

Company Registration No 07521946 (England and Wales)

WISE ACADEMIES
GOVERNORS' REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2012

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WISE ACADEMIES

LEGAL AND ADMINISTRATIVE INFORMATION

Governors (Trustees)	M E W Stephenson J G Wood R Symonds S Elstob
Executive Head Teacher	T Laybourne
Company number	07521946
Registered office	1 St James Gate Newcastle-upon-Tyne NE99 1YQ
Auditors	Rowlands Rowlands House Portobello Road Birtley Chester le Street Co Durham DH3 2RY
Solicitors	Watson Burton 1 St James Gate Newcastle-upon-Tyne NE99 1YQ

WISE ACADEMIES

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WISE ACADEMIES

GOVERNORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2012

The governors present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31st August 2012

The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the Company's memorandum and articles of association, the Companies Act 2006 and the Statement of Recommended Practice, "Accounting and Reporting by Charities", issued in March 2005

Structure, governance and management

WISE Academies is a company limited by guarantee and an exempt charity. It is not required to be registered with the Charity Commission but is, however, subject to the Charity Commissioner's regulatory powers, which are monitored by the Secretary of State for Education. The academy's memorandum and articles of association are the primary governing documents of the academy. Governors of the academy can be nominated by the Secretary of State for Education. The articles of association require the members of the academy to appoint at least 3 governors to be responsible for the statutory and constitutional affairs of the academy and its management.

The principal activity of the company is the advance for the public benefit education in the United Kingdom. This is in accordance with the Master Funding Agreement approved by The Secretary of State. The school has a curriculum satisfying the requirements of section 78 of EA 2002 (balanced and broadly based curriculum). The school will provide education for different abilities and education for pupils that are wholly or mainly drawn from the area in which the school is situated.

Each member of the 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.

The Governors', who are also the directors for the purpose of company law, and who served during the year were

M E W Stephenson

J G Wood

R Symonds

S Elstob

(Appointed 8 November 2011)

During the period under review the directors held 10 meetings. Training and induction provided for new directors will depend on existing experience. Where necessary induction will provide training on charity and educational, legal and financial matters. All directors are provided with copies of policies, procedures, accounts, budgets, plans and other documents that they need to undertake their role.

The company is set up as a multi academy model, and the Board of Directors meet at least 4 times a year to discuss its strategic objectives with the Executive Head Teacher (CEO). Currently there are 2 primary academies in this chain. In the next financial year it is expected that the trust will acquire 2 further Primary Academies.

In this multi academy model, the Executive Head Teacher and Executive Associate Head Teacher lead and develop the strategic vision of all schools in the chain. Each individual academy has an Associate Head Teacher and Deputy Head Teacher who are responsible for the day to day management of the school supported by a senior management team comprising of teaching and non teaching staff.

The trustees have assessed the major risks to which the Company is exposed, and are satisfied that systems are in place to mitigate exposure to the major risks.

WISE ACADEMIES

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2012

As trustees, we acknowledge we have overall responsibility for ensuring the academy has an effective and appropriate system of control, financial and otherwise. We are also responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the academy and enable us to ensure the financial statements comply with the Companies Act 2006.

We also acknowledge responsibility for safeguarding the assets of the academies and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities and to provide reasonable assurance that

- The academy is operating efficiently and effectively
- Its assets are safeguarded against unauthorised use or disposition
- Proper records are maintained and financial information used within the academy or for publication is reliable
- The academies comply with relevant laws and regulations

The academies' 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 trustees
- Regular reviews, which indicate financial performance against forecasts and major purchase plans, capital works and expenditure programmes
- Setting targets to measure financial and other performance
- Clearly defined purchasing guidelines
- Delegation of authority and segregation of duties
- Identification and management of risks

In addition the directors have considered the guidance for directors of public listed companies contained within the Academies Financial Handbook. They believe that although it is not mandatory for the academy, it should, as a publicly funded body, adopt these guidelines as best practice. Accordingly, they have set policies on internal controls, which cover the following

- The type of risks the academies face
- The level of risks which they regard as acceptable
- The likelihood of risks materialising
- The academy's ability to reduce the incidence and impact on the academy's operations if risks do materialise
- The costs of operating particular controls relative to the benefits obtained
- Clarified the responsibility of the SLT to implement the trustees' policies and to identify and evaluate risks for the trustees' consideration
- Explained to employees that they have responsibility for internal control as part of their accountability for achieving objectives
- Embedded the control system in the academy's operations so that it becomes part of the culture of the academy
- Developed systems to respond quickly to evolving risks arising from factors within the academy and to changes in the external environment
- Included procedures for reporting failings immediately to appropriate levels of management and the directors together with details of corrective action being undertaken

WISE ACADEMIES

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2012

Objectives and activities

The principal activity and objective of the academies is the advancement of education in the United Kingdom by establishing and maintaining high performing primary schools, offering a broad and balanced curriculum that meets the needs of its communities by providing a high quality and flexible learning environment

The governors have paid due regard to the guidance issued by the Charity Commission in deciding what activities the company should undertake

In accordance with the Memorandum and Articles of Association, the company has adopted a scheme of governance approved by the Secretary of State for Education. Each Academy will be governed by the academy. The company shall have regard to (but for the avoidance of doubt shall not be bound by) any guidance as to the governance of academies that the Secretary of State may publish.

The main objectives of the Academies during the year ended 31 August 2011 are summarised below:

- to ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care,
- to raise the standard of educational achievement of all pupils,
- to improve the effectiveness of the Academies by keeping the curriculum and organisational structure under continual review,
- to provide value for money for the funds expended,
- to comply with all appropriate statutory and curriculum requirements,
- to conduct the Academy's business in accordance with the highest standards of integrity, probity and openness,
- to establish partnerships in order to extend its role in the wider community,

The Governors have paid due regard to guidance issued by the Charity Commission in deciding what activities the Company should undertake. All charitable activities are undertaken to further the charitable purposes for the public benefit.

Achievements and performance

Foundation Stage Profile Town End		
	%6+ 2011	%6+ 2012
Disposition and attitude	83%	87%
Social development	83%	83%
Emotional development	73%	70%
Language for communication and thinking	76%	77%
Linking sounds and letters	66%	80%
Reading	53%	67%
Writing	66%	67%
Numbers as labels for counting	87%	87%
Calculating	70%	67%
Shape space and measure	80%	87%
Knowledge and understanding of the world	73%	90%
Physical development	90%	93%
Creative Development	76%	87%

KS1 Data Town End						
	Level 2 + (%)		Level 2b + (%)		Level 3 + (%)	
	2011	2012	2011	2012	2011	2012
Reading	89	87	71	77	18	20
Writing	79	83	61	57	14	17
Mathematics	89	93	71	70	18	20

WISE ACADEMIES

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2012

	KS2 Data Town End							
	Level 3 and below (%)		Level 4+ (%)		Level 5 (%)		Level 6 (%)	
	2011	2012	2011	2012	2011	2012	2011	2012
English	0	0	100	100	48	52	0	0
Reading	0	4	100	96	85	44	0	0
Writing	15	0	85	100	7	48	0	4
Mathematics	4	4	96	96	67	44	0	0

Reading - 100 % of children made 2 levels of progress 58% made more than 2 levels progress

Writing - 100 % of children made 2 levels of progress 75% made more than 2 levels progress

Maths - 96 % of children made 2 levels of progress 46% made more than 2 levels progress

	KS2 Data Bexhill					
	Level 3 and below (%)		Level 4+ (%)		Level 5 (%)	
	2011	2012	2011	2012	2011	2012
English	18	3	82	97	20	54
Reading	18	3	82	97	31	54
Writing	27	8	73	92	31	43
Maths	20	10	80	89	31	36

Reading - 100 % of children made 2 levels of progress 58% made more than 2 levels progress

Writing - 100 % of children made 2 levels of progress 71% made more than 2 levels progress

Maths - 100 % of children made 2 levels of progress 51% made more than 2 levels progress

	KS1 Data Bexhill					
	Level 2 + (%)		Level 2b + (%)		Level 3 + (%)	
	2011	2012	2011	2012	2011	2012
Reading	88	88	70	78	13	25
Writing	90	84	68	69	15	12
Maths	80	87	56	69	10	19

Financial review

It is the policy of the Company that unrestricted funds which have not been designated for a specific use should be maintained at a level equivalent to between three and six month's expenditure. The Governors' considers that reserves at this level will ensure that, in the event of a significant drop in funding, they will be able to continue the Company's current activities while consideration is given to ways in which additional funds may be raised. This level of reserves has been maintained throughout the year.

WISE ACADEMIES

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2012

Statement of Governors' responsibilities

The Governors', who are also the directors of Wise Academies for the purpose of company law, are responsible for preparing the Governors' Report and the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Company law requires the Governors' to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year

In preparing these accounts, the Governors' are required to

- select suitable accounting policies and then apply them consistently,
- observe the methods and principles in the Charities SORP,
- make judgements and estimates that are reasonable and prudent, and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Company will continue in operation

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

Disclosure of information to auditors

Each of the trustees has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditors are aware of such information

Auditors

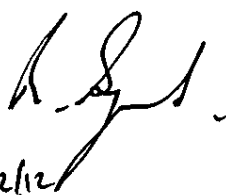
A resolution proposing that Rowlands be reappointed as auditors of the company will be put to the members

On behalf of the board of Governors'

R. Symonds

Governor

Dated


18/12/12

Wise Academies

Statement on Regularity, Propriety and Compliance

As accounting officer of Wise Academies I have considered my responsibility to notify the academy trust governing body and the Education Funding Agency 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 irregularity 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.



J G Wood
(Accounts Officer)

Wise Academies

Independent Auditor's Report on Regularity to the Governing Body of Wise Academies and the Education Funding Agency

In accordance with the terms of our engagement letter dated 13th December 2012 and further to the requirements of the Education Funding Agency (EFA), we have carried out a review to obtain assurance about whether, in all material respects, the expenditure disbursed and income received by the academy trust during the period 1st September 2011 to 31st August 2012 have been applied to the purposes identified by Parliament and the financial transactions confirm to the authorities which govern them

This report is made solely to the governing body and the EFA. Our review work has been undertaken so that we might state to the governing body and the EFA those matters we are required to state to it 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 the governing body and the EFA, for our review work, for this report, or for the opinion we have formed.

Respective responsibilities of the governing body and Auditors

The governing body is responsible, under the requirements of the Academies Act 2010, subsequent legislation and related regulations, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions confirm to the authorities which govern them.

Our responsibilities for this review are established in the United Kingdom by our profession's ethical guidance and the audit guidance set out in the EFA's Financial Handbook and Accounts Direction. We report to you whether, in our opinion, anything has come to our attention in carrying out our review which suggests that in all material respects, expenditure disbursed and income received during the period 1st September 2011 to 31st August 2012 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Basis of opinion

We conducted our review in accordance with the Academies Handbook and the Accounts Direction issued by the EFA.

Opinion

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 1st September 2011 to 31st August 2012 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Mr Colin Chater (Senior Statutory Auditor)
For and on behalf of Rowlands
Chartered Accountants
Statutory Auditor

Rowlands House
Portobello Road
Birtley
Chester le Street
DH3 2RY

Dated 18/12/12

WISE ACADEMIES

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF WISE ACADEMIES

We have audited the accounts of Wise Academies for the year ended 31 August 2012 set out on pages 10 to 31. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 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 statement of Governors' responsibilities, the Governors', who are also the directors of Wise Academies for the purposes of company law, are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the accounts 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 accounts

An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts 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 accounts. In addition we read all the financial and non-financial information in the Trustees' 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.

Opinion on accounts

In our opinion the accounts

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2012 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

WISE ACADEMIES

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF WISE ACADEMIES

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 accounts 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

Opinion on other matters prescribed by the academy's funding agreement with the Secretary of State for Education

- the financial statements have been prepared in accordance with the Financial Reporting and Annual Accounts Requirements issued by the Young People's Learning Agency in respect of the financial period,
- proper accounting records have been kept, and
- grants made by the Young Peoples's Learning Agency have been applied for the purposes intended



Mr Colin Chater (Senior Statutory Auditor)
for and on behalf of Rowlands

Chartered Accountants

Statutory Auditor

Rowlands House
Portobello Road
Birtley
Chester le Street
Co Durham
DH3 2RY

Dated *18th December 2012*

WISE ACADEMIES

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2012

	Notes	Unrestricted funds £	Restricted funds £	Total 2012 £	Total 2011 £
Incoming resources from generated funds					
Donations and legacies	2	86	2,747,117	2,747,203	-
Activities for generating funds	3	231,602	-	231,602	117,961
Investment income	4	799	-	799	181
		232,487	2,747,117	2,979,604	118,142
Incoming resources from charitable activities	5	25,569	2,380,037	2,405,606	1,260,504
Other incoming resources	6	37,972	-	37,972	211,757
Total incoming resources		296,028	5,127,154	5,423,182	1,590,403
Costs of generating funds					
Fundraising trading	3	184,690	-	184,690	-
Net incoming resources available		111,338	5,127,154	5,238,492	1,590,403
Charitable activities					
Academy educational operations	7	60,867	2,183,111	2,243,978	1,111,048
Governance costs	7	630	19,564	20,194	12,455
Total resources expended		246,187	2,202,675	2,448,862	1,123,503
Net income for the year/ Net incoming resources		49,841	2,924,479	2,974,320	466,900
Other recognised gains and losses					
Actuarial loss on defined benefit pension schemes		-	(140,000)	(140,000)	(300,000)
Net movement in funds		49,841	2,784,479	2,834,320	166,900
Fund balances at 1 September 2011		329,899	(162,999)	166,900	-
Fund balances at 31 August 2012		379,740	2,621,480	3,001,220	166,900

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006

WISE ACADEMIES

SUMMARY INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2012

	2012 £	2011 £
Total income	5,423,182	1,590,403
Total expenditure from income funds	2,448,862	1,123,503
Net income for the year	<u>2,974,320</u>	<u>466,900</u>

The summary income and expenditure account is derived from the statement of financial activities on page 9 which, together with the notes on pages 14 to 31, provides full information on the movements during the year on all funds of the charity

STATEMENT OF RECOGNISED GAINS AND LOSSES

Net income for the year	2,974,320	466,900
Actuarial loss on defined benefit pension schemes	(140,000)	(300,000)
	<u>2,834,320</u>	<u>166,900</u>

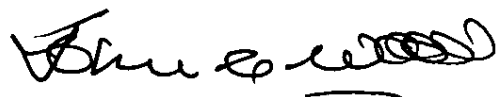
WISE ACADEMIES

BALANCE SHEET

AS AT 31 AUGUST 2012

	Notes	2012 £	£	2011 £	£
Fixed assets					
Tangible assets	11	3,028,781		27,397	
Investments	12	1		-	
		<u>3,028,782</u>		<u>27,397</u>	
Current assets					
Debtors	13	166,427		21,920	
Cash at bank and in hand		766,953		876,744	
		<u>933,380</u>		<u>898,664</u>	
Creditors. amounts falling due within one year	14	<u>(520,942)</u>		<u>(459,161)</u>	
Net current assets		<u>412,438</u>		<u>439,503</u>	
Total assets less current liabilities		<u>3,441,220</u>		<u>466,900</u>	
Defined benefit pension liability		<u>(440,000)</u>		<u>(300,000)</u>	
Net assets		<u><u>3,001,220</u></u>		<u><u>166,900</u></u>	
Income funds					
Restricted funds	16	2,621,480		(162,999)	
Unrestricted funds	17	379,740		329,899	
		<u><u>3,001,220</u></u>		<u><u>166,900</u></u>	

The accounts were approved by the Board on 18/12/12 and are signed on their behalf by



J G Wood
Governor

Company Registration No 07521946

WISE ACADEMIES

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2012

	Notes	2012 £	2011 £
Net cash inflow from operating activities	19	2,881,594	904,141
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets	(289,687)	(27,697)	
Payments to acquire investments	(1)	-	
Receipts from sales of tangible fixed assets	15,698	300	
Net cash outflow from capital expenditure and financial investment		(273,990)	(27,397)
(Decrease)/increase in cash	20	(109,791)	876,744

WISE ACADEMIES

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 AUGUST 2012

1 Accounting policies

1.1 Basis of preparation

The accounts have been prepared under the historical cost convention

The accounts have been prepared in accordance with applicable accounting standards, the Statement of Recommended Practice, "Accounting and Reporting by Charities", issued in March 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

1.2 Incoming resources

All incoming resources are recognised when the academy has entitlement to the funds, certainty of receipt and the amounts 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 is recognised in the period it is receivable and to the extent the goods have been provided or on completion of the service.

Donated services and gifts in kind

The value of donated services and gifts in kind provided to the academy are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the academy 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 the academy's policies.

1.3 Resources expended

WISE ACADEMIES

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2012

1 Accounting Policies

(continued)

All expenditure is recognised in the period in which the 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.

Cost 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's educational operations.

Governance costs

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

All resources expended are inclusive of irrecoverable VAT.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Leasehold property	2% Straight Line
Fixtures, fittings & equipment	33% Straight Line

Assets costing £3,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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 assets 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.

1.5 Investments

The academy's shareholding in the wholly owned subsidiary, Town End Teaching School Limited, is included in the balance sheet at the cost of the share capital owned. There is no readily available market value and the cost of valuation exceeds the benefit derived.

WISE ACADEMIES

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2012

1 Accounting Policies

(continued)

1.6 Pensions

Retirement benefits to employees of the Academy 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 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 method. As stated in note 12, the TPS is a multi-employer scheme and the Academy 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 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.

1.7 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 and other funders where the asset acquired or created is held for a specific purpose.

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

2 Donations and legacies

	Unrestricted funds £	Restricted funds £	Total 2012 £	Total 2011 £
Donations and gifts	86	2,727,394	2,727,480	-
Trips and charity events	-	19,723	19,723	-
	<u>86</u>	<u>2,747,117</u>	<u>2,747,203</u>	<u>-</u>

WISE ACADEMIES

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2012

3 Activities for generating funds

	2012 £	2011 £
Catering income	67,058	31,234
Sale of uniforms	11,311	9,363
Facilities and services	20,486	21,867
Teacher training / student placements	41,612	24,581
NCSL receipts	10,581	9,180
National support school income	-	8,000
Miscellaneous income	9,847	13,736
Improve after school clubs	4,900	-
Running Hastings Hill	65,807	-
	231,602	117,961
Fundraising trading		
Cost of provisions	(37,354)	-
Course fees	(644)	-
Transfer from restricted expenditure	(146,692)	-
	(184,690)	-
Net Activities for generating funds	46,912	117,961

4 Investment income

	Unrestricted Fund 2012 £	Total 2011 £
Interest receivable	799	181

WISE ACADEMIES

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2012

5 Incoming resources from charitable activities

	Unrestricted funds £	Restricted funds £	Total 2012 £	Total 2011 £
General Annual Grant (GAG)	-	1,994,827	1,994,827	1,125,143
Other YPLA Grants	-	150,232	150,232	81,897
Other Government Grants	-	234,978	234,978	53,464
After school clubs	7,766	-	7,766	-
Cookery clubs	316	-	316	-
Nursery fees	17,487	-	17,487	-
	<u>25,569</u>	<u>2,380,037</u>	<u>2,405,606</u>	<u>1,260,504</u>

Included within income relating to other government grants are the following grants

Other DFE grants	<u>234,978</u>	<u>53,464</u>
	<u>234,978</u>	<u>53,464</u>

WISE ACADEMIES

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2012

General Annual Grant Results and Carry Forward for the Year	Total 2012 £	Total 2011 £
GAG brought forward from previous year	55,213	-
GAG allocation for current year	1,994,827	1,125,143
Total GAG available to spend	2,050,040	1,125,143
Recurrent expenditure from GAG	(1,937,280)	(1,069,930)
GAG carried forward to next year	112,760	55,213

Maximum permitted GAG carry forward at end of current year (12% of allocation for current year)

239,379	135,017
no breach	no breach

Use of GAG brought forward from previous year for recurrent purposes

(Of the amount carried forward each year, a maximum of 2% of GAG can be used for recurrent purposes. Any balance, up to a maximum of 12%, can only be used for capital purposes)

Recurrent expenditure from GAG in current year	1937280
GAG Allocation for current year	(1,994,827)
GAG allocation for previous year x 2%	(22,503)
GAG b/fwd from previous year in excess of 2%, used on recurrent expenditure in current year	(80,050)
(2% rule breached if result is positive)	no breach

WISE ACADEMIES

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2012

6 Other incoming resources

	Unrestricted Fund	Restricted Fund	Total 2012 £	Total 2011 £
Self generated income brought forward	-	-	-	211,757
Maternity insurance	33,598	-	33,598	-
Insurance claim	4,374	-	4,374	-
	<u>37,972</u>	<u>-</u>	<u>37,972</u>	<u>211,757</u>

WISE ACADEMIES

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2012

7 Total resources expended

	Restricted Funds £	Unrestricted Funds £	Total 2012 £	Total 2011 £
Charitable activities				
Direct Costs				
Teaching and support staff costs	1,625,318	-	1,625,318	758,801
Employers NI	87,716	-	87,716	37,127
Pension costs	208,552	-	208,552	93,530
Staff development	52,206	-	52,206	11,802
Cost of provisions	34,978	376	35,354	33,028
Cost of educational visits	18,601	-	18,601	18,836
Maternity/Sickness insurance	4,138	-	4,138	7,847
Examination fees & educational supplies	34,917	-	34,917	17,116
Transfer to unrestricted expenditure	(170,987)	50,290	(120,697)	-
	1,895,439	50,666	1,946,105	978,087
Support Costs				
Light, heat & water rates	52,681	-	52,681	24,174
Premises insurance	13,292	-	13,292	22,057
Transport costs	14,062	-	14,062	4,624
Printing and office stationery	13,846	-	13,846	2,991
IT Consumables & licences	26,287	-	26,287	13,030
Maintenance of premises & equipment	149,533	-	149,533	26,259
Telephone	14,747	-	14,747	1,152
Equipment hire	10,143	-	10,143	1,512
Legal and professional fees	5,663	-	5,663	31,477
Depreciation	15,698	-	15,698	300
Other support costs	6,404	-	6,404	5,357
Bank charges	-	-	-	28
Transfer to unrestricted expenditure	(34,684)	10,201	(24,483)	-
	287,672	10,201	297,873	132,961
Governance costs				
Legal and professional fees	9,091	-	9,091	-
Accountancy fees	7,115	-	7,115	6,955
Auditor's remuneration	5,500	-	5,500	5,500
Transfer to unrestricted expenditure	(2,142)	630	(1,512)	-
	19,564	630	20,194	12,455
	2,204,817	61,497	2,264,172	1,123,503

Governance costs includes payments to the auditors of £5,500 (2011 - £5,500) for audit fees

WISE ACADEMIES

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2012

8 Governors' remuneration and expenses

None of the Governors' (or any persons connected with them) received any remuneration during the year, and none of them were reimbursed any money in respect of travelling expenses

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 £2,000,000 on any one claim.

Related party transactions involving the governors are set out in the related parties note.

9 Staff costs

Number of employees

The average monthly number of employees during the year was

	2012 Number	2011 Number
Teachers	60	58
Administration and support	31	29
Management	5	3
	<u>96</u>	<u>90</u>

The number of employees whose annual remuneration was £60,000 or more were

	2012 Number	2011 Number
£80,001 - £90,000	<u>1</u>	<u>1</u>

Of the employees whose emoluments exceed £60,000, 1 employee (2011 - 1) has retirement benefits accruing under defined benefit pension schemes. During the period ended 31st August 2012, pension contributions for this employee amounted to £11,850 (2011 - £5,941).

10 Taxation

The Academy 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 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.

WISE ACADEMIES

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2012

11 Tangible fixed assets

	Land and buildings	Fixtures, fittings & equipment	Total
	£	£	£
Cost			
At 1 September 2011	-	27,698	27,698
Additions	2,980,463	36,618	3,017,081
At 31 August 2012	2,980,463	64,316	3,044,779
Depreciation			
At 1 September 2011	-	300	300
Charge for the year	-	15,698	15,698
At 31 August 2012	-	15,998	15,998
Net book value			
At 31 August 2012	2,980,463	48,318	3,028,781
At 31 August 2011	-	27,397	27,397

The Land and Buildings are those relating to Bexhill Academy and Town End Academy. These properties have been leased to Wise Academies for a period of 125 years. The terms of the lease mean that the risks and rewards of owning the properties have essentially been transferred to Wise Academies. The rental charge on these properties is peppercorn. It is therefore deemed appropriate to capitalise these properties as being a gift in kind from the local authority. These properties have been introduced at a valuation prepared by DTZ on 31 August 2012.

12 Fixed asset investments

	£
Market value at 1 September 2011	-
Acquisitions at cost	1
Market value at 31 August 2012	1
Historical cost	
At 31 August 2012	1

WISE ACADEMIES

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2012

12 Fixed asset investments

(continued)

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies

Company	Country of registration or incorporation	Shares held	
		Class	%
Subsidiary undertakings			
Town End Teaching School Limited	England & Wales	Ordinary	100

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows

	Principle Activities	Capital and reserves £	Profit/(loss) for the year £
Town End Teaching School Limited	Teaching School	1	-

13 Debtors

	2012 £	2011 £
Other debtors	83,643	21,920
Prepayments and accrued income	82,784	-
	166,427	21,920

14 Creditors amounts falling due within one year

	2012 £	2011 £
Trade creditors	391,315	361,804
Amounts owed to group undertakings	65,000	-
Other creditors	2,358	28,333
Accruals	62,269	38,807
Deferred income	-	30,217
	520,942	459,161

WISE ACADEMIES

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2012

15 Pension and other post-retirement benefit commitments

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 AON Hewitt 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 31st March 2004 and of the LGPS 9th December 2011

Teachers' Pension Scheme

The TPS is an unfunded defined benefit scheme Contributions on a "pay as you go" basis are credited to the Exchequer under arrangements governed by the Superannuation Act 1972 A notional asset value is ascribed to the scheme for the purpose of determining contribution rates

The pensions cost is normally assessed no less than every four years in accordance with the advice of the Government Actuary The assumptions and other data that have the most significant effect on the determination of the contribution levels are as follows

The last valuation of the TPS of the TPS related to the period 1st April 2001 - 31 March 2004 The GA's report of October 2006 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £166,500 millions The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £163,240 millions The assumed real rate of return is 3.5% in excess of prices and 2% in excess of earnings The rate of real earnings growth is assumed to be 1.5% The assumed gross rate of return is 6.5%

Under the definitions set out in Financial Reporting Standard (FRS17) 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 FRS17 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 and the implications for the Academy in terms of the anticipated contribution rates

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 was £0.07M (2011 - £0.04M), of which employer's contributions totalled £0.05M (2011 - £0.03M) and employees' contributions totalled £0.02M (2011 - £0.01M)

WISE ACADEMIES

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2012

15 Pension and other post-retirement benefit commitments

(continued)

Employee benefit obligations

The amounts recognised in the balance sheet are as follows.

	Defined benefit pension plans	
	2012 £	2011 £
Present value of funded obligations	1,080,000	810,000
Fair value of plan assets	(640,000)	(510,000)
	<u>440,000</u>	<u>300,000</u>

The amounts recognised in the statement of financial activities are as follows

	Defined benefit pension plans	
	2012 £	2011 £
Included in staff costs within total resources expended		
Current service cost	50,000	30,000
	<u>50,000</u>	<u>30,000</u>
Net pension finance costs included within total resources expended		
Interest on obligation	50,000	20,000
Expected return on pension scheme assets	(40,000)	(20,000)
	<u>10,000</u>	<u>-</u>
Total	<u>60,000</u>	<u>30,000</u>
Actual return on plan assets	<u>40,000</u>	<u>(30,000)</u>

WISE ACADEMIES

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2012

15 Pension and other post-retirement benefit commitments

(continued)

Included with other recognised gains and losses:

	Defined benefit pension plans	
	2012 £	2011 £
Actual return less expected return on pension scheme assets	-	(50,000)
Experience gains and losses arising on scheme liabilities	(150,000)	10,000
	<u>(150,000)</u>	<u>(40,000)</u>

Changes in the present value of the defined benefit obligation are as follows:

	Defined benefit pension plans	
	2012 £	2011 £
Opening defined benefit obligation	810,000	760,000
Current service cost	50,000	30,000
Interest cost	50,000	20,000
Contributions by scheme participants	20,000	10,000
Actuarial losses (gains)	150,000	(10,000)
Total	<u>1,080,000</u>	<u>810,000</u>

Changes in fair value of plan assets are as follows.

	Defined benefit pension plans	
	2012 £	2011 £
Opening fair value of plan assets	510,000	500,000
Expected return	40,000	20,000
Actuarial losses	-	(50,000)
Contributions by employer	70,000	30,000
Contributions from scheme participants	20,000	10,000
	<u>640,000</u>	<u>510,000</u>

WISE ACADEMIES

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2012

15 Pension and other post-retirement benefit commitments

(continued)

The major categories of plan assets as a percentage of total plan assets are as follows:

	2012 %	2011 %
Equities	0.66	0.68
Bonds	0.19	0.19
Property	0.09	0.09
Other assets	0.06	0.05

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages)

	2012 %	2011 %
Discount rate at 31 August 2012	4.20	5.40
Expected return on plan assets at 31 August 2012	5.45	7.00
Future salary increases	4.70	5.10
Future pension increases	2.20	2.70

Bexhill and Town End academies employs a building block approach in determining the rate of return on Fund assets. Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles. The assumed rate of return on each asset class is set out within this note. The overall expected rate of return on assets is then derived by aggregating the expected return for each asset class over the actual asset allocation for the Fund at 31st August 2011.

The mortality assumptions are based on the recent actual mortality experience of members within the Fund and allow for expected future mortality improvements.

	2012 %	2011 %
Retiring today		
Males	21.00	21.00
Females	23.00	23.00
Retiring in 20 years		
Males	23.00	23.00
Females	26.00	26.00

WISE ACADEMIES

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2012

15 Pension and other post-retirement benefit commitments

(continued)

Amounts for the current and previous four periods are as follows

Defined benefit pension plans

	2012 £	2011 £
Defined benefit obligation	(1,080,000)	(810,000)
Plan assets	640,000	510,000
Surplus/(deficit)	(440,000)	(300,000)
Experience adjustments on plan liabilities	(150,000)	10,000
Experience adjustments on plan assets	-	(50,000)

16 Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes

	Balance at 1 September 2011	Movement in funds		Balance at 31 August 2012
		Incoming resources	Resources expended	
	£	£	£	£
General Annual Grant (GAG)	55,212	1,994,827	(1,937,280)	112,759
Other YPLA Grants	29,325	150,232	(166,043)	13,514
Other DFE Grants	52,464	254,701	(307,165)	-
Defined Benefit Pension Liability	(300,000)	-	(140,000)	(440,000)
Expenses transferred to unrestricted	-	-	207,813	207,813
Donation of Land & Buildings	-	2,727,394	-	2,727,394
	(162,999)	5,127,154	(2,342,675)	2,621,480

WISE ACADEMIES

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2012

17 Unrestricted funds

The income funds of the charity include the following unrestricted funds which have been set aside out of unrestricted funds by the trustees for specific purposes

	Balance at 1 September 2011	Movement in funds		Balance at 31 August 2012
		Incoming resources	Resources expended	
	£	£	£	£
Unrestricted Funds	329,899	296,028	(246,187)	379,740
	<u>329,899</u>	<u>296,028</u>	<u>(246,187)</u>	<u>379,740</u>

18 Analysis of net assets between funds

	Unrestricted funds	Restricted funds	Total
	£	£	£
Fund balances at 31 August 2012 are represented by			
Tangible fixed assets	-	3,028,781	3,028,781
Investments	-	1	1
Current assets	379,740	553,640	933,380
Creditors amounts falling due within one year	-	(520,942)	(520,942)
Defined benefit pension liability	-	(440,000)	(440,000)
	<u>379,740</u>	<u>2,621,480</u>	<u>3,001,220</u>

19 Net cash inflow from operating activities

	2012 £	2011 £
Reconciliation to changes in resources		
Changes in resources before revaluations	2,974,320	466,900
Difference between pension charge and cash contributions	(10,000)	-
Increase in debtors	(144,507)	(21,920)
Increase in creditors	61,781	459,161
	<u>2,881,594</u>	<u>904,141</u>

WISE ACADEMIES

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2012

20 Reconciliation of net cash flow to movement in net funds	2012 £	2011 £
(Decrease)/increase in cash	(109,791)	876,744
Net funds at 1 September 2011	876,744	-
Net funds at 31 August 2012	766,953	876,744

21 Analysis of net cash balances

	At 1 September 2011 £	Cash flow £	Non-cash changes £	At 31 August 2012 £
Cash at bank and in hand	876,744	(109,791)	-	766,953
	876,744	(109,791)	-	766,953

22 Related parties

Mr J G Wood who is a governor of the academy is also a director of Tolent Construction Limited. During the year the Tolent Construction Limited charged the company £240,416 in respect of renovation works done at Bexhill Academy. At the year end £201,476 was owed to Tolent Construction Limited. This contract was awarded following a tendering process carried out by external consultants and the amounts charged by Tolent Construction Limited were in accordance with normal commercial terms.

During the year the academy received funding of £65,000 in respect of its wholly owned subsidiary Town End Teaching School Limited. This balance remained due to Town End Teaching School Limited at the year end.