

Company Registration No. 08368756 (England and Wales)

WATERGROVE TRUST
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021



WATERGROVE TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Members

Rev R Battershell
Mr A Dearnley
Mr S Pidgeon (resigned 31 August 2021)
Mr P Ottley O' Connor
Mrs S Cairns

Trustees

Mrs S M Taylor
Mr S Hashmi MBE (Resigned 21 January 2021)
Rev A Gilbert (Resigned 31 August 2021)
Mr P Mortimer
Mr S Ahmed
Mr D Johnson
Mr C McKenzie
Mrs S O'Brien
Mrs L Parker
Mr G Walczak
Mrs E Ainscough (Resigned 16 June 2021)

Company secretary

Mrs K Neville
Mrs L James
Mrs J Ashworth (resigned 27 January 2021)

Chief executive officer

Mr M Moorhouse

Deputy chief executive officer

Mrs S Isberg (resigned August 2021)

Senior management team

- Wardle Headteacher	Mr B Hesketh
- Wardle Deputy Headteacher	Mr D Watson
- St James Executive Headteacher	Mrs J A Rainford
- St James Deputy Headteacher	Mr S Booth
- St Andrews Executive Headteacher	Mrs J A Rainford
- St Andrews Deputy Headteacher	Mrs J Hodgson
- Kentmere Head of School	Mrs N Howard
- Kentmere Deputy Headteacher	Miss H Coleman
- Matthew Moss Headteacher	Mr C Jennings
- Matthew Moss Deputy Headteacher	Mr M Sherratt
- Matthew Moss Deputy Headteacher	Mr J Glennie
- Matthew Moss Deputy Headteacher	Miss J King
- Moorhouse Head of School	Mrs K Milnes

Finance manager

Mr J P Butterworth

Company registration number

08368756 (England and Wales)

Registered office

Blue Pit Mill
Queensway
Rochdale
Lancashire
OL11 2YW

WATERGROVE TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Academies operated

St Andrew's C of E Primary School
Wardle Academy
Kentmere Academy
St James' C of E Primary School
Matthew Moss High School
Moorhouse Academy
Watergrove Trust

Location

Rochdale
Rochdale
Rochdale
Rochdale
Rochdale
Rochdale

Principal

Mrs J A Rainford
Mr B Hesketh
Mrs N Howard
Mrs J A Rainford
Mr C Jennings
Mrs K Milnes

Independent auditor

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

Internal auditor

Beever and Struthers
St George's House
215-219 Chester Road
Manchester
M15 4JE

Bankers

Lloyds Bank
Customer Service Centre
Dept 91-01
Box 3
BX1 1LT

Solicitors

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

WATERGROVE TRUST

TRUSTEES' REPORT

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year 1 September 2020 to 31 August 2021. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The Trust has two secondary academies; Wardle Academy (capacity 1,200 and 1,226 on roll) and Matthew Moss, a growing Academy with capacity of 900 and 881 on roll. Catchment areas for Wardle Academy, St James' C of E, St Andrew's C of E and Kentmere Academy include Wardle, Smallbridge, Dearnley, Hurstead and Littleborough.

Matthew Moss High School catchment areas include Castleton, Sudden, Heywood, Marland and Rochdale. Schools serve geographically diverse areas from historic village locations to densely populated township areas.

Moorhouse Academy joined the Trust in April 2021 with 214 pupils, joining Kentmere Academy, near Rochdale consisting of 339 pupils; St Andrews C of E Primary School consisting of 445 pupils and St James C of E Primary School consisting of 210 pupils.

Moorhouse Academy catchment areas include Milnrow, Firgrove and The Cray. Most students from here progress to Hollingworth High School. The school is located in an area of deprivation; in the latest Index of Multiple Deprivation (IMD) this area was ranked 4,197 out of 32,844 in England, where 1 was the most deprived and 32,844 the least.

The Trust is expanding and currently has 3611 students in roll (Sept 2021).

Trustees have delegated admission policies to Individual academies; policies can be found on each school website. All academies follow the Rochdale LA primary and secondary school admission arrangements as published on the local authority website.

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 2018	–	Good
Moorhouse Academy	–	April 2021	–	Inadequate

Covid 19

Education during the last academic year was heavily impacted by Covid 19. Whilst schools remained open for learners identified as vulnerable and the children of key workers, education for many was provided in line with the Remote Learning Policy.

Lockdown had a substantial impact on financial planning. Expenditure patterns shifted considerably, for example reprographics costs reduced, catering / lettings income plummeted. Budget forecasts were based on unprecedented external circumstances and in response the Trust team took a cautious, worst case scenario approach when preparing outturns.

WATERGROVE TRUST

TRUSTEES' REPORT (CONTINUED)

This timeline shows the amount of time spent in lockdown.

30 July 2020	Greater Manchester local lockdown
17 August 2020	GCSE students are told their results will be based on teacher assessments instead of the controversial algorithm that saw many students marked down.
5 November 2020	Second national lockdown comes into force in England, schools remain open
4 January 2021	PM says children should return to school after the Christmas break, but warns restrictions in England will get tougher
6 January 2021	England enters third national lockdown, schools close to all but children of key workers and those classed as vulnerable.
16 April 2021	Lockdown extended for 'at least' three weeks. Government sets out five tests that must be met before restrictions are eased
1 June 2021	Phased reopening of schools in England

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 from RPA, 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

TRUSTEES' REPORT (CONTINUED)

Method of recruitment and appointment or election of trustees

All trustees will be appointed by the members for an initial period not exceeding four 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 a Local Governing Body.

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)
- One Staff governors
- Governors' term of office shall be 4 years. The time limit does not apply to headteachers. Nominations for all Chairs of Governance will be sought annually.

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 new Governance Board members*

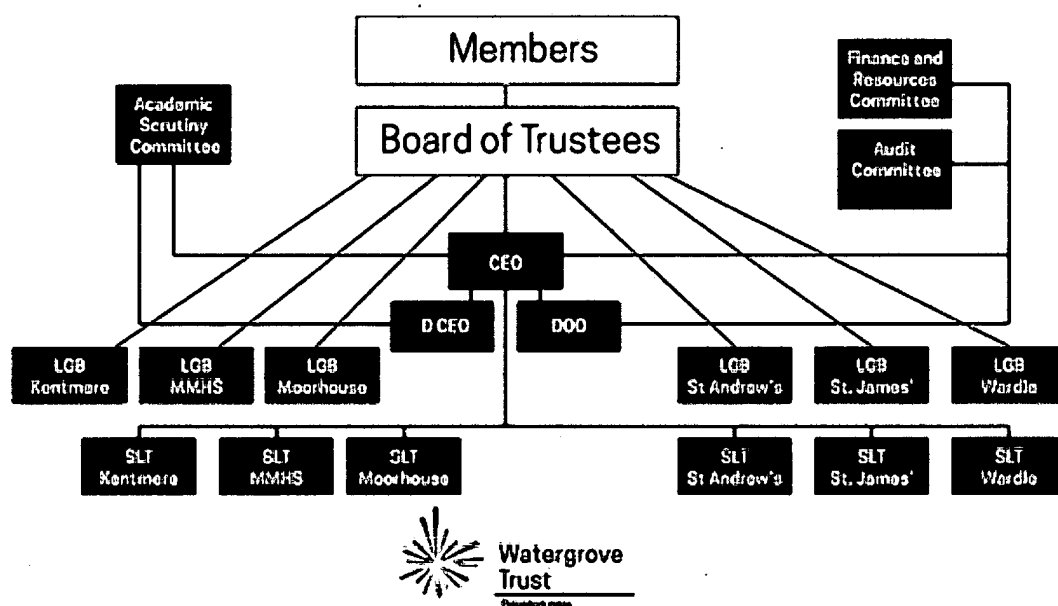
The training and induction provided for new Governance members includes an Induction/Welcome session, governance induction meeting and a mentor. Induction includes a tour of the academies/academy and a chance to meet the headteacher, staff and pupils. All governance members are provided with online access to copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role. 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.

* Members, Trustees, Local Governors

Organisational Structure

Please see the Scheme of Delegation for more detailed information.

The Governance Structure at the Watergrove Trust is as follows:



WATERGROVE TRUST

TRUSTEES' REPORT (CONTINUED)

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 twelve trustees (currently four vacancies). 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 (2021). 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 & Risk). The **quorum** for any Board meeting or vote is **three** trustees.

Trustees are selected based upon their educational or business expertise. All governors and Trustees complete a skills audit to assess suitability for the vacant post and ensure a broad range of relevant expertise on the Board. 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.

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.

Trustee Committees

The Board of Trustees is advised by three committees:-

- Academic Scrutiny;
- Finance and Resources;
- Audit and Risk

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

TRUSTEES' REPORT (CONTINUED)

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 three trustees with educational experience, CEO and an external School Improvement Partner.
- b. **Finance and Resources.** A minimum of three trustees with corporate management experience, CEO, and Trust Finance Manager.
- c. **Audit and Risk.** A minimum of three trustees (not Chair of Trustees or other governance office holders).

Local Governing Bodies

The primary function of the LGBs 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. LGBs also have an advisory role. Although the Board undertakes centralised educational and financial performance monitoring, thereby enabling LGBs to focus on teaching, learning and pastoral issues, LGBs 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 LGB 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 LGB 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 LGB will:-

- a. Share in the Trust's vision and direction.
 - 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.
 - n. Ensure that the 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.
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WATERGROVE TRUST

TRUSTEES' REPORT (CONTINUED)

- 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.

LGB 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 LGB, but it would not wish to intervene in its composition or change its delegated responsibilities unless the LGB was proving ineffective in the delivery of its responsibilities. Any LGB 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 LGB 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 LGB (ideally the headteacher or Chair of LGB). 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.

LGB Committees

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

The Board does delegate some responsibility to LGBs in these areas, but most of the monitoring is via executive officers or Trustee Committee.

Local Governing Body Meetings

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

Meetings shall be convened by the Governance Manager (GM). The GM shall comply with any direction given by

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

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

WATERGROVE TRUST

TRUSTEES' REPORT (CONTINUED)

Arrangements for setting pay and remuneration of key management personnel

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

The pay for key management personnel i.e. Chief Executive Officer's (CEO) and Deputy CEO post is subject to an annual review against Key Performance Targets agreed with trustees within the Strategic Business Plan.

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.

Trade union facility time

Under the provisions of the Trade Union (Facility Time Publication Requirements) Regulations 2017, where an academy trust has more than 49 full time equivalent employees throughout any 7 months within the reporting period, it must include information included in Schedule 2 of the Regulations.

The Trust employs one trade union official who represents ASCL who spent less than 50% of their employed hours on facility time.

Relevant union officials

Number of employees who were relevant union officials during the relevant period	1
Full-time equivalent employee number	1.00

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	17,189,000
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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WATERGROVE TRUST

TRUSTEES' REPORT (CONTINUED)

The time spent on paid trade union activities as a percentage of total paid facility time hours is zero.

Engagement with employees (including disabled persons)

The Trust values the contributions made by all staff. The following actions have taken place during the period to introduce, maintain or develop arrangements aimed at:

1. Providing employees with information on matters of concern to them.
 - a. The CEO holds fortnightly Headteacher meetings to share information with and receive information from, schools. The central team communicates regularly to provide updates - for example HR support (including Smart Clinic), guidance around working at home and remote learning.
2. Consulting employees or their representatives regularly so that the views of employees can be considered in making decisions which are likely to affect their interests
 - a. The Trust distributed a survey to all employees in Summer 2021 and is acting on the findings.
3. Encouraging the involvement of employees in the company's performance
 - a. All staff have annual review meetings to celebrate their contribution to the Trust, identify training needs and share future plans.
4. Achieving a common awareness on the part of all employees of the factors affecting the performance of the company
 - a. The CEO writes to all staff at least twice a year to provide an update.
5. Its policy in respect of applications for employment from disabled persons, the treatment of employees who become disabled and the training, career development and promotion of disabled persons.
 - a. The Trust recruitment and selection policy outline the approach. *The Equality Act 2010 requires the Trust to make reasonable adjustments to the recruitment process if the applicant makes us aware that they have a disability. This applies to the entire recruitment process, from advertising to appointment and the Trust is committed to meeting this requirement.*

Engagement with suppliers, customers and others in a business relationship with the trust

The Trust have had regard to the need to foster the company's business relationship with suppliers, customers and others. The governance register of business interests is published on the Trust website. Moreover, the Trust will always ensure best value when making business decisions; in the case of a declared business interest this will involve obtaining three quotes whatever the value of the transaction.

The Trust acts in a way most likely to promote the success of the company and in doing so has regard to:

- the likely consequences of any decision in the long term
- the interests of the company's employees
- the need to foster the company's business relationships with suppliers, customers and others
- the impact of the company's operations on the community and the environment
- the desirability of the company maintaining a reputation for high standards of business conduct
- the need to act fairly as between members of the company

The Trust has forged strong relationships with suppliers, based on reliability and suitability for purpose. Where possible, local suppliers are used to reduce our carbon footprint and support local businesses. The Trust is moving towards contracts that provide a service to all academies, this provides consistency and surety especially when it relates to statutory compliance, for example water hygiene.

Related Parties and other Connected Charities and Organisations

Watergrove Trust works with the Diocese of Manchester to support St Andrew's and St James' primary schools. Church representatives form between 20-40% of the Members and Board of Trustees and work actively with the diocesan board.

The Trust is not part of a soft federation, but actively seeks to support other schools through CPD and leadership development.

WATERGROVE TRUST

TRUSTEES' REPORT (CONTINUED)

OBJECTIVES AND ACTIVITIES

Objects and aims

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.

Our Mission

In the 1930s Rochdale's need for clean, fresh water was met by the provision of the Watergrove Reservoir. Nearly a century later, the **Watergrove Trust** has been formed to provide **schooling of the highest quality** for the region.

Our mission then is to be ever "**Providing more**" to the communities we serve, to enable life in all its fullness.

WATERGROVE TRUST

TRUSTEES' REPORT (CONTINUED)

Objectives, Strategies and Activities

Area	Objective and Strategy	Outcome / Success criteria
Resource		
Governance	Improve communication between Local Governing Boards and Trustees.	The Governance Manager is now supporting all schools. Standard agenda items from the Trust are supplemented by Academy items.
	Build Standard Agenda Items.	Minutes shared.
	Trustees and Governors have the skills to support improvement.	All skills audits completed.
	Form a training plan for Trustees and Governors with reference to skills audit	In person training planned post covid with access to online learning via NGA in the interim.
	On appointment, governors and trustees have the information they need to be effective.	New process in place to ensure good information sharing and onboarding.
	Introducing a new induction process.	
	Appropriate board and committee structures that reflect the scale and structure of an organisation and ensure "sufficient and robust oversight" of key priorities. A clear separation between strategic non-executive oversight and operational executive leadership.	The structure of all Trust governing bodies meets the requirements of the Academies Handbook.
	Review LGB composition and terms of office	
Staffing	Secure professional HR advice and support.	HR Professional appointed
	Support the Induction of HR Professional	
	Build processes to provide early confidence and assurance in HR systems and processes.	TUPE, induction and probation policies and processes are in place.
	<ul style="list-style-type: none"> Develop systems for staff who TUPE into the Trust. Develop induction and probation policies. 	Moorhouse joined the Trust April 2021
	Review Trust Executive roles to ensure capacity and support as the trust grows. The Board of Trustees will review improvement needs and appoint to meet requirements.	New job roles in place and secondments to improvement roles.
	Supporting wellbeing throughout COVID lockdown.	The introduction of a Staff Remote working policy. Regular contact from line managers and support from Smart Clinic /Occupational Health.
	Clear policies and support during periods of lockdown.	
	Review Performance Management and disciplinary policies	Review is underway, in consultation with the unions

WATERGROVE TRUST

TRUSTEES' REPORT (CONTINUED)

Area	Objective and Strategy	Outcome / Success criteria
Resource		
Data Management	Gather Trust wide data to inform improvement and intervention. All schools use Arbor MIS, which feeds into a Trust dashboard to provide live information.	All schools are using Arbor and Trustees / Governors can access headline data to correlate information provided.
IT	Improve working arrangements with schools and headteachers Improve the Service based approach	Introduce feedback dashboard and be proactive in response. Restructure IT team to provide layers of support.
	Ensure continuity of provision during periods of lockdown. <ul style="list-style-type: none"> Plan for remote learning Support blended learning across the trust 	Remote Learning policy in place. Staff provided with resources and training to support home and blending learning.
Centralised Budget	Improve efficiency of banking to build foundations for growth.	All schools with Lloyds Bank, moving towards a centralised bank account in September 2021
	Establish common banking arrangements for all schools.	
	Secure funding to support growth.	TCaF Funding secured.
	Apply for TCaF	
	Ensure sufficient funds are retained to maintain the Trust as a going concern.	Reserves policy in place based on 5% of combined GAG.
	Write reserves policy and put it into practice	Reserves pooled from September 2021.
	Meet the audit requirements of the Academies Handbook.	Two audits have taken place during the year covering Safeguarding and key controls.
Estate Management	Embed internal audit	
	Improve the efficiency of financial systems to build foundations for growth.	Upgraded software to SAGE 200 Move to the EFSA Chart of Accounts
	Improve the strategic management of the estate by producing the following documents: <ul style="list-style-type: none"> estate vision estate strategy Asset Management Plan strategic review process 	Appoint an Estates Manager to lead strategy and action across the Trust.
	Ensure effective management of Capital Projects. External consultants employed pending appointment of Estates Manager.	Three CIF projects at Kentmere, St Andrew's CE and St James CE completed during the year. The Wardle WaterSHED project is underway and will be completed November 2021 Ongoing challenge to address issues at MMHS on the project which took place prior to academisation.

WATERGROVE TRUST

TRUSTEES' REPORT (CONTINUED)

Objectives, strategies and activities

Area	Objective and Strategy	Outcome / Success criteria
Resource		
Estate Management (continued)	<p>Ensure Health & safety requirements are met:</p> <p><i>Watergrove Trust recognises and accepts its responsibilities as an employer for providing a safe and healthy working environment for all employees. The Board of Trustees also recognises the health and safety impact of the Trust's work with regards to pupils, contractors, members of the public, and anyone else who may be affected by the Trust's work activities, and will take all reasonable steps to protect these people.</i></p> <p>Health & Safety new policy and procedures to introduce</p>	<p>New policy and approach agreed and implemented during 2020 / 2021.</p> <p>External QA and report to Trustees.</p> <p>Regular training with site managers.</p>
Performance		
KS2	<p>Reading Improvement</p> <ul style="list-style-type: none"> Set up a working group. Produce Resource Booklet MAT KS2 Reading Action Plan 	<ul style="list-style-type: none"> Action plan agreed and implemented Jan 2020. Booklet distributed January 2020.
KS3/4	<p>Improve attendance across Secondary Schools in the Trust.</p> <p>Share best practice across secondary schools.</p>	<p>Aim to be above national average at all schools. Trust Inclusion Lead appointed.</p>
KS4	<p>Reduce Disadvantage Gap</p> <ul style="list-style-type: none"> Recruit experienced teachers in English Support new English HoF Opening of Wardle Super Saturday provision Review app use and impact 	<ul style="list-style-type: none"> Improved progress in classes of new staff Improved P8 for English Language and Literature. At least 20 pupils attending per week Use by disadvantaged pupils surpasses school average.
KS4	<p>Open Bucket Improvement</p> <ul style="list-style-type: none"> Recruit to IT and Computing Reschedule intervention to ensure timely completion of portfolios. Moderate assessment across Open Bucket subjects 	<ul style="list-style-type: none"> Progress in classes of new staff in line with or above expected. Portfolio attainment in line with or above expected. Portfolio attainment in line with or above expected.
Ofsted	Secure external QA of curriculum provision.	Any gaps identified to ensure the curriculum is fit for purpose.
	Two curriculum reviews per school in 2019/2020 academic year, by serving Ofsted Inspector.	
	<p>External QA of Safeguarding arrangements.</p> <p>Cross Trust Safeguarding Report presented to Trustees</p>	Internal Audit report presented to Trustees

WATERGROVE TRUST

TRUSTEES' REPORT (CONTINUED)

Area	Objective and Strategy	Outcome / Success criteria
Growth		
Stakeholder Engagement	Build strong foundations for sustainable growth. Build a positive relationship with RSC and LA. Network and support schools outside the trust. Develop a 'try before you buy' option.	CEO actively supporting two schools outside the Trust. Try before you buy option offer in place.
Additional Schools	Build a growth strategy. Connect with other local schools re joining the MAT	An additional school joined the Trust In April 2021.
Additional Funding Streams	Secure additional funds to support improvement projects. <ul style="list-style-type: none"> Contract with bid-writers to secure grants for Trust and school Central team to submit bids if the opportunity arises 	Funding secured from Porticus for Transactional Analysis training. Funding secured from The Wolfson Foundation to create two Science Labs.

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 provide more. In particular, but without prejudice to the generality of the foregoing by estimating, maintaining, managing and developing schools, offering a broad and rich curriculum. Student outcomes, OFSTED judgement of the quality of education, 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 to 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

TRUSTEES' REPORT (CONTINUED)

STRATEGIC REPORT

Achievements and performance

The absence of national testing in 2020 and 2021 has an obvious impact on academic performance measures. The last set of published results relate to 2019 and many students have experienced blended learning during lockdown. Nevertheless, the KPI's cover all areas of Trust business and are continually monitored.

Key Performance Indicators

By September 2024, every school which has been part of the Watergrove Trust for 24 months or more will have:

- Objective 1 A full roll
- Objective 2 A Good or Outstanding Ofsted judgement
- Objective 3 Attendance which is above national average
- Objective 4 Academic progress above national average, including for disadvantaged pupils.
- Objective 5 Governor Mark

	KPI	Appraisal	Status	Trend	Evidence	Current Action
Context	Number on Roll	CEO COO HT	Five schools are full. Moorhouse -68 vacancies across uneven year groups 232/300	↑ Trust + 572 Moorhouse + 18	Trust MIS	Kentmere Support Social Media Promotion Environmental Improvements
QA	Ofsted Judgement	CEO HT	St James' RI Moorhouse Inadequate	↔ Awaiting Inspection	https://files.ofsted.gov.uk/v1/file/2641033 https://files.ofsted.gov.uk/v1/file/50162453	Executive Headship at St James' Kentmere support at Moorhouse
	QA Judgement	CEO HT	Sustained Improved for all schools less than Good.	↑ St James' and Moorhouse demonstrate significant improvement.	QA reports	Improvement Leads in place. Inclusion Lead in place.
Attainment and Progress	Primary	CEO HT	2019 Headlines show predominantly Average progress. 2021 self-assessments improved.	↑ Moorhouse Expected improved. Online learning appears to have boosted Greater Depth in three schools.	Primary Overview October 2021	Key Strategy enacted. System Science staff growth.
	Secondary	CEO HT	2019 Headlines show predominantly Average progress. 2021 self-assessments improved.	↑ Overall attainment and progress are increasing in both schools.	6. Scrutiny Committee Report GCSE 2021	Watergrove Resource Bank in place. Recruitment of Trust-wide staff.

WATERGROVE TRUST

TRUSTEES' REPORT (CONTINUED)

	KPI	Appraisal	Status	Trend	Evidence	Current Action
Attendance and Exclusions	Primary Attendance	CEO HT	95% (National: 92.3%) at 29/10/21	↔	Trust MIS Dashboard	Kentmere support for Moorhouse.
	Primary Exclusions	CEO HT	3 suspensions at 29/10/21	↔	Trust MIS Dashboard	Trust inclusion Manager
	Secondary Attendance	CEO HT	92.1% (National 87.6%) at 29/10/21	↔	Trust MIS Dashboard	Trust inclusion Manager
	Secondary Exclusions	CEO HT	51 suspensions 4 Permanent Exclusions at 29/10/21	↓ Positive and negative behaviour logs increased, but a concerning Permanent Exclusion figure.	Trust MIS Dashboard	New appointments at MMHS. Support for Year Leads commissioned at Wardle. Behaviour and Attitudes review Autumn 2021. Classroom Leadership Strategy enacted
Safeguarding	Safeguarding	CEO HT Inclusion Lead	CPOMS updated for all schools in line with HSBs. September KCSIE training heavily focused on HSB/peer on peer at all Trust schools. Trust Quiz to evidence staff training.	↑	CPOMS Forum Minutes Internal audit	New categories for SHBs have been implemented across Trust school's CPOMS systems (inline with June 10th report). Training about usage to continue WT Safeguarding Forum to evolve and develop even more. Areas of specialism to emerge within the Trust forum-creation of experts who lead on different aspects. Brook HSB toolkit bought - to be implemented at all Trust schools.
H & S	Incidents / Near Misses	COO HT	Site H&S Logs	Trust wide information not gathered	Each school keeps records	Annual report due in the Autumn term for each school. This will be collated into a trust wide report.

WATERGROVE TRUST

TRUSTEES' REPORT (CONTINUED)

	KPI	Appraisal	Status	Trend	Evidence	Current Action
Stakeholder Views	Learner Voice	CEO COO HT	Survey took place Summer 2021	First Trust wide survey	Survey Data shared with Chairs and Heads	Results being analysed and action plans being developed.
	Staff Voice	CEO COO HT	Survey took place Summer 2021	First Trust wide survey	Survey Data shared with Chairs and Heads	Results being analysed and action plans being developed.
	Parent Voice	CEO COO HT	Survey took place Summer 2021	First Trust wide survey	Survey Data shared with Chairs and Heads	Results being analysed and action plans being developed.
Finance	Monthly Outturn Summary	COO	Monthly outturn shared with Trustees and Headteachers	↑	Financial records checked by audit	System in place
	Internal Audit Summary	COO	Audits have taken place and report shared with Trustees	↑	Reports presented to Trustees	Auditors need to produce a summary to submit with the annual report.
	External Audit Summary	COO	Design and operation of controls both judged "Substantial".	↑ Strongest audit to date.	13. Visit 2 June 2021 - Key Financial Controls (FINAL) Issued 09.09.2021	Planned expansion of Finance team in response to Trust growth.

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.

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 most schools in the Watergrove Trust at the point of entry. Moorhouse Academy joined the Trust with a budget that was not sustainable, so in response a staffing restructure took place in the Summer term in order to produce a balanced budget in 2021/22. In addition, the local authority predicts a short-fall in the supply of secondary school places for the Pennine region from 2018 – 2024. Wardle increased PAN by 50 places in 2021/22 and will do so again the subsequent year to meet short term demand. Planning permission for 880 new homes in Pennine Township will also help ensure that all schools remain full for the foreseeable future. The current surplus is 13% of GAG, significantly above the Trust reserve percentage of 5%.

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. Pooling of Trust surpluses brings an additional layer of assurance that central reserves will be maintained at required levels.

WATERGROVE TRUST

TRUSTEES' REPORT (CONTINUED)

Promoting the success of the charitable company

Under section 172(1)(a) to (f) of the Companies Act 2006, directors of a company must act in a way most likely to promote the success of the company, and in doing so the Trustees have regard to:

- The likely consequences of any decision in the long term
- The interests of the company's employees
- The need to foster the company's business relationships with suppliers, customers and others
- The impact of the company's operations on the community and the environment.
- The desirability of the company maintaining a reputation for high standards of business conduct
- the need to act fairly between members of the company

Watergrove Trust has more than 250 employees and falls into the category of a large company.

Our mission is to be ever "Providing more" to the communities we serve, to enable life in all its fullness. Our charter is to Coach, Challenge and Innovate. The Trustees use the National Governance Associate Framework for Ethical Leadership in Education as the basis for decision making.

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 2021 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 2021, there was a net fund carry forward of £2,044,000 of unrestricted funds (excluding fixed asset funds). This represents an increase of £23,000 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 six 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.

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), headteachers, the finance manager, accounting team, budget holders and other affected staff, as well as delegated authority for expenditure and procurement protocols.

An Audit and Risk 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.

WATERGROVE TRUST

TRUSTEES' REPORT (CONTINUED)

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 2021/22 in order to protect the organisation from future commercial, political and financial risk. However in line with the Trust mission to 'provide more' the board have taken the decision to pool reserves on 31st August 2021. All pupils should experience the same quality of education in Trust academies, the age of the building or budget restrictions particular to their school should not be a restructuring factor whilst the Trust holds healthy reserves. Pooling reserves provides the Trustees with the vehicle to manage risk effectively, by maintaining reserves at the minimum level (5% of GAG) and to support improvement projects across the Trust.

Reserves Policy

As at 31 August 2021 the Trust currently has £2,044,000 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 have made the decision to pool reserves from 31st August 2021. Any in-year surplus as at 31st August 2022 will be split equally between the Trust and the Academy, the 50% appearing as a carry forward sum in each academy's 2022/23 budget plan.

The Trust has been successful in securing condition improvement funding for the perimeter fence at St Andrews, boiler replacement at Kentmere and the refurbishment of the roof at St James. In addition the Trust secured £100,000 from The Wolfson Foundation to create two new laboratories in The Anderson Suite at Wardle Academy and DfE SSICB funding intent of £565,113 for essential safety and refurbishment works at Moorhouse Academy that will start in May 2022. The WaterSHED project was partly funded by Rochdale LA with a contribution of £500,000 to the £1,100,000 project.

Trustees consider that a minimum of 5% of GAG needs to be held in reserve to protect the organisation against future risk. This will be reviewed in 2021/22 in line with AFH guidance.

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.

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 member 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.

WATERGROVE TRUST

TRUSTEES' REPORT (CONTINUED)

Currently, we do not invest surplus funds, however as funds will be held in one central bank account (rather than separate accounts for each academy) the options for investment will be explored in 2021/22 despite the low interest rates. 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 Watergrove Trust will continue to be always "Providing More" to the communities of Rochdale and its surrounding areas. The CEO is talking to several schools who have expressed interest in joining the Trust with an ambition to increase by two schools this year.

Careful planning and preparation underpins this growth and significant investment in workforce resilience is under way: to this end the Trust have appointed highly experienced specialised staff, including a Director of Estates and a new Human Resources Manager. This is in addition to increased investment in teaching staff recruitment and development. It is essential the Trust builds secure business functions as foundations to support growth.

Principal risks and uncertainties

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

Covid 19 - The pandemic has had a considerable impact on school operations. The first national lockdown in March 2020 brought the challenge of remote learning for staff and students. The risks to students were carefully considered and safeguarding procedures adapted to suit new working arrangements. Comprehensive risk assessments have taken place in all settings to allow social distancing, additional handwashing and to create 'bubbles' to reduce transmission. The financial risk was carefully managed, despite considerable uncertainties, with all academies reporting a surplus against forecast outturns.

The main risk is the impact of the last year on the educational outcomes of students.

Admissions - Admissions and admission appeals are managed through Rochdale LA. This year the LA has introduced a new admissions portal; the system was not effective and this had a negative impact on the reputation of the Trust. The Trust is working with the LA to improve the admissions and appeals process to reduce the risk around admissions. Trustees secured advice from solicitors who reported that:

We do though remain concerned that if an objection is received next year for the arrangements for admission in September 2022 (on the assumption that this criterion is retained) there is a significant risk that the arrangements would be found to be too complex and unfair on this basis, especially if it provides difficult to apply the criteria in an objective and clear way. Determining the likelihood of this is difficult, principally because what is fair and objective will be down for the allocated Adjudicator to determine and the evidence presented on how the criterion has worked in previous years. It is though still a risk that governors will want to keep in mind when determining any future arrangements that include similar criterion.

Financial – the Trust has considerable reliance on continued Government funding through the ESFA. In the last year, 91% 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). Covid 19 brings financial uncertainty; lettings have been postponed therefore reducing income generated, the number of meals taken has reduced and costs of cleaning and supply are increasing.

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 2020, the employer's contribution rate to the fund rose from 19.7% to 21.4%. The next review is due in April 2023.

Demand for places in all schools exceeds Published Admission Numbers (at the usual point of admission i.e. Reception and Year 7).

WATERGROVE TRUST

TRUSTEES' REPORT (CONTINUED)

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:

- A Trust wide approach to Health and Safety and infection control.
- 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

Watergrove Trust now qualifies for School Condition Allocation (SCA), having grown beyond the threshold for condition improvement funding (CIF). In April 2021, a grant of £356,254 became available to address urgent condition issues. The environment issues at each academy are as follows:

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.

Wardle has Non PFI buildings in Block D, consisting of two buildings of different ages. The risk has been reduced as a result of the WaterSHED project. The Anderson Suite in Block D is of good condition and has been well maintained since its construction in 1996. Recent condition survey work identified the need to replace the boiler and undertake minor repairs, but there were no significant issues. The WaterSHED project in the former sports hall in the 1970's block provides four additional teaching spaces. The pool remains closed due to Covid 19 and substantial water loss (under investigation). The pool building will need renovation due to some structural issues; investigations will commence in 2021/22. The Trust central team relocated in Summer 2021 to allow the school to expand into the Watergrove Centre.

MMHS was renovated through the 'Building Schools for the Future' programme and handed over in 2012. The contractor, Carillion plc, has since gone into liquidation; the risk being that latent defects cannot be addressed. A ten classroom extension was completed in Autumn 2019 and a former library was converted to provide additional dining in Summer 2020. The main risk is around the roof installed as part of BSF. Approximately half of the original bitumen felt flat roof system has been overlaid with a new single ply roofing system. However on inspection the felt roof system below was found to be saturated with water suggesting the roof has failed. Poor detailing to roof penetrations was also found during the inspection. The Trust are working with the Local Authority and LEP towards finding a solution.

A brand new extension to St Andrew's Primary School was opened in September 2018. An external area has been converted over the summer to create a 'quiet room' for learning. The school plans to open an outdoor classroom in 2021/22.

Kentmere Academy has used surplus funds to develop the outdoor spaces. The scheme includes an outdoor classroom, reading pod, play equipment and a running track for the daily mile. The library was also renovated this academic year.

Moorhouse Academy joined the Trust in 2021. Key Stage One building is a single-storey purpose-built school building, housing early years and a Sure-Start centre, dating from the 1970s. Key Stage Two building is a Victorian single storey building, extended to the rear in the 1970s. A further classroom extension was completed in 2019. During the due diligence process that occurs before a school joins the Trust, urgent issues were identified around fire safety and water ingress, particularly on the Victorian roof. To reduce risk the most urgent priorities around fire safety, particularly the main escape corridor in the KS2 building, were addressed prior to the school joining the trust. Funding has been secured to address further safety and roofing issues.

WATERGROVE TRUST

TRUSTEES' REPORT (CONTINUED)

St James CE Wardle joined the Trust in 2017. This small village school consists of a single story building and a portakabin on lease. The school has reached a point where investment in the building is needed for safety and compliance. The roof was replaced this summer using CIF funding. The Trustees approved the use of surplus funds to upgrade the classroom spaces, mainly to create a central toilet block and demolish the existing toilet facilities in classrooms. The existing facilities pose a safeguarding risk as the location creates blind spots and well as interrupting the use of the space. The cost of the works will total £158,000 and should be completed by February half term 2022. Following this the aged boiler will be replaced to address the risk of closure from heating failure.

Risk controls include:

- Recruiting local governors and trustees with a background in estates management.
- Appointment of a Health and Safety Consultant.
- Upskilling/retraining existing colleagues in estate management.
- Appointing a specialist estates consultant.
- Renewed applications for capital funding.

Reputational – The Trust has employed a Marketing Officer. 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 580 applications in 2021 for 290 places. Matthew Moss High was also heavily oversubscribed. All academies, including Moorhouse, are oversubscribed at the point of admission.

Confidence in the Trust remains high amongst local schools with other schools expressing an interest in joining. The Regional School Commissioner's Office has offered the trust opportunities; Moorhouse joined as a sponsored academy following an inadequate Ofsted inspection.

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, MMHS and Kentmere Academies considered arrangements to be strong. This continues to be a very high priority. All schools have had all policies and practices 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.
- Trust wide safeguarding forum for sharing information and good practice.

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.

WATERGROVE TRUST

TRUSTEES' REPORT (CONTINUED)

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.

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 has appointed internal auditors 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 appointed Beever and Struthers to undertake internal audits in 2020/21.

The skills audit shows a good range of skills on the Board of Trustees, any deficit is being addressed in training plans for 2021/22.

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.

Fundraising

The academy trust does not use any external fundraisers. All fundraising undertaken during the year was monitored by the Trustees.

WATERGROVE TRUST

TRUSTEES' REPORT (CONTINUED)

Streamlined energy and carbon reporting

	2021 kWh	2020 kWh
<i>Energy consumption</i>		
Aggregate of energy consumption in the year		
- Gas combustion	2,251,552	2,145,444
- Fuel consumed for transport	1,253,524	1,217,150
- Electricity purchased	5,183	8,456
	<u>3,510,259</u>	<u>3,371,050</u>
	2021	2020
<i>Emissions of CO2 equivalent</i>	metric tonnes	metric tonnes
Scope 1 - direct emissions		
- Gas combustion	412.39	394.48
- Fuel consumed for owned transport	0.06	0.14
	<u>412.45</u>	<u>394.62</u>
Scope 2 - indirect emissions		
- Electricity purchased	266.16	283.77
Scope 3 - other indirect emissions		
- Fuel consumed for transport not owned by the academy trust	0.68	0.73
	<u>679.29</u>	<u>679.12</u>
Total gross emissions		
	<u>679.29</u>	<u>679.12</u>
<i>Intensity ratio</i>		
Tonnes CO2e per pupil	0.21	0.26
	<u>0.21</u>	<u>0.26</u>

Quantification and reporting methodology

We have followed the 2019 HM Government Environmental Reporting Guidelines. We have also used the GHG Reporting Protocol – Corporate Standard and have used the 2021 UK Government's Conversion Factors for Company Reporting.

Intensity measurement

The chosen intensity measurement ratio is total gross emissions in metric tonnes CO2 equivalent per pupil, the recommended ratio for the sector.

Measures taken to improve energy efficiency

We have seen an increase in our total consumption which is mainly due to the addition of an extra school into the trust (Moorhouse) but also partly due to the fact that the prior year was affected by the total lockdown of the schools for a period of time.

Despite the increase in consumption, our emissions have remained fairly static due to the reduction in the government's conversion factors. As a consequence, our overall emissions per pupil has dropped due to the increased number of pupils following Moorhouse's conversion into the trust.

The swimming pool is currently closed at Wardle which has reduced consumption but we have also taken further measures by the installation of new boilers at Wardle & Kentmere and plans to replace boilers in The Anderson Suite at Wardle and at St James. The solar panels at Moorhouse have been repaired and are now fully working and there are also plans to replace the windows and roof there which will provide much better insulation. The roof at St James' CE has been replaced, providing much improved thermal insulation. We have replaced a large number of light fittings at Matthew Moss with LED fittings and we have also encouraged the practice of attending online meetings, webinars & training where possible. The WaterSHED project has been built with the aim of being carbon neutral. Sustainable materials have been used and materials recycled where possible.

WATERGROVE TRUST

TRUSTEES' REPORT (CONTINUED)

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 14/12/21 and signed on its behalf by:



Colin McKenzie
Chair of the Watergrove Trust Trustees

14/12/21.....

WATERGROVE TRUST

GOVERNANCE STATEMENT

Scope of responsibility

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

The board of trustees has delegated the day-to-day responsibility to the chief executive officer, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Watergrove Trust 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.

Meetings have continued virtually throughout Covid lockdown periods to ensure continuity of support and oversight. An external review of governance will take place in 2021/22.

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 five 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	5	5
Mr P Mortimer	5	5
Mr G Walczak	5	5
Mrs S O'Brien	5	5
Mr S Ahmed	4	5
Mrs L Parker	5	5
Mr C McKenzie	4	5
Mr D Johnson	5	5

Resigned:

Trustees	Date resigned	Meetings attended	Out of possible
Mr S Hashmi MBE	23/01/2021	0	5
Mrs E Ainscough	18/06/2021	4	5
Rev A Gilbert	31/08/2021	3	5

The Board aims to meet three times a year, however in 2021/22 five meetings were held. In addition, the board held a total of eleven subcommittee meetings, including five finance meetings to ensure effective oversight of funds. All Trustees receive a monthly budget update and Local Governing Committees receive a termly outturn report.

The Academic Scrutiny Committee is a sub-committee of the main board of trustees. Attendance during the year at meetings was as follows:

Trustees	Meetings attended	Out of possible
Mrs S M Taylor	3	3
Mr P Mortimer	3	3
Mr G Walczak	3	3
Mrs L Parker	2	3

WATERGROVE TRUST

GOVERNANCE STATEMENT (CONTINUED)

The Finance and Resources Committee is a sub-committee of the main board of trustees. Attendance during the year at meetings was as follows:

Trustees	Meetings attended	Out of possible
Mrs S M Taylor	5	5
Mr G Walczak	5	5
Mrs S O'Brien	4	5
Mr S Ahmed	5	5
Mr C McKenzie	3	5

The Audit and Risk Committee is a sub-committee of the main board of trustees. Attendance during the year at meetings was as follows:

Trustees	Meetings attended	Out of possible
Mrs E Ainscough	2	3
Rev A Gilbert	3	3
Mr D Johnson	3	3

The Scheme of Delegation was revised by the Board of Trustees in Jan 2020.

Review of value for money

As accounting officer, the chief 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 principle monitoring role is to the chief executive who in turn is accountable to the Trustees Finance sub-group. The chief executive has been supported by the employment professional accountancy staff in the central team. All six schools have set in-year balanced budgets with the accounting officer for 2020/21 and 2021/22. The Trust will move to the ESFA chart of accounts on 1st September to improve benchmarking information and allow for automation of returns.
- **Provision of service to non-trust schools.** Small amounts of surplus capacity existed within ICT. Without incurring additional staffing costs, the Trust has been able to enter into Service Level Agreements to support two schools outside the Trust.
- **Estates** - The conversion of the Sports Hall at Wardle Academy to provide additional teaching space has been match funded by the LA. The space allows for an increase in PAN that will increase GAG.

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 1 September 2020 to 31 August 2021 and up to the date of approval of the annual report and financial statements.

WATERGROVE TRUST

GOVERNANCE STATEMENT (CONTINUED)

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 1 September 2020 to 31 August 2021 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

The risk and control framework

The academy trust's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular it includes:

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees
- regular reviews by the 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 auditor reports to the Board of Trustees, through the audit and risk committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

The board of trustees has decided to employ Beever Struthers as internal auditor for the period 1 September 2020 to 31 August 2021.

In particular, the checks carried out in the current period included:

- testing our Safeguarding approach and processes
- testing of key controls

A review of risks had been planned in the schedule, but did not take place due to Covid lockdown.

There were no high material control issues arising from the internal or 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 work of the internal 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

WATERGROVE TRUST

GOVERNANCE STATEMENT (CONTINUED)

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 14/12/21..... and signed on its behalf by:



Colin McKenzie
Chair of Trustees



Mark Moorhouse
Accounting Officer

WATERGROVE TRUST

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer of Watergrove Trust, 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 2020.

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 2020.

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

14/12/21

WATERGROVE TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also the directors of Watergrove Trust 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 published 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 2019 and the Academies Accounts Direction 2020 to 2021;
- 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 14/12/21 and signed on its behalf by:



Colin McKenzie
Chair of Trustees

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WATERGROVE TRUST

Opinion

We have audited the financial statements of Watergrove Trust (the "charitable company") for the year ended 31 August 2021 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and 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 2020 to 2021 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 2021 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 2020 to 2021 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

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WATERGROVE TRUST (CONTINUED)

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report, which includes the Directors' Report and the 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 Directors' Report and the Strategic Report included within the Trustees' Report have been prepared in accordance with applicable legal requirements.

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 Directors' Report or the Strategic Report included within the Trustees' 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 32, the trustees (who act as trustees for the charitable activities of the charitable company 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.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses, and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WATERGROVE TRUST (CONTINUED)

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory framework that the charitable company operates in and how the charitable company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Charities SORP (FRS 102), Companies Act 2006, Education and Skills Funding Agency's Academies Financial Handbook and Annual Accounts Direction. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing the financial statements including the Trustees Report.


The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to the Education Inspection Framework under the Education Act 2005 (as amended), Keeping Children Safe in Education under the Education Act 2002, the UK General Data Protection Regulation (UK GDPR) and the Data Protection Act 2018. We performed audit procedures to inquire of management and those charged with governance whether the group is in compliance with these law and regulations and inspected correspondence with regulatory authorities.

The audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments, evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business and challenging judgments and estimates.

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
17/12/21

WATERGROVE TRUST

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2021

		Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total 2021	Total 2020
	Notes	£000	£000	£000	£000	£000
Income and endowments from:						
Donations and capital grants	3	1	-	959	960	862
Donations - transfer from local authority on conversion	27	-	(718)	3,330	2,612	27,490
Charitable activities:						
- Funding for educational operations	4	25	20,380	-	20,405	16,825
Other trading activities	5	571	279	-	850	1,003
Investments	6	-	-	-	-	2
Total		<u>597</u>	<u>19,941</u>	<u>4,289</u>	<u>24,827</u>	<u>46,182</u>
Expenditure on:						
Charitable activities:						
- Educational operations	8	<u>415</u>	<u>21,178</u>	<u>1,030</u>	<u>22,623</u>	<u>19,460</u>
Total	7	<u>415</u>	<u>21,178</u>	<u>1,030</u>	<u>22,623</u>	<u>19,460</u>
Net income/(expenditure)		182	(1,237)	3,259	2,204	26,722
Transfers between funds	18	(159)	-	159	-	-
Other recognised gains/(losses)						
Actuarial losses on defined benefit obligations	25	<u>-</u>	<u>(3,155)</u>	<u>-</u>	<u>(3,155)</u>	<u>(2,236)</u>
Net movement in funds		23	(4,392)	3,418	(951)	24,486
Reconciliation of funds						
Total funds brought forward		<u>2,021</u>	<u>(11,867)</u>	<u>42,689</u>	<u>32,843</u>	<u>8,357</u>
Total funds carried forward		<u>2,044</u>	<u>(16,259)</u>	<u>46,107</u>	<u>31,892</u>	<u>32,843</u>

WATERGROVE TRUST**BALANCE SHEET****AS AT 31 AUGUST 2021**

	Notes	2021 £000	2020 £000
Fixed assets			
Tangible assets	13	45,444	41,976
Current assets			
Stocks	14	28	18
Debtors	15	1,078	1,492
Cash at bank and in hand		4,324	2,630
		<u>5,430</u>	<u>4,140</u>
Current liabilities			
Creditors: amounts falling due within one year	16	<u>(1,933)</u>	<u>(1,406)</u>
Net current assets		<u>3,497</u>	<u>2,734</u>
Net assets excluding pension liability		<u>48,941</u>	<u>44,710</u>
Defined benefit pension scheme liability	25	<u>(17,049)</u>	<u>(11,867)</u>
Total net assets		<u><u>31,892</u></u>	<u><u>32,843</u></u>
Funds of the academy trust:			
Restricted funds	18		
- Restricted fixed asset funds		46,107	42,689
- Restricted income funds		790	-
- Pension reserve		<u>(17,049)</u>	<u>(11,867)</u>
Total restricted funds		<u>29,848</u>	<u>30,822</u>
Unrestricted income funds	18	<u>2,044</u>	<u>2,021</u>
Total funds		<u><u>31,892</u></u>	<u><u>32,843</u></u>

The financial statements on pages 36 to 61 were approved by the board of trustees and authorised for issue on 14/12/21 and are signed on their behalf by:



Colin McKenzie
Chair of Trustees

14/12/21

WATERGROVE TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2021

	Notes	2021 £000	£000	2020 £000	£000
Cash flows from operating activities					
Net cash provided by operating activities	22		1,903		24
Cash funds transferred on conversion			-		667
			<u>1,903</u>		<u>691</u>
Cash flows from investing activities					
Dividends, interest and rents from investments		-		2	
Capital grants from DfE Group		107		542	
Capital funding received from sponsors and others		852		320	
Purchase of tangible fixed assets		(1,168)		(486)	
		<u></u>		<u></u>	
Net cash (used in)/provided by investing activities			(209)		378
			<u></u>		<u></u>
Net increase in cash and cash equivalents in the reporting period			1,694		1,069
Cash and cash equivalents at beginning of the year			<u>2,630</u>		<u>1,561</u>
Cash and cash equivalents at end of the year			<u><u>4,324</u></u>		<u><u>2,630</u></u>

WATERGROVE TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

1 Accounting policies

General information

Watergrove Trust 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 2020 to 2021 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 have made this assessment by preparing forecasts for the period to December 2022 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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

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.

Conversion to an academy trust

The conversion from a state maintained school to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for £nil consideration. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below.

The assets and liabilities transferred on conversion from Moorhouse Academy to the academy trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in (for net gain) donations – transfer from local authority on conversion in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds. Further details of the transaction are set out in note 27.

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.

WATERGROVE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

1 Accounting policies (Continued)

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.

Employee benefits

The expenditure required to settle an obligation for termination benefits is recognised immediately as an expense when the Company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

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

Stock

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

Financial instruments

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

WATERGROVE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

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 or 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.

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 projected unit credit method. The TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently there is insufficient information 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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

1 Accounting policies (Continued)

The LGPS is a funded multi-employer scheme and the assets are held separately. 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 as other comprehensive income. Actuarial gains and losses are recognised immediately as other comprehensive income.

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 2019 has been used by the actuary in valuing the pensions liability at 31 August 2021. 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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

3 Donations and capital grants

	Unrestricted funds £000	Restricted funds £000	Total 2021 £000	Total 2020 £000
Capital grants	-	959	959	862
Other donations	1	-	1	-
	<u>1</u>	<u>959</u>	<u>960</u>	<u>862</u>

The income from donations and capital grants was £960,000 (2020: £862,000) of which £1,000 was unrestricted (2020: £Nil) and £959,000 was restricted fixed assets (2020: £862,000).

4 Funding for the academy trust's educational operations

	Unrestricted funds £000	Restricted funds £000	Total 2021 £000	Total 2020 £000
DfE / ESFA grants				
General annual grant (GAG)	-	16,424	16,424	14,107
Other DfE / ESFA grants:				
- Pupil premium	-	1,158	1,158	934
- DfE teaching grants	-	761	761	552
- Others	-	580	580	450
	<u>-</u>	<u>18,923</u>	<u>18,923</u>	<u>16,043</u>
Other government grants				
Local authority grants	-	1,190	1,190	761
	<u>-</u>	<u>1,190</u>	<u>1,190</u>	<u>761</u>
COVID-19 additional funding (DfE / ESFA)				
Catch-up premium		267	267	-
	<u></u>	<u>267</u>	<u>267</u>	<u>-</u>
COVID-19 additional funding (non-DfE / ESFA)				
Coronavirus job retention scheme grant	25	-	25	21
	<u>25</u>	<u>-</u>	<u>25</u>	<u>21</u>
	<u>25</u>	<u>20,380</u>	<u>20,405</u>	<u>16,825</u>

The income from funding for educational operations was £20,405,000 (2020: £16,825,000) of which £25,000 was unrestricted (2020: £21,000) and £20,380,000 was restricted (2020: £16,804,000).

WATERGROVE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

4 Funding for the academy trust's educational operations (Continued)

The academy received £266,640 (2020: £nil) of funding for catch-up premium and costs incurred in respect of this funding totalled £256,842 (2020: £nil), with the remaining £9,798 (2020: £nil) to be spent in 2021/22.

The academy furloughed its staff involved in other trading activities under the government's Coronavirus Job Retention Scheme. The funding received of £24,822 (2020: £21,015) relates to staff costs in respect of 28 staff which are included within note 9 below as appropriate. The academy chose to pay staff in accordance with their original employment contracts.

Following the reclassification in the Academies Accounts Direction 2020/21 of some grants received from the Department for Education and ESFA, the academy trust's funding for Universal Infant Free School Meals and Pupil Premium is no longer reported within the Other DfE, but as separate lines under the Other DfE/ESFA grants heading. The prior year numbers have been reclassified.

5 Other trading activities

	Unrestricted funds £000	Restricted funds £000	Total 2021 £000	Total 2020 £000
Hire of facilities	5	-	5	38
Catering income	299	-	299	392
Music tuition	25	-	25	27
Other income	242	279	521	546
	<u>571</u>	<u>279</u>	<u>850</u>	<u>1,003</u>

The income from other trading activities was £850,000 (2020: £1,003,000) of which £571,000 was unrestricted (2020: £889,000) and £279,000 was restricted (2020: £114,000).

6 Investment income

	Unrestricted funds £000	Restricted funds £000	Total 2021 £000	Total 2020 £000
Interest from short term deposits	-	-	-	2

The income from funding for investment income was £Nil (2020: £2,000) of which £Nil was unrestricted (2020: £2,000).

WATERGROVE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

7 Expenditure

	Staff costs £000	Non Pay Expenditure Premises £000	Other £000	Total 2021 £000	Total 2020 £000
Academy's educational operations					
- Direct costs	13,272	-	1,048	14,320	12,384
- Allocated support costs	4,286	2,645	1,372	8,303	7,076
	<u>17,558</u>	<u>2,645</u>	<u>2,420</u>	<u>22,623</u>	<u>19,460</u>

Net income/(expenditure) for the year includes:

	2021 £000	2020 £000
Operating lease rentals	782	739
Depreciation of tangible fixed assets	1,030	894
Loss on disposal of fixed assets	-	7
Net interest on defined benefit pension liability	216	164
Fees payable to RSM UK Audit LLP and its associates in respect of both audit and non-audit services are as follows:		
- Audit	25	22
- Other services	4	3
	<u>29</u>	<u>25</u>

8 Charitable activities

	Unrestricted funds £000	Restricted funds £000	Total 2021 £000	Total 2020 £000
Direct costs				
Educational operations	81	14,239	14,320	12,384
Support costs				
Educational operations	334	7,969	8,303	7,076
	<u>415</u>	<u>22,208</u>	<u>22,623</u>	<u>19,460</u>

The expenditure on charitable activities was £22,623,000 (2020: £19,460,000) of which £415,000 was unrestricted (2020: £431,000), £21,178,000 was restricted (2020: £18,128,000) and £1,030,000 was restricted fixed assets (2020: £901,000).

WATERGROVE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

8 Charitable activities (Continued)

	2021 £000	2020 £000
Analysis of support costs		
Support staff costs	4,332	3,691
Depreciation	1,030	901
Premises costs	1,615	1,300
Legal costs	148	61
Other support costs	1,133	1,092
Governance costs	45	31
	<u>8,303</u>	<u>7,076</u>

9 Staff

Staff costs

Staff costs during the year were:

	2021 £000	2020 £000
Wages and salaries	12,366	10,723
Social security costs	1,144	1,021
Pension costs	3,679	2,996
	<u>17,189</u>	<u>14,740</u>
Staff costs - employees	17,189	14,740
Agency staff costs	338	232
Staff restructuring costs	31	36
	<u>17,558</u>	<u>15,008</u>
Staff development and other staff costs	46	40
	<u>17,604</u>	<u>15,048</u>
Staff restructuring costs comprise:		
Redundancy payments	<u>31</u>	<u>36</u>

Staff restructuring costs is made up of redundancy payments of £31,071 (2020: £12,551) and severance payments of £nil (2020: £13,170). Each of these payments were to 3 individuals paid on 15 November 2020, 15 May 2021 and 15 July 2021. There was also a pension payment of £nil (2020: £10,021).

WATERGROVE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

9 Staff (Continued)

Staff numbers

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

	2021 Number	2020 Number
Teachers	157	147
Administration and support	306	284
Management	27	22
	<u>490</u>	<u>453</u>

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

	2021 Number	2020 Number
Teachers	151	141
Administration and support	193	174
Management	27	22
	<u>371</u>	<u>337</u>

Higher paid staff

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

	2021 Number	2020 Number
£60,001 - £70,000	6	3
£70,001 - £80,000	3	1
£80,001 - £90,000	1	2
£90,001 - £100,000	2	1
£100,001 - £110,000	1	-
	<u>13</u>	<u>7</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 £1,421,635 (2020: £1,253,625).

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

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:

	2021 £000	2020 £000
St Andrew's C of E Primary School	86	67
Wardle Academy	304	365
Kentmere Academy	73	60
St James' C of E Primary School	47	38
Matthew Moss High School	246	227
Moorhouse Academy	20	-
Watergrove Trust	-	-
	<u>776</u>	<u>757</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 M Moorhouse
Remuneration £99,709 (2020: £82,103)
Employers pension contributions £23,604 (2020: £19,405)

During the year expense payments totalling £Nil (2020: £522) 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 2021 was not separately identifiable but was included within the total insurance cost.

WATERGROVE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

13 Tangible fixed assets

	Land and buildings	Computer equipment	Fixtures, fittings and equipment	Motor vehicles	Total
	£000	£000	£000	£000	£000
Cost					
At 1 September 2020	42,642	1,496	1,631	6	45,775
Transfer on conversion	3,330	-	-	-	3,330
Additions	761	70	337	-	1,168
At 31 August 2021	46,733	1,566	1,968	6	50,273
Depreciation					
At 1 September 2020	1,631	1,337	825	6	3,799
Charge for the year	784	71	175	-	1,030
At 31 August 2021	2,415	1,408	1,000	6	4,829
Net book value					
At 31 August 2021	44,318	158	968	-	45,444
At 31 August 2020	41,011	159	806	-	41,976

14 Stocks

	2021 £000	2020 £000
School uniform	28	14
Catering stock	-	4
	28	18

15 Debtors

	2021 £000	2020 £000
Trade debtors	146	133
VAT recoverable	236	139
Other debtors	2	4
Prepayments and accrued income	694	1,216
	1,078	1,492

WATERGROVE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

16 Creditors: amounts falling due within one year

	2021 £000	2020 £000
Trade creditors	16	389
Other taxation and social security	298	254
Other creditors	847	276
Accruals and deferred income (see note 17)	772	487
	<u>1,933</u>	<u>1,406</u>

17 Deferred income

	2021 £000	2020 £000
Deferred income is included within:		
Creditors due within one year	<u>264</u>	<u>245</u>
Deferred income at 1 September 2020	245	195
Released from previous years	(245)	(195)
Resources deferred in the year	<u>264</u>	<u>245</u>
Deferred income at 31 August 2021	<u>264</u>	<u>245</u>

At the balance sheet date the academy trust was holding funds received in advance for free school meals, school trips, IT contracts, rates relief, COVID-19 catch-up and Erasmus funding.

WATERGROVE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

18 Funds

	Balance at 1 September 2020 £000	Income £000	Expenditure £000	Gains, losses and transfers £000	Balance at 31 August 2021 £000
Restricted general funds					
General Annual Grant (GAG)	-	16,424	(15,644)	-	780
Other DfE / ESFA grants:					
- Pupil premium	-	1,158	(1,158)	-	-
- Others	-	580	(580)	-	-
Other DfE group grants	-	761	(761)	-	-
Catch-up premium	-	267	(257)	-	10
Other government grants	-	1,190	(1,190)	-	-
Other restricted funds	-	279	(279)	-	-
Pension reserve	(11,867)	(718)	(1,309)	(3,155)	(17,049)
	<u>(11,867)</u>	<u>19,941</u>	<u>(21,178)</u>	<u>(3,155)</u>	<u>(16,259)</u>
Restricted fixed asset funds					
Inherited on conversion	39,427	3,330	(952)	-	41,805
DfE group capital grants	2,592	959	(62)	159	3,648
Capital expenditure from GAG	670	-	(16)	-	654
	<u>42,689</u>	<u>4,289</u>	<u>(1,030)</u>	<u>159</u>	<u>46,107</u>
Total restricted funds	<u>30,822</u>	<u>24,230</u>	<u>(22,208)</u>	<u>(2,996)</u>	<u>29,848</u>
Unrestricted funds					
General funds	<u>2,021</u>	<u>597</u>	<u>(415)</u>	<u>(159)</u>	<u>2,044</u>
Total funds	<u>32,843</u>	<u>24,827</u>	<u>(22,623)</u>	<u>(3,155)</u>	<u>31,892</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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

18 Funds (Continued)

Funds prior year

	Balance at 1 September 2019 £000	Income £000	Expenditure £000	Gains, losses and transfers £000	Balance at 31 August 2020 £000
Restricted general funds					
General Annual Grant (GAG)	-	14,107	(14,307)	200	-
Other DfE / ESFA grants:					
- Universal infant free school meals	-	-	-	-	-
- Pupil premium	-	934	(934)	-	-
- Others	-	450	(450)	-	-
Other DfE group grants	-	552	(552)	-	-
Other government grants	-	761	(761)	-	-
Other restricted funds	-	114	(114)	-	-
Pension reserve	(6,914)	(1,707)	(1,010)	(2,236)	(11,867)
	<u>(6,914)</u>	<u>15,211</u>	<u>(18,128)</u>	<u>(2,036)</u>	<u>(11,867)</u>
Restricted fixed asset funds					
Transfer on conversion	11,637	28,530	(740)	-	39,427
DfE group capital grants	1,856	862	(126)	-	2,592
Capital expenditure from GAG	557	-	(35)	148	670
	<u>14,050</u>	<u>29,392</u>	<u>(901)</u>	<u>148</u>	<u>42,689</u>
Total restricted funds	<u>7,136</u>	<u>44,603</u>	<u>(19,029)</u>	<u>(1,888)</u>	<u>30,822</u>
Unrestricted funds					
General funds	<u>1,221</u>	<u>1,579</u>	<u>(431)</u>	<u>(348)</u>	<u>2,021</u>
Total funds	<u>8,357</u>	<u>46,182</u>	<u>(19,460)</u>	<u>(2,236)</u>	<u>32,843</u>

WATERGROVE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

18 Funds (Continued)

Total funds analysis by academy

	2021 £000	2020 £000
Fund balances at 31 August 2021 were allocated as follows:		
St Andrew's C of E Primary School	294	254
Wardle Academy	924	827
Kentmere Academy	338	288
St James' C of E Primary School	132	92
Matthew Moss High School	1,148	560
Moorhouse Academy	(2)	-
Watergrove Trust	-	-
	<hr/>	<hr/>
Total before fixed assets fund and pension reserve	2,834	2,021
Restricted fixed asset fund	46,107	42,689
Pension reserve	(17,049)	(11,867)
	<hr/>	<hr/>
Total funds	31,892	32,843
	<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 2021 £000	Total 2020 £000
St Andrew's C of E Primary School	1,383	267	146	186	1,982	1,942
Wardle Academy	5,203	997	400	1,199	7,799	7,502
Kentmere Academy	1,143	211	107	220	1,681	1,714
St James' C of E Primary School	661	145	69	116	991	981
Matthew Moss High School	4,533	863	283	586	6,265	4,582
Moorhouse Academy	323	77	30	62	492	-
Watergrove Trust	27	1,771	13	572	2,383	828
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	13,273	4,331	1,048	2,941	21,593	17,549
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

WATERGROVE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

19 Analysis of net assets between funds

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total Funds
	£000	£000	£000	£000
Fund balances at 31 August 2021 are represented by:				
Tangible fixed assets	-	-	45,444	45,444
Current assets	3,952	815	663	5,430
Creditors falling due within one year	(1,908)	(25)	-	(1,933)
Defined benefit pension liability	-	(17,049)	-	(17,049)
Total net assets	2,044	(16,259)	46,107	31,892

	Unrestricted Funds	Restricted funds: General	Fixed asset	Total Funds
	£000	£000	£000	£000
Fund balances at 31 August 2020 are represented by:				
Tangible fixed assets	-	-	41,976	41,976
Current assets	2,122	1,305	713	4,140
Creditors falling due within one year	(101)	(1,305)	-	(1,406)
Defined benefit pension liability	-	(11,867)	-	(11,867)
Total net assets	2,021	(11,867)	42,689	32,843

20 Capital commitments

	2021 £000	2020 £000
Expenditure contracted for but not provided in the financial statements	1,776	185

21 Long-term commitments, including operating leases

At 31 August 2021 the total of the academy trust's future minimum lease payments under non-cancellable operating leases was:

	2021 £000	2020 £000
Amounts due within one year	56	28
Amounts due between one and five years	83	19
	139	47

WATERGROVE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

22 Reconciliation of net income to net cash flow from operating activities

	2021 £000	2020 £000
Net income for the reporting period (as per the statement of financial activities)	2,204	26,722
Adjusted for:		
Net surplus on conversion to academy	(2,612)	(27,490)
Capital grants from DfE and other capital income	(959)	(862)
Interest receivable	-	(2)
Pension costs less contributions payable	1,093	846
Pension scheme finance costs	216	164
Depreciation of tangible fixed assets	1,030	894
Loss on disposal of fixed assets	-	7
Movements in working capital:		
(Increase) in stocks	(10)	-
Decrease/(increase) in debtors	414	(624)
Increase in creditors	527	369
Net cash provided by operating activities	1,903	24

23 Analysis of changes in net funds

	1 September 2020 £000	Cash flows £000	31 August 2021 £000
Cash	2,630	1,694	4,324

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.

WATERGROVE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

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 2019.

Contributions amounting to £834,244 were payable to the schemes at 31 August 2021 (2020: £269,761) and are included within creditors.

The LGPS obligation relates to the employees of the Academy Trust, who were the employees transferred as part of the conversion of a maintained schools who were already members of the scheme and new employees who were eligible to and did join the Scheme whose cumulative retirement benefit was transferred to the Academy Trust in the year. The obligation in respect of employees who transferred represents their cumulative service to the date of transfer.

During the year Moorhouse Primary School transferred in to the academy trust. The obligation in respect of employees who transferred with Moorhouse Primary School to the academy trust representing their cumulative service to the predecessor employer was recognised in the SoFA as part of the gain on transfer as set out in note 27.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions 2014. Membership is automatic for teachers in academies. All teachers have the option to opt-out of the TPS following enrolment.

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. The academy trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy trust has set out below the information available on the scheme.

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 every 4 years. 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.

The valuation report was published in 5 March 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

WATERGROVE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

25 Pension and similar obligations (Continued)

As a result of the valuation, new employer contribution rates were set at 23.68% (including a 0.08% administration levy) of pensionable pay from September 2019 onwards (compared to 16.48% during 2019/20).

The next valuation result is due to be implemented from 1 April 2023.

The employer's pension costs paid to the TPS in the period amounted to £1,676,000 (2020: £1,415,000).

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 pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2021 was £1,158,000 (2020 - £947,000), of which employer's contributions totalled £904,000 (2020 - £731,000) and employees' contributions totalled £254,000 (2020 - £216,000). The agreed contribution rates for future years are 19.7 per cent for employers and 5.5 to 12.5 per cent for employees.

As described in note 27 the LGPS obligation relates to the employees of the academy trust, being the employees transferred as part of the conversion from the maintained school and new employees who joined the scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy trust at the balance sheet date.

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.

Total contributions made	2021 £000	2020 £000
Employer's contributions	904	731
Employees' contributions	254	216
Total contributions	1,158	947

Principal actuarial assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2019 updated to 31 August 2021 by a qualified independent actuary.

	2021 %	2020 %
Rate of increase in salaries	3.7	3.0
Rate of increase for pensions in payment/inflation	2.9	2.2
Discount rate for scheme liabilities	1.7	1.7

WATERGROVE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

25 Pension and similar obligations (Continued)

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

	2021 Years	2020 Years
Retiring today		
- Males	20.5	20.5
- Females	23.3	23.1
Retiring in 20 years		
- Males	21.9	22.0
- Females	25.3	25.0

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

	2021 Fair value £000	2020 Fair value £000
Equities	13,989	10,154
Bonds	2,955	2,389
Property	1,379	1,045
Other assets	1,380	1,344
Total fair value of assets	19,703	14,932

The actual return on scheme assets was £3,103,000 (2020: £(370,000)).

Amount recognised in the statement of financial activities

	2021 £000	2020 £000
Current service cost	1,997	1,577
Net interest cost	216	164
Total operating charge	2,213	1,741

Changes in the present value of defined benefit obligations

	2021 £000
At 1 September 2020	26,799
Obligations acquired on conversion	1,438
Current service cost	1,997
Interest cost	5,990
Employee contributions	254
Benefits paid	(210)
Past service cost	484
At 31 August 2021	36,752

WATERGROVE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

25 Pension and similar obligations (Continued)

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

	2021
	£000
At 1 September 2020	14,932
Assets acquired on conversion	720
Interest income	268
Return on plan assets (excluding net interest on the net defined pension liability)	2,835
Employer contributions	904
Employee contributions	254
Benefits paid	(210)
	<hr/>
At 31 August 2021	19,703
	<hr/>

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 prior year the Academy Trust entered into the following transactions:

- During the year, purchases to the value of £3,004 (2020: £1,523) were made from the Diocese, a connected party to a Trustee.

27 Conversion to an academy

On 1 April 2021 the Moorhouse Academy converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Watergrove Trust from the Rochdale Local Authority for £nil consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair values and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the statement of financial activities as donations – transfer from local authority on conversion.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the statement of financial activities.

Academy	Location	Date of conversion
Moorhouse Academy	Rochdale	1 April 2021

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

	Unrestricted funds	Restricted funds:		Total
	£000	General	Fixed asset	2021
Net assets transferred:	£000	£000	£000	£000
Freehold land and buildings	-	-	3,330	3,330
Pension scheme deficit	-	(718)	-	(718)
	<u>-</u>	<u>(718)</u>	<u>-</u>	<u>(718)</u>
	-	(718)	3,330	2,612
	<u>-</u>	<u>(718)</u>	<u>3,330</u>	<u>2,612</u>
	Unrestricted funds	Restricted funds:		Total
	£000	General	Fixed asset	2021
Funds surplus/(deficit) transferred:	£000	£000	£000	£000
Fixed assets funds	-	-	3,330	3,330
LGPS pension funds	-	(718)	-	(718)
	<u>-</u>	<u>(718)</u>	<u>-</u>	<u>(718)</u>
	-	(718)	3,330	2,612
	<u>-</u>	<u>(718)</u>	<u>3,330</u>	<u>2,612</u>

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO WATERGROVE TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY

Conclusion

We have carried out an engagement in accordance with the terms of our engagement letter dated 28 April 2021 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2020 to 2021, to obtain limited assurance about whether the expenditure disbursed and income received by Watergrove Trust during the period 1 September 2020 to 31 August 2021 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 2020 to 31 August 2021 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 2020 to 2021 Annex B: Regularity Reporting. We are independent of Watergrove Trust 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's accounting officer and trustees

The accounting officer is responsible, under the requirements of Watergrove Trust's funding agreement with the Secretary of State for Education dated 1 September 2013 and the Academies Financial Handbook, extant from 1 September 2020, 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 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 2020 to 2021.

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 2020 to 31 August 2021 have not been applied to purposes identified by Parliament or that the financial transactions do not conform to the authorities which govern them.

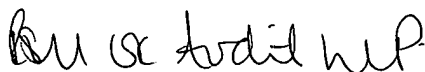
INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO WATERGROVE TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY (CONTINUED)

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 2020 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 2020 to 2021.

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 and the ESFA in accordance with the terms of our engagement letter dated 28 April 2021. Our work has been undertaken so that we might state to the Watergrove Trust 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 and the ESFA, for our work, for this report, or for the conclusion we have formed.



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Dated: 17/12/21