

Company Registration No. 08368756 (England and Wales)

**WATERGROVE TRUST (FORMERLY WARDLE ACADEMY)**

**(A COMPANY LIMITED BY GUARANTEE)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 AUGUST 2019**

WEDNESDAY



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COMPANIES HOUSE

# **WATERGROVE TRUST (FORMERLY WARDLE ACADEMY)**

## **REFERENCE AND ADMINISTRATIVE DETAILS**

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### **Members**

Mrs S M Taylor  
Mrs L Parker  
Mr A Scantlebury (left 08/01/2019)  
Mr A Dearnley (appointed 15 June 2019)  
Rev R Battershell  
Mr S Pidgeon (appointed 26 September 2019)

### **Trustees**

Mrs S M Taylor (\*)  
Mrs L Parker (\*) (Resigned 5 November 2019)  
Mr A Gleave (Resigned 8 January 2019)  
Mrs E Ainscough (\*)  
Mr H Munson (Resigned 18 February 2019)  
Mr P Ottley-O'Connor  
Mr N G Castledine (Resigned 15 June 2019)  
Mr G Walczak  
Mr Z Amin  
Rev A Gilbert (Appointed 20 June 2019)  
Mr P Mortimer (Appointed 4 March 2019)  
Mr S Ahmed (Appointed 5 November 2019)  
Mr S Hashmi MBE (Appointed 7 November 2019)  
Mrs S O'Brien (Appointed 5 November 2019)  
Mr M Slocombe (Appointed 5 November 2019)

(\*) Denotes members of the Finance Committee

### **Senior management team**

- Wardle Headteacher	Mr B Hesketh
- Wardle Deputy Headteacher	Mr D Watson
- Kentmere Headteacher	Mrs N Howard
- Kentmere Deputy Headteacher	Miss H Duffy
- St James Headteacher	Mr R Andrew
- St James Deputy Headteacher	Mr S Booth
- St Andrews Headteacher	Mrs J A Rainford
- St Andrews Deputy Headteacher	Mrs J Hodgson
- Chief Executive Officer and Accounting Officer	Mr Mark Moorhouse
- Senior Executive Officer	Dr G Wright
- Trust Finance Manager	Mr J P Butterworth
- Director of Operations	Mrs K Neville

### **Company secretary**

Mrs J Ashworth

### **Company registration number**

08368756 (England and Wales)

### **Registered office**

Birch Road  
Wardle  
Rochdale  
Lancashire  
OL12 9RD

# **WATERGROVE TRUST (FORMERLY WARDLE ACADEMY)**

## **REFERENCE AND ADMINISTRATIVE DETAILS**

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### **Academies operated**

St Andrew's C of E Primary School  
Wardle Academy  
Kentmere Academy  
St James' C of E Primary School  
Watergrove Trust (formerly Wardle Trust)

### **Location**

Rochdale  
Rochdale  
Rochdale  
Rochdale

### **Principal**

Mrs J A Rainford  
Mr B Hesketh  
Mrs N Howard  
Mr R Andrews

### **Independent auditor**

RSM UK Audit LLP  
Bluebell House  
Brian Johnson Way  
Preston  
Lancashire  
PR2 5PE

### **Bankers**

Yorkshire Bank PLC  
Yorkshire Street  
Rochdale  
OL16 1BL

### **Solicitors**

Schofield Sweeney Solicitors  
Church Bank House  
Church Bank  
Bradford  
West Yorkshire  
BD1 4DY

# **WATERGROVE TRUST (FORMERLY WARDLE ACADEMY)**

## **TRUSTEES' REPORT**

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The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year 1 September 2018 to 31 August 2019. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

Originally, the Wardle Academy Trust, the name changed to the Watergrove Trust with a Certificate of Incorporation on change of name dated 12 June 2019.

The trust operates a secondary academy for pupils aged 11 to 16 serving a Pennine community around the eastern edges of Rochdale. It has a pupil capacity of 1,200 and had a roll of 1,216 in the school census on 11 July 2019.

Three primary schools also form part of the trust:- Kentmere Academy, near Rochdale consisting of 332 pupils; St Andrews C of E Primary School consisting of 406 pupils and St James C of E Primary School consisting of 205 pupils.

Matthew Moss High School, a secondary school of 800 students was granted an Academy Order in May 2019 and it joined the Watergrove Trust with effect from 1st November 2019.

### OFSTED Judgements

Wardle Academy – December 2017 – **Good**  
Kentmere Academy – January 2018 – **Outstanding**  
St Andrews Primary – May 2014 – **Good**  
St James Primary – January 2017 – **Requires Improvement** \*  
(Matthew Moss High School - April 2019 - **Good**)

\*KS2 data for July 2017 and July 2019 shows outcomes above the national averages – Internal assessment of school - **Good**

## **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 the Watergrove Trust are also the directors of the charitable company for the purposes of company law. The charitable company is known as Wardle Academy. Details of the trustees who served during the year are included in the Reference and Administrative Details on pages 1 and 2.

Each individual academy has a local governing body structure. Trustees are mostly independent of local governing bodies to enhance Trust accountability.

### **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 purchased at the Academy Trust's expense to cover the liability of the Trustees 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 they may be guilty in relation to the Academy Trust.

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 which was committed by the Trustees in reckless disregard to whether it was a breach of trust or breach of duty or not. Any such insurance shall not extend to the costs of any unsuccessful defence to a criminal prosecution brought against Trustees in their capacity as Directors of the Academy Trust. The limit of this indemnity is £10 million.

# WATERGROVE TRUST (FORMERLY WARDLE ACADEMY)

## TRUSTEES' REPORT (CONTINUED)

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

All trustees will be appointed by the members for an initial period not exceeding 4 years.

All governors shall be appointed or elected, as the case may be, under the Articles of Association and Funding Agreement. Each academy has its own local board known as an Academy Committee.

In general, the academy trust will have the following governors in each institution:-

- Not less than three governors (not subject to a maximum).
- The members may appoint up to 7 governors, subject to Article 50.
- A minimum of two parent governors appointed under Articles 53-58.
- The principal (known as the headteacher).
- Staff governors must not exceed more than 1/3 of the total number of governors.

Governors' term of office shall be 4 years, with no governor serving more than two terms of office. The time limit does not apply to headteachers. Nominations for all Chairs of Governance will be sought annually and no Chair will serve longer than a maximum of 6 years.

A staff Governor will only hold office for so long as they continue to be employed as a teacher or associate staff member at their academy. A parent Governor will only hold office for as long as they continue to be a parent of a student of the school.

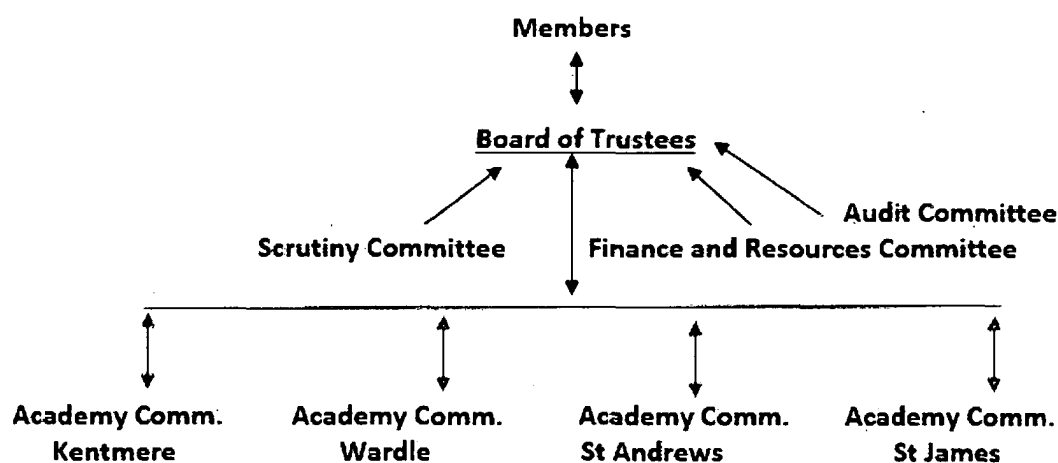
### Policies and procedures adopted for the induction and training of trustees

The academy trust has a Governance Recruitment, Induction and Training Policy available from the Company Secretary.

The training and induction provided for new Governance members includes an Induction/Welcome session, governance induction pack and a mentor. Induction includes a tour of the academies/academy and a chance to meet the headteacher, staff and pupils. All governance members are provided with online access to copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role. Training features within the annual diary of meetings. Local governors are encouraged to participate in specific governor training courses applicable to academies offered by the REAL Trust, the National Governors Association and other bodies. All Governors are DBS checked on appointment/reappointment.

### Organisational structure

Please see the Scheme of Delegation for more detailed information.



# WATERGROVE TRUST (FORMERLY WARDLE ACADEMY)

## TRUSTEES' REPORT (CONTINUED)

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### Members

The Members are the guardians of the Trust's constitution. They determine the governance structure of the Trust overseeing the work of the Trustees to ensure that the charitable objectives of the Trust are realised. Members have limited but important powers under the Articles of Association. These include the right to wind up the Trust, amend the Articles, change the name of the company, appoint other members and appoint and remove one or more directors/trustees. Members also sign off the financial accounts and the annual report.

Members meet twice a year including the AGM to approve the Board of Trustees Annual Report. Members are welcome to attend any of the other Trust governance meetings as observers.

### Board of Trustees ("the Board")

The Board consists of nine trustees (currently one vacancy). All trustees are expected to abide by the Watergrove Trust Governance Code of Conduct. No employee can sit as a trustee, including the Chief Executive Officer.

Trustees (also known as Directors) are expected to have the skills, knowledge and experience to effectively oversee the work of the senior executive, local governing bodies, academy headteachers and other senior staff. This includes being able to effectively interpret financial and academic data.

The purpose of the Board is to ensure the Trust's compliance with charity and company law, its Articles of Association, all other applicable legislation, and DfE and ESFA requirements relating to the Trust and its academies. The Board must ensure proper and regular use of public funds and comply with the Funding Agreement and the latest Academies Financial Handbook (September 2018). The Trust must remain solvent and demonstrate good value for money.

The **Board of Trustees** meets a minimum of four times per year as a full Board. In addition, trustees with the appropriate expertise will sit on one of three committees that inform the Board (Academic Scrutiny; Finance & Resources; Audit). The **quorum** for any Board meeting or vote is **three** trustees.

Trustees monitor a Board approved, and annually updated, Strategic Plan prepared on their behalf by the Senior Executive Officer using a range of Key Performance Indicators to monitor Trust performance.

Trustees are selected based upon their educational or business expertise. Members interview prospective trustees to assess their appropriate skills. The term of office for any trustee is negotiable up to a maximum of four years, subject to a light annual review of performance (attendance, contribution to meetings). Subject to remaining eligible to be a trustee, any trustee may be re-appointed for one additional term of office (Maximum 8 years).

Nominations for Chair will be sought and a Chair elected annually. No one will hold the Chair for a period exceeding six years.

A trustee will cease to hold office if s/he resigns her/his office by notice to the Company but only if at least three trustees will remain in office when the notice of resignation is to take effect.

Whilst the Board delegates some duties to officers and local governing bodies, overall responsibility remains with them. Therefore, trustees and Trust officers need to remain largely independent of the local governing bodies if they are to effectively hold the individual academies to account.

### Member and Trustee Committees

The Board of Trustees is advised by three committees:-

- Academic Scrutiny;
- Finance & Resources;
- Audit.

Each Trust committee meets for a minimum of three meetings per year.

The aim of the committees is to inform the Board of academic standards and financial probity resulting from more detailed scrutiny of academic and financial performance of the Trust's academies.

# WATERGROVE TRUST (FORMERLY WARDLE ACADEMY)

## TRUSTEES' REPORT (CONTINUED)

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These committees consist of Trustees, officers and co-opted professionals. Their role is to:

- a. monitor the progress of actions outlined in the Annual Strategic Plan;
- b. review the academic progress and financial effectiveness of individual academies highlighting to both Board and to the individual academy any areas of concern
- c. advise the Board on strategic need and direction;
- d. undertake any tasks specifically delegated to them by the Board.

### Trustee Committee membership

- a. **Academic Scrutiny.** A minimum of two Trustees with educational experience, CEO and an external School Improvement Partner.
- b. **Finance.** A minimum of two Trustees with corporate management experience, CEO, and Trust Finance Manager.
- c. **Audit.** A minimum of two Trustees who are not on the Finance Committee (nor Chair of Trustees or other governance office holders).

### Academy Committees (AC's) - Local Governing Bodies ("LGB")

The primary function of the ACs is to support the Board in ensuring that their academy is accountable for educational performance, financial performance, the maintenance and delivery of a broad and balanced curriculum, the pastoral care and support of its students and for engagement within the community. ACs also have an advisory role. Although the Board undertakes centralised educational and financial performance monitoring, thereby enabling ACs to focus upon teaching, learning and pastoral issues, ACs are expected to be knowledgeable on these issues holding headteachers to account and directing early interventions where necessary.

### Expectations of the Local Governing Body

The AC shall support the Board of Trustees in taking a delegated strategic role in the governance of the Academy. It will act as a critical friend to its academy providing support to the headteacher and the staff.

The AC will agree to monitor and review all school policies, targets and priorities for the academy, as well as implement and advise on all Trust policies. It will be accountable to the Board of Trustees for its decisions.

To carry out its role the AC will:

- a. Share in the Trust's vision and direction (ASPIRE).
- b. Ensure that the academy fulfils its statutory duties in relation to SEND and Safeguarding, appointing a Governor to take lead responsibility for SEND and Child Protection.
- c. Encourage the highest standards of leadership and management at all levels. In doing this, the AC will support, advise and hold the headteacher and leadership to account.
- d. Systematically, and regularly, monitor and evaluate the work of the academy in relation to student performance, thereby agreeing targets and monitoring progress against them.
- e. Monitor and evaluate the effectiveness of the curriculum direction set by the headteacher and agree policies which will enhance the quality of teaching and learning within the academy.
- f. Work closely with the headteacher and Trust officers/consultants to prepare the academy for formal inspection including preparation of self-assessment statements.
- g. Consider, and where necessary amend, the Academy Development Plan (School Improvement Plan) submitted by the headteacher before formally approving it, ensuring that all actions support the strategic direction of the Trust as set out in its Three Year Strategic Plan.
- h. Approve the academy's staffing structure annually ensuring that it meets the curriculum need and is deliverable within the constraints of the financial budget.
- i. Operate within the remit of the Watergrove Trust's Decision Matrices of Governance (see below).
- j. Advise the Board on financial, resource, capital and staffing issues as related to the school.
- k. Respond appropriately, and timely, to Trustee Committee concerns related to academic performance and financial management.
- l. Ensure that the academy fulfils its statutory duties with regard to equality, discrimination and works to strengthen social cohesion.
- m. Promote each student's spiritual, moral, social and cultural development.

# **WATERGROVE TRUST (FORMERLY WARDLE ACADEMY)**

## **TRUSTEES' REPORT (CONTINUED)**

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- n. Ensure that academy communicates well with parents seeking and maintaining good relationships with other external bodies and community groups.
- o. Recognise and celebrate achievement by pupils and staff of the academy and Trust.
- p. Agree the academy student Admission Policy.
- q. Ensure all governors are skilled in understanding, interpreting and comparing academy performance, attendance, admissions and exclusions data.

### Academy Committee Membership

In line with our ethos that one model does not fit all, the size of the academy local governing body is not prescribed by the Trust. However, governing bodies should be no bigger than necessary to secure the range of skills they need and smaller governing bodies are likely to be more cohesive and dynamic.

The Board approves the composition of each AC, but it would not wish to intervene in its composition or change its delegated responsibilities unless the AC was proving ineffective in the delivery of its responsibilities. Any AC not able to meet expectations would be dissolved and replaced by an Executive Board until such a time as the issues have been addressed, at which point a new AC would be constituted.

Members delegate to the Board the responsibility of appointing local governors. Any Board appointed governors would be subject to a satisfactory interview involving either a Trustee or the CEO and a member of the existing AC (ideally the headteacher or Chair of AC). Both (ie Trustee/CEO and headteacher/Chair) would need to approve the appointment.

If the local governing body chooses to form an additional sub-group or committee that meets regularly, it is expected that the Chair of that committee will not be the Chair of Governors.

### Academy Committees

As the primary functions of the AC are related to the curriculum, teaching, learning, pastoral management and student care, there are no expectations that ACs will have additional committees for finances, resources or staffing.

The Board does delegate some responsibility to ACs in these areas, but most of the monitoring is via executive officers or Trustee Committee. The decision to form additional committees rests with the AC, however, they would be expected to have nominated group/s of governors for the following:-

- a. Complaints
- b. Student Disciplinary
- c. Staff Disciplinary/Staff Redundancy
- d. Admissions

### Academy Committee (Local Governing Body) Meetings

The full AC will meet at least termly with the headteacher formally reporting to the meeting. ACs without additional committees will meet at least half-termly. ACs need to ensure sufficient time is allocated across the year to meeting the training needs of the group.

Meetings shall be convened by the AC Clerk. The Clerk shall comply with any direction given by:

- the Headteacher
- Chair of the AC
- Board of Trustees
- CEO

The Chief Executive Officer of the Watergrove Trust acts as the Accounting Officer.



# WATERGROVE TRUST (FORMERLY WARDLE ACADEMY)

## TRUSTEES' REPORT (CONTINUED)

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### Trade union facility time

#### Relevant union officials

Number of employees who were relevant union officials during the relevant period	3
Full-time equivalent employee number	3.00

#### Percentage of time spent on facility time

Percentage of time	Number of employees
0%	-
1%-50%	-
51%-99%	-
100%	-

#### Percentage of pay bill spent on facility time

Total cost of facility time	-
Total pay bill	10,046,000
Percentage of the total pay bill spent on facility time	-

#### Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	-
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### Arrangements for setting pay and remuneration of key management personnel

Members, trustees and local governors all serve in a volunteer capacity without remuneration.

The Chief Executive Officer's (CEO) post is subject to an annual review against Key Performance Targets agreed with trustees within the Strategic Business Plan. Trustees involve an external consultant to appraise the work of the CEO.

The performance management of the headteachers are both undertaken by governance committees set up for this purpose and advised by external consultants and supported by the CEO. Any pay progression needs to be recommended by the relevant governance committee to the local governing body and the Board of Trustees, both of which must approve the recommendation.

All members of the senior leadership are appraised in accordance with each schools' Appraisal and Capability Policy (revised annually). The headteacher may recommend pay progression for their senior staff to the individual local governing bodies if their annual targets have been achieved and they are not already at the top of their Leadership Group range.

### **Connected Organisations including related party relationships**

**Wardle Academy.** Initially Wardle High School. The school became a converter academy in September 2013 and became the operational centre of the Trust when it acquired multi-academy trust status in February 2015.

**Kentmere Academy.** The current school was originally Kentmere Primary School. Wardle Academy has sponsored the school since February 2015.

**St James C of E Primary School.** St James converted to academy status in September 2017 and joined the Wardle/Watergrove Trust. The partnership has the support of the Diocese of Manchester.

**St Andrews C of E Primary School.** St Andrews converted to academy status in September 2017 and joined the Watergrove Trust. The partnership has the support of the Diocese of Manchester.

# **WATERGROVE TRUST (FORMERLY WARDLE ACADEMY)**

## **TRUSTEES' REPORT (CONTINUED)**

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**Rochdale After-School Primary Sports Games Partnership.** The Trust, in partnership with Cardinal Langley Roman Catholic High School, jointly employ staff who co-ordinate and manage the primary school after-school games programme. Staff drive the development and delivery of the borough's involvement in the national School Games programme enabling project outcomes to be delivered in line with local needs, including competitions and events and workforce development.

**Rochdale Pioneer Trust.** Wardle Academy is a member of the Trust. Its purpose is to have rigorous self-evaluation, collective support and challenge in order to constantly improve our schools/ colleges to the benefit of all children and young people in Rochdale. Activities include bi-annual peer headteacher inspection; use of additional OFSTED trained inspectors; participation in middle/senior leadership training programmes.

**Northern Alliance.** The Trust is a member of the Northern Alliance, a collaboration of crossphase good/ outstanding schools centred round the Blue Coat Training School in Oldham. Wardle Academy supports commissioned school improvement work through deployment of the headteacher as a Local Leader of Education; supports educational research initiatives; participates in Schools Direct training and other joint initiatives.

**Rochdale Education and Learning Trust.** The Trust is actively involved with the REAL Trust. It leads on all education and training for school staff within Rochdale. The Wardle Trust CEO sits on the Board of Trustees.

**Sixel Solutions.** The Trust continues to work closely with Sixel Solutions who provide external quality assurance of academic standards across all four schools.

Our relationships with all of the above parties support both of our principle activities as identified within the Articles of Association.

### **OBJECTIVES AND ACTIVITIES**

The Academy Trust's objects ("the Objects") are 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 Academies which shall offer a broad and balanced curriculum and which shall include:

- i. Academies other than those designated Church of England, whether with or without a designated religious character; and
- ii. Church of England academies designated as such which shall be conducted in accordance with the principles, practices and tenets of the Church of England both generally and in particular in relation to arranging for religious education and daily acts of worship, and in having regard to any advice and following any directives issued by the Diocesan Board of Education, but in relation to each of the Academies to recognise and support their individual ethos, whether or not designated Church of England.

### **Vision Statement**

We believe in building active learning communities that foster a culture of excellence, celebrate individuality, promote growth through opportunity and support their children to live life in all its fullness. (Reflecting the Church of England Education Vision Statement)

### **Mission Statement**

To ensure access to the resources and guidance that member academies need in order to deliver inspirational learning to their communities.

# WATERGROVE TRUST (FORMERLY WARDLE ACADEMY)

## TRUSTEES' REPORT (CONTINUED)

### Watergrove Trust Values

We believe in **ASPIRE**:

- ACCOUNTABILITY** - To ensure academies understand the importance of their role and take full responsibility for their actions and performance.
- STRENGTH** - To have the courage to take risks, be innovative and embrace change.
- PASSION** - To enjoy and be enthusiastic about learning and living.
- INTEGRITY** - To know and do what is right regardless of influence.
- RESPECT** - To value and care for our environment, ourselves and others.
- EXCELLENCE** - To aim for excellence in everything we do.

We believe that our ethos and values compliments the Church of England Vision for Education.

### **1 OUTCOMES**

*All academies are enabled to reach good or better outcomes with the quality of education continually improving in each school.*

#### **Key Strategic Area**

- To ensure our schools provide the very best teaching to promote high-quality learning and strong outcomes for our students, enabling staff to add value in every school.
- To ensure that all schools in the Trust are at national average or above in terms of their outcomes for all pupil groups and that each school in the Trust promotes social mobility and is closing the attainment gap for SEND and disadvantaged students.
- To secure a rich and broad curriculum in each academy.
- To ensure the faith culture within our church schools is celebrated and supplemented.
- To ensure that there is a rigorous and robust programme of quality assurance that helps to support staff, build expertise and capacity and raise standards to deliver positive outcome for pupils.

### **2 SCHOOL IMPROVEMENT**

*To develop self-sustaining, system-led, collaborative approaches to improvement*

#### **Key Strategic Area**

- To secure accurate and robust self-evaluation processes.
- To rationalise the collection of student performance data so that it focuses on improving practice.
- To deliver effective school-to-school support.
- To develop links with external school evaluation services resulting in improvements in attainment and progress.

# WATERGROVE TRUST (FORMERLY WARDLE ACADEMY)

## TRUSTEES' REPORT (CONTINUED)

### 3 GOVERNANCE AND LEADERSHIP

*To ensure high quality leadership and governance at Trust Board and Academy Committee (Local Governing Body) level.*

#### Key Strategic Area

- a. To ensure that the Board of Trustees acts in the best interests of the Trust, governing in accordance with its Articles of Association and having governance arrangements that demonstrate vision, clarity of relationships, effective oversight and sustainability whilst achieving the greatest possible economies and value to schools in line with the direction, mission, vision and value statements of the Trust.
- b. To develop a fully-functioning, high-level Trust Board that represents the full range of skills.
- c. To embed high quality governance at the Academy Committee level focused clearly on raising standards and delivering an excellent school experience that is sustainable over time.
- d. To ensure that Academy Committees, executive leaders and Trust headteachers provide effective leadership, both rigorous and supportive.
- e. To develop the role of Trust Executive Office to work on behalf of the Trust to implement the strategic vision, associated development plans and controls, risk and assurance processes.
- f. To empower leaders to lead the improvement journey with and beyond their academies.
- g. To attract, develop and retain talented and capable staff to posts in our schools and central team.

### 4 FINANCE

*To strengthen Trust effectiveness by ensuring value for money and future sustainability.*

#### Key Strategic Area

- a. To deliver strong financial plans.
- b. To deliver high quality services to all partners and Trust academies.
- c. To maintain measured and systematic growth.
- d. To develop the structure of the organisation.
- e. To manage risk effectively.

### 5 GROWTH

*To develop and grow our partnership: strategic growth of our existing partnership to deliver the benefits of cross-phase education in defined geographical communities; and, where appropriate, sponsor existing schools or create new school provision to meet the needs of our geographical area and communities.*

#### Key Strategic Area

- a. To grow the Trust in a measured way to ensure that standards are maintained and improved and that there is sufficient capacity to bring about rapid progress as required.
- b. To develop and define the concept of a 'cross-phase curriculum' along with integrated child/parent centred support providing partner schoolchildren with a cohesive educational journey from early years to post-16.
- c. To engage with opportunities to sponsor existing schools, deliver new schools/provision or partner converter academies to meet the needs of our geographical area and communities.
- d. To expand opportunities to support education and benefit the local community.
- e. To effectively market the Trust to retain/increase student numbers and attract high quality educators and leaders.

### 6 PEOPLE (See also Sections 2 & 3)

*To manage people well and offer strong support for both their well-being and to deliver sustainable results.*

#### Key Strategic Area

- a. To maintain and develop strong learning communities for students.
- b. To strengthen Trust safeguarding systems and procedures.
- c. To maintain and develop strong relationships with parents and the community.
- d. To expand opportunities for community engagement.
- e. To promote and encourage a morally strong ethos across all schools and to promote faith and Christian values within our Church of England primary schools.
- f. To recruit and retain high quality colleagues with the capacity for continued development.
- g. To enhance professional development opportunities for all staff.

# WATERGROVE TRUST (FORMERLY WARDLE ACADEMY)

## TRUSTEES' REPORT (CONTINUED)

7 OPERATIONAL RESOURCE MANAGEMENT EFFECTIVENESS
<i>Operational effectiveness: ensuring a financially viable and sustainable MAT delivering high quality and cost effective services to schools thereby enabling schools to maximise their resources to enhance the quality of provision.</i>
<b>Key Strategic Area</b>
<ul style="list-style-type: none"><li>a. To ensure that the Trust has business arrangements that are efficient and effective, enabling it to deliver on its commitments to grow, prosper and deliver value for money across all operations.</li><li>b. To optimise the Trust budget, aiming to deliver best practice whilst minimising risk and providing value for money.</li><li>c. To develop an efficient and effective school estate which is supportive of the delivery of educational services across all schools.</li><li>d. To comply with all aspects of health and safety legislation and maintain high levels of accountability to minimise risk.</li><li>e. To implement planned programmes of preventative maintenance.</li><li>f. To pursue opportunities for additional capital funding through the preparation and submission of detailed bids.</li><li>g. To deliver economies of scale through joint procurement whilst maintaining quality.</li></ul>

### Public benefit

The Trustees confirm that they have complied with the duty in Section 4 of the Charities Act 2011 to have due regard to the Charity Commissioner's general guidance on public benefit in exercising their powers or duties. They have referred to this guidance when reviewing the academy's aims and objectives and in planning its future activities.

The Trust aims to advance for the public benefit, education in Wardle, Smallbridge and the surrounding area. In particular, but without prejudice to the generality of the foregoing by estimating, maintaining, managing and developing schools, offering a broad curriculum. Student outcomes, OFSTED progress measures, student perception measures, admission levels show tangible public benefit in the academic journey made by students at the school. Additional evidence is present in further education uptake and the increasing number of students progressing to higher education.

Beyond this, the academies aim to offer an education for the whole individual providing opportunities for personal as well as academic success. With this in mind the schools seek to provide for the cultural, physical spiritual as well as academic development of students. The range of extra-curricular activities, educational trips, music opportunities and visits offered to, and taken up, by our students contribute schools that are happy and in which students thrive.

We support other schools through the delivery of professional development and the sharing of practice and knowledge to ultimately benefit the wider community.

# **WATERGROVE TRUST (FORMERLY WARDLE ACADEMY)**

## **TRUSTEES' REPORT (CONTINUED)**

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### **STRATEGIC REPORT**

#### **Achievements and performance**

##### **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.

Up to 98% of the Academy's funding is provided by the Education and Skills Funding Agency (ESFA). Education funding is relatively flat in relation to forecast budgets for 2019 – 2022.

Trustees have been able to gain confidence in all academy's basis as a going-concern. This is centred upon the continued over-subscribed status of Wardle Academy in Year 7 each year, which indicates that the academy continues to be very popular. In addition, the local authority predicts a short-fall in the supply of secondary school places for the Pennine region from 2018 – 2024. St James' Primary School is of concern as, unlike other Trust schools, it is under-subscribed for 2019/20 at Year 1. Wardle Academy changed its Admission Policy with effect from 2020. Changes included the proposal to include Kentmere, St James and St Andrews as feeder schools. This will help fill primary school places as they will be the only schools through which parents can be guaranteed a Pennine secondary school place. Planning permission for 880 new homes in the Pennine Township will also help ensure that all schools remain full for the foreseeable future.

The Executive team of the Trust and the Trustees have a reasonable expectation that the academies have adequate resources to continue in operational existence for the foreseeable future.

#### **Financial review**

The vast majority of the Academy's income is obtained from the DfE via the Education and Skills Funding Agency (ESFA) in the form of recurrent grants, the use of which are restricted to particular educational purposes. The grants received from the DfE during the year ended 31 August 2019 and the associated expenditure are shown in the Statement of Financial Activities.

The restricted fixed asset fund balance is reduced by annual depreciation charges over the useful life of the assets concerned, as defined in the Academy's account policies.

During the year ended 31 August 2019, there was a net fund carry forward of £1,221,000 (2018: £1,266,000) of unrestricted funds (excluding fixed asset funds). This represents a decrease of £45,000 compared to the previous year.

The assets were used exclusively for providing education and the associated support services to the students of the academies in line with Trust Articles of Association.

The land, buildings and other assets were transferred to the Trust upon conversion of the four schools. Blocks A, B and C of the Wardle Academy building are managed and maintained by Engie (previously Carillion) as part of a PFI agreement entered into by the governors of Wardle High School in 2011. This agreement was subsequently transferred to the academy upon conversion, and therefore these assets are excluded from the financial statements. The agreement with Carillion (now Engie) was for 25 years and is due to expire in 2039. The remaining assets have been included in the financial statements at a best estimate, taking into account purchase price and remaining useful economic life.

The academy trust continues to account for the deficit in the local government pension scheme in respect of its associate staff (non-teaching). The deficit is incorporated with the Statement of Financial Activity with details in Note 25 to the financial statements.

# **WATERGROVE TRUST (FORMERLY WARDLE ACADEMY)**

## **TRUSTEES' REPORT (CONTINUED)**

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Key financial policies adopted or reviewed during the year include the Finance Regulations Manual, Credit Card Policy, Expenses Policy and Fixed Asset & Depreciation Policy. The Finance Regulation Manual sets out the framework for financial management, including financial responsibilities of the trustees, chief executive (as accounting officer), heateachers, the finance manager, accounting team, budget holders and other affected staff, as well as delegated authority for expenditure and procurement protocols.

Trustees have adopted a Responsible Officer Policy and Risk Management System as part of the review of Internal Audit controls. An Audit Committee sits outside of the Finance Committee meeting independently with a different Chair to report directly to trustees on key areas of control with the accounting function.

The trustees have agreed a strategic approach to robust financial management and budgetary control whilst continuing to invest in human and physical resources to sustain the academy's development priorities. Trustees recognise the need to be prudent with the net assets for 2019/20 in order to protect the organisation from future commercial, political and financial risk.

### Reserves Policy

As at 31st August 2019 the Trust currently has £1,221,000 of unrestricted reserves. The current level of reserves is considered to be appropriate for the Trust. The trustees have decided that all unrestricted reserves will be utilised in helping the Trust achieve its objectives. At present, all academies plan balanced in-year budgets, with a planned contribution to reserves. Going forward the trustees will endeavour to keep an appropriate level of GAG in reserve that it considers necessary for future operations and any capital projects or capital replacement. For 2019 – 2020 this includes provision for ICT replacement required due to similar termination dates of IT product life cycles, furniture and equipment replacement at Wardle Academy and skylight improvements at St James Primary School. The further development of a perimeter fence at St Andrews, the conversion of external space to a classroom at St Andrew's, boiler replacement at Kentmere and the refurbishment of the roof at St James remain capital priority projects. A successful Conditions Improvement Fund (2018) bid of £289,111 was used in 2018/19 to support roof repairs at Wardle Academy (Block D). A second successful bid of £59,919 for a perimeter fence at St. James was also granted. In both cases, the Trust contributed ten per cent towards the total cost.

Trustees consider that a minimum of £400,000 needs to be held in reserve to protect the organisation against future risk.

The actuarial valuation of the pension scheme and the corresponding liability does not result in an immediate cash flow impact to the Trust. The trustees are confident that any liabilities can be met as they fall due.

The reserves policy is reviewed annually.

# **WATERGROVE TRUST (FORMERLY WARDLE ACADEMY)**

## **TRUSTEES' REPORT (CONTINUED)**

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### Investment Policy

The aim of this policy is to ensure that funds which the Academy Trust does not immediately need to cover anticipated expenditure are invested in such a way as to maximise income but without risk.

Our aim is to spend the public monies with which we are entrusted for the direct education benefit of students as soon as is prudent. The Trust does not consider the investment of surplus funds as a primary activity, rather it is the result of good practice as and when circumstances allow.

In engaging in any investment, the Trust needs to ensure that

- adequate cash balances are maintained in the current account to cover day to day working capital requirements;
- there is no risk of loss in capital value of any cash funds invested;
- the capital value of any invested funds is protected against inflation;
- optimised returns accrue from funds invested via ethical sources.

Monthly cash flow reports are to be prepared and monitored to ensure there are adequate liquid funds to meet all payroll related commitments and outstanding creditors that are due for payment. Where the cash flow identifies a base level of cash funds that will be surplus to requirements these may be invested following approval from the Trustees Finance Committee. Approval must be signed off, recorded in the committee minutes and reported to the Board of Trustees.

In making decisions regarding where and how any surplus funds should be invested, due regard will be given to risk. In addition, as an active members of the Rochdale Pioneer Trust, the Academy Trust would wish to review any investment consideration against the key co-operative values of self-help, self responsibility, democracy, equality, equity, solidarity, ethical values, honesty, openness, social responsibility, and caring for others.

Currently, we do not invest surplus funds. The aim is to reach an appropriate level of reserve to allow executive officers and the Finance Committee to explore investment possibilities with criteria being:

- investment with a different counterparty (in order to reduce counterparty risk);
- consideration of whether there should be a maximum level of investment with a single approved counterparty; and
- a longer term investment with a higher return.

### Plans for Future Periods

The Trustees recognise that the academies needs to offer value for money as judged by the overall attainment and progress made by the students within the school. Future plans focus on refining systems at all four schools so as to increase and improve the rates of progress for students thereby good progress and higher attainment. The School Improvement Plans for 2019/20 highlights the following areas:

#### **Wardle Academy (2019/20)**

##### Quality of Education

- Improving academic progress
- Curriculum provision
- Curriculum delivery / pedagogy and practice
- Professional development
- Assessment and feedback
- Learning journeys

##### Behaviour and Attitudes

- Non-negotiables
- Rewards and sanctions (PRIDE and NU-HOPE)
- Use of assembly and form time
- Attendance and punctuality
- Student and parent engagement



# **WATERGROVE TRUST (FORMERLY WARDLE ACADEMY)**

## **TRUSTEES' REPORT (CONTINUED)**

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### Development

- Character education
- Sex and relationship education
- Careers education information advice and guidance
- Social, moral, spiritual and cultural (including British Values / Prevent)
- Extra — curricular and healthy lifestyles
- Inclusion (reference Equality Act / equality of opportunity) / leadership pathways

### Leadership and Management

- Safeguarding
- Working with stakeholders , including student and staff well-being
- Developing leadership
- Primary transition and marketing
- Office review
- Governor development and succession planning

### **St Andrew's CE Primary School (2019/20)**

#### 1. To improve the quality of teaching and learning

- To explore, develop and improve standards and achievement in Reading
- To ensure a rich and broad curriculum supports and ignites children's learning and school experiences in all subjects
- To increase percentage of children working at greater depth across all classes and all subjects
- To improve EYFS (1 & 2) provision and school readiness
- Ensure NQT and RQT teachers have an excellent package of support and are mentored and monitored appropriately.

#### 2. To match provision to the needs of the individual child

- Effective SEND provision to ensure every child flourishes, progresses and achieves to their best potential
- To support children's abilities and opportunities to learn at every level through the exploration and development of emotional health & well-being across school including LGBTQ, safe guarding and child protection
- To support smooth transitions and readiness for all phases

#### 3. To improve the accountability of leaders and individual teachers for the progress of all pupils

- Information and data streams will support leaders in striving for and achieving aspirational targets
- Development of senior and middle leaders
- Development of strong, professional, inward and outward facing teams working across school and across subject areas
- All teachers and leaders will be responsible for driving a richness of curriculum opportunities

#### 4. To develop the distinctiveness and effectiveness of St Andrew's as a Church of England school

##### To explore and understand the uniqueness and magic of the local community

- Understanding of the role and importance of Church in the community
- Explore our local community and what it means to us, including Trust links and Local History (link History)
- To encourage children to be agents of peace and have confidence in their character values
- Embedding new RE Curriculum and associated resource 'Understanding Christianity' to strengthen religious literacy across school
- Develop character education linked to Christian values

# WATERGROVE TRUST (FORMERLY WARDLE ACADEMY)

## TRUSTEES' REPORT (CONTINUED)

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### Plans for future periods

Kentmere Academy (2019/20)

#### 1. Quality of Education

- The school meets all the criteria for a good quality of education securely and consistently.
- The quality of education provided is exceptional.

In addition, the following will apply.

- The school's curriculum intent and implementation are embedded securely and consistently across the school. It is evident from what teachers do that they have a firm and common understanding of the school's curriculum intent and what it means for their practice. Across all parts of the school, a series of lessons contribute well to delivering the curriculum intent.
- The work given to pupils, over time and across the school, consistently matches the aims of the curriculum. It is coherently planned and sequenced towards cumulatively sufficient knowledge and skills for future learning and employment.
- Pupils' work across the curriculum is of a consistently high quality.
- Pupils consistently achieve highly, particularly the most disadvantaged. Pupils with SEND achieve exceptionally well.

#### 2. Behaviour and Attitudes

- The school meets all the criteria for good in behaviour and attitudes securely and consistently.
- Behaviour and attitudes are exceptional.

In addition, the following apply:

- Pupils behave with consistently high levels of respect for others. They play a highly positive role in creating a school environment in which commonalities are identified and celebrated, difference is valued and nurtured, and bullying, harassment and violence are never tolerated.
- Pupils consistently have highly positive attitudes and commitment to their education. They are highly motivated and persistent in the face of difficulties. Pupils make a highly positive, tangible contribution to the life of the school and/or the wider community. Pupils actively support the well-being of other pupils.
- Leaders, staff and pupils create a positive environment in which bullying is not tolerated.
- There is demonstrable improvement in the behaviour and attendance of pupils who have particular needs.
- Pupils have high attendance, come to school on time and are punctual to lessons. When this is not the case, the school takes appropriate, swift and effective action.
- Fixed-term and internal exclusions are used appropriately. The school reintegrates excluded pupils on their return and manages their behaviour effectively. Permanent exclusions are used appropriately as a last resort.
- Relationships among pupils and staff reflect a positive and respectful culture; pupils are safe and they feel safe.

#### 3. Personal Development

- The school meets all the criteria for good in personal development securely and consistently.
- Personal development is exceptional.

In addition, the following apply:

- The school consistently promotes the extensive personal development of pupils. The school goes beyond the expected, so that pupils have access to a wide, rich set of experiences. Opportunities for pupils to develop their talents and interests are of exceptional quality.
- There is strong take-up by pupils of the opportunities provided by the school. The most disadvantaged pupils consistently benefit from this excellent work.
- The curriculum extends beyond the academic, vocational or technical and provides for pupils' broader development. The school's work to enhance pupils' spiritual, moral, social and cultural development is of a high quality.
- The curriculum and the school's effective wider work support pupils to be confident, resilient and independent, and to develop strength of character.

# WATERGROVE TRUST (FORMERLY WARDLE ACADEMY)

## TRUSTEES' REPORT (CONTINUED)

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- The school provides high-quality pastoral support. Pupils know how to eat healthily, maintain an active lifestyle and keep physically and mentally healthy. They have an age-appropriate understanding of healthy relationships.
- The school prepares pupils for life in modern Britain effectively, developing their understanding of the fundamental British values of democracy, the rule of law, individual liberty, tolerance and respect.

### 4. Leadership and Management

- The school meets all the criteria for good in leadership and management securely and consistently.
- Leadership and management are exceptional.

In addition, the following apply:

- Leaders ensure that teachers receive focused and highly effective professional development. Teachers' subject, pedagogical and pedagogical content knowledge consistently build and develop over time.
- Leaders ensure that highly effective and meaningful engagement takes place with staff at all levels and that issues are identified.
- Staff consistently report high levels of support for well-being issues.
- Leaders have a clear and ambitious vision for providing high-quality education to all pupils. This is realised through strong, shared values, policies and practice.
- Leaders focus on improving teachers' subject, pedagogical and pedagogical content knowledge in order to enhance the teaching of the curriculum and the appropriate use of assessment.
- Leaders aim to ensure that all pupils successfully complete their programmes of study. They provide the support for staff to make this possible.
- Leaders engage effectively with pupils and others in their community, including, when relevant, parents, employers and local services.
- Leaders engage with their staff and are aware and take account of the main pressures on them.
- Leaders protect staff from bullying and harassment.
- Those responsible for governance understand their role and carry this out effectively.
- Governors/trustees ensure that the school has a clear vision and strategy, that resources are managed well and that leaders are held to account for the quality of education.
- Those with responsibility for governance ensure that the school fulfils its statutory duties, for example under the Equality Act 2010, and other duties, for example in relation to the 'Prevent' duty and safeguarding.

## St James' CE Primary School (2019/20)

### 1. Quality of Education

- Increase % children achieving ARE and greater depth in reading.
- Build wider subject leader capacity to monitor and evaluate the effectiveness of the school's curriculum offer and promote subject-specific developments.
- Increase stakeholder voice opportunities to influence curriculum design and developments
- Introduce assessment procedures for all foundation subjects and develop analysis and reporting mechanisms
- Introduce standardised testing for all year groups to track standardised scores to show progress within attainment bands
- Implement new PHSE and RE curriculum (Branded Character education)

### 2. Behaviour

- Introduce tracking systems for low-level behaviour incidents and implement cycles of analysis
- Introduce playground leaders to support structured play for specific cohorts

### 3. Personal Development

- Implement new PHSE and RE curriculum (Branded Character education)
- Provide wider range of extracurricular activities
- Provide opportunities to work with children and adults from other cultures and backgrounds

# WATERGROVE TRUST (FORMERLY WARDLE ACADEMY)

## TRUSTEES' REPORT (CONTINUED)

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### 4. Leadership and Management

- Develop governance in line with the Governor Mark standards, supporting new governors in their role.
- Improve staff voice processes to protect their wellbeing and manage workload
- Provide safeguarding support beyond the school, supporting local clubs and organisations through the 'St James Safeguarding Mark' initiative
- Engage in peer review processes through the Pennine Collaborative.

The Strategic Business Plan 2018-2021 details the key objectives for the next three years ahead along with the detail of any activities planned to achieve them. A copy of this plan is available on the Trust website.

[www.watergrovetrust.co.uk](http://www.watergrovetrust.co.uk)

### Principal Risks and Uncertainties

The principal risks and uncertainties facing the academy are as follows:

**Financial** – the Trust has considerable reliance on continued Government funding through the ESFA. In the last year, 98% of the Trust's incoming resources were ultimately Government funded and whilst this level is expected to continue, there is no assurance that funding levels will be maintained in real terms in the short to medium time frame (2-5 years).

As with many defined benefit pension schemes the associate staff fund is in deficit but is managed by the Greater Manchester Pension Scheme with school pension contributions assessed at a level that, over time, will recover the shortfall. In April 2017, the employers contribution to the fund fell by 3% from 22.7% to 19.7%. This will be further reviewed by the GMPS in 2020.

Demand for places in all the schools exceed Published Admission Numbers.

As such, the Trustees consider that the Trust is able to meet its known annual deficit contribution commitments for the foreseeable future, resulting in the risk from this liability being minimal and manageable.

Risk controls include

- Ensuring three year rolling budgets to enable early identification of possible issues.
- Sharing resources across the Trust and using the bulk buying power of the Trust to reduce costs.
- Developing revenue opportunities through growth and service provision.

**Physical Environment** – Wardle Academy has benefitted from the now defunct 'Building Schools for the Future' programme that resulted in largely new build facilities becoming available during 2015.

Accompanying the new school building was a £1 million investment in new technology. The Private Finance Initiative underpinning the redevelopment ensures that the school will remain in good condition through the lifetime of the agreement (Due to expire in 2039). The risk to the building is largely that of the PFI partner.

However, the school retains risk over Block D consisting of two buildings of different age. One is of good condition and has been well maintained since its construction in 1996. Significant survey work undertaken at the time of the new build identified no significant issues. The remaining building was part of the original school stemming from 1977. This has been significantly renovated in the last three years due to two successful Condition Improvement Fund bids. A brand new extension to St Andrew's Primary School was opened in September 2018.

There are no major risks identified for the primary schools, however, perimeter fencing St Andrew's needs strengthening to reduce opportunities for unauthorised access and to mitigate further any safeguarding issues.

The Trust employs external Building and Health and Safety Consultants to help minimise risk and identify areas for action.

# WATERGROVE TRUST (FORMERLY WARDLE ACADEMY)

## TRUSTEES' REPORT (CONTINUED)

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### Principal risks and uncertainties

Risk controls include

- Recruiting local governors and trustees with a background in estates management.
- Upskilling/retraining existing colleagues into estates management.
- Budgeting for a specialist estates manager.
- Renewed applications for capital funding.

**Reputational** – All the academies' reputations have grown in recent years matched by an increased demand for places that has seen entries rise significantly. The continuing success of the academies is dependent on continuing to attract applicants in sufficient numbers by maintaining the highest educational standards. In particular, Kentmere's reputation has grown significantly due to its very strong academic success and OFSTED judgement of 'outstanding'. Wardle continues to be over-subscribed with 270 1st choice applications in 2017 for 240 places. St Andrews has benefited from a £1 million extension of classrooms and reception (funded by the local authority). St James', along with Kentmere, continue to perform above the national averages for Key Stage 2 SATs.

Risk controls include

- Revision of governance arrangements to more closely monitor and review progress.
- Making teaching and learning the primary focus of the schools, delegating non-academic matters to Trust officers.
- Implementing stronger quality assurance programmes across the Trust identifying and correcting issues at an early stage.
- Investing in the training of development of governance and staff to ensure high quality teaching and learning and support.
- Engaging in more sophisticated forms of marketing and communications particularly through the use of social media.

**Safeguarding and child protection** – The trustees continue to ensure that the highest standards are maintained in the areas of selection, recruitment and monitoring of staff, the operation of child protection policies and procedures, health and safety and risk assessment of these critical areas of operation. The last OFSTED inspections of Wardle and Kentmere Academies considered arrangements to be strong. This continues to be a very high priority. All four schools have had all policies and practice reviewed by independent consultants and arrangements were considered to be appropriate and good.

Risk controls include

- Maintaining all existing systems and strengthening where possible.
- Regular external reviews of systems and policy.
- Annually updated training for all staff.

**Staffing** – The success of the academies is reliant on the quality of its staff and the trustees monitor and review policies and processes to ensure continued development and training of staff. Appraisal procedures have been enhanced for teaching staff and introduced for associate staff.

There has been some failure to recruit and retain sufficient high quality school leaders, teachers or support staff and this has impacted on the Trust's and its academies' ability to achieve high standards and levels of achievement as well as contributing high turnover costs.

# WATERGROVE TRUST (FORMERLY WARDLE ACADEMY)

## TRUSTEES' REPORT (CONTINUED)

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Risk controls include

- Stronger monitoring and accountability by governance on the effectiveness of school leaders
- Early recruitment to secure best available staff.
- Partnerships with Teaching Schools to strengthen leadership
- Additional Work with ITT providers to secure high quality graduates in difficult to recruit subject areas.
- Development of the marketing of the Trust and its academies to potential staff.
- Annual perceptions surveys and responses to ensure the Trust and its academies are desirable places to work.
- Building and promotion of positive culture within the Trust and its academies to ensure high levels of retention of current staff.
- Flexible methods of rewarding highly performing staff.

**Fraud and mismanagement of funds** – The academy trust will be appointing a Responsible Officer to carry out audit and compliance checks on financial systems, records and controls as recommended in the Academies Financial Handbook. All finance staff receive internal/external training to keep them up to date with financial practice requirements and to support them in the development of their skills in this area of risk. The reorganisation of the Trust to place the reviewing of school accounts under the responsibility of Trust officers accountable to a Trustees Finance Committee has strengthened monitoring and allowed for earlier intervention.

The Trust recognises the need to strengthen its internal audit arrangements for 2019/20 as the resignation of a key trustee and a member depleted the Audit Committee and its effectiveness. New trustees, with the appropriate experience, are now in place.

The academy has continued to strengthen its risk management process throughout the year by improving the process and enhancing governor and staff awareness. Risk assessments are undertaken and updated. The risk register is now managed by an appropriate person and is regularly reviewed and monitored.

As the trust grows it needs to develop a stronger Risk Management Strategy. Where significant financial risk still remains then the Trustees have ensured that adequate insurance cover is in place.

At the year end, the academy had no significant liabilities arising from trade creditors or debtors where there would be a significant effect on liquidity.

Risk controls include

- Strengthening the quality of governance with expertise in audit and risk management.
- Working with CalQRisk to develop comprehensive risk assessment and management strategies.
- Supporting local governing bodies to increase their effectiveness in understanding school budgets
- Employing professional accounting staff to support schools.

Risk controls include

- Strengthening the quality of governance with expertise in audit and risk management.
- Working with CalQRisk to develop comprehensive risk assessment and management strategies.
- Supporting local governing bodies to increase their effectiveness in understanding school budgets
- Employing professional accounting staff to support schools.

### Employee Involvement

The Trust encourages the involvement of its employees in its management through regular meetings of the academy committees which have responsibility for the dissemination of information of particular concern to employees and for receiving their views on important matters of policy.

# **WATERGROVE TRUST (FORMERLY WARDLE ACADEMY)**

## **TRUSTEES' REPORT (CONTINUED)**

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### **Disabled Persons**

The Trust will employ disabled persons when they appear to be suitable for a particular vacancy and every effort is made to ensure that they are given full and fair consideration when such vacancies arise. There is a training scheme in operation so that employees who have been injured or disabled in the course of their employment can, where possible, continue in employment with the Trust.

During employment the Trust seeks to work with employees, taking into account their personal circumstances, to ensure appropriate training, development and advancement opportunities are available to enable them to reach their full potential.


### **AUDITOR**

RSM UK Audit LLP have expressed their willingness to continue in office and a resolution to appoint them will be proposed at the annual general meeting.

### **Statement as to disclosure of information to auditor**

The trustees have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is 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' 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 5.12.19 and signed on its behalf by:



Susan Taylor  
Chair of the Watergrove Trust Trustees

10/12/19

# WATERGROVE TRUST (FORMERLY WARDLE ACADEMY)

## GOVERNANCE STATEMENT

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### Scope of responsibility

As trustees we acknowledge we have overall responsibility for ensuring that Watergrove Trust (Formerly Wardle 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 board of trustees has delegated the day-to-day responsibility to the principal, 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 Watergrove Trust (Formerly Wardle Academy) 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 trustees has formally met four times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustees	Meetings attended	Out of possible
Mrs S M Taylor	7	7
Mrs L Parker (Resigned 5 November 2019)	6	7
Mr A Gleave (Resigned 8 January 2019)	0	3
Mrs E Ainscough	7	7
Mr H Munson (Resigned 18 February 2019)	3	3
Mr P Ottley-O'Connor	2	7
Mr N G Castledine (Resigned 15 June 2019)	5	6
Mr G Walczak	6	7
Mr Z Amin	4	7
Rev A Gilbert (Appointed 20 June 2019)	1	1
Mr P Mortimer (Appointed 4 March 2019)	4	4

### Governance reviews

The curriculum committee is a sub-committee of the main board of trustees.

Attendance at meetings in the year was as follows:

Trustees	Meetings attended	Out of possible
Mrs S M Taylor (*)	2	2
Mrs E Ainscough (*)	0	2
Mr G Walczak	2	2
Mr Z Amin	1	2

The finance committee is a sub-committee of the main board of trustees.



# WATERGROVE TRUST (FORMERLY WARDLE ACADEMY)

## GOVERNANCE STATEMENT (CONTINUED)

Attendance at meetings in the year was as follows:

Trustees	Meetings attended	Out of possible
Mrs S M Taylor (*)	3	3
Mrs L Parker (*) (Resigned 5 November 2019)	3	3
Mr P Ottley-O'Connor	3	3
Mr G Walczak	3	3
Mr P Mortimer (Appointed 4 March 2019)	2	2

### Review of value for money

As accounting officer the senior executive officer 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 appropriate. The accounting officer for the academy trust has delivered improved value for money during the year by:

- **Revising systems of financial accountability.** Local governing bodies are no longer the principal group for monitoring the financial propriety of their academies. Although regularly informed and with some financial responsibilities the principal monitoring role is to the senior executive who in turn is accountable to the Trustees Finance sub-group. The senior executive has been supported by the employment professional accountancy staff in both academies. All four schools have set in-year balanced budgets with the accounting officer for 2018/19.
- **Standardised purchase of ICT hardware, software, licences and communications equipment.** Economies of scale have been achieved in all areas. Joint licences, telephone systems, accounting software systems are all examples of the achievement of improved value for money.
- **Provision of service to non-trust schools.** Small amounts of surplus capacity existed within ICT, Marketing and Finance. Without incurring additional staffing costs, the Trust has been able to enter into Service Level Agreements to support other schools.

### 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 Watergrove Trust for the period 1st September 2018 to 31 August 2019 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 period 1st September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

# **WATERGROVE TRUST (FORMERLY WARDLE ACADEMY)**

## **GOVERNANCE STATEMENT (CONTINUED)**

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### **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 local governing bodies 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 board of trustees recognises the need to strengthen its internal audit systems for 2018/19 particularly with regard to the following checks:

- testing of payroll systems
- testing of purchase systems
- testing of control account/ bank reconciliations

The auditor reports to the Board of Trustees, through the audit committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

There were no high material control issues arising from the external auditor's work and all low and medium issues have been rectified.

### **Review of effectiveness**

As accounting officer the chief executive officer 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 external auditor
- the financial management and governance self-assessment process
- the work of the finance manager within the academy trust who has 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 weaknesses and ensure continuous improvement of the system is in place.

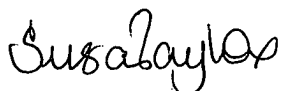
## **WATERGROVE TRUST (FORMERLY WARDLE ACADEMY)**

### **GOVERNANCE STATEMENT (CONTINUED)**

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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 weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the board of trustees on 5.12.19 and signed on its behalf by:



Susan Taylor  
Chair of Trustees



Mark Moorhouse  
Accounting Officer

## **WATERGROVE TRUST (FORMERLY WARDLE ACADEMY)**

### **STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE**

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As accounting officer of Watergrove Trust (formerly Wardle Academy) I have considered my responsibility to notify the academy trust board of trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

I confirm that I and the academy trust's 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 2018.

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



Mark Moorhouse  
Accounting Officer

6/12/19

# WATERGROVE TRUST (FORMERLY WARDLE ACADEMY)

## STATEMENT OF TRUSTEES' RESPONSIBILITIES

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The trustees (who are also the directors of Watergrove Trust (formerly Wardle Academy) 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 Academies Accounts Direction issued by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

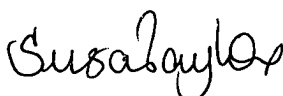
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the 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 that grants received from ESFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the board of trustees on 5.12.19 and signed on its behalf by:



Susan Taylor  
Chair of Trustees

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WATERGROVE TRUST (FORMERLY WARDLE ACADEMY)**

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### **Opinion**

We have audited the financial statements of Watergrove Trust (formerly Wardle Academy) (the "charitable company") for the year ended 31 August 2019 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice), and the Academies Accounts Direction 2018 to 2019 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2019 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2018 to 2019 issued by the Education and Skills Funding Agency.

### **Basis for opinion**

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

### **Conclusions relating to going concern**

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

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

### **Other information**

The trustees are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

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

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

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WATERGROVE TRUST (FORMERLY WARDLE ACADEMY) (CONTINUED)**

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

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

We have nothing to report in respect of the following matters in relation to which 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 trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of trustees**

As explained more fully in the Statement of Trustees' Responsibilities set out on page 28, 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, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditor's responsibilities for the audit of the financial statements**

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

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

### **Use of our report**

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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.



Karen Musgrave (Senior Statutory Auditor)  
For and on behalf of RSM UK Audit LLP, Statutory Auditor  
Chartered Accountants  
Bluebell House  
Brian Johnson Way  
Preston  
Lancashire, PR2 5PE  
13/12/19

# WATERGROVE TRUST (FORMERLY WARDLE ACADEMY)

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2019

		Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total 2019	Total 2018
	Notes	£000	£000	£000	£000	£000
<b>Income and endowments from:</b>						
Donations and capital grants	3	-	-	745	745	706
Donations - transfer from local authority on conversion		-	-	-	-	4,419
Charitable activities:						
- Funding for educational operations	4	-	11,541	-	11,541	11,142
Other trading activities	5	1,053	122	-	1,175	874
Investments	6	3	-	-	3	1
<b>Total</b>		<u>1,056</u>	<u>11,663</u>	<u>745</u>	<u>13,464</u>	<u>17,142</u>
<b>Expenditure on:</b>						
Charitable activities:						
- Educational operations	8	<u>498</u>	<u>12,749</u>	<u>402</u>	<u>13,649</u>	<u>12,705</u>
<b>Total</b>	7	<u>498</u>	<u>12,749</u>	<u>402</u>	<u>13,649</u>	<u>12,705</u>
<b>Net income/(expenditure)</b>		558	(1,086)	343	(185)	4,437
Transfers between funds	19	(603)	423	180	-	-
<b>Other recognised gains/(losses)</b>						
Actuarial (losses)/gains on defined benefit pension schemes	25	<u>-</u>	<u>(2,753)</u>	<u>-</u>	<u>(2,753)</u>	<u>1,523</u>
<b>Net movement in funds</b>		(45)	(3,416)	523	(2,938)	5,960
<b>Reconciliation of funds</b>						
Total funds brought forward		<u>1,266</u>	<u>(3,498)</u>	<u>13,527</u>	<u>11,295</u>	<u>5,335</u>
Total funds carried forward		<u>1,221</u>	<u>(6,914)</u>	<u>14,050</u>	<u>8,357</u>	<u>11,295</u>



**WATERGROVE TRUST (FORMERLY WARDLE ACADEMY)****BALANCE SHEET****AS AT 31 AUGUST 2019**

		2019		2018	
	Notes	£000	£000	£000	£000
<b>Fixed assets</b>					
Tangible assets	13		13,861		13,527
<b>Current assets</b>					
Stocks	14	18		18	
Debtors	15	868		891	
Cash at bank and in hand		1,561		1,441	
		2,447		2,350	
<b>Current liabilities</b>					
Creditors: amounts falling due within one year	16	(1,037)		(1,084)	
<b>Net current assets</b>			1,410		1,266
<b>Net assets excluding pension liability</b>			15,271		14,793
Defined benefit pension scheme liability	25		(6,914)		(3,498)
<b>Total net assets</b>			8,357		11,295
<b>Funds of the academy trust:</b>					
<b>Restricted funds</b>	19				
- Restricted fixed asset funds			14,050		13,527
- Pension reserve			(6,914)		(3,498)
<b>Total restricted funds</b>			7,136		10,029
<b>Unrestricted income funds</b>	19		1,221		1,266
<b>Total funds</b>			8,357		11,295

The financial statements on pages 31 to 54 were approved by the board of trustees and authorised for issue on 5.12.19 and are signed on their behalf by:



Susan Taylor  
Chair of Trustees

10.12.19

# WATERGROVE TRUST (FORMERLY WARDLE ACADEMY)

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2019

	Notes	2019 £000	2018 £000
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities	23	119	509
Cash funds transferred on conversion		-	322
		<u>119</u>	<u>831</u>
<b>Cash flows from investing activities</b>			
Interest receivable		3	1
Capital grants from DfE Group		491	45
Capital funding received from sponsors and others		254	655
Purchase of tangible fixed assets		(736)	(1,416)
		<u>12</u>	<u>(715)</u>
<b>Net cash provided by/(used in) investing activities</b>			
		12	(715)
<b>Cash flows from financing activities</b>			
Finance costs		(11)	(8)
		<u>(11)</u>	<u>(8)</u>
<b>Net cash used in financing activities</b>			
		(11)	(8)
<b>Net increase in cash and cash equivalents in the reporting period</b>		<u>120</u>	<u>108</u>
Cash and cash equivalents at beginning of the year		1,441	1,333
<b>Cash and cash equivalents at end of the year</b>		<u><u>1,561</u></u>	<u><u>1,441</u></u>

# WATERGROVE TRUST (FORMERLY WARDLE ACADEMY)

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 AUGUST 2019

---

#### 1 Accounting policies

##### **General information**

Watergrove Trust (formerly Wardle Academy) is a charitable company. The address of its principal place of business is given on page 1 and the nature of its operations are set out in the trustees' report.

A summary of the principal accounting policies adopted (which have been applied consistently, except where noted), judgements and key sources of estimation uncertainty, is set out below.

##### **Basis of preparation**

The financial statements of the academy trust have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the *Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102))*, the Academies Accounts Direction 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006. The academy trust is a public benefit entity under FRS 102 and has therefore applied the relevant public benefit requirements of FRS 102.

The financial statements are presented in sterling which is also the functional currency of the academy trust.

Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

##### **Going concern**

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

##### **Income**

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

##### **Grants**

Grants are included in the statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the statement of financial activities in the period for which it is receivable, and any abatement in respect of the period is deducted from income and recognised as a liability.

Capital grants are recognised in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grants are reflected in the balance sheet in the restricted fixed asset fund. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

# WATERGROVE TRUST (FORMERLY WARDLE ACADEMY)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2019

---

#### 1 Accounting policies (Continued)

##### Donations

Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable and the amount can be reliably measured.

##### Other income

Other income, including the hire of facilities, is recognised at fair value of the consideration received or receivable in the period it is receivable and to the extent the academy trust has provided the goods or services.

##### Donated goods, facilities and services

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

##### Donated fixed assets

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

##### **Expenditure**

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

##### Expenditure on raising funds

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

##### Charitable activities

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

# WATERGROVE TRUST (FORMERLY WARDLE ACADEMY)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

---

### 1 Accounting policies (Continued)

#### **Tangible fixed assets and depreciation**

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. Where there are specific conditions attached to the funding that require the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the statement of financial activities and carried forward in the balance sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the statement of financial activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets other than freehold land, so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Land and buildings	2% straight line
Computer equipment	25% straight line
Fixtures, fittings and equipment	10% straight line
Motor vehicles	Fully written down

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.

#### **Liabilities**

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

#### **Leased assets**

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

#### **Financial instruments**

The academy trust has chosen to adopt Sections 11 of FRS 102 in full in respect of financial instruments.

# **WATERGROVE TRUST (FORMERLY WARDLE ACADEMY)**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### **FOR THE YEAR ENDED 31 AUGUST 2019**

---

#### **1 Accounting policies (Continued)**

##### Financial assets and liabilities

Financial assets and financial liabilities are recognised when the academy trust becomes a party to the contractual provisions of the instrument.

Financial liabilities are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets measured at fair value through the profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. A financial asset of financial liability that is payable or receivable in one year is measured at the undiscounted amount expected to be received or paid net of impairment, unless it is a financing transaction. If an agreement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and financial liabilities are offset only when there is a current legally enforceable right to set off the recognised amounts and the intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

##### Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flow expire or are settled, or substantially all the risks and the rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

##### **Stock**

Unsold uniforms and catering stocks are valued at the lower of cost and estimated selling price less costs to complete and sell.

##### **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.

##### **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'), which are multi-employer defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit method. The TPS is a multi-employer scheme but there is insufficient information available to use defined benefit accounting, it is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

# **WATERGROVE TRUST (FORMERLY WARDLE ACADEMY)**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### **FOR THE YEAR ENDED 31 AUGUST 2019**

---

#### **1 Accounting policies (Continued)**

The LGPS is a funded multi-employer scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each reporting date. The amounts charged to net income are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the statement of financial activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses. Actuarial gains and losses are recognised immediately in other recognised gains and losses.

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

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

#### **2 Critical accounting estimates and areas of judgement**

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

#### Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 25, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

# WATERGROVE TRUST (FORMERLY WARDLE ACADEMY)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 3 Donations and capital grants

	Unrestricted funds £000	Restricted funds £000	Total 2019 £000	Total 2018 £000
Capital grants	-	745	745	700
Other donations	-	-	-	6
	-	745	745	706

The income from donations and capital grants was £745,000 (2018: £706,000) of which £Nil was unrestricted (2018: £6,000) and £745,000 was restricted fixed assets (2018: £700,000).

### 4 Funding for the academy trust's educational operations

	Unrestricted funds £000	Restricted funds £000	Total 2019 £000	Total 2018 £000
<b>DfE / ESFA grants</b>				
General annual grant (GAG)	-	9,899	9,899	9,754
Other DfE group grants	-	1,115	1,115	907
	-	11,014	11,014	10,661
<b>Other government grants</b>				
Local authority grants	-	527	527	481
	-	11,541	11,541	11,142

The income from funding for educational operations was £11,541,000 (2018: £11,142,000) of which £11,541,000 was restricted (2018: £11,142,000).

### 5 Other trading activities

	Unrestricted funds £000	Restricted funds £000	Total 2019 £000	Total 2018 £000
Hire of facilities	18	-	18	20
Catering income	432	-	432	443
Music tuition	24	-	24	27
Other income	579	122	701	384
	1,053	122	1,175	874

The income from other trading activities was £1,175,000 (2018: £874,000) of which £1,053,000 was unrestricted (2018: £765,000) and £122,000 was restricted (2018: £109,000).



# WATERGROVE TRUST (FORMERLY WARDLE ACADEMY)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 6 Investment income

	Unrestricted funds £000	Restricted funds £000	Total 2019 £000	Total 2018 £000
Interest from short term deposits	3	-	3	1

The income from funding for investment income was £3,000 (2018: £1,000) of which £3,000 was unrestricted (2018: £1,000).

### 7 Expenditure

	Staff costs £000	Non Pay Expenditure Premises £000	Other £000	Total 2019 £000	Total 2018 £000
Academy's educational operations					
- Direct costs	7,685	-	930	8,615	7,949
- Allocated support costs	2,572	1,509	953	5,034	4,756
Total support costs	10,257	1,509	1,883	13,649	12,705

#### Net income/(expenditure) for the year includes:

	2019 £000	2018 £000
Operating lease rentals	730	698
Depreciation of tangible fixed assets	402	377
Bank and loan interest	11	8
Net interest on defined benefit pension liability	103	116
Fees payable to RSM UK Audit LLP and its associates in respect of both audit and non-audit services are as follows:		
- Audit	16	15
- Other services	3	3

### 8 Charitable activities

	Unrestricted funds £000	Restricted funds £000	Total 2019 £000	Total 2018 £000
<b>Direct costs</b>				
Educational operations	194	8,421	8,615	7,949
<b>Support costs</b>				
Educational operations	304	4,730	5,034	4,756
	498	13,151	13,649	12,705

The expenditure on charitable activities was £13,649,000 (2018: £12,705,000) of which £498,000 was unrestricted (2018: £308,000), £12,749,000 was restricted (2018: £12,020,000) and £402,000 was restricted fixed assets (2018: £377,000).

# WATERGROVE TRUST (FORMERLY WARDLE ACADEMY)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 8 Charitable activities (Continued)

	2019 £000	2018 £000
<b>Analysis of support costs</b>		
Support staff costs	2,595	2,361
Depreciation	402	377
Premises costs	1,107	1,059
Other support costs	863	879
Governance costs	67	80
	<u>5,034</u>	<u>4,756</u>

### 9 Staff

#### Staff costs

Staff costs during the year were:

	2019 £000	2018 £000
Wages and salaries	7,578	7,011
Social security costs	701	647
Pension costs	1,767	1,618
	<u>10,046</u>	<u>9,276</u>
Staff costs - employed	10,046	9,276
Agency staff costs	199	238
Staff restructuring costs	12	19
	<u>10,257</u>	<u>9,533</u>
Staff development and other staff-related costs	23	20
	<u>10,280</u>	<u>9,553</u>

Staff restructuring costs comprise:

Redundancy payments	12	19
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Staff restructuring costs is made up of redundancy payments of £Nil (2018: £6,114) and severance payments of £2,000 on 28 February 2019 (2018: £2,853). Each of these payments were to 1 individual. There was also a pension payment of £10,021 on 4 June 2019 (2018: £10,021).

# WATERGROVE TRUST (FORMERLY WARDLE ACADEMY)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 9 Staff (Continued)

#### Staff numbers

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

	2019 Number	2018 Number
Teachers	105	100
Administration and support	208	175
Management	16	16
	<u>329</u>	<u>291</u>

The number of persons employed, expressed as a full time equivalent, was as follows:

	2019 Number	2018 Number
Teachers	103	94
Administration and support	135	129
Management	16	16
	<u>254</u>	<u>239</u>

#### Higher paid staff

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	2019 Number	2018 Number
£60,001 - £70,000	3	2
£70,001 - £80,000	3	3
£80,001 - £90,000	1	-
£90,001 - £100,000	-	1
£100,001 - £110,000	1	-
	<u>8</u>	<u>6</u>

#### Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £879,841 (2018: £1,215,322).

### 10 Central services

The academy trust has provided the following central services to its academies during the year:

- human resources;
- financial services;
- legal services;
- governance;
- educational support services;

# **WATERGROVE TRUST (FORMERLY WARDLE ACADEMY)**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### **FOR THE YEAR ENDED 31 AUGUST 2019**

#### **10 Central services (Continued)**

The academy trust charges for these services on the following basis:

RI Schools	- 4.5% of the General Annual Grant (GAG)
Good and outstanding schools	- 4.5% of the General Annual Grant (GAG)

The amounts charged during the year were as follows:

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
St Andrew's C of E Primary School	60	42
Wardle Academy	289	223
Kentmere Academy	58	45
St James' C of E Primary School	38	29
Watergrove Trust (formerly Wardle Trust)	-	-
	<u>445</u>	<u>339</u>

#### **11 Trustees' remuneration and expenses**

During the year, no trustees were paid remuneration or received other benefits from employment within the Academy Trust.

The Accounting Officer/Chief Accounting Officer who is not a trustee received remuneration of:

Mr G Wright  
Remuneration £70,630 (2018: £55,653)  
Employers pension contributions £Nil (2018: £Nil)

During the year expense payments totalling £71 (2018: £126) were made to one of the trustees in respect of travel and subsistence.

#### **12 Trustees and officers insurance**

In accordance with normal commercial practice, the academy trust has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy trust business. The insurance provides cover up to £10,000,000 on any one claim and the cost for the year ended 31 August 2019 was not separately identifiable but was included within the total insurance cost.

# WATERGROVE TRUST (FORMERLY WARDLE ACADEMY)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 13 Tangible fixed assets

	Land and buildings	Computer equipment	Fixtures, fittings and equipment	Motor vehicles	Total
	£000	£000	£000	£000	£000
<b>Cost</b>					
At 1 September 2018	13,378	1,320	1,327	6	16,031
Additions	515	157	64	-	736
At 31 August 2019	13,893	1,477	1,391	6	16,767
<b>Depreciation</b>					
At 1 September 2018	734	1,225	539	6	2,504
Charge for the year	219	46	137	-	402
At 31 August 2019	953	1,271	676	6	2,906
<b>Net book value</b>					
At 31 August 2019	12,940	206	715	-	13,861
At 31 August 2018	12,644	95	788	-	13,527

### 14 Stocks

	2019 £000	2018 £000
School uniform	15	18
Catering stock	3	-
	18	18

### 15 Debtors

	2019 £000	2018 £000
Trade debtors	13	16
VAT recoverable	143	162
Other debtors	1	2
Prepayments and accrued income	711	711
	868	891

# WATERGROVE TRUST (FORMERLY WARDLE ACADEMY)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2019

<b>16 Creditors: amounts falling due within one year</b>	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Trade creditors	460	529
Other taxation and social security	174	164
Other creditors	150	54
Accruals and deferred income (see note 17)	253	337
	<u>1,037</u>	<u>1,084</u>

<b>17 Deferred income</b>	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Deferred income is included within:		
Creditors due within one year	195	178
	<u>195</u>	<u>178</u>
Deferred income at 1 September 2018	178	112
Released from previous years	(178)	(112)
Resources deferred in the year	195	178
	<u>195</u>	<u>178</u>
<b>Deferred income at 31 August 2019</b>	<b>195</b>	<b>178</b>

At the balance sheet date the academy trust was holding funds received in advance for Early Years Funding.

<b>18 Financial instruments</b>	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
<b>Carrying amount of financial assets</b>		
Debt instruments measured at amortised cost	542	542
	<u>542</u>	<u>542</u>
<b>Carrying amount of financial liabilities</b>		
Measured at amortised cost	668	742
	<u>668</u>	<u>742</u>

# WATERGROVE TRUST (FORMERLY WARDLE ACADEMY)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 19 Funds

	Balance at 1 September 2018 £000	Income £000	Expenditure £000	Gains, losses and transfers £000	Balance at 31 August 2019 £000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	-	9,899	(10,322)	423	-
Other DfE / ESFA grants	-	1,115	(1,115)	-	-
Other government grants	-	527	(527)	-	-
Other restricted funds	-	122	(122)	-	-
Pension reserve	(3,498)	-	(663)	(2,753)	(6,914)
	<u>(3,498)</u>	<u>11,663</u>	<u>(12,749)</u>	<u>(2,330)</u>	<u>(6,914)</u>
<b>Restricted fixed asset funds</b>					
Inherited on conversion	11,993	-	(356)	-	11,637
DfE group capital grants	1,145	745	(34)	-	1,856
Capital expenditure from GAG	389	-	(12)	180	557
	<u>13,527</u>	<u>745</u>	<u>(402)</u>	<u>180</u>	<u>14,050</u>
<b>Total restricted funds</b>	<u>10,029</u>	<u>12,408</u>	<u>(13,151)</u>	<u>(2,150)</u>	<u>7,136</u>
<b>Unrestricted funds</b>					
General funds	1,266	1,056	(498)	(603)	1,221
<b>Total funds</b>	<u>11,295</u>	<u>13,464</u>	<u>(13,649)</u>	<u>(2,753)</u>	<u>8,357</u>

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

#### *Restricted general fund*

This fund represents grants received for the Academy's operational activities and development.

#### *Fixed assets fund*

These grants relate to funding from the DfE, ESFA and private sponsors to carry out works of a capital nature as part of the school improvement plan.

#### *Other restricted funds*

These funds relate to monies received from the local government, private sector and private sponsors to carry out works of a capital or revenue nature.

#### *Unrestricted funds*

This fund primarily relates to income from lettings and teaching school income.

# WATERGROVE TRUST (FORMERLY WARDLE ACADEMY)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 19 Funds (Continued)

#### Funds prior year

	Balance at 1 September 2017 £000	Income £000	Expenditure £000	Gains, losses and transfers £000	Balance at 31 August 2018 £000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	-	9,754	(9,918)	164	-
Other DfE / ESFA grants	-	907	(907)	-	-
Other government grants	-	481	(481)	-	-
Other restricted funds	-	109	(109)	-	-
Pension reserve	(3,858)	(558)	(605)	1,523	(3,498)
	<u>(3,858)</u>	<u>10,693</u>	<u>(12,020)</u>	<u>1,687</u>	<u>(3,498)</u>
<b>Restricted fixed asset funds</b>					
Transfer on conversion	7,689	4,655	(351)	-	11,993
DfE group capital grants	467	700	(22)	-	1,145
Capital expenditure from GAG	92	-	(4)	301	389
	<u>8,248</u>	<u>5,355</u>	<u>(377)</u>	<u>301</u>	<u>13,527</u>
<b>Total restricted funds</b>	<u>4,390</u>	<u>16,048</u>	<u>(12,397)</u>	<u>1,988</u>	<u>10,029</u>
<b>Unrestricted funds</b>					
General funds	945	1,094	(308)	(465)	1,266
<b>Total funds</b>	<u>5,335</u>	<u>17,142</u>	<u>(12,705)</u>	<u>1,523</u>	<u>11,295</u>



# WATERGROVE TRUST (FORMERLY WARDLE ACADEMY)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 19 Funds (Continued)

#### Total funds analysis by academy

	2019 £000	2018 £000
Fund balances at 31 August 2019 were allocated as follows:		
St Andrew's C of E Primary School	229	338
Wardle Academy	600	573
Kentmere Academy	337	326
St James' C of E Primary School	55	29
Watergrove Trust (formerly Wardle Trust)	-	-
	<hr/>	<hr/>
Total before fixed assets fund and pension reserve	1,221	1,266
Restricted fixed asset fund	14,050	13,527
Pension reserve	(6,914)	(3,498)
	<hr/>	<hr/>
Total funds	8,357	11,295
	<hr/>	<hr/>

#### Total cost analysis by academy

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

	Teaching and educational support staff £000	Other support staff costs £000	Educational supplies £000	Other costs excluding depreciation £000	Total 2019 £000	Total 2018 £000
St Andrew's C of E Primary School	1,221	317	124	222	1,884	1,672
Wardle Academy	4,728	1,369	204	1,580	7,881	7,475
Kentmere Academy	1,102	271	89	273	1,735	1,729
St James' C of E Primary School	679	180	64	138	1,061	1,054
Watergrove Trust (formerly Wardle Trust)	18	463	10	195	686	398
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	7,748	2,600	491	2,408	13,247	12,328
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

# WATERGROVE TRUST (FORMERLY WARDLE ACADEMY)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 20 Analysis of net assets between funds

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds £000
<b>Fund balances at 31 August 2019 are represented by:</b>				
Tangible fixed assets	-	-	13,861	13,861
Current assets	2,258	-	189	2,447
Creditors falling due within one year	(1,037)	-	-	(1,037)
Defined benefit pension liability	-	(6,914)	-	(6,914)
<b>Total net assets</b>	<b>1,221</b>	<b>(6,914)</b>	<b>14,050</b>	<b>8,357</b>

	Unrestricted Funds £000	Restricted funds: General £000	Fixed asset £000	Total Funds £000
<b>Fund balances at 31 August 2018 are represented by:</b>				
Tangible fixed assets	-	-	13,527	13,527
Current assets	2,350	-	-	2,350
Creditors falling due within one year	(1,084)	-	-	(1,084)
Defined benefit pension liability	-	(3,498)	-	(3,498)
<b>Total net assets</b>	<b>1,266</b>	<b>(3,498)</b>	<b>13,527</b>	<b>11,295</b>

### 21 Capital commitments

	2019 £000	2018 £000
Expenditure contracted for but not provided in the financial statements	189	315

### 22 Commitments under operating leases

At 31 August 2019 the total of the academy trust's future minimum lease payments under non-cancellable operating leases was:

	2019 £000	2018 £000
Amounts due within one year	29	32
Amounts due between one and five years	32	16
	<b>61</b>	<b>48</b>

# WATERGROVE TRUST (FORMERLY WARDLE ACADEMY)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 23 Reconciliation of net (expenditure)/income to net cash flow from operating activities

	2019 £000	2018 £000
Net (expenditure)/income for the reporting period (as per the statement of financial activities)	(185)	4,437
Adjusted for:		
Net surplus on conversion to academy	-	(4,419)
Capital grants from DfE and other capital income	(745)	(700)
Interest receivable	(3)	(1)
Interest payable	11	8
Defined benefit pension scheme costs less contributions payable	560	489
Defined benefit pension scheme finance cost	103	116
Depreciation of tangible fixed assets	402	377
<b>Movements in working capital:</b>		
(Increase) in stocks	-	(6)
Decrease/(increase) in debtors	23	(395)
(Decrease)/increase in creditors	(47)	603
<b>Net cash provided by operating activities</b>	<b>119</b>	<b>509</b>

### 24 Members' liability

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

### 25 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 Greater Manchester Pension Fund. Both are multi-employer defined benefit schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2016, and that of the LGPS related to the period ended 31 March 2016.

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

#### Teachers' Pension Scheme

##### Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions 2014.

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.

# **WATERGROVE TRUST (FORMERLY WARDLE ACADEMY)**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### **FOR THE YEAR ENDED 31 AUGUST 2019**

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#### **25 Pension and similar obligations (Continued)**

##### **Valuation of the Teachers' Pension Scheme**

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2016 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 except it has been prepared following the Government's decision to pause the operation of the cost control mechanisms at the time when legal challenges were still pending.

The valuation report was published in April 2019. The key results of the valuation and subsequent consultation are:

- Total scheme liabilities for service (pensions currently payable and the estimated cost of future benefits) of £218 billion
- Value of notional assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) of £196 billion
- Notional past service deficit of £22 billion
- Discount rate is 2.4% in excess of CPI

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from from September 2019 onwards (compared to 16.48% during 2018/19.) DfE has agreed to pay a teachers' pension employer contribution grant to cover the additional costs during the 2019-20 academic year.

The employer's pension costs paid to the TPS in the period amounted to £702,000 (2018: £656,000).

The TPS is a multi-employer pension plan and there is insufficient information to account for the scheme as a defined benefit plan so it is accounted for as a defined contribution plan.

##### **Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 19.7% for employers and 5.5 to 10.5% 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.

The current valuation does not reflect the expected increase in benefits and therefore liability as a result of Guaranteed Minimum Pension ('GMP') equalisation between men and women which is required as a result of the removal of the Additional State Pension. Methodologies for a long-term solution are still being investigated by the Government as set out in the published (January 2018) outcome of the Government Consultation 'Indexation and Equalisation of GMP in Public Sector Pensions Schemes' and therefore the expected impact cannot be reliably estimated and consequently no provision/liability has been recognised.

The past service cost recognised in the year of £152,000 (2018: £Nil) relates to the effect of the McCloud judgement regarding age discrimination in respect of public service pensions.

# WATERGROVE TRUST (FORMERLY WARDLE ACADEMY)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

### 25 Pension and similar obligations (Continued)

Total contributions made	2019 £000	2018 £000
Employer's contributions	505	462
Employees' contributions	152	139
Total contributions	657	601

#### Principal actuarial assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2016 updated to 31 August 2019 by a qualified independent actuary.

	2019 %	2018 %
Rate of increase in salaries	3.1	2.3
Rate of increase for pensions in payment/inflation	2.3	3.1
Discount rate for scheme liabilities	1.9	2.8

The assumed life expectations on retirement age 65 are:

	2019 Years	2018 Years
Retiring today		
- Males	20.6	21.5
- Females	23.1	24.1
Retiring in 20 years		
- Males	22.0	23.7
- Females	24.8	26.2

#### The academy trust's share of the assets in the scheme

	2019 Fair value £000	2018 Fair value £000
Equities	8,141	7,444
Bonds	1,796	1,752
Property	958	766
Other assets	1,077	985
Total fair value of assets	11,972	10,947

The actual return on scheme assets was £536,000 (2018: £554,000).

# WATERGROVE TRUST (FORMERLY WARDLE ACADEMY)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 25 Pension and similar obligations (Continued)

Amount recognised in the Statement of Financial Activities	2019 £000	2018 £000
Current service cost	913	951
Net interest cost	103	116
Plan introductions, changes, gain/(loss) on curtailment and gain/(loss) on settlement	152	-
Total operating charge	1,168	1,067
<b>Changes in the present value of defined benefit obligations</b>	<b>2019 £000</b>	<b>2018 £000</b>
At 1 September 2018	14,445	12,673
Obligations acquired on conversion	-	1,686
Current service cost	913	951
Interest cost	416	370
Employee contributions	152	139
Actuarial loss/(gain)	2,976	(1,223)
Benefits paid	(168)	(151)
Past service cost	152	-
At 31 August 2019	18,886	14,445
<b>Changes in the fair value of the academy trust's share of scheme assets</b>	<b>2019 £000</b>	<b>2018 £000</b>
At 1 September 2018	10,947	8,815
Assets acquired on conversion	-	1,128
Interest income	313	254
Return on plan assets (excluding net interest on the net defined pension liability)	223	300
Employer contributions	505	462
Employee contributions	152	139
Benefits paid	(168)	(151)
At 31 August 2019	11,972	10,947

# **WATERGROVE TRUST (FORMERLY WARDLE ACADEMY)**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2019**

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### **26 Related party transactions**

All transactions involving related parties or connected parties are conducted at arm's length and in accordance with the requirements of the AFH, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, the trust's financial regulations and normal procurement procedures, unless otherwise stated.

During the year the Academy Trust entered into the following transactions:

- A person with significant control was employed in the year from September to December. Total remuneration of £2,729 in the period.
- A connected party to a person with significant control is a IT assistant at the trust. Total remuneration paid in the period from September to December 2018 was £2,258.

### **27 Post balance sheet events**

After the year end, Matthew Moss High School converted to academy trust status and joined Watergrove Trust (formerly Wardle Academy) on 1 November 2019.

An estimate of the financial effect of this event, cannot be made at this time.

# **INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO WATERGROVE TRUST (FORMERLY WARDLE ACADEMY) AND THE EDUCATION AND SKILLS FUNDING AGENCY**

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## **Conclusion**

We have carried out an engagement in accordance with the terms of our engagement letter dated 15 June 2016 and further to the requirements of the Education and Skills Funding Agency ("ESFA") as included in the Academies Accounts Direction 2018 to 2019, to obtain limited assurance about whether the expenditure disbursed and income received by Watergrove Trust (formerly Wardle Academy) during the period 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

## **Basis for conclusion**

The framework that has been applied is set out in the Academies Accounts Direction 2018 to 2019 Part 9: Regularity Reporting. We are independent of Watergrove Trust (formerly Wardle Academy) in accordance with the ethical requirements that are applicable to this engagement and we have fulfilled our ethical requirements in accordance with these requirements. We believe the assurance evidence we have obtained is sufficient to provide a basis for our conclusion.

## **Responsibilities of Watergrove Trust (formerly Wardle Academy)'s accounting officer and trustees**

The accounting officer is responsible, under the requirements of Watergrove Trust (formerly Wardle Academy)'s funding agreement with the Secretary of State for Education dated 1 September 2013 and the Academies Financial Handbook, extant from 1 September 2018, 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. The accounting officer is also responsible for preparing the Statement of Regularity, Propriety and Compliance. The trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the proper conduct and financial operation of Watergrove Trust (formerly Wardle Academy) and appointment of the accounting officer.

## **Reporting Accountant's responsibilities for reporting on regularity**

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 2018 to 2019.

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 the procedures vary in nature and timing from, and are less in extent than for a reasonable assurance engagement; consequently a limited assurance engagement 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.

We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2018 to 31 August 2019 have not been applied to purposes identified by Parliament or that the financial transactions do not conform to the authorities which govern them.

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# **INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO WATERGROVE TRUST (FORMERLY WARDLE ACADEMY) AND THE EDUCATION AND SKILLS FUNDING AGENCY (CONTINUED)**

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Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including the specific requirements of the funding agreement with the Secretary of State for Education, the Academies Financial Handbook 2018 published by the Education and Skills Funding Agency and high level financial control areas where we identified a material risk of irregularity is likely to arise. It also included areas assessed as presenting a higher risk of impropriety. We undertook detailed testing, on a sample basis, based on the identified areas where a material irregularity is likely to arise, or potential impropriety where such areas are in respect of controls, policies and procedures that apply to classes of transactions. Our work was undertaken with due regard to the 'Evidence to support conclusion on regularity' guidance in Academies Accounts Direction 2018 to 2019.

This work was integrated with our audit on the financial statements and evidence was also derived from the conduct of that audit to the extent it supports the regularity conclusion.

## **Use of our report**

This report is made solely to Watergrove Trust (formerly Wardle Academy) and the ESFA in accordance with the terms of our engagement letter dated 15 June 2016. Our work has been undertaken so that we might state to the Watergrove Trust (formerly Wardle Academy) and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Watergrove Trust (formerly Wardle Academy) and the ESFA, for our work, for this report, or for the conclusion we have formed.



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Dated: 13/12/19