

Companies House

Company Registration Number: 08531479

Washwood Heath Academy

(A Company Limited by Guarantee)

Annual Report and Financial Statements

Period ended 31 August 2014

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Contents

	Page
Reference and Administrative Details	1
Trustees' Report	2
Governance Statement	13
Statement on Regularity, Propriety and Compliance	16
Statement of Trustees' Responsibilities	17
Independent Auditor's Report to the Members	18
Independent Reporting Accountant's Assurance Report on Regularity	20
Statement of Financial Activities incorporating Income & Expenditure Account	21
Balance Sheet	22
Cash Flow Statement	23
Notes to the Financial Statements, incorporating: Statement of Accounting Policies	24
Other Notes to the Financial Statements	27

Reference and Administrative Details

Members	Peter Anstey Aftab Chughtai Darren Walsh (Chair)
Trustees	Jamila Akhtar Tahir Alam (resigned 16/05/2014) Farhiya Ali Clive Bailey Christopher Davy Dave Hughes (resigned 16/05/2014) Nusrat Iqbal Cecil Knight Beverley Mabey (Executive Head & accounting officer) Habib Rehman Andrew Taylor
Company Secretary	None appointed
Senior Management Team: Executive Head Teacher Acting Head Teacher Acting Head Teacher Deputy Head Teacher Assistant Head Teacher Assistant Head Teacher Assistant Head Teacher Assistant Head Teacher Assistant Head Teacher Assistant Head Teacher Acting Assistant Head Teacher Director of Support Services	Beverley Mabey Heather McLachlan Peter Weir (on secondment) Lynn Petrie Liz Stringer (on secondment) Peter White (on secondment) Harpinder Singh Liz Soden Karl Brown Meryl Carter Steven Hobson Jennifer Ingram (resigned 31/08/2014)
Registered Office	Burney Lane Stetchford Birmingham B8 2AS
Company Registration Number	08531479 (England and Wales)
Independent Auditor	Chantrey Vellacott DFK 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 since the company incorporation to 31 August 2014. The company was incorporated on 16 May 2013 and commenced activities as an academy on 1 July 2013.

On 1 November 2014 the Washwood Heath Academy became a Multi Academy Trust (MAT) acting as sponsor for a local primary school. There are also plans to expand the MAT during 2015 with the addition of a local secondary school. Further details are given below under 'Post balance sheet events'.

The annual report serves the purposes of both a Trustees' report, and a directors' report under company law.

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

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 cover up to £5,000,000 on any one claim.

Method of Recruitment and Appointment or Election of Trustees

The members of the Trust are responsible for the appointment of Trustees except the two Parent Trustees and three Staff Trustees who will be appointed through an election process directed by the Governing Body. In the event that these are not filled, the members of the Trust are able to appoint to these positions.

In appointing a Parent Trustee the Governing Body shall appoint a person who is the parent of a registered pupil at the Academy; or where it is not reasonably practical to do so, a person who is the parent of a child of compulsory school age.

Trustees' Report (continued)

Policies and Procedures Adopted for the Induction and Training of Trustees

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

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

Organisational Structure

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

All Trustees are members of the Academy Board. In addition, Trustees are members of one of the three sub-committees that report to the Academy Board.

The three sub-committees are:

- Finance
- Staffing
- Curriculum

Terms of Reference for the Academy Board and sub-committees were adopted from the predecessor school on conversion 1 July 2013. These were reviewed and an update incorporated into the revised Financial Regulations Manual (FRM) approved in March 2014. The FRM defines delegated authorities within the Trust including delegations to the Executive Head Teacher (EHT) and other senior managers.

The EHT acts as the accounting officer for the Trust and, for the period covered by these accounts, was also the senior manager on the Senior Leadership Team (SLT); this role passed to the Head of School when the academy became a MAT.

The new governance arrangements for the MAT, including changes to the organisational structure, are due to be approved December 2014. Further details about the MAT are given below in the section on Post Balance Sheet Events.

Connected Organisations, including Related Party Relationships

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.

The Academy has been working closely with Brownmead Junior and Infant school since September 2013. Support has been provided particularly in the area of leadership and management as the new Head teacher drives forward a programme of school improvement. Brownmead became an academy, under Washwood Heath's sponsorship, 1 November 2014. See also the section on Post Balance Sheet Events below.

Trustees' Report (continued)

Objectives and Activities

Objects and Aims

The Academy Trust's objective is to advance, for the public benefit, education for children aged 11 to 19 by establishing and maintaining a school which offers a broad and balanced curriculum.

The mission of Washwood Heath Academy has been to strive to provide the very best for all the members of our school community through:

- Motivating and enabling each and every person to achieve their potential and celebrating the success of all;
- Enabling people to develop self-awareness, confidence and respect for others;
- An ethos of aspiration, quality, care and commitment to and by all;
- Developing people's skills and fully involving them in their own learning and progress;
- Sustaining and developing a learning culture which will provide a broad balanced and relevant curriculum;
- Enabling each person to grow in terms of their spiritual, moral, social, physical, artistic and intellectual development;
- Nurturing a positive and safe environment
- Working with parents, the local community, employers and other educational providers to develop best practice and outcomes.

Objectives, Strategies and Activities

Outstanding Learners & Leaders

One of the key aims of the Academy is to help students develop the important skills that make them independent learners – essential not only for their studies but in later life. From learning to care for and respect others, to thinking creatively, these essential qualities are built into every lesson and linked to the school rewards system to enrich the provision our students receive.

Twice each week we run an "iRead" session, where students take turns to read sections of a book aloud within a small group of a similar reading ability. This has been hugely successful in improving literacy across the curriculum and helping students gain confidence and enjoyment in reading.

Students have many opportunities to take on leadership roles during their time at the Academy, helping them develop new skills to thrive in our community and in their future study and careers. There is a broad range of options on offer, ranging from Peer Mentors and iRead Leaders through to School Council members, Prefects and Library Assistants.

Achievement & Success

At Washwood Heath Academy, we believe every student can achieve success. We are proud to have a strong team of passionate and enthusiastic teachers who seek innovative ways to inspire and share their subject knowledge with our students, helping them to achieve the very best results that they can.

Students have the opportunity to work with technology across the curriculum, from our large computer suites to individual iPads in lessons, aiding research, communication and evaluation. Our daily Skills School offers additional English language support to students who need it, giving them a strong foundation upon which to excel across all of their subjects.

The use of Personal Learning Checklists (PLCs) enables every single student to identify skills gaps in order to improve them. This is complemented by a programme of precision interventions to close those gaps for every learner.

Trustees' Report (continued)

Achievement & Success (continued)

We continually reward students who demonstrate excellent attitudes to their learning and who strive to be excellent role models and good citizens for the future.

Opportunity & Choice

We offer a broad, balanced and challenging curriculum to cater for the diverse needs and ambitions of our students. From Year 9 onwards students follow a Personalised Learning Pathway, combining a range of core and optional courses. From the traditional subjects of the English Baccalaureate to vocational subjects such as technology, sport and construction, students work with their tutors and parents to design a pathway suited to their individual strengths, enabling them to be successful.

Enrichment & Enjoyment

Alongside their academic achievements, our aim is for students to leave Washwood Heath Academy as well-rounded, confident individuals who are ready to take their next steps in life. To facilitate this we offer a broad range of enrichment activities to cater for all interests – from music and sport to recycling and charity work.

Charity work is especially strong within the school with pupils actively participating in a wide range of local, national and international events. Pupils recently donated over 2,250 items to the community's local Food Bank, supporting local families in crisis. This was the highest donation of any school in the area.

Cricket is one of our biggest successes and we have been very proud winners of multiple trophies across Birmingham and Warwickshire over recent years. Our wide variety of music groups frequently perform at venues and events across Birmingham, with our steel pan band "Just Steel" being a local favourite.

Year ten girls have participated in the Science Engineering & Technology (SET) project which allowed them to travel to several European countries and then run their own project mentoring younger girls in school.

Responsibility & Support

We expect the highest standards of behaviour at the Academy, creating an environment where every one of our students can feel safe and happy.

We have a strong Peer Mentoring programme in place, partnering volunteers from the higher year groups with younger students who need extra support, which has proved very successful.

Each student belongs to a small tutor group within one of our five Houses, which has a friendly family ethos and a dedicated tutor to offer daily support. The Houses also have their own Guidance Manager, a specialist member of staff who is on hand every day to assist and guide pupils and provide a strong communication link between school and home.

Sixth Form

From A-Levels to Apprenticeships, we offer a broad range of courses to our students. As they take steps into the next part of their life, the Sixth Form team is there to help them along the way and guide them as they make important decisions about their futures.

All Sixth Form students participate in at least one enrichment activity each year to help them on their journey to becoming well rounded, confident adults. Choices include the highly respected Duke of Edinburgh Award, finance and teaching as well as careers workshops.

At Washwood Heath Academy, the Sixth Form is very much a core part of school life, shown by the contribution made by the Sixth Formers to the development and welfare of hundreds of lower school students. Sixth Formers have opportunities to be involved in mentoring, leadership programmes and the delivery of sessions, all of which will put them a step ahead when making your university applications or getting started on the career ladder.

Trustees' Report (continued)

Public Benefit

The Trustees confirm that they have complied with the requirement to have due regard to the Charity Commission's guidance on public benefit when exercising their powers or duties. They have referred to this guidance when reviewing the Academy's aims and objectives and in planning its future activities.

The Academy provides facilities for recreational and other leisure time occupation for the local community in the interests of social welfare and with the interest of improving the life of the said community.

Strategic Report

Achievements and Performance

Headline Results

There are 3 sets of headline data: 5A*-C with English and Maths, expected progress in Maths and English (3 levels of progress from test taken in Year 6) and exceptional progress in Maths and English (more than 4 levels of progress from Year 6 tests).

Washwood Heath Academy data for 2014 shows a slight decline from 2013 but considering the volatility of results both nationally and locally, our drop of 5% needs to be seen in that context.

Whilst students in Y11 have an average points score (APS) significantly lower than national average, our school context is that over 60% of our pupils are eligible for Free School Meals (FSM) and almost 85% of students have English as an Additional Language (EAL). These indicators are known to have a negative impact on pupil performance and both are significantly higher than national average.

Headline data for 2014

	2014 actual (Y11 only)	2014 target (Y11 only)	National average
5A*C	62%	75%	N/A
5A*C EN/MA	50%	60%	56% (2014)
XP English	84%	75%	74% (2013)
XP Maths	56%	68%	76% (2013)
A*-C 2+ Science**	41%	34%	N/A
5 A*-G	98%	100%	95% (2013)
EBAC	5%	10%	22% (2013)

Performance in Core Subjects

WHA performance in English has been outstanding this year, in all aspects i.e. overall achievement of A*-C grades, levels of expected and exceptional progress, progress in Post-16 GCSE re-sits and the outstanding performance of groups like FSM, EAL and Special Educational Needs and Disabilities (SEND) students.

Trustees' Report (continued)

Maths is less consistent and although A*-C results are close to last year's national average, the performance of students in some targeted classes was disappointing. This is due to changes in entry, staff turnover and grade boundaries rising; especially at the lower end and higher levels of functionality in exam questions in June 2014. An improvement plan has been implemented with specific actions targeted to address weaknesses identified by a strategic review including a restructure.

Science continues to be one of the strongest performing departments in the school with almost half the year group now taking GCSE Science and gaining A*-C grades.

Core Subjects

Subject/stage	2014A*-C% result	2014A*-C% target	2014 A*-C (national average)	XP % (3+ levels)	XCP	XCP 2013 NA
English Y11	68%	69%	62%	84%	34%	30%
Maths Y11	55%	70%	62%	56%	19%	32%
Sci Y11 Core	89%	98%	59%			
Sci Y11 Add	96%	100%	66%			
Sci Y11 Triple	100%	100%	90%			
English Lit Y10	65%	70%	76%			
Maths Y10	100%	100%	62%			
Sci Y10 Core	90%	95%				

Post-16 Results

Our Post-16 APS score has risen back up from 3 in 2013 to 2 in 2014, a substantial one year turn-around. This is largely based on a strong performance by Health and Social Care students. For example 13 out of 17 final year Post-16 students achieved 3 A level equivalent qualifications resulting in an average A-level grade, or equivalent, of C+. The work of the Achievement Leader and responsible Assistant Head Teacher in developing Post-16 provision within the school has had significant impact over the last twelve months and is something that we hope to build upon.

Post-16 Core & APS

Subject/stage	2014 A*-C result	2014 A*-C target	2014 A*-C (national average)
English	55%	100%	62%
Maths	18%	100%	62%
APS/student KS5	667		
APS/student entry KS5	224		

Trustees' Report (continued)

Key Performance Indicators

Academic performance indicators are detailed above. Taking into account the socio-economic environment of the school, progress continues to be steady and in some areas is outstanding.

During April 2014 the school was subject to a section 8 Ofsted inspection focusing on pupil safeguarding and quality of leadership. The school passed on both counts, the outcome of the inspection being that 'the academy's safeguarding arrangements meet requirements' and that 'the quality of leadership and management is good'.

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

Cash is available to meet liabilities as they fall due. An average current account balance of £1.958 million has been maintained (maximum £3.049 million, minimum £0.224 million) during the period. 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 3.2 (£2.942 million / £0.923 million) indicating that it is in a healthy liquidity position and capable of paying its obligations.

Staff costs as a percentage of total resources expended are monitored as staffing is considered to be the key asset deployed by the school. For the fourteen month period, this was 72.6% (£7.678 million / £10.573 million). This is slightly higher than the planned 72.5% for the same period.

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 2014 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 is 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 2014, total expenditure after depreciation of £10.573 million was covered by recurrent grant funding, together with other incoming resources, of £10.938 million. The surplus of income over expenditure for the fourteen month period of £0.365 million was reduced to a £0.157 million deficit after actuarial losses on the Local Government Pension Scheme (LGPS) were deducted.

At 31 August 2014 the net book value of tangible fixed assets was £16.599 million and movements in fixed assets are shown in note 12 to the financial statements. The assets were used exclusively for providing education and associated support services to the pupils of the Academy.

Trustees' Report (continued)

Land, buildings and other assets valued at £18.133 million were transferred to the Academy upon conversion. Land and buildings were professionally valued at £15.699 million, on a depreciated replacement cost basis. £2.290 million was transferred as cash with the balance made up of plant and equipment, computers and two vehicles.

A pension deficit on the LGPS of £2.621 million was inherited on conversion. The deficit increased to £3.263 million as at 31 August 2014, actuarial losses having outstripped employer and employee contributions during the period; details are given in note 24.

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

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 £530,000.

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

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

At balance sheet date free reserves, as measured by unrestricted funds, were £1.938 million. This is almost 3.7 times the average monthly payroll cost of £527,000 for the period meaning that the free reserves target was comfortably met.

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

Investment Policy

In balancing risk against return, investments are geared towards avoiding risk as opposed to maximizing any return on the investment. Accordingly, it is the Academy'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 £2.148 million cash held by the Academy at balance sheet date, £1.250 million was invested in a thirty-two day notice High Interest Deposit Account with Lloyds Bank.

Trustees' Report (continued)

Financial and Risk Management Objectives and Policies

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

The Trustees have assessed the major risks to which the Academy 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 Committee meetings. The Trustees also regularly review cash flow forecasts 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 24 to the financial statements, represents a significant potential liability. However, as the Trustees consider that the Academy 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 Academy are as follows:

Financial - the Academy has considerable reliance on continued Government funding through the EFA. During this period, 98.6% of the Academy's incoming resources were 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 Academy's finances, internal controls, compliance with regulations and legislation, statutory returns, etc. The Trustees continue to review and ensure that appropriate measures are in place to mitigate these risks. The recent Ofsted inspection (see above) concluded that leadership and management was good confirming that this risk is being managed.

Reputational – the success of the Academy 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 recent Ofsted inspection concluded that safeguarding arrangements meet requirements confirming that this risk is being also being managed.

Staffing - the success of the Academy 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 Academy 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'.

Trustees' Report (continued)

Plans for Future Periods

School Improvement

The 2014/15 School Improvement Plan (SIP) is structured around the Ofsted Inspection Framework. It builds on recent successes and underpins the Academy's drive to achieve 'outstanding' status. Priorities include, but are not limited to, the following:

Achievement

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

Teaching & Learning

- Embed strategies to create independent, resilient learners
- Integrate literacy strategy across curriculum including pastoral activities

Leadership & Management

- Develop wider parental and community engagement
- Deliver highly effective, financially secure support services to enable the Academy to focus on excellence in all activities

Behaviour & Safety

- Develop role of student leadership to embed excellence and high standards at all levels
- Embed shared ethos for safeguarding and child protection in light of local contexts

Multi Academy Trust

The Trustee's are committed to ensuring that the good work to date supporting leadership and management in Brownmead and Saltley schools (see below) continues as the schools join Washwood Heath as a Multi Academy Trust.

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.

Post balance sheet events

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

Trustees' Report (continued)

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.

Chantrey Vellacott DFK LLP are deemed to be re-appointed under Section 487(2) of the Companies Act 2006.

Trustees' report, incorporating a strategic report, approved by order of the members of the Governing Body on 4 December 2014 and signed on its behalf by:



Darren Walsh
Chair of Trustees

Governance Statement

Scope of Responsibility

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

The board of Trustees has delegated the day-to-day responsibility to the Executive Head Teacher, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Washwood Heath Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the board of Trustees any material weaknesses or breakdowns in internal control.

Governance

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

Full Trustees Attendance	Meeting Attended	Out of a possible
Darren Walsh (Chair)	6	7
Beverley Mabey	7	7
Habib Rehman	7	7
Clive Bailey	6	7
Jamila Akhtar	6	7
Farhiya Ali	7	7
Peter Anstey	6	7
Aftab Chughtai	7	7
Christopher Davy	5	7
Nusrat Iqbal	6	7
Cecil Knight	6	7
Andrew Taylor	6	7
Tahir Alam (resigned 16/05/2014)	2	4
Dave Hughes (resigned 16/05/2014)	4	4

Sub-committee attendance:

	Meeting Attended	Out of a possible
<u>Staffing</u>		
Darren Walsh (Chair)	6	6
Jamila Akhtar	6	6
Nusrat Iqbal	5	6
Habib Rehman	3	6
<u>Finance</u>		
Aftab Chughtai	7	7
Pete Anstey	7	7
Andrew Taylor	7	7
<u>Curriculum</u>		
Christopher Davy	3	3
Cecil Knight	3	3
Farhiya Ali	3	3
Tahir Alam	2	3
Dave Hughes	3	3

Governance Statement (continued)

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 Academy Trust for the period 1 July 2013 to 31 August 2014 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Finance Committee 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 July 2013 to 31 August 2014 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Finance Committee.

The Risk and Control Framework

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

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

The board of Trustees has considered the need for a specific internal audit function and has decided to appoint Birmingham Audit as internal auditor. The internal auditor's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. On an annual basis, the auditor reports to the board of Trustees, through the Finance Committee on the operation of the systems of control and on the discharge of the board of Trustees' financial responsibilities.

The internal audit undertaken during the period covered: financial governance, financial policies, budget planning and management, compliance with financial framework, procurement of goods and services, arrangements for securing value for money, income, management of bank accounts, HR and payroll, asset inventories and petty cash. Some control weaknesses were identified, however, generally the controls evaluated were found to be 'adequate, appropriate and effective to ensure that risks are being managed and objectives achieved'.

Governance Statement (continued)

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 internal auditor;
- 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 Committee 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 4 December 2014 and signed on its behalf by:



Darren Walsh
Chair of Trustees



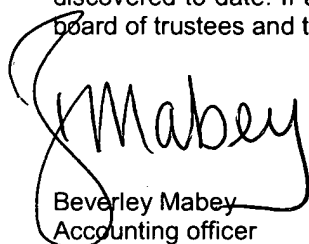
Beverley Mabey
Accounting officer

Statement on Regularity, Propriety and Compliance

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

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

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



Beverley Mabey
Accounting officer

4 December 2014

Statement of Trustees Responsibilities

The governors (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 governors' 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 governors to prepare financial statements for each financial year. Under company law the governors 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 governors are required to:

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

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

In so far as the governors are aware:

- there is no relevant audit information of which the Academy's auditor is unaware; and
- the governors 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 governors 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 4 December 2014 and signed on its behalf by:



Darren Walsh
Chair of Trustees

Independent Auditor's Report to the Members of Washwood Heath Academy

We have audited the financial statements of Washwood Heath Academy for the period ended 31 August 2014 set out on pages 21 to 40. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an 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 company and the its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Governors and auditors

As explained more fully in the Governors' Responsibilities Statement, the Governors (who are also the directors of the company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. 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 of 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 charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Governors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Governors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 August 2014 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;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2013 to 2014 issued by the Education Funding Agency

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Governors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Independent Auditor's Report to the Members of Washwood Heath Academy (continued)

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 Governors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Chantrey Vellacott DFK LLP

WILLIAM DEVITT (Senior Statutory Auditor)
for and on behalf of CHANTREY VELLACOTT DFK LLP
Chartered Accountants and Statutory Auditor
Birmingham

16 December 2014

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

In accordance with the terms of our engagement letter dated 18 September 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013 to 2014, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Washwood Heath Academy during the period 1 July 2013 to 31 August 2014 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 Academy and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Washwood Heath Academy and the 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 Academy and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Washwood Heath Academy's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Washwood Heath Academy's funding agreement with the Secretary of State for Education dated 1 July 2013 and the Academies financial Handbook, extant from 1 September 2013, 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 2013 to 2014. 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 July 2013 to 31 August 2014 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 2013 to 2014 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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


A limited assurance engagement is more limited in scope than a reasonable assurance engagement and 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 academy trust's income and expenditure.

We have undertaken testing as appropriate in accordance with the Academies Accounts Direction 2013 to 2014. This includes an evaluation of the control environment of the school, enquiry, analytical review and substantive testing.

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 July 2013 to 31 August 2014 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Chantrey Vellacott DFK LLP
Chartered Accountants
Birmingham

16 December 2014

Statement of Financial Activities for the period from incorporation to 31 August 2014

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

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2014 £000
Incoming resources					
<i>Incoming resources from generated funds:</i>					
Voluntary income	2	-	-	-	-
Transfer from local authority on conversion	26	1,977	(2,308)	15,843	15,512
Activities for generating funds	3	43	108	-	151
Investment income	4	4	-	-	4
<i>Incoming resources from charitable activities:</i>					
Funding for the academy's educational operations	5	-	10,757	26	10,783
Total incoming resources		<u>2,024</u>	<u>8,557</u>	<u>15,869</u>	<u>26,450</u>
Resources expended					
<i>Cost of generating funds:</i>					
Costs of generating voluntary income		-	-	-	-
Fundraising trading	6	-	64	-	64
<i>Charitable activities:</i>					
Academy's educational operations	7	86	9,661	730	10,477
Governance costs	8	-	32	-	32
Total resources expended	6	<u>86</u>	<u>9,757</u>	<u>730</u>	<u>10,573</u>
Net income/(expenditure) for the period		<u>1,938</u>	<u>(1,200)</u>	<u>15,139</u>	<u>15,877</u>
Other recognised gains and losses					
Actuarial losses on defined benefit pension schemes	24	-	(522)	-	(522)
Net movement in funds		<u>1,938</u>	<u>(1,722)</u>	<u>15,139</u>	<u>15,355</u>
Total funds brought forward		-	-	-	-
Total funds carried forward at 31 August 2014	15	<u>1,938</u>	<u>(1,722)</u>	<u>15,139</u>	<u>15,355</u>

All of the Academy trust's activities derive from acquisitions in the current financial period.

A Statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities

Balance sheet as at 31 August 2014

	Note	2014 £000	2014 £000
Fixed assets			
Tangible assets	12		16,599
Current assets			
Debtors	13	794	
Cash at bank and in hand		2,148	
		<u>2,942</u>	
Liabilities			
Creditors: Amounts falling due within one year	14	(923)	
Net current assets			<u>2,019</u>
Total assets less current liabilities			18,618
Net assets excluding pension liability			
Pension scheme liability	24		(3,263)
Net assets including pension liability			<u>15,355</u>
Funds of the academy:			
Restricted income funds			
Fixed asset funds	15		15,139
General funds	15		1,541
Pension reserve	15		(3,263)
Total restricted funds			<u>13,417</u>
Unrestricted income funds			
General funds	15		1,938
Total unrestricted funds			<u>1,938</u>
Total funds			<u>15,355</u>

The financial statements on pages 21 to 40 were approved by the governors, and authorised for issue on 4 December 2014 and are signed on their behalf by:



Darren Walsh
Chair of Trustees

Company Limited by Guarantee

Registration Number 08531479

Cash Flow Statement for the period ended 31 August 2014

	Note	2014 £000
Net cash inflow from operating activities	19	1,400
Returns on investments and servicing of finance	20	4
Capital expenditure	21	(1,546)
Cash transferred on conversion to the academy trust	26	<u>2,290</u>
Increase in cash in the period	22	<u><u>2,148</u></u>

Reconciliation of net cash flow to movement in net funds

Increase in cash in the period	2,148
Net funds at incorporation	<u>-</u>
Net funds at 31 August 2014	<u><u>2,148</u></u>

All of the cash flows are derived from acquisitions in the current financial period.

Notes to the Financial Statements for the period ended 31 August 2014

1. Statement of Accounting Policies

Basis of Preparation

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

Going Concern

The governors 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 governors make this assessment in respect of a period of one year from the date of approval of the financial statements. The governors have assessed that the going concern of the academy is not in doubt for the foreseeable future.

Incoming Resources

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

- **Grants receivable**

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

- **Donations**

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

- **Other income**

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

Resources Expended

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

- **Costs of generating funds**

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

- **Charitable activities**

These are costs incurred on the academy trust's educational operations.

- **Governance Costs**

These include the costs attributable to the academy trust's compliance with constitutional and statutory requirements, including audit, strategic management and Governor's meetings.

All resources expended are inclusive of irrecoverable VAT.

Notes to the Financial Statements for the period ended 31 August 2014 (continued)

1. Statement of Accounting Policies (continued)

Conversion to an Academy

The conversion from a state maintained school to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for £nil consideration and has been accounted for under the acquisition accounting method.

The assets and liabilities transferred on conversion from the predecessor school, Washwood Heath Technology College, to the academy have been valued at their fair value, being a reasonable estimate of the current market value that the governors would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for the Academy. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in voluntary income as net income in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds. Further details of the transaction are set out in note 26.

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.

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

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful lives, as follows:

Long leasehold buildings	4% per annum
Long leasehold land	0.8% per annum (over the life of the lease)
Furniture, fixtures & fittings	20% per annum
Computer equipment	20% / 33.3% per annum
Motor vehicles	20% per annum

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

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

Leased Assets

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

Taxation

The academy trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Notes to the Financial Statements for the period ended 31 August 2014 (continued)

1. Statement of Accounting Policies (continued)

Pensions Benefits

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes, are contracted out of the State Earnings-Related Pension Scheme ('SERPS'), and the assets are held separately from those of the academy trust.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 24, the TPS is a multi-employer scheme and the academy trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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

Fund Accounting

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

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

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

Notes to the Financial Statements for the period ended 31 August 2014 (continued)

2 Voluntary Income

	Unrestricted Funds £000	Restricted Funds £000	Total 2014 £000
Capital grants	-	-	-
Other donations	-	-	-
	-	-	-

3 Activities for Generating Funds

	Unrestricted Funds £000	Restricted Funds £000	Total 2014 £000
Hire of Facilities	3	-	3
Trips Income	39	-	39
Other income	1	-	1
Exam fees	-	22	22
Departmental Activities	-	86	86
	43	108	151

4 Investment Income

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

5 Funding for academy's educational operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2014 £000
DfE / EFA revenue grants			
General Annual Grant (GAG)	-	9,897	9,897
Pupil Premium	-	838	838
Capital grants	-	26	26
Other DfE / EFA grants	-	19	19
	-	10,780	10,780
Other government grants			
Local authority grants	-	3	3
	-	3	3
Total	-	10,783	10,783

Notes to the Financial Statements for the period ended 31 August 2014 (continued)

6 Resources Expended

	Staff costs £000	Non Pay Premises £000	Expenditure Other costs £000	Total 2014 £000
Costs of generating voluntary income	-	-	-	-
Costs of activities for generating funds	-	-	64	64
Academy's educational operations				
Direct costs	6,457	783	961	8,201
Allocated support costs	1,200	33	1,043	2,276
	<u>7,657</u>	<u>816</u>	<u>2,004</u>	<u>10,477</u>
Governance costs including allocated support costs	21	-	11	32
Total resources expended	<u>7,678</u>	<u>816</u>	<u>2,079</u>	<u>10,573</u>

	2014 £000
Incoming/outgoing resources for the period include:	
Operating lease costs	
- other	25
Fees payable to auditor in respect of:	
- audit	9
- other services	1

Notes to the Financial Statements for the period ended 31 August 2014 (continued)

7 Charitable Activities – Academy’s educational operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2014 £000
Direct costs			
Teaching and educational support staff costs	-	6,457	6,457
Depreciation	77	706	783
Loss on sale of fixed assets	-	1	1
Educational supplies	-	784	784
Examination fees	-	114	114
Staff development	-	62	62
	77	8,124	8,201
Allocated support costs			
Support staff costs	-	1,200	1,200
Depreciation	9	24	33
Maintenance of premises and equipment	-	211	211
Heat and light	-	129	129
Cleaning	-	164	164
Rent & rates	-	22	22
Insurance	-	67	67
Catering	-	197	197
Security and transport	-	29	29
Other support costs	-	224	224
	9	2,267	2,276
	86	10,391	10,477

8 Governance costs

	Unrestricted Funds £000	Restricted Funds £000	Total 2014 £000
Legal and professional fees	-	-	-
Auditor's remuneration			
- Audit of financial statements	-	9	9
- Other services	-	1	1
Support staff costs	-	21	21
Governors' expenses	-	1	1
	-	32	32

Notes to the Financial Statements for the period ended 31 August 2014 (continued)

9 Staff costs

	2014 £000
Staff costs during the period were:	
Wages and salaries	6,113
Social security costs	504
Pension costs	887
	<u>7,504</u>
Supply teacher costs	174
	<u>7,678</u>

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

	2014 No.
Teachers	91
Administration and support	75
Management	10
	<u>176</u>

The number of employees whose average annual emoluments fell within the following bands over the 14 month period was:

	2014 No.
£60,001 - £70,000	2
£120,001 - £130,000	<u>1</u>

All three of the above employees participated in the Teachers' Pension Scheme. During the 14 month period ended 31 August 2014, pension contributions for these employees amounted to £43,925.

10 Governors' remuneration and expenses

Principal and staff governors only receive remuneration in respect of services they provide undertaking the roles of Principal and staff and not in respect of their services as governors. Other governors did not receive any payments from the academy in respect of their role as governors. The value of governors' remuneration for the fourteen month period was as follows:

Name	Position	2014
Beverley Mabey	Head teacher	£150k - £155k
Christopher Davy	Staff governor	£45k - £50k
Andrew Taylor	Staff governor	£25k - £30k
Jamila Akhtar	Staff governor	<u>£35k - £40k</u>

During the period ended 31 August 2014, a total of £1,053 was paid to governors for reimbursed travel and subsistence expenses.

Further details regarding related party transactions involving the trustees are set out in note 25.

Notes to the Financial Statements for the period ended 31 August 2014 (continued)

11 Governors' and Officers' Insurance

In accordance with normal commercial practice the academy has purchased insurance to protect governors 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 2014 was £2,906.

The cost of this insurance is included in the total insurance cost.

12 Tangible Fixed Assets

	Land and buildings £000	Fixtures, fittings and equipment £000	Motor Vehicles £000	Total £000
Cost				
Transfer on conversion	15,699	104	40	15,843
Additions	1,409	163	-	1,572
Disposals	-	(1)	-	(1)
At 31 August 2014	17,108	266	40	17,414
Depreciation				
Charged in the year	734	72	10	816
Eliminated on disposal	-	(1)	-	(1)
At 31 August 2014	734	71	10	815
Net Book Value				
At 31 August 2014	16,374	195	30	16,599

An independent professional valuation of the leasehold land and buildings was performed by R Gulliani Bsc (Hons) MRICS as at 1 July 2013 for the purpose of valuing the assets transferred to the academy trust upon conversion. The basis of valuation adopted was depreciated replacement cost.

13 Debtors

	2014 £000
Trade debtors	6
VAT recoverable	503
Other debtors	115
Prepayments and accrued income	170
	794

Notes to the Financial Statements for the period ended 31 August 2014 (continued)

14 Creditors: amounts falling due within one year

	2014 £000
Trade creditors	394
Other creditors	108
Accruals and deferred income	421
	<u>923</u>
	2014 £000
Deferred income at incorporation	-
Resources deferred in the period	74
Amounts released from previous years	-
Deferred Income at 31 August 2014	<u>74</u>

At the balance sheet date the academy trust was holding funds received in advance for school trips, lettings and early years funding in relation to the following financial year.

15 Funds

	Balance at Incorporation £000	Incoming resources £000	Resources expended £000	Gains, losses and transfers £000	Balance at 31 August 2014 £000
Restricted general funds					
Transfer on conversion	-	313	-		313
General annual grant (GAG)	-	9,897	(8,669)		1,228
Other restricted income	-	968	(968)		-
Pension reserve	-	(2,621)	(120)	(522)	(3,263)
	-	8,557	(9,757)	(522)	(1,722)
Restricted fixed asset funds					
Transfer on conversion	-	15,843	(725)	-	15,118
Capital grants	-	26	(5)	-	21
	-	15,869	(730)	-	15,139
Total Restricted funds	-	24,426	(10,487)	(522)	13,417
Unrestricted funds	-	2,024	(86)	-	1,938
Total unrestricted funds	-	2,024	(86)	-	1,938
Total funds	-	26,450	(10,573)	(522)	15,355

The General Annual Grant (GAG) has been provided by the DfE in order to fund the normal running costs of the Academy. During the period, the Academy's GAG income exceeded GAG expenditure and the balance will be carried forward to apply in future years and enable the establishment of a minimum prudent level of reserves to manage risks and unforeseen costs. Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2014.

Notes to the Financial Statements for the period ended 31 August 2014 (continued)

15 Funds (continued)

Other restricted income includes further grants received during the period including pupil premium, 16-19 Bursary income and other local government grants. It also includes other restricted income from departmental activities and examination fees. All of the income received was fully expensed during the period.

The restricted Pension reserve represents the deficit on the Academy's share of the Local Government Pension Scheme as at 31 August 2014.

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

16 Analysis of net assets between funds

Fund balances at 31 August 2014 are represented by:

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds £000
Tangible fixed assets	1,460	-	15,139	16,599
Current assets	478	2,464	-	2,942
Current liabilities	-	(923)	-	(923)
Pension scheme liability	-	(3,263)	-	(3,263)
Total net assets	1,938	(1,722)	15,139	15,355

17 Capital commitments

At 31 August 2014 the Academy had no contracted capital commitments.

18 Financial commitments

Operating leases

At 31 August 2014 the academy had annual commitments under non-cancellable operating leases as follows:

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

Notes to the Financial Statements for the period ended 31 August 2014 (continued)

19 Reconciliation of net income to net cash inflow from operating activities

	2014 £000
Net incoming resources	15,877
Depreciation (note 12)	816
Capital grants from DfE	(26)
Interest receivable (note 4)	(4)
Inherited assets on conversion (excluding cash)	(13,222)
Transfer of cash on conversion	(2,290)
FRS 17 pension cost less contributions payable (note 24)	(32)
FRS 17 pension finance income (note 24)	152
Increase in debtors	(794)
Increase in creditors	923
Net cash inflow from operating activities	1,400

20 Returns on investments and servicing of finance

	2014 £000
Interest received	4
Net cash inflow from returns on investment and servicing of finance	4

21 Capital expenditure and financial investment

	2014 £000
Purchase of tangible fixed assets	(1,572)
Capital grants received from DfE	26
Net cash outflow	(1,546)

22 Analysis of changes in net funds

	At Incorporation £000	Cash flows £000	At 31 August 2014 £000
Cash in hand and at bank	-	2,148	2,148
	-	2,148	2,148

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.

Notes to the Financial Statements for the period ended 31 August 2014 (continued)

24 Pension and similar obligations

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2012 and of the LGPS 31 March 2010.

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

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010). These regulations apply to teachers in schools that are maintained by local authorities and other educational establishments, including academies, in England and Wales. In addition teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and from 1 January 2007 automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and are paid by public funds provided by Parliament. 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 under arrangements governed by the above Act.

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

Valuation of the Teachers' Pension Scheme

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

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

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

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

Notes to the Financial Statements for the period ended 31 August 2014 (continued)

24 Pension and other obligations (continued)

Teachers' Pension Scheme Changes

Lord Hutton published his final report in March 2011 and made recommendations about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation and Ministers engaged in extensive discussions with trade unions and other representative bodies on reform of the TPS. Those discussions concluded on 9 March 2012 and the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

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

In addition, the Proposed Final Agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall just outside of the 10 year protection.

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

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The academy is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the academy has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy 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. Contributions to the scheme are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The total contribution made for the year ended 31 August 2014 was £388,000, of which employer's contributions totalled £290,000 and employees' contributions totalled £98,000. The agreed contribution rates for future years are 12.3 per cent for employers and a range of 5.5 per cent to 9.9 per cent depending on full-time equivalent salary for employees. In addition to the future service contribution rates, a past service deficit lump sum payment of £137,700 is payable in April 2015.

As described in note 1 the LGPS obligation relates to the employees of the academy trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the Scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy trust at the balance sheet date.

Principal Actuarial Assumptions

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

Notes to the Financial Statements for the period ended 31 August 2014 (continued)

24 Pension and similar obligations (continued)

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

	At 31 August 2014
<i>Retiring today</i>	
Males	22.9
Females	25.5
<i>Retiring in 20 years</i>	
Males	25.1
Females	27.8

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

	Expected return at 31 August 2014 %	Fair value at 31 August 2014 £000
Equities	7.0%	183
Government bonds	2.9%	32
Other bonds	3.8%	42
Property	6.2%	35
Cash liquidity	0.5%	18
Other	7.0%	96
Total market value of assets		406
Present value of scheme liabilities		
- funded		(3,669)
Deficit in the scheme		(3,263)

The expected return on assets is based on the long-term future expected investment return for each asset class as at the beginning of the period.

The actual return on scheme assets was £17,000.

Amounts recognised in the statement of financial activities

	2014 £000
Current service cost less employer's contributions	32
Total operating charge	32
	2014 £000
Expected return on pension scheme assets	9
Interest on pension liabilities	(161)
Pension finance costs	(152)

Notes to the Financial Statements for the period ended 31 August 2014 (continued)

24 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

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

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

	2014 £000
Inherited at 1 July 2013	2,621
Current service cost	258
Interest cost	161
Employee contributions	98
Actuarial loss	531
Benefits / transfers paid	-
At 31 August 2014	3,669

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

	2014 £000
Inherited at 1 July 2013	-
Expected return on assets	9
Actuarial gain	9
Employer contributions	290
Employee contributions	98
Benefits / transfers paid	-
At 31 August 2014	406

The estimated value of employer contributions for the year ended 31 August 2015 is £298,000.

The history of experience adjustments is as follows:

	2014 £000
Present value of defined benefit obligations	(3,669)
Fair value of share of scheme assets	406
Deficit in the scheme	3,263
Experience adjustments on share of scheme assets	9
Experience adjustments on scheme liabilities	-

Notes to the Financial Statements for the period ended 31 August 2014 (continued)

25 Related Party Transactions

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

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

Clear Progress Limited – a company owned by the wife of Mr P White (Assistant Head Teacher):

- The trust purchased marketing materials (banners, wall displays and artwork) from Clear Progress Limited totalling £14,451 during the period. There were no amounts outstanding at 31 August 2014.
- The trust made the purchase at arm's 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 July 2013 Washwood Heath converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Washwood Heath from the Birmingham Local Authority for £nil consideration.

The transfer has been accounted for using the acquisition method. 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 net income in the Statement of Financial Activities as voluntary income.

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 Funds £000
Tangible fixed assets:				
- land and buildings	-	-	15,699	15,699
- other	-	-	144	144
Budget surplus	1,967	313	-	2,280
School fund surplus	10	-	-	10
Pension scheme deficit	-	(2,621)	-	(2,621)
Total net assets	1,977	(2,308)	15,843	15,512

The above net assets include £2,290,000 that was transferred as cash.

Notes to the Financial Statements for the period ended 31 August 2014 (continued)

27 Post balance sheet events

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