

Company Registration No 07521946 (England and Wales)

WISE ACADEMIES

(A COMPANY LIMITED BY GUARANTEE)

TRUSTEES REPORT AND AUDITED ACCOUNTS

FOR THE YEAR ENDED 31 AUGUST 2013

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WISE ACADEMIES

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WISE ACADEMIES

REFERENCE AND ADMINISTRATIVE DETAILS

Trustees

R Symonds (Chairman)
M E W Stephenson
J G Wood
S Elstob

Directors

M E W Stephenson *
J G Wood *
R Symonds (Chairman) *
S Elstob *
D M Weiss
A Humble
H Richardson (Appointed 11 October 2012)
N S Vokes (Appointed 20 November 2012)
G Davies
R Symonds (Appointed 8 October 2012)
E J Hodgson
J Clennell (Appointed 15 October 2012)
J Southern (Appointed 17 September 2012)
Z Carr (Chief executive officer) *
T Laybourne (Resigned 31 May 2013) *

* members of the finance and general purposes committee

Senior management team

- Chief Executive Officer
- Chief Executive Officer

T Laybourne (Resigned 31st May 2013)
Z Carr (Appointed 1st September 2013)

Company registration number

07521946 (England and Wales)

Registered office

1 St James Gate
Newcastle-upon-Tyne
NE99 1YQ

Independent auditor

Rowlands
Rowlands House
Portobello Road
Birtley
Co Durham
DH3 2RY

Bankers

Lloyds Bank Plc
102 Grey Street
Newcastle upon Tyne
NE1 6AG

Solicitors

Watson Burton
1 St James Gate
Newcastle-upon-Tyne
NE99 1YQ

WISE ACADEMIES

TRUSTEES REPORT

FOR THE YEAR ENDED 31 AUGUST 2013

The trustees present their annual report together with the accounts and independent auditor's reports of the charitable company for the period 1 September 2012 to 31 August 2013

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

Constitution

WISE Academies is a company limited by guarantee and an exempt charity. The Academy Trust's Memorandum and Articles of Association are the primary governing documents of the Academy Trust. The trustees of WISE Academies are also the Directors of the charitable company for the purposes of company law. The charitable company is known as WISE Academies.

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 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 they cease 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.

Trustees Indemnities

The Trust has purchased insurance to protect the Trustees from claims arising against negligent acts, errors or omissions occurring whilst on Trust business. Further details are provided in note 10.

Principal Activities

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.

Method of Recruitment and Appointment or Election of Trustees

The Trust's Governing Body (the Directors) comprises the CEO, a minimum of two Parent Directors, the Chairs of Local Governing Bodies (up to five), up to three Co-opted Directors and up to twenty Directors appointed by the Trust. The Articles of Association require there to be a minimum of three Directors to be responsible for the statutory and constitutional affairs of the academy and its management.

Policies and Procedures Adopted for the Induction and Training of Trustees

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.

WISE ACADEMIES

TRUSTEES REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2013

Organisational Structure

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 Chief Executive Officer. Currently there are 4 primary academies in this chain.

In this multi academy model, the Chief Executive Officer leads and develops the strategic vision of all schools in the chain. Each individual academy has an Associate Head Teacher or 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.

Risk Management

The Directors are responsible for the management of risks to which the Academy Trust is exposed, and have undertaken a review of risks associated with its activities. The key controls used by the Academy Trust include:

- Formal agendas for meeting of those responsible for governance

- Detailed terms of reference for all committees

- A clear Development Plan identifying key strategic planning objectives and the resources required to achieve them

- Comprehensive budget planning, monitoring and review

- Clear financial delegation levels

- Formal written policies reviewed on a systematic basis

- Clear safeguarding and vetting procedures as required by law to protect children and young people

- Rigorous review of educational achievement to ensure continuing high standards

- Risk Management plans which are kept under review

- Annual building condition surveys

- Quality Health and Safety reviews and advice from local authority provider

The Board of Directors have reviewed the major risks, focusing on operational, financial, governance, compliance and reputational risk, and have taken steps to mitigate likely risks and to ensure regular monitoring of the primary areas of potential risk.

Objectives and Activities

Objects and Aims

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, which offer a broad and balanced curriculum that meets the needs of its community by providing a high quality and flexible learning environment.

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 Trust. 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.

Objectives, Strategies and Activities

The main objectives of the academies during the year ended 31 August 2013 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,

WISE ACADEMIES

TRUSTEES REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2013

Public Benefit

The Directors 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.

WISE ACADEMIES

TRUSTEES REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2013

Achievements and Performance

During the period, priority has been given to the development of capacity within the organisation as being identified as necessary for future teaching and learning success

The following tables demonstrate real areas of strength in the performance achieved by WISE Academies' settings and some areas where additional action is required. One key strategy is the re-establishment of strong leadership within each setting including the realisation of a strong head teacher and partly non-class based deputy. Another is the provision of external OFSTED trained consultants, to ensure that external reviews can be conducted to ensure consistency in standards and to secure accountability.

2012-2013 Attainment KS2 Performance

	Reading		Writing		Mathematics		Combined	
	Level 4+	Level 5+	Level 4+	Level 5+	Level 4+	Level 5+	Level 4+	Level 5+
Bexhill	91 00%	34 00%	88 00%	31 00%	84 00%	34 00%	75 00%	22 00%
Hasting Hill	90 00%	33 00%	85 00%	31 00%	82 00%	38 00%	77 00%	18 00%
Town End	95 00%	55 00%	95 00%	45 00%	95 00%	55 00%	95 00%	36 00%
Welbeck	75 00%	20 00%	77 00%	18 00%	68 00%	16 00%	52 00%	11 00%
National 2013	86 00%	44 00%	83 00%	30 00%	85 00%	41 00%	76 00%	21 00%

2012-13 KS2 Progress

	Reading		Writing		Mathematics	
	2 Levels	3 Levels	2 Levels	3 Levels	2 Levels	3 Levels
Bexhill	97 00%	44 00%	97 00%	37 00%	97 00%	37 00%
Hasting Hill	89 00%	38 00%	97 00%	67 00%	89 00%	31 00%
Town End	95 00%	45 00%	95 00%	59 00%	95 00%	50 00%
Welbeck	89 00%	32 00%	98 00%	32 00%	80 00%	18 00%
National 2013	88 00%	30 00%	91 00%	30 00%	88 00%	31 00%

2012-13 KS2 Performance Average Point Scores

	All Subjects	Reading	Writing	Mathematics
Bexhill	28 50	28 50	28 30	28 70
Hasting Hill	28 10	28 10	28 50	27 90
Town End	29 50	29 70	28 90	29 70
Welbeck	25 90	26 00	26 20	25 60
National 2013	28 30	28 50	27 50	28 70

WISE ACADEMIES

TRUSTEES REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2013

2012-13 KS2 Performance Value Added

	All Subjects	Reading	Writing	Mathematics
Bexhill	101 20	100 70	101 50	101 20
Hasting Hill	100 90	100 80	102 10	100 30
Town End	101 30	101 20	101 20	101 30
Welbeck	99 20	99 00	100 50	98 60
National 2013	100 00	100 00	100 00	100 00

2012-13 KS1 Performance Average Point Scores

	All Subjects	Reading	Writing	Mathematics
Bexhill	15 60	16 00	14 80	15 90
Hasting Hill	15 40	15 70	14 90	15 70
Town End	15 50	15 90	14 70	15 80
Welbeck	15 50	15 60	14 80	16 10
National 2013	15 80	16 30	14 90	16 10

2012-13 KS1 Performance Y1 Phonics Check

	2013
Bexhill	78 00%
Hasting Hill	74 00%
Town End	80 00%
Welbeck	65 00%
National 2013	69 00%

2012-13 Early Years Foundation Stage Performance Good Level of Development

	2013
Bexhill	50 00%
Hasting Hill	54 00%
Town End	53 00%
Welbeck	36 00%
National 2013	52 00%

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.

WISE ACADEMIES

TRUSTEES REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2013

Financial Review

Most of the Trust'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/EFA during the period 1 September 2012 to 31 August 2013 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The Trust also receives grants for fixed assets from the DfE/EFA. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2005), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

All of the expenditure shown in the Statement of Financial Activities is in furtherance of the Trust's objectives.

At 31 August 2013 the net book value of fixed assets was £6,854,505 and movements in tangible fixed assets are shown in note 12 to the Financial Statements. The assets were used exclusively for providing education and the associated support services to the students of the Trust.

Principal Risks and Uncertainties

The principal risks and uncertainties are centred around changes in the level of funding from the DfE/EFA. In addition the Trust is a member of the Local Government Pension Scheme (LGPS) which results in the recognition of a significant deficit on the Trust's balance sheet.

Financial and Risk Management Objectives and Policies

The Trust is subject to a number of risks and uncertainties in common with other Academies. The Trust has in place procedures to identify and mitigate financial risks. These are discussed further in the Risk Management section of this report, and in the Statement on Internal Control.

Reserves Policy

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 months' expenditure. The Directors consider 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.

Investment Policy

It is the policy of the trust to invest surplus funds through money market accounts. Interest rates are reviewed prior to each investment. This policy maximises investment return whilst minimising risks to the principal sum.

Plans for Future Periods

WISE Academies plans to maintain a clear focus on learning and the teaching that promotes it, including continuing to raise achievement and skills, and widening opportunities for children. Financial planning will focus on maintaining the breadth and quality of future work in the context of the available budget.

The Trust expects both pupil numbers and staffing to be stable. The Trust will continue to look at the employment of staff across the academies to enhance the facilities for the benefit of all learners and ensure that the staffing structure fully meets the evolving needs of each academy setting.

A particular focus is the intention to implement a fully costed and prioritised estates management strategy to create improved learning environments that will contribute to outstanding education. Extensive refurbishment is planned at Welbeck Academy. Funds have been retained in order to build sufficient capital to rectify the issues associated with a building over 100 years old including drainage problems, DDA accessibility issues and to enhance outdoor learning spaces for early years pupils. Likewise, Bexhill Academy requires substantial refurbishment to ensure adequate facilities and suitable access routes from one part of the school to another.

WISE ACADEMIES

TRUSTEES REPORT (CONTINUED)

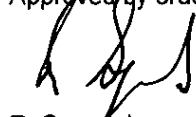
FOR THE YEAR ENDED 31 AUGUST 2013

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

Approved by order of the Board of Trustees on *18/12/13* and signed on its behalf by



R Symonds
Chair of Trustees

WISE ACADEMIES

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2013

Scope of Responsibility

As trustees we acknowledge we have overall responsibility for ensuring that WISE Academies 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 Chief Executive Officer, 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 WISE Academies and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

Governance

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

Trustee	Meetings attended	Out of possible
M E W Stephenson	2	6
J G Wood	5	6
R Symonds (Chairman)	6	6
S Elstob	2	6
D M Weiss	4	6
A Humble	0	6
H Richardson (Appointed 11 October 2012)	6	6
N S Vokes (Appointed 20 November 2012)	2	6
G Davies	3	6
R Symonds (Appointed 8 October 2012)	3	6
E J Hodgson	2	6
J Clennell (Appointed 15 October 2012)	0	6
J Southern (Appointed 17 September 2012)	4	6
Z Carr (Chief executive officer)	6	6
T Laybourne (Resigned 31 May 2013)	0	6

WISE ACADEMIES

GOVERNANCE STATEMENT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2013

The Finance and General Purposes Committee is a committee of the main board of Trustees. Its purpose includes the initial review and authorisation of the annual budget, approving financial statements for filing in accordance with Companies Act and Charity Commission requirements, ensuring compliance with the Funding Agreement and all relevant financial regulations are observed, to oversee capital investment programmes, the regular monitoring of actual expenditure and income against budget, authorising the purchases of goods and services of value in excess of £5,000 which is not provided for within the budgets of the individual academies or which exceeds the thresholds determined for spending decisions being taken by the CEO, reviewing the reports of the Responsible Officer on the effectiveness of the financial procedures and controls, authorising the disposal of assets with a value of greater than £10,000, set and monitor remuneration levels for members of staff within the Head Office function and other senior staff in accordance with schemes of delegation.

Attendance at meetings in the year was as follows

Trustee	Meetings attended	Out of possible
M E W Stephenson	7	7
J G Wood	5	7
R Symonds (Chairman)	7	7
S Elstob	6	7
Z Carr (Chief executive officer)	6	7
T Laybourne (Resigned 31 May 2013)	0	7

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 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 WISE Academies for the period 1 September 2012 to 31 August 2013 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Board of Trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the period 1 September 2012 to 31 August 2013 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

The Risk and Control Framework

The Academy Trust's system of 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

WISE ACADEMIES

GOVERNANCE STATEMENT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2013

The Board of Trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However the trustees have appointed Robert Symonds Jnr, a Chartered Accountant, as responsible officer from March 2013 and have appointed 3S Accountancy Services, Chartered Accountants, to perform additional checks.

The reviewers' role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. The reviewers reported to the Board of Trustees on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities in April 2013 and July 2013.

Review of Effectiveness

As accounting officer the chief executive has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by

- the work of the responsible officer and reviewer,
- the work of the external auditor,
- EFA Review,
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the finance and general purposes 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 18/12/13 and signed on its behalf by



R Symonds
Chair of Trustees



Z Carr
Accounting Officer

WISE ACADEMIES

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE FOR THE YEAR ENDED 31 AUGUST 2013

As accounting officer of WISE Academies I have considered my responsibility to notify the Academy Trust Board of Trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with Education Funding Agency terms and conditions of funding, under the funding agreement in place between the Academy Trust and 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's board of Trustees are able to identify any material irregular or improper use of funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academies Financial Handbook.

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date.

Approved on 18/12/13 and signed by



Z Carr
Accounting Officer

WISE ACADEMIES

STATEMENT OF TRUSTEES RESPONSIBILITIES

The trustees (who also act as governors for WISE Academies and are also the Directors of WISE Academies for the purposes of company law) are responsible for preparing the Trustees Report and the accounts in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations

Company law requires the trustees to prepare accounts for each financial year. Under company law the trustees must not approve the accounts 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 accounts, the trustees are required to

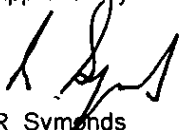
- select suitable accounting policies and then apply them consistently,
- observe the methods and principles in the Charities SORP,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material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

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

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

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of accounts may differ from legislation in other jurisdictions.

Approved by order of the Members of the Board of Trustees on 18/12/13 and signed on its behalf by



R Symonds
Chair of Trustees

WISE ACADEMIES

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WISE ACADEMIES

We have audited the accounts of WISE Academies for the year ended 31 August 2013 set out on pages 18 to 40. 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) and the Academies Accounts Direction 2013 issued by the EFA.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As explained more fully in the Trustees Responsibilities Statement set out on page 13, the trustees, 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 trustees, and the overall presentation of the accounts. In addition, we read all the financial and non-financial information in the Trustees Annual Report to identify material inconsistencies with the audited accounts. 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 2013 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 in accordance with the requirements of the Companies Act 2006, and

have been prepared in accordance with the Academies Accounts Direction 2013 issued by the EFA.

Opinion on other matter prescribed by the Companies Act 2006

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

WISE ACADEMIES

INDEPENDENT AUDITOR'S 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



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

Chartered Accountants

Statutory Auditor

Rowlands House

Portobello Road

Birtley

Co Durham

DH3 2RY

Dated *19th December 2017*

WISE ACADEMIES

INDEPENDENT REPORTING AUDITOR'S ASSURANCE REPORT ON REGULARITY TO WISE ACADEMIES AND THE EDUCATION FUNDING AGENCY

In accordance with the terms of our engagement letter dated 02 December 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by WISE Academies during the period 1 September 2012 to 31 August 2013 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 WISE Academies and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the WISE Academies 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 the WISE Academies and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of WISE Academies's accounting officer and the reporting auditor

The accounting officer is responsible, under the requirements of WISE Academies's funding agreement with the Secretary of State for Education dated 25 February 2011 and the Academies Financial Handbook, extant from 1 September 2012, 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. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2012 to 31 August 2013 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 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.

The work undertaken to draw to our conclusion includes:

- A review of all income received to ensure it has been correctly identified and allocated correctly within the accounts.

- Substantive testing on a sample of expenses to ensure expenses are in accordance with Education Funding Agency terms and conditions of funding.

- Enquiry of management of any knowledge of material irregularity, impropriety and non compliance of Education Funding Agency terms and conditions of funding.

WISE ACADEMIES

INDEPENDENT REPORTING AUDITOR'S ASSURANCE REPORT ON REGULARITY TO WISE ACADEMIES AND THE EDUCATION FUNDING AGENCY (CONTINUED)

Conclusion

In the course of our work nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2012 to 31 August 2013 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them



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

Dated 19th December 2013

WISE ACADEMIES

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2013

		Unrestricted funds	Restricted funds	Fixed Asset fund	Total 2013	Total 2012
	Notes	£	£	£	£	£
Incoming resources						
<i>Resources from generated funds</i>						
- Voluntary income	2	99,021	23,541	3,849,117	3,971,679	2,747,203
- Activities for generating funds	3	344,221	-	-	344,221	269,574
- Investment income	4	1,368	-	-	1,368	799
<i>Resources from charitable activities</i>						
- Funding for educational operations	5	-	6,287,662	29,196	6,316,858	2,405,606
Total incoming resources		444,610	6,311,203	3,878,313	10,634,126	5,423,182
Resources expended						
<i>Costs of generating funds</i>						
- Fundraising trading	6	-	-	-	-	184,690
<i>Charitable activities</i>						
- Educational operations	7	194,217	5,583,823	113,724	5,891,764	2,303,978
Governance costs	8	-	157,390	-	157,390	20,194
Total resources expended	6	194,217	5,741,213	113,724	6,049,154	2,508,862
Net incoming/(outgoing) resources before transfers		250,393	569,990	3,764,589	4,584,972	2,914,320
Gross transfers between funds		(258,387)	(104,135)	362,522	-	-
Net income/(expenditure) for the year		(7,994)	465,855	4,127,111	4,584,972	2,914,320
Other recognised gains and losses						
Actuarial gains/(losses) on defined benefit pension scheme	19	-	(240,000)	-	(240,000)	(80,000)
Net movement in funds		(7,994)	225,855	4,127,111	4,344,972	2,834,320
Fund balances at 1 September 2012		379,740	(105,914)	2,727,394	3,001,220	166,900
Fund balances at 31 August 2013		371,746	119,941	6,854,505	7,346,192	3,001,220

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006. A statement of total recognised gains and losses is not required as all gains and losses are included in the statement of financial activities.

All of the academy's activities derive from continuing operations during the two financial periods above.

WISE ACADEMIES

BALANCE SHEET

AS AT 31 AUGUST 2013

	Notes	2013		2012	
		£	£	£	£
Fixed assets					
Tangible assets	12	6,854,504		3,028,781	
Investments	13		1		1
		<u>6,854,505</u>		<u>3,028,782</u>	
Current assets					
Debtors	14	258,236		166,428	
Cash at bank and in hand		1,328,651		766,953	
		<u>1,586,887</u>		<u>933,381</u>	
Creditors amounts falling due within one year	15	(295,200)		(520,943)	
Net current assets		<u>1,291,687</u>		<u>412,438</u>	
Total assets less current liabilities		<u>8,146,192</u>		<u>3,441,220</u>	
Defined benefit pension liability	19	(800,000)		(440,000)	
Net assets		<u><u>7,346,192</u></u>		<u><u>3,001,220</u></u>	
Funds of the Academy Trust					
Restricted income funds	17				
- Fixed asset funds		6,854,505		2,727,394	
- General funds		919,941		334,086	
- Pension reserve		(800,000)		(440,000)	
Total restricted funds		<u>6,974,446</u>		<u>2,621,480</u>	
Unrestricted funds	17	<u>371,746</u>		<u>379,740</u>	
Total funds		<u><u>7,346,192</u></u>		<u><u>3,001,220</u></u>	

The accounts were approved by order of the board of directors and authorised for issue on 18/12/13


R Symonds
Chairman

Company Number 07521946

WISE ACADEMIES

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2013

	Notes	2013 £	2012 £
Net cash inflow/(outflow) from operating activities	20	601,725	165,585
Cash funds transferred on conversion		19,739	-
Returns on investments and servicing of finance			
Investment income	1,368	799	
Net cash inflow/(outflow) from returns on investments and servicing of finance		1,368	799
		622,832	166,384
Capital expenditure and financial investments			
Capital grants received	34,313	13,513	
Payments to acquire tangible fixed assets	(95,447)	(289,687)	
Payments to acquire investments	-	(1)	
Net cash flow from capital activities		(61,134)	(276,175)
Increase/(decrease) in cash	21	561,698	(109,791)

WISE ACADEMIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2013

1 Accounting policies

1.1 Basis of preparation

The accounts 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 Education Funding Agency 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 Going concern

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

1.3 Incoming resources

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

Grants receivable

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

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund. Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

Sponsorship income

Sponsorship income provided to the Academy Trust which amounts to a donation is recognised in the statement of financial activities in the period in which it is receivable, where there is certainty of receipt and the value of the donation is measurable.

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.

Donated services and gifts in kind

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

WISE ACADEMIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2013

1 Accounting policies

(Continued)

1.4 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 trustees meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

1.5 Tangible fixed assets and depreciation

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.

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.

In previous years the academy depreciated its fixtures and fittings straight line over three years, the governors now consider that this method does not accurately reflect the useful life of the assets and as such is now depreciating the fixtures and fittings straight line over five years which they believe to be more appropriate.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset over its expected useful life, as follows:

Leasehold land is not depreciated

Leasehold buildings 2% - 10% Straight line

Fixtures, fittings & equipment 20% - 33% Straight line

1.6 Leasing and hire purchase commitments

Rentals payable under operating leases are charged against income on a straight line basis over the period of the lease.

WISE ACADEMIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2013

1 Accounting policies

(Continued)

1.7 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.

1.8 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 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 19, 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 are 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.

1.9 Fund accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Education Funding Agency, Department for Education, 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 and Department for Education.

WISE ACADEMIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2013

1 Accounting policies

(Continued)

1.10 Conversion to an Academy Trust

The conversion from a state maintained school to an Academy Trust involved 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 Welbeck Primary School and Hastings Hill Primary School to the Academy Trust have been valued at their fair value being a reasonable estimate of the current market value that the trustees 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 Wise Academies. 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 restricted funds, restricted general funds and restricted fixed asset funds. Further details of the transaction are set out in note 25

2 Voluntary income

	Unrestricted funds £	Restricted funds £	Total 2013 £	Total 2012 £
Donations from local authority on conversion	-	3,849,117	3,849,117	2,727,394
Trips and charity events	-	23,541	23,541	19,723
Other donations	99,021	-	99,021	86
	<u>99,021</u>	<u>3,872,658</u>	<u>3,971,679</u>	<u>2,747,203</u>

3 Activities for generating funds

	Unrestricted funds £	Restricted funds £	Total 2013 £	Total 2012 £
Hire of facilities	27,854	-	27,854	20,486
Catering income	107,252	-	107,252	67,058
Teacher training and student placements	41,233	-	41,233	41,612
School uniform	16,419	-	16,419	11,311
Other income	151,463	-	151,463	129,107
	<u>344,221</u>	<u>-</u>	<u>344,221</u>	<u>269,574</u>

4 Investment income

	Unrestricted funds £	Restricted funds £	Total 2013 £	Total 2012 £
Short term deposits	<u>1,368</u>	<u>-</u>	<u>1,368</u>	<u>799</u>

WISE ACADEMIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2013

5 Funding for the Academy Trust's educational operations

	Unrestricted funds £	Restricted funds £	Total 2013 £	Total 2012 £
DfE / EFA revenue grants				
General annual grant (GAG)	-	4,934,619	4,934,619	1,994,827
Capital grants	-	29,196	29,196	13,513
Other DfE / EFA grants	-	1,038,981	1,038,981	136,719
	-	6,002,796	6,002,796	2,145,059
Other government grants				
Local authority grants	-	314,062	314,062	234,978
Other funds				
Other Charitable Activities income	-	-	-	25,569
Total funding	-	6,316,858	6,316,858	2,405,606

6 Resources expended

	Staff costs £	Premises & equipment £	Other costs £	Total 2013 £	Total 2012 £
Academy's educational operations					
- Direct costs	4,378,505	-	279,804	4,658,309	1,870,169
- Allocated support costs	110,000	481,700	641,755	1,233,455	433,809
	4,488,505	481,700	921,559	5,891,764	2,303,978
Other expenditure					
Costs of activities for generating funds	-	-	-	-	184,690
Governance costs	-	-	157,390	157,390	20,194
	-	-	157,390	157,390	204,884
Total expenditure	4,488,505	481,700	1,078,949	6,049,154	2,508,862

Incoming/outgoing resources for the year include:

	2013 £	2012 £
Operating leases	23,134	10,143
Fees payable to auditor		
- Audit	12,000	7,115
- Other services	22,786	5,500

WISE ACADEMIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2013

7 Charitable activities - the Academy Trust's educational operations

	Unrestricted funds £	Restricted funds £	Total 2013 £	Total 2012 £
Direct costs				
Teaching and educational support staff costs	97,871	4,280,634	4,378,505	1,750,599
Examination fees	-	117,404	117,404	48,763
Staff development	-	87,932	87,932	52,206
Other direct costs	26,076	48,392	74,468	18,601
	<u>123,947</u>	<u>4,534,362</u>	<u>4,658,309</u>	<u>1,870,169</u>
Allocated support costs				
Support staff costs	-	110,000	110,000	50,000
Depreciation	-	113,724	113,724	15,698
Technology costs	-	43,468	43,468	26,287
Maintenance of premises and equipment	-	367,976	367,976	124,992
Energy costs, rates and water rates	2,785	171,484	174,269	52,681
Insurance	-	51,197	51,197	17,431
Security and transport	-	24,789	24,789	14,062
Catering	67,485	145,356	212,841	95,844
Interest and finance costs	-	10,000	10,000	10,000
Other support costs	-	125,191	125,191	26,814
	<u>70,270</u>	<u>1,163,185</u>	<u>1,233,455</u>	<u>433,809</u>
Total costs	<u>194,217</u>	<u>5,697,547</u>	<u>5,891,764</u>	<u>2,303,978</u>

8 Governance costs

	Unrestricted funds £	Restricted funds £	Total 2013 £	Total 2012 £
Legal and professional fees	-	145,390	145,390	14,694
Auditor's remuneration				
- Audit of financial statements	-	12,000	12,000	5,500
	<u>-</u>	<u>157,390</u>	<u>157,390</u>	<u>20,194</u>

WISE ACADEMIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2013

9 Staff costs

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

	2013 Number	2012 Number
Teachers	129	60
Administration and support	83	31
Management	14	5
	<u>226</u>	<u>96</u>

Costs included within the accounts	2013 £	2012 £
Wages and salaries	3,710,878	1,454,331
Social security costs	242,963	87,716
Other pension costs	562,213	258,552
Total staff costs	<u>4,516,054</u>	<u>1,800,599</u>

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

	2013 Number	2012 Number
£60,001 to £70,000	1	-
£80,000 to £90,000	1	-
£110,000 to £120,000	1	-
	<u>3</u>	<u>0</u>

Of the employees above, the number participating in pension schemes and the employers' contributions paid on their behalf were as follows

		2013	2012
Teachers' Pension Scheme	Numbers	3	-
	£	<u>28,809</u>	<u>-</u>
Local Government Pension Scheme	Numbers	-	-
	£	<u>-</u>	<u>-</u>

WISE ACADEMIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2013

10 Trustees remuneration and expenses

The headteacher and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of [headteacher] and staff, and not in respect of their services as trustees. Other trustees did not receive any payments, other than expenses, from the academy trust in respect of their role as trustees. During the year, travel and subsistence payments totalling £230 were reimbursed. The value of trustees remuneration was as follows:

Mrs Z Carr (Chief Executive Officer) £80,000 - £90,000
Mrs T Laybourne (Chief Executive Officer) £110,000 - £120,000

Other related party transactions involving the trustees are set out within the related parties note.

Trustees and officers' insurance

In accordance with normal commercial practice, the Academy Trust has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy Trust business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2013 was £3,353.

11 Central Services

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

- human resources,
- financial services,
- legal services,
- educational support services,
- others as arising

The trust charges a flat rate of income (5%) for these services.

The actual amounts charged during the year were as follows:

Welbeck Academy	92,815
Hastings Hill Academy	48,307
Bexhill Academy	61,735
Town End Academy	48,653
Total	<u>251,511</u>

WISE ACADEMIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2013

12 Tangible fixed assets

	Land and buildings	Fixtures, fittings & equipment	Total
	£	£	£
Cost			
At 1 September 2012	2,980,463	64,316	3,044,779
Additions	3,869,583	69,864	3,939,447
At 31 August 2013	6,850,046	134,180	6,984,226
Depreciation			
At 1 September 2012	-	15,998	15,998
Charge for the year	90,912	22,812	113,724
At 31 August 2013	90,912	38,810	129,722
Net book value			
At 31 August 2013	6,759,134	95,370	6,854,504
At 31 August 2012	2,980,463	48,318	3,028,781

Of the Land and Buildings additions during the year £3,844,000 relate to the land and buildings of Welbeck Academy and Hasting Hill 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 from the local authority. These properties have been introduced at a valuation prepared by Mouchel at 31 March 2013.

13 Fixed asset investments

	£
Market value	
At 1 September 2012 and at 31 August 2013	1
Historical cost	
At 31 August 2013	1
At 31 August 2012	1

WISE ACADEMIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2013

13 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

	Principal activities	Capital and reserves £	Profit/(loss) for the year £
Town End Teaching School Limited	Dormant company	1	-

14 Debtors	2013 £	2012 £
Trade debtors	13,950	-
VAT recoverable	79,632	83,643
Prepayments and accrued income	164,654	82,785
	<u>258,236</u>	<u>166,428</u>

15 Creditors amounts falling due within one year	2013 £	2012 £
Trade creditors	115,233	391,315
Amounts owed to group undertakings	-	65,000
Other creditors	-	2,358
Accruals and deferred income	179,967	62,270
	<u>295,200</u>	<u>520,943</u>

WISE ACADEMIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2013

16	Deferred income	2013	2012
		£	£
	Deferred income included within Accruals and deferred income	69,028	12,753
		<u> </u>	<u> </u>
	Total deferred income at 1 September 2012	12,753	30,217
	Amounts credited to the statement of financial activities	(12,753)	(30,217)
	Amounts deferred in the year	69,028	12,753
		<u> </u>	<u> </u>
	Total deferred income at 31 August 2013	69,028	12,753
		<u> </u>	<u> </u>

At the balance sheet date the academy trust was holding funds received in advance of £29,167 in respect of the core grant of Town End Teaching School and early years funding received in advance of £39,861 relating to Welbeck Academy

17 Funds

WISE ACADEMIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2013

17 Funds

(Continued)

	Balance at 1 September 2012	Incoming resources	Resources expended	Gains, losses and transfers	Balance at 31 August 2013
	£	£	£	£	£
Restricted general funds					
General Annual Grant	112,759	4,934,619	(4,372,826)	105,776	780,328
Other DfE / EFA grants	13,514	1,038,981	(910,784)	(2,098)	139,613
Other government grants	-	314,062	(314,062)	-	-
Other restricted funds	207,813	23,541	(23,541)	(207,813)	-
	<u>334,086</u>	<u>6,311,203</u>	<u>(5,621,213)</u>	<u>(104,135)</u>	<u>919,941</u>
Funds excluding pensions	(440,000)	-	(120,000)	(240,000)	(800,000)
	<u>(105,914)</u>	<u>6,311,203</u>	<u>(5,741,213)</u>	<u>(344,135)</u>	<u>119,941</u>
Restricted fixed asset funds					
DfE / EFA capital grants	-	29,196	(113,724)	-	(84,528)
Capital expenditure from GAG or other funds	-	-	-	362,522	362,522
Transfer from local authority	2,727,394	3,849,117	-	-	6,576,511
	<u>2,727,394</u>	<u>3,878,313</u>	<u>(113,724)</u>	<u>362,522</u>	<u>6,854,505</u>
Total restricted funds	<u>2,621,480</u>	<u>10,189,516</u>	<u>(5,854,937)</u>	<u>18,387</u>	<u>6,974,446</u>
Unrestricted funds					
General funds	<u>379,740</u>	<u>444,610</u>	<u>(194,217)</u>	<u>(258,387)</u>	<u>371,746</u>
Total funds	<u>3,001,220</u>	<u>10,634,126</u>	<u>(6,049,154)</u>	<u>(240,000)</u>	<u>7,346,192</u>

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 2013

WISE ACADEMIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2013

17 Funds

(Continued)

Analysis of academies by fund balance

Fund balances at the year ended 31 August 2013 were allocated as follows

Welbeck Academy	554,468
Hasting Hill Academy	112,355
Town End Academy	282,964
Bexhill Academy	137,188
Town End Teaching School	126,099
Central Services	78,613
	<hr/>
Total before fixed assets and pension reserve	1,291,687
	<hr/>
Restricted fixed asset fund	6,854,505
Pension reserve	800,000
	<hr/>
	7,346,192
	<hr/>

Analysis of academies by cost

Expenditure incurred by each academy during the year was as follows

	Teaching and other support staff costs	Educational supplies	Other costs (excluding depreciation)	Total
Welbeck Academy	1,423,079	206,799	267,709	1,897,587
Hastings Hill Academy	825,371	67,106	209,941	1,102,418
Town End Academy	936,002	41,511	179,316	1,156,829
Bexhill Academy	1,074,197	88,900	184,827	1,347,924
Town End Teaching School	63,493	2,984	31,398	97,875
Central Services	176,364	13,332	143,102	332,798
	<hr/>	<hr/>	<hr/>	<hr/>
	4,498,506	420,632	1,016,293	5,935,431
	<hr/>	<hr/>	<hr/>	<hr/>

WISE ACADEMIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2013

18 Analysis of net assets between funds

	Unrestricted funds	Restricted funds	Fixed asset funds	Total funds
	£	£	£	£
Fund balances at 31 August 2013 are represented by				
Tangible fixed assets	-	-	6,854,504	6,854,504
Fixed asset investments	-	-	1	1
Current assets	371,746	1,215,141	-	1,586,887
Creditors amounts falling due within one year	-	(295,200)	-	(295,200)
Defined benefit pension liability	-	(800,000)	-	(800,000)
	<u>371,746</u>	<u>119,941</u>	<u>6,854,505</u>	<u>7,346,192</u>

19 Pensions and similar obligations

The Academy Trust's employees belong to two principal pension schemes the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff, and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by 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 related to the period ended 31st March 2011 and of the LGPS 1st March 2011.

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

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 Scheme 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.

WISE ACADEMIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2013

19 Pensions and similar obligations

(Continued)

Valuation of the Teachers' Pension Scheme

At the last valuation, the contribution rate to be paid into the TPS was assessed in two parts. First, a standard contribution rate ('SCR') was determined. This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service. Secondly, a supplementary contribution is payable if, as a result of the actuarial review, it is found that accumulated liabilities of the Account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions. The total contribution rate payable is the sum of the SCR and the supplementary contribution rate.

The last valuation of the TPS related to the period 1 April 2001 to 31 March 2004. The Government Actuary's report of October 2006 revealed that the total liabilities of the Scheme (pensions in payment and the estimated cost of future benefits) amounted to £166,500 million. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at that valuation date) was £163,240 million. The assumed real rate of return was 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth was assumed to be 1.5%. The assumed gross rate of return was 6.5%. From 1 January 2007, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable.

Actuarial scheme valuations are dependent on assumptions about the value of future costs, the design of benefits and many other factors. Many of these assumptions are being considered as part of the work on the reformed TPS, as set out below. Scheme valuations therefore remain suspended. The Public Service Pensions Bill, which is being debated in the House of Commons, provides for future scheme valuations to be conducted in accordance with Treasury directions. The timing for the next valuation has still to be determined, but it is likely to be before the reformed schemes are introduced in 2015.

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 percent basis.

WISE ACADEMIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2013

19 Pensions and similar obligations

(Continued)

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The academy trust is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the academy trust 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 trust has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The estimated value of employer contributions for the forthcoming year is £110,000.

	2013 £	2012 £
Employer's contributions	100,000	70,000
Employees' contributions	30,000	20,000
Total contributions	130,000	90,000

Principal actuarial assumptions

	2013 %	2012 %
Rate of increase in salaries	4.70	4.70
Rate of increase for pensions in payment	2.80	2.20
Discount rate for scheme liabilities	4.50	4.20
Inflation assumption (CPI)	6.50	5.40

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

	2013 Years	2012 Years
Retiring today		
- Males	22	22
- Females	24	23
Retiring in 20 years		
- Males	24	24
- Females	26	26

WISE ACADEMIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2013

19 Pensions and similar obligations

(Continued)

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

	2013 Expected return %	2013 Fair value £	2012 Expected return %	2012 Fair value £
Equities	7.90	964,800	7.50	422,400
Bonds	7.50	216,000	5.70	121,600
Other assets	8.80	129,600	8.80	38,400
Property	7.40	129,600	7.00	57,600
Total market value of assets		1,440,000		640,000
Present value of scheme liabilities - funded		(2,240,000)		(1,080,000)
Net pension asset / (liability)		(800,000)		(440,000)

Operating costs and income recognised in the statement of financial activities

	2013 £	2012 £
Financial expenditure/(income)		
Expected return on pension scheme assets	(70,000)	(40,000)
Interest on pension liabilities	80,000	50,000
	10,000	10,000
Other expenditure/(income)		
Current service cost	110,000	50,000
Past service cost	-	-
	110,000	50,000
Total operating charge/(income)	120,000	60,000

WISE ACADEMIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2013

19 Pensions and similar obligations

(Continued)

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

	2013 £	2012 £
Opening defined benefit obligations	(1,080,000)	(810,000)
Current service cost	(110,000)	(50,000)
Interest cost	(80,000)	(50,000)
Contributions by employees	(30,000)	(20,000)
Net increase in liabilities from disposals and acquisitions	(940,000)	-
Actuarial gains/(losses)	(20,000)	(150,000)
Benefits paid	20,000	-
	<u>(2,240,000)</u>	<u>(1,080,000)</u>

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

	2013 £	2012 £
Opening fair value of scheme assets	640,000	510,000
Expected return on assets	70,000	40,000
Actuarial gains/(losses)	70,000	-
Contributions by employers	100,000	70,000
Contributions by employees	30,000	20,000
Benefits paid	(20,000)	-
Net increase in liabilities from disposals and acquisitions	550,000	-
	<u>1,440,000</u>	<u>640,000</u>

History of experience gains and losses:

	2013 £	2012 £
Present value of defined benefit obligations	(2,240,000)	(1,080,000)
Fair value of share of scheme assets	1,440,000	640,000
	<u>(800,000)</u>	<u>(440,000)</u>

WISE ACADEMIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2013

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

	2013 £	2012 £
Net income	4,584,972	2,914,320
Capital grants and similar income	(3,878,313)	(2,740,907)
Net current assets other than cash transferred on conversion	(19,739)	-
Investment income	(1,368)	(799)
FRS17 pension costs less contributions payable	110,000	50,000
FRS17 pension finance income	10,000	10,000
Depreciation of tangible fixed assets	113,724	15,698
(Increase)/decrease in debtors	(91,808)	(144,508)
Increase/(decrease) in creditors	(225,743)	61,781
Net cash inflow/(outflow) from operating activities	601,725	165,585

21 Reconciliation of net cash flow to movement in net funds

	2013 £	2012 £
Increase/(decrease) in cash	561,698	(109,791)
Net funds at 1 September 2012	766,953	876,744
Net funds at 31 August 2013	1,328,651	766,953

22 Analysis of net funds

	At 1 September 2012 £	Transferred on conversion £	Cash flows £	Non-cash changes £	At 31 August 2013 £
Cash at bank and in hand	766,953	19,739	541,959	-	1,328,651

23 Commitments under operating leases

At 31 August 2013 the Academy Trust had annual commitments under non-cancellable operating leases as follows

	2013 £	2012 £
Expiry date		
- Between two and five years	16,066	5,674
- In over five years	22,293	32,685
	38,359	38,359

WISE ACADEMIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2013

24 Related parties

Owing to the nature of the Academy Trust's operations and the composition of the board of directors being drawn from local public and private sector organisations, transactions may take place with organisations in which trustees have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy Trust's financial regulations and normal procurement procedures.

The following related party transactions took place in the period of account:

During the year the company paid Tolent Construction Limited, a company in which a Trustee is a Director, £20,971 (2012: £240,476) in respect of works done at Bexhill Academy. At the year end £nil (2012: £201,476) was owed to Tolent. All works were subject to independent tendering and were completed at arms length.

25 Conversion to an academy

During the year Welbeck Primary School and Hasting Hill Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to WISE Academies from the 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 incoming resources 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 statement of financial activities:

	Unrestricted funds £	Restricted funds £	Fixed asset funds £	Total 2013 £
Fixed assets transferred	-	-	3,844,000	3,844,000
Surplus/(deficit) on LA budget funds	79,282	-	5,117	84,399
Other funds	19,739	-	-	19,739
Net assets transferred	99,021	-	3,849,117	3,948,138

Net assets transferred include the following

Cash	104,138
Leasehold land and buildings	3,844,000

26 Members' liability

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he or she is a member, or within one year after he or she ceases to be a member, such amount as may be required, not exceeding £10.00 for the debts and liabilities contracted before he or she ceases to be a member.