

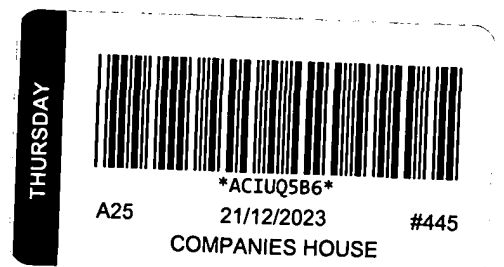
Company registration number 08368756 (England and Wales)

WATERGROVE TRUST

(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2023



WATERGROVE TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Members

Mrs S Cairns
Mr L Eaglestone
Mrs L Parker
Ms J Perkins (Ceased 10 January 2023)
Lord J Knight (Appointed 16 September 2022)
Mr T Hart (Appointed 10 January 2023)

Trustees

Mrs S M Taylor
Mr S Ahmed
Mr D Johnson (Resigned 10 January 2023)
Mr C McKenzie (Resigned 8 November 2023)
Mrs S O'Brien (Resigned 2 May 2023)
Mr G Walczak
Mr T Hart (Resigned 10 January 2023)
Mr B Harrison (Appointed 12 September 2022)
Mr S Atcha (Appointed 12 September 2022)
Ms A L Kirk (Appointed 9 November 2022)
Ms S Murfin (Appointed 14 November 2022 and resigned 6 November 2023)
Mrs J Lees (Appointed 14 November 2022)
Miss J Perkins (Appointed 10 January 2023)

Company secretary

Mrs K Neville
Ms L James

Chief executive officer

Mr M Moorhouse

Senior management team

- Wardle Headteacher
- Wardle Deputy Headteacher
- Wardle Headteacher
- St Andrews Headteacher
- St Andrews Deputy Headteacher
- Matthew Moss Headteacher
- Matthew Moss Deputy Headteacher
- Matthew Moss Deputy Headteacher
- Matthew Moss Deputy Headteacher
- Moorhouse Head of School
- Moorhouse Deputy Headteacher
- Moorhouse Deputy Headteacher
- St James Headteacher
- St James Headteacher
- St James Deputy Headteacher
- Kentmere Headteacher
- Kentmere Deputy Headteacher
- Sandbrook Head of School
- Sandbrook Deputy Headteacher

Mr J Glennie
Mr K Qadir
Ms E Butterworth
Mrs J A Rainford
Mrs J Hodgson
Mr C Jennings
Ms J King-Jagger
Mr P Clough
Ms C Leach-Rodgers
Mrs K Milnes
Mr J Knipe (resigned 30 April 2023)
Mrs K Tustin (appointed 1 September 2023)
Mrs J A Rainford (secondment ended 31 August 2023)
Mr I Risby (appointed 1 September 2023)
Mr S Booth
Mrs N Howard
Mrs S Ker
Mrs S Armitage (joined Trust 1 March 2023)
Mr S Holden

Chief financial officer

Mr J Butterworth

Company registration number

08368756 (England and Wales)

WATERGROVE TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Registered office

Watergrove Trust
First Floor Suite
Blue Pit Mill
Queensway
Rochdale
OL11 2YW

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
Sandbrook Community Primary School
Watergrove Trust

Location

Rochdale
Rochdale
Rochdale
Rochdale
Rochdale
Rochdale
Rochdale

Principal

Mrs J A Rainford
Mr B Hesketh
Mrs N Howard
Mr I Risby
Mr C Jennings
Mrs K Milnes
Mrs S Armitage

Independent auditor

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

Internal auditor

Wylie Bisset
168 Bath Street
Glasgow
G2 4TP

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 2022 to 31 August 2023. The annual report serves the purposes of a trustees' report, a directors' report, and a strategic report under company law.

On 1 March 2023, Sandbrook Community Academy joined the trust, see note 29 for more information.

The Trust has two secondary academies:

- Wardle Academy (capacity 1,370 and 1,369 on roll) and
- Matthew Moss, a growing Academy with capacity 1,200 and 1,222 on roll.

There are five primary schools;

- Moorhouse Academy with 214 pupils,
- Kentmere Academy with 354 pupils,
- St Andrews C of E Primary School consisting of 442 pupils,
- St James C of E Primary School with 209 pupils, and
- Sandbrook Community Primary School joined in March 2023 with 615 pupils.

The Trust is expanding and currently has 4,425 students on roll (October 2023).

OFSTED Judgements

Wardle Academy	–	December 2017	–	Good
Kentmere Academy	–	January 2018	–	Outstanding
St Andrews Primary	–	February 2022	–	Good
St James Primary	–	March 2022	–	Good
Matthew Moss High School	–	April 2018	–	Good
Moorhouse Academy	–	April 2021	–	Inadequate
Sandbrook Community Primary	–	Feb 2020	–	Requires Improvement

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 Watergrove Trust. Details of the trustees who served during the year and to the date these accounts are approved except as noted are included in the Reference and Administrative Details on pages 1 and 2.

Each individual academy has a local governing committee structure. Trustees are independent of local governing committees 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 Committee.

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

- Not less than three governors (not subject to a maximum)
- The members may appoint up to seven governors, subject to Article 50
- A minimum of two parent governors appointed under Articles 53-58
- The principal (known as the headteacher/ head of school)
- One staff governor
- Governors' term of office shall be four 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.

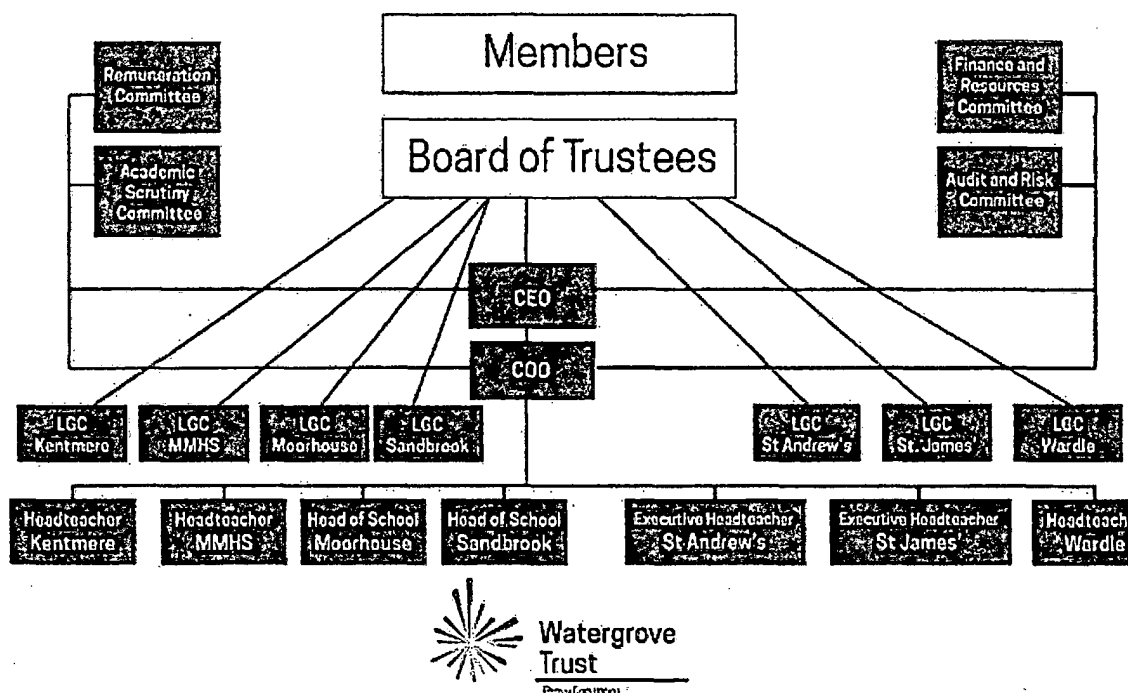
Policies and procedures adopted for the induction and training of new Governance Board members*

The training and induction provided for new Governance members includes an Induction/Welcome session, governance induction meeting and a mentor. Where possible 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.



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 two 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 Handbook (2023). 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.

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

Trustee Committees

The Board of Trustees is advised by four committees:

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

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.

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

- a. monitor the progress of actions outlined in the 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.

WATERGROVE TRUST

TRUSTEES' REPORT (CONTINUED)

Trustee Committee membership

- a. **Academic Scrutiny.** A minimum of three trustees with educational experience, CEO advised by Trust improvement directors / consultants.
- 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 (nor Chair of Trustees or other governance office holders).
- d. **Remuneration.** The Committee will be chaired by the Chair of Trustees. Core membership will comprise of:
 - At least three Trustees (including the Chair)
 - Chief Executive Officer
 - Chief Finance Officer
 - Human Resource Officer

Local Governing Bodies

The primary function of the Local Governing Committee's (LGC's) 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. LGCs also have an advisory role. Although the Board undertakes centralised educational and financial performance monitoring, thereby enabling LGCs to focus on teaching, learning and pastoral issues, LGCs 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 LGC 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 LGC 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 LGC 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 LGC 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 curriculum needs 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.
- p. Adopt the Trust Admission Policy.
- q. Ensure all governors are skilled in understanding, interpreting and comparing academy performance, attendance, admissions and exclusions data.

WATERGROVE TRUST

TRUSTEES' REPORT (CONTINUED)

LGC Membership

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

The Board approves the composition of each LGC, but it would not wish to intervene in its composition or change its delegated responsibilities unless the LGC was proving ineffective in the delivery of its responsibilities. Any LGC 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 LGC 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/COO and a member of the existing LGC (ideally the headteacher or Chair of LGC). Both (ie Trustee/CEO/COO and headteacher/Chair) would need to approve the appointment.

If the local governing committee 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.

LG Committees

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

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

Local Governing Committee Meetings

The full LGC will meet at least termly with the headteacher formally reporting to the meeting. LGCs 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 chair of trustees
- the Headteacher
- Chair of the LGC
- CEO

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

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 the Chief Executive Officer (CEO) and Chief Operating Officer (COO) 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 undertaken by governance committees set up for this purpose, supported by the CEO. Any pay progression needs to be recommended by the local governing committee to the trustees remuneration committee, 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 committees if their annual targets have been achieved and they are not already at the top of their Leadership Group range.

Trade union facility time

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

WATERGROVE TRUST

TRUSTEES' REPORT (CONTINUED)

Trade union 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
1%-50%	-
51%-99%	-
100%	-

Percentage of pay bill spent on facility time

Total cost of facility time	-
Total pay bill	21,195,000
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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Related parties, connected charities and co-operation with other organisations

Watergrove Trust works with the Diocese of Manchester to support St Andrew's and St James' Primary Schools. The Trust is not part of a soft federation, but actively seeks to support other schools through CPD and leadership development.

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 monthly 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).
 - b. 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.
 - c. The Trust distributes a survey to all employees in the Autumn term and is acting on the findings.
2. 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.
3. 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.
 - b. All staff participate in Trust wide training.
4. 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.

WATERGROVE TRUST

TRUSTEES' REPORT (CONTINUED)

Engagement with employees

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, ensuring best value, local suppliers are used to reduce our carbon footprint and support local businesses. The Trust continues to move towards contracts that provide a service to all academies, this provides consistency and surety especially when it relates to statutory compliance.

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.

Our Charter

Our Trust is enabled by a mutual interdependency within which we will always:

- Coach
- Challenge
- Innovate

Objectives, Strategies and Activities

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

- | | |
|-------------|---|
| Objective 1 | Governance and Leadership , of the highest quality |
| Objective 2 | Attendance above national average |
| Objective 3 | Progress above national average. |
| Objective 4 | Quality of Education , Good or Outstanding |
| Objective 5 | Feedback , strong from all stakeholders |

The work streams that will ensure we are **Providing More...**

In relation to the tables on the following pages:

- Green = KPI achieved
- Amber = partially completed
- Red = not meeting objectives

WATERGROVE TRUST

TRUSTEES' REPORT (CONTINUED)

Governance and Leadership				Quality of Education			
GL1	Intent	Implementation		Impact	QE1	Implementation	
Data	Data will be robust, moderated, benchmarked and available to Trustees, Governors and leaders online at any time to inform improvement discussions. MAF 1Bi 1Biii	GL1a Arbor MIS	K Neville	Arbor MIS data is accurate and used consistently by schools. <i>Overwhelming alignment in Arbor use, some variation still remains.</i>	Attendance will be above national for all groups in all schools, with interventions enacted with agency and empathy in collaboration with key local partners.	QE1a 'Working Together to improve attendance' group has been formed.	Trust wide attendance lead appointed (H Lister), supported by C Grantham
		GL1b KPI Dashboard	M Moorhouse	Links to the strategic cycle and provides timely accurate data. <i>Padlet an interim provision.</i> <i>Arbor AI capacity to be made available soon to users.</i>		QE1b Safeguarding Group	C Heap Attendance sustains or increases for all pupils with safeguarding concerns. <i>Work continues with Trust schools to create accurate data groups and with Rochdale LA to identify Ever Social.</i>
		GL1c Data Quality and Alignment	Dr M Sherratt	Standardised assessments across primary and secondary settings to inform outcomes and intervention strategies. <i>Testing aligned and operating in primary, with variation still in secondary practice.</i>		QE1c Waterworks Alternative Provision <i>United Utilities Funding not forthcoming</i>	J Glennie Persistent Absence falls below national averages for all groups.

WATERGROVE TRUST

TRUSTEES' REPORT (CONTINUED)

Governance and Leadership					Quality of Education					
GL2	Intent	Implementation		Impact	QE2	Intent	Implementation		Impact	
Resource Management	Resource management will be exemplary, with well-controlled processes operated by a strong central team, ensuring best value and economies of scale across a growing Trust.	GL2a	Central Team Expansion	K Neville	Progress	Progress will be above national for all groups, borne of classroom leadership of the highest quality and rich and engaging curricula, enacted via expert responsive practice.	QE2a	SEND Strategy	Gill Robinson	Improving trend in quality of SEND provision reported.
		Succession Planning	M Moorhouse							
		GL2b	Estates	K Neville C Hilton						
	MAF2Bi					MAF 2Bii 3Ciii 4Ai 4Aiv 5Bii	QE2b	Classroom Leadership Strategy	M Moorhouse	NAstriverthorpe: Absenteeism and exclusions reduced. Challenging not to lock down behaviour patterns. Have increased behaviour logs and exclusions.

TRUSTEES' REPORT (CONTINUED)

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WATERGROVE TRUST

TRUSTEES' REPORT (CONTINUED)

Governance and Leadership					Quality of Education				
GL2 (continued)	Intent	Implementation		Impact	QE2 (continued)	Intent	Implementation		Impact
Resource Management	Resource management will be exemplary, with well-controlled processes operated by a strong central team, ensuring best value and economies of scale across a growing Trust. MAF2Bi	GL2f Appraisal Protocols	M Moorhouse	Policies being considered by the Board and Joint Consultative Committee	Progress	Progress will be above national for all groups, borne of classroom leadership of the highest quality and rich and engaging curricula, enacted via expert responsive practice. MAF 2Bii 3Ciii 4Ai 4Aiv 5Bii	QE2f ECT Training	J Jagger-King Best Practice Network	Progress for ECT classes at least in line with expectation. <i>Strong performance evidenced.</i> <i>Context of inherited progress of groups factored into some judgements of ECT outcomes at Moorhouse Academy and Matthew Moss High School.</i>
		GL2g Recruitment Pack	M Moorhouse	Pack promotes Trust CPD offer. <i>CPD Offer reframed.</i> <i>Limited number of unappointed posts in Secondary, shortage subjects only. All Primary posts filled.</i>			QE2g Watergrove Resource Bank	Headteachers	Curriculum better used in every subject. <i>Resource Bank proving invaluable and popular, replacing development of academic groups.</i>
		GL2h Staff wellbeing and workload	M Moorhouse	All staff have a time allocated for peer coaching. <i>Unsustainable target.</i>			QE2h Watergrove Partnership Collaborations	M Moorhouse	Improvements identified by joint CPD and visits. <i>Partnerships carefully designed to plan growth in Bolton and Manchester.</i>

WATERGROVE TRUST

TRUSTEES' REPORT (CONTINUED)

Governance and Leadership					Quality of Education				
GL2 (continued)	Intent	Implementation		Impact	QE2 (continued)	Intent	Implementation		Impact
	Resource management will be exemplary, with well-controlled processes operated by a strong central team, ensuring best value and economies of scale across a growing Trust. MAF2Bi	GL2i School Business Manager Development	K Neville Meeting of Minds	Effective budgeting and cost control in all academies. Strong audits and cost management		Progress will be above national for all groups, borne of classroom leadership of the highest quality and rich and engaging curricula, enacted via expert responsive practice. MAF 2Bii 3Ciii 4Ai 4Aiv 5Bii	QE2i Learning Walks	M Moorhouse	Regular CEO and Cluster Learning Walks Enacted
		GL2j Health and Safety Compliance Checker	K Neville C Hilton N Wilson	All premises 100% compliant			QE2j System Science	A White C Kershaw	Range and of progress in Science subjects. Progress has increased due to training programs.
Resource Management									

WATERGROVE TRUST

TRUSTEES' REPORT (CONTINUED)

Governance and Leadership					Quality of Education				
GL3	Intent	Implementation		Impact	QE3	Intent	Implementation		Impact
	Training for Trustees, Governors, Headteachers and all senior and middle leaders will be high quality, accessing knowledge from within and beyond the educational setting.	GL3a	Governor Mark	L James Chairs of LGCs		Voice surveys will, at least annually, capture feedback from all key stakeholders and provide data to inform assurance that we are "Providing More" as a Trust to the pupils and communities we serve.	QE3a	Learner	M Moorhouse
		GL3b	NPQ	S Ker			QE3b	Staff	M Moorhouse
		GL3c	Leadership Programme	M Moorhouse			QE3c	Parent	M Moorhouse
	Training			<p>Governance judged to be strong in every Ofsted inspection.</p> <p>Met.</p> <p>Variation in the effectiveness of teams across the Trust reduces.</p> <p>Good uptake of NPQs.</p> <p>Variation in academic outcomes is reducing but still inconsistency in pastoral metrics, eg. awarding of behaviour points.</p> <p>Majority of senior leadership posts appointed from within the Trust.</p> <p>External appointments to senior posts completed, including replenished Moorhouse Academy SLT.</p>		Voice			<p>Year on year comparisons evidence improvements in response to feedback.</p> <p>Surveys enacted with no clear pattern emerging.</p> <p>Year on year comparisons evidence improvements in response to feedback.</p> <p>Kentmere Academy, strongest culture surveyed by external provider.</p> <p>Year on year comparisons evidence improvements in response to feedback.</p> <p>Surveys enacted with no clear pattern emerging.</p>

WATERGROVE TRUST

TRUSTEES' REPORT (CONTINUED)

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.

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.

STRATEGIC REPORT

Achievements and performance

We are pleased to report that Wardle Academy retained their Ofsted rating of Good in September 2023. The report noted that "Leaders, including trustees and governors, have high aspirations for all pupils in the school. They are determined that pupils become successful and lifelong learners".

Primary school students in Year 6 took their SATs test in May 2023.

Year 11 students sat their exams this summer and the results will be published nationally in Autumn 2023.

Following the addition of Sandbrook Community Primary School, to the Trust in March 2023, the Trust has ambitions to continue steady growth to maintain quality and the KPI's cover all areas of Trust business and are continually monitored. An academy order has been received to welcome Falinge Park High School in summer 2024.

Provisional results for GCSE and KS1/2 in 2023 have been analysed and presented to Trustees.

The evidence shows that primary schools who have been part of the Trust for more than 5 years have stronger outcomes.

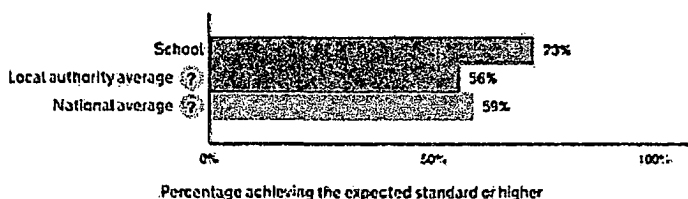
Kentmere Academy

Excellent outcomes against local and national %.

Reading, writing and maths combined

Percentage of pupils achieving the expected standard or higher

Number of pupils = 45



WATERGROVE TRUST

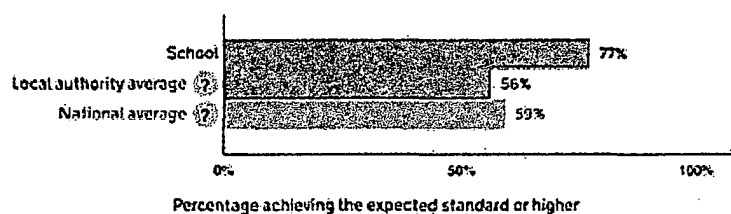
TRUSTEES' REPORT (CONTINUED)

St James' CE

Reading, writing and maths combined

Percentage of pupils achieving the expected standard or higher ?

Number of pupils = 31

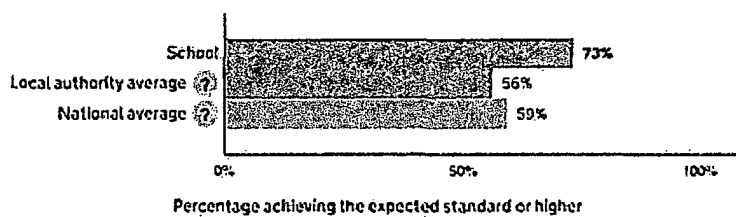


St Andrew's CE

Reading, writing and maths combined

Percentage of pupils achieving the expected standard or higher ?

Number of pupils = 60

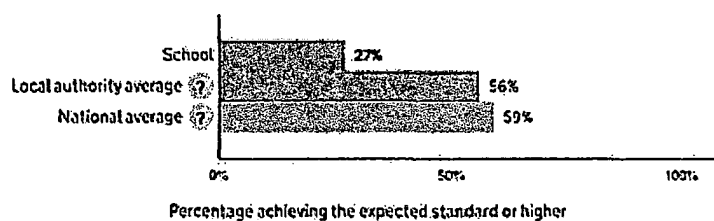


Moorhouse Academy

Reading, writing and maths combined

Percentage of pupils achieving the expected standard or higher ?

Number of pupils = 59



WATERGROVE TRUST

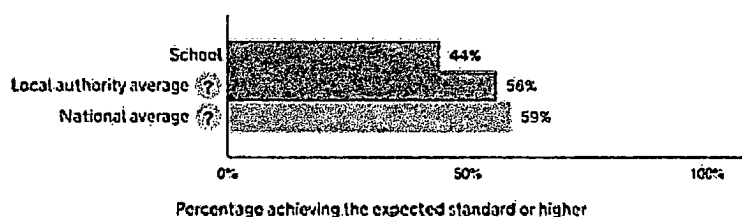
TRUSTEES' REPORT (CONTINUED)

Sandbrook Community Primary School

Reading, writing and maths combined

Percentage of pupils achieving the expected standard or higher

Number of pupils = 89



Performance in Trust secondary schools is measured through progress. A result of '0%' indicates expected progress across 8 subjects. Positive progress indicators are above expected and therefore negative figures indicate progress below expected.

Wardle Headlines

Overall progress

- Progress in the majority of subjects remains negative, however overall progress has improved significantly from -0.39 in 2022 to -0.2 in 2023.

MMHS Headlines

Overall progress

- Overall progress has fluctuated and, in 2023, has become negative at -0.14.
- A significant driver in this was the exceptionally low attainment and progress of the 29 learners who joined MMHS from other schools during KS4 and achieved a collective Progress 8 score of -1.27.

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 around the growth in student numbers year on year.

Wardle increased PAN by 50 places in 2022/23 to meet short term demand and will increase by a further 25 in 2024/25. The school is heavily oversubscribed and as plans for a new secondary school in Littleborough are on hold, places at the school will be sought after.

Matthew Moss have increased from 783 on roll when they joined to Trust in 2019 to 1222 on roll in October 2023, an increase of 56%. This school is also heavily oversubscribed.

Trustees are mindful of the falling birth rate that is likely to impact on primary school intakes and will continue to monitor this. There are numerous new housing projects in the area; the yield from these in terms of student numbers is difficult to quantify.

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 2023 and the associated expenditure are shown in the Statement of Financial Activities.

The net unrestricted income in the year was £661,000, and the net restricted expenditure in the year was £144,000.

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.

The restricted general fund, excluding pension reserves, plus unrestricted funds was £3,299,000 (2022: £2,966,000) at 31 August 2023. This represents an increase of £333,000 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 Trust schools.

Blocks A, B and C of the Wardle Academy building are managed and maintained by Equans (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 Equans) 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 26 to the financial statements.

Key financial policies adopted or reviewed during the year include the Finance Manual (including financial terms of reference), Investment Policy, Credit Card Policy, Expenses Policy and Fixed Asset & Depreciation Policy. The Finance 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 2023/24 in order to protect the organisation from future commercial, political and financial risk. Reserves are pooled and this provides the Trustees with the vehicle to manage risk effectively, and maintain reserves at the minimum level (5% of GAG) and to support improvement projects across the Trust.

Reserves Policy

As at 31 August 2023, the Trust currently has £3,299,000 of reserves; this is made up of restricted general fund of £1,648,000, excluding pension reserve of £79,000, plus unrestricted funds of £1,651,000. The total funds at 31 August 2023 are £66,724,000 (2022: £49,398,000).

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.

Any surplus at the end of the year is shared, 50% appearing as a carry forward sum in each academy's 2023/24 budget plan.

This year additional school places are being provided in the non PFI areas at Wardle Academy, with the addition of an extension to The Anderson Suite to provide three classrooms, a workroom and a production kitchen. This area is due for handover in February 2024.

At St Andrew's CE an outdoor classroom, next to the school garden area, has helped to enhance their outdoor learning provision. At MMHS toilets have been remodelled to reflect the needs of the growing numbers on roll. In addition, water ingress from the roof has been addressed by replacing the plant insulation and a number of fire doors have been replaced.

Work to enhance the learning environment at Moorhouse has continued and Springside School has established a 'hub' in a former kitchen to support eight learners with additional needs.

The boilers at St James' CE and in The Anderson Suite at Wardle have been replaced to ensure business continuity.

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 2023/24 in line with Academies Handbook guidance. Funds are held to support school improvement across the trust, recognising the challenges of rapid yet sustainable growth.

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 and Resources Committee.

WATERGROVE TRUST

TRUSTEES' REPORT (CONTINUED)

In making decisions regarding where and how any surplus funds should be invested, due regard will be given to risk.

The Trust has started to invest funds held in the central bank account, the interest is used to support central services to benefit all schools.

Plans for future periods

The Watergrove Trust will continue to be always "Providing More" to the communities of Rochdale and its surrounding areas. We plan to welcome Falinge Park High School into the Trust in Summer 2024, a large secondary school in Rochdale.

The CEO is in conversation with other schools who have expressed an interest in joining Watergrove Trust.

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 Central Operations Lead (including Estates), a Safeguarding Officer, a new Human Resources Manager and an additional finance officer. 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

Watergrove Trust reviews the principal risks and uncertainties it faces, focussing on those that could seriously affect performance, future prospects or reputation of the academy trust, including its viability.

All schools use CalQrisk to consider inherent risks, mitigating factors and residual risk. The Trust Central Operations Managers supports all academies in the assessment and moderates the outcomes. The top ten risks are presented to Trustees and Governors to assess if any investment or time or resource could further mitigate the risks.

The aggregated risks are currently:

1. Loss of a key individual
2. Significant rise in energy costs
3. Failure to recruit
4. Failure to prevent unauthorised access to systems and information (Cyber attack)
5. Failure to control costs
6. Death or injury due to road traffic accidents in or near school
7. Risk of injury whilst moving around school due to growth of pupil numbers
8. Failure to have an appropriate succession plan in place
9. Challenging behaviour in schools
10. Poor outcomes linked to attendance

The Trust follows the DfE Good Estate Management guidance, including external support from a Health and Safety Expert, Architect and Quantity Surveyor. An estates action plan carefully maps out expenditure needed to keep buildings safe and compliant.

Well established compliance systems are used in all schools; these are externally audited for additional surety.

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 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 Trust operates one central bank account and all BACS payments are authorised centrally. This clear segregation of duties is an important part of our strategy.

The Trust appointed Wylie and Bisset to undertake internal audits in 2022/23.

In 2022/23 the focus of internal audit was Cyber Security and Procurement. The outcome was that the Trust provides substantial and strong levels of compliance in these areas.

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

WATERGROVE TRUST

TRUSTEES' REPORT (CONTINUED)

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:

- Identifying and implementing succession plans for key roles in the Trust.
- Using a specialist broker to manage energy costs and installing energy efficient heating upgrades
- Introducing two factor authentication across the Trust

Fundraising

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

Streamlined energy and carbon reporting

	2023 kWh	2022 kWh	2021 kWh
<i>Energy consumption</i>			
Aggregate of energy consumption in the year			
- Gas combustion	2,724,982	2,677,812	2,251,552
- Fuel consumed for transport	13,534	14,037	5,183
- Electricity purchased	1,540,056	1,294,080	1,253,524
	<u>4,278,572</u>	<u>3,985,929</u>	<u>3,510,259</u>
	2023	2022	2021
<i>Emissions of CO2 equivalent</i>	metric tonnes	metric tonnes	metric tonnes
Scope 1 - direct emissions			
- Gas combustion	497.47	488.81	412.39
- Fuel consumed for owned transport	2.29	3.71	0.06
	<u>499.76</u>	<u>492.52</u>	<u>412.45</u>
Scope 2 - indirect emissions			
- Electricity purchased	318.91	250.25	266.16
Scope 3 - other indirect emissions			
- Fuel consumed for transport not owned by the academy trust	1.03	1.15	0.68
	<u>819.70</u>	<u>743.92</u>	<u>679.29</u>
Total gross emissions			
	<u>819.70</u>	<u>743.92</u>	<u>679.29</u>
<i>Intensity ratio</i>			
Tonnes CO2e per pupil	0.21	0.21	0.21
	<u>0.21</u>	<u>0.21</u>	<u>0.21</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 2023 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.

WATERGROVE TRUST

TRUSTEES' REPORT (CONTINUED)

Measures taken to improve energy efficiency

We have seen an increase in our total consumption which is mainly due to the fact that Sandbrook Primary School, a large 3 form entry primary school, joined the trust in March 2023.

Despite the increase in consumption, our overall emissions per pupil has remained static due to the increased number of students across the trust from 3,530 to 3,947.

Several measures have been taken to reduce consumption including:

- The replacement of a further large number of LED light fitting at Matthew Moss.
- Completion of the roof and window replacement scheme at Moorhouse.
- New boiler installed at St James' CE together with upgraded heating controls.
- New boiler installed in the Anderson Suite at Wardle Academy with heating control for classrooms.
- The replacement of a further large number of LED light fitting at Matthew Moss.
- The building management system at Matthew Moss has been upgraded to allow site staff to control heating levels across zones in school.
- An expert was commissioned to undertake Energy audits in all Trust Schools. The reports highlighted areas of fabric and management that have been addressed. Doors have been upgraded at St Andrews, St James' and Moorhouse to reduce heat loss.

AUDITOR

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 auditors

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 19/12/23 and signed on its behalf by:

Gary Walczak
Chair of the Watergrove Trust Trustees



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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.

As trustees, we have reviewed and taken account of the guidance in DfE's Governance Handbook and competency framework for governance.

The board of trustees has delegated the day-to-day responsibility to the principal, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Watergrove Trust and the Secretary of State for Education. The accounting officer is also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The board of trustees has formally met 6 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	6	6
Mr G Walczak	3	6
Mr S Ahmed	3	6
Mr B Harrison	3	6
Mr S Atcha	1	6
Ms A L Kirk	1	6
Mrs Lees	5	6
Miss J Perkins	2	6

Resigned:

Trustees	Date resigned	Meetings attended	Out of possible
Mr D Johnson	10/01/2023	1	1
Mr T Hart	10/03/2023	2	4
Mrs S O'Brien	02/05/2023	4	5
Mr C McKenzie	08/11/2023	6	6
Ms S Murfin	06/11/2023	3	6

Challenges identified

- The availability of Trustees - some available during the day and others in the evening.
- The length of meetings has presented a challenge and this will be addressed with timings for each item.
- Induction of governors and trustees has been improved following feedback from the governor conference.

A trust wide governor conference in November will revisit the action plans started last year to refine priorities and protocols.

WATERGROVE TRUST

GOVERNANCE STATEMENT (CONTINUED)

Finance and resources committee:

The finance and resources committee is a sub-committee of the main board of trustees. In 2022/23 trustees reviewed investment opportunities and the level of trust reserves. Trustees decided to support the growth of central services to ensure quality and fund this from reserves. Trustees and Governors opted to appoint a Headteacher at St James' CE. Reserves were used for the outdoor classroom at St Andrew's, SEN expertise across the Trust and supporting staffing requirements.

Attendance at meetings in the year was as follows:

Trustees	Meetings attended	Out of possible
Mrs S M Taylor	2	3
Mr G Walczak	2	3
Mrs S O'Brien	2	2
Mr S Ahmed	1	3
Mr C McKenzie	2	3

Audit and risk committee:

The audit and risk committee is a sub-committee of the main board of trustees. The group reviewed internal and external audit requirements and made regular assessments of the risks facing the Trust, including the possibility of cyber attack following a serious incident at a school in Rochdale.

Attendance at meetings in the year was as follows:

Trustees	Meetings attended	Out of possible
Mrs S M Taylor	1	3
Mr S Ahmed	3	3
Mr C McKenzie	2	3
Mr S Atcha	1	3
Mrs J Lees	2	3
Ms S Murfin	1	3
Mrs J Perkins	1	3

Remuneration committee:

The remuneration committee is a sub-committee of the main board of trustees. The committee reviewed pay progression for teaching staff, headteachers and executive staff. They set the Trust approach to performance related pay and annual reviews. This group has delegated responsibility for the performance management of the executive team.

Attendance at meetings in the year was as follows:

Trustees	Meetings attended	Out of possible
Mrs S Taylor	2	2
Mr G Walczak	1	2
Mr S Ahmed	2	2
Mr C McKenzie	2	2
Mr D Johnson	1	1

WATERGROVE TRUST

GOVERNANCE STATEMENT (CONTINUED)

Governance reviews

An external review of corporate governance took place in April 2022. The outcome provided strong assurance for Trustees:

Following our review and testing, we can provide a strong level of assurance for the corporate governance arrangements at Watergrove Trust and its 6 Academies.

The Trust has developed a governance framework that is in line with good practice. Minutes and papers of Committee meetings have been developed in line with good practice in the Education Sector. There are several areas of good practice to note within the Executive Summary.

Watergrove Trust completed a self assessment using the MAT assurance framework. This framework has been designed to help Multi-Academy Trusts (MATs) understand their current capacity to support and drive school improvement.

The framework breaks down school improvement capacity into 14 elements, under six main headings. These are based on research about what works in MATs and similar networks of schools internationally. Instead, it isolates the questions, issues and practices that should enable all kinds of MAT to become more effective in supporting their schools to improve.

In 2023/24 Trustees have instructed internal audit to review compliance with the Academy Trust Handbook. The purpose of this assignment is to review the Trust's compliance with the Schedule of Requirements (the 'musts') within the Academy Trust Handbook. We will also look to ensure that the Trust are complying with the contract management requirements. Our objectives for this review are to ensure:

- The Trust are complying with the Schedule of Requirements (the 'musts') as set out as Part 8 of the Academy Trust Handbook.
- The Trust has robust contract management arrangements in place that meet the needs of the Academy Trust Handbook.

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, as well as estate safety and management, 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**
Benchmarking costs against other schools can provide a useful insight into cost efficiency. In order for the comparison to be of value, it is important that every school adds their costs to the same 'pot' of expenditure. The ESFA chart of accounts provides the framework for effective benchmarking. Internal audit reviewed procurement procedures in Summer and found robust areas of development which have been undertaken by the Finance Team and Budget Holders to ensure compliance with the Financial Manual and Legislative Requirements. Sample testing across all procurement threshold categories confirmed that policies and procedures had been followed. Good practice points arising from our work are outlined in the Executive Summary.
- **Provision of service to non-trust schools**
The Trust provides IT services to Falinge Park High and to Broadfield Community Primary School. This work generates income to support central operations.
- **TCAF**
A successful bid to the DfE generated £265k of additional funding to support the growth of the trust improvement team, improve our precautions against cyber attack and provide staff and governor CPD.

WATERGROVE TRUST

GOVERNANCE STATEMENT (CONTINUED)

- **School Condition Allocation**

The annual allocation of £407k was used to fund the Estate Action Plan and address the top priority areas; urgent health and safety issues, problems that could close a school (eg boiler failure), high priority areas identified on the condition survey (eg asbestos removal). In 2022/23 the following works took place:

Wardle	New catering pod needed for increase in pupil numbers. Replace defective roof parapet. New aluminium doors as recommended by the Fire risk assessment / condition survey.
MMHS	Replace worn astroturf carpet, replacement fire doors, roof repairs to stop water ingress
St Andrew's	Replacement fire door and new boiler house door.
St James	Asbestos removal, replacement PE door, ceiling replacement in reception class.
Moorhouse	Drains replacement, upgraded sections of perimeter fencing, IT fibre cables moved underground, repairs to kitchen ceiling.

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 2022 to 31 August 2023 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The board of trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1 September 2022 to 31 August 2023 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.

WATERGROVE TRUST

GOVERNANCE STATEMENT (CONTINUED)

The board of trustees has decided to employ Wylie Bisset as internal auditor for the period 1 September 2022 to 31 August 2023.

The internal auditor's role included giving advice on financial and other matters and performing a range of checks on the academy trust's financial and other systems.

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

- Risk Management - follow up review.
- Safeguarding - follow up review
- Health & Safety - follow up review
- Corporate Governance
- Key Financial Controls (final report 09/09/2021)

The overall conclusion for all reviews and follow up reports is 'Strong' - defined as; Controls satisfactory, no major weaknesses found, no or only minor recommendations identified.

Managing conflicts of interest

The governance manager maintains a register of business interests and updates this at least annually. Declarations of interest remain as a standing item on every meeting. If a trustee has an interest in any item on the agenda they will be asked to leave the meeting to avoid any conflict.

Business interests are included on the Trust website. Should a business interest be declared, we ensure three quotes are obtained (for all amounts) to ensure best value. As we hold a central finance system, information about business interest can be clearly flagged before orders are placed.

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:

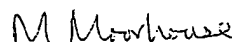
- the work of the external auditor
- the work of the internal auditor
- the financial management and governance self-assessment process
- the work of the finance manager within the academy trust who has responsibility for the development and maintenance of the internal control framework

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 19/12/23 and signed on its behalf by:



Gary Walczak
Chair of Trustees



Mark Moorhouse
Accounting Officer

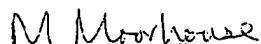
WATERGROVE TRUST

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, including for estates safety and management, under the funding agreement 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 Trust Handbook 2022, including responsibilities for estates safety and management.

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 Trust Handbook 2022.

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



Mark Moorhouse
Accounting Officer

19/12/23
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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 2022 to 2023;
- 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 19/12/23 and signed on its behalf by:



Gary Walczak
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 2023 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and 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 2022 to 2023 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 2023 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 2022 to 2023 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.

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.

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

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 30, 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.

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.

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

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: <https://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

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
19/12/23

WATERGROVE TRUST

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2023

		Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total 2023	Total 2022
	Notes	£000	£000	£000	£000	£000
Income and endowments from:						
Donations and capital grants	3	-	-	2,501	2,501	965
Donations - transfer from local authority on conversion	29	160	(260)	14,800	14,700	-
Charitable activities:						
- Funding for educational operations	4	374	27,221	-	27,595	23,267
Other trading activities	5	952	-	-	952	845
Investments	6	63	-	-	63	-
Total		<u>1,549</u>	<u>26,961</u>	<u>17,301</u>	<u>45,811</u>	<u>25,077</u>
Expenditure on:						
Charitable activities:						
- Educational operations	8	<u>888</u>	<u>27,105</u>	<u>1,337</u>	<u>29,330</u>	<u>26,320</u>
Total	7	<u>888</u>	<u>27,105</u>	<u>1,337</u>	<u>29,330</u>	<u>26,320</u>
Net income/(expenditure)		661	(144)	15,964	16,481	(1,243)
Transfers between funds	19	(707)	-	707	-	-
Other recognised gains/(losses)						
Actuarial gains on defined benefit schemes	26	<u>-</u>	<u>845</u>	<u>-</u>	<u>845</u>	<u>18,749</u>
Net movement in funds		(46)	701	16,671	17,326	17,506
Reconciliation of funds						
Total funds brought forward		<u>1,697</u>	<u>868</u>	<u>46,833</u>	<u>49,398</u>	<u>31,892</u>
Total funds carried forward		<u>1,651</u>	<u>1,569</u>	<u>63,504</u>	<u>66,724</u>	<u>49,398</u>

WATERGROVE TRUST**BALANCE SHEET****AS AT 31 AUGUST 2023**

		2023	2022
	Notes	£000	£000
Fixed assets			
Tangible assets	13	61,963	46,578
Current assets			
Stock	14	-	13
Debtors	15	2,550	1,041
Investments	16	1,048	-
Cash at bank and in hand		4,647	4,370
		8,245	5,424
Current liabilities			
Creditors: amounts falling due within one year	17	(3,405)	(2,203)
Net current assets		4,840	3,221
Net assets excluding pension liability		66,803	49,799
Defined benefit pension scheme liability	26	(79)	(401)
Total net assets		66,724	49,398
Funds of the academy trust:			
Restricted funds	19		
- Restricted fixed asset funds		63,504	46,833
- Restricted income funds		1,648	1,269
- Pension reserve		(79)	(401)
Total restricted funds		65,073	47,701
Unrestricted income funds	19	1,651	1,697
Total funds		66,724	49,398

The financial statements on pages 34 to 61 were approved by the board of trustees and authorised for issue on 19/12/23 and are signed on their behalf by:



Gary Walczak
Chair of Trustees

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WATERGROVE TRUST

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 AUGUST 2023

		2023		2022	
	Notes	£000	£000	£000	£000
Cash funds transferred on conversion	29		160		-
Cash flows from operating activities					
Net cash provided by operating activities	23		1,897		1,509
Cash flows from investing activities					
Interest received		63		-	
Capital grants from DfE Group		259		686	
Capital funding received from sponsors and others		868		111	
Purchase of tangible fixed assets		(1,922)		(2,260)	
Purchase of investments		(1,048)		-	
Net cash used in investing activities			(1,780)		(1,463)
Net increase in cash and cash equivalents in the reporting period			277		46
Cash and cash equivalents at beginning of the year			4,370		4,324
Cash and cash equivalents at end of the year			4,647		4,370

WATERGROVE TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2023

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.

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied, in dealing with items which are considered material in relation to the financial statements, to all the years presented, unless otherwise stated.

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 2021 to 2022 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 2024 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.

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 Sandbrook Community Primary School 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 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 29.

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.

WATERGROVE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2023

1 Accounting policies (Continued)

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.

Donations

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

Other income

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

Donated goods, facilities and services

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

Donated fixed assets

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

Expenditure

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

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

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

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

Charitable activities

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

WATERGROVE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2023

1 Accounting policies (Continued)

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

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.

Investments

Current asset investments are stated at market value and relate to cash on deposit. If the investment is highly liquid and the maturity date is less than 3 months, this investment balance is included in cash and cash equivalents. If the maturity date is in excess of 3 months, the investment balance is classified as short term investments.

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 2023

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 2023

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 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.

The LGPS assets are managed by the scheme trustees at scheme level, and the determination/allocation of assets to each individual employer in the scheme is managed by the scheme actuary. The assets are allocated to each employer for accounting purposes based on the valuation of the assets at the latest triennial valuation as adjusted for subsequent contributions received from the employer, asset returns and benefit payments made (either on a cash basis or actuarial basis).

The retirement benefit obligation recognised represents the deficit or surplus in the defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

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.

WATERGROVE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2023

2 Critical accounting estimates and areas of judgement (Continued)

Defined benefit pension scheme

The present value of the Local Government Pension Scheme defined benefit obligation 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 26, 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 2022 has been used by the actuary in valuing the pensions obligation at 31 August 2023. 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 obligation.

Determining the existence of a minimum funding requirement for the Local Government Pension Scheme to be included in the asset ceiling in measuring and recognising a surplus in the scheme. This judgement is based on an assessment to the nature of the scheme as a statutory scheme and its inherent implied continuance as well as the operation of the primary and secondary contributions.

Depreciation

The trustees have made judgements when determining the useful economic life of tangible fixed assets. Depreciation is recognised as to write off the value of the assets over the life that economic benefit is expected to flow.

3 Donations and capital grants

	Unrestricted funds £000	Restricted funds £000	Total 2023 £000	Total 2022 £000
Capital grants	-	2,501	2,501	964
Other donations	-	-	-	1
	<u>-</u>	<u>2,501</u>	<u>2,501</u>	<u>965</u>

The income from donations and capital grants was £2,501,000 (2022: £965,000) of which £Nil was unrestricted (2022: £1,000) and £2,501,000 was restricted fixed assets (2022: £964,000).

WATERGROVE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

4 Funding for the academy trust's educational operations

	Unrestricted funds £000	Restricted funds £000	Total 2023 £000	Total 2022 £000
DfE/ESFA grants				
General annual grant (GAG)	-	21,661	21,661	19,155
Other DfE/ESFA grants:				
- Pupil premium	-	1,528	1,528	1,258
- DfE teaching grants	-	8	8	18
- PE & sports grant	-	83	83	74
- Rates reclaim	-	119	119	95
- Universal infant free school meals	-	174	174	146
- Others	-	1,495	1,495	533
	-	25,068	25,068	21,279
Other government grants				
Local authority grants	-	1,856	1,856	1,444
COVID-19 additional funding (DfE / ESFA)				
Catch-up premium	-	297	297	195
Other incoming resources	374	-	374	349
	374	27,221	27,595	23,267

The income from funding for educational operations was £27,595,000 (2022: £23,267,000) of which £374,000 was unrestricted (2022: £349,000) and £27,221,000 was restricted (2022: £22,918,000).

The academy received £297,000 (2022: £195,000) of funding for catch-up premium and costs incurred in respect of this funding totalled £297,000 (2022: £205,000), with the remaining £Nil (2022: £Nil) to be spent in 2023/24 (2022: 2022/23).

5 Other trading activities

	Unrestricted funds £000	Restricted funds £000	Total 2023 £000	Total 2022 £000
Hire of facilities	124	-	124	91
Catering income	584	-	584	522
Music tuition	43	-	43	41
Other income	201	-	201	191
	952	-	952	845

The income from other trading activities was £952,000 (2022: £845,000) of which £952,000 was unrestricted (2022: £845,000).

WATERGROVE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2023

6 Investment income

	Unrestricted funds £000	Restricted funds £000	Total 2023 £000	Total 2022 £000
Interest from short term deposits	63	-	63	-

The income from funding for investment income was £63,000 (2022: £Nil) of which £63,000 was unrestricted (2022: £Nil).

7 Expenditure

	Staff costs £000	Non-pay expenditure Premises £000	Other £000	Total 2023 £000	Total 2022 £000
Academy's educational operations					
- Direct costs	17,370	963	1,469	19,802	17,006
- Allocated support costs	4,765	1,585	3,178	9,528	9,314
	22,135	2,548	4,647	29,330	26,320

Net income/(expenditure) for the year includes:

	2023 £000	2022 £000
Operating lease rentals	751	851
Net interest on defined benefit pension liability	29	295
Depreciation of tangible fixed assets	1,337	1,126
Fees payable to RSM UK Audit LLP and its associates in respect of both audit and non-audit services are as follows:		
- Audit	35	28
- Other services	5	5

8 Charitable activities

	Unrestricted funds £000	Restricted funds £000	Total 2023 £000	Total 2022 £000
Direct costs				
Educational operations	197	19,605	19,802	16,688
Support costs				
Educational operations	691	8,837	9,528	9,632
	888	28,442	29,330	26,320

The expenditure on charitable activities was £29,330,000 (2022: £26,320,000) of which £888,000 was unrestricted (2022: £654,000), £27,105,000 was restricted (2022: £24,540,000) and £1,337,000 was restricted fixed assets (2022: £1,126,000).

WATERGROVE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2023

8 Charitable activities (Continued)

	2023 £000	2022 £000
Analysis of support costs		
Support staff costs	5,038	5,851
Depreciation	374	318
Premises costs	1,211	930
Legal costs - conversion	13	-
Legal costs - other	7	8
Other support costs	2,682	2,304
Governance costs	203	221
	<u>9,528</u>	<u>9,632</u>

9 Staff

Staff costs

Staff costs during the year were:

	2023 £000	2022 £000
Wages and salaries	16,006	13,681
Social security costs	1,529	1,279
Pension costs	3,660	4,632
Staff costs - employees	<u>21,195</u>	<u>19,592</u>
Agency staff costs	940	560
Staff restructuring costs	-	48
	<u>22,135</u>	<u>20,200</u>
Staff development and other staff costs	273	247
Total staff expenditure	<u>22,408</u>	<u>20,447</u>

Staff restructuring costs comprise:

Severance payments (including special severance payments)	-	48
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Staff restructuring costs is made up of redundancy payments of £Nil (2022: £Nil) and severance payments of £Nil (2022: £47,796).

WATERGROVE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2023

9 Staff (Continued)

Staff numbers

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

	2023 Number	2022 Number
Teachers	187	177
Administration and support	370	316
Management	34	32
	<u>591</u>	<u>525</u>

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

	2023 Number	2022 Number
Teachers	179	172
Administration and support	230	200
Management	32	32
	<u>441</u>	<u>404</u>

Higher paid staff

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

	2023 Number	2022 Number
£60,001 - £70,000	8	7
£70,001 - £80,000	3	3
£80,001 - £90,000	2	3
£90,001 - £100,000	2	-
£100,001 - £110,000	1	2
	<u></u>	<u></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 £1,804,758 (2022: £1,773,794).

WATERGROVE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2023

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.

The academy trust charges for these services at 4.5% of the General Annual Grant (GAG) if the school is RI, good or outstanding.

All schools currently pay an additional 1.0% which is ringfenced for improvements to the Trust as a whole. This extra 1.0% is subject to annual review with the decision to continue being made jointly by all the headteachers.

The amounts charged during the year were as follows:

	2023 £000	2022 £000
St Andrew's C of E Primary School	98	99
Wardle Academy	415	398
Kentmere Academy	83	78
St James' C of E Primary School	50	50
Matthew Moss High School	405	369
Moorhouse Academy	61	59
Sandbrook Community Primary School	79	-
Watergrove Trust	-	-
	<u>1,191</u>	<u>1,053</u>

11 Trustees' remuneration and expenses

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

Trustees expense claims in the year were £Nil (2022: £Nil).

12 Trustees and officers' insurance

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

WATERGROVE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2023

13 Tangible fixed assets

	Land and buildings	Computer equipment	Fixtures, fittings and equipment	Total
	£000	£000	£000	£000
Cost.				
At 1 September 2022	48,056	1,622	2,849	52,527
Transfer on conversion	14,800	-	-	14,800
Additions	1,376	59	487	1,922
At 31 August 2023	64,232	1,681	3,336	69,249
Depreciation				
At 1 September 2022	3,224	1,490	1,235	5,949
Charge for the year	963	65	309	1,337
At 31 August 2023	4,187	1,555	1,544	7,286
Net book value				
At 31 August 2023	60,045	126	1,792	61,963
At 31 August 2022	44,832	132	1,614	46,578

Transactions relating to land and buildings during the year include the transfer of the freehold land and buildings of Sandbrook Community Primary School, which was donated to the academy trust on conversion at a value of £14,800,000.

14 Stock

	2023 £000	2022 £000
School uniform	-	13

15 Debtors

	2023 £000	2022 £000
Trade debtors	41	29
VAT recoverable	418	376
Other debtors	-	14
Prepayments and accrued income	2,091	622
	2,550	1,041

WATERGROVE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2023

16 Current asset investments

Included within current asset investments is an amount of £1,048k (2022: £Nil) which is held on deposit.

Current asset investments relates to amounts held on deposit which do not meet the definition of cash and cash equivalents as the balance is not readily convertible to cash and is required to be held on deposit until maturity which falls within 12 months of the period end.

17 Creditors: amounts falling due within one year

	2023 £000	2022 £000
Trade creditors	1,097	842
Other taxation and social security	367	311
Other creditors	511	19
Accruals and deferred income (see note 18)	1,430	1,031
	<u>3,405</u>	<u>2,203</u>

18 Deferred income

	2023 £000	2022 £000
Deferred income is included within:		
Creditors due within one year	<u>335</u>	<u>284</u>
Deferred income at 1 September 2022	284	264
Released from previous years	(284)	(264)
Resources deferred in the year	<u>335</u>	<u>284</u>
Deferred income at 31 August 2023	<u>335</u>	<u>284</u>

At the balance sheet date the academy trust was holding funds received in advance for free school meals, school trips, growth funding, STEM grants, and energy efficiency grants.

WATERGROVE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2023

19 Funds

	Balance at 1 September 2022 £000	Income £000	Expenditure £000	Gains, losses and transfers £000	Balance at 31 August 2023 £000
Restricted general funds					
General Annual Grant (GAG)	1,269	21,661	(21,282)	-	1,648
Pupil premium	-	1,528	(1,528)	-	-
Other grants	-	1,871	(1,871)	-	-
Other DfE group grants	-	8	(8)	-	-
Catch-up premium	-	297	(297)	-	-
Other government grants	-	1,856	(1,856)	-	-
Pension reserve	(401)	(260)	(263)	845	(79)
	<u>868</u>	<u>26,961</u>	<u>(27,105)</u>	<u>845</u>	<u>1,569</u>
Restricted fixed asset funds					
Inherited on conversion	40,784	14,800	(1,205)	-	54,379
DfE group capital grants	5,411	2,501	(118)	707	8,501
Capital expenditure from GAG	638	-	(14)	-	624
	<u>46,833</u>	<u>17,301</u>	<u>(1,337)</u>	<u>707</u>	<u>63,504</u>
Total restricted funds	<u>47,701</u>	<u>44,262</u>	<u>(28,442)</u>	<u>1,552</u>	<u>65,073</u>
Unrestricted funds					
General funds	<u>1,697</u>	<u>1,549</u>	<u>(888)</u>	<u>(707)</u>	<u>1,651</u>
Total funds	<u>49,398</u>	<u>45,811</u>	<u>(29,330)</u>	<u>845</u>	<u>66,724</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 other trading activities.

WATERGROVE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

19 Funds (Continued)

Funds prior year

	Balance at 1 September 2021 £000	Income £000	Expenditure £000	Gains, losses and transfers £000	Balance at 31 August 2022 £000
Restricted general funds					
General Annual Grant (GAG)	780	19,155	(18,666)	-	1,269
Pupil premium	-	1,258	(1,258)	-	-
Other grants	-	848	(848)	-	-
Other DfE group grants	-	18	(18)	-	-
Catch-up premium	10	195	(205)	-	-
Other government grants	-	1,444	(1,444)	-	-
Pension reserve	(17,049)	-	(2,101)	18,749	(401)
	<u>(16,259)</u>	<u>22,918</u>	<u>(24,540)</u>	<u>18,749</u>	<u>868</u>
Restricted fixed asset funds					
Inherited on conversion	41,805	-	(1,021)	-	40,784
DfE group capital grants	3,648	964	(89)	888	5,411
Capital expenditure from GAG	654	-	(16)	-	638
	<u>46,107</u>	<u>964</u>	<u>(1,126)</u>	<u>888</u>	<u>46,833</u>
Total restricted funds	<u>29,848</u>	<u>23,882</u>	<u>(25,666)</u>	<u>19,637</u>	<u>47,701</u>
Unrestricted funds					
General funds	2,044	1,195	(654)	(888)	1,697
	<u>2,044</u>	<u>1,195</u>	<u>(654)</u>	<u>(888)</u>	<u>1,697</u>
Total funds	<u>31,892</u>	<u>25,077</u>	<u>(26,320)</u>	<u>18,749</u>	<u>49,398</u>

WATERGROVE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2023

19 Funds (Continued)

Total funds analysis by academy

	2023	2022
	£000	£000
Fund balances at 31 August 2023 were allocated as follows:		
St Andrew's C of E Primary School	247	78
Wardle Academy	(40)	3
Kentmere Academy	70	63
St James' C of E Primary School	31	31
Matthew Moss High School	559	340
Moorhouse Academy	13	11
Sandbrook Community Primary School	150	-
Watergrove Trust	2,269	2,440
	<hr/>	<hr/>
Total before fixed assets fund and pension reserve	3,299	2,966
	<hr/>	<hr/>
Restricted fixed asset fund	63,504	46,833
Pension reserve	(79)	(401)
	<hr/>	<hr/>
Total funds	66,724	49,398
	<hr/>	<hr/>

The academy trust has a funds transfer policy in place where any academy in a surplus position at the year end, transfers 50% of this surplus to Watergrove Trust's central reserves. This transfer happens at the start of the new financial year.

Wardle Academy is carrying a net deficit of £40,000 on these funds because of a very late notification (September 2023) from our PFI partners that there would be an additional charge of £225k relating to historical energy costs dating back to April 2021. We are currently challenging this charge but have taken the decision to accrue the full amount. Should we be successful in getting this reduced (by more than £40k), this will immediately remove the deficit balance. If not, the budget plan for 2023-2024 is showing an in year surplus of £5k so the remaining £35k will be covered by savings made throughout the year. In the unlikely event that none are realised, there are contingencies built in to the budget plan that can be reserved.

WATERGROVE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2023

19 Funds (Continued)

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 2023 £000	Total 2022 £000
St Andrew's C of E Primary School	1,463	326	133	254	2,176	2,280
Wardle Academy	5,386	1,665	481	1,842	9,374	9,025
Kentmere Academy	1,372	276	112	260	2,020	1,772
St James' C of E Primary School	719	208	67	151	1,145	1,133
Matthew Moss High School	5,155	1,549	432	947	8,083	7,555
Moorhouse Academy	996	240	69	191	1,496	1,505
Sandbrook Community Primary School	1,398	274	36	215	1,923	-
Watergrove Trust	881	500	142	254	1,777	1,924
	<u>17,370</u>	<u>5,038</u>	<u>1,472</u>	<u>4,114</u>	<u>27,994</u>	<u>25,194</u>

20 Analysis of net assets between funds

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed asset Funds £000	Total Funds £000
Fund balances at 31 August 2023 are represented by:				
Tangible fixed assets	-	-	61,963	61,963
Current assets	1,651	5,053	1,541	8,245
Current liabilities	-	(3,405)	-	(3,405)
Pension scheme liability	-	(79)	-	(79)
Total net assets	<u>1,651</u>	<u>1,569</u>	<u>63,504</u>	<u>66,724</u>

WATERGROVE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2023

20 Analysis of net assets between funds (Continued)

	Unrestricted Funds £000	Restricted funds: General £000	Fixed asset £000	Total Funds £000
Fund balances at 31 August 2022 are represented by:				
Tangible fixed assets	-	-	46,578	46,578
Current assets	1,697	3,472	255	5,424
Current liabilities	-	(2,203)	-	(2,203)
Pension scheme liability	-	(401)	-	(401)
Total net assets	1,697	868	46,833	49,398

21 Capital commitments

	2023 £000	2022 £000
Expenditure contracted for but not provided in the financial statements	1,679	377

22 Long-term commitments

Operating leases

At 31 August 2023 the total of the academy trust's future minimum lease payments under non-cancellable operating leases was:

	2023 £000	2022 £000
Amounts due within one year	81	50
Amounts due between one and five years	173	34
	254	84

Other contractual commitments

At 31 August 2023 the total of the academy trust's future minimum lease payments under other contractual commitments was:

	2023 £000	2022 £000
Amounts due within one year	868	701
Amounts due between one and five years	3,474	2,806
Amounts due after five years	8,976	7,950
	13,318	11,457

WATERGROVE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

22 Long-term commitments (Continued)

The academy trust occupies premises which are subject to a private finance initiative (PFI) contract. The trust itself is not party to this service concession contract, however the academy trust has entered into a supporting agreement towards the costs of the local authority. The above relates to commitments to operating payments including costs for catering, cleaning, utilities, and other ancillary services.

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

	Notes	2023 £000	2022 £000
Net income/(expenditure) for the reporting period (as per the statement of financial activities)		16,481	(1,243)
Adjusted for:			
Net surplus on conversion to academy	29	(14,700)	-
Capital grants from DfE and other capital income		(2,501)	(964)
Interest receivable	6	(63)	-
Pension costs less contributions payable	26	234	1,806
Pension scheme finance costs	26	29	295
Depreciation of tangible fixed assets		1,337	1,126
Movements in working capital:			
Decrease in stocks		13	15
(Increase)/decrease in debtors		(135)	204
Increase in creditors		1,202	270
Net cash provided by operating activities		1,897	1,509

24 Analysis of changes in net funds

	1 September 2022 £000	Cash flows £000	31 August 2023 £000
Cash	4,370	277	4,647

25 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 2023

26 Pension and similar obligations

The academy trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by 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 2020, and that of the LGPS related to the period ended 31 March 2022.

Contributions amounting to £413,000 were payable to the schemes at 31 August 2023 (2022: £Nil) 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.

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 2023 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 2020 in accordance with The Public Service Pensions (Valuations and Employer Cost Cap) Directions 2023 and the Employer Contribution Rate was assessed using agreed assumptions in line with the Directions and was accepted at the original assessed rate as there was no cost control mechanism breach.

The valuation report was published by the Department for Education on 26 October 2023. The key elements of the valuation are:

- Total scheme liabilities for service (the capital sum needed at 31 March 2020 to meet the stream of future cash flows in respect of benefits earned) of £262 billion
- Value of notional assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) of £222 billion
- Notional past service deficit of £39.8 billion (2016: £22 billion)
- Discount rate is 1.7% in excess of CPI (2016: 2.4% in excess of CPI) (this change has had the greatest financial significance)

As a result of the valuation, new employer contribution rates have been set at 28.6% of pensionable pay from 1 April 2024 until 31 March 2027 (compared to 23.68% under the previous valuation including a 0.08% administration levy).

WATERGROVE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2023

26 Pension and similar obligations (Continued)

The employer's pension costs paid to the TPS in the period amounted to £1,617,000 (2022: £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 2023 was £1,620,000 (2022: £1,246,000), of which employer's contributions totalled £1,264,000 (2022: £972,000) and employees' contributions totalled £356,000 (2022: £274,000). 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 29 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.

During the year Sandbrook Community Primary School transferred in to the academy trust. The obligation in respect of employees who transferred with Sandbrook Community Primary School to the academy trust representing their cumulative service to the predecessor employer was recognised in the SoFA as part of the gain/(loss) on transfer as set out in note 29.

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 and on 21 July 2022, the Department for Education reaffirmed its commitment to the guarantee, with a parliamentary minute published on GOV.UK.

Total contributions made	2023 £000	2022 £000
Employer's contributions	1,264	972
Employees' contributions	356	274
Total contributions	1,620	1,246

Principal actuarial assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2022 updated to 31 August 2023 by a qualified independent actuary.

	2023 %	2022 %
Rate of increase in salaries	3.8	3.8
Rate of increase for pensions in payment/inflation	3.0	3.1
Discount rate for scheme liabilities	5.2	4.3

WATERGROVE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2023

26 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:

	2023 Years	2022 Years
Retiring today		
- Males	18.9	20.3
- Females	22.4	23.2
Retiring in 20 years		
- Males	20.1	21.6
- Females	24.7	25.1

The academy trust's share of the assets in the scheme	2023 Fair value £000	2022 Fair value £000
Equities	18,091	14,478
Bonds	3,618	2,938
Property	2,066	1,888
Other assets	2,069	1,679
Total fair value of assets	25,844	20,983

The actual return on scheme assets was £(2,266,000) (2022: £270,000).

Amount recognised in the statement of financial activities	2023 £000	2022 £000
Current service cost	1,474	2,778
Net interest cost	29	295
Past service cost	24	-
Total operating charge	1,527	3,073

Changes in the present value of defined benefit obligations	2023 £000
At 1 September 2022	21,384
Obligations acquired on conversion	2,385
Current service cost	1,474
Interest cost	998
Employee contributions	356
Actuarial gain	(4,080)
Benefits paid	(296)
Past service cost	24
At 31 August 2023	22,245

WATERGROVE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2023

26 Pension and similar obligations (Continued)

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

	2023 £000
At 1 September 2022	20,983
Assets acquired on conversion	2,125
Interest income	969
Return on plan assets (excluding net interest on the net defined pension liability)	443
Employer contributions	1,264
Employee contributions	356
Benefits paid	(296)
	<hr/>
At 31 August 2023	25,844
	<hr/>

Net asset restriction

	2023 £000
Present value of defined benefit obligations	(22,245)
Fair value of plan assets	25,844
	<hr/>
Net asset	3,599
Restriction to level of asset ceiling	(3,678)
	<hr/>
Net liability recognised in the balance sheet	(79)
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The value of the Trust's share of net assets has been restricted due to the effect of the asset ceiling being the maximum value of the present of the economic benefits available in the form of the unconditional right to reduced contributions from the plan. A corresponding charge has been made to other comprehensive income in the period.

WATERGROVE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

27 Related party transactions

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

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

- During the year, purchases to the value of £Nil (2022: £2,971) were made from the Manchester Diocese, a connected party to a Trustee. The Trustee is no longer associated with the Manchester Diocese.

Key management personnel compensation disclosure is included in note 9.

28 Post balance sheet events

Falinge Park High School is expected to join the Academy Trust in the next financial year. The estimated date of conversion is currently 1 March 2024.

WATERGROVE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

29 Conversion to an academy

On 1 March 2023, the Sandbrook Community Primary School 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		
Sandbrook Community Primary School	Rochdale	1 March 2023		
	Unrestricted funds £000	General £000	Restricted funds: Fixed asset £000	Total 2023 £000
Net assets transferred:				
Freehold land and buildings	-	-	14,800	14,800
Cash	160	-	-	160
Pension scheme deficit	-	(260)	-	(260)
	<u>160</u>	<u>(260)</u>	<u>14,800</u>	<u>14,700</u>
	Unrestricted funds £000	General £000	Restricted funds: Fixed asset £000	Total 2023 £000
Funds surplus/(deficit) transferred:				
Fixed assets funds	-	-	14,800	14,800
LA budget funds	160	-	-	160
LGPS pension funds	-	(260)	-	(260)
	<u>160</u>	<u>(260)</u>	<u>14,800</u>	<u>14,700</u>