St James Gate  
Newcastle upon Tyne  
NE1 4AD

Date: *19 November 2015*

# WISE Academies

## STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT AND STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES) for the year ended 31 August 2015

|   | Notes    | Unrestricted<br>funds<br>£'000 | Restricted<br>general<br>funds<br>£'000 | Restricted<br>fixed asset<br>funds<br>£'000 | Total<br>2015<br>£'000 | Total<br>2014<br>£'000 |
|---|----------|--------------------------------|---|---|------------------------|------------------------|
| <b>INCOMING RESOURCES</b>                                 |          |                                |   |   |                        |                        |
| Incoming resources from generated funds:                  |          |                                |   |   |                        |                        |
| Voluntary income  | 2        |                                |   | 355   | 355                    | 188                    |
| Activities for generating funds                           | 4        | 342                            |   |   | 342                    | 374                    |
| Investment Income   | 5        | 5                              |   |   | 5                      | 3                      |
| Incoming resources from charitable activities:            |          |                                |   |   |                        |                        |
| Funding for the Academy Trust's educational operations    | 3        |                                | 7,087                                   |   | 7,087                  | 6,661                  |
| <b>Total Incoming Resources</b>                           |          | <b>347</b>                     | <b>7,087</b>                            | <b>355</b>                                  | <b>7,789</b>           | <b>7,226</b>           |
| <b>RESOURCES EXPENDED</b>                                 |          |                                |   |   |                        |                        |
| Cost of generating funds                                  | 6        | 165                            |   |   | 165                    | 133                    |
| Charitable activities:                                    |          |                                |   |   |                        |                        |
| Academy Trust's educational operations                    | 7        | 135                            | 6,430                                   | 302   | 6,867                  | 7,652                  |
| Governance costs  | 8        |                                | 29                                      |   | 29                     | 90                     |
| <b>Total Resources Expended</b>                           | <b>6</b> | <b>300</b>                     | <b>6,459</b>                            | <b>302</b>                                  | <b>7,061</b>           | <b>7,875</b>           |
| <b>NET INCOMING/(OUTGOING) RESOURCES BEFORE TRANSFERS</b> |          | <b>47</b>                      | <b>628</b>                              | <b>53</b>                                   | <b>728</b>             | <b>(649)</b>           |
| Gross transfers between funds                             | 17       | (170)                          | (680)                                   | 850   | -                      | -                      |
| <b>NET INCOME/(EXPENDITURE) FOR THE YEAR</b>              |          | <b>(123)</b>                   | <b>(52)</b>                             | <b>903</b>                                  | <b>728</b>             | <b>(649)</b>           |
| <b>OTHER RECOGNISED GAINS AND LOSSES</b>                  |          |                                |   |   |                        |                        |
| Actuarial gains on defined benefit pension scheme         | 26       | -                              | -                                       | -   | -                      | 220                    |
| <b>NET MOVEMENT IN FUNDS</b>                              |          | <b>(123)</b>                   | <b>(52)</b>                             | <b>903</b>                                  | <b>728</b>             | <b>(429)</b>           |
| <b>RECONCILIATION OF FUNDS</b>                            |          |                                |   |   |                        |                        |
| Total funds brought forward                               |          | 441                            | 316                                     | 6,160                                       | 6,917                  | 7,346                  |
| <b>TOTAL FUNDS CARRIED FORWARD</b>                        |          | <b>318</b>                     | <b>264</b>                              | <b>7,063</b>                                | <b>7,645</b>           | <b>6,917</b>           |

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

The notes on pages 24 to 47 form part of these financial statements.

# WISE Academies

## BALANCE SHEET

31 August 2015

Company Registration No. 07521946

|  | Notes | 2015<br>£'000 | 2014<br>£'000 |
|--|-------|---------------|---------------|
| <b>FIXED ASSETS</b>                                    |       |               |               |
| Investments  | 14    | -             | -             |
| Tangible Assets  | 13    | <u>7,063</u>  | <u>6,160</u>  |
|  |       | 7,063         | 6,160         |
| <b>CURRENT ASSETS</b>                                  |       |               |               |
| Debtors  | 15    | 349           | 418           |
| Cash at bank and in hand                               |       | <u>2,389</u>  | <u>2,211</u>  |
|  |       | 2,738         | 2,629         |
| Creditors: amounts falling due within one year         | 16    | (1,606)       | (1,282)       |
| <b>NET CURRENT ASSETS</b>                              |       | 1,132         | 1,347         |
| <b>NET ASSETS (excluding pension scheme liability)</b> |       | 8,195         | 7,507         |
| Pension Scheme Liability                               | 26    | <u>(550)</u>  | <u>(590)</u>  |
| <b>NET ASSETS (including pension scheme liability)</b> |       | <u>7,645</u>  | <u>6,917</u>  |
| <b>FUNDS OF THE ACADEMY TRUST:</b>                     |       |               |               |
| <b>RESTRICTED FUNDS</b>                                | 17    |               |               |
| Fixed Asset fund                                       |       | 7,063         | 6,160         |
| General fund   |       | 814           | 906           |
| Pension reserve  |       | <u>(550)</u>  | <u>(590)</u>  |
|  |       | 7,254         | 6,476         |
| <b>UNRESTRICTED FUNDS</b>                              | 17    |               |               |
| General Fund   |       | <u>318</u>    | <u>441</u>    |
| <b>TOTAL FUNDS</b>                                     |       | <u>7,645</u>  | <u>6,917</u>  |

The financial statements on pages 21 to 47 were approved by order of the trustees and authorised for issue on 17 November 2015.

R Symonds  
Chairman



The notes on pages 24 to 47 form part of these financial statements.



**WISE Academies**  
**CASH FLOW STATEMENT**  
for the year ended 31 August 2015

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|  | Notes | 2015<br>£'000 | 2014<br>£'000 |
|--|-------|---------------|---------------|
| Net cash inflow from operating activities                | 21    | 1,023         | 1,483         |
| Returns on investments and servicing of finance          | 22    | 5             | 3             |
| Capital Expenditure                                      | 23    | <u>(850)</u>  | <u>(604)</u>  |
| Net increase in cash                                     |       | <u>178</u>    | <u>882</u>    |
| Reconciliation of net cash flow to movement in net funds | 24    |               |               |
| Net funds as at 1 September 2014                         |       | <u>2,211</u>  | <u>1,329</u>  |
| Net funds as at 31 August 2015                           |       | <u>2,389</u>  | <u>2,211</u>  |

The notes on pages 24 to 47 form part of these financial statements.

# WISE Academies

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 August 2015

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### 1 ACCOUNTING POLICIES

#### **Basis of Preparation**

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Statement of Recommended Practice ('SORP 2005') 'Accounting and Reporting by Charities', the Academies: Accounts Direction 2014 to 2015 issued by the Education Funding Agency and Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

#### **Going Concern**

After reviewing financial and other information available, the Directors consider that WISE Academies 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.

#### **Incoming resources**

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

#### **Grants receivable**

Grant income is 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.

The general annual grant ('the GAG') from the DfE, which is intended to meet recurrent costs, is recognised on a receivable basis and is credited directly to the Statement of Financial Activities, incoming resources from charitable activities, to the extent of the entitlement of the funds, any abatement in respect of the period is deducted from income and is recognised as a liability.

Capital grants are recognised as voluntary income on a receivable basis to the extent there is entitlement.

Other grants from government agencies and other bodies are recognised in the period in which they are receivable to the extent the conditions of funding have been met. Where income is received in advance of entitlement of receipt its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received the income is accrued.

#### **Sponsorship income**

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

#### **Donations**

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

#### **Other income**

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

# WISE Academies

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 August 2015

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### 1 ACCOUNTING POLICIES (continued)

#### **Interest receivable**

Interest receivable is included in the Statement of Financial Activities on a receivable basis, and is stated inclusive of related tax credits.

#### **Donated services and gifts in kind**

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

#### **Resources expended**

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

*Costs of generating funds* are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

*Charitable activities* are costs incurred on the Academy Trust's educational operations.

*Governance costs* include the costs attributable to the Academy Trust's compliance with constitutional and statutory requirements, including audit, strategic management and trustees' meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

#### **Fund accounting**

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

Restricted General funds are resources subject to specific restrictions imposed by funders or donors, and include grants from the Education Funding Agency/Department for Education.

Restricted Fixed Assets Funds are resources which are to be applied to specific capital purposes imposed by the Education Funding Agency, where the asset acquired or created is held for a specific purpose on a continuing basis.

#### **Tangible fixed assets**

Tangible fixed assets costing £1,000 or more are capitalised at cost and are carried at cost net of depreciation and any provision for impairment.

# WISE Academies

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 August 2015

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### 1 ACCOUNTING POLICIES (continued)

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. Where the related grants require the asset to be held for a specific purpose and continued use they are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet, with this amount being reduced over the useful economic life of the related asset on a basis consistent with the depreciation.

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 lives, as follows:

|                                  |              |
|----------------------------------|--------------|
| Long leasehold buildings         | 2% to 10% pa |
| Fixtures, fittings and equipment | 20% pa       |
| ICT equipment                    | 33% pa       |
| Plant and Machinery              | 20% pa       |

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.

#### **Taxation**

The Academy Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Academy Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 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.

#### **Leased assets**

Rentals under operating leases are charged on a straight-line basis over the lease term.

#### **Pensions benefits**

Retirement benefits to employees of the Academy Trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes and the assets are held separately from those of the Academy Trust.

# WISE Academies

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 August 2015

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### **1 ACCOUNTING POLICIES (continued)**

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 benefit method. As stated in Note 26, the TPS is a multi-employer scheme and the Academy Trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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

# WISE Academies

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 August 2015

### 2. VOLUNTARY INCOME

|                       | Unrestricted<br>funds | Restricted<br>funds | Total         | Total         |
|-----------------------|-----------------------|---------------------|---------------|---------------|
|                       | £'000                 | £'000               | 2015<br>£'000 | 2014<br>£'000 |
| DfE/EFA capital grant | -                     | 355                 | 355           | 188           |
|                       | -                     | 355                 | 355           | 188           |

### 3. FUNDING FOR ACADEMY TRUST'S EDUCATIONAL OPERATIONS

|                                | Unrestricted<br>funds | Restricted<br>funds | Total         | Total         |
|--------------------------------|-----------------------|---------------------|---------------|---------------|
|                                | £'000                 | £'000               | 2015<br>£'000 | 2014<br>£'000 |
| <b>DfE/EFA REVENUE GRANTS</b>  |                       |                     |               |               |
| General annual grant (GAG)     | -                     | 5,280               | 5,280         | 5,214         |
| Start up grants                | -                     | -                   | -             | 18            |
| Other DfE/EFA grants           | -                     | 1,221               | 1,221         | 916           |
|                                | -                     | 6,501               | 6,501         | 6,148         |
| <b>OTHER GOVERNMENT GRANTS</b> |                       |                     |               |               |
| Local authority grants         | -                     | 586                 | 586           | 513           |
| <b>TOTAL FUNDING</b>           | -                     | 7,087               | 7,087         | 6,661         |

# WISE Academies

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 August 2015

### 4. ACTIVITIES FOR GENERATING FUNDS

|   | Unrestricted<br>funds | Restricted<br>funds | Total<br>2015 | Total<br>2014 |
|---|-----------------------|---------------------|---------------|---------------|
|   | £'000                 | £'000               | £'000         | £'000         |
| Hire of facilities                      | 3                     | -                   | 3             | 5             |
| Catering income                         | 87                    | -                   | 87            | 117           |
| Teacher training and student placements | 29                    | -                   | 29            | 52            |
| School uniform                          | -                     | -                   | -             | 9             |
| Other income                            | 223                   | -                   | 223           | 191           |
|   | <u>342</u>            | <u>-</u>            | <u>342</u>    | <u>374</u>    |

### 5. INVESTMENT INCOME

|                     | Unrestricted<br>funds | Restricted<br>funds | Total<br>2015 | Total<br>2014 |
|---------------------|-----------------------|---------------------|---------------|---------------|
|                     | £'000                 | £'000               | £'000         | £'000         |
| Short term deposits | <u>5</u>              | <u>-</u>            | <u>5</u>      | <u>3</u>      |
|                     | <u>5</u>              | <u>-</u>            | <u>5</u>      | <u>3</u>      |

# WISE Academies

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 August 2015

### 6. RESOURCES EXPENDED

|  | Staff<br>Costs | Non Pay<br>Premises<br>Costs | Expenditure<br>Other | Total         | Total         |
|--|----------------|------------------------------|----------------------|---------------|---------------|
|  | £'000          | £'000                        | £'000                | 2015<br>£'000 | 2014<br>£'000 |
| Costs of activities for generating funds           | 56             | -                            | 109                  | 165           | 133           |
| Academy Trust's educational operations             |                |                              |                      |               |               |
| Direct costs                                       | 4,068          | -                            | 474                  | 4,542         | 5,577         |
| Allocated support costs                            | 993            | 700                          | 632                  | 2,325         | 2,075         |
|  | <u>5,117</u>   | <u>700</u>                   | <u>1,215</u>         | <u>7,032</u>  | <u>7,785</u>  |
| Governance costs including allocated support costs | -              | -                            | 29                   | 29            | 90            |
| TOTAL EXPENDITURE                                  | <u>5,117</u>   | <u>700</u>                   | <u>1,244</u>         | <u>7,061</u>  | <u>7,875</u>  |

Net incoming resources for the year are stated after:

|   | 2015<br>£'000 | 2014<br>£'000 |
|---|---------------|---------------|
| Operating leases  | 40            | 32            |
| Fees payable to RSM UK Audit LLP and its associates for : |               |               |
| - Audit fees  | 15            | 15            |



# WISE Academies

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 August 2015

### 7. CHARITABLE ACTIVITIES – TRUST’S EDUCATIONAL OPERATIONS

|   | 2015<br>£'000 | 2014<br>£'000 |
|---|---------------|---------------|
| <b>DIRECT COSTS</b>   |               |               |
| Teaching and educational support staff costs                              | 4,068         | 3,989         |
| Technology costs  | 7             | 8             |
| Educational supplies  | 425           | 217           |
| Examination fees  | 3             | -             |
| Staff development   | 37            | 81            |
| Educational consultancy   | 2             | -             |
| Loss on revaluation of land   | -             | 1,282         |
|   | <u>4,542</u>  | <u>5,577</u>  |
| <b>ALLOCATED SUPPORT COSTS</b>  |               |               |
| Support staff costs (including FRS17 credit of £10k (2014: cost of £10k)) | 993           | 822           |
| Depreciation  | 302           | 204           |
| Technology costs  | 139           | 100           |
| Recruitment and support   | 5             | 11            |
| Maintenance of premises and equipment                                     | 255           | 329           |
| Cleaning  | 13            | 20            |
| Rent & Rates  | 16            | 10            |
| Energy costs  | 114           | 109           |
| Insurance   | 65            | 64            |
| Security and transport  | 10            | 14            |
| Catering  | 153           | 56            |
| Bank interest and charges   | 1             | -             |
| Other support costs (including FRS credit of £30k (2014: nil))            | 259           | 336           |
|   | <u>2,325</u>  | <u>2,075</u>  |
|   | <u>6,867</u>  | <u>7,652</u>  |

# WISE Academies

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 August 2015

### 8. GOVERNANCE COSTS

|                               | 2015<br>£'000 | 2014<br>£'000 |
|-------------------------------|---------------|---------------|
| Legal and professional fees   | 13            | 66            |
| Auditor's remuneration        |               |               |
| Audit of financial statements | 15            | 15            |
| Other audit costs             | 1             | 9             |
|                               | <u>29</u>     | <u>90</u>     |

### 9. STAFF NUMBERS AND COSTS

|                                     | 2015<br>£'000 | 2014<br>£'000 |
|-------------------------------------|---------------|---------------|
| <b>a) STAFF COSTS</b>               |               |               |
| Staff costs during the period were: |               |               |
| Wages and salaries                  | 3,984         | 3,857         |
| Social security costs               | 269           | 258           |
| Pension costs                       | 571           | 526           |
|                                     | <u>4,824</u>  | <u>4,641</u>  |
| Supply staff costs                  | 263           | 27            |
| Staff restructuring costs           | 30            | 0             |
|                                     | <u>5,117</u>  | <u>4,668</u>  |

### b) NON STATUTORY/ NON CONTRACTUAL STAFF SEVERANCE PAYMENTS

Included in staff restructuring costs are non-contractual severance payments totalling £30,000 (2014: £nil) for one individual payment which was in compliance with the Academies Financial Handbook.

### c) STAFF NUMBERS

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

|                            | 2015<br>Number | 2014<br>Number |
|----------------------------|----------------|----------------|
| Educational Operations     |                |                |
| Teachers                   | 52             | 59             |
| Administration and support | 74             | 66             |
| Management                 | 20             | 14             |
|                            | <u>146</u>     | <u>139</u>     |

# WISE Academies

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 August 2015

### d) HIGHER PAID STAFF

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

|                   | 2015<br>Number | 2014<br>Number |
|-------------------|----------------|----------------|
| £60,001 - £70,000 | 1              | -              |
| £80,001 - £90,000 | 1              | 1              |
|                   | <u>2</u>       | <u>1</u>       |

The above employees participated in the Teachers' Pension Scheme. During the year ended 31<sup>st</sup> August 2015 employers' contributions amounted to £21,457 (2014: £11,711).

### 10. CENTRAL SERVICES

The Academy Trust has provided the following central services to its academies during the year:

- Human resources
- Financial services
- Health and Safety services
- Educational support services
- Governance services

The trust charges for these services on the following basis:

- a flat percentage of 6% on GAG and LA funding, not including any pupil premium, capital or SEND funding streams
- an allocation for in-house services previously supplied by external SLAs for HR and Health and Safety services based on pupil numbers.

The actual amounts charged during the year were as follows:

|                      | 2015<br>£'000 |
|----------------------|---------------|
| Bexhill Academy      | 95            |
| Hasting Hill Academy | 85            |
| Town End Academy     | 64            |
| Welbeck Academy      | 113           |
|                      | <u>357</u>    |

# WISE Academies

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 August 2015

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### 11. TRUSTEES' REMUNERATION AND EXPENSES

The CEO and staff governors only receive remuneration in respect of services they provide undertaking the roles of CEO and staff members under their contracts of employment and not in respect of their services as governors. Other trustees did not receive any payments from the Academy Trust in respect of their role as trustees.

Z Carr, Chief Executive Officer, received remuneration of £88,102, in 2015 (2014: £84,977) and is accruing retirement benefits under the Teachers' Pension Scheme. The contributions paid in the year amounted to £12,423 (2014: £ 11,711).

During the year ended 31 August 2015, travel and subsistence expenses totalling £1,078 (2014: £156) were reimbursed to 1 trustees (2014: 1).

Related party transactions involving the trustees are set out in note 27.

### 12. TRUSTEES' AND OFFICERS' INSURANCE

From 1 September 2014, Trustees benefit from indemnity insurance under the Department of Education's risk protection arrangement (RPA) which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Trust, provided that any such insurance shall not extend to any claim arising from any act or omission which the Trustees knew to be a breach of trust or breach of duty or not and provided also that any such insurance shall not extend to the costs of any unsuccessful defence to a criminal prosecution brought against the Trustees in their capacity as Directors of the Trust. The indemnity is unlimited. This is a departure from previous practice whereby in 2014, the Trust purchased commercial insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy Trust business at a cost £3,791.

The cost of RPA membership for the Trust is included in the total insurance cost of £30,548.

# WISE Academies

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 August 2015

### 13. TANGIBLE FIXED ASSETS

|                       | Land and<br>buildings | Furniture<br>and<br>equipment | Total |
|-----------------------|-----------------------|-------------------------------|-------|
|                       | £'000                 | £'000                         | £'000 |
| <b>Cost</b>           |                       |                               |       |
| Opening               | 6,210                 | 284                           | 6,494 |
| Additions             | 1,045                 | 160                           | 1,205 |
| Disposals             | -                     | -                             | -     |
| At 31 August 2015     | 7,255                 | 444                           | 7,699 |
| <b>Depreciation</b>   |                       |                               |       |
| Opening               | 229                   | 105                           | 334   |
| Charge for the year   | 224                   | 78                            | 302   |
| Disposals             | -                     | -                             | -     |
| At 31 August 2015     | 453                   | 183                           | 636   |
| <b>Net book value</b> |                       |                               |       |
| At 31 August 2015     | 6,802                 | 261                           | 7,063 |
| At 31 August 2014     | 5,981                 | 179                           | 6,160 |

# WISE Academies

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 August 2015

### 14. FIXED ASSET INVESTMENT

|   | 2014<br>£ |
|---|-----------|
| <b>Market value</b>                       |           |
| At 1 September 2014 and at 31 August 2015 | <u>1</u>  |
| <b>Historical cost:</b>                   |           |
| At 31 August 2015                         | <u>1</u>  |
| At 31 August 2014                         | <u>1</u>  |

#### Holdings of more than 20%

The company holds more than 20% of the share capital of the following company:

| SUBSIDIARY<br>UNDERTAKINGS      | COUNTRY OF<br>REGISTRATION | CLASS    | SHARES HELD |
|---------------------------------|----------------------------|----------|-------------|
| Town End Teaching<br>School Ltd | England & Wales            | Ordinary | 100%        |

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

|                                 | PRINCIPAL<br>ACTIVITIES | CAPITAL<br>AND<br>RESERVES<br>£ | PROFIT/(LOSS) FOR THE<br>YEAR<br>£ |
|---------------------------------|-------------------------|---------------------------------|------------------------------------|
| Town End Teaching<br>School Ltd | Dormant company         | 1                               | -                                  |

### 15. DEBTORS

|                                | 2015<br>£'000 | 2014<br>£'000 |
|--------------------------------|---------------|---------------|
| Trade Debtors                  | 2             | 14            |
| VAT Recoverable                | 100           | 132           |
| Prepayments and accrued income | <u>247</u>    | <u>272</u>    |
|                                | <u>349</u>    | <u>418</u>    |

# WISE Academies

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 August 2015

### 16. CREDITORS: Amounts falling due within one year

|                              | 2015<br>£'000 | 2014<br>£'000 |
|------------------------------|---------------|---------------|
| Trade creditors              | 776           | 750           |
| Accruals and deferred income | 830           | 532           |
|                              | <u>1,606</u>  | <u>1,282</u>  |

|                                      |               |
|--------------------------------------|---------------|
| <b>Deferred income</b>               | 2015<br>£'000 |
| Deferred income at 1 September 2014  | 135           |
| Resources deferred in the year       | 165           |
| Amounts released from previous years | (135)         |
|                                      | <u>165</u>    |
| Deferred income at 31 August 2015    | <u>165</u>    |

At the balance sheet date the academy trust was holding funds received in advance in respect of the following:

|  | £'000      |
|--|------------|
| Universal Free School Meals funding                  | 61         |
| Town End Teaching School Early Years project funding | 58         |
| Rates Relief   | 8          |
| Welbeck Academy Early Years funding 15/16            | 38         |
|  | <u>165</u> |

# WISE Academies

## NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 AUGUST 2015

### 17. FUNDS

|   | At 1<br>September<br>2014 | Incoming<br>resources | Resources<br>expended | Gains,<br>losses<br>and<br>transfers | At 31<br>August<br>2015 |
|---|---------------------------|-----------------------|-----------------------|--------------------------------------|-------------------------|
|   | £'000                     | £'000                 | £'000                 | £'000                                | £'000                   |
| <b>RESTRICTED<br/>GENERAL FUNDS</b>     |                           |                       |                       |                                      |                         |
| General Annual Grant (GAG)              | 906                       | 5,280                 | (4,692)               | (680)                                | 814                     |
| Start up Grant                          | -                         | -                     | -                     | -                                    | -                       |
| Other DfE/EFA grants                    | -                         | 1,221                 | (1,221)               | -                                    | -                       |
| Other government grants                 | -                         | 586                   | (586)                 | -                                    | -                       |
| Other restricted funds                  | -                         | -                     | -                     | -                                    | -                       |
| Pension reserve                         | (590)                     | -                     | 40                    | -                                    | (550)                   |
|   | <u>316</u>                | <u>7,087</u>          | <u>(6,459)</u>        | <u>(680)</u>                         | <u>264</u>              |
| <b>RESTRICTED FIXED<br/>ASSET FUNDS</b> |                           |                       |                       |                                      |                         |
| DfE/EFA capital grants                  | 103                       | 355                   | (15)                  | -                                    | 443                     |
| Capital Expenditure from GAG            | 883                       | -                     | (175)                 | 850                                  | 1,558                   |
| Transfer from LA                        | 5,174                     | -                     | (112)                 | -                                    | 5,062                   |
|   | <u>6,160</u>              | <u>355</u>            | <u>(302)</u>          | <u>850</u>                           | <u>7,063</u>            |
| <b>TOTAL RESTRICTED FUNDS</b>           | <u>6,476</u>              | <u>7,442</u>          | <u>(6,761)</u>        | <u>170</u>                           | <u>7,327</u>            |
| <b>UNRESTRICTED FUNDS</b>               | <u>441</u>                | <u>347</u>            | <u>(300)</u>          | <u>(170)</u>                         | <u>318</u>              |
| <b>TOTAL FUNDS</b>                      | <u>6,917</u>              | <u>7,789</u>          | <u>(7,061)</u>        | <u>-</u>                             | <u>7,645</u>            |

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

General Annual Grant must be used for the normal running costs of the Trust and the intention is to utilise remaining GAG for continued improvement works to the Trust's estate together with strengthening of resources, including IT investment and staff training to support the new curriculum.



# WISE Academies

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 August 2015

### 17. FUNDS (continued)

Other DfE/ EFA grants received and spent during the year relating largely to Pupil Premium funding, Teaching School Core Grant, Schools Direct funding for Initial Teacher Training salaries and Rates Relief.

The pension reserve is the liability arising from the deficit on the Local Government Pension Scheme as detailed in note 26.

Restricted fixed asset funds are made up of the valuation of land and property transferred from the Local Authority on conversion, funds received from the DfE/EFA during the year of £326k relating to specific capital projects: kitchen refurbishment project at Town End Academy (£199k); window replacement scheme at Welbeck Academy (£122k) and final instalment for Hasting Hill kitchen refurbishment (£5k), together with £29k received in respect of Devolved Formula Capital Grants and transfers from restricted GAG funds in the year to match against capital expenditure incurred.

Unrestricted income largely relates to various activities generating funds, e.g. income for school meals, wraparound care provisions, contributions towards school trips, insurance receipts and interest earned.

Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the GAG that it could carry forward at 31 August 2015.

| ANALYSIS OF ACADEMIES BY<br>FUND BALANCE         | 2015<br>£'000       |
|--|---------------------|
| Bexhill Academy                                  | 223                 |
| Hasting Hill Academy                             | 149                 |
| Town End Academy                                 | 232                 |
| Welbeck Academy                                  | 394                 |
| Town End Teaching School                         | 62                  |
| Central Services                                 | 72                  |
| Total before fixed assets and pension<br>reserve | <u>1,132</u>        |
| Restricted fixed asset fund                      | 7,063               |
| Pension reserve                                  | <u>(550)</u>        |
| <b>TOTAL RESERVES</b>                            | <b><u>7,645</u></b> |

# WISE Academies

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 August 2015

### 17. FUNDS (continued)

#### ANALYSIS OF ACADEMIES BY COST

Expenditure incurred by each academy during the year was as follows:

|                             | Teaching and<br>Educational<br>Support<br>Staff Costs | Other Support<br>Staff Costs | Educational<br>Supplies | Other Costs<br>(excluding<br>depreciation<br>and<br>revaluation) | Total        |
|-----------------------------|---|------------------------------|-------------------------|--|--------------|
|                             | £'000   | £'000                        | £'000                   | £'000  | £'000        |
| Bexhill Academy             | 993   | 215                          | 112                     | 172  | 1,492        |
| Hasting Hill Academy        | 945   | 226                          | 82                      | 192  | 1,445        |
| Town End Academy            | 671   | 124                          | 61                      | 182  | 1,038        |
| Welbeck Academy             | 1,359   | 153                          | 170                     | 446  | 2,128        |
| Town End Teaching<br>School | -   | 72                           | -                       | 172  | 244          |
| Central Services            | 100   | 259                          | -                       | 53   | 412          |
| WISE Academies              | <u>4,068</u>  | <u>1,049</u>                 | <u>425</u>              | <u>1,217</u>   | <u>6,759</u> |

### 18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

|                                       | Unrestricted<br>Funds | Restricted<br>general<br>funds | Restricted<br>fixed<br>asset<br>funds | Total<br>funds |
|---------------------------------------|-----------------------|--------------------------------|---------------------------------------|----------------|
|                                       | £'000                 | £'000                          | £'000                                 | £'000          |
| Tangible fixed assets                 | -                     | -                              | 7,063                                 | 7,063          |
| Current assets                        | 318                   | 2,420                          | -                                     | 2,738          |
| Current liabilities                   | -                     | (1,606)                        | -                                     | (1,606)        |
| Pension scheme liability              | -                     | (550)                          | -                                     | (550)          |
| TOTAL NET ASSETS AT 31 August<br>2015 | <u>318</u>            | <u>264</u>                     | <u>7,063</u>                          | <u>7,645</u>   |

### 19. CAPITAL COMMITMENTS

|  | 2015<br>£'000 | 2014<br>£'000 |
|--|---------------|---------------|
| Contracted for, but not provided in the financial statements | <u>-</u>      | <u>322</u>    |
|  | <u>-</u>      | <u>322</u>    |

# WISE Academies

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 August 2015

### 20. FINANCIAL COMMITMENTS

#### OPERATING LEASES

At 31 August the Trust had annual commitments under non-cancellable operating leases as follows:

|  | 2015<br>£'000 | 2014<br>£'000 |
|--|---------------|---------------|
| Other  |               |               |
| Expiring within one year                     | -             | 1             |
| Expiring within two and five years inclusive | 35            | 35            |
| Expiring in over five years                  | -             | -             |
|  | <u>35</u>     | <u>36</u>     |

### 21. RECONCILIATION OF NET INCOME TO CASH FLOW FROM OPERATING ACTIVITIES

|  | 2015<br>£'000 | 2014<br>£'000 |
|--|---------------|---------------|
| Net income   | 728           | (649)         |
| Depreciation (note 7)  | 302           | 204           |
| Capital grants from DfE and other capital income             | (355)         | (188)         |
| Net current assets other than cash transferred on conversion | -             | -             |
| Loss on revaluation of tangible fixed assets                 | -             | 1,282         |
| Interest receivable (note 5)                                 | (5)           | (3)           |
| FRS 17 pension cost less contributions payable (note 26)     | (10)          | 10            |
| FRS 17 pension finance income (note 26)                      | (30)          | -             |
| (Increase)/ decrease in debtors                              | 69            | (160)         |
| Increase/ (decrease) in creditors                            | 324           | 987           |
| Net cash inflow from operating activities                    | <u>1,023</u>  | <u>1,483</u>  |

### 22. RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

|                   | 2015<br>£'000 | 2014<br>£'000 |
|-------------------|---------------|---------------|
| Interest received | <u>5</u>      | <u>3</u>      |
|                   | <u>5</u>      | <u>3</u>      |

# WISE Academies

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 August 2015

### 23. CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT

|  | 2015<br>£'000 | 2014<br>£'000 |
|--|---------------|---------------|
| Purchase of tangible fixed assets                                  | (1,205)       | (792)         |
| Capital grants from DfE/ EFA                                       | 355           | 188           |
| Net cash outflow from capital expenditure and financial investment | (850)         | (604)         |

### 24. ANALYSIS OF CHANGES IN NET FUNDS

|                          | At 1 September<br>2014<br>£'000 | Cash flows<br>£'000 | At 31 August<br>2015<br>£'000 |
|--------------------------|---------------------------------|---------------------|-------------------------------|
| Cash in hand and at bank | 2,211                           | 178                 | 2,389                         |

### 25. 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 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.

### 26. PENSION AND SIMILAR OBLIGATIONS

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2012 and of the LGPS 31 March 2013.

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

# WISE Academies

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 August 2015

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### 26 PENSION AND SIMILAR OBLIGATIONS (continued)

#### Teachers' Pension Scheme

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

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

#### Valuation of the Teachers' Pensions Scheme

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

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

During the year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4% from September 2015, which will be payable during the implementation period until the next valuation as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The pension costs paid to TPS in the year amounted to £341k (2014: £345k).

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

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, 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.

# WISE Academies

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 August 2015

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### 26 PENSION AND SIMILAR OBLIGATIONS (continued)

#### Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee administered funds. The total contribution made for the year ended 31 August 2015 was £296,338 of which employer's contributions totalled £240,327 and employees' contribution totalled £56,011. The agreed rates for future years are 22.2 per cent for employers and between 5.5 and 12.5 per cent for employees.

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

#### Principal actuarial assumptions

|  | 2015<br>% | 2014<br>% |
|--|-----------|-----------|
| Rate of increase in salaries             | 3.6       | 3.6       |
| Rate of increase for pensions in payment | 2.1       | 2.1       |
| Discount rate for scheme liabilities     | 3.8       | 3.7       |
| Inflation assumption (CPI)               | 2.1       | 2.1       |

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

|                      | 2015<br>Years | 2014<br>Years |
|----------------------|---------------|---------------|
| Retiring today       |               |               |
| Males                | 23.1          | 23.0          |
| Females              | 24.7          | 24.6          |
| Retiring in 20 years |               |               |
| Males                | 25.1          | 25.0          |
| Females              | 27.0          | 26.9          |

# WISE Academies

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 August 2015

### 26 PENSION AND SIMILAR OBLIGATIONS (continued)

The Academy Trust's share of the assets and liabilities in the scheme and the expected rates of return were:

|   | Fair value at<br>31 August<br>2015<br>£'000 | Expected<br>return at 31<br>August 2014<br>% | Fair value at<br>31 August<br>2014<br>£'000 |
|---|---|--|---|
| Equities  | 1,363.7                                     | 7.5  | 1,182.7                                     |
| Property  | 191.6                                       | 6.8  | 160.2                                       |
| Bonds   | 313.1                                       | 6.2  | 265.8                                       |
| Other   | 191.6                                       | 7.5  | 151.3                                       |
|   | <u>2,060.0</u>                              |  | <u>1,760.0</u>                              |
| Present value of scheme liabilities<br>– funded | (2,610.0)                                   |  | (2,350.0)                                   |
|   | <u>(550.0)</u>                              |  | <u>(590.0)</u>                              |
| DEFICIT IN THE SCHEME                           |   |  |   |

The actual return on scheme assets was £60,000 (2014: £120,000)

Amounts recognised in the statement of financial activities

|  | 2015<br>£'000 | 2014<br>£'000 |
|--|---------------|---------------|
| Current service cost (net of employee contributions) | (230)         | (190)         |
| Past service cost                                    | -             | -             |
|  | <u>(230)</u>  | <u>(190)</u>  |
| Total operating charge                               |               |               |
| Expected return on pension scheme assets             | 120           | 110           |
| Interest on pension liabilities                      | (90)          | (110)         |
|  | <u>30</u>     | <u>-</u>      |
| Pension finance income                               |               |               |

# WISE Academies

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 August 2015

### 26 PENSION AND SIMILAR OBLIGATIONS (continued)

The actuarial gains and losses for the current year are recognised in the SOFA. The cumulative amount of actuarial losses recognised in the statement of recognised gains and losses since the adoption of FRS 17 is £100k (2014: £100k).

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

|   | 2015<br>£'000 | 2014<br>£'000 |
|---|---------------|---------------|
| At 1 September  | 2,350         | 2,240         |
| Current service cost  | 230           | 190           |
| Interest cost   | 90            | 110           |
| Employee contributions                                      | 60            | 50            |
| Actuarial gain  | (60)          | (210)         |
| Benefits paid   | (60)          | (30)          |
| Net increase in liabilities from disposals and acquisitions | -             | -             |
| At 31 August  | <u>2,610</u>  | <u>2,350</u>  |

Movements in the fair value of the Trust's share of scheme assets:

|  | 2015<br>£'000 | 2014<br>£'000 |
|--|---------------|---------------|
| At 1 September   | 1,760         | 1,440         |
| Expected return on assets                              | 120           | 110           |
| Actuarial (loss)/gain                                  | (60)          | 10            |
| Employer contributions                                 | 240           | 180           |
| Employee contributions                                 | 60            | 50            |
| Benefits paid  | (60)          | (30)          |
| Net increase in assets from disposals and acquisitions | -             | -             |
| At 31 August   | <u>2,060</u>  | <u>1,760</u>  |

The estimated value of employer contributions for the year ended 31 August 2015 is £260,000.



# WISE Academies

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 August 2015

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### 26 PENSION AND SIMILAR OBLIGATIONS (continued)

The three year history of experience adjustments is as follows:

|  | 2015<br>£'000 | 2014<br>£'000 | 2013<br>£'000 |
|--|---------------|---------------|---------------|
| Present value of defined benefit obligations                     | (2,610)       | (2,350)       | (2,240)       |
| Fair value of share of scheme assets                             | <u>2,060</u>  | <u>1,760</u>  | <u>1,440</u>  |
| Deficit in the scheme  | <u>(550)</u>  | <u>(590)</u>  | <u>(800)</u>  |
| Experience adjustments on share of scheme assets<br>Amount £'000 | (60)          | 10            | 70            |
| Experience adjustments on scheme liabilities<br>Amount £'000     | -             | 90            | -             |

### 27. RELATED PARTIES

Owing to the nature of the Academy Trust's operations 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 a trustee has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy Trust's financial regulations and normal procurement procedures. No related party transactions took place in the period of account.