

Washwood Heath Multi Academy Trust

(A Company Limited by Guarantee)

Annual Report and Financial Statements

Year ended 31 August 2015

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Reference and Administrative Details

Members	Peter Anstey (Chair) Aftab Chughtai Darren Walsh Anjum Khan (from 1 September 2015)
Trustees	Beverley Mabey (Executive Head & Accounting Officer) Farhiya Ali Clive Bailey Nusrat Iqbal Cecil Knight Habib Rehman Christopher Davy (resigned 31 December 2014) Jamila Akhtar (resigned 9 January 2015) Andrew Taylor (resigned 9 January 2015) Ian Lowe (from 19 March 2015) Mike York (from 19 March 2015)
Company Secretary	Angela Sutheran (from 27 April 2015)
Senior Management Team:	
Executive Head & Accounting Officer	Beverley Mabey
Head of Academy (Washwood Heath)	Heather McLachlan
Head of Academy (Saltley)	Peter Weir
Head Teacher (Brownmead)	Ashley Winters
Finance Director	Jonathan Cale (from 1 April 2015)
Registered Office	Burney Lane Stetchford Birmingham B8 2AS
Company Registration Number	08531479 (England and Wales)
Independent Auditor	Moore Stephens LLP 35 Calthorpe Road Edgbaston Birmingham B15 1TS
Bankers	Lloyds Bank plc 114-116 Colmore Row Birmingham B3 3BD
Solicitors	Mills & Reeve LLP 78 -84 Colmore Row Birmingham B3 2AB

Trustees' Report

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the period 1 September 2014 to 31 August 2015. The annual report serves the purposes of both a Trustees' report, and a Directors' report under company law.

The company was incorporated on 16 May 2013 and commenced activities as an academy on 1 July 2013. On 1 November 2014 the Washwood Heath Academy became a Multi Academy Trust (MAT) acting as sponsor for Brownmead Primary School. Saltley Secondary School joined the MAT on 1 March 2015. The Trustees plan to expand the MAT during coming years with the addition of local primary schools, to strengthen ties with the two secondary academies.

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 Washwood Heath Multi Academy Trust are also the Directors of the charitable company for the purposes of company law. The charitable company is known as Washwood Heath Multi Academy Trust.

Details of the Trustees who served during the year are included in the Reference and Administrative Details on page 1.

Members' Liability

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

Trustees' Indemnities

In accordance with normal commercial practice the academy has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides Governors Liability cover up to £5,000,000 on any one claim and separate Professional Negligence cover of up to £1,000,000.

Method of Recruitment and Appointment or Election of Trustees

The members of the trust are responsible for the appointment of Directors/Trustees. When appointing new Directors, the members will give full consideration to the skills and experience mix of existing Directors in order to ensure that new appointees have the necessary qualities to contribute fully to the Trusts development.

Policies and Procedures Adopted for the Induction and Training of Trustees

Although there isn't a formal policy and/or procedure for Trustee training, the approach adopted by the Academy Trust is to tailor training to the individual based upon an assessment of their need. Thus, whilst the training and induction will always include a tour of the school and a chance to meet pupils and key staff, training offered will depend upon the experience and specific requests of the individual.

As a minimum, new Trustees will be given an induction pack outlining the aims and values of the Academy, governance arrangements, current organisational structures and roles and responsibilities. All new Trustees are recommended to attend a formal Induction Programme delivered by the local authority, Birmingham City Council (BCC). Trustees are also advised of courses offered by BCC's School and Trustee Support service as they become available.

Trustees' Report (Continued)

Organisational Structure

The governance of the Academy Trust is defined in the memorandum and articles of association together with the master and supplemental funding agreements with the Department for Education.

All Trustees are members of the Board of Directors. In addition, Trustees may serve on one of the two strategic groups that report to the Board. These have the same status as sub-committees.

The two strategic groups are:

- Finance, Audit & General Purposes
- Leadership, Achievement & Behaviour

At school level, each academy is governed by a Local Governing Body (LGB).

Board membership consists of up to 14 directors appointed by the members to include 1 CEO, 2 parents and up to 5 Local Governing Body Chairs. For meetings, the quorum is half of the board rounded down. Meetings are held four times a year.

LGB membership shall be 7-8 appointed by the Board of Directors. The LGB membership will elect their chair and vice chair. For meetings, the quorum shall be half of the LGB rounded down. Meetings are held at least three times each academic year.

Terms of Reference for the Board and strategic groups were adopted from the predecessor school on conversion 1 July 2013. These were reviewed and an update incorporated into the revised Financial Regulations Manual (FRM) approved in March 2014. The FRM defines delegated authorities within the Trust including delegations to the Executive Head Teacher (EHT) and other senior managers. The FRM was updated in March 2015 to reflect a revised Scheme of Financial Delegations following the formation of the MAT.

The current Scheme of Financial Delegations is as follows:

Trust Board	£100,000 +
Finance, Audit & General Purposes Strategic Group	£25,000 to £100,000
Executive Head Teacher	£10,000 to £25,000
Finance Director	£10,000 to £25,000
Head Teachers/Heads of Academies	£5,000 to £10,000
Academy Finance Managers	Up to £5,000

The new governance arrangements for the MAT, including changes to the organisational structure, were originally approved December 2014. The current governance arrangements were approved July 2015.

Related Parties and other Connected Charities and Organisations

The Academy belongs to a partnership of schools that together form the East Birmingham Network (EBN). The network founded the EBN Academy, a free school, which aims to provide a second chance to those pupils for whom mainstream schooling has been challenging. Membership of the EBN provides a system of managed moves and Alternative Provision for our young people for whom a normal route through education is inappropriate.

Trustees' Report (Continued)

Objectives and Activities

Objects and Aims

The Academy Trust's objective is to advance, for the public benefit, education for children aged 4 to 19 by establishing and maintaining schools which offer a broad and balanced curriculum.

The mission of Washwood Heath MAT has been to strive to provide the very best for all the members of our schools community. Learning to succeed is what Washwood Heath Multi Academy Trust is about: a passion for and love of learning with the drive and motivation to succeed.

Our aim is for students to fulfill their limitless potential through perseverance and effort, to recognise that excellence is a habit not an act (Aristotle). Staff are highly trained and here to support, guide and inspire students to continue their learning after school and when they do leave our schools, to do so with the confidence to see the world as an opportunity.

We aim to provide the best opportunities for learning and a climate within which a sense of moral responsibility is clear and that each child recognises that humanity and the common good is a key aim for all.

We have four pillars for success:

- **Students** who achieve in the top 20% of similar schools, who go on to fulfil their highest aspiration and are seen as ambassadors for the school and positive role models in the community.
- **Staff** for whom we are the employer of choice, providing a great place in which to work and an environment where they can be the best.
- **Parents/Carers**, who know that Washwood Heath Multi Academy Trust really cares about their children, recognise that it has effective strategies to meet individual needs and for whom the School is the natural choice to entrust the education of their children.
- **A Community** for whom we are a partner of choice which improve outcomes locally, regionally, nationally and globally.

By the time our students leave the Washwood Multi Academy Trust they will be literate, numerate confident young people with high aspirations, independent learning skills and a sense of moral responsibility.

Objectives, Strategies and Activities

Leadership and Management

Ensure that Governance in all of our schools is well informed and supports accurate and perceptive self-evaluation.

Support the recruitment and retention of high quality staff.

Embed appraisal so that every member of staff feels valued and well supported to excel at their job.

Behaviour and safety of students

Develop an intolerance of bullying across all of our schools so that every learner across the campus feels happy and safe

Trustees' Report (Continued)

Student Attainment and Achievement

Ensure that the attainment and progress of learners in all of our schools is above the national average

Quality of Teaching

Ensure that best practice is shared across all of our schools and that every teacher aspires to be outstanding

Estates/Resources

Improve Washwood Heath Multi Academy Trust facilities by providing and maintaining a safe and comfortable working environment, conducive to both student learning and teacher performance.

Value for Money

Ensure that each of our schools is well supported and adequately resourced to ensure the best outcomes for learners.

Public Benefit

The Trustees confirm that they have complied with the requirement to have due regard to the Charity Commission's guidance on public benefit when 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 Academy provides facilities for recreational and other leisure time occupation for the local community in the interests of social welfare and with the interest of improving the life of the said community.

Strategic Report

Achievements and Performance

Washwood Heath Academy

Although the overall attainment in the headline measure of 5A*-C including English and Mathematics is below national average, A*-C grades for English are well above national average but not matched with their A*-C results for Maths which is slightly below national average. Attainment for Free School Meal students is above that of non Free School Meal students, reflecting effective use of pupil premium funding.

When looking at the improvements made by students over time, progress is good in almost every subject and for disadvantaged students, progress is outstanding. This is highlighted by our Progress 8 measure of +0.21, significantly above national average and by our levels of progress which are above those of national expectations for most subjects. The Progress 8 measure shows that progress in English is very strong, whereas progress in Maths was again slightly below the national average.

Students entitled to the Pupil Premium funding made progress significantly above those of their peers in English, Maths, Science, Humanities and other non-English Baccalaureate subjects. Indeed, our progress 8 measure for students eligible for Pupil Premium funding was +0.29, well above the school average. Pupil premium funding is currently directed at students in Modern Foreign Languages and raising standards even higher in Maths so that all students make progress well above that expected nationally.

Targets for attainment were set on the aspiration that all students make three levels of progress and many make four and five levels of progress. We set targets based on four and five levels of progress as this reflects our targeting of most able students and at 38% A/A*, our highest number of top results ever. Where progress is weaker, we had vacancies or staff underperformance and these issues have now been rectified with staff improving or leaving and all vacancies have now been filled.

Trustees' Report (Continued)

Our Sixth Form results demonstrate outstanding progress with students achieving well above national expectations. Although the 2014-15 curriculum focused on vocational subjects, this has now been broadened in 2015-16 and we are expecting our first academic results in 2016. Our NEETs score of 0% at time of exit and retention of 90% is well above national average, demonstrating the wider successes of student preparation for their future careers.

Year 11 Headline Results

5 A*-C EN MA	49%
5 A*-C EN MA FSM	51%
5 A*-C EN MA NFSM	48%

KS2 APS	26.2
KS2 APS FSM	26.2
KS2 APS NFSM	26.2

Progress 8 Measure	0.21
Progress 8 Disadvantaged	0.29

Year 11 Core Results

Qualification Name		A*-A %	A*-C %	A*-G %	3+ LOP %	4+ LOP %	5+ LOP %
English Language	All	8.8	67.1	99.2	78.3	32.2	7
English Literature	All	10.8	65.9	98.4	73.9	30.4	7.4
Maths	All	8.4	56.2	96.8	59.6	22.2	3.5
Science	All	8.8	64.9	100	56.7	17.6	4.8

Year 11 Detailed Results

Qualification Name	FSM Ever 6	A*-A %	A*-C %	A*-G %	3+ LOP %	4+ LOP %	5+ LOP %
English Language	All	8.8	67.1	99.2	78.3	32.2	7
English Language	NFSM	8.8	67.1	99.4	76.3	34.6	5.8
English Language	FSM	8.9	67.1	98.7	82.4	27	9.5
English Literature	All	10.8	65.9	98.4	73.9	30.4	7.4
English Literature	NFSM	10	62.9	98.2	70.3	29.1	6.3
English Literature	FSM	12.7	72.2	98.7	81.9	33.3	9.7
Maths	All	8.4	56.2	96.8	59.6	22.2	3.5
Maths	NFSM	7.1	53.5	97.1	58.9	20.9	1.9
Maths	FSM	11.4	62	96.2	61.1	25	6.9
Science	All	8.8	64.9	100	56.7	17.6	4.8
Science	NFSM	8.5	60.8	100	51.2	17.3	2.4
Science	FSM	9.4	73.4	100	68.3	18.3	10

Trustees' Report (Continued)

Post 16 Results

P16		FSM	NFSM
Average point score per vocational entry	251.4	247.2	253.2
Average point score per vocational entry expressed as a grade	Dist*-	Dist*-	Dist*-
Average point score per vocational student (full-time equivalent)	741.8	741.7	744.7

Saltley Academy

This year group entered the school significantly below the national average for attainment at Key Stage Two. Therefore, although their overall attainment measure of 5A*-C including English and Mathematics is well below national average and our aspirations, the result generated an above national average Progress 8 measure of +0.28. The Progress 8 measure shows that progress in English is a major concern, whereas progress in Maths was fractionally below the national average.

The Progress 8 measure for students entitled to the Pupil Premium funding was identical to that of the whole school. The Progress 8 measure for the English Baccalaureate should also be noted as should the number of students making three levels of progress in English who are eligible. Pupil premium funding is being directed at numeracy as progress is lower in these subjects for eligible students.

Targets for attainment were set on the aspiration that all students make three levels of progress. As can be seen on the table, sadly this is not what happens nationally. Indeed, we estimate that if this Year 11 had made the national average for three levels of progress, our attainment figure would have been 4% lower. This is reflected in the positive Progress 8 measure and the significantly positive areas for Value Added noted in our 'Raise Online'.

The areas of identified as areas of weakness directly correlate to areas of weaknesses in staffing caused by vacancies, which have been filled for the present academic year.

Results 2014-2015

Category	2015 figure	2015 National
5A*CEM	35%	56%
5A*C	54%	n/a
5A*G	98%	93%
CAPS	306.1	308.6
Ebacc	21%	24%
Progress8 (overall)	0.28	0
Progress 8 (English)	-0.36	0
Progress 8 (Maths)	-0.08	0
Progress 8 (Ebacc element)	0.89	0
Progress 8 (Open element)	0.35	0
Expected progress (English)	57%	69%
Better than expected progress (English)	21%	30%
Expected progress (Maths)	56%	66%
Better than expected progress (Maths)	19%	30%

Trustees' Report (Continued)

Areas where value added was sig+	Areas where value added was sig-
Best 8 subjects (inc. English and Maths)	Humanities
Science	Humanities (PP)
CAPS (PP)	Humanities (NPP)
EBac (PP)	Maths (NPP)
Best 8 (PP)	English (NPP)
Best 8(NPP)	

Comparison for Pupil Premium (PP) /Non-PP

Category	2015 overall	2015 PP	2015 Non-PP
5A*CEM	35%	36%	35%
CAPS	306.1	303.6	311.6
Ebacc	21%	20%	24%
Progress8 (overall)	0.28	0.28	0.28
Expected progress (English)	57%	59%	52%
Better than expected progress (English)	21%	22%	19%
Expected progress (Maths)	56%	54%	62%
Better than expected progress (Maths)	19%	18%	21%

Trustees' Report (Continued)

Subject	Actual A+C (%)	A+C (%) based 100% on expected progress	% pupils making expected progress	% pupils making expected progress (National)
Maths	47	72	56	65
English	49	68	56	70
English Literature	37	76	44	70
Additional Science	54	85	51	57
Biology	92	100	86	81
Physics	87	100	73	80
History	35	77	33	61
Geography	36	90	55	61
RE	62	75	64	67
Urdu	71	80	74	n/a
Spanish	32	82	26	58
RM	56	50	56	53
Food Tech.	50	93	40	63
Graphics	40	73	27	54
Child Development	58	72	63	56
Art	39	67	44	73
IT	93	100	81	61
Citizenship	45	76	49	n/a
PE	45	90	30	63

Brownmead Academy

Brownmead Junior and Infant School was placed in Special Measure in June 2013. The current Head Teacher took up post in September 2013 and subsequent monitoring visits identify clear improvements. The School became an academy sponsored by Washwood Heath School in November 2014. A new Deputy Head was appointed in April 2015 along with an Assistant Head Teacher who together form the SLT with the Head Teacher. New Phase Leaders posts were introduced in April 2015.

Key Stage 2 Headline Figures

Reading

Highest % L4+ for 3 years at 97% beating 2015 nat.ave of 89%.

53% L5 which is higher than the nat.ave 2015 of 48%.

% making expected progress of 97% in the highest in the last 3 years and above the nat.ave of 91%.

43% of pupils made greater than expected progress which is 10% higher than nat.2015

A further 3% of pupils made more than 2 but not quite 3 levels of progress.

Writing

90% L4+ matches 2014 and is 3% higher than nat.2015.

30% L5 is broadly in line with our previous 2 years but is 6% lower than nat.2015

93% of pupils made expected progress which is similar to the previous 2 years and nat.2015 of 94%

23% made more than expected progress which is still 13% lower than nat.2015

17% made greater than 2 levels but not quite 3 levels of progress.

Trustees' Report (Continued)

Spelling, Punctuation and Grammar (SPAG)

Disappointing L4 results – 70% which is down from 90% in 2014 and 10% less than nat.2015. This was due to 9 children failing to make a level 4. The average level of this group was 3.7. One of the factors for this result was spelling. We have now introduced a new spelling programme across the school. Interestingly, L5 SPAG was 50%, broadly in line with 2014 and nat.2015 of 55%.

Maths

90% L4 which is 1% higher than 2014 and 3% higher than nat.2015
L5 37% which is down 8% from 2014 and 4% down on nat.2015
This year, however, we have achieved 7% L6.
90% of pupils made expected progress, similar to 2014 and in line with nat.2015
23% made better than expected progress with the nat.2015 being 34%

R, W and M combined

L4 87%, in line with 2014 and 7% up on national 2015.
L5 23% broadly in line with 2014 and nat.2015 of 24%

Key Stage 1 Headline Figures

Reading

L2+ is 93% up 3% from 2014 and national average 2015
L2b+ is 78% up 3% from 2014 but down 4% from nat.2015
L3 is 26% up 2% from 2014 but down 6% from nat.ave 2015

Writing

L2+ is 82% down 4% from 2014 and down 6% from national average 2015
L2b+ is 71% up 9% from 2014 and broadly in line with nat.2015
L3 is 19% up 2% from 2014 and up 1% on nat.2015

Maths

L2+ is 93% down 4% from 2014 and at national average 2015
L2b+ is 86% up 3% from 2014 and 4% higher than nat.2015
L3 is 19% down 2% from 2014 and 7% below nat.2015

Y1 Phonics Headline Figures

We have reached our highest pass rate of 80% for the last 3 years.
This figure is 3% higher than national average 77%.
We had 9 children who retook the test in Year 2 and only 3 of these passed.
The 6 that didn't pass all missed the pass mark by no more than 2 marks.
These children will have reading intervention support in Y3 and continue to work with the KS1 reading programme until they become fluent readers.
They will then rejoin the literacy teaching.

EYFS Headline Figures

The main figure to show progress in EYFS is the good level of development (GLD). This figure combines the % of children who are achieving at least expected levels in the prime areas of learning plus English and Maths. We have achieved our highest score since this measure began and we are now at national levels.

Key Performance Indicators

A number of key financial indicators are used to monitor performance throughout the year:

Cash is available to meet liabilities as they fall due. An average current account balance of £2.542 million has been maintained during the period (2014: £1.958 million). All liabilities have been met. Further details are given in the section on Reserves Policy below.

Trustees' Report (Continued)

The current ratio is monitored as an indicator of liquidity. A ratio less than 1 suggests that a company would be unable to pay off its obligations if they came due. At balance sheet date, the academy has a current ratio of 2.3 (2014: 3.2). Although this ratio has fallen, it is still a healthy liquidity position and indicates that the MAT is capable of paying its obligations.

Staff costs as a percentage of total resources expended are monitored as staffing is considered to be the key asset deployed by each school. For the twelve month period to 31 August 2015, this was 71.4% (2014: 72.6%). This is slightly lower than the previous year but in line with the MAT's target of 70% to 73%.

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.

Financial Review

Financial Review for Period

Most of the Academy's income is obtained from the Department for Education (DfE) via the Education Funding Agency (EFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the period ended 31 August 2015 and the associated expenditure are shown as Restricted General Funds in the Statement of Financial Activities.

The Academy also receives grants for fixed assets from the DfE and are shown in the Statement of Financial Activities as restricted income in the Restricted Fixed Asset Fund. The balance is reduced by annual depreciation charges over the useful life of the assets concerned, as defined in the Academy's accounting policies.

During the period ended 31 August 2015, total expenditure before depreciation of £13.439 million was covered by recurrent grant funding, together with other incoming resources, of £14.315 million. The surplus of income over expenditure for the period of £0.876 million (2014: £1.181 million surplus) was reduced to a £0.712 million deficit (2014: £0.157 million deficit) after depreciation and actuarial losses on the Local Government Pension Scheme (LGPS) were deducted.

At 31 August 2015 the net book value of tangible fixed assets was £31.683 million (2014: £16.599 million) and movements in fixed assets are shown in the notes to the financial statements. The assets were used exclusively for providing education and associated support services to the pupils of the three academies within the Trust.

Land, buildings and other assets valued at £14.899 million were transferred to the Trust upon conversion of Brownmead and Saltley schools. Land and buildings were professionally valued, on a depreciated replacement cost basis, at £14.205 million, £1.290 million was transferred as cash with 0.693 million made up of furniture, equipment and computers.

A pension deficit on the LGPS of £2.604 million was also inherited on conversion. This gave total net assets on conversion of £13.584 million. Net assets for the Trust have increased to £28.227 million as at 31 August 2015 (2014: £15.355 million).

Key financial policies and procedures adopted or reviewed during the year include the Accountancy Policies, Reserves Policy, Investment Policy, Fixed Assets Policy and the Financial Regulations Manual. The latter lays out the framework for financial management, including financial responsibilities of the Trust Board, Executive Head Teacher, senior managers, budget holders and other staff, as well as delegated authorities.

Trustees' Report (Continued)

Reserves Policy

The Trustees review the reserve levels of the Academy Trust annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves.

The Trustees will always try to match income with expenditure in the current year (set and manage a balanced budget), will only carry forward reserves that it considers necessary and will have a clear plan for how it will be used to benefit the pupils.

The Trustees have determined that the appropriate level of free reserves should be equivalent to one month's payroll cost. This was estimated to be approximately £1.069 million.

The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grant income and to provide a cushion to deal with unexpected emergencies such as urgent maintenance or long term sickness where unforeseen costs are incurred.

The Academy monitors the level of reserves to ensure that they are maintained at the required level. In the event that they are partly used the Academy will strive to rebuild free reserves up to the level needed.

At balance sheet date free reserves, as measured by unrestricted funds, were £3.491 million (2014: £1.938 million). This is almost 3.3 times (2014: 3.7 times) the average monthly payroll cost meaning that the free reserves target was comfortably met.

In addition, the average month end bank balance, excluding investments, was £2.542 million (2014: £1.958 million) meaning that the working capital objective was also met.

Investment Policy

In balancing risk against return, investments are geared towards avoiding risk as opposed to maximizing any return on the investment. Accordingly, it is the Trust's policy to only invest funds in low risk and immediately accessible deposit accounts or similar financial products.

Officers regularly monitor cash flow and current account balances to ensure immediate financial commitments can be met (payroll and payments runs) and that the current account has adequate balances to meet forthcoming commitments.

Any funds identified that are surplus to immediate cash requirements are transferred to an appropriate high interest deposit account rate. The maximum investment term should be no longer than twelve months from the date of deposit.

Of the £4.196 million cash (2014: £2.148 million) held by the Academy at balance sheet date, £1.260 million was invested in a thirty-two day notice High Interest Deposit Account with Lloyds Bank.

Financial and Risk Management Objectives and Policies

The Trust has an approved Risk Management Policy, a Risk Management Methodology and a Risk Register. These have been discussed by Trustees and include the financial risks to the Academy. The policy and methodology will be reviewed annually whilst the register is maintained as a live document to help both Trustees and officers manage risks.

The Trustees have assessed the major risks to which the MAT is exposed, in particular those relating to its finances, teaching, facilities and other operational areas. The Trustees have implemented a number of systems to assess and minimise those risks, including internal controls described elsewhere. Where significant financial risk still remains they have ensured they have adequate insurance cover.

The Trustees examine the financial health formally every half-term, reviewing performance against budgets and overall expenditure by means of regular update reports at Finance, Audit and General Purpose Group meetings. The Trustees also regularly review cash flow forecasts and ensure sufficient funds are held to cover all known and anticipated commitments.

Trustees' Report (Continued)

The Academy Board recognises that the defined benefit pension scheme deficit (Local Government Pension Scheme), which is set out in note 25 to the financial statements, represents a significant potential liability. However, as the Trustees consider that the MAT is able to meet its known annual contribution commitments for the foreseeable future, the risk from this liability is minimized.

Principal Risks and Uncertainties

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

Financial - the Trust has considerable reliance on continued Government funding through the EFA. During this period, approximately 98% (2014: 98.6%) of incoming resources was ultimately Government funded and, whilst this level is expected to continue, there is limited assurance that Government policy or practice will remain the same or that public funding will continue at the same levels.

Failures in governance and/or management - the risk in this area arises from potential failure to effectively manage the Trust's finances, internal controls, compliance with regulations and legislation, statutory returns, etc. The Trustees continue to review and ensure that appropriate measures are in place to mitigate these risks. The 2014 Ofsted inspection concluded that leadership and management was good confirming that this risk is being managed.

Reputational – the success of the Trust is dependent on continuing to attract pupils in sufficient numbers by maintaining the highest educational standards. To mitigate this risk Trustees ensure that student success and achievement are closely monitored and reviewed.

Safeguarding and child protection - the Trustees continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection procedures and health, safety and welfare. The 2014 Ofsted inspection concluded that safeguarding arrangements meet requirements confirming that this risk is being also being managed.

Staffing - the success of each academy school is reliant on the quality of its staff. Trustees monitor and review policies and procedures to ensure the continued training and development of staff as well as ensuring there is clear succession planning.

Fraud and mismanagement of funds – The Trust has appointed an independent internal auditor to carry out checks on financial systems and records as required by the Academy Financial Handbook. In addition, all finance staff receive training to keep them up to date with financial management best practice and to develop their skills in this area. The latest internal audit concluded that controls evaluated were found to be 'adequate, appropriate and effective to ensure that risks are being managed and objectives achieved'.

Plans for Future Periods

School Improvement

The 2015/16 School Improvement Plans (SIP) is structured around the Ofsted Inspection Framework. They build on recent successes and underpin each academy's drive to achieve 'outstanding' status. Priorities include, but are not limited to, the following:

Achievement

- Investigate and implement alternative systems for tracking pupil progress
- Celebrate success and inspire students to independently achieve

Trustees' Report (Continued)

Teaching & Learning

Embed strategies to create independent, resilient learners

Integrate literacy strategy across curriculum including pastoral activities

Leadership & Management

Develop wider parental and community engagement

Deliver highly effective, financially secure support services to enable the Academy to focus on excellence in all activities

Behaviour & Safety

Develop role of student leadership to embed excellence and high standards at all levels

Embed shared ethos for safeguarding and child protection in light of local contexts

Multi Academy Trust

On 1 November 2014 the Washwood Heath Academy became a Multi Academy Trust (MAT) acting as sponsor for Brownmead Junior and Infant School, which is now known as Brownmead Academy. The trust is now known as Washwood Heath Multi Academy Trust. In addition to being joined by Brownmead, the Secretary of State for Education has issued an Academy Order agreeing in principle for Saltley School to join the new MAT; their proposed conversion date is 1 April 2015.

The Trustee's are committed to ensuring that the good work to date supporting leadership and management in Brownmead and Saltley schools continues as the schools integrate with both Washwood Heath and each other in the Multi Academy Trust.

It is hoped to expand the MAT in coming years and the Executive Head Teacher is in the early stages of talks with the heads of local primary schools.

Auditor

In so far as the Trustees are aware:

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

Moore Stephens LLP is deemed to be re-appointed under Section 487(2) of the Companies Act 2006.

Approved by order of the members of the Governing Body on 18 December 2015 and signed on its behalf by:



Aftab Chughtai
Trustee

Governance Statement**Scope of Responsibility**

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

The board of Trustees has delegated the day-to-day responsibility to the Executive Head Teacher, 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 Washwood Heath Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the board of Trustees any material weaknesses or breakdowns in internal control.

Governance

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

Full Trustees Attendance	Meeting Attended	Out of a possible
Darren Walsh	3	4
Beverley Mabey	4	4
Habib Rehman	3	4
Clive Bailey	3	4
Jamila Akhtar (Term of Office ended 9/1/15)	2	2
Farhiya Ali	4	4
Peter Anstey (Chair)	3	4
Aftab Chughtai	4	4
Christopher Davy (Term of Office ended 31/12/14)	2	2
Nusrat Iqbal	4	4
Cecil Knight	4	4
Andrew Taylor (Term of Office ended 9/1/15)	1	2
Ian Lowe (Appointed 19/3/15)	0	2
Mike York (Appointed 19/3/15)	2	2
Finance, Audit and General Purpose Strategic Group		
Aftab Chughtai	5	6
Pete Anstey	6	6
Bev Mabey	6	6

Governance Statement (continued)

Review of Value for Money

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

The accounting officer considers how the trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where available. The accounting officer for the academy trust has delivered improved value for money during the year by:

Improving educational results:

To ensure that standards are continually raised each academy operates a programme of lesson observations with a robust coaching, mentoring and support system in place. This ensures the quality of teaching through systematic review and targeted intervention with under-performing staff.

Continued professional development programmes include: bespoke training; peer-to-peer teaching and learning support; distributed leadership linked to school priorities all leading to develop an outstanding performance.

The MAT has introduced revised attendance and appraisal policies to drive up standards and ensure continuity of teaching and enabling support services.

Targeted improvement including new initiatives:

Staffing structure is deployed to support an improved curriculum. Examples of this are additional staffing in core subjects to allow for smaller group sizes and additional small group work. Study skills and revision preparation sessions are also delivered on relevant Saturdays, at after school sessions and during holiday periods.

Brownmead Primary employs a Learning Mentor in school, who is available to help both pupils and parents with any issues they might have. For parents, this may be something to do with their children or something about family/home life that they might want support with. For pupils, this could be anything on their mind that is having a negative impact on their learning.

At Washwood Heath, a Skills Schools has been developed to identify underachieving students from key stage 2, adopting targeted intervention to close the gap so that they can reach their end of Key Stage targets in Maths and English.

Both Saltley and Washwood Heath run summer school programmes providing an opportunity for year 6 pupils to access Maths and English teaching as well as an enriched 2 week curriculum before they start with us in year 7.

Financial governance and oversight:

There are strong internal and external financial controls operating within the MAT.

Internal controls include: written governance structures for Board, sub-committees and Local Governing bodies; financial policies covering fixed assets, change cards, investments and reserves; Financial Regulations Manual, scheme of delegations, pecuniary interest process, bank mandates, staffing structures, segregation of duties, budget planning and monitoring etc.

Governance Statement (continued)

External Controls include: External auditors Moore Stephens LLP (formerly Chantrey Vellacott DFK) appointed to produce annual accounts and carry out statutory and regulatory audits. Mills & Reeve Solicitor commissioned to provide service in conjunction with Academy Company Secretary in updating Companies House with all legal statutory requirements

Better procurement:

The Trust has procedures for assessing need, and obtaining goods and services which provide "value for money" in terms of suitability, efficiency, time, and cost.

Measures in place include: use of competitive tendering procedures, market testing e.g. review of energy contract will lead to £33,000 per annum savings from April 2016 onwards, use of framework agreements, annual 'basket of goods' reviews for educational supplies etc.

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 Washwood Heath Multi Academy Trust for the period 1 September 2014 to 31 August 2015 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Finance and Audit Group has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of Trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1 September 2014 to 31 August 2015 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Finance and Audit Group.

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of Trustees;
- regular reviews by the finance and general purposes committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

The last internal audit review was undertaken in 2014 by Birmingham Audit and covered: financial governance, financial policies, budget planning and management, compliance with financial framework, procurement of goods and services, arrangements for securing value for money, income, management of bank accounts, HR and payroll, asset inventories and petty cash. Some control weaknesses were identified,

Governance Statement (continued)

however, generally the controls evaluated were found to be 'adequate, appropriate and effective to ensure that risks are being managed and objectives achieved'.

For 2015 it was decided to appoint our external auditor, then Chantrey Vellacott LLP, to carry out a programme of supplementary work. However, this never came to fruition due to uncertainties following the merger between Chantrey Vellacott and Moore Stephens LLP.

The Board of Trustees has reconsidered the route for securing an internal audit function and has decided to appoint HCSS Education as its internal auditor. The Finance Director is finalising the internal audit programme to be carried out between January and September 2016. During this period, each school within the MAT will receive two one day visits; this will be expanded to three or four visits for a full year's programme.

Review of Effectiveness

As accounting officer the Executive Head Teacher has responsibility for reviewing the effectiveness of the system of internal control. During the period in question the review has been informed by:

- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the Finance and Audit Group and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of Trustees on 18 December 2015 and signed on its behalf by:



Aftab Chughtai
Trustee



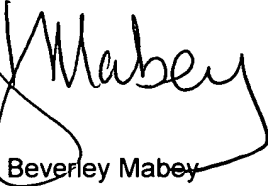
Beverley Mabey
Accounting officer

Statement on Regularity, Propriety and Compliance

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

I confirm that I and the academy trust governing body are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook.

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



Beverley Mabey
Accounting Officer

18 December 2015

Statement of Trustees Responsibilities

The Trustees (who act as Trustees for charitable activities of Washwood Heath Academy and are also the Directors of the Charitable Company for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with the Annual Accounts Requirements issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in operation.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Charitable Company's transactions and disclose with reasonable accuracy at any time the financial position of the Charitable Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Charitable Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for ensuring that in its conduct and operation the Charitable Company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the EFA/DfE have been applied for the purposes intended.

In so far as the Trustees are aware:

- there is no relevant audit information of which the Academy's auditor is unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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 governing body on 18 December 2015 and signed on its behalf by:



Aftab Chughtai
Trustee

Independent Auditor's report to the Members of Washwood Heath Multi Academy Trust

We have audited the financial statements of Washwood Heath Multi Academy Trust for the year ended 31 August 2015 which will comprise the Statement of Financial Activities, the Balance sheet, the Cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

This report is made solely to the Washwood Heath Multi Academy Trust, 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 Washwood Heath Multi Academy Trust's members those matters we are required to state to them in an Auditors' 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 Washwood Heath Multi Academy Trust and its members, as a body for our audit work, for this report, or for the opinion we have formed.

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

As explained more fully in the Trustees' responsibilities statement, the Trustees (who are also the directors of the Washwood Heath Multi Academy Trust for the purposes of company law) are responsible for the preparation of the financial statements for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE FOR THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Washwood Heath Multi Academy Trust's circumstances and have been consistently applied and adequately disclosed the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINIONS ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the Washwood Heath Multi Academy Trust's affairs as at 31 August 2015 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

Independent Auditor's report to the Member of Washwood Heath Academy (Continued)

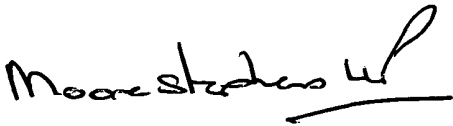
OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Trustees' report, incorporating the Strategic report, for the financial period for which the financial statements are prepared is consistent with the financial statements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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



Nicholas Simkins (Senior Statutory Auditor)

For and on behalf of

Moore Stephens LLP (Statutory Auditor)

Chartered Accountants

Birmingham

Date: 18 December 2015

Independent Reporting Accountant's Assurance Report on Regularity to Washwood Heath Multi Academy Trust and the Education Funding Agency

In accordance with the terms of our engagement letter and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2014 to 2015, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Washwood Heath Academy the period ended 31 August 2015 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

RESPECTIVE RESPONSIBILITIES OF ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT

The Accounting Officer is responsible, under the requirement of Washwood Heath Multi Academy Trust's funding agreement with the Secretary of State for Education, and the Academies Financial Handbook extant from 1 September 2014, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2014 to 2015. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2014 to 31 August 2015 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

APPROACH

We conducted our engagement in accordance with the Academies Accounts Direction 2014 to 2015 issued by EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

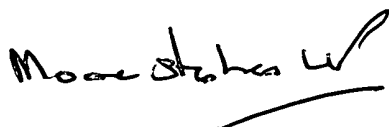
Independent Reporting Accountant's Assurance Report on Regularity to Washwood Heath Multi Academy Trust and the Education Funding Agency (Continued)

Our procedures included, but not limited to the following:

- Reviewing minutes of meetings, management accounts and made enquiries of management;
- Performing sample testing of expenditure ensuring items are for the School's purposes and are appropriately authorised;
- Sample testing on credit card expenditure, review for any indication of purchase for personal use by staff, Head or Governors;
- Reviewing the procedures for identifying and declaring related parties and other business interests;
- Scrutinising journals, and other adjustments posted during the period for evidence of unusual entries and made further enquiries into any such items where relevant;
- Taking a selection of nominal ledger accounts for evidence of unusual entries and made further enquiries into any such items where relevant;
- Performing an evaluation of the general control environment of the School;
- Reviewing nominal ledger accounts for any large or unusual entries and obtaining supporting documentation.

CONCLUSION

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2014 to 31 August 2015 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Moore Stephens LLP
Chartered Accountants
Birmingham

Date: 18 December 2015

Statement of Financial Activities for the year ended 31 August 2015

(including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2015 £000	Total 2014 £000
Incoming resources						
<i>Incoming resources from generated funds:</i>						
• Voluntary income	2	-	1	-	1	-
• Transfer from local authority on conversion	27	1,290	(2,604)	14,898	13,584	15,512
• Activities for generating funds	3	250	19	-	269	151
• Investment income	4	13	-	-	13	4
<i>Incoming resources from charitable activities:</i>						
• Funding for the Academy Trust's educational operations	5	-	13,757	275	14,032	10,783
Total incoming resources		1,553	11,173	15,173	27,899	26,450
Resources expended						
<i>Cost of generating funds:</i>						
• Fundraising Activity	6	-	97	-	97	64
<i>Charitable activities:</i>						
• Academy's Trust educational operations	6	-	13,316	1,181	14,497	10,477
<i>Governance costs</i>	8	-	26	-	26	32
Total resources expended	6	-	13,439	1,181	14,620	10,573
Net income/(expenditure) for the year		1,553	(2,266)	13,992	13,279	15,877
Other recognised gains and losses						
Actuarial (losses)/gains on defined benefit pension schemes	25	-	(407)	-	(407)	(522)
Net movement in funds		1,553	(2,673)	13,992	12,872	15,355
Reconciliation of funds						
Total funds brought forward at 1 September 2014		1,938	(1,722)	15,139	15,355	-
Total funds carried forward at 31 August 2015		3,491	(4,395)	29,131	28,227	15,355

The Trust's activities derive from continuing operations during the above two financial periods.

Washwood Heath Multi Academy Trust

Balance Sheet as at 31 August 2015

	Notes	2015 £000	2015 £000	2014 £000
Fixed assets				
Tangible assets	12		31,683	16,599
Current assets				
Debtors	13	1,102		794
Cash at bank and in hand		4,196		2,148
		<u>5,298</u>		<u>2,942</u>
Creditors	14	<u>(2,349)</u>	<u>2,949</u>	<u>(923)</u>
				<u>2,019</u>
Total assets less current liabilities			34,632	18,618
Net assets excluding pension liability			34,632	18,618
Pension scheme liability	25		<u>(6,405)</u>	<u>(3,263)</u>
Net assets including pension liability			<u>28,227</u>	<u>15,355</u>
Funds of the academy:				
Restricted funds				
• Fixed asset fund	16		29,131	15,139
• General fund	16		2,010	1,541
• Pension Reserve	16		<u>(6,405)</u>	<u>(3,263)</u>
Total restricted funds			<u>24,736</u>	<u>13,417</u>
Unrestricted funds				
• General fund	16		3,491	1,938
Total unrestricted funds			<u>3,491</u>	<u>1,938</u>
Total funds			<u>28,227</u>	<u>15,355</u>

The financial statements on pages 26 to 48 were approved by the Trustees, and authorised for issue on 18 December 2015 and are signed on their behalf by:



Aftab Chughtai
Trustee

Company Number 08531479

WASHWOOD HEATH ACADEMY

Cash Flow Statement for the year ended 31 August 2015

	Notes	2015 £000	2014 £000
Net cash inflow from operating activities	20	1,837	1,400
Returns on investments and servicing of finance	21	13	4
Capital expenditure	22	(1,092)	(1,546)
Cash transferred on conversion to the academy trust	27	1,290	2,290
(Decrease)/Increase in cash in the year	23	<u>2,048</u>	<u>2,148</u>
Reconciliation of net cash flow to movement in net funds			
(Decrease)/Increase in cash in the year		2,048	2,148
Net funds at 1 September 2014		2,148	-
Net funds at 31 August 2015		<u>4,196</u>	<u>2,148</u>

Notes to the Financial Statements for the Year Ended 31 August 2015

1. Statement of Accounting Policies

Basis of Preparation

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

Going Concern

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

Incoming Resources

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

- **Grants receivable**

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

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund.

Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

- **Sponsorship income**

Sponsorship income provided to the Academy Trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable, where there is certainty of receipt and it is measurable.

- **Donations**

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

Notes to the Financial Statements for the Year Ended 31 August 2015 (Continued)

1. Statement of Accounting Policies (continued)

- **Other income**

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

- **Donated Services and gifts in kind**

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

- **Interest Receivable**

Interest receivable is included in the Statement of Financial Activities on an accruals basis.

Resources Expended

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

- **Costs of generating funds**

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

- **Charitable activities**

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

- **Governance Costs**

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

All resources expended are inclusive of irrecoverable VAT.

Tangible Fixed Assets

Assets costing £2,500 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

The assets acquired on conversion to academy status have been capitalised at their net book value brought forward and depreciation has continued to be provided over the original estimated life on the original cost price.

Notes to the Financial Statements for the Year Ended 31 August 2015 (Continued)

1. Statement of Accounting Policies (continued)

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy Trust's depreciation policy. 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, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful economic life, as follows:

Long Leasehold Buildings	4% per annum
Long Leasehold Land	0.8% per annum (Term of lease)
Fixtures, fittings and equipment	20% per annum
ICT equipment	20% / 33% per annum
Motor Vehicles	20% per annum

Depreciation is charged to the Academy Trust's profit and loss account on an annual basis and a full year's depreciation is charged in the year of acquisition, regardless of the timing of acquisition.

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities.

Leased Assets

Rentals applicable to operating leases where substantially all the benefits and risks of ownership remain with the lessor are charged to the Statement of Financial Activities on a straight line basis over the lease term.

Taxation

The Academy Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Academy 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'). These are defined benefit schemes, are contracted out of the State Earnings-Related Pension Scheme ('SERPS'), and the assets are held separately from those of the Academy Trust.

Notes to the Financial Statements for the Year Ended 31 August 2015 (Continued)

1. Statement of Accounting Policies (continued)

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 25, the TPS is a multi employer scheme and the Academy Trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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

Fund Accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Education Funding Agency/Department for Education, donors, sponsors and other funders, where the asset acquired or created is held for a specific purpose.

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

Notes to the Financial Statements for the Year Ended 31 August 2015 (Continued)

2. Voluntary Income

	Unrestricted Funds £000	Restricted Funds £000	Total 2015 £000	Total 2014 £000
Other donation	-	1	1	-
	-	1	1	-

3. Activities for Generating Funds

	Unrestricted Funds £000	Restricted Funds £000	Total 2015 £000	Total 2014 £000
Hire of facilities	17	-	17	3
Trips income	57	-	57	39
Other income	176	11	187	23
Departmental activities	-	8	8	86
	250	19	269	151

4. Investment Income

	Unrestricted Funds £000	Restricted Funds £000	Total 2015 £000	Total 2014 £000
Short term deposits	13	-	13	4
	13	-	13	4

Notes to the Financial Statements for the Year Ended 31 August 2015 (Continue)

5. Funding for Academy's educational operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2015 £000	Total 2014 £000
DfE / EFA revenue grants				
• General Annual Grant (GAG)	-	12,205	12,205	9,897
		12,205	12,205	9,897
Other DfE/EFA grants				
• Pupil Premium Grants	-	1,329	1,329	838
• Capital Grants	-	275	275	26
• Other DfE / EFA Grants	-	208	208	19
		1,812	1,812	883
Other Government grants				
• Local authority Grant	-	15	15	3
	-	15	15	3
	-	14,032	14,032	10,783

6. Resources Expended

	Staff Costs £000	Non Pay Premises £000	Expenditure Other Costs £000	Total 2015 £000	Total 2014 £000
Costs of activities for generating funds	-	-	97	97	64
Academy's educational operations					
• Direct costs	8,315	1,153	1,051	10,519	8,201
• Allocated support costs	2,036	28	1,914	3,978	2,276
	10,351	1,181	2,965	14,497	10,477
Governance costs including allocated support costs	-	-	26	26	32
	10,351	1,181	3,088	14,620	10,573

Net income/(expenditure) for the year include:	2015 £000	2014 £000
Operating leases – other	6	25
Fees payable to auditor – audit	14	9
- other services	5	1

Notes to the Financial Statements for the Year Ended 31 August 2015 (Continue)

7. Charitable Activities - Academy's educational operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2015 £000	Total 2014 £000
Direct costs				
Teaching and educational support staff costs	-	8,315	8,315	6,457
Depreciation	-	1,153	1,153	783
Loss on sale of fixed assets	-	-	-	1
Educational supplies	-	825	824	784
Examination fees	-	169	169	114
Staff development	-	58	58	62
	-	10,519	10,519	8,201
Allocated support costs				
Support staff costs	-	2,036	2,036	1,200
Depreciation	-	28	28	33
Maintenance of premises and equipment	-	433	433	211
Heat and light	-	150	150	129
Cleaning	-	145	145	164
Rates	-	62	62	22
Insurance	-	67	67	67
Catering	-	369	369	197
Security and transport	-	36	36	29
Other support costs	-	652	652	224
	-	3,978	3,978	2,276
	-	14,497	14,497	10,477

8. Governance costs

	Unrestricted Funds £	Restricted Funds £	Total 2015 £	Total 2014 £
Legal and professional fees	-	7	7	-
Auditor's remuneration				
• Audit of financial statements	-	14	14	9
• Other services	-	5	5	1
Support costs	-	-	-	21
Trustees' reimbursed expenses	-	-	-	1
	-	26	26	32

Notes to the Financial Statements for the Year Ended 31 August 2015 (Continue)

9. Staff costs

	2015 £	2014 £
a. Staff costs during the period were:		
Wages and salaries	8,140	6,113
Social security costs	630	504
Pension costs	1,094	887
	<u>9,864</u>	<u>7,504</u>
Supply teacher costs	487	174
	<u>10,351</u>	<u>7,678</u>

b. Staff Numbers

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

	2015 No.	2014 No.
Charitable Activities:		
Teachers	174	91
Administration and support	143	75
Management	20	10
	<u>337</u>	<u>176</u>

c. Higher Paid Staff

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

	2014 No.	2014 No.
£60,001 - £70,000	4	2
£70,001 - £80,000	2	-
£120,001 - £130,000	-	1
£150,001 - £160,000	1	-

The above employees participated in the Teachers' Pension Scheme.

Notes to the Financial Statements for the Year Ended 31 August 2015 (Continue)

10. Related party transactions – Trustees' remuneration & expenses

Trustees did not receive any payments, other than expenses, from the Academy Trust in respect of their role as trustees.

Related party transactions involving the Trustees are set out in note 26.

11. Trustees' and Officers' Insurance

In accordance with normal commercial practice the academy has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides Governors Liability cover up to £5,000,000 on any one claim and separate Professional Negligence cover of up to £1,000,000.

12. Tangible Fixed Assets

	Leasehold Land and Buildings £000	Assets under Construction £000	Furniture and Equipment £000	Motor Vehicles £000	Total £000
Cost					
At 1 September 2014	17,108	-	266	40	17,414
Inherited on conversion	14,205	564	129		14,898
Additions	400	694	273		1,367
At 31 August 2015	31,713	1,258	668	40	33,679
Depreciation					
At 1 September 2014	734	-	71	10	815
Charged in period	1,035	-	138	8	1,181
At 31 August 2015	1,769	-	209	18	1,996
Net book values					
At 31 August 2015	29,944	1,258	459	22	31,683
At 31 August 2014	16,374	-	195	30	16,599

An independent professional valuation of the freehold land and buildings (Bownmead Primary Academy) was performed by Paul Mellor Bsc (Hons) FRICS as at 1 November 2014 for the purpose of valuing the assets transferred to the Academy Trust upon conversion. The basis of valuation was depreciated replacement cost.

An independent professional valuation of the leasehold land and buildings (Saltley Academy) was performed by Paul Mellor Bsc (Hons) FRICS as at 1 March 2015 for the purpose of valuing the assets transferred to the Academy Trust upon conversion. The basis of valuation was depreciated replacement cost.

An independent professional valuation of the leasehold land and buildings (Washwood Heath Academy) was performed R Gulliani Bsc (Hons) FRICS as at 1 July 2013 for the purpose of valuing the assets transferred to the Academy Trust upon conversion. The basis of valuation was depreciated replacement cost.

Notes to the Financial Statements for the Year Ended 31 August 2015 (Continue)

13. Debtors

	2015	2014
	£000	£000
Trade debtors	26	6
VAT	650	503
Prepayments and accrued income	392	115
Other debtors	34	170
	<u>1,102</u>	<u>794</u>

14. Creditors

	2015	2014
	£000	£000
Trade creditors	170	394
PAYE & NI	233	-
Other creditors	796	108
Accruals and deferred income	1,150	421
	<u>2,349</u>	<u>923</u>

15. Deferred income

	2015	2014
	£000	£000
At 1 September 2014	74	-
Amounts released from previous years	(74)	-
Resources deferred in year	45	74
At 31 August 2015	<u>45</u>	<u>74</u>

Deferred income relates to universal infant free school meal income and Devolved Capital Grant (DFC) received in advance for the 2015/16 year (2014: Relates schools trips lettings and early years funding received in advance for the 2014/15 year).

Included within other creditors is a CIF loan of £4,500 (2014: £nil)

Notes to the Financial Statements for the Year Ended 31 August 2015 (Continue)

16. Funds

	Balance at 1 September 2014 £000	Incoming Resources £000	Resources Expended £000	Gains, Losses and Transfers £000	Balance at 31 August 2015 £000
Restricted general funds					
Transfer on conversion	313				313
General Annual Grant (GAG)	1,228	12,205	(11,743)	-	1,690
Other restricted funds	-	1,572	(1,565)	-	7
Pension reserve	(3,263)	(2,604)	(131)	(407)	(6,405)
	(1,722)	11,173	(13,439)	(407)	(4,395)
Restricted fixed asset funds					
DfE/EFA capital grants	21	275	-	-	296
Transfer on conversion	15,118	14,898	(1,181)	-	28,835
Capital expenditure from GAG	-	-	-	-	-
	15,139	15,173	(1,181)	-	29,131
Total restricted funds	13,417	26,346	(14,620)	(407)	24,736
Unrestricted funds					
Unrestricted funds	1,938	1,553	-	-	3,491
Total unrestricted funds	1,938	1,553	-	-	3,491
Total funds	15,355	27,899	(14,620)	(407)	28,227

The specific purposes for which funds are being applied are as follows:

The General Annual Grant (GAG) has been provided by the DfE in order to fund the normal running costs of the Academy Trust. During the period, the Academy Trust's income exceeded GAG expenditure and the balance will be carried forward to apply in future years and enable the establishment of a minimum prudent level of reserves to manage risks and unforeseen costs.

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

Other DfE/EFA grants include further grants received from the DfE/EFA including pupil premium, insurance grants, year 7 catch up and 16-19 Bursary income. All of the income received was fully expended during the period.

Private funds – Trips represent the income and expenditure in relation to school trips that have been operated during the period.

The restricted Pension reserve represents the deficit on the Academy's share of the Local Government Pension Scheme as at 31 August 2015.

Notes to the Financial Statements for the Year Ended 31 August 2015 (Continue)

16. Funds (continued)

Restricted fixed asset funds include the tangible fixed assets which were transferred from the local authority upon conversion to an Academy. They also include devolved formula capital grants provided by the local authority.

Analysis of academies by fund balance

Fund balances at 31 August 2015 were allocated as follows:

	Total Funds £000
Washwood Heath Academy	2,028
Saltley Academy	785
Bownmead Academy	136
Total before fixed assets and pension reserve	2,949
Fixed Assets	31,683
Pension reserve	(6,405)
Total	28,227

Analysis of academies by cost

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

	Teaching and Educational Support Staff Costs £000	Other Support Staff Costs £000	Educational Supplies £000	Other Costs (excluding Depreciation) £000	Total £000
Washwood Heath Academy	5,773	1,716	697	736	8,922
Saltley Academy	1,952	163	294	1,066	3,475
Bownmead Academy	590	157	60	235	1,042
	8,315	2,036	1,051	2,037	13,439

Saltley Academy	1,181
Total Expenditure	14,620

Notes to the Financial Statements for the Year Ended 31 August 2015 (Continue)

17. Analysis of net assets between funds

Fund balances at 31 August 2015 are represented by:

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds £000
Tangible fixed assets	2,848	-	28,835	31,683
Current assets	643	4,359	296	5,298
Current liabilities	-	(2,349)	-	(2,349)
Pension scheme liability	-	(6,405)	-	(6,405)
Total net assets	3,491	(4,395)	29,131	28,227

18. Capital commitments

	2015 £000	2014 £000
Contracted for, but not provided in the financial statements	<u>948,899</u>	<u>-</u>

19. Financial commitments

Operating leases

At 31 August 2015 the Academy had annual commitments under non-cancellable operating leases as follows:

	2015 £000	2014 £000
<u>Other</u>		
Expiring within one year	16	-
Expiring within two and five years inclusive	2	21
Expiring in over five years	-	-
	<u>18</u>	<u>21</u>

Notes to the Financial Statements for the Year Ended 31 August 2015 (Continue)

20. Reconciliation of net income to net cash inflow from operating activities

	2015 £000	2014 £000
Net income	13,279	15,877
Depreciation (note 12)	1,181	816
Capital grants from DfE	(275)	(26)
Interest receivable (note 4)	(13)	(4)
Inherited assets on conversion (excluding cash)	(12,294)	(13,222)
Transfer of cash on conversion	(1,290)	(2,290)
FRS 17 pension cost less contributions payable (note 25)	(89)	(32)
FRS 17 pension finance income (note 25)	220	152
Decrease/(Increase) in debtors	(308)	(794)
(Decrease)/Increase in creditors	1,426	923
Net cash inflow from operating activities	1,837	1,400

21. Returns on investments and servicing of finance

Interest received	13	4
Net cash inflow from returns on investment and servicing of finance	13	4

22. Capital expenditure and financial investment

Purchase of tangible fixed assets	(1,367)	(1,572)
Capital grants from DfE/EFA	275	26
Net cash outflow from capital expenditure and financial investment	(1,092)	(1,546)

23. Analysis of changes in net funds

	At 1 September 2014 £000	Cash flows £000	At 31 August 2015 £000
Cash in hand and at bank	2,148	2,048	4,196
	2,148	2,048	4,196

24. Members' Liability

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

25. Pension and similar obligations

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

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

Notes to the Financial Statements for the Year Ended 31 August 2015 (Continue)

25. Pension and similar obligations (Continued)

Teachers' Pension Scheme

Introduction

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

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

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

Valuation of the Teachers' Pension Scheme

The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- Employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%);
- Total scheme liabilities for service to the effective date of £191,500 million, and notional assets of £176,600 million, giving a notional past service deficit of £14,900 million; and
- An employer cost cap of 10.9% of pensionable pay will be applied to future valuations.

The new employer contribution rate is applicable from 1 April 2015 and will be implemented for the TPS from September 2015.

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (<https://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx>).

Lord Hutton made recommendations in 2011 about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation with trade unions and other representative bodies. In March 2012 the Department for Education published proposals for the design for a reformed TPS.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Pension benefits built up before 1 April 2015 will be fully protected.

In addition, the Proposed Final Agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease

Notes to the Financial Statements for the Year Ended 31 August 2015 (Continue)

25. Pension and Similar Obligations (continued)

Teachers' Pension Scheme Changes

in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall up to three and a half years outside of the 10 year protection.

In his interim report of October 2010, Lord Hutton recommended that short-term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the Spending Review 2010 the Government announced an average increase of 3.2 percentage points on the contribution rates by 2014-15. The increases have been phased in since April 2012 on a 40:80:100% basis.

The Department for Education has continued to work closely with trade unions and other representatives bodies to develop the reformatted Teachers' Pension Scheme and regulations giving effect to it came into force on 1 April 2014. Communications are being rolled out and the reformatted scheme will commence on 1 April 2015.

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

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2015 was £575,000, of which employer's contributions totalled £468,000 and employees' contributions totalled £107,000.

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

Principal Actuarial Assumptions

	At 31 August 2015	At 31 August 2014
Rate of increase in salaries	4.15%	3.95%
Rate of increase for pensions in payment / inflation	2.4%	2.20%
Discount rate for scheme liabilities	4.0%	4.00%
Inflation assumption (CPI)	2.4%	2.2%

Notes to the Financial Statements for the Year Ended 31 August 2015 (Continue)

25. Pension and similar obligations (continued)

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

	At 31 August 2015	At 31 August 2014
<i>Retiring today</i>		
Males	23.0	22.9
Females	25.6	25.5
<i>Retiring in 20 years</i>		
Males	25.2	25.1
Females	28.0	27.8

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

	% Share at 31 August 2015	Fair value at 31 August 2015 £000	% Share at 31 August 2014	Fair value at 31 August 2014 £000
Equities	59.78%	703	45.03%	183
Government bonds	7.4%	87	7.92%	32
Other bonds	10.12%	119	10.26%	42
Property	8.5%	100	8.68%	35
Cash/liquidity	5.02%	59	4.43%	18
Other	9.18%	108	23.69%	96
Total market value of assets		1,176		406
Present value of scheme liabilities		(7,581)		(3,669)
- Funded				
Deficit in the scheme		(6,405)		(3,263)

The expected rate of return on assets is assumed return the assets of the fund will achieve over the entire life of the related obligation based on the market expectations for each asset class as at the beginning of the period.

The actual return on scheme assets was £27,000 (2014: £17,000).

Amounts recognised in the statement of financial activities

	2015 £000	2014 £000
Current service cost (net of employee contributions)	135	32
Total operating charge	135	32

Analysis of pension finance income / (costs)

	2015 £000	2014 £000
Expected return on pension scheme assets	220	9
Interest on pension liabilities	(45)	(161)
Pension finance income / (costs)	(175)	(152)

Notes to the Financial Statements for the Year Ended 31 August 2015 (Continue)

25. Pension and similar obligations (continued)

The actuarial gains and losses for the current period are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a £929,000 loss (2014: £522,000 loss).

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

	2015 £000	2014 £000
At 1 September 2014	3,669	2,621
Inherited on conversion	2,785	2,621
Current service cost	424	258
Interest cost	220	161
Employee contributions	107	98
Estimated benefits paid net of transfer in	(13)	-
Actuarial loss/(gain)	389	531
At 31 August 2015	7,581	3,669

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

	2015 £000	2014 £000
At 1 September 2014	406	-
Inherited on conversion	181	-
Expected return on assets	45	9
Actuarial gain/(loss)	(18)	9
Employer contributions	468	290
Employee contributions	107	98
Estimated benefits paid net of transfers in and including unfunded	(13)	-
At 31 August 2015	1,176	406

The estimated value of employer contributions for the year ended 31 August 2015 is £468,000.

	2015 £000	2014 £000
Present value of defined benefit obligations	(7,581)	(3,699)
Fair value of share of scheme assets	1,176	406
Deficit in the scheme	(6,405)	(3,263)

Notes to the Financial Statements for the Year Ended 31 August 2015 (Continue)

26. Related Party Transactions

Owing to the nature of the academy's operations and the composition of the board of trustees being drawn from local public and private sector organisations, it is not unusual that transactions will take place with organisations in which a member of the board of trustees may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the trust's financial regulations and normal procurement procedures.

No related party transactions took place in the period of account involving trustees. However, a related party transaction did take place involving a member of the Senior Leadership Team at Saltley Academy who, as a senior manager, is in a position of influence within the trust.

Clear Progress Limited – a company owned by the wife of Mr P White (Deputy Head at Saltley Academy):

- The trust purchased marketing materials (banners, wall displays and artwork) from Clear Progress Limited totalling £22,503 during the period. There was £6,532 outstanding at 31 August 2015.
- The trust made the purchase at arms' length following a competitive quotation exercise in accordance with its financial regulations, which Mr White neither participated in, nor influenced.
- In entering into the transaction the trust has complied with the requirements of the EFA's Academies Financial Handbook.

No further related party transactions took place in the period of account.

27. Conversion to an Academy Trust

On 1 November 2014 the Brownmead Primary School converted to academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Washwood Heath Multi Academy Trust from the Birmingham City Council for £nil consideration.

On 1 March 2015 the Saltley School converted to academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Washwood Heath Multi Academy Trust from the Birmingham City Council 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 value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as a net [gain/loss] 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 SOFA.

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total £000
Tangible fixed assets				
• Leasehold land and buildings	-	-	14,205	14,205
• Other tangible fixed assets	-	-	693	693
Budget surplus / (deficit) on LA funds	1,290	-	-	1,290
LGPS pension surplus / (deficit)	-	(2,604)	-	(2604)
Net assets / (liabilities)	1,290	(2,604)	14,898	13,584

Notes to the Financial Statements for the Year Ended 31 August 2015 (Continue)

28. Central Services

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

- Financial services
- Legal services
- Education and support services
- Estate Management
- Insurance service

The trust charges for these services on the following basis:

- Flat percentage of General Annual Grant (GAG) income - 4% for secondary schools and 3.8% for primary schools.

The actual amounts charged during the period were as follows:

	2015
	£000
Washwood Heath Academy	273
Saltley Academy	125
Brownmead Primary Academy	32
	430