

**REGISTRAR'S COPY**

Registration number 07681226

# Westwood Academy

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 August 2013

TUESDAY



\*A30JSF9T\*

A30

28/01/2014

#139

COMPANIES HOUSE

MWS  
Chartered Accountants & Registered Auditor  
Kingsridge House  
601 London Road  
Westcliff-on-Sea  
Essex  
SS0 9PE

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## **Westwood Academy**

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## **Westwood Academy**

### **Reference and Administrative Details**

<b>Governors and Trustees (Directors)</b>	Michael Simmonds Simon Harbrow Lynn Hackling Maria Hicks Valerie Hughes Norman Moore Diana Sandell Catherine Stalham Darren Stoner Emma Warrington Carole Worrow Nina Maclean (appointed 11 February 2013) Vanessa Van Blerk (appointed 11 February 2013) John Archer (appointed 11 February 2013)
<b>Governors</b>	Dominic Carver, Associate Governor Jason Carey, Associate Governor (resigned 11 February 2013)
<b>Senior Management Team</b>	Claire Sellick, Business Director Catherine Stalham, Deputy Headteacher Tracey Baker, Senior Leadership Team Victoria Simmons, Senior Leadership Team
<b>Principal and Registered Office</b>	Simon Harbrow Beresford Hadleigh Benfleet Essex SS7 2SU
<b>Company Registration</b>	
<b>Number</b>	07681226

## **Westwood Academy**

### **Reference and Administrative Details**

<b>Auditors</b>	MWS Chartered Accountants & Registered Auditor Kingsridge House 601 London Road Westcliff-on-Sea Essex SS0 9PE
<b>Bankers</b>	Lloyds Bank PLC 211 London Road Hadleigh Essex CM1 1QH
<b>Solicitors</b>	Essex County Council, Legal Services County Hall Market Road Chelmsford Essex CM1 1QH

## **Westwood Academy**

### **Governors' Report for the Year Ended 31 August 2013**

The governors present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2013

#### **Structure, governance and management**

##### ***Constitution***

The Academy Trust is a company limited by guarantee and is an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Academy Trust. The company registration number is 07681226.

The governors act as the trustees for the charitable activities of Westwood Academy and are also the directors of the charitable company for the purposes of company law. The charitable company is known as Westwood Academy.

Details of the governors 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 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.

##### ***Governors' indemnities***

The Academy through its Articles has indemnified its Governors to the fullest extent permissible by law. During the period the Academy also purchased and maintained liability insurance for its Governors.

##### ***Principal activities***

The principal activity of Westwood Academy is currently to run a primary school for boys and girls located in Hadleigh, Essex.

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

The Chair and Vice-Chair of Governors regularly review and recommend the mix of skills that should be available to the board. New Governors are then sought who can bring any missing skills, either as additional Governors or replacements when existing Governors stand down. It is anticipated that the great majority of new Governors will be drawn from the local community being either parents or guardians of pupils at the Academy or others who have shown an interest in the future wellbeing of the Academy and its pupils. Recruitment is therefore likely to be through a combination of approaches to individuals with known skills and by wider communication to those within the Castle Point area in Essex.

New Governors will be appointed to the Board by the existing Governors until the date of the next Annual General Meeting, at which time they are eligible for re-election for a period of four years. At the end of the four-year term, retiring Governors are eligible for re-election for a further term.

##### ***Policies and procedures adopted for the induction and training of Governors***

The Board regularly arrange and attend in-house training based on areas of potential interest and/or concern. Individual Governors attend training courses and conferences organised by appropriate bodies, including the local BATIC Trust of which the Academy is a part, in order to ensure their personal development and knowledge and understanding is fully up to date.

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## **Westwood Academy**

### **Governors' Report for the Year Ended 31 August 2013**

#### ***Organisational structure***

The Governors have responsibility for setting and monitoring the overall strategic direction of the Charitable Company, approving decisions reserved to Governors and appointing key members of staff

The Governors meet as a Board six times each year. All decisions reserved to the Governors are taken by the Board as a whole. The agenda includes standing items, Finance, Curriculum, Health and Safety, and Safeguarding

Additionally, ad hoc groups of Governors are established to consider specific issues and make recommendations to the Board.

Essex County Council Responsible Officer Service is the Responsible Officer and as such has an oversight role in relation to the systems and processes of control and risk management that operate throughout Academy School

The Headteacher is the Accounting Officer and work closely with both the other Governors and the senior staff of Westwood Academy

The day-to-day management of Westwood Academy rests with the Headteacher who has overall responsibility for the school. The Headteacher is responsible for establishing a Senior Leadership Team, including the Business Director and the Deputy Headteacher

#### ***Risk management***

The Headteacher, senior management team and Governors have assessed the major risks to which the academy is exposed and have compiled a risk register which summarises the level of risk, associated control measure including the transfer of risk by using insurance policies. The major risks examined covered the following areas:

- Teaching and Learning
- Facilities
- Operations
- Financial systems and practices

The risk register is reviewed at each Governing Body meeting

The academy use systems, procedures and internal controls in order to minimise risk

#### ***Connected organisations, including related party relationships***

Westwood Academy is part of the BATIC, (Benfleet and Thundersley Interschool Cluster Trust). This is a group of nineteen schools, comprising of two special, three secondary and a mix of primary, infant and junior schools. The main function of the cluster is to develop extended services, develop training for all staff and Governors and share expertise

Westwood Academy works very closely with its partner Academy school, South Benfleet Primary (Academy Trust) and The Deanes Secondary school. The links here are focused on extending the range of activities that the children engage in and professional development for all staff and Governors.

The Headteacher of Westwood Academy is a Governor at The Deanes Secondary school and attends the Governor meetings of South Benfleet Primary School

## **Westwood Academy**

### **Governors' Report for the Year Ended 31 August 2013**

#### **Objectives and activities**

##### ***Objects and aims***

The Academy Trust's object ("The Objects") is specifically restricted to the following:

To advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum ("The Academy"),

To promote for the benefit of the inhabitants of Hadleigh and the surrounding area the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances or for the public at large in the interests of social welfare and with the object of improving.

##### ***Objectives, strategies and activities***

The Governors' vision is to be outstanding in all we do. This is captured in our guiding principle, together, enabling the individual child.

The schools commitment to the vision can be seen through our approach, all children are treated as individuals, there is no 'one size fits all' approach. Personalising learning is our aim, giving children the education they need and want. Learning is active, hands on, engaging and fun.

We strive for our children to,

- Respect themselves and the community seeking to have a positive impact on others,
- Be polite, calm, caring, honest, trustworthy and helpful,
- Be responsible, independent and supportive of each other,
- Be tolerant, open minded and not prejudiced,
- Be determined to have a strong work ethic,
- Have good communication skills, and
- Strive for high achievement and standards

We encourage our children to,

- Develop their emotional, spiritual and cultural awareness,
- Not be involved in bullying, racism or any forms of harassment,
- Achieve outstanding results in Key Stage One and Key Stage Two,
- Achieve well regardless of their ability, home background, gender or ethnicity,
- Understand and respect others' feelings, values and beliefs, and
- Be enterprising and willing to take responsibility

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## **Westwood Academy**

### **Governors' Report for the Year Ended 31 August 2013**

#### ***Public benefit***

The Governors have taken The Charity Commission's specific guidance on public benefit (contained within the guidance document "The Advancement of Education for the Public Benefit") into consideration in preparing their statements on public benefit contained within this Governors' annual report.

In accordance with its charitable objectives, the Charitable Company strives to advance the education of the pupils attending the school. The Charitable Company's primary beneficiaries are therefore the pupils, and benefits to pupils are provided through continuing to maintain a high standard of education throughout the school.

The trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the school's objectives and aims in planning future activities for the period. The trustees consider that the school's aims are demonstrably to the public benefit.



## Westwood Academy

### Governors' Report for the Year Ended 31 August 2013

#### Achievements and performance

##### Key Stage 2 - 2014

	National Average 2013 Brackets=2013 results	Target 2014
Reading	86 (92)	92
Writing	83(90)	90
Maths	85(95)	95
R/W/M (combined)	75(90)	85
Progress Reading 2 levels	88(92)	97
Progress Writing	91(95)	97
Progress Maths	88(100)	94
Reading 3 levels	30(23)	50
Writing	30(15)	32
Maths	32(44)	35

##### Key Stage 1 - 2b+

Reading	79(85)	89
Writing	67(75)	82
Maths	78(85)	93
Level 3-Reading	29(33)	34
Writing	15(21)	20
Maths	23(24)	27

Phonics – Year 1	69(80)	85
EYSFGLD (Good Level of Development)	69(80)	85

#### *Going concern*

After making appropriate enquiries, the Governing Body 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.

## **Westwood Academy**

### **Governors' Report for the Year Ended 31 August 2013**

#### **Financial review**

Most of the Academy's income is derived from the Education Funding Agency (EFA). The income is in the form of recurrent grants, of which the use is restricted to particular purposes. These grants and the associated expenditure are shown as restricted funds in the statement of financial activities.

The Academy also receives grants for Capital expenditure from the EFA and the local authority, all these grants are shown as restricted income.

The main investments in the year relate to

- An LED multi touch screen, and
- Continued provision of teaching and support staff to reduce class sizes

#### **Reserves policy**

The Governors' policy is to generate reserves to provide funds to continue to enhance the educational facilities and services of the school and to fund future projects. The Governors intend to review the reserves policy annually to ensure that this aim can be achieved.

At the balance sheet date, the charitable company had free reserves of £85,334 (2012 £36,480)

The Governors intend to utilise these reserves in the near future in line with the objectives of the School Development Plan and Single plan.

#### **Investment policy**

The Governors' investment powers are set down in the charitable company's Memorandum and Articles of Association, which permit the investment of monies of the charitable company that are not immediately required for its purposes in such investments, securities or property as may be thought fit subject to any restrictions which may from time to time be imposed or required by law.

The charitable company's current policy is to invest surplus fund in short-term cash deposits.

For the period ended 31 August 2013, the charitable company's cash balances generated an average income return of 0.10%pa.

#### **Plans for future periods**

Our long term strategic goal is to become a consistently outstanding school, to ensure that all our pupils make at least the age related progress, consistently across their journey through the school, and across the whole curriculum. Resources will be prioritised so that they are targeted effectively and have a demonstrable impact.

#### **Single plan**

Our priorities in the School Single Plan are.

- Priority 1 Raise standards and achievement in Reading, Writing and Maths
- Priority 2 To improve the quality of teaching and learning

All Governors in the academy are committed to monitoring these targets by:

- Scrutinising mid-term and end of term results and challenging if required,
- Monitoring their nominated class, and specified area of responsibility; and
- Reports presented by the Head and senior leadership team

## **Westwood Academy**

### **Governors' Report for the Year Ended 31 August 2013**

#### **Funds held as Custodian Trustee on behalf of others**

Although the charitable company maintains restricted funds to deal with incoming resources that are earmarked for a particular purpose by donors, sponsors, and other funders, Westwood Academy does not hold, and the Governors do not anticipate that it will in the future hold, any funds as custodian for any third party

#### **Auditor**


In so far as the Members and Governors are aware

- there is no relevant audit information of which the charitable company's auditor is unaware, and
- the governors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

#### ***Reappointment of auditor***

The auditors MWS are deemed to be reappointed under section 487(2) of the Companies Act 2006

Approved by order of the members of the on 2 December 2013 and signed on its behalf by



Michael Simmonds  
Governor and trustee

## **Westwood Academy**

### **Governance Statement**

#### **Scope of responsibility**

As governors, we acknowledge we have overall responsibility for ensuring that Westwood Academy 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 Governing Body has delegated the day-to-day responsibility to Simon Harbrow, 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 Westwood Academy and the Secretary of State for Education. They are also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

#### **Governance**

The information on governance included here supplements that described in the *Governors' Report and in the Statement of Governors' Responsibilities*. The Governing Body has formally met 6 times during the year. Attendance during the year at meetings of the Governing Body was as follows.

<b>Governor</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
Simon Harbrow	6	6
Norman Moore	5	6
Diana Sandell	2	2
Lynn Hackling	6	6
Maria Hicks	5	6
Darren Stoner	4	6
Emma Warrington	2	6
Valerie Hughes	6	6
Michael Simmonds	6	6
Catherine Stalham	5	6
Jason Carey	1	2
Dominic Carver	2	6
John Archer	4	4
Nina Maclean	4	4
Vanessa Van Blerk	3	4

The Finance Committee is a sub-committee of the main Governing Body. Its purpose is to manage the finances of the Academy. Attendance at meetings during the year was as follows:

## Westwood Academy

### Governance Statement

Governor	Meetings attended	Out of a possible
Simon Harbrow	1	1
Lynn Hackling	0	1
Darren Stoner	1	1
Michael Simmonds	1	1
Catherine Stalham	1	1
Vanessa Van Blerk	1	1

#### 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 ongoing 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 Westwood Academy for the year ended 31 August 2013 and up to the date of approval of the annual report and financial statements.

#### Capacity to handle risk

The Governing Body 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 Governing Body is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the year ending 31 August 2013 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Governing Body.

#### 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 Governing Body,
- regular reviews by the Finance and General Purposes Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines,
- delegation of authority and segregation of duties,
- identification and management of risks.

The Governing Body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the governors have appointed Essex County Council as Responsible Officer ('RO'). The RO's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. On a quarterly basis, the RO reports to the Governing Body on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities.

There were no material control or other issues reported by the RO to date.

## **Westwood Academy**

### **Governance Statement**

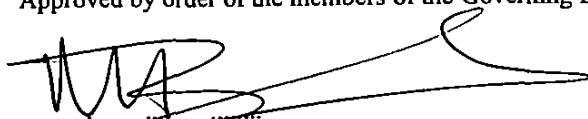
#### **Review of effectiveness**

As Accounting Officer, Simon Harbrow has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by

- the work of the Responsible Officer,
- the work of the external auditor,
- the financial management and governance self assessment process,
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance and General Purposes Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Governing Body on 2 December 2013 and signed on its behalf by

A handwritten signature in black ink, appearing to read 'Michael Summonds', written over a horizontal line.

Michael Summonds  
Governor and trustee

## **Westwood Academy**

### **Statement on Regularity, Propriety and Compliance**

As accounting officer of Westwood Academy I have considered my responsibility to notify the academy trust governing body 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 governing body 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 irregularity, impropriety or funding non-compliance have been discovered to date.



Simon Harbrow  
Accounting officer

## **Westwood Academy**

### **Statement of Governors' Responsibilities**

The governors (who are the directors of the charitable company for the purposes of company law) are responsible for preparing the Governors' 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 governors to prepare financial statements for each financial year. Under company law the governors 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 governors are required to:

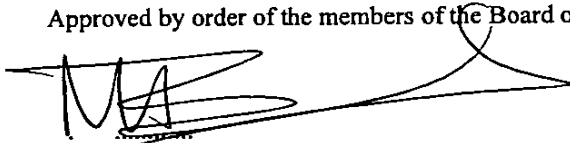
- select suitable accounting policies and apply them consistently,
- observe the methods and principles in the Charities SORP,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed 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 governors are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the 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 governors are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the EFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the Board on 2 December 2013 and signed on its behalf by



Michael Simmonds  
Governor and trustee



## **Westwood Academy**

### **Independent Auditors' Report to the members of Westwood Academy**

We have audited the financial statements of Westwood Academy for the year ended 31 August 2013, which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, Balance Sheet, Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's trustees, 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 charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of governors and auditors**

As explained more fully in the Statement of Governors' Responsibilities (set out on page 14), the governors (who 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**

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

#### **Opinion on the 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 2013 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Annual Accounts Direction issued by the Education Funding Agency, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Opinion on other matter prescribed by the Companies Act 2006**

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

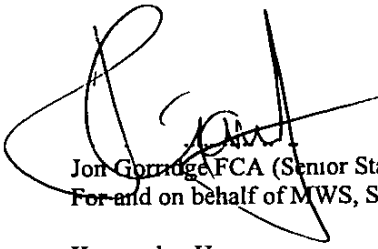
#### **Matters on which we are required to report by exception**

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:

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

**Westwood Academy**

**Independent Auditors' Report to the members of Westwood Academy**



Jon Gorrage FCA (Senior Statutory Auditor)  
For and on behalf of MWS, Statutory Auditor

Kingsridge House  
601 London Road  
Westcliff-on-Sea  
Essex  
SS0 9PE

2 December 2013

## **Westwood Academy**

### **Independent Reporting Accountant's Assurance Report on Regularity to Westwood Academy and the Education Funding Agency**

In accordance with the terms of our engagement letter dated and further to the requirements of the Education Funding Agency (EFA) as included in the Academies: Accounts Direction 2012/13, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Westwood Academy during the period 1 September 2012 to 31 August 2013 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them

This report is made solely to the governing body and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we may state to the governing body and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume any responsibility to anyone other than the governing body and the EFA, for our review work, for this report, or for the conclusion we have formed.

#### **Respective responsibilities of the governing body's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of the governing body's funding agreement with the Secretary of State for Education dated and the Academies Financial Handbook as published by DfES in 2006, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies: Accounts Direction 2012/13. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year from 1 September 2012 to 31 August 2013 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

#### **Approach**

We conducted our engagement in accordance with Academies: Accounts Direction 2012/13 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

Based on our risk assessment of material non-compliance, we carried out detailed testing of the specific income streams from the EFA, and the related expenditure streams, to which specific conditions had been attached.

We evaluated the control environment of the Academy Trust, extending the procedures required for the financial statements to include regularity. We tested a sample of the specific control activities over regularity of particular activities. We confirmed that the Academy Trust had not entered into any borrowing arrangements. We carried out substantive testing of fixed assets to confirm that no sales of any assets had taken place. We reviewed cash payments made by the school for any unusual transactions and verified the nature of said transactions. We reviewed the list of suppliers to consider whether any supplies were made by related parties connected to the Principal, Finance Manager or any Governor. We reviewed the nature and terms of any lettings to ensure that any lettings made to any related parties were made at the normal third party rates and not on any favourable terms.

## **Westwood Academy**

### **Independent Reporting Accountant's Assurance Report on Regularity to Westwood Academy and the Education Funding Agency**

#### **Conclusion**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year from 1 September 2012 to 31 August 2013 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them



Jon Gorridge FCA

For and on behalf of MWS, Chartered Accountants

Kingsridge House  
601 London Road  
Westcliff-on-Sea  
Essex  
SS0 9PE

2 December 2013

# Westwood Academy

## Statement of Financial Activities for the Year Ended 31 August 2013 (Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2013 £	Total 2012 £
<b>Incoming resources</b>						
<i>Incoming resources from generated funds</i>						
Voluntary income						
Transfer on conversion	2	20,535	-	-	20,535	1,553,504
Other voluntary income	2	26,241	-	-	26,241	2,845
Activities for generating funds	3	55,295	-	-	55,295	51,254
Investment income	4	165	-	-	165	123
<i>Incoming resources from charitable activities</i>						
Funding for the Academy's educational operations	5	-	942,103	6,531	948,634	1,035,382
Total incoming resources		102,236	942,103	6,531	1,050,870	2,643,108
<b>Resources expended</b>						
<i>Cost of generating funds</i>						
Costs of generating voluntary income		27,975	-	-	27,975	-
Cost of generating funds		25,008	393	-	25,401	37,911
<i>Charitable activities</i>						
Academy's educational operations	7	399	888,902	37,069	926,370	1,031,078
Governance costs	8	-	6,250	-	6,250	84,941
Total resources expended	6	53,382	895,545	37,069	985,996	1,153,930
Net incoming/(outgoing) resources before transfers		48,854	46,558	(30,538)	64,874	1,489,178
Net income/(expenditure) for the year		48,854	46,558	(30,538)	64,874	1,489,178
<b>Other recognised gains and losses</b>						
Actuarial gains on defined benefit pension schemes	23	-	(16,000)	-	(16,000)	(56,000)
Net movement in funds/(deficit)		48,854	30,558	(30,538)	48,874	1,433,178
<b>Reconciliation of funds</b>						

# Westwood Academy

## Statement of Financial Activities for the Year Ended 31 August 2013 (Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2013 £	Total 2012 £
Funds/(deficit) brought forward at 1 September 2012	15	<u>36,480</u>	<u>(366,000)</u>	<u>1,762,698</u>	<u>1,433,178</u>	<u>-</u>
Funds/(deficit) carried forward at 31 August 2013		<u>85,334</u>	<u>(335,442)</u>	<u>1,732,160</u>	<u>1,482,052</u>	<u>1,433,178</u>

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

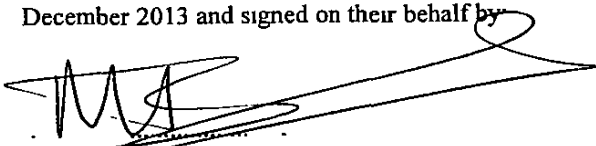
A Statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities.

# Westwood Academy

(Registration number: 07681226)  
Balance Sheet as at 31 August 2013

	Note	31 August 2013 £	31 August 2012 £
<b>Fixed assets</b>			
Tangible assets	12	1,731,625	1,762,698
<b>Current assets</b>			
Debtors	13	33,507	20,510
Cash at bank and in hand		<u>161,171</u>	<u>61,434</u>
		194,678	81,944
Creditors Amounts falling due within one year	14	<u>(35,251)</u>	<u>(39,464)</u>
Net current assets		<u>159,427</u>	<u>42,480</u>
Total assets less current liabilities		<u>1,891,052</u>	<u>1,805,178</u>
Net assets excluding pension liability		1,891,052	1,805,178
Pension scheme liability	23	<u>(409,000)</u>	<u>(372,000)</u>
Net assets including pension liability		<u>1,482,052</u>	<u>1,433,178</u>
<b>Funds of the Academy:</b>			
<b>Restricted funds</b>			
Restricted general fund	15	73,558	6,000
Restricted fixed asset fund	15	1,732,161	1,762,698
Restricted pension fund	15	<u>(409,000)</u>	<u>(372,000)</u>
		1,396,719	1,396,698
<b>Unrestricted funds</b>			
Unrestricted general fund	15	<u>85,333</u>	<u>36,480</u>
Total funds		<u>1,482,052</u>	<u>1,433,178</u>

The financial statements on pages 19 to 42 were approved by the governors, and authorised for issue on 2 December 2013 and signed on their behalf by

  
Michael Simmonds  
Governor and trustee

## **Westwood Academy**

### **Cash Flow Statement for the Year Ended 31 August 2013**

	<b>Note</b>	<b>31 August 2013 £</b>	<b>31 August 2012 £</b>
Net cash inflow from operating activities	18	105,567	15,817
Cash transferred on conversion to an academy trust		-	45,494
Returns on investments and servicing of finance	19	165	123
Capital expenditure and financial investment	20	<u>(5,995)</u>	<u>-</u>
Increase in cash in the year	21	<u>99,737</u>	<u>61,434</u>

#### **Reconciliation of net cash flow to movement in net funds**

Increase in cash in the year	99,737	61,434
Net funds at 1 September 2012	<u>61,434</u>	<u>-</u>
Net funds at 31 August 2013	<u>161,171</u>	<u>61,434</u>

All of the cash flows are derived from continuing operations during the above two periods.



## **Westwood Academy**

### **Notes to the Financial Statements for the Year Ended 31 August 2013**

#### **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 Charity Commission 'Statement of Recommended Practice Accounting and Reporting by Charities' ('SORP 2005'), the Annual Accounts Direction issued by the Education Funding Agency and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

##### **Going concern**

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

##### **Incoming resources**

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

##### **Grants receivable**

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

##### **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.

##### **Donations**

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

##### **Other income**

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

##### **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 Academy Trust's policies.

## **Westwood Academy**

### **Notes to the Financial Statements for the Year Ended 31 August 2013**

#### **1 Accounting policies (continued)**

##### **Resources expended**

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

All resources expended are inclusive of irrecoverable VAT.

##### **Cost of generating funds**

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

##### **Charitable activities**

These are costs incurred on the Academy Trust's educational operations.

##### **Governance costs**

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

##### **Tangible fixed assets**

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment. Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy Trust's depreciation policy.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset over its expected useful lives, per the table below.

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.

Freehold buildings are valued at depreciated replacement cost, land is valued at market value at the time of conversion.

## Westwood Academy

### Notes to the Financial Statements for the Year Ended 31 August 2013

#### 1 Accounting policies (continued)

Asset class	Amortisation method and rate
Freehold buildings	45 years straight line
Investment properties	No depreciation
Computer equipment	33% straight line

#### Taxation

The Academy Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Academy Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

#### Pension benefits

Retirement benefits to employees of the Academy Trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes, are contracted out of the State Earnings-Related Pension Scheme ('SERPS'), and the assets are held separately from those of the Academy Trust. The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in the notes to the financial statements, 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.

#### Fund accounting

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

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

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

## Westwood Academy

### Notes to the Financial Statements for the Year Ended 31 August 2013

#### 2 Voluntary income

	Unrestricted funds £	Total 2013 £	Total 31 August 2012 £
Transfer on conversion	20,535	20,535	1,553,504
<b>Other voluntary income</b>			
Educational trips and visits	26,241	26,241	-
Other donations	-	-	2,845
	<u>26,241</u>	<u>26,241</u>	<u>2,845</u>
<b>Total voluntary income</b>	<u>46,776</u>	<u>46,776</u>	<u>1,556,349</u>

#### 3 Activities for generating funds

	Unrestricted funds £	Total 2013 £	Total 31 August 2012 £
Hire of facilities	25,602	25,602	27,849
Catering income	81	81	3,197
Recharges and reimbursements	4,041	4,041	-
Other income	25,571	25,571	20,208
	<u>55,295</u>	<u>55,295</u>	<u>51,254</u>

#### 4 Investment income

	Unrestricted funds £	Total 2013 £	Total 31 August 2012 £
Short term deposits	<u>165</u>	<u>165</u>	<u>123</u>

## Westwood Academy

### Notes to the Financial Statements for the Year Ended 31 August 2013

#### 5 Funding for Academy's educational operations

	Restricted funds £	Restricted fixed asset funds £	Total 2013 £	Total 31 August 2012 £
<b>DfE/EFA capital grants</b>				
Capital grants	-	6,531	6,531	-
<b>DfE/EFA revenue grants</b>				
General annual grant (GAG)	831,573	-	831,573	932,466
Start up grants	-	-	-	25,000
Other DfE/EFA grants	57,341	-	57,341	-
	<u>888,914</u>	<u>-</u>	<u>888,914</u>	<u>957,466</u>
<b>Other government grants</b>				
Local Authority grants	38,849	-	38,849	51,540
Special educational projects	-	-	-	26,376
GTP income	14,340	-	14,340	-
	<u>53,189</u>	<u>-</u>	<u>53,189</u>	<u>77,916</u>
<b>Total grants</b>	<u>942,103</u>	<u>6,531</u>	<u>948,634</u>	<u>1,035,382</u>

## Westwood Academy

### Notes to the Financial Statements for the Year Ended 31 August 2013

#### 6 Resources expended

	Staff costs £	Premises £	Other costs £	Total 2013 £	Total 31 August 2012 £
Costs of generating voluntary income	-	-	27,975	27,975	-
Costs of activities for generating funds	22,448	-	2,953	25,401	37,911
<b>Academy's educational operations</b>					
Direct costs	541,368	-	44,070	585,438	754,198
Allocated support costs	<u>131,442</u>	<u>141,123</u>	<u>68,367</u>	<u>340,932</u>	<u>276,880</u>
	672,810	141,123	112,437	926,370	1,031,078
 Governance costs including allocated support costs	 <u>-</u>	 <u>-</u>	 <u>6,250</u>	 <u>6,250</u>	 <u>84,941</u>
	<u>695,258</u>	<u>141,123</u>	<u>149,615</u>	<u>985,996</u>	<u>1,153,930</u>

#### Net incoming/outgoing resources for the year include:

	31 August 2013 £	31 August 2012 £
Operating leases	9,798	10,306
Fees payable to auditor - audit	6,250	5,000
- other audit services	<u>-</u>	<u>2,500</u>

## Westwood Academy

### Notes to the Financial Statements for the Year Ended 31 August 2013

#### 7 Charitable activities - Academy's educational operations

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total 2013 £	Total 31 August 2012 £
<b>Direct costs</b>					
Teaching and educational support staff costs	-	541,368	-	541,368	716,288
Educational supplies	-	33,710	-	33,710	16,141
Staff development	-	10,360	-	10,360	3,069
Other direct costs	-	-	-	-	2,700
Pension scheme finance cost	-	-	-	-	16,000
	-	585,438	-	585,438	754,198
<b>Allocated support costs</b>					
Support staff costs	399	122,043	-	122,442	91,672
FRS 17 service cost adjustment	-	9,000	-	9,000	-
Depreciation	-	-	37,069	37,069	41,312
Maintenance of premises and equipment	-	23,118	-	23,118	68,450
Cleaning	-	6,576	-	6,576	3,360
Rent, rates and utilities	-	30,368	-	30,368	26,609
Insurance	-	43,992	-	43,992	12,485
Recruitment and support	-	857	-	857	-
Security and transport	-	962	-	962	-
Catering	-	4,445	-	4,445	-
Bank interest and charges	-	444	-	444	-
Expected return on scheme assets	-	(8,000)	-	(8,000)	-
Interest on defined benefit pension scheme	-	20,000	-	20,000	-
Professional fees	-	25,556	-	25,556	-
Other support costs	-	9,855	-	9,855	22,618

# Westwood Academy

## Notes to the Financial Statements for the Year Ended 31 August 2013

### 7 Charitable activities - Academy's educational operations (continued)

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total 2013 £	Total 31 August 2012 £
PP&S & Telephone	-	14,248	-	14,248	10,374
	399	303,464	37,069	340,932	276,880
	399	888,902	37,069	926,370	1,031,078

### 8 Governance costs

	Restricted funds £	Total 2013 £	Total 31 August 2012 £
Legal and professional fees	-	-	77,441
<b>Auditors' remuneration</b>			
Audit of financial statements	6,250	6,250	5,000
Other audit services	-	-	2,500
	6,250	6,250	84,941

### 9 Staff costs

	2013 £	31 August 2012 £
<b>Staff costs during the year were:</b>		
Wages and salaries	543,069	701,572
Social security costs	35,999	40,813
Pension costs	90,679	81,638
Supply teacher costs	25,511	8,945
	695,258	832,968

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



## Westwood Academy

### Notes to the Financial Statements for the Year Ended 31 August 2013

#### 9 Staff costs (continued)

	31 August 2013 No	31 August 2012 No
<b>Charitable Activities</b>		
Teachers	10	8
Administration and support	13	33
Management	4	4
	<u>27</u>	<u>45</u>

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

	31 August 2013 No	31 August 2012 No
£60,001 - £70,000	<u>1</u>	<u>1</u>

1 (2012 - 1) of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2013, pension contributions for these staff amounted to £2,923 (2012 - £720)

#### 10 Governors' remuneration and expenses

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

	Year to 31st August 2013	13 Months to 31st August 2012
S Harbrow, staff governor and trustee	£60k - £65k	£65k - £70k
C Stalham, staff governor and trustee	£45k - £50k	£45k - £50k
J Archer, staff governor and trustee	£30k - £35k	£30k - £35k

During the year ended 31 August 2013, travel and expenses totalling £23 (2012 - £104) were reimbursed to 1 governors (2012 - 1).

Related party transactions involving the trustees are set out in note 24.

#### 11 Governors' and officers' insurance

In accordance with normal commercial practice the Academy has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £5,000,000 on any one claim.

The cost of this insurance is included in the total insurance cost.

## Westwood Academy

### Notes to the Financial Statements for the Year Ended 31 August 2013

#### 12 Tangible fixed assets

	Freehold land and buildings £	Computer equipment £	Other tangible fixed asset £	Total £
<b>Cost</b>				
At 1 September 2012	1,706,494	-	97,516	1,804,010
Additions	-	5,995	-	5,995
At 31 August 2013	<u>1,706,494</u>	<u>5,995</u>	<u>97,516</u>	<u>1,810,005</u>
<b>Depreciation</b>				
At 1 September 2012	41,312	-	-	41,312
Charge for the year	<u>35,255</u>	<u>1,813</u>	<u>-</u>	<u>37,068</u>
At 31 August 2013	<u>76,567</u>	<u>1,813</u>	<u>-</u>	<u>78,380</u>
<b>Net book value</b>				
At 31 August 2013	<u>1,629,927</u>	<u>4,182</u>	<u>97,516</u>	<u>1,731,625</u>
At 31 August 2012	<u>1,665,182</u>	<u>-</u>	<u>97,516</u>	<u>1,762,698</u>

#### 13 Debtors

	31 August 2013 £	31 August 2012 £
Trade debtors	1,071	725
Prepayments	11,600	14,177
Accrued grant and other income	12,589	-
VAT recoverable	8,247	-
Other debtors	-	5,608
	<u>33,507</u>	<u>20,510</u>

**Westwood Academy**

**Notes to the Financial Statements for the Year Ended 31 August 2013**

**14 Creditors: amounts falling due within one year**

	<b>31 August 2013 £</b>	<b>31 August 2012 £</b>
Trade creditors	-	13,521
Other taxation and social security	11,834	12,274
Other creditors	-	6,169
Pension scheme creditor	10,520	-
Accruals	12,897	7,500
	<u>35,251</u>	<u>39,464</u>

## Westwood Academy

### Notes to the Financial Statements for the Year Ended 31 August 2013

#### 15 Funds

	Balance at 1 September 2012 £	Incoming resources £	Resources expended £	Gains, losses and transfers £	Balance at 31 August 2013 £
<b>Restricted general funds</b>					
General Annual Grant (GAG)	-	831,573	(807,604)	37,000	60,969
Other government grants	6,000	38,849	(35,010)	-	9,839
GTP Income	-	14,340	(14,340)	-	-
Other DfE/EFA grants	-	57,341	(54,591)	-	2,750
	<u>6,000</u>	<u>942,103</u>	<u>(911,545)</u>	<u>37,000</u>	<u>73,558</u>
<b>Restricted fixed asset funds</b>					
Inherited fixed assets	1,762,698	-	(35,255)	-	1,727,443
Capital grants	-	6,531	-	(5,995)	536
Capital expenditure	-	-	(1,813)	5,995	4,182
	<u>1,762,698</u>	<u>6,531</u>	<u>(37,068)</u>	<u>-</u>	<u>1,732,161</u>
<b>Restricted pension funds</b>					
Pension reserve	<u>(372,000)</u>	<u>-</u>	<u>-</u>	<u>(37,000)</u>	<u>(409,000)</u>
Total restricted funds	1,396,698	948,634	(948,613)	-	1,396,719
Unrestricted funds	<u>36,480</u>	<u>101,918</u>	<u>(53,064)</u>	<u>-</u>	<u>85,334</u>
Total funds	<u>1,433,178</u>	<u>1,050,552</u>	<u>(1,001,677)</u>	<u>-</u>	<u>1,482,053</u>

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

Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2013

## Westwood Academy

### Notes to the Financial Statements for the Year Ended 31 August 2013

#### 16 Analysis of net assets between funds

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets	-	-	1,731,624	1,731,624
Current assets	85,333	108,808	536	194,677
Current liabilities	-	(35,250)	-	(35,250)
Pension scheme liability	-	(409,000)	-	(409,000)
Total net assets	<u>85,333</u>	<u>(335,442)</u>	<u>1,732,160</u>	<u>1,482,051</u>

#### 17 Financial commitments

##### *Operating leases*

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

##### **Operating leases which expire:**

	31 August 2013 £	31 August 2012 £
<b>Other</b>		
Within one year	3,758	7,516
Within two to five years	<u>2,232</u>	<u>2,232</u>
	<u>5,990</u>	<u>9,748</u>

## Westwood Academy

### Notes to the Financial Statements for the Year Ended 31 August 2013

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

	31 August 2013 £	31 August 2012 £
Net income	64,874	1,489,178
Depreciation	37,068	41,312
Interest receivable	(165)	(123)
FRS 17 expected return on scheme assets	(8,000)	-
FRS 17 interest on defined benefit pension scheme	20,000	-
FRS17 service cost adjustment	9,000	-
Increase in debtors	(12,997)	(20,510)
(Decrease)/increase in creditors	(4,213)	39,464
Assets inherited on conversion	-	(1,553,504)
FRS 17 pension cost less contribution payable	-	4,000
FRS 17 finance cost	-	16,000
Net cash inflow from operating activities	<u>105,567</u>	<u>15,817</u>

#### 19 Returns on investments and servicing of finance

	31 August 2013 £	31 August 2012 £
Interest received	<u>165</u>	<u>123</u>
Net cash inflow from returns on investments and servicing of finance	<u>165</u>	<u>123</u>

#### 20 Capital expenditure and financial investment

	31 August 2013 £	31 August 2012 £
Purchase of tangible fixed assets	<u>(5,995)</u>	<u>-</u>

#### 21 Analysis of changes in net funds

	At 1 September 2012 £	Cash flows £	At 31 August 2013 £
Cash at bank and in hand	<u>61,434</u>	<u>99,737</u>	<u>161,171</u>

## **Westwood Academy**

### **Notes to the Financial Statements for the Year Ended 31 August 2013**

#### **22 Members' liability**

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

#### **23 Pension and similar obligations**

The Academy'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 Essex County 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 2004 and of the LGPS 31 August 2013

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year Contributions amounting to £ 10,520 (2012 - £6,169) were payable to the schemes at 31 August and are included within creditors

##### **Teachers' Pension Scheme**

The Teachers' Pension Scheme ("TPS") is a statutory, contributory, defined benefit scheme The regulations under which the TPS operates are the Teachers' Pensions Regulations 2010

Although teachers and lecturers are employed by various bodies, their retirement and other pension benefits including annual increases payable under the Pensions (Increase) Acts are, as provided for in the Superannuation Act 1972, paid out of monies provided by Parliament Under the unfunded TPS, teachers' contributions on a 'pay-as-you-go' basis and employers' contributions, are credited to the Exchequer under arrangements governed by the above Act

The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases) From 1 April 2001, the Account has been credited with a real rate of return (in excess of price increases and currently set at 3.5%), which is equivalent to assuming that the balance in the Account is invested in notional investments that produce real rate of return.

The Government Agency ("GA"), using normal actuarial principles, conducts formal actuarial reviews of the TPS The aim of the reviews is to specify the level of future contributions

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

## **Westwood Academy**

### **Notes to the Financial Statements for the Year Ended 31 August 2013**

#### **23 Pension and similar obligations (continued)**

The latest valuation of the TPS related to the period 1 April 2001 - 31 March 2004. The GA's report of October 2006 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £166,500 millions. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £163,240 millions. The assumed real rate of return is 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 1.5%. The assumed gross rate of return is 6.5%.

As from 1 January 2007, and as part of the cost-sharing agreement between employers' and teachers' representatives, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable. The cost-sharing agreement also introduced - effective for the first time for the 2008 valuation - a 14% cap on employer contributions payable.

From 1 April 2012 to 31 March 2013, the employee contribution rate ranged between 6.4% and 8.8%, depending on a member's Full Time Equivalent salary. Further changes to the employee contribution rate will be applied in 2013-14 and 2014-15.

Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. Many of these are being discussed in the context of the design for a reformed TPS and scheme valuations are, therefore, currently suspended. The Government, however, has set out a future process for determining the employer contribution rate under the new scheme, and this process will involve a full actuarial valuation.

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

#### **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 2013 was £44,000 (2012 - £48,000), of which employer's contributions totalled £34,000 (2012 - £37,000) and employees' contributions totalled £10,000 (2012 - £11,000). The agreed contribution rates for future years are 12.3% per cent for employers and 5.5%-7.5% per cent for employees.



## Westwood Academy

### Notes to the Financial Statements for the Year Ended 31 August 2013

#### 23 Pension and similar obligations (continued)

	At 31 August 2013	At 31 August 2012
Discount rate %	5 00	4 00
Salary scale increases per annum %	5 00	4 00
Pension increases %	<u>3 00</u>	<u>2.00</u>

#### Principal actuarial assumptions

	At 31 August 2013 %	At 31 August 2012 %
Rate of increase in salaries	5 00	4.00
Rate of increase for pensions in payment/inflation	3 00	2 00
Discount rate for scheme liabilities	5 00	4 00
Inflation assumptions (CPI)	3 00	2 00
RPI increases	4 00	3 00
Commutation of pensions to lump sums	<u>50 00</u>	<u>50 00</u>

#### Sensitivity analysis

A sensitivity analysis for the principal assumptions used to measure scheme liabilities is set out below

	+ 0.1% £	0.0% £	- 0.1% £
Adjustment to discount rate			
Present value of total obligation	585,000	600,000	616,000
Projected service cost	<u>44,000</u>	<u>46,000</u>	<u>47,000</u>

	+ 1 Year £	None £	- 1 Year £
Adjustment to mortality age rating assumption			
Present value of total obligation	579,000	60,000	621,000
Projected service cost	<u>44,000</u>	<u>46,000</u>	<u>48,000</u>

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

	At 31 August 2013	At 31 August 2012
<b>Retiring today</b>		
Males retiring today	23.00	23 00
Females retiring today	25.00	25 00
<b>Retiring in 20 years</b>		
Males retiring in 20 years	24 00	24 00
Females retiring in 20 years	<u>27 00</u>	<u>27 00</u>

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

## Westwood Academy

### Notes to the Financial Statements for the Year Ended 31 August 2013

#### 23 Pension and similar obligations (continued)

	At 31 August 2013 £	At 31 August 2012 £
Equities	124,000	85,000
Gilts	15,000	8,000
Other bonds	17,000	11,000
Property	21,000	16,000
Cash	6,000	5,000
Other	8,000	-
Total market value of assets	191,000	125,000
Present value of scheme liabilities - funded	(600,000)	(497,000)
Deficit in the scheme	(409,000)	(372,000)

The expected rates of return were

	At 31 August 2013 %	At 31 August 2012 %
Equities	7.00	7.00
Gilts	4.00	3.00
Other bonds	4.00	4.00
Property	6.00	5.00
Cash	1.00	1.00
Other	4.00	-

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

The actual return on scheme assets was £22,000 (2012 - £7,000)

## Westwood Academy

### Notes to the Financial Statements for the Year Ended 31 August 2013

#### 23 Pension and similar obligations (continued)

##### Amounts recognised in the statement of financial activities

	31 August 2013 £	31 August 2012 £
Current service cost	43,000	41,000
Total operating charge	<u>43,000</u>	<u>41,000</u>
Analysis of pension finance income/(costs)		
	31 August 2013 £	31 August 2012 £
Expected return on pension scheme assets	8,000	6,000
Interest on pension liabilities	<u>(20,000)</u>	<u>(22,000)</u>
Pension finance costs	<u>(12,000)</u>	<u>(16,000)</u>

The actuarial gains and losses for the current year are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is (£72,000) (2012 - (£56,000))

##### Movements in the present value of defined benefit obligation

	31 August 2013 £	31 August 2012 £
At 1 September	497,000	366,000
Current service cost	43,000	41,000
Interest cost	20,000	22,000
Employee contributions	10,000	11,000
Actuarial losses	31,000	57,000
Benefits paid	<u>(1,000)</u>	<u>-</u>
At 31 August	<u>600,000</u>	<u>497,000</u>

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

	31 August 2013 £	31 August 2012 £
At 1 September	125,000	70,000
Expected return on assets	8,000	6,000
Actuarial gains	15,000	1,000
Employer contributions	34,000	37,000
Employee contributions	10,000	11,000
Benefits paid	<u>(1,000)</u>	<u>-</u>
At 31 August	<u>191,000</u>	<u>125,000</u>

The estimated value of employer contributions for next period is £34,000 (2012 - £36,000)

## Westwood Academy

### Notes to the Financial Statements for the Year Ended 31 August 2013

#### 23 Pension and similar obligations (continued)

##### History of experience adjustments

Amounts for the current and previous period are as follows.

	31 August 2013 £	31 August 2012 £
Present value of scheme liabilities	(600,000)	(497,000)
Fair value of scheme assets	<u>191,000</u>	<u>125,000</u>
Deficit in the scheme	<u>(409,000)</u>	<u>(372,000)</u>
	31 August 2013 £	31 August 2012 £
Experience adjustments arising on scheme assets	15,000	1,000
Experience adjustments arising on scheme liabilities	<u>-</u>	<u>-</u>

Comparative figures have not been restated as permitted by FRS 17.

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.

#### 24 Related party transactions

Owing to the nature of the Academy's operations and the composition of the board of governors being drawn from local public and private sector organisations, it is inevitable that transactions may take place with organisations in which a member of the board of governors may have an interest. All transactions involving such organisations would be conducted at arm's length and in accordance with the Academy's financial regulations and normal procurement procedures.

There were no related party transactions in the year.