

Washwood Heath Multi Academy Trust
(A Company Limited by Guarantee)

Annual Report and Financial Statements

Year ended 31 August 2016

THURSDAY



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Washwood Heath Multi Academy Trust

Reference and Administrative Details

Members	Peter Anstey (Chair) Aftab Chughtai Darren Walsh Anjum Khan (resigned 30 September 2016)
Trustees	Beverley Mabey (CEO & Accounting Officer) Farhiya Ali (resigned 31 August 2016) Clive Bailey Nusrat Iqbal Cecil Knight Habib Rehman Ian Lowe Mike York Paul Bracher (appointed 1 September 2016)
Company Secretary	Angela Sutheran
Senior Management Team:	
Chief Executive Officer (CEO)	Beverley Mabey
Head of Academy (Washwood Heath)	Heather McLachlan
Head of Academy (Saltley)	Peter Weir
Head Teacher (Brownmead)	Ashley Winters
Head Teacher (Gossey Lane)	Sarah Amin
Finance Director	Jonathan Cale
Company Name	Washwood Heath Multi Academy Trust
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 2015 to 31 August 2016. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

We are a family of schools serving a discrete community within east Birmingham. The company was incorporated on 16 May 2013 and commenced activities as Washwood Heath Academy on 1 July 2013. On 1 November 2014 the trust became Washwood Heath Multi Academy Trust (WHMAT) with the inclusion of Brownmead Primary School. Currently we have four schools (2 secondaries and 2 primaries), having been joined by Saltley Secondary on 1 March 2015 and Gossey Lane Primary on 1 May 2016.

The underlying principle and moral purpose of the WHMAT is that 'we are stronger working together in partnership'. The schools are fully inclusive and serve a very rich and diverse community of cultures and faiths. Each of the schools is unique in its own identity but the strong links between the schools has enabled high quality collaboration to ensure the continued successes of everyone in the partnership.

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 Trustees, the members will give full consideration to the skills and experience mix of existing Trustees 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.

Trustees' Report (Continued)

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.

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 three strategic groups that report to the Board. These have the same status as sub-committees.

The three strategic groups are:

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

A number of specified senior staff members sit on the strategic groups, alongside trustees, but they do not have voting rights.

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

Board membership consists of up to 14 directors appointed by the members to include the CEO, 2 parents and up to 5 Local Governing Body Chairs. For meetings, the quorum is any one third (rounded up to a whole number) of the total number of Directors holding office at the date of the meeting. Meetings are held four times a year.

LGB membership shall be 7-8 appointed by the Board of Directors, who will also elect the Chair of the LGB. 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, Strategic Groups and LGB have been developed with independent expert advice to ensure governance arrangements are fit for purpose. These are reviewed periodically and updates incorporated into the Trust's Financial Regulations Manual (FRM). The FRM defines delegated authorities within the Trust including delegations to the Chief Executive Officer (CEO) 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 version was approved with minor amendments in September 2016.

The current Scheme of Financial Delegations is as follows:

Trust Board	£75,000 +
Finance, Audit & General Purposes Strategic Group	£25,000 to £75,000
Executive Head Teacher	£10,000 to £25,000
Finance Director	£10,000 to £25,000
Head Teachers/Heads of Academies	Up to £10,000

The new governance arrangements for the MAT, including changes to the organisational structure, were originally approved December 2014. The current governance arrangements were approved September 2016.

Trustees' Report (Continued)

Arrangements for Setting Pay and Remuneration for Key Management Personnel

It is the responsibility of the Board of Directors to appoint all teaching staff on leadership scale and all support staff on Grade 6 or above. Pay is determined with reference to national agreements on pay and conditions for both teachers and support staff.

The review of performance and pay of the CEO and Head Teacher/Head of Academy's is delegated to the Staffing and Pay Strategic Group who, in turn, receive independent advice from an externally appointed School Improvement Partner. Recommendations are referred back to the Board for their approval.

The review of performance and pay for members of each school Senior Leadership Team (SLT) is carried out by their Head Teacher/Head of Academy. Results are moderated by the CEO.

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.

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.

Trustees' Report (Continued)

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

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.

Trustees' Report (Continued)

Strategic Report

Achievements and Performance

CEO's Introduction

All schools with the trust for the full academic year have performed exceptionally well. In terms of both attainment and pupil progress, the three schools within the trust for the full twelve months are above the national average.

Saltley Academy have achieved 60% A*-C (including English and Maths) with a Progress 8 (P8) score of +0.3 which places them in the top 20% in school performance nationally. Washwood Heath Academy achieved 52% A*-C and a P8 of +0.1 which places them in the top 30% of schools nationally. Brownmead Academy has also performed well, being above national average for primary schools in reading and numeracy and broadly in line for writing for Key Stage 2. The Early Years Foundation Stage scores and Key Stage 1 scores are again all above national average apart from writing within KS1 which is again broadly in line with the national average.

The latest addition to the trust, Gossey Lane Academy, only joined us in May 2016. Unfortunately, this was too late to impact on their 2015/16 outcomes which are well below the national average. However, now that Gossey Lane is fully part of the trust, we have high hopes that significant improvement will be made during 2016/17 and beyond.

Progress 8 caveat: Please note when interpreting the Progress 8 scores for Washwood Heath and Saltley secondary academies below that the scoring methodology changed between 2015 and 2016. This means that whilst the direction of change is correct, the degree of change may not be entirely accurate.

Washwood Heath Academy

The Academy's Progress 8 score decreased slightly from +0.18 in 2015 to +0.16 in 2016. Whilst this is below the Academy's aspirational target of +0.35, it is significantly above the floor standard of -0.50. To achieve this, the majority of students made 4 and 5 levels of progress

The Special Educational Need and Disability (SEN/D) cohort made rapid progress this year and achieved a Progress 8 score of +0.51 in comparison to last year's score of -0.01. This means that on average, SEN students achieved half a grade above their target grade across 8 subjects.

Free school meal (FSM) students also made good progress with a Progress 8 score of +0.31 compared with last year's score of +0.01. This means the average grade for a free school meal student was third of a grade above their target grade

Levels of Progress (LOP) increased in Maths this year with 64% achieving 3 LOPs and 27% achieving 4 LOPs. This is in line with national expectations for the first time in 3 years. English LOP show sustained good progress both at 3 and 4 LOP, making 2016 the 6th year in a row for high performance in English.

Curriculum Impact: EBacc results demonstrate year on year progress. 18% of students (44 students) achieved the EBacc qualification this year compared with 11% (26 students) in 2015.

Action Plans: Maths, Business Studies (especially BTEC courses), ICT (except CS) and French all improved as a result of their whole school support on action plans. These will continue for key departments in 2016-17.

Several subjects including RE, Additional Science, Triple Science, ICT, Health and Social Care, BTEC Business, BTEC Child Development and BTEC Sport, made a significant contribution to the Academy's positive Progress 8 score. English Language, English Literature, Music and Media Studies were some of our highest performing subjects.

Trustees' Report (Continued)

Indicator	Target	Result 2016	Progress	Result 2015
Number in Cohort	248	247		248
APS on entry		26.3		26.3
PROGRESS 8 Headline Measure	+0.35*	0.16		0.18
A*-C English/ Maths	54%	53.40%		51%
Number of students achieving EBACC A*-C	15%	44 (18%)		26 (11%)
Number of students entered for EBACC		67 (27%)		40 (16%)
English (best)	68%*	74%	0.52	
Maths	68%*	59%	0.09	
SCI GCSE	92%*	100%	0.28	
Progress 8 FSM		0.31		0.01
Progress 8 NFSM		0.26		0.08
Progress 8 SEN		0.51		-0.01
Progress 8 NSEN		0.25		0.10

* Aspirational target based on 100% A-C

Post 16 Results

Achievement was good in Biology, Psychology, Sociology, Media, all Vocational subjects and GCSE (Re-sit) English and Maths. This was due to improved curriculum planning, CPD training for A level and L3 teachers, an increased emphasis on tracking and assessment plus setting high expectations for Post-16 students.

Interestingly, in subjects with larger cohorts, students made better progress than in subjects with smaller cohorts. This is something the Post-16 team have begun to build into their student recruitment/retention strategy in 2016-17.

Overall, all groups of Washwood Heath Post-16 students are making good progress and are well above national expectations.

Saltley Academy

There are some very pleasing improvements in each of these measures, in terms of:

Improvement from last year; both English and Maths are 20% above last year; while some improvement in attainment should have been expected given the prior attainment of this year group, the level of that improvement and the improvement in progress are particularly pleasing and reflection of the work within the Academy and the MAT.

Results in relation to targets; setting targets based on 100% of three levels of progress is a reflection of aspirations and a refusal to have letting individuals down be embedded into our systems. Comparisons of actual to target must be read in this context.

Results in relation to prediction; the last forecast predicted 58%A*-C EM; in 2014 and 2015 forecasts had overestimated the results significantly, but work on robustness (supported by intra-MAT co-operation and supportive challenge by the LGB) is addressing this.

Results in relation to national averages; above 2015 national average for English, Maths and both at A*-C, Progress 8 and Achievement 8, Triple and Additional Science A*-C and the English Baccalaureate.

The very low level of 'U's in core; 2 in English, none in Maths, none in Science, 17 altogether across all 25 subjects, 4 of which were in Geography and 3 in Spanish.

Trustees' Report (Continued)

Beyond English and Maths there has been improvement in attainment at A*-C in several subjects. History, Spanish, Urdu, RE, Child Development, PE and Vocational ICT have all seen significant improvement, all adding between 18 and 29% to their attainment figures. The number of A* and A's in RE and Urdu is worthy of note, as it is in Child Development and Vocational ICT.

The following subjects improved their contribution to Progress 8 by a quarter of a grade or more: English, Maths, Physics, Additional + BTEC Science, History, PE, Art, Spanish, Urdu, RE, Child Development, Drama, Vocational + GCSE ICT.

However, English, Spanish, PE, Art and Drama all have negative Progress 8, Drama significantly so. We will also be addressing progress with Art, Vocational ICT, Citizenship, PE, Resistant Materials, Geography and Graphics.

Geography, Graphics and Drama are the subject areas identified as requiring additional focus during 2016/17. These three being ones with concerns in terms of both attainment and progress.

Indicator	Target	Result 2016		Result 2015
A*-C EM ⁽¹⁾	63%	60.50%		35%
Progress 8*	0.3	0.34		0.28
Attainment 8	5 (C)	5.21 (C+)		D+
Ebacc ⁽¹⁾	31%	39%		21%
%A*-C English ⁽¹⁾	68%	72%		49%
Ave. LOP English	3	3.02		2.61
%A*-C Maths ⁽¹⁾	72%	70%		47%
Ave. LOP Maths	3	2.95		2.18
%A*-C Triple Science	100%	100%		93%
Ave. LOP Triple Science	3	3.94		3.54
%A*-C Additional Science	58%	70%		54%
Ave. LOP Additional Science	3	2.78		2.51

(1) Aspirational target based on 100% A-C. 'Levels of progress' are no longer reported.

Brownmead Academy

Key Stage 2 Headline Figures

Reading

69% of our pupils achieved the national benchmark of a standardised score of 100+. The average score was 101.4. Shard End 99.3, Birmingham 101.1 and National 102.6. 66% is the national figure for 2016. 50% for Shard End and 58% for Birmingham. 19% nationally achieved the high score of 110 whilst 6% achieved this at Brownmead. The progress measure indicates a score of -0.8, where a score of 0 indicates expected progress. The Shard End Ward average is -2.2, whilst Birmingham is -1.0. We are still waiting for national figures.

Writing

66% of our pupils met the standard. As Gossey Lane were externally moderated, we used the same process at Brownmead. We have been very hard on ourselves (other schools nationally will not have been) and this has contributed to a lower than national figure of 74%, Shard End 69% and Birmingham 69%. Our progress measure of -2.4 is below Shard End -1.0 and Birmingham of -1.2

These scores will fluctuate as writing is completely teacher assessed. Writing will continue to be a major part of our development plan for 2016-17.

Trustees' Report (Continued)

Spelling, Punctuation and Grammar (SPAG)

Our disappointing SPAG result last year of 70% has been bettered this year with 72% achieving the standard. This is despite the fact that the tests were harder and the expectations higher this year. 72% National, 61% Shard End and 71% Birmingham. Our average score of 102 is higher than Shard End 101.7 but below Birmingham of 103.8 and 104 National. Further focus for next year's SDP.

Maths

We have continued to demonstrate good progress and attainment in Maths. Our new methodology in teaching the Singapore Approach has impacted positively. We achieved 75% against a national average of 70%, 55% Shard End and 66% for Birmingham. Our high score is 16% compared to 17% national, 11% Shard End and 15% Birmingham. Our progress score of +0.5 is higher than Shard End -1.3 and Birmingham -0.3. We have 3 members of staff completing the training this year to further improve Maths teaching.

Reading, Writing and Maths combined

44% of our pupils achieved the national standard combined compared to 53% National. Our writing score, which we moderated rigorously has contributed to this lower than national figure. Our % is +7% higher than Shard End and -3% for Birmingham.

Gossey Lane Academy

Key Stage 2 Headline Figures

Maths

Only 33% of pupils achieved the expected standard and the school was below both the Birmingham (66%) and National (70%) levels.

Reading

23% of pupils achieved the expected standard Again below the Birmingham (58%) and National (66%) levels.

Writing

Results were significantly better in writing with 53% of pupils achieving the expected standard. However, once again, this was below both the Birmingham (69%) and National (74%) levels.

Spelling, Punctuation and Grammar (SPAG)

57% of pupils achieved the expected standard for SPAG compared with the Birmingham (71%) and National (72%) achievement levels.

Reading, Writing and Maths combined

17% of our pupils achieved the national combined standard compared to 52% across the country.

As mentioned in the CEO's introduction above, Gossey Lane Academy, joined the trust in May 2016 and this was obviously too late to impact on the 2016 results. A new head teacher is now in post and she has the full backing of both the trustee's and LGB as well as the support of colleagues within the trust. The trustee's are confident that the successful school improvement approach already implemented at Brownmead will complement strategies being introduced by the new head teacher and lead to significant strides forward for pupils at Gossey Lane.

Key Performance Indicators

Cash is available to meet liabilities as they fall due. An average current account balance of £2.807 million has been maintained during the period (2015: £2.542 million). All liabilities have been met. Further details are given in the section on Reserves Policy below.

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 (2015: 2.3). Therefore, the MAT continues to maintain a healthy liquidity position, indicating that it is capable of paying its obligations as they fall due.

Trustees' Report (Continued)

Staff costs as a percentage of total resources expended is monitored as staffing is considered to be the key asset deployed by each school. For the twelve month period to 31 August 2016, this was 72.5% (2015: 70.8%). This is broadly consistent with both the previous year and 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 2016 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 2016, total expenditure before depreciation of £18.130 million was covered by recurrent grant funding, together with other incoming resources, of £18.222 million. The small surplus of income over expenditure for the period of £0.092 million (2015: £0.876 million surplus) was reduced to a £5.259 million deficit (2015: £0.712 million deficit) after depreciation and actuarial losses on the Local Government Pension Scheme (LGPS) were deducted. This gives a £4.546 million increase in deficit from 2014/15.

The reduction in operating surplus of £0.784 million (17%) between years was anticipated and due mainly to unfunded increases in employee costs (increments, cost of living pay awards, NIC changes and pension increases) plus capital project spend funded from reserves. Likewise, depreciation charges increased, by £0.233 million (5%), in line with expectations due in part to the increased capital investment, plus the conversion of Gossey Lane and also because of £1.258 million of assets under construction at the end of 2014/15 (zero charge for year) coming into use September 2015 (full charge 2015/16). However, the main contributing factor to the £4.546 million increase is an unexpected £3.530 million (78%) increase in the actuarial loss for the period.

At 31 August 2016 the net book value of tangible fixed assets was £32.902 million (2015: £31.683 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 four academies within the Trust.

Land, buildings and other assets valued at £1.870 million were transferred to the Trust upon conversion of Gossey Lane primary school. Land and buildings were professionally valued, on a depreciated replacement cost basis, at £1.820 million and £0.050 million was transferred as cash.

A pension deficit on the LGPS of £0.646 million was also inherited on conversion. This gave total net assets on conversion of £1.224 million. Net assets for the Trust have fallen by £4.035 million to £24.194 million as at 31 August 2016 (2015: £28.227 million). Once again, this is due to the substantial increase (£5.033 million) in LGPS liability following the latest actuarial valuation of the pension fund; an increase from £6.405 million in 2015 to £11.438 million in 2016.

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.

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 reserves up to the level needed.

At balance sheet date free reserves, as measured by unrestricted general funds less any amounts applied to fixed assets, were £2.728 million (2015: £2.949 million). This is almost 2.6 times (2015: 2.8 times) the estimated monthly payroll cost meaning that the reserves target was comfortably met.

Whether or not reserves are covered by cash is also important; as 'reserves' does not necessarily mean 'cash'. The average month end bank balance, excluding investments, was £2.807 million (2015: £2.542 million) indicating that the working capital objective was also met throughout the period.

In addition to free reserves, the balance of restricted funds (excluding pension reserve) at 31 August 2016 was £32,902 million (2015: £31,141 million); this represents the fixed asset fund. Realising the value of this fund would require the sale of the trusts' tangible fixed assets. Any such disposal would have to exclude all land and buildings as they are leased from Birmingham City Council.

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 £3.949 million cash (2015: £4.196 million) held by the Trust at balance sheet date, £1.269 million (2015: £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 Risk Registers at both trust and school level. These have been discussed by Trustees and include the financial risks to the Academy. The policy and methodology will be reviewed periodically whilst registers are maintained as a live document to help both Trustees and senior staff manage risks.

Trustees' Report (Continued)

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 the cash position of all schools within the trust and ensure sufficient funds are held to cover all known and anticipated commitments.

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 98.6% (2015: 98.0%) 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. Recent Ofsted inspections have 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 2016/17 School Improvement Plans (SIP) are structured around the Ofsted Inspection Framework. They build on recent successes and underpin each academy's drive to achieve 'outstanding' status.

Trustees' Report (Continued)

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

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

Growth of the MAT

On 1 November 2014 the Washwood Heath Academy became a Multi Academy Trust (MAT) acting as sponsor for Browmead Junior and Infant School; now known as Brownmead Academy. Since then the MAT has been joined by Saltley and Gossey Lane academies to form the current four school family.

The Trustees have agreed a medium term strategy of sustainable growth. This will be delivered via internal growth of existing schools; Brownmead is converting to a two form entry primary school (first additional intake September 2016) and Washwood Heath is in talks with the Local Authority to become an all-through school. In addition the we are in negotiations to bring a fifth school into the trust as a continuation of our external growth agenda.

Auditor

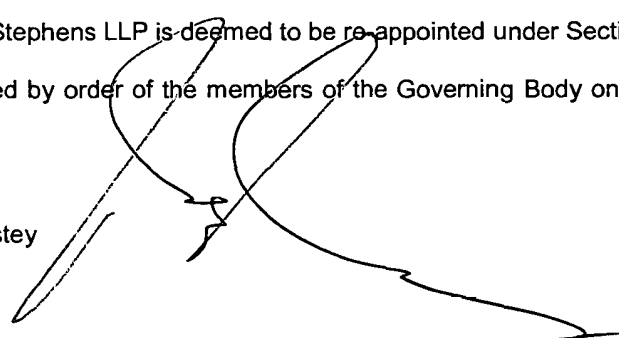
In so far as the Trustees are aware:

- 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 23 November 2016 and signed on its behalf by:

Peter Anstey
Trustee

A large, stylized handwritten signature in black ink, written over the printed name of Peter Anstey.

Governance Statement

Scope of Responsibility

As Trustees we acknowledge we have overall responsibility for ensuring that Washwood Heath Multi 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 CEO, 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 Multi 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 six times during the period. Attendance at meetings of the Board of Directors was as follows:

Full Board Attendance	Meeting Attended	Out of a possible
Darren Walsh	5	6
Beverley Mabey	6	6
Habib Rehman	4	6
Clive Bailey	4	6
Farhiya Ali	2	6
Peter Anstey (Chair)	6	6
Aftab Chughtai	5	6
Nusrat Iqbal	3	6
Cecil Knight	5	6
Anjum Khan	1	6
Ian Lowe	5	6
Mike York	5	6
Finance, Audit and General Purpose Strategic Group		
Aftab Chughtai	6	6
Pete Anstey	6	6
Bev Mabey	6	6

Governance Statement (continued)

Review of Value for Money

As accounting officer the Chief Executive Officer (CEO) 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.

Workforce deployment:

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.

The CEO undertakes an annual review of teacher deployment. This includes looking at the curriculum offer and assessing the staffing requirement based on pupil/teacher ratios, contact time, teacher workload and average teacher cost.

Targeted improvement including new initiatives:

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 secondary academies 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.

Governance Statement (continued)

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.

External Controls include: External auditors Moore Stephens LLP 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. Internal auditors HCSS Education Ltd appointed to undertake reviews and testing of internal controls.

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 and market testing e.g. a review of energy contracts will lead to estimated savings of £33,000 per annum, a similar review of insurance has led to savings of circa £20,000; 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 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Finance, Audit and General Purposes Strategic 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 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Finance, Audit and General Purposes Strategic 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:

Governance Statement (continued)

- 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.

HCSS Education have been engaged to deliver an internal audit service for the trust. The audit programme will be undertaken including two visits to each school. The programme is outlined below:

- Roles & Responsibilities
- Register of Interests
- Whistle Blowing Policy
- School Improvement Plan
- Budgeting Process
- Financial Procedures
- Financial/Accounting Records & Systems
- GAG Income
- Purchasing
- Cash Control
- Payroll

Schools were inspected June and November 2016. Minor areas for improvement have been identified but no major control failures have been found.

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 23 November 2016 and signed on its behalf by:

Peter Anstey
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 2015.

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 2015.

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

23 November 2016

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 and the Academies Accounts Direction 2015 to 2016;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards [FRS102] 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 Agency, Education Funding Agency and Department for Education have been applied for the purposes intended.

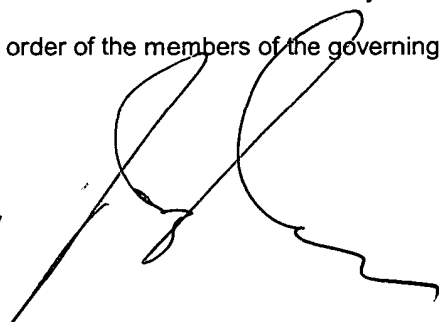
In so far as the Trustees are aware:

- 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 23 November 2016 and signed on its behalf by:

Peter Anstey
Trustee

A handwritten signature in black ink, appearing to be 'Peter Anstey', written over a horizontal line.

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 2016 which 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 2015 to 2016 issued by the Education Funding Agency.

This report is made solely to the charitable School's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable School'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 charitable School 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 2016 and of its incoming resources and application of resources, including its income and expenditure, for the period 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, the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

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

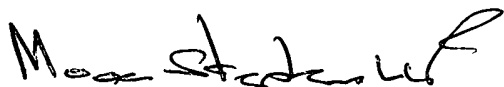
OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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 and Statutory Auditor
Birmingham

Date:

23/11/2016

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 2015 to 2016, 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 2016 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 2015, 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 2015 to 2016. 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 2015 to 31 August 2016 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 2015 to 2016 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.

We have undertaken testing as appropriate in accordance with the Academies Accounts Direction 2015 to 2016. This includes an evaluation of the control environment of the school, enquiry, analytical review and substantive testing.

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 2015 to 31 August 2016 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: 23/11/2016.

Washwood Heath Multi Academy Trust

Statement of Financial Activities for the year ended 31 August 2016

(including Income and Expenditure Account)

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2016 £000	Total 2015 £000
Income and endowments from:						
Donations and capital grants	2	-	10	170	180	276
Transfer from local authority on conversion	26	50	(646)	1,820	1,224	13,584
Charitable activities:						
Funding for the Academy Trust's educational operations	3	-	17,956	-	17,956	13,846
Other trading activities	4	70	5	-	75	180
Investments	5	11	-	-	11	13
Total		131	17,325	1,990	19,446	27,899
Expenditure on:						
Raising funds	6	114	-	-	114	97
Charitable activities:						
Academy's Trust educational operations	6	-	18,016	1,414	19,430	14,523
Total	6	114	18,016	1,414	19,544	14,620
Net income/(expenditure)		17	(691)	576	(98)	13,279
Transfers between funds		(780)	(2,415)	3,195	-	-
Other recognised gains/(losses):						
Actuarial (losses)/gains on defined benefit pension schemes	24	-	(3,937)	-	(3,937)	(407)
Net movement in funds		(763)	(7,043)	3,771	(4,035)	12,872
Reconciliation of funds						
Total funds brought forward at 1 September 2015		3,491	(4,395)	29,131	28,227	15,355
Total funds carried forward at 31 August 2016		2,728	(11,438)	32,902	24,192	28,227

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

Washwood Heath Multi Academy Trust

Statement of Financial Activities for the year ended 31 August 2015 (including Income and Expenditure Account)

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2015 £000
Income and endowments from:					
Donations and capital grants	2	-	1	275	276
Transfer from local authority on conversion	26	1,290	(2,604)	14,898	13,584
Charitable activities:					
Funding for the Academy Trust's educational operations	3	89	13,757	-	13,846
Other trading activities	4	161	19	-	180
Investments	5	13	-	-	13
Total		1,553	11,173	15,173	27,899
Expenditure on:					
Raising funds	6	-	97	-	97
Charitable activities:					
Academy's Trust educational operations	6	-	13,342	1,181	14,523
Total	6	-	13,439	1,181	14,620
Net income/(expenditure)		1,553	(2,266)	13,992	13,279
Transfers between funds		-	-	-	-
Other recognised gains/(losses):					
Actuarial (losses)/gains on defined benefit pension schemes	24	-	(407)	-	(407)
Net movement in funds		1,553	(2,673)	13,992	12,872
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

Washwood Heath Multi Academy Trust

Balance Sheet as at 31 August 2016

	Notes	2016 £000	2016 £000	2015 £000
Fixed assets				
Tangible assets	11		32,902	31,683
Current assets				
Debtors	12	867		1,102
Cash at bank and in hand		<u>3,949</u>		<u>4,196</u>
		4,816		5,298
Liabilities				
Creditors: Amounts falling due within one year	13	<u>(2,088)</u>		<u>(2,349)</u>
Net current assets			<u>2,728</u>	<u>2,949</u>
Total assets less current liabilities			35,630	34,632
Net assets excluding pension liability			<u>35,630</u>	<u>34,632</u>
Defined benefit pension scheme liability	24		<u>(11,438)</u>	<u>(6,405)</u>
Total net assets			<u>24,192</u>	<u>28,227</u>
Funds of the academy trust:				
Restricted funds				
• Fixed asset fund	15		32,902	29,131
• General fund	15		-	2,010
• Pension Reserve	15		(11,438)	(6,405)
Total restricted funds			<u>21,464</u>	<u>24,736</u>
Unrestricted funds				
• General fund	15		2,728	3,491
Total unrestricted funds			<u>2,728</u>	<u>3,491</u>
Total funds			<u>24,192</u>	<u>28,227</u>

The financial statements on pages 24 to 46 were approved by the Trustees, and authorised for issue on 23 November 2016 and are signed on their behalf by:

Peter Anstey
Trustee

Company Number 08531479

WASHWOOD HEATH ACADEMY

Cash Flow Statement for the year ended 31 August 2016

	Notes	2016 £000	2015 £000
Cash flows from operating activities			
Net cash provided by/(used in) operating activities	20	335	1,837
Cash flows from investing activities	21	(632)	(1,079)
Cash transferred on conversion to the academy trust	26	50	1,290
Change in cash and cash equivalents in the reporting period		<u>(247)</u>	<u>2,048</u>
Cash and cash equivalents at 1 September 2015		4,196	2,148
Cash and cash equivalents at 31 August 2016	22	<u>3,949</u>	<u>4,196</u>

Notes to the Financial Statements for the Year Ended 31 August 2016

1. Statement of Accounting Policies

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

Basis of Preparation

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

Washwood Heath Multi Academy Trust meets the definition of a public benefit entity under FRS 102.

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 at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

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 meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

Capital grants are recognised when there is entitlement 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.

- **Donations**

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

Notes to the Financial Statements for the Year Ended 31 August 2016 (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 academy trust has provided the goods or services.
- **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

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

- **Expenditure on Raising Funds**
This includes all expenditure incurred by the academy trust to raise funds for its charitable purposes and includes costs of all fundraising activities, events and non-charitable trading.
- **Charitable Activities**
These are costs incurred on the academy trust's educational operations, including support costs and costs relating to the governance of the academy trust apportioned to charitable activities..

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.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets other than freehold land, 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

Notes to the Financial Statements for the Year Ended 31 August 2016 (Continued)

1. Statement of Accounting Policies (Continued)

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.

Liabilities

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

Leased Assets

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

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 trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by part 11, chapter 3 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.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in Note 24, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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 costs of the scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

Actuarial gains and losses are recognised immediately in other recognised gains and losses.

Notes to the Financial Statements for the Year Ended 31 August 2016 (Continued)

1. Statement of Accounting Policies (Continued)

Fund Accounting

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

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

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

Agency Arrangements

The academy trust acts as an agent in distributing 16-19 bursary funds from EFA. Payments received from EFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid and any balances held

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends upon a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2. Voluntary Income

	Unrestricted Funds £000	Restricted Funds £000	Total 2016 £000	Total 2015 £000
Capital grants	-	170	170	275
Other donations	-	10	10	1
	-	180	180	276

Notes to the Financial Statements for the Year Ended 31 August 2016 (Continued)

3. Funding for Academy Trust's educational operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2016 £000	Total 2015 £000
DfE/EFA grants				
• General Annual Grant	-	16,136	16,136	12,205
• Start Up Grants	-	25	25	104
• Pupil Premium	-	1,533	1,533	1,329
• Other DfE / EFA Grants	-	10	10	104
	-	17,704	17,704	13,742
Other Government grants				
• Local authority Grant	-	82	82	15
	-	82	82	15
Other income from the academy trust's educational operations				
• Other income	-	170	170	89
	-	17,956	17,956	13,846

4. Activities for Generating Funds

	Unrestricted Funds £000	Restricted Funds £000	Total 2016 £000	Total 2015 £000
Hire of facilities	(6)	-	(6)	17
Trips income	58	-	58	57
Other income	18	-	18	98
Departmental activities	-	5	5	8
	70	5	75	180

5. Investment Income

	Unrestricted Funds £000	Restricted Funds £000	Total 2016 £000	Total 2015 £000
Short term deposits	11	-	11	13
	11	-	11	13

Notes to the Financial Statements for the Year Ended 31 August 2016 (Continued)

6. Resources Expended

	Staff Costs £000	Non Pay Premises £000	Expenditure Other Costs £000	Total 2016 £000	Total 2015 £000
Expenditure on raising funds	-	-	114	114	97
Academy's educational operations					
• Direct costs	11,507	1,387	1,219	14,113	10,519
• Allocated support costs	2,661	27	2,629	5,317	4,004
	14,168	1,414	3,962	19,544	14,620

Net income/expenditure for the year includes

	2016 £000	2015 £000
Operating leases rentals	36	6
Depreciation	1,414	1,181
Fees payable to auditor for:		
- audit	21	14
- other services	4	5

7. Charitable Activities - Academy's educational operations

	Total 2016 £000	Total 2015 £000
Analysis of direct costs		
Teaching and educational staff costs	11,507	8,315
Depreciation	1,387	1,153
Profit / loss on sale of fixed assets	-	-
Educational supplies	966	824
Examination fees	189	169
Staff development	64	58
	14,113	10,519

Analysis of support costs

	Total 2016 £000	Total 2015 £000
Support staff costs	2,661	2,036
Depreciation	27	28
Maintenance of premises and equipment	648	433
Heat and light	237	150
Cleaning	208	145
Rates	112	62
Insurance	10	67
Catering	379	369
Security and transport	31	36
Other support costs	979	652
Governance costs	25	26
	5,317	4,004

Notes to the Financial Statements for the Year Ended 31 August 2016 (Continued)

8. Staff

a. Staff costs

Staff costs during the period were:

	2016 £000	2015 £000
Wages and salaries	10,731	8,140
Social security costs	948	630
Pension costs	1,914	1,094
	<u>13,593</u>	<u>9,864</u>
Supply teacher costs	562	487
Staff restructuring costs	13	-
	<u>14,168</u>	<u>10,351</u>

Staff restructuring costs comprise:

	2016 £000	2015 £000
Redundancy payments	13	-
	<u>13</u>	<u>-</u>

b. Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £12,764 (2015: £Nil). Individually, the payments were £5,590 and £7,174.

c. Staff Numbers

The average number of persons employed by the Trust during the period was as follows:

	2016 No.	2015 No.
Teachers	192	153
Administration and support	172	132
Management	25	18
	<u>389</u>	<u>303</u>

d. Higher Paid Staff

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

	2016 No.	2015 No.
£60,001 - £70,000	5	4
£70,001 - £80,000	-	2
£80,001 - £90,000	2	-
£150,001 - £160,000	1	1

Notes to the Financial Statements for the Year Ended 31 August 2016 (Continued)

8. Staff (Continued)

e. Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £923,900 (2015: £689,548).

9. Related party transactions – Trustees' remuneration & expenses

One or more trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment.

The value of trustees' remuneration and other benefits was as follows :

B Mabey £150,000 - £155,000 (2015 : £150,000 - £155,000), Employer's pension contributions paid £10,000 - £15,000 (2015 : £20,000 - £25,000).

During the period ended 31 August 2016, expenses totalling £749 were reimbursed or paid directly to 2 trustees (2015: £Nil to Nil employees).

Related party transactions involving the Trustees are set out in note 25.

10. 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 cover up to £5,000,000 on any one claim and the cost for the period ended 31 August 2016 is included in the total insurance cost within support costs.

Notes to the Financial Statements for the Year Ended 31 August 2016 (Continued)

11. 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 2015	31,713	1,258	668	40	33,679
Inherited on conversion	1,820	-	-	-	1,820
Additions	330	279	204	-	813
Transfers	1,157	(1,157)	-	-	-
At 31 August 2016	35,020	380	872	40	36,312
Depreciation					
At 1 September 2015	1,769	-	209	18	1,996
Charged in period	1,220	-	186	8	1,414
At 31 August 2016	2,989	-	395	26	3,410
Net book values					
At 31 August 2016	32,031	380	477	14	32,902
At 31 August 2015	29,944	1,258	459	22	31,683

An independent professional valuation of the leasehold land and buildings (Gossey Lane Academy) was performed by Paul Mellor Bsc (Hons) FRICS as at 1 May 2016 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 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 (Washwood Heath Academy) was performed by 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.

12. Debtors

	2016 £000	2015 £000
Trade debtors	14	26
VAT recoverable	352	650
Prepayments and accrued income	144	392
Other debtors	357	34
	<u>867</u>	<u>1,102</u>

Notes to the Financial Statements for the Year Ended 31 August 2016 (Continued)

13. Creditors

	2016 £000	2015 £000
Trade creditors	2	170
PAYE & NI	277	233
Other creditors	858	796
Accruals and deferred income	951	1,150
	<u>2,088</u>	<u>2,349</u>

14. Deferred income

	2016 £000	2015 £000
At 1 September 2015	45	74
Released from previous years	(45)	(74)
Resources deferred in year	80	45
At 31 August 2016	<u>80</u>	<u>45</u>

Deferred income relates to universal infant free school meal income and Devolved Capital Grant (DFC) received in advance for the 16/17 year. (2015: Relates to universal infant free school meal income and Devolved Capital Grant (DFC) received in advance for the 15/16 year).

Included within other creditors is a CIF loan of £Nil (2015: £4,500)

Notes to the Financial Statements for the Year Ended 31 August 2016 (Continued)

15. Funds

	Balance at 1 September 2015 £000	Incoming Resources £000	Resources Expended £000	Gains, Losses and Transfers £000	Balance at 31 August 2016 £000
Restricted general funds					
Transfer on conversion	313	-	-	(313)	-
General Annual Grant (GAG)	1,690	16,136	(15,765)	(2,061)	-
Start up grant	-	25	(25)	-	-
Pupil premium	7	1,533	(1,540)	-	-
Other grants	-	277	(236)	(41)	-
Pension reserve	(6,405)	(646)	(450)	(3,937)	(11,438)
	(4,395)	17,325	(18,016)	(6,352)	(11,438)
Restricted fixed asset funds					
DfE/EFA capital grants	296	131	(1)	-	426
Assets Transferred on conversion	28,835	1,820	(1,373)	-	29,282
Other capital donations	-	39	-	-	39
Capital expenditure from other funds	-	-	(40)	3,195	3,155
	29,131	1,990	(1,414)	3,195	32,902
Total restricted funds	24,736	19,315	(19,430)	(3,157)	21,464
Unrestricted funds					
Unrestricted funds	3,491	131	(114)	(780)	2,728
Total unrestricted funds	3,491	131	(114)	(780)	2,728
Total funds	28,227	19,446	(19,544)	(3,937)	24,192

The specific purpose for which funds are be applied are as follows:

Restricted general funds:

The General Annual Grant (GAG) - Income from the EFA which is used to fund the normal running costs of the academy trust.

Start up grant – This represents one off funding received from the EFA to contribute to the cost of converting from a school to an academy

Pupil Premium – Pupil premium represents funding received from the EFA for children that qualify for free school meals to enable the Academy to address the current underlying inequalities between those children and their wealthier peers.

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

Pension reserve – The represents the Academy's share of the assets and liabilities in the Local Government Pension Scheme. As with most pension schemes this is currently in deficit due to an excess of scheme liabilities over scheme assets which was in hereited on conversion to an Academy

Notes to the Financial Statements for the Year Ended 31 August 2016 (Continued)

15. Funds (Continued)

Restricted fixed asset funds:

Dfe / EFA capital grants – These funds are received for direct expenditure on fixed asset projects. The fixed asset fund balance at the year end represents the NBV of assets and any unspent grant amounts.

Assets transferred on conversion – This represents the buildings and equipment donated to the School from the Local Authority on conversion to the Academy.

Other capital grants – The funds are received from third parties for direct expenditure on fixed asset projects. The fixed asset fund balance at the year end represents the NBV of assets and any unspent grant amounts.

Capital expenditure purchased from other funds – These funds represent fixed assets purchased using other restricted or unrestricted income.

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 2016.

Analysis of academies by fund balance

Fund balances at 31 August 2016 were allocated as follows:

	Total Funds £000
Washwood Heath Academy	1,791
Saltley Academy	768
Bownmead Academy	137
Gossey Lane Academy	32
Central Services	-
Total before fixed assets and pension reserve	<u>2,728</u>
Fixed Assets	32,902
Pension reserve	<u>(11,438)</u>
Total	<u>24,192</u>

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	5,556	1,040	1,039	1,256	8,891
Saltley Academy	4,510	400	582	1,103	6,595
Bownmead Academy	776	180	76	180	1,212
Gossey Lane Academy	182	126	49	74	431
Central Services	634	203	13	155	1,005
	<u>11,658</u>	<u>1,949</u>	<u>1,759</u>	<u>2,768</u>	<u>18,134</u>

Notes to the Financial Statements for the Year Ended 31 August 2016 (Continued)

16. 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 of 4% for all schools.

The actual amounts charged during the period were as follows:

	2016	2015
	£000	£000
Washwood Heath Academy	343	273
Saltley Academy	247	125
Brownmead Primary Academy	13	32
Gossey Lane Academy	40	-
	<u>643</u>	<u>430</u>

17. Analysis of net assets between funds

Fund balances at 31 August 2016 are represented by:

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds £000
Tangible fixed assets	-	-	32,902	32,902
Current assets	4,816	-	-	4,816
Current liabilities	(2,088)	-	-	(2,088)
Pension scheme liability	-	(11,438)	-	(11,438)
Total net assets	<u>2,728</u>	<u>(11,438)</u>	<u>32,902</u>	<u>24,192</u>

18. Capital commitments

	2016 £000	2015 £000
Contracted for, but not provided in the financial statements	<u>30</u>	<u>285</u>

Notes to the Financial Statements for the Year Ended 31 August 2016 (Continued)

19. Financial commitments

Operating leases

At 31 August 2016 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases as follows:

	2016 £000	2015 £000
Amounts due within one year	27	5
Amounts due between one and five years	33	-
Amounts due after 5 years	-	-
	<u>60</u>	<u>5</u>

20. Reconciliation of net income/(expenditure) to net cash inflow from operating activities

	2016 £000	2015 £000
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	(98)	13,279
Adjusted for:		
Depreciation (note 11)	1,414	1,181
Capital grants from DfE and other capital income	(170)	(275)
Interest receivable (note 5)	(11)	(13)
Inherited assets on conversion (excluding cash)	(1,820)	(14,898)
Transfer of cash on conversion	(50)	(1,290)
Defined benefit pension scheme obligation inherited	646	2,604
Defined benefit pension scheme cost less contributions payable (note 24)	188	(89)
Defined benefit pension scheme finance cost (note 24)	262	220
Decrease/(Increase) in debtors	235	(308)
(Decrease)/Increase in creditors	(261)	1,426
Net cash provided by/(used in) operating activities	<u>335</u>	<u>1,837</u>

21. Cash flows from investing activities

Dividends, interest and rent from investments	11	13
Purchase of tangible fixed assets	(813)	(1,367)
Capital grants from DfE/EFA	131	275
Capital funding received from sponsors and others	39	-
Net cash outflow from capital expenditure and financial investment	<u>(632)</u>	<u>(1,079)</u>

22. Analysis of cash and cash equivalents

	At 31 August 2016 £000	At 31 August 2015 £000
Cash in hand and at bank	2,680	2,936
Notice deposits (less than 3 months)	1,269	1,260
	<u>3,949</u>	<u>4,196</u>

Notes to the Financial Statements for the Year Ended 31 August 2016 (Continued)

23. 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.

24. Pension and similar obligations

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

Contributions amounting to £184k were payable to the schemes at 31 August 2016 (2015: £171k) and are included within creditors.

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.

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out 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 (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million, giving a notional past service deficit of £14,900 million;
- An employer cost cap of 10.9% of pensionable pay will be applied to future valuations;
- The assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS will be as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £1,003k (2015: £481k).

Notes to the Financial Statements for the Year Ended 31 August 2016 (Continued)

24. Pension and Similar Obligations (Continued)

A copy of the valuation report and supporting documentation is available on the Teacher's Pensions website.

Under the definitions set out in FRS 102, the TPS is a multi-employer pension scheme. The trust 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 2016 was £508k (2015: £575k), of which employer's contributions totalled £351k (2015: £468k) and employees' contributions totalled £157k (2015: £107k).

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 2016	At 31 August 2015
Rate of increase in salaries	3.75%	4.15%
Rate of increase for pensions in payment / inflation	2.00%	2.40%
Discount rate for scheme liabilities	2.20%	4.00%
Inflation assumption (CPI)	2.00%	2.40%

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 2016 year	At 31 August 2015 years
<i>Retiring today</i>		
Males	23.1	23.0
Females	25.8	25.6
<i>Retiring in 20 years</i>		
Males	25.3	25.2
Females	28.1	28.0

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

	Fair value at 31 August 2016 £000	Fair value at 31 August 2015 £000
Equities	1,217	703
Government bonds	142	87
Other bonds	176	119
Property	163	100
Cash/liquidity	132	59
Other	221	108
Total market value of assets	2,051	1,176

Notes to the Financial Statements for the Year Ended 31 August 2016 (Continued)

24. Pension and similar obligations (Continued)

The actual return on schemes assets was £282,000 (2015: £27,000).

Amounts recognised in the statement of financial activities

	2016 £000	2015 £000
Current service cost (net of employee contributions)	188	135
Net interest cost	262	189
Benefit changes, gain/(loss) on curtailment and gain/(loss) on settlement	-	-
Total operating charge	450	324

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

	2016 £000	2015 £000
At 1 September 2015	7,581	3,669
Upon conversion	646	2,785
Current service cost	657	424
Interest cost	320	220
Employee contributions	157	107
Actuarial (gain)/loss	4,160	389
Benefits paid	(32)	(13)
Plan introductions, benefit changes, curtailments and settlements	-	-
At 31 August 2016	13,489	7,581

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

	2016 £000	2015 £000
At 1 September 2015	1,176	406
Upon conversion	-	181
Interest on assets	59	45
Return on plan assets (excluding net interest on the net defined pension liability)	223	-
Actuarial gain/(loss)	-	(18)
Employer contributions	469	468
Employee contributions	157	107
Benefits paid	(32)	(13)
Plan introductions, benefit changes, curtailments and settlements	-	-
Administration expenses	(1)	-
At 31 August 2016	2,051	1,176

Notes to the Financial Statements for the Year Ended 31 August 2016 (Continued)

25. Related Party Transactions

Owing to the nature of the academy trust and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in the trust has 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 £2,255 (2015: £22,503) during the period. There was £Nil outstanding at 31 August 2016 (31 August 2015 £6,532).
- 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.

26. Conversion to an academy trust

On 1 May 2016 the Gossey Lane 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.

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 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	-	-	1,820	1,820
Budget surplus / (deficit) on LA funds	43	-	-	43
Budget surplus / (deficit) on other school funds	7	-	-	7
LGPS pension surplus / (deficit)	-	(646)	-	(646)
Net assets / (liabilities)	50	(646)	1,820	1,224

27. First time adoption of FRS 102

These financial statements are the first financial statements of Washwood Heath Multi Academy Trust prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Charities SORP (SORP 2015). The financial statements of Washwood Heath Multi Academy Trust for the year ended 31 August 2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005. The date of transition to FRS 102 and SORP 2015 was therefore 1 September 2014.

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not had a material impact on the Statement of Financial Activities or Balance Sheet.