

The Waverley Education Foundation Ltd

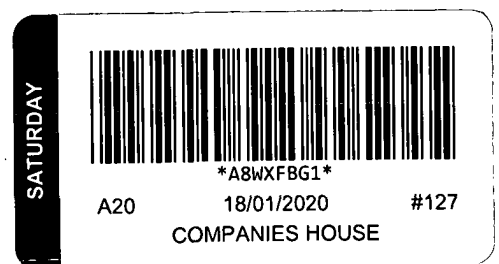
(A Company Limited by Guarantee)

**Annual Report and Financial Statements
Year ended 31 August 2019**

Company Registration Number
08331922 (England and Wales)

**Feltons
Chartered Accountants**

**Birmingham
B1 3JR**



The Waverley Education Foundation Ltd
(A Company Limited by Guarantee)

Report and Financial Statements
Year ended 31 August 2019

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**The Waverley Education Foundation Ltd
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Trustees' report for the year ended 31 August 2019

Reference and Administrative Details

Members	Giora Berman (resigned 22/02/2019) Ivy Caesar Maurice Coles (appointed 11/12/2018) Gilroy Brown (appointed 17/07/2019)
Trustees	Ivy Caesar Kamal Hanif Uzma Shaheen Harris Khaliq (resigned 11/12/2018) Zaheer Abbas (resigned 09/10/2018) James Sutton (appointed 20/05/2019) Gilroy Brown (appointed 17/07/2019) Maurice Coles (appointed 11/12/2018) Giora Berman (resigned 22/02/2019)
Senior Management Team	
• Executive Principal/CEO	Mr Kamal Hanif
• Head of School WSC	Mr I Muhammad (resigned 07/01/2019)
• Head of School WSC	Mr R Lau (appointed 07/01/2019)
• Head of School WS	Ms A Mcleish
• Head of School	Ms D Reddy
• Head of School	Mr M Kamara
• Executive Principal	Mr G Berman (appointed 25/02/2019)
• Director of Finance & Support	Mrs R Sohal
• Director of Safeguarding	Ms J Kler
Principal and registered office	Waverley School 311 Yardley Green Rd Bordesley Green East Birmingham B9 5QA
Company registration number	08331922
Independent auditor	Feltons 8 Sovereign Court 8 Graham Street Birmingham B1 3JR
Bankers	Nat West/RBS 5 th Floor 2 St Phillips Place Birmingham B3 2RB
Solicitors	Irwin Mitchell LLP Imperial House 31 Temple Street Birmingham B2 5DB

The Waverley Education Foundation Ltd (A Company Limited by Guarantee)

Trustees' report for the year ended 31 August 2019

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 1 September 2018 to 31 August 2019. The annual report serves the purposes of both a trustees' report and a directors' report (incorporating a strategic report) under company law.

The Multi Academy Trust operates 1 all through School (4-19) and 1 Studio College (14-19) serving catchment areas in the East Birmingham area which are :

- Waverley School
- Waverley Studio College

They have a combined pupil capacity of 2,096 and had a roll of 1,939 in the school census on 3 October 2019.

Structure, Governance and Management

Constitution

The multi academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the multi academy trust. The Members of The Waverley Education Foundation Ltd are also the directors of the charitable company for the purposes of company law. The charitable company operates as The Waverley Education Foundation Ltd.

Details of the Members/ Trustees who served during the year and to the date these accounts are approved are included in the Reference and Administrative details on page 1.

Members' liability

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

Trustees' indemnities

In accordance with normal commercial practice the multi academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on multi academy business. The insurance provides unlimited cover on any one claim.

Method of recruitment and appointment or election of Trustees

A parent trustee must be a parent of a pupil at the multi academy at the time when she/he is elected.

Trustees may be appointed by the board of Members provided that the person who is appointed is:

- a person who lives or works in the community served by the multi academy; or
- a person who, in the opinion of the board of trustees, is committed to the government and success of the multi academy.
- Appointment is made dependant on the skills set they can bring to the board
- Direct approach to the Trust
- Governors for Schools (formerly SGOSS), Inspiring Governance, Academy Ambassadors
- Meeting with the CEO

The above selection procedures are used as per agreement with the members.

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Trustees' report for the year ended 31 August 2019 (continued)

Policies and Procedures Adopted for the Induction and Training of Trustees

The board of trustees has a service level agreement with the School & Governor Support (Birmingham City council) to provide training, advice and support to the board of trustees.

Newly elected Members/Trustees/Governors are signposted to training via School and Governor Support. In addition select specific training provided dependant on their role.

One of the trustees is appointed as link trustee, attends relevant training and provides information to trustees following such training.

The Personal Assistant to the CEO is the link for professional development in school, and he/she ensures that trustees are provided with opportunities to receive training in accordance with their role.

Organisational structure

The board of Members has established Boards and appoints trustees to serve on each of the Boards. The Boards and the areas of delegated function were:

Board of Members

Head Teacher Performance Management
Approval of Statutory Accounts

Board of Trustees

Finance and Estates
Remuneration & Pay
Performance/Disciplinary Appeals
Appeals
Audit

Local Governing Body - Curriculum & Standards

Curriculum and Standards
Staff and Pupil Discipline

The written terms of reference of the committees include the monitoring of the preparation and management of the multi academy's budget and implementation of the multi academy's financial management policies, including risk assessment.

The board of trustees also appoints a responsible officer and this role has been fully implemented in accordance with the multi academy trust's financial procedures.

Decisions relating to Annual Accounts approval are reserved for the board of trustees. Those responsibilities delegated to management include:

- Accounting Officer: CEO
- Chief Finance Officer: Director of Finance

Arrangements for setting pay and remuneration of key management personnel

In determining Senior Leader Pay levels, the calculation for Individual School Range is DfE guidelines exercised and adhered to, salary identified as a result of the outcome is adopted. Individual pay ranges have been agreed and approved by the Trustees. Incremental rises are dependent upon the successful completion of the previous years' performance management cycle and quality assured by the executive principal, the outcomes are agreed by the Trustees in the autumn term meeting.

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Trustees' report for the year ended 31 August 2019 (continued)

Trade union facility time

Information in accordance with Schedule 2 of the Trade Union (Facility Time Publication Requirements) Regulations 2018 is as follows :

Relevant union officials

Number of employees who were relevant union officials during the relevant period	Full-time equivalent number
1	0.04 FTE

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	0
1% - 50%	1
51% - 99%	0
100%	0

Percentage of pay bill spent on facility time

Total cost of facility time	£2,423
Total pay bill	£60,678
Facility time as percentage of total pay bill	4%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	N/A
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Related parties and other Connected Charities and Organisations

During the year of 2018/19 there were no transactions with related parties.

Objectives and activities

Objects and aims

The strategic goal of The Waverley Education Foundation Ltd is to provide a broad and balanced curriculum to all pupils in accordance with the funding agreement between the multi academy trust and the Department for Education.

Objectives, strategies and activities

The main objectives for the year are:

- Further improve outcomes for all learners
- Further improve behaviour across all phases of the school so that it is Outstanding
- Improve attendance
- Support all teachers to become outstanding practitioners

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Trustees' report for the year ended 31 August 2019 (continued)

The strategies adopted for achieving these objectives are:

- Deliver excellent learning opportunities, supported by a comprehensive intervention programme
- Work in collaboration with consultants to further refine our practices in improving the behaviour of children
- Provide training and support for our Attendance Officers so that they deliver best practice
- Engage effectively with parents to develop a strong emphasis on the importance of attending school regularly
- Provide a comprehensive programme of continued professional development for all teachers.

Public benefit

In setting our objectives and planning our activities, the board of trustees has given careful consideration to the general guidance on public benefit published by the Charity Commission on their website at www.gov.uk/topic/running-charity/managing-charity in exercising their powers or duties.

The Waverley Education Foundation Ltd is an equal opportunity employer, and strives to give full and fair consideration to all applicants for employment, training and promotions, irrespective of disability, gender, race, colour or sexual orientation.

Strategic Report

Achievements and Performance

Waverley Studio College:

The College has grown in popularity in both Key Stage 4 and 5. As a result, our number of roll is currently the highest in the college history with 240 pupils. The average grade in the 6th form has improved to Merit +. Within our current Year 13, students have already secured strong outcomes, setting the firm foundation for their preparation, for this year. The vast majority of continued with further study.

The college is not measured against Progress 8, as it is a studio college.

For the measures that college have been measured against, there has been improvement. The attainment measure in obtaining a good pass (9-5) in GCSE English and mathematics improved from 8% to 16%. 98% of our students in Year 11 continued with their education in Post-16 settings. Students eligible for Pupil Premium attained better than their peers in measuring their best eight grades (Attainment 8) at GCSE. In addition, 31% obtained a standard pass (9-4) and 16% attained a good pass (9-5). Work continues on improving outcomes in KS4 for all of learners.

Waverley School:

In EYFS the attainment for the GLDs has risen by 1% from 73% in 2018 to 74% in 2019. The National figures for 2019 have not yet been released.

At Key Stage 1 pupils achieving the expected standard in the Phonics testing by the end of Year 1 in 2019 was 81%. This figure is 1% below the national figure; however the gap has closed from 2% in 2018. 83% of pupil premium pupils passed the phonics screen which is 1% above the national average and 13% above the national figures for pupil premium pupils.

At the end of Year 2, 92% of pupils achieved the expected standard in Phonics, showing that Waverley has both closed the gap and that the school's results are meeting the national average standard.

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Trustees' report for the year ended 31 August 2019 (continued)

When looking at pupils reaching the expected standard at the end of year 2 in Reading, Writing and Mathematics: 67% of our pupils met this standard in Reading compared to 79% in 2018. 21% of pupils achieved greater depth in Reading compared to 25% nationally.

58% of our pupils met the expected standard in Writing. 11% of pupils achieved greater depth in Writing.

In Mathematics 75% met the expected standard. 24% of our pupils achieved greater depth.

When looking at pupils reaching the greater depth standard at the end of Year 2 in Reading, Writing and Mathematics: 55.7% of our pupils met this standard.

Year 6, end of key stage 2 results: When looking at the pupils reaching the expected standard in Reading, Writing and Mathematics (combined), 57.3% achieved the expected level compared to 65% nationally. The % of pupils who achieved the higher standard in Reading, Writing and Mathematics (combined) is 11.2%, which is above the national figure of 10.5%.

When looking at Reading, 74.2% of pupils achieved the expected standard, above national. The % of pupils who achieved the higher standard in Reading is 21.3%

When looking at Writing, 80.9% of pupils achieved the expected standard compared to 78.4% nationally. The % of pupils who achieved the higher standard in Writing.

When looking at Grammar, Punctuation and Spelling (SPaG), 80.9% of pupils achieved the expected standard above national. The % of pupils who achieved the higher standard in SPaG is 43.8%, which is significantly above the national figure of above 26%.

When looking at Mathematics, 70.8% of pupils achieved the expected standard. The % of pupils who achieved the higher standard in Mathematics is 24.7%.

Results are provisional at key stage 4. In key stage 4, this year's results improved in all key headline figures compared to the school's results in summer 2018.

In terms of pupils who left in the summer of 2019, Progress 8 is 0.01, which is broadly in line with the national figure of 0, above the national floor standard of -0.5 and an improvement from the 2018 school figure of -0.3. The Attainment 8 score is 42.6.

36.7% of our pupils achieved 9-5 in English and Mathematics, 24.3% of our pupils achieved the Ebacc standard pass. 14% of our pupils achieved the Ebacc strong pass.

Results are provisional at key stage 5. In key stage 5 Waverley Sixth Form Year 13 A2 results are broadly in line with national averages. The average grade is C-, which is broadly in line with the 2018 national figure. A significant and an unprecedented number of students (14) received unconditional offers for university places this year and this has impacted on their work ethic, motivation and results. If we exclude those 14 students who have received unconditional offers the headline data changes: Total APS per pupil increases from 59.68 to 84.02. APS per Entry increases from 26.01 to 28.01.

All students have succeeded in attaining their next destination in post 18 pathways in higher education, on an apprenticeship course or in employment. All 57 students who applied for university places have succeeded in gaining a place. 28 students gained their first choice place and 24 students gained a place via their insurance offer. The remaining pupils gained a place through the clearing process.

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Trustees' report for the year ended 31 August 2019 (continued)

Key Performance Indicators

- Direct costs as a percentage of total costs were 69.4% (2018 : 66.8%)
- Support costs as a percentage of total costs were 30.6% (2018 : 33.2%)
- Total payroll costs as a percentage of recurring income were 78.1% (2018 : 70.1%)

Going concern

After making appropriate enquiries, the board of trustees has a reasonable expectation that the multi academy trust has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

Financial Review

The financial results of The Waverley Education Foundation Ltd are detailed in the following pages. It is considered that the finances are sound and well established. The principal financial management policies adopted are laid down by the Finance Handbook for Academies published by the ESFA and requirements as laid down by the Multi Academy's Financial Handbook.

The principal funding source is grant income from the ESFA. All expenditure of this grant income is planned to fulfil the objectives and strategies of the multi academy.

During the year ended 31 August 2019 total resources expended were £13,478,650 and the deficit of expenditure over income was £1,184,590 which included depreciation of £945,975.

Reserves Policy

The trustees continually monitor the reserves of the charitable company. This process encompasses the nature of income and expenditure streams and the need to match commitments with income and nature of reserves.

It is the board of trustees' general policy to continue to build reserves which can be used for future educational purposes.

The multi academy had total funds at 31 August 2019 of £31,608,021 which included £852,925 restricted funds not available for general purposes of the multi academy trust, £1,779,119 of free reserves defined as unrestricted funds available for general purposes and £33,390,977 which can only be realised by the disposal of tangible fixed assets.

The balance on restricted general funds (excluding pension reserve) plus the balance on unrestricted funds was a surplus of £2,632,044.

In addition, the deficit on the restricted pension fund of £4,415,000 arises from an actuarial deficit on the local government pension scheme which will be dealt with as advised by the actuary.

The trustees regularly review the level of reserves and aim to maintain them at a minimum of 4.5% for Waverley School and 3.5% for Waverley Studio College.

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Trustees' report for the year ended 31 August 2019 (continued)

Investment Policy

Surplus funds at the year-end are not separately invested.

Principal Risks and Uncertainties

The trustees have considered the major risks and uncertainties facing the charitable company which include changes in legislation and regulations and cash flow management and have put in place procedures to deal with these matters.

Attention has also been focussed on non-financial risks arising from fire, health and safety, legal costs and RPA insurance. These risks are managed by ensuring accreditation is up to date, having robust policies in place, and regular awareness training for staff working in these operational areas.

Fundraising

Fundraising activities are only authorised for approved charities, to avoid illegal practice of money laundering etc.

Plans for Future Periods

Within the cohort of year 7 in 2019/20 academic year an additional 30 places have been offered and filled as per Birmingham City Council direction. Currently plans are in discussion with Birmingham City Council to expand existing buildings to accommodate the expansion for future years

Funds Held as Custodian Trustee on Behalf of Others

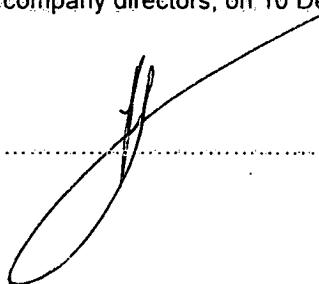
The trust does not hold funds as custodian on behalf of others.

Auditor

Insofar 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.

Trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 10 December 2019 and signed on the board's behalf by:



Mr M Coles - Chair of Trust

**The Waverley Education Foundation Ltd
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Governance statement for the year ended 31 August 2019

Scope of Responsibility

As Members/Trustees, we acknowledge we have overall responsibility for ensuring that The Waverley Education Foundation Ltd 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 Principal/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 The Waverley Education Foundation Ltd 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 trustees** has formally met 6 times during the year. Attendance during the year at meetings of the board of trustees was as follows :

Trustee	Meetings attended	Out of a possible
Giora Berman (Trustee- resigned 22/02/2019)	2	2
Ivy Caesar (Trustee)	4	4
Maurice Coles (Trustee- appointed 11/12/2018)	3	3

A review of governance focussing on roles, responsibilities and delegations was undertaken. Governance documents were produced and adopted by the Boards in July 2019.

Subsequent to this the following actions were taken:

- Appointment of additional Members actioned
- Appointment of additional Trustees actioned
- Governance handbook produced for Trustees/Members

The trust intends to conduct its next self-evaluation/external review in 2020

The trustees' board are Finance & Premises which is a committee is a sub-committee of the main board of trustees. Its purpose is to scrutinise and ensure good management of financial affairs.

Trustee	Meetings attended	Out of a possible
Giora Berman (resigned 22/02/2019)	2	2
Ivy Caesar	6	6
Kamal Hanif	5	6
Uzma Shaheen	5	6
Harris Khaliq (resigned 11/12/2018)	0	1
Zaheer Abbas (resigned 09/10/2018)	0	0
James Sutton (appointed 20/05/2019)	2	2

**The Waverley Education Foundation Ltd
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Governance statement for the year ended 31 August 2019 (continued)

Review of value for money

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

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

- ICT contract review and exit
- Annual review of supplier contracts before renewal
- Robust analysis of Key Performance Indicators in all areas throughout the year

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the multi academy trust's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Waverley Education Foundation Ltd for the year to 31 August 2019 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 multi academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the multi academy trust's significant risks that has been in place for the year to 31 August 2019 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 multi academy trust's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

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

**The Waverley Education Foundation Ltd
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Governance statement for the year ended 31 August 2019 (continued)

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

- Responsible Officer, to carry out a programme of internal checks
- Feltons the external auditor, to perform additional checks
- Financial Consultants of DRB Financial Consulting Services to perform a peer review
- Externally compiled Integrated Curriculum Financial Review

His/her role includes giving advice on financial matters and performing a range of checks on the multi academy trust's financial systems. In particular the checks carried out in the current period included:

- testing of payroll systems
- testing of purchase systems
- testing of control accounts / bank reconciliations
- testing of Income stream

On a half termly basis, the CEO & the Director of Finance reports to the board of trustees, on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

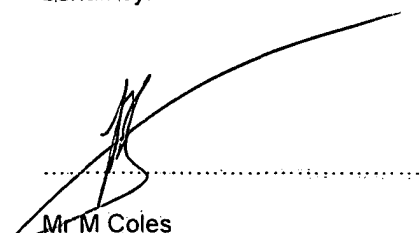
Review of Effectiveness

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

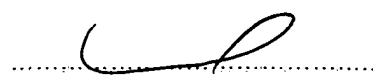
- the work of the internal reviewer
- the work of the external auditor;
- the work of the executive managers within the multi academy trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the board of trustees on 10 December 2019 and signed on its behalf by:



Mr M Coles
Chair of Trust



Mr K Hanif
Accounting Officer

**The Waverley Education Foundation Ltd
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**Statement of regularity, propriety and compliance
for the year ended 31 August 2019**

As accounting officer of The Waverley Education Foundation Ltd I have considered my responsibility to notify the multi academy trust board of trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the multi academy trust, under the funding agreement in place between the multi academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

I confirm that I and the multi academy trust board of trustees are able to identify any material irregular or improper use of funds by the multi academy trust, or material non-compliance with the terms and conditions of funding under the multi academy trust's funding agreement and the Academies Financial Handbook 2018.

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

 Mr K Hanif – Accounting Officer

10 December 2019

**The Waverley Education Foundation Ltd
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**Statement of Trustees' Responsibilities
for the year ended 31 August 2019**

The trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Academies Accounts Direction published by the Education & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- 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 financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in 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 financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the ESFA/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 financial statements may differ from legislation in other jurisdictions.

Approved by order of the members of the board of trustees on 10 December 2019 and signed on its behalf by:



..... Mr M Coles – Chair of Trust

**The Waverley Education Foundation Ltd
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**Independent Auditor's Report on the Financial Statements to the Members of
The Waverley Education Foundation Ltd**

Opinion

We have audited the financial statements of The Waverley Education Foundation Ltd for the period ended 31 August 2019 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. 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) including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

In our opinion the financial statements :

- give a true and fair view of the state of the multi academy trust's affairs as at 31 August 2019, and of its incoming resources and application of resources, including its income and expenditure, for the period then ended
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- have been prepared in accordance with the requirements of the Companies Act 2006
- have been prepared in accordance with the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Multi Academy trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Multi Academy trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**The Waverley Education Foundation Ltd
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Independent Auditor's Report on the Financial Statements to the Members of The Waverley Education Foundation Ltd

(continued)

Other information

The trustees are responsible for the other information. The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the trustees' report (incorporating the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the Multi Academy trust and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

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

**The Waverley Education Foundation Ltd
(A Company Limited by Guarantee)**

**Independent Auditor's Report on the Financial Statements to the Members of The Waverley Education Foundation Ltd
(continued)**

Responsibilities for the financial statements

As explained more fully in the trustees' responsibilities statement (set out on page 13), the trustees (who are also the directors of the Multi Academy trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the Multi Academy trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the Multi Academy trust or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Multi Academy trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Multi Academy trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Multi Academy trust to cease to continue as a going concern.

**The Waverley Education Foundation Ltd
(A Company Limited by Guarantee)**

**Independent Auditor's Report on the Financial Statements to the Members of The Waverley
Education Foundation Ltd
(continued)**

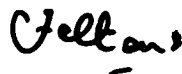
Auditor's responsibilities for the audit of the financial statements (continued)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

This report is made solely to the Multi Academy trust'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 Multi Academy trust'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 Multi Academy trust and the Multi Academy trust's members as a body, for our audit work, for this report, or for the opinions we have formed.



David W Farnsworth FCA (Senior Statutory Auditor)

For and on behalf of Feltons, Statutory Auditor

8 Sovereign Court

8 Graham Street

Birmingham B1 3JR

10 December 2019

**The Waverley Education Foundation Ltd
(A Company Limited by Guarantee)**

Independent Reporting Accountant's Assurance Report on Regularity to The Waverley Education Foundation Ltd and the Education & Skills Funding Agency

In accordance with the terms of our engagement letter dated 10 October 2013 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Waverley Education Foundation Ltd during the year 1 September 2018 to 31 August 2019 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 The Waverley Education Foundation Ltd and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to The Waverley Education Foundation Ltd and ESFA 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 Waverley Education Foundation Ltd and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of The Waverley Education Foundation Ltd's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of The Waverley Education Foundation Ltd's funding agreement with the Secretary of State for Education dated 25 July 2013 and the Academies Financial Handbook, extant from 1 September 2018, 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 2018 to 2019. 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 year 1 September 2018 to 31 August 2019 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2018 to 2019 issued by ESFA. 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 Multi Academy Trust's income and expenditure.

The work undertaken to draw our conclusion includes :

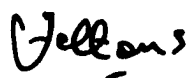
- Consideration of the applicable legislation and the multi academy trust's funding agreement
- Review and evaluation of the multi academy trust's system of internal controls
- Examination and assessment of the Accounting Officer's statement on Regularity, Propriety and Compliance
- Examination, on a test basis, of third party evidence supporting income and expenditure
- Review of exceptional and unusual items

The Waverley Education Foundation Ltd
(A Company Limited by Guarantee)

Independent Reporting Accountant's Assurance Report on Regularity to The Waverley Education Foundation Ltd and the Education & Skills 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 year 1 September 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



David W Farnsworth FCA (Reporting Accountant)

For and on behalf of Feltons, Statutory Auditor

8 Sovereign Court

8 Graham Street

Birmingham B1 3JR

10 December 2019

The Waverley Education Foundation Ltd
(A Company Limited by Guarantee)

Statement of financial activities for the year ended 31 August 2019
(including income and expenditure account)

	Notes	Unrestricted funds £	Restricted pension fund £	Restricted general funds £	Restricted fixed asset funds £	Total 2018/19 £	Total 2017/18 £
Income from :							
Donations and capital grants	2	2,217	-	-	185,038	187,255	38,342
Charitable activities :	3						
Funding for the academy trust's educational operations		147,815	-	11,945,079	-	12,092,894	11,426,443
Teaching schools	25	8,333	-	-	-	8,333	126,829
Other trading activities	4	5,578	-	-	-	5,578	4,533
Total		163,943	-	11,945,079	185,038	12,294,060	11,596,147
Expenditure on :							
Charitable activities:							
Academy trust's educational operations	5	68,495	315,000	12,140,847	945,975	13,470,317	11,645,417
Teaching schools	25	8,333	-	-	-	8,333	131,894
Total		76,828	315,000	12,140,847	945,975	13,478,650	11,777,311
Net income/(expenditure) before transfers		87,115	(315,000)	(195,768)	(760,937)	(1,184,590)	(181,164)
Transfers between funds	14	-	-	(259,486)	259,486	-	-
Net income/(expenditure) after transfers		87,115	(315,000)	(455,254)	(501,451)	(1,184,590)	(181,164)
Other recognised gains/(losses)							
Actuarial gains/(losses) on defined benefit pension schemes	14, 22	-	(510,000)	-	-	(510,000)	548,000
Net movement in funds		87,115	(825,000)	(455,254)	(501,451)	(1,694,590)	366,836
Reconciliation of funds							
Total funds brought forward	14	1,692,004	(3,590,000)	1,308,179	33,892,428	33,302,611	32,935,775
Total funds carried forward		1,779,119	(4,415,000)	852,925	33,390,977	31,608,021	33,302,611

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

The Waverley Education Foundation Ltd
(A Company Limited by Guarantee)

Company number : 08331922

Balance sheet as at 31 August 2019

	Notes	2019		2018	
		£	£	£	£
Fixed assets					
Tangible assets	11		35,791,551		36,393,065
Current assets					
Debtors	12	255,554		382,742	
Cash at bank and in hand		<u>3,827,985</u>		<u>4,376,109</u>	
		4,083,539		4,758,851	
Liabilities					
Creditors: amounts falling due within one year	13(a)	<u>1,595,446</u>		<u>1,858,732</u>	
Net current assets			2,488,093		2,900,119
Total assets less current liabilities			<u>38,279,644</u>		<u>39,293,184</u>
Creditors: amounts falling due after more than one year	13(b)		(2,256,623)		(2,400,573)
Net assets excluding pension liability			<u>36,023,021</u>		<u>36,892,611</u>
Defined benefit pension scheme liability	22		(4,415,000)		(3,590,000)
Total net assets			<u><u>31,608,021</u></u>		<u><u>33,302,611</u></u>
Funds of the academy trust :					
Restricted funds					
Fixed asset fund	14	33,390,977		33,892,428	
Restricted income fund	14	852,925		1,308,179	
Pension reserve	14	<u>(4,415,000)</u>		<u>(3,590,000)</u>	
Total restricted funds			29,828,902		31,610,607
Unrestricted income funds	14		1,779,119		1,692,004
Total funds			<u><u>31,608,021</u></u>		<u><u>33,302,611</u></u>

The financial statements on pages 20 to 42 were approved by the trustees, and authorised for issue on 10 December 2019 and are signed on their behalf by:



Mr M Coles - Chair of Trustees

The Waverley Education Foundation Ltd
(A Company Limited by Guarantee)

Statement of cash flows for the year ended 31 August 2019

	Notes	2018/19 £	2017/18 £
Cash flows from operating activities			
Net cash provided by / (used in) operating activities	17	(251,034)	539,133
Cash flows from investing activities	18	(159,423)	22,451
Cash flows from financing activities	19	(137,667)	(131,656)
		<u>(548,124)</u>	<u>429,928</u>
Cash and cash equivalents at 1 September 2018		4,376,109	3,946,181
Cash and cash equivalents at 31 August 2019	20	<u>3,827,985</u>	<u>4,376,109</u>

**The Waverley Education Foundation Ltd
(A Company Limited by Guarantee)**

Notes to the financial statements for the year ended 31 August 2019

1. Accounting policies

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

Basis of preparation

The financial statements of the multi academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

The Waverley Education Foundation Ltd meets the definition of a public benefit entity under FRS 102.

Going concern

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The trustees make this assessment in respect of a year of at least one year from the date of authorisation for issue of the financial statements and have concluded that the multi academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the multi academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Income

All incoming resources are recognised when the multi academy trust has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

- **Grants**

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 year is shown in the relevant funds on the balance sheet. Where income is received in advance of meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

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

Capital grants are recognised in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grants are reflected in the balance sheet in the restricted fixed asset fund. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

- **Donations**

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

**The Waverley Education Foundation Ltd
(A Company Limited by Guarantee)**

Notes to the financial statements for the year ended 31 August 2019 (continued)

1. Accounting policies (continued)

Income (continued)

- **Other income**
Other income, including the hire of facilities, is recognised in the year it is receivable and to the extent the multi academy trust has provided the goods or services.
- **Donated goods, facilities and services**
Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. Upon sale the fair value of the goods is charged against, and the proceeds are recognised as, 'Income from other trading activities'.

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the multi academy trust's accounting policies.

Expenditure

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

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

All resources expended are inclusive of irrecoverable VAT.

Tangible fixed assets

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

The Waverley Education Foundation Ltd
(A Company Limited by Guarantee)

Notes to the financial statements for the year ended 31 August 2019 (continued)

1. Accounting policies (continued)

Tangible fixed assets (continued)

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

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

Long leasehold buildings	- straight line over 50 years
Fittings and equipment	- 25% reducing balance
Computer hardware	- 33% straight line

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use and reclassified to freehold or leasehold land and buildings.

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

Liabilities

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

Financial instruments

The academy trust only holds basic financial instruments as defined by FRS 102. The financial assets and financial liabilities of the academy trust and their measurement basis are as follows :

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments.

Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments and are measured at amortised cost. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

Leased assets

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

**The Waverley Education Foundation Ltd
(A Company Limited by Guarantee)**

Notes to the financial statements for the year ended 31 August 2019 (continued)

1. Accounting policies (continued)

Taxation

The multi 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 multi academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by part 11, chapter 3 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Pension benefits

Retirement benefits to employees of the multi academy trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

**The Waverley Education Foundation Ltd
(A Company Limited by Guarantee)**

Notes to the financial statements for the year ended 31 August 2019 (continued)

1. Accounting policies (continued)

Fund accounting

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

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

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

Critical accounting estimates and areas of judgement

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

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Agency arrangements

The multi academy trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The funds received and paid and any balances held are disclosed in note 24.

The Waverley Education Foundation Ltd
(A Company Limited by Guarantee)

Notes to the financial statements for the year ended 31 August 2019 (continued)

2. Donations and capital grants

	Unrestricted funds £	Restricted general fund £	Restricted fixed asset funds £	2018/19 Total £	2017/18 Total £
Capital grants	-	-	185,038	185,038	35,101
Other donations	2,217	-	-	2,217	3,241
	<u>2,217</u>	<u>-</u>	<u>185,038</u>	<u>187,255</u>	<u>38,342</u>
2018 total	<u>3,241</u>	<u>-</u>	<u>35,101</u>	<u>38,342</u>	

3. Funding for the multi academy trust's educational operations

	Unrestricted funds £	Restricted general fund £	Restricted fixed asset funds £	2018/19 Total £	2017/18 Total £
DfE/ESFA grants					
General Annual Grant (GAG)	-	10,700,258	-	10,700,258	10,205,777
Other DfE Group grants	-	1,067,982	-	1,067,982	881,062
	<u>-</u>	<u>11,768,240</u>	<u>-</u>	<u>11,768,240</u>	<u>11,086,839</u>
Other government grants					
Local authority grants	-	161,839	-	161,839	208,388
	<u>-</u>	<u>161,839</u>	<u>-</u>	<u>161,839</u>	<u>208,388</u>
Other income from the academy trust's educational operations	147,815	15,000	-	162,815	131,216
	<u>147,815</u>	<u>176,839</u>	<u>-</u>	<u>324,654</u>	<u>339,604</u>
	<u>147,815</u>	<u>11,945,079</u>	<u>-</u>	<u>12,092,894</u>	<u>11,426,443</u>
2018 total	<u>131,216</u>	<u>11,295,227</u>	<u>-</u>	<u>11,426,443</u>	

4. Other trading activities

	Unrestricted funds £	Restricted funds £	2018/19 Total £	2017/18 Total £
Miscellaneous	5,578	-	5,578	4,533
	<u>5,578</u>	<u>-</u>	<u>5,578</u>	<u>4,533</u>
2018 total	<u>4,533</u>		<u>4,533</u>	

The Waverley Education Foundation Ltd
(A Company Limited by Guarantee)

Notes to the financial statements for the year ended 31 August 2019 (continued)

5. Expenditure

	Staff costs £	Non pay expenditure Premises £	Other £	2018/19 Total £	2017/18 Total £
Academy's educational operations					
Direct costs	7,628,147	754,015	960,160	9,342,322	7,871,944
Allocated support costs	1,688,767	553,886	1,885,342	4,127,995	3,773,473
Teaching school	3,898	-	4,435	8,333	131,894
	<u>9,320,812</u>	<u>1,307,901</u>	<u>2,849,937</u>	<u>13,478,650</u>	<u>11,777,311</u>
2018 total	<u>8,005,938</u>	<u>1,256,748</u>	<u>2,514,625</u>	<u>11,777,311</u>	

Net income/(expenditure) for the period includes :

		2018/19 £	2017/18 £
Operating leases	- plant and machinery	30,883	22,815
	- other	794,978	762,998
Depreciation		945,975	948,810
Fees payable to auditor	- audit	15,000	15,000
	- other services	1,250	80

6. Charitable activities

	Unrestricted funds £	Restricted pension fund £	Other restricted funds £	2018/19 Total £	2017/18 Total £
Educational operations					
Direct costs	50,888	-	9,299,767	9,350,655	8,003,838
Support costs	25,940	315,000	3,787,055	4,127,995	3,773,473
	<u>76,828</u>	<u>315,000</u>	<u>13,086,822</u>	<u>13,478,650</u>	<u>11,777,311</u>
2018 total	<u>135,165</u>	<u>247,000</u>	<u>11,395,146</u>	<u>11,777,311</u>	

The Waverley Education Foundation Ltd
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Notes to the financial statements for the year ended 31 August 2019 (continued)

6. Charitable activities (continued)

	Unrestricted funds £	Restricted pension fund £	Other restricted funds £	2018/19 Total £	2017/18 Total £
Analysis of support costs					
Support staff costs	-	315,000	1,373,767	1,688,767	1,500,650
Depreciation	-	-	191,960	191,960	254,504
Technology costs	-	-	408,642	408,642	391,007
Premises costs	-	-	396,679	396,679	326,144
Other support costs	25,940	-	1,399,757	1,425,697	1,283,334
Governance costs	-	-	16,250	16,250	17,834
Total support costs	25,940	315,000	3,787,055	4,127,995	3,773,473
2018 total	15,460	247,000	3,511,013	3,773,473	

7. Staff

a) Staff costs

Staff costs during the year were:

	2018/19 £	2017/18 £
Wages and salaries	6,713,595	5,844,176
Social security costs	672,905	608,145
Pension costs	1,261,385	1,079,492
	8,647,885	7,531,813
Agency staff costs	643,683	467,125
Staff restructuring costs	29,244	7,000
	9,320,812	8,005,938
	2018/19 £	2017/18 £
Staff restructuring costs comprise :		
Severance payments	-	7,000
Other restructuring costs	29,244	-
	29,244	7,000

b) Staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £nil (2018: £7,000).

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Notes to the financial statements for the year ended 31 August 2019 (continued)

7. Staff (continued)

c) Staff numbers

The average number of persons employed by the academy during the year was as follows:

	2018/19 Number	2017/18 Number
Teachers	155	119
Administration and support	119	114
Management	14	12
	<u>288</u>	<u>245</u>

d) Higher paid staff

	2018/19 Number	2017/18 Number
The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was :		
£60,001 - £70,000	4	2
£100,001 - £110,000	1	-
£170,001- £180,000	<u>1</u>	<u>1</u>

e) Key management personnel

The key management personnel of the multi academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the multi academy trust was £1,119,819 (2018 : £707,189)

8. Central services

No central services were provided by the trust to its academies during the year and no central charges arose.

9. Related Party Transactions - Trustees' remuneration and expenses

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

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

Kamal Hanif (principal and trustee)	
Remuneration	£175,000 - £180,000 (2018 : £175,000 - £180,000)
Employer's pension contributions paid	£25,000- £30,000 (2018 : £25,000 - £30,000)

There were no travel and subsistence expenses paid to any trustee of The Waverley Education Foundation Ltd during the current or previous year.

The Waverley Education Foundation Ltd
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Notes to the financial statements for the year ended 31 August 2019 (continued)

10. Trustees' and officers' insurance

The academy trust has opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to £10,000,000. It is not possible to quantify the trustees and officers indemnity element from the overall cost of the RPA scheme.

11. Tangible fixed assets

	Leasehold land and buildings £	Furniture and equipment £	Computer hardware £	Total £
Cost or valuation				
At 1 September 2018	39,180,695	805,809	565,307	40,551,811
Additions	10,834	169,701	163,926	344,461
At 31 August 2019	<u>39,191,529</u>	<u>975,510</u>	<u>729,233</u>	<u>40,896,272</u>
Depreciation				
At 1 September 2018	3,047,934	545,505	565,307	4,158,746
Charge for the year	783,830	107,503	54,642	945,975
At 31 August 2019	<u>3,831,764</u>	<u>653,008</u>	<u>619,949</u>	<u>5,104,721</u>
Net book values				
At 31 August 2019	<u>35,359,765</u>	<u>322,502</u>	<u>109,284</u>	<u>35,791,551</u>
At 31 August 2018	<u>36,132,761</u>	<u>260,304</u>	<u>-</u>	<u>36,393,065</u>

Leasehold property was valued at September 2013 by the trustees and at December 2015 by C Butler MRICS, FHP Property Consultants, Nottingham NG1 5BG. The fittings and equipment and computer hardware were valued as at the same date by the trustees. The basis on which the valuations were made was depreciated replacement cost.

Cost or valuation at 31 August 2019 is represented by :

	Leasehold land and buildings £	Furniture and equipment £	Computer hardware £	Total £
Valuation in 2013 and 2015	34,855,000	755,147	306,995	35,917,142
Cost	<u>4,336,529</u>	<u>220,363</u>	<u>422,238</u>	<u>4,979,130</u>
	<u>39,191,529</u>	<u>975,510</u>	<u>729,233</u>	<u>40,896,272</u>

The Waverley Education Foundation Ltd
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Notes to the financial statements for the year ended 31 August 2019 (continued)

12. Debtors

	2019 £	2018 £
Debtors from operations	-	24,479
VAT recoverable	84,665	161,676
Prepayments and accrued income	170,889	196,587
	<u>255,554</u>	<u>382,742</u>

13. Creditors

	2019 £	2018 £
(a) Amounts falling due within one year :		
Creditors from operations	327,119	158,939
Accruals and deferred income	397,167	287,830
Other creditors	727,208	1,274,294
Loans	143,952	137,669
	<u>1,595,446</u>	<u>1,858,732</u>

Deferred income

Deferred income at 1 September 2018	77,981	97,494
Resources deferred in the year	82,551	77,981
Amounts released from previous years	(77,981)	(97,494)
Deferred income at 31 August 2019	<u>82,551</u>	<u>77,981</u>

At the balance sheet date the multi academy trust was holding funds received in advance for universal infant free school meals and rates income.

(b) Amounts falling due after more than one year :

Other creditors	<u>2,256,623</u>	<u>2,400,573</u>
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Other creditors after more than one year represents a loan from Birmingham City Council repayable in monthly instalments at an interest rate of 4.4733% per annum. The amount repayable after more than five years is £1,612,002 (2018 : £1,784,105). The amount due within one year is shown in note 13(a).

The Waverley Education Foundation Ltd
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Notes to the financial statements for the year ended 31 August 2019 (continued)

14. Funds

	Balance at 1 September 2018 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2019 £
Restricted general funds					
General Annual Grant (GAG)	1,308,179	10,700,258	(10,896,026)	(259,486)	852,925
Other DfE Group grants	-	1,067,982	(1,067,982)	-	-
Other grants	-	176,839	(176,839)	-	-
	<u>1,308,179</u>	<u>11,945,079</u>	<u>(12,140,847)</u>	<u>(259,486)</u>	<u>852,925</u>
Restricted fixed asset funds					
Transfer on conversion	29,766,791	-	(756,833)	137,669	29,147,627
DfE Group capital grants	4,079,727	185,038	(137,180)	(65,005)	4,062,580
Capital expenditure from GAG	45,910	-	(51,962)	186,822	180,770
	<u>33,892,428</u>	<u>185,038</u>	<u>(945,975)</u>	<u>259,486</u>	<u>33,390,977</u>
Pension reserve	<u>(3,590,000)</u>	<u>-</u>	<u>(315,000)</u>	<u>(510,000)</u>	<u>(4,415,000)</u>
Total restricted funds	<u>31,610,607</u>	<u>12,130,117</u>	<u>(13,401,822)</u>	<u>(510,000)</u>	<u>29,828,902</u>
Unrestricted funds					
Teaching school	-	8,333	(8,333)	-	-
Other income	1,692,004	155,610	(68,495)	-	1,779,119
Total unrestricted funds	<u>1,692,004</u>	<u>163,943</u>	<u>(76,828)</u>	<u>-</u>	<u>1,779,119</u>
Total funds	<u>33,302,611</u>	<u>12,294,060</u>	<u>(13,478,650)</u>	<u>(510,000)</u>	<u>31,608,021</u>

The specific purposes for which the funds are to be applied are as follows:

Restricted general funds

These comprise all restricted funds other than restricted fixed asset funds and include grants from The Education & Skills Funding Agency and Birmingham City Council.

Under the funding agreement with the Secretary of State, the multi academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2019.

Unrestricted funds

These comprise resources that may be used towards meeting any of the charitable objects of the multi academy trust at the discretion of the trustees.

Restricted fixed asset funds

These comprise resources which are to be applied to specific capital purposes imposed by The Education & Skills Funding Agency and Birmingham City Council where the asset acquired or created is held for a specific purpose.

The Waverley Education Foundation Ltd
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Notes to the financial statements for the year ended 31 August 2019 (continued)

14. Funds (continued)

Comparative information in respect of the preceding period is as follows :

	Balance at 1 September 2017 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2018 £
Restricted general funds					
General Annual Grant (GAG)	539,878	10,205,777	(9,305,821)	(131,655)	1,308,179
Other DfE Group grants	-	881,062	(881,062)	-	-
Teaching school	5,065	46,000	(51,065)	-	-
Other grants	-	208,388	(208,388)	-	-
	<u>544,943</u>	<u>11,341,227</u>	<u>(10,446,336)</u>	<u>(131,655)</u>	<u>1,308,179</u>
Restricted fixed asset funds					
Transfer on conversion	30,413,927	-	(778,791)	131,655	29,766,791
DfE Group capital grants	4,211,809	35,101	(167,183)	-	4,079,727
Capital expenditure from GAG	48,746	-	(2,836)	-	45,910
	<u>34,674,482</u>	<u>35,101</u>	<u>(948,810)</u>	<u>131,655</u>	<u>33,892,428</u>
Pension reserve	<u>(3,891,000)</u>	<u>-</u>	<u>(247,000)</u>	<u>548,000</u>	<u>(3,590,000)</u>
Total restricted funds	<u>31,328,425</u>	<u>11,376,328</u>	<u>(11,642,146)</u>	<u>548,000</u>	<u>31,610,607</u>
Unrestricted funds					
Teaching school	-	80,829	(80,829)	-	-
Other income	1,607,350	138,990	(54,336)	-	1,692,004
Total unrestricted funds	<u>1,607,350</u>	<u>219,819</u>	<u>(135,165)</u>	<u>-</u>	<u>1,692,004</u>
Total funds	<u>32,935,775</u>	<u>11,596,147</u>	<u>(11,777,311)</u>	<u>548,000</u>	<u>33,302,611</u>

Total funds analysis by academy

Fund balances at 31 August 2019 were allocated as follows :

	2018/19 Total £	2017/18 Total £
Waverley School	1,928,989	2,357,865
Waverley Studio College	<u>703,055</u>	<u>642,318</u>
Total before fixed assets and pension reserve	2,632,044	3,000,183
Restricted fixed asset fund	33,390,977	33,892,428
Pension reserve	(4,415,000)	(3,590,000)
Total funds	<u>31,608,021</u>	<u>33,302,611</u>

The Waverley Education Foundation Ltd
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Notes to the financial statements for the year ended 31 August 2019 (continued)

14. Funds (continued)

Total funds analysis by academy (continued)

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

	Teaching & educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs (excluding depreciation) £	2018/19 Total £
Waverley School	6,649,309	1,580,023	294,003	2,472,799	10,996,134
Waverley Studio College	982,736	108,744	89,168	355,893	1,536,541
Academy trust	7,632,045	1,688,767	383,171	2,828,692	12,532,675
2018 total	6,505,288	1,500,650	364,268	2,458,295	10,828,501

15. Analysis of net assets between funds

Fund balances at 31 August 2019
are represented by:

	Unrestricted funds £	Restricted pension funds £	Restricted general funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets	-	-	-	35,791,551	35,791,551
Current assets	1,779,119	-	2,304,420	-	4,083,539
Current liabilities	-	-	(1,451,495)	(143,951)	(1,595,446)
	1,779,119	-	852,925	35,647,600	38,279,644
Creditors due after one year	-	-	-	(2,256,623)	(2,256,623)
Pension scheme liability	-	(4,415,000)	-	-	(4,415,000)
Total net assets	1,779,119	(4,415,000)	852,925	33,390,977	31,608,021

Comparative information in
respect of the preceding period is
as follows :

	Unrestricted funds £	Restricted pension funds £	Restricted general funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets	-	-	-	36,393,065	36,393,065
Current assets	1,692,004	-	3,029,242	37,605	4,758,851
Current liabilities	-	-	(1,721,063)	(137,669)	(1,858,732)
	1,692,004	-	1,308,179	36,293,001	39,293,184
Creditors due after one year	-	-	-	(2,400,573)	(2,400,573)
Pension scheme liability	-	(3,590,000)	-	-	(3,590,000)
Total net assets	1,692,004	(3,590,000)	1,308,179	33,892,428	33,302,611

The Waverley Education Foundation Ltd
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Notes to the financial statements for the year ended 31 August 2019 (continued)

16. Commitments under operating leases

At 31 August 2019 the total of the multi academy trust's future minimum lease payments under non-cancellable operating leases was:

Amounts due within one year

Amounts due between one and five years

Amounts due after five years

	Other	
	Total	Total
	2019	2018
	£	£
	418,635	814,630
	1,184,174	2,402,073
	5,743,546	6,020,725
	<u>7,346,355</u>	<u>9,237,428</u>

17. Reconciliation of net income/(expenditure) to net cash flow from operating activities

Net income/(expenditure) for reporting year (as per the SoFA)

Adjusted for :

Depreciation (note 11)

Capital grants from DfE and other capital income

Defined benefit pension scheme cost less contributions payable (note 22)

Defined benefit pension scheme finance cost/(income) (note 22)

Decrease / (increase) in debtors

Increase / (decrease) in creditors

Net cash provided by / (used in) operating activities

	2018/19	2017/18
	Total	Total
	£	£
	(1,184,590)	(181,164)
	945,975	948,810
	(185,038)	(35,101)
	224,000	150,000
	91,000	97,000
	127,188	(131,749)
	(269,569)	(308,663)
	<u>(251,034)</u>	<u>539,133</u>

18. Cash flows from investing activities

Purchase of tangible fixed assets

Capital grants from DfE Group

Net cash provided by / (used in) investing activities

	2018/19	2017/18
	Total	Total
	£	£
	(344,461)	(12,650)
	185,038	35,101
	<u>(159,423)</u>	<u>22,451</u>

19. Cash flows from financing activities

Repayments of borrowing

Net cash provided by / (used in) financing activities

	2018/19	2017/18
	Total	Total
	£	£
	(137,667)	(131,656)
	<u>(137,667)</u>	<u>(131,656)</u>

**The Waverley Education Foundation Ltd
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Notes to the financial statements for the year ended 31 August 2019 (continued)

20. Analysis of cash and cash equivalents

	At 31 August 2019 £	At 31 August 2018 £
Cash at bank and in hand	3,827,985	4,376,109
	<u>3,827,985</u>	<u>4,376,109</u>

21. Member's liability

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

22. Pension and similar obligations

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

The latest actuarial valuation of the TPS related to the year ended 31 March 2012 and of the LGPS 31 March 2016.

Contributions amounting to £71,474 (2018 : £195,446) were payable to the schemes at 31 August 2019 and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

**The Waverley Education Foundation Ltd
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Notes to the financial statements for the year ended 31 August 2019 (continued)

22. Pension and similar obligations (continued)

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are :

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the year amounted to £585,953 (2018 : £527,428).

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

Under the definitions set out in FRS 102, the TPS is an unfunded multi-employer pension scheme. The academy trust 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 pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £438,000. (2018 : £275,000), of which employer's contributions totalled £352,000 (2018 : £202,000) and employees' contributions totalled £86,000 (2018 : £73,000). The agreed contribution rates for future years are between 13.6% and 17.4% for employers and between 5.5% and 8.5% for employees.

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

The trustees have agreed that the trust will make additional contributions in addition to normal funding levels over the next 17 years.

The Waverley Education Foundation Ltd
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Notes to the financial statements for the year ended 31 August 2019 (continued)

22. Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

Principal actuarial assumptions

	At 31 August 2019	At 31 August 2018
Rate of increase in salaries	3.69%	4.20%
Rate of increase for pensions in payment / inflation	2.19%	2.70%
Discount rate for scheme liabilities	1.90%	2.60%
Inflation assumption (CPI)	2.19%	2.70%
Commutation of pensions to lump sums	50.00%	50.00%

Sensitivity analysis

	As disclosed	Discount rate	CPI rate	In life expectancy
	£'000s	+ 0.1% pa £'000s	+ 0.1% pa £'000s	+ 1 year £'000s
Present value of total obligation	5,994	5,841	6,126	6,203
Projected service cost	573	557	589	593
	£'000s	- 0.1% pa £'000s	- 0.1% pa £'000s	- 1 year £'000s
Present value of total obligation	5,994	6,151	5,866	5,792
Projected service cost	573	589	558	553

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

	At 31 August 2019	At 31 August 2018
Retiring today		
Males	20.9	21.9
Females	23.2	24.4
Retiring in 20 years		
Males	22.6	24.1
Females	25.1	26.7

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

	31 August 2019	31 August 2018
	£	£
Equities	948,000	685,000
Government bonds	150,000	77,000
Other bonds	60,000	40,000
Property	129,000	87,000
Cash/liquidity	57,000	40,000
Other	235,000	151,000
Total market value of assets	1,579,000	1,080,000

The actual return on scheme assets was £86,000 (2018 : £10,000).

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Notes to the financial statements for the year ended 31 August 2019 (continued)

22. Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

	2018/19 £	2017/18 £
Amount recognised in the statement of financial activities		
Current service cost	575,000	449,000
Net interest cost	91,000	97,000
Administration expenses	1,000	-
Total amount recognised in the SOFA	667,000	546,000

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

	2018/19 £	2017/18 £
At 1 September 2018	4,670,000	4,671,000
Current service cost	490,000	449,000
Interest cost	125,000	121,000
Employee contributions	86,000	70,000
Changes in demographic assumptions	(326,000)	-
Benefits paid	(24,000)	(79,000)
Changes in financial assumptions	888,000	(562,000)
Past service cost	85,000	-
At 31 August 2019	5,994,000	4,670,000

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

	2018/19 £	2017/18 £
At 1 September 2018	1,080,000	780,000
Interest income	34,000	24,000
Administration expenses	(1,000)	-
Employer contributions	352,000	299,000
Employee contributions	86,000	70,000
Benefits paid	(24,000)	(79,000)
Return on assets less interest	52,000	(14,000)
At 31 August 2019	1,579,000	1,080,000

Net pension scheme liability	(4,415,000)	(3,590,000)
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The Waverley Education Foundation Ltd
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Notes to the financial statements for the year ended 31 August 2019 (continued)

23. Related party transactions

Owing to the nature of the academy trust and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH, including notifying ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with the academy trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

No related party transactions took place in the year of account other than certain trustees' remuneration and expenses already disclosed in note 9.

24. Agency arrangements

The multi academy trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting year ending 31 August 2019 the trust received £23,542 (2018: £20,276) and disbursed £9,599 (2018: £17,821) from the fund. An amount of £28,586 (2018: £14,642) is included in other creditors relating to undistributed funds that is repayable to ESFA.

25. Teaching school trading account

	2018/19 £	2018/19 £	2017/18 £	2017/18 £
Income				
Direct income				
Other income		8,333		126,829
Total income carried forward		<u>8,333</u>		<u>126,829</u>
Expenditure				
Direct costs				
Direct staff costs	3,898		120,019	
Staff development	-		1,200	
Other direct costs	<u>4,435</u>		<u>6,732</u>	
		8,333		127,951
Other costs				
Other support costs	<u>-</u>		<u>3,943</u>	
		-		3,943
Total expenditure		<u>8,333</u>		<u>131,894</u>
Surplus/(deficit) from all sources		-		(5,065)
Teaching school balances at 1 September 2018		-		5,065
Teaching school balances at 31 August 2019		<u>-</u>		<u>-</u>