

Company registration number 08368756 (England and Wales)

WATERGROVE TRUST
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022



WATERGROVE TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Members

Rev R Battershell (Ceased 26 July 2022)
Mr A Dearnley (Ceased 26 July 2022)
Mr P Ottley O'Connor (Ceased 1 April 2022)
Mrs S Cairns
Miss J Perkins (Appointed 26 July 2022)
Mr L Eaglestone (Appointed 26 July 2022)
Mrs L Parker (Appointed 26 July 2022)

Trustees

Mrs S M Taylor
Mr P Mortimer (Resigned 31 December 2021)
Mr S Ahmed
Mr D Johnson
Mr C McKenzie
Mrs S O'Brien
Mrs L Parker (Resigned 26 July 2022)
Mr G Walczak
Mr T Hart (Appointed 26 July 2022)
Ms S Murfin (Appointed 5 January 2022 and resigned 8 June 2022)
Mr B Harrison (Appointed 12 September 2022)
Mr S Atcha (Appointed 12 September 2022)
Ms A L Kirk (Appointed 9 November 2022)

Company secretary

Mrs K Neville
Ms L James

Chief executive officer

Mr M Moorhouse

Senior management team

- Wardle Headteacher	Mr B Hesketh (Resigned 31 August 2022)
- Wardle Deputy Headteacher	Mr D Watson (Resigned 31 August 2022)
- Wardle Headteacher	Mr J Glennie (Appointed 1 September 2022)
- Wardle Deputy Headteacher	Ms E Butterworth (Appointed 1 September 2022)
- Wardle Deputy Headteacher	Mr K Qadir (Appointed 1 September 2022)
- St Andrews Headteacher	Mrs J A Rainford
- St Andrews Deputy Headteacher	Mrs J Hodgson
- Matthew Moss Headteacher	Mr C Jennings
- Matthew Moss Deputy Headteacher	Mr M Sheratt
- Matthew Moss Deputy Headteacher	Ms J King-Jagger
- Matthew Moss Deputy Headteacher	Mr P Clough
- Matthew Moss Deputy Headteacher	Ms C Leach-Rodgers
- Moorhouse Head of School	Mrs K Milnes
- Moorhouse Deputy Headteacher	Mr J Knipe
- St James Headteacher	Mrs J Rainford
- St James Deputy Headteacher	Mr S Booth

Finance manager

Mr J Butterworth

Company registration number

08368756 (England and Wales)

WATERGROVE TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Registered office

Watergrove Trust
First Floor Suite
Blue Pit Mill
Queensway
Rochdale
OL11 2YW

Academies operated

St Andrew's C of E Primary School
Wardle Academy
Kentmere Academy
St James' C of E Primary School
Matthew Moss High School
Moorhouse Academy
Watergrove Trust

Location

Rochdale
Rochdale
Rochdale
Rochdale
Rochdale
Rochdale

Principal

Mrs J A Rainford
Mr B Hesketh
Mrs N Howard
Mrs J A Rainford
Mr C Jennings
Mrs K Milnes

Independent auditor

RSM UK Audit LLP
Bluebell House
Brian Johnson Way
Preston
Lancashire
PR2 5PE

Internal auditor

Wylie Bisset
168 Bath Street
Glasgow
G2 4TP

Bankers

Lloyds Bank
Customer Service Centre
Dept 91-01
Box 3
BX1 1LT

Solicitors

Schofield Sweeney Solicitors
Church Bank House
Church Bank
Bradford
West Yorkshire
BD1 4DY

WATERGROVE TRUST

TRUSTEES' REPORT

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year 1 September 2021 to 31 August 2022. The annual report serves the purposes of a trustees' report, a directors' report, and a strategic report under company law.

The Trust has two secondary academies; Wardle Academy (capacity 1,200 and 1,299 on roll) and Matthew Moss, a growing Academy with capacity of 1,200 and 1,211 on roll.

There are four primary schools;

Moorhouse Academy with 234 pupils,

Kentmere Academy with 340 pupils

St Andrews C of E Primary School consisting of 452 pupils and

St James C of E Primary School with 206 pupils.

The Trust is expanding and currently has 3,742 students in roll (October 2022).

OFSTED Judgements

Wardle Academy	–	December 2017	–	Good
Kentmere Academy	–	January 2018	–	Outstanding
St Andrews Primary	–	February 2022	–	Good
St James Primary	–	March 2022	–	Good
Matthew Moss High School	–	April 2018	–	Good
Moorhouse Academy	–	April 2021	–	Inadequate

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust.

The trustees of the Watergrove Trust are also the directors of the charitable company for the purposes of company law. The charitable company is known as Watergrove Trust. Details of the trustees who served during the year and to the date these accounts are approved except as noted are included in the Reference and Administrative Details on pages 1 and 2.

Each individual academy has a local governing body structure. Trustees are mostly independent of local governing bodies to enhance Trust accountability.

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

Trustees benefit from indemnity insurance from RPA, purchased at the Academy Trust's expense to cover the liability of the Trustees which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of they may be guilty in relation to the Academy Trust.

Any such insurance shall not extend to any claim arising from any act or omission which the Trustees knew to be a breach of trust or breach of duty or which was committed by the Trustees in reckless disregard to whether it was a breach of trust or breach of duty or not. Any such insurance shall not extend to the costs of any unsuccessful defence to a criminal prosecution brought against Trustees in their capacity as Directors of the Academy Trust. The limit of this indemnity is £10 million.

WATERGROVE TRUST

TRUSTEES' REPORT (CONTINUED)

Method of recruitment and appointment or election of trustees

All trustees will be appointed by the members for an initial period not exceeding four years.

All governors shall be appointed or elected, as the case may be, under the Articles of Association and Funding Agreement. Each academy has its own local board known as a Local Governing Body.

In general, the academy trust will have the following governors in each institution:-

- Not less than three governors (not subject to a maximum)
- The members may appoint up to seven governors, subject to Article 50.
- A minimum of two parent governors appointed under Articles 53-58.
- The principal (known as the headteacher)
- One Staff governor
- Governors' term of office shall be 4 years. The time limit does not apply to headteachers. Nominations for all Chairs of Governance will be sought annually.

A staff Governor will only hold office for so long as they continue to be employed as a teacher or associate staff member at their academy. A parent Governor will only hold office for as long as they continue to be a parent of a student of the school.

Policies and procedures adopted for the induction and training of new Governance Board members*

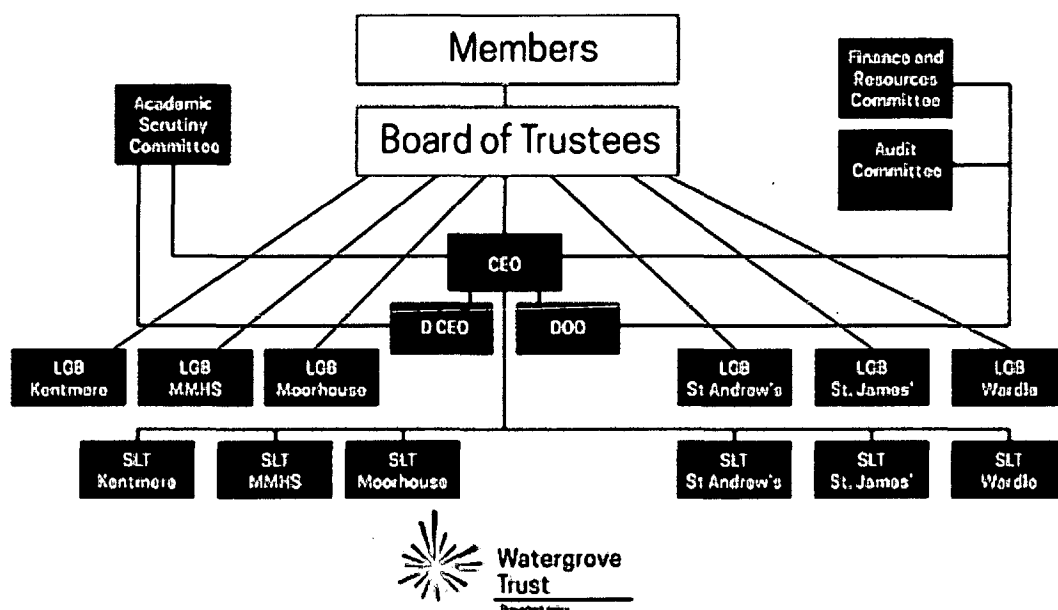
The training and induction provided for new Governance members includes an Induction/Welcome session, governance induction meeting and a mentor. Induction includes a tour of the academies/academy and a chance to meet the headteacher, staff and pupils. All governance members are provided with online access to copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role. Local governors are encouraged to participate in specific governor training courses applicable to academies offered by the REAL Trust, the National Governors Association and other bodies. All Governors are DBS checked on appointment.

* Members, Trustees, Local Governors

Organisational Structure

Please see the Scheme of Delegation for more detailed information.

The Governance Structure at the Watergrove Trust is as follows:



WATERGROVE TRUST

TRUSTEES' REPORT (CONTINUED)

Members

The Members are the guardians of the Trust's constitution. They determine the governance structure of the Trust overseeing the work of the Trustees to ensure that the charitable objectives of the Trust are realised. Members have limited but important powers under the Articles of Association. These include the right to wind up the Trust, amend the Articles, change the name of the company, appoint other members and appoint and remove one or more directors/trustees. Members also sign off the financial accounts and the annual report.

Members meet twice a year including the AGM to approve the Board of Trustees Annual Report. Members are welcome to attend any of the other Trust governance meetings as observers.

Board of Trustees ("the Board")

The Board consists of twelve trustees (currently six vacancies). All trustees are expected to abide by the Watergrove Trust Governance Code of Conduct. No employee can sit as a trustee, including the Chief Executive Officer.

Trustees (also known as Directors) are expected to have the skills, knowledge and experience to effectively oversee the work of the senior executive, local governing bodies, academy headteachers and other senior staff. This includes being able to effectively interpret financial and academic data.

The purpose of the Board is to ensure the Trust's compliance with charity and company law, its Articles of Association, all other applicable legislation, and DfE and ESFA requirements relating to the Trust and its academies. The Board must ensure proper and regular use of public funds and comply with the Funding Agreement and the latest Academies Handbook (2022). The Trust must remain solvent and demonstrate good value for money.

The **Board of Trustees** meets a minimum of four times per year as a full Board. In addition, trustees with the appropriate expertise will sit on one of three committees that inform the Board (Academic Scrutiny; Finance & Resources; Audit & Risk). The **quorum** for any Board meeting or vote is **three** trustees.

Trustees are selected based upon their educational or business expertise. All governors and Trustees complete a skills audit to assess suitability for the vacant post and ensure a broad range of relevant expertise on the Board. The term of office for any trustee is negotiable up to a maximum of four years, subject to a light annual review of performance (attendance, contribution to meetings). Subject to remaining eligible to be a trustee, any trustee may be re-appointed for one additional term of office (Maximum 8 years).

Nominations for Chair will be sought and a Chair elected annually.

A trustee will cease to hold office if s/he resigns her/his office by notice to the Company but only if at least three trustees will remain in office when the notice of resignation is to take effect.

Whilst the Board delegates some duties to officers and local governing bodies, overall responsibility remains with them. Therefore, trustees and Trust officers need to remain largely independent of the local governing bodies if they are to effectively hold the individual academies to account.

Trustee Committees

The Board of Trustees is advised by four committees:

- Academic Scrutiny
- Finance and Resources
- Audit and Risk
- Remuneration

Each Trust committee meets for a minimum of three meetings per year. The aim of the committees is to inform the Board of academic standards and financial probity resulting from more detailed scrutiny of academic and financial performance of the Trust's academies.

These committees consist of trustees, officers and co-opted professionals. Their role is to:

- a. monitor the progress of actions outlined in the Strategic Plan;
- b. review the academic progress and financial effectiveness of individual academies highlighting to both Board and to the individual academy any areas of concern;
- c. advise the Board on strategic need and direction;
- d. undertake any tasks specifically delegated to them by the Board.

WATERGROVE TRUST

TRUSTEES' REPORT (CONTINUED)

Trustee Committee membership

- a. **Academic Scrutiny.** A minimum of three trustees with educational experience, CEO and an external School Improvement Partner.
- b. **Finance and Resources.** A minimum of three trustees with corporate management experience, CEO, and Trust Finance Manager.
- c. **Audit and Risk.** A minimum of three trustees (nor Chair of Trustees or other governance office holders).
- d. **Remuneration.** The Committee will be chaired by the Chair of Trustees. Core membership will comprise of:
 - a. At least three Trustees (including the Chair)
 - b. Chief Executive Officer
 - c. Chief Operations Officer
 - d. Human Resource Officer

Local Governing Bodies

The primary function of the Local Governing Committee's (LGC's) is to support the Board in ensuring that their academy is accountable for educational performance, financial performance, the maintenance and delivery of a broad and balanced curriculum, the pastoral care and support of its students and for engagement within the community. LGCs also have an advisory role. Although the Board undertakes centralised educational and financial performance monitoring, thereby enabling LGCs to focus on teaching, learning and pastoral issues, LGCs are expected to be knowledgeable on these issues, holding headteachers to account and directing early interventions where necessary.

Expectations of the Local Governing Body

The LGB shall support the Board of Trustees in taking a delegated strategic role in the governance of the Academy. It will act as a critical friend to its academy providing support to the headteacher and the staff.

The LGB will agree to monitor and review all school policies, targets and priorities for the academy, as well as implement and advise on all Trust policies. It will be accountable to the Board of Trustees for its decisions.

To carry out its role the LGC will:

- a. Share in the Trust's vision and direction.
- b. Ensure that the academy fulfils its statutory duties in relation to SEND and Safeguarding, appointing a Governor to take lead responsibility for SEND and Child Protection.
- c. Encourage the highest standards of leadership and management at all levels. In doing this, the LGC will support, advise and hold the headteacher and leadership to account.
- d. Systematically, and regularly, monitor and evaluate the work of the academy in relation to student performance, thereby agreeing targets and monitoring progress against them.
- e. Monitor and evaluate the effectiveness of the curriculum direction set by the headteacher and agree policies which will enhance the quality of teaching and learning within the academy.
- f. Work closely with the headteacher and Trust officers/consultants to prepare the academy for formal inspection including preparation of self-assessment statements.
- g. Consider, and where necessary amend, the Academy Development Plan (School Improvement Plan) submitted by the headteacher before formally approving it, ensuring that all actions support the strategic direction of the Trust as set out in its Three Year Strategic Plan.
- h. Approve the academy's staffing structure annually ensuring that it meets the curriculum need and is deliverable within the constraints of the financial budget.
 - i. Operate within the remit of the Watergrove Trust's Decision Matrices of Governance (see below).
 - j. Advise the Board on financial, resource, capital and staffing issues as related to the school.
- k. Respond appropriately, and timely, to Trustee Committee concerns related to academic performance and financial management.
- l. Ensure that the academy fulfils its statutory duties with regard to equality, discrimination and works to strengthen social cohesion.

WATERGROVE TRUST

TRUSTEES' REPORT (CONTINUED)

- m. Promote each student's spiritual, moral, social and cultural development.
- n. Ensure that the academy communicates well with parents seeking and maintaining good relationships with other external bodies and community groups.
- o. Recognise and celebrate achievement by pupils and staff of the academy and Trust.
- p. Agree the academy student Admission Policy.
- q. Ensure all governors are skilled in understanding, interpreting and comparing academy performance, attendance, admissions and exclusions data.

LGC Membership

In line with our ethos that one model does not fit all, the size of the academy local governing body is not prescribed by the Trust. However, governing bodies should be no bigger than necessary to secure the range of skills they need and smaller governing bodies are likely to be more cohesive and dynamic.

The Board approves the composition of each LGC, but it would not wish to intervene in its composition or change its delegated responsibilities unless the LGC was proving ineffective in the delivery of its responsibilities. Any LGC not able to meet expectations would be dissolved and replaced by an Executive Board until such a time as the issues have been addressed, at which point a new LGC would be constituted.

Members delegate to the Board the responsibility of appointing local governors. Any Board appointed governors would be subject to a satisfactory interview involving either a Trustee or the CEO and a member of the existing LGC (ideally the headteacher or Chair of LGC). Both (ie Trustee/CEO and headteacher/Chair) would need to approve the appointment.

If the local governing committee chooses to form an additional sub-group or committee that meets regularly, it is expected that the Chair of that committee will not be the Chair of Governors.

LG Committees

As the primary functions of the LGB are related to the curriculum, teaching, learning, pastoral management and student care, there are no expectations that LGCs will have additional committees for finances, resources or staffing.

The Board does delegate some responsibility to LGCs in these areas, but most of the monitoring is via executive officers or Trustee Committee.

Local Governing Committee Meetings

The full LGC will meet at least termly with the headteacher formally reporting to the meeting. LGCs without additional committees will meet at least half-termly. LGBs need to ensure sufficient time is allocated across the year to meeting the training needs of the group.

Meetings shall be convened by the Governance Manager (GM). The GM shall comply with any direction given by

- the chair of trustees
- the Headteacher
- Chair of the LGC
- CEO

The Chief Executive Officer of Watergrove Trust acts as the Accounting Officer.

Arrangements for setting pay and remuneration of key management personnel

Members, trustees and local governors all serve in a volunteer capacity without remuneration.

The pay for the Chief Executive Officer (CEO) and Chief Operating Officer (COO) is subject to an annual review against Key Performance Targets agreed with trustees within the Strategic Business Plan.

The performance management of the headteachers are both undertaken by governance committees set up for this purpose, supported by the CEO. Any pay progression needs to be recommended by the local governing committee and the trustees remuneration committee, both of which must approve the recommendation.

All members of the senior leadership are appraised in accordance with each schools' Appraisal and Capability Policy (revised annually). The headteacher may recommend pay progression for their senior staff to the individual local governing bodies if their annual targets have been achieved and they are not already at the top of their Leadership Group range.

WATERGROVE TRUST

TRUSTEES' REPORT (CONTINUED)

Trade union facility time

The Trust employs one trade union official who represents ASCL who spent less than 50% of their employed hours on facility time.

Relevant union officials

Number of employees who were relevant union officials during the relevant period	1
Full-time equivalent employee number	1.00

Percentage of time spent on facility time

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

Percentage of pay bill spent on facility time

Total cost of facility time	-
Total pay bill	17,786,000
Percentage of the total pay bill spent on facility time	-

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	-
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Related parties, connected charities and co-operation with other organisations

Watergrove Trust works with the Diocese of Manchester to support St Andrew's and St James' primary schools. The Trust is not part of a soft federation, but actively seeks to support other schools through CPD and leadership development.

Engagement with employees (including disabled persons)

The Trust values the contributions made by all staff. The following actions have taken place during the period to introduce, maintain or develop arrangements aimed at:

1. Providing employees with information on matters of concern to them.
 - a. The CEO holds fortnightly Headteacher meetings to share information with and receive information from, schools. The central team communicates regularly to provide updates - for example HR support (including Smart Clinic), guidance around working at home and remote learning.
2. Consulting employees or their representatives regularly so that the views of employees can be considered in making decisions which are likely to affect their interests
 - a. The Trust distributed a survey to all employees in Summer 2021 and is acting on the findings.
3. Encouraging the involvement of employees in the company's performance
 - a. All staff have annual review meetings to celebrate their contribution to the Trust, identify training needs and share future plans.
4. Achieving a common awareness on the part of all employees of the factors affecting the performance of the company
 - a. The CEO writes to all staff at least twice a year to provide an update.
5. Its policy in respect of applications for employment from disabled persons, the treatment of employees who become disabled and the training, career development and promotion of disabled persons.
 - a. The Trust recruitment and selection policy outline the approach. *The Equality Act 2010 requires the Trust to make reasonable adjustments to the recruitment process if the applicant makes us aware that they have a disability. This applies to the entire recruitment process, from advertising to appointment and the Trust is committed to meeting this requirement.*

WATERGROVE TRUST

TRUSTEES' REPORT (CONTINUED)

Engagement with suppliers, customers and others in a business relationship with the trust

The Trust have had regard to the need to foster the company's business relationship with suppliers, customers and others. The governance register of business interests is published on the Trust website. Moreover, the Trust will always ensure best value when making business decisions; in the case of a declared business interest this will involve obtaining three quotes whatever the value of the transaction.

The Trust acts in a way most likely to promote the success of the company and in doing so has regard to:

- the likely consequences of any decision in the long term
- the interests of the company's employees
- the need to foster the company's business relationships with suppliers, customers and others
- the impact of the company's operations on the community and the environment
- the desirability of the company maintaining a reputation for high standards of business conduct
- the need to act fairly as between members of the company

The Trust has forged strong relationships with suppliers, based on reliability and suitability for purpose. Where possible, local suppliers are used to reduce our carbon footprint and support local businesses. The Trust is moving towards contracts that provide a service to all academies, this provides consistency and surety especially when it relates to statutory compliance.

OBJECTIVES AND ACTIVITIES

Objects and aims

The Academy Trust's objects ("the Objects") are specifically restricted to the following:

To advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing Academies which shall offer a broad and balanced curriculum and which shall include:

- i. Academies other than those designated Church of England, whether with or without a designated religious character; and
- ii. Church of England academies designated as such which shall be conducted in accordance with the principles, practices and tenets of the Church of England both generally and in particular in relation to arranging for religious education and daily acts of worship, and in having regard to any advice and following any directives issued by the Diocesan Board of Education, but in relation to each of the Academies to recognise and support their individual ethos, whether or not designated Church of England.

Our Mission

In the 1930s Rochdale's need for clean, fresh water was met by the provision of the Watergrove Reservoir. Nearly a century later, the **Watergrove Trust** has been formed to provide **schooling of the highest quality** for the region.

Our mission then is to be ever "**Providing more**" to the communities we serve, to enable life in all its fullness.

Our Charter

Our Trust is enabled by a mutual interdependency within which we will always:

- Coach
- Challenge
- Innovate

Objectives, Strategies and Activities

By September 2024, every school which has been part of the Watergrove Trust for 24 months or more will have:

- | | |
|-------------|---|
| Objective 1 | Governance and Leadership , of the highest quality |
| Objective 2 | Attendance above national average |
| Objective 3 | Progress above national average. |
| Objective 4 | Quality of Education , Good or Outstanding |
| Objective 5 | Feedback , strong from all stakeholders |

The work streams that will ensure we are **Providing More...**

TRUSTEES' REPORT (CONTINUED)

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WATERGROVE TRUST

TRUSTEES' REPORT (CONTINUED)

Governance and Leadership					Quality of Education				
GL2 Resource Management	Intent	Implementation		Impact	QE2 Progress	Intent	Implementation		Impact
	Resource management will be exemplary, with well-controlled processes operated by a strong central team, ensuring best value and economies of scale across a growing Trust.	GL2a Central Team Expansion	K Neville	Central Team have the capacity to facilitate Trust growth.		QE2a Classroom Leadership Strategy	M Moorhouse	Negative behaviour logs and exclusions reduce.	
		GL2b Estates	K Neville C Hilton	Maintenance costs show downward trend.		QE2b Curriculum Planning Strategy	M Moorhouse	Progress accelerates for all pupils, including those with high prior attainment and SEND.	
		GL2c SAGE	J Butterworth D Ashton	Strong audit judgements sustain as Trust expands.		QE2c Reading Strategy	N Howard	Discretionary reading levels increase.	
		GL2d IT Strategy	Dave Leonard	100% of pupils access AI learning from home.		QE2d Springboard Strategy	M Moorhouse	Progress increases, especially for pupils supported by the PP.	
		GL2e HR Policy Suite	A Whiteley	An agreed suite of policies operate for all academies and form a transparent measure for all schools joining the Trust.		QE2e ECT Training	J Jagger-King Best Practice Network	Progress for ECT classes in line with expectation.	
		GL2f School Business Manager Development	K Neville Meeting of Minds	Effective budgeting and cost control in all academies.		QE2f Watergrove Resource Bank	Headteachers	Curriculum judged Good in every subject.	
		GL2g Health and Safety Compliance Checker	K Neville Another N Wilson	All premises 100% compliant.		QE2g Watergrove Partnership Collaborations	M Moorhouse	Improvements informed by joint CPD and visits.	
						QE2h System Science	A White C Kershaw	Rising trend of progress in Science subjects.	

WATERGROVE TRUST

TRUSTEES' REPORT (CONTINUED)

Governance and Leadership					Quality of Education				
GL3	Intent	Implementation		Impact	QE3	Intent	Implementation		Impact
	Training for Trustees, Governors, Headteachers and all senior and middle leaders will be high quality, accessing knowledge from within and beyond the educational setting.	GL3a Governor Mark	L James Chairs of LGCs	Governance judged to be strong in every Ofsted inspection.		Voice surveys will, at least annually, capture feedback from all key stakeholders and provide data to inform assurance that we are "Providing More" as a Trust to the pupils and communities we serve.	QE3a Learner	M Moorhouse	Year on year comparisons evidence improvements in response to feedback.
		GL3b NPQ	J Hope	Variation in the effectiveness of teams across the Trust reduces.			QE3b Staff	M Moorhouse	Year on year comparisons evidence improvements in response to feedback.
		GL3c Leadership Programme	M Moorhouse	All senior leadership posts appointed from within the Trust.			QE3c Parent	M Moorhouse	Year on year comparisons evidence improvements in response to feedback.
Training				Voice					

Moving forward, benchmarking will be improved by adopting the EFSA Chart of accounts across the Trust. Financial KPIs are used to measure % of expenditure against revenue income. Whilst these provide a good indicator, improving consistency in the use of cost centres will increase accuracy.

WATERGROVE TRUST

TRUSTEES' REPORT (CONTINUED)

Public benefit

The Trustees confirm that they have complied with the duty in Section 4 of the Charities Act 2011 to have due regard to the Charity Commissioner's general guidance on public benefit in exercising their powers or duties. They have referred to this guidance when reviewing the academy's aims and objectives and in planning its future activities.

The Trust aims to 'provide more'. In particular, but without prejudice to the generality of the foregoing by estimating, maintaining, managing and developing schools, offering a broad and rich curriculum. Student outcomes, OFSTED judgement of the quality of education, student perception measures, admission levels show tangible public benefit in the academic journey made by students at the school.

Beyond this, the academies aim to offer an education for the whole individual providing opportunities for personal as well as academic success. With this in mind the schools seek to provide for the cultural, physical, spiritual as well as academic development of students. The range of extra-curricular activities, educational trips, music opportunities and visits offered to, and taken up by, our students contribute to schools that are happy and in which students thrive.

We support other schools through the delivery of professional development and the sharing of practice and knowledge to ultimately benefit the wider community.

STRATEGIC REPORT

Achievements and performance

Primary school students in Year 6 took their SATs test in May 2022. The results of the tests are not published nationally this year due to the impact of Covid. Year 11 students sat their exams this summer and the results will be published nationally in Autumn 2022.

Sandbrook Community Primary School, with 630 pupils, will join the Trust in March 2023. The Trust has ambitions to continue steady growth to maintain quality and the KPI's cover all areas of Trust business and are continually monitored.

Provisional results for GCSE and KS1/2 in 2022 have been analysed and presented to Trustees.

	KPI	Appraisal	Status	Trend	Current Action
Context	Number on Roll	CEO COO HT	KA -12 MMHS +83 MA +2 St A +11 St J - WA +41	↑ Trust + 125	Trust Support and Environmental Improvements At Moorhouse Academy
QA	Ofsted Judgement	CEO HT	Wardle inspection imminent. Moorhouse reinspection soon. <u>Good judgements secured for St. Andrew's and St James' CE in Spring 2022.</u>	↔ Awaiting Inspection	Trust support at Moorhouse Leadership change at Wardle. Improvement Leads in place.
Attainment and Progress	Primary	CEO HT	Improvements in 2019 KS2 outcomes at all sites apart from Kentmere (Exp - 4%), St Andrew's (GD -4%) and St James' (Exp -11% GD - 7%)	↔	Safeguarding Lead replaced. Key Strategy enacted. System Science staff growth.
	Secondary	CEO HT	Rising results at MMHS and falling results at Wardle Academy.	↔	Recruitment of Trust-wide staff.

WATERGROVE TRUST

TRUSTEES' REPORT (CONTINUED)

	KPI	Appraisal	Status	Trend	Current Action
Attendance and Exclusions	Primary Attendance	CEO HT	Above national 94.29% (national 93.8%)	↔	Kentmere support for Moorhouse.
	Primary Exclusions	CEO HT	None.	↓	
	Secondary Attendance	CEO HT	Above national 89.72% (national 88.9%)	↔	
	Secondary Exclusions	CEO HT	MMHS 3 suspensions and Wardle 15 suspensions at 15/09/22 The number of suspensions and permanent exclusions will be higher at Wardle this term due to the new leadership.	↔	Alternative Provision reestablished at MMHS from September. New leadership at Wardle academy
Safeguarding	Safeguarding	CEO HT Inclusion Lead	CPOMS updated for all schools in line with HSBs. September KCSIE training heavily focused on HSB/peer on peer at all Trust schools. Trust Quiz to evidence staff training. HSE data now collecting.	↑	New categories for SHBs have been implemented across Trust school's CPOMS systems (inline with June 10th report). Training about usage to continue WT Safeguarding Forum to evolve and develop even more. Areas of specialism to emerge within the Trust forum- creation of experts who lead on different aspects. Brook HSB toolkit bought - to be implemented at all Trust schools.
Staff	Staff Absence	CEO HT	Average sick days 9.0 (4.9 in 2020-21) 7.1 @ 01/12/22 <i>Covid-19 impact on current year not yet known.</i>	↔ Average sick days per staff member reduced in four schools and increased in two.	Trust HR supporting schools to monitor and manage absence.

WATERGROVE TRUST

TRUSTEES' REPORT (CONTINUED)

	KPI	Appraisal	Status	Trend	Current Action
Finance	Monthly Outturn Summary	COO	All trustees receive a monthly financial summary report.		Reserves policy 5% of GAG to mitigate risk
	Staffing costs	COO	Teaching and support staff costs in 2021/22 were 71.2% of expenditure		Expenditure within recommended benchmarks
	Internal Audit Summary	COO	Governance - strong Health & Safety - strong Key Controls - strong Safeguarding - strong Risk Management - strong	↑ Strongest score in all areas.	
	External Audit Summary	COO	Strong audit report - no control points.	↑ Strongest audit to date.	Strong foundations for growth

Going Concern

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

Trustees have been able to gain confidence in all academy's basis as a going-concern. This is centred upon the continued over-subscribed status of all schools in the Watergrove Trust at the point of entry. In addition, the local authority predicts a short-fall in the supply of secondary school places for the Pennine region from 2018 – 2024. Wardle increased PAN by 50 places in 2021/22 and 2022/23 to meet short term demand. Planning permission for 880 new homes in Pennine Township will also help ensure that all schools remain full for the foreseeable future.

Covid-19

The pandemic continued to impact schools throughout the academic year.

In September 2021, schools in England reopened to pupils after the summer holidays and all pupils were expected to attend as normal.

Lateral Flow Device (LFD) screening tests were available and the Department for Education (DfE) recommended that all secondary age pupils receive two lateral flow device (LFD) tests in school, at the start of the September term, and one LFD test at the start of the January 2022 term. Thereafter, secondary pupils, and all school staff, were encouraged to test at home twice-weekly. The use of LFD tests and face coverings changed throughout the year in line with infection rates in schools and areas.

School attendance for the year was 90.97%, below pre pandemic levels of 95%.

In terms of financial impact, several areas were still impacted, namely:

1. Supply costs - These were high due to still having to cover covid related absences and self-isolation.
2. Lettings income - Many lettings were cancelled throughout Covid and therefore income was reduced but bookings have gradually increased during 21/22.
3. Catering income - This was also severely impacted by periods of lockdown but again have gradually increased in 21/22, particularly after the Autumn term. The financial losses were offset to some degree by savings on food costs.

WATERGROVE TRUST

TRUSTEES' REPORT (CONTINUED)

Promoting the success of the charitable company

Under section 172(1)(a) to (f) of the Companies Act 2006, directors of a company must act in a way most likely to promote the success of the company, and in doing so the Trustees have regard to:

- The likely consequences of any decision in the long term
- The interests of the company's employees
- The need to foster the company's business relationships with suppliers, customers and others
- The impact of the company's operations on the community and the environment.
- The desirability of the company maintaining a reputation for high standards of business conduct
- The need to act fairly between members of the company

Watergrove Trust has more than 250 employees and falls into the category of a large company.

Our mission is to be ever "Providing more" to the communities we serve, to enable life in all its fullness. Our charter is to Coach, Challenge and Innovate. The Trustees use the National Governance Associate Framework for Ethical Leadership in Education as the basis for decision making.

Financial review

The vast majority of the Academy's income is obtained from the DfE via the Education and Skills Funding Agency (ESFA) in the form of recurrent grants, the use of which are restricted to particular educational purposes. The grants received from the DfE during the year ended 31 August 2022 and the associated expenditure are shown in the Statement of Financial Activities.

The net unrestricted income in the year was £541,000, and the net restricted expenditure in the year was £1,622,000.

The restricted fixed asset fund balance is reduced by annual depreciation charges over the useful life of the assets concerned, as defined in the Academy's account policies.

The restricted general fund, excluding pension reserves, plus unrestricted funds was £2,966,000 (2021: £2,834,000) at 31 August 2022. This represents an increase of £132,000 compared to the previous year.

The assets were used exclusively for providing education and the associated support services to the students of the academies in line with Trust Articles of Association.

The land, buildings and other assets were transferred to the Trust upon conversion of the six schools.

Blocks A, B and C of the Wardle Academy building are managed and maintained by Equans (previously Carillion) as part of a PFI agreement entered into by the governors of Wardle High School in 2011. This agreement was subsequently transferred to the academy upon conversion, and therefore these assets are excluded from the financial statements. The agreement with Carillion (now Equans) was for 25 years and is due to expire in 2039. The remaining assets have been included in the financial statements at a best estimate, taking into account purchase price and remaining useful economic life.

The academy trust continues to account for the deficit in the local government pension scheme in respect of its associate staff (non-teaching). The deficit is incorporated with the Statement of Financial Activity with details in Note 24 to the financial statements.

Key financial policies adopted or reviewed during the year include the Finance Regulations Manual, Credit Card Policy, Expenses Policy and Fixed Asset & Depreciation Policy. The Finance Regulation Manual sets out the framework for financial management, including financial responsibilities of the trustees, chief executive (as accounting officer), headteachers, the finance manager, accounting team, budget holders and other affected staff, as well as delegated authority for expenditure and procurement protocols.

An Audit and Risk Committee sits outside of the Finance Committee meeting independently with a different Chair to report directly to trustees on key areas of control with the accounting function.

WATERGROVE TRUST

TRUSTEES' REPORT (CONTINUED)

The trustees have agreed a strategic approach to robust financial management and budgetary control whilst continuing to invest in human and physical resources to sustain the academy's development priorities. Trustees recognise the need to be prudent with the net assets for 2022/23 in order to protect the organisation from future commercial, political and financial risk. Reserves are pooled and this provides the Trustees with the vehicle to manage risk effectively, and maintain reserves at the minimum level (5% of GAG) and to support improvement projects across the Trust.

Reserves Policy

As at 31 August 2022 the Trust currently has £2,966,000 of reserves; this is made up of restricted general fund of £1,269,000, excluding pension reserve of £401,000, plus unrestricted funds of £1,697,000.

The total funds at 31 August 2022 are £49,398,000 (2021: £31,892,000).

The current level of reserves is considered to be appropriate for the Trust. The trustees have decided that all unrestricted reserves will be utilised in helping the Trust achieve its objectives. At present, all academies plan balanced in-year budgets. Any surplus at the end of the year is shared, 50% appearing as a carry forward sum in each academy's 2022/23 budget plan.

This year substantial improvements have taken place in the non PFI areas at Wardle Academy, converting a former sports hall into a teaching and learning space. The unused pool has been temporarily boarded for safety and to allow the school to make use of the area.

Trustees consider that a minimum of 5% of GAG needs to be held in reserve to protect the organisation against future risk. This will be reviewed in 2022/23 in line with Academies Handbook guidance. Funds are held to support school improvement across the trust, recognising the challenges of rapid yet sustainable growth.

The actuarial valuation of the pension scheme and the corresponding liability does not result in an immediate cash flow impact to the Trust. The trustees are confident that any liabilities can be met as they fall due.

Investment Policy

The aim of this policy is to ensure that funds which the Academy Trust does not immediately need to cover anticipated expenditure are invested in such a way as to maximise income but without risk.

Our aim is to spend the public monies with which we are entrusted for the direct education benefit of students as soon as is prudent. The Trust does not consider the investment of surplus funds as a primary activity, rather it is the result of good practice as and when circumstances allow.

In engaging in any investment, the Trust needs to ensure that:

- adequate cash balances are maintained in the current account to cover day to day working capital requirements;
- there is no risk of loss in capital value of any cash funds invested;
- the capital value of any invested funds is protected against inflation;
- optimised returns accrue from funds invested via ethical sources.

Monthly cash flow reports are to be prepared and monitored to ensure there are adequate liquid funds to meet all payroll related commitments and outstanding creditors that are due for payment. Where the cash flow identifies a base level of cash funds that will be surplus to requirements these may be invested following approval from the Trustees Finance and Resources Committee. Approval must be signed off, recorded in the committee minutes and reported to the Board of Trustees.

In making decisions regarding where and how any surplus funds should be invested, due regard will be given to risk.

WATERGROVE TRUST

TRUSTEES' REPORT (CONTINUED)

Currently, we do not invest surplus funds, however as funds will be held in one central bank account (rather than separate accounts for each academy) the options for investment will be explored in 2022/23 as interest rates rise. The aim is to reach an appropriate level of reserve to allow executive officers and the Finance & Resources Committee to explore investment possibilities with criteria being:

- investment with a different counterparty (in order to reduce counterparty risk);
- consideration of whether there should be a maximum level of investment with a single approved counterparty; and
- a longer term investment with a higher return.

The Watergrove Trust will continue to be always "Providing More" to the communities of Rochdale and its surrounding areas. We plan to welcome Sandbrook Community Primary School into the Trust in Spring 2023, a large primary school within a mile of the central office in Rochdale.

The CEO is in conversation with other schools who have expressed an interest in joining Watergrove Trust. Due to the government white paper published in March 2022 'Opportunity for all; strong schools with great teachers for your child' we anticipate a period of rapid growth. The white paper sets out an aim for all schools to be part of a strong Trust by 2030.

Careful planning and preparation underpins this growth and significant investment in workforce resilience is under way: to this end the Trust have appointed highly experienced specialised staff, including a Central Operations Lead (including Estates), a Safeguarding Officer, a new Human Resources Manager and an additional finance officer. This is in addition to increased investment in teaching staff recruitment and development. It is essential the Trust builds secure business functions as foundations to support growth.

Key performance indicators

Key performance indicators are shown in the table on pages 13 - 15. The indicators are received by executive team and reported to Trustees at each meeting.

Plans for future periods

The Watergrove Trust will continue to be always "Providing More" to the communities of Rochdale and its surrounding areas. We plan to welcome Sandbrook Community Primary School into the Trust in Spring 2023, a large primary school within a mile of the central office in Rochdale.

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WATERGROVE TRUST

TRUSTEES' REPORT (CONTINUED)

Principal risks and uncertainties

The principal risks and uncertainties facing the Trust are as follows:

Failure to prevent unauthorised access to systems and information. Danger of Cyber attack

The prevalence of cyber attacks has increased, evidenced by a significant incident in a high school in Rochdale resulting in loss of the management information system for 6 weeks. Significant work is taking place to mitigate the risk, including the use of two factor authentication.

Failure to effectively manage security of the school

Intruders are causing damage to the building at several sites. Action has been taken to improve security including new fencing, signage, anti-vandal paint and regular liaison with the police.

Loss of a key individual

The Board pays careful consideration to succession planning to ensure business continuity, in terms of values and ethos, plus business effectiveness.

Significant rise in energy costs

The national rise in energy costs will impact schools. Whilst fixed terms agreements are in place, energy management and the use of green technology must be high in our list of priorities.

Financial

The Trust has considerable reliance on continued Government funding through the ESFA. In the last year, 84 % of the Trust's incoming resources were ultimately Government funded and whilst this level is expected to continue, there is no assurance that funding levels will be maintained in real terms in the short to medium time frame (2-5 years).

Pay awards have placed considerable pressure, especially as school budgets had already been set at the point they were awarded. All schools (with exception of MMHS) will have to identify cost savings in order to achieve a balanced budget.

As with many defined benefit pension schemes the associate staff fund is in deficit but is managed by the Greater Manchester Pension Scheme with school pension contributions assessed at a level that, over time, will recover the shortfall. In April 2020, the employer's contribution rate to the fund rose from 19.7% to 21.4%. The next review is due in April 2023.

Demand for places in all schools exceeds Published Admission Numbers (at the usual point of admission i.e. Reception and Year 7).

As such, the Trustees consider that the Trust is able to meet its known annual deficit contribution commitments for the foreseeable future, resulting in the risk from this liability being minimal and manageable.

Risk controls include:

- A Trust wide approach to Health and Safety and infection control.
- Ensuring three year rolling budgets to enable early identification of possible issues.
- Sharing resources across the Trust and using the bulk buying power of the Trust to reduce costs.
- Developing revenue opportunities through growth and service provision.

WATERGROVE TRUST

TRUSTEES' REPORT (CONTINUED)

Physical Environment

Watergrove Trust now qualifies for School Condition Allocation (SCA), having grown beyond the threshold for condition improvement funding (CIF). A comprehensive Estates Action Plan is in place to address urgent condition issues.

Reputational

The Trust has employed a Marketing Officer. All the academies' reputations have grown in recent years matched by an increased demand for places that has seen entries rise significantly. The continuing success of the academies is dependent on continuing to attract applicants in sufficient numbers by maintaining the highest educational standards.

Confidence in the Trust remains high amongst local schools with other schools expressing an interest in joining. Sandbrook Community Primary School is due to join the Trust in Spring 2023.

Risk controls include:

- External review of governance arrangements to more closely monitor and review progress.
- Making teaching and learning the primary focus of the schools, delegating non-academic matters to Trust officers.
- Implementing stronger quality assurance programmes across the Trust identifying and correcting issues at an early stage.
- Investing in the training of development of governance and staff to ensure high quality teaching and learning and support.
- Engaging in more sophisticated forms of marketing and communications particularly through the use of social media.

Safeguarding and child protection

The trustees continue to ensure that the highest standards are maintained in the areas of selection, recruitment and monitoring of staff, the operation of child protection policies and procedures, health and safety and risk assessment of these critical areas of operation.

All schools have had all policies and practices reviewed by independent consultants and arrangements were considered to be appropriate and good.

Risk controls include:

- Maintaining all existing systems and strengthening where possible.
- Regular external reviews of systems and policy.
- Annually updated training for all staff.
- Trust wide safeguarding forum for sharing information and good practice.

Staffing

The success of the academies is reliant on the quality of its staff and the trustees monitor and review policies and processes to ensure continued development and training of staff. Appraisal procedures have been enhanced for teaching staff and introduced for associate staff.

Risk controls include:

- Stronger monitoring and accountability by governance on the effectiveness of school leaders
- Early recruitment to secure best available staff.
- Partnerships with Teaching Schools to strengthen leadership
- A Trust ECT programme delivered by experienced improvement leaders in conjunction with Best Practice Network.
- Development of the marketing of the Trust and its academies to potential staff.
- Annual perceptions surveys and responses to ensure the Trust and its academies are desirable places to work.
- Building and promotion of positive culture within the Trust and its academies to ensure high levels of retention of current staff.

WATERGROVE TRUST

TRUSTEES' REPORT (CONTINUED)

Fraud and mismanagement of funds

The academy trust has appointed internal auditors to carry out audit and compliance checks on financial systems, records and controls as recommended in the Academies Handbook. All finance staff receive internal/external training to keep them up to date with financial practice requirements and to support them in the development of their skills in this area of risk.

The Trust appointed Wylie and Bisset to undertake internal audits in 2022/23.

The skills audit shows a good range of skills on the Board of Trustees, any deficit is being addressed in training plans for 2022/23.

The academy has continued to strengthen its risk management process throughout the year by improving the process and enhancing governor and staff awareness. Risk assessments are undertaken and updated. The risk register is now managed by an appropriate person and is regularly reviewed and monitored.

As the trust grows it needs to develop a stronger Risk Management Strategy. Where significant financial risk still remains then the Trustees have ensured that adequate insurance cover is in place.

At the year end, the academy had no significant liabilities arising from trade creditors or debtors where there would be a significant effect on liquidity.

Risk controls include:

- Strengthening the quality of governance with expertise in audit and risk management.
- Working with CalQRisk to develop comprehensive risk assessment and management strategies.
- Supporting local governing bodies to increase their effectiveness in understanding school budgets
- Employing professional accounting staff to support schools.

Fundraising

The academy trust does not use any external fundraisers. All fundraising undertaken during the year was monitored by the Trustees.

Streamlined energy and carbon reporting

	2022 kWh	2021 kWh
<i>Energy consumption</i>		
Aggregate of energy consumption in the year		
- Gas combustion	2,677,812	2,251,552
- Fuel consumed for transport	14,037	5,183
- Electricity purchased	1,294,080	1,253,524
	<u>3,985,929</u>	<u>3,510,259</u>
	2022 metric tonnes	2021 metric tonnes
<i>Emissions of CO2 equivalent</i>		
Scope 1 - direct emissions		
- Gas combustion	488.81	412.39
- Fuel consumed for owned transport	3.71	0.06
	<u>492.52</u>	<u>412.45</u>
Scope 2 - indirect emissions		
- Electricity purchased	250.25	266.16
Scope 3 - other indirect emissions		
- Fuel consumed for transport not owned by the academy trust	1.15	0.68
	<u>743.92</u>	<u>679.29</u>
Total gross emissions		
	<u>743.92</u>	<u>679.29</u>
<i>Intensity ratio</i>		
Tonnes CO2e per pupil	0.21	0.21
	<u>0.21</u>	<u>0.21</u>

WATERGROVE TRUST

TRUSTEES' REPORT (CONTINUED)

Quantification and reporting methodology

We have followed the 2020 HM Government Environmental Reporting Guidelines. We have also used the GHG Reporting Protocol – Corporate Standard and have used the 2022 UK Government's Conversion Factors for Company Reporting.

Intensity measurement

The chosen intensity measurement ratio is total gross emissions in metric tonnes CO2 equivalent per pupil, the recommended ratio for the sector.

Measures taken to improve energy efficiency

We have seen an increase in our total consumption which is mainly due to the fact that we have a full year contribution of Moorhouse Academy who joined the trust in April 2021 and the central Trust team moved into separate accommodation in September 2021. Also, the figures for 20/21 were lower than usual because they were still affected by partial school closures due to the periods of lockdown.

Despite the increase in consumption, our overall emissions per pupil has remained static due to the increased number of students across the trust from 3,301 to 3,530.

The swimming pool remains mothballed at Wardle which has reduced consumption. All lighting in the new WaterSHED space at Wardle is LED and replacement ceilings in the halls at St James and Moorhouse include inset LED lights. Boilers at St James and Wardle are scheduled for replacement in 2023/23 subject to the availability of contractors.

The solar panels at Moorhouse have been repaired and are now fully working. The KS2 roof has been replaced where needed and new windows and doors are being installed to provide much better insulation.

Schools have engaged an energy management consultant to assess efficiency. Kentmere Academy is part of the Energy Sparks initiative to become energy efficient and fight climate change.

We have replaced a large number of light fittings at Matthew Moss with LED fittings and we have also encouraged the practice of attending online meetings, webinars & training where possible.

WATERGROVE TRUST

TRUSTEES' REPORT (CONTINUED)

AUDITOR

RSM UK Audit LLP have expressed their willingness to continue in office and a resolution to appoint them will be proposed at the annual general meeting.

Statement as to disclosure of information to auditors

The trustees have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the trustees have confirmed that they have taken all the steps that they ought to have taken as trustees in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

The trustees' report is approved by order of the board of trustees and the strategic report (included therein) is approved by the board of trustees in their capacity as the directors at a meeting on ...01.12.22 and signed on its behalf by:



Colin McKenzie
Chair of the Watergrove Trust Trustees

01.12.2022

WATERGROVE TRUST

GOVERNANCE STATEMENT

Scope of responsibility

As trustees we acknowledge we have overall responsibility for ensuring that Watergrove Trust 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.

As trustees, we have reviewed and taken account of the guidance in DfE's Governance Handbook and competency framework for governance.

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

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The board of trustees has formally met 7 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustees	Meetings attended	Out of possible
Mrs S M Taylor	5	7
Mr G Walczak	7	7
Mrs S O'Brien	4	7
Mr S Ahmed	5	7
Mrs L Parker	3	7
Mr C McKenzie	6	7
Mr D Johnson	4	7
Mr T Hart	0	0

Resigned:

Trustees	Date resigned	Meetings attended	Out of possible
Mr P Mortimer	31/12/2021	2	3
Ms S Murfin	08/06/2022	2	3

Academic scrutiny committee:

The academic scrutiny committee is a sub-committee of the main board of trustees. Attendance at meetings in the year was as follows:

Trustees	Meetings attended	Out of possible
Mrs S M Taylor	2	3
Mr G Walczak	3	3
Mrs L Parker	3	3
Mr P Mortimer (resigned 31/12/2021)	1	3
Mr S Ahmed	1	3
Mr C McKenzie	2	3

WATERGROVE TRUST

GOVERNANCE STATEMENT (CONTINUED)

Finance and resources committee:

The finance and resources committee is a sub-committee of the main board of trustees. Attendance at meetings in the year was as follows:

Trustees	Meetings attended	Out of possible
Mrs S M Taylor	3	3
Mr G Walczak	3	3
Mrs S O'Brien	3	3
Mr S Ahmed	1	3
Mr C McKenzie	3	3

Audit and risk committee:

The audit and risk committee is a sub-committee of the main board of trustees. Attendance at meetings in the year was as follows:

Trustees	Meetings attended	Out of possible
Mr G Walczak	2	3
Mr S Ahmed	3	3
Mr C McKenzie	1	3
Mr D Johnson	2	3

Remuneration committee:

The remuneration committee is a sub-committee of the main board of trustees. Attendance at meetings in the year was as follows:

Trustees	Meetings attended	Out of possible
Mrs S Taylor	1	1
Mr G Walczak	1	1
Mr S Ahmed	1	1
Mr C McKenzie	1	1
Mr D Johnson	1	1

The Scheme of Delegation was revised by the Board of Trustees in March 2022.

Review of value for money

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

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

- **Revising systems of financial accountability**

Benchmarking costs against other schools can provide a useful insight into cost efficiency. In order for the comparison to be of value, it is important that every school adds their costs to the same 'pot' of expenditure. The ESFA chart of accounts provides the framework for effective benchmarking and all schools in the Trust transferred to the new codes in September 2021. Analysis of expenditure will take place in Autumn 2022 to identify areas where best value might be improved.

WATERGROVE TRUST

GOVERNANCE STATEMENT (CONTINUED)

- **Provision of service to non-trust schools**

The Trust provides IT services to Falinge Park High and to Broadfield Community Primary School. This work generates income to support central operations.

- **Estates**

A grant of £564k has been awarded by the DfE to improve the condition of the buildings at Moorhouse Academy. The works include roofing upgrades, new windows and doors and important fire safety works. Securing external funding means that the School Condition Allocation can be used in full to support other improvement projects. These include a temporary floor over the mothballed pool at Wardle Academy, to make the space safe and usable. A catering pod has been constructed to provide an additional food outlet in the move from three lunch periods to one. An Outdoor Classroom will be installed in the grounds at St Andrew's.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Watergrove Trust for the period 1 September 2021 to 31 August 2022 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Board of Trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1 September 2021 to 31 August 2022 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

The risk and control framework

The academy trust's system of 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 local governing bodies 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 auditor reports to the Board of Trustees, through the audit and risk committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

WATERGROVE TRUST

GOVERNANCE STATEMENT (CONTINUED)

The board of trustees has decided to employ Wylie Bisset as internal auditor for the period 01/09/2021 to 31/08/2022.

The internal auditor's role included giving advice on financial and other matters and performing a range of checks on the academy trust's financial and other systems.

In particular the checks carried out in the current period included:

- Risk Management - follow up review.
- Safeguarding - follow up review
- Health & Safety - follow up review
- Corporate Governance
- Key Financial Controls (final report 09/09/2021)

The overall conclusion for all reviews and follow up reports is 'Strong' - defined as; Controls satisfactory, no major weaknesses found, no or only minor recommendations identified.

Managing conflicts of interest

The complete and up to date register of business interests is maintained by the Trust and shared with all academies. Business Managers in each academy will refer to the register to avoid any conflict of interest. Should a conflict occur, the Trust finance manager is informed and if necessary a report is submitted to the ESFA.

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 external auditor
- the work of the internal auditor
- the financial management and governance self-assessment process
- the work of the finance manager within the academy trust who has 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 audit committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the board of trustees on 01.12.22 and signed on its behalf by:



Colin McKenzie
Chair of Trustees



Mark Moorhouse
Accounting Officer

WATERGROVE TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also the directors of Watergrove Trust for the purposes of company law) are responsible for preparing the trustees' report (including the strategic report) and the financial statements in accordance with the Academies Accounts Direction published by the Education and 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 2019 and the Academies Accounts Direction 2021 to 2022;
- 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 that grants received from 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 01.12.22 and signed on its behalf by:



Colin McKenzie
Chair of Trustees

WATERGROVE TRUST

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer of Watergrove Trust, I have considered my responsibility to notify the academy trust board of trustees and the Education and Skills Funding Agency ('ESFA') of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academy Trust Handbook 2021.

I confirm that I and the academy trust's board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academy Trust Handbook 2021.

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 EFSA.



Mark Moorhouse
Accounting Officer

1/12/22

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WATERGROVE TRUST

Opinion

We have audited the financial statements of Watergrove Trust (the "charitable company") for the year ended 31 August 2022 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice), and the Academies Accounts Direction 2021 to 2022 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2022 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2021 to 2022 issued by the Education and Skills Funding Agency.

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 charitable company 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

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Opinions on other matters 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, which includes the Directors' Report and the Strategic Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report and the Strategic Report included within the Trustees' Report have been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WATERGROVE TRUST (CONTINUED)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report or the Strategic Report included within the Trustees' 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 returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities set out on page 28, the trustees (who act as trustees for the charitable activities of the charitable company are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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 charitable company'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 charitable company 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.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory framework that the charitable company operates in and how the charitable company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WATERGROVE TRUST (CONTINUED)

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Charities SORP (FRS 102), Companies Act 2006, Education and Skills Funding Agency's Academies Financial Handbook and Annual Accounts Direction. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing the financial statements including the Trustees Report.

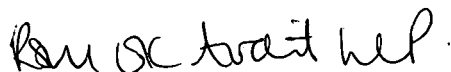
The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to the Education Inspection Framework under the Education Act 2005 (as amended), Keeping Children Safe in Education under the Education Act 2002, the UK General Data Protection Regulation (UK GDPR) and the Data Protection Act 2018. We performed audit procedures to inquire of management and those charged with governance whether the group is in compliance with these law and regulations and inspected correspondence with regulatory authorities.

The audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments, evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business and challenging judgments and estimates.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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



Karen Musgrave (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Bluebell House
Brian Johnson Way
Preston
Lancashire
PR2 5PE

13/12/22.

WATERGROVE TRUST

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2022

		Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total 2022	Total 2021
	Notes	£000	£000	£000	£000	£000
Income and endowments from:						
Donations and capital grants	3	1	-	964	965	960
Donations - transfer from local authority on conversion		-	-	-	-	2,612
Charitable activities:						
- Funding for educational operations	4	349	22,918	-	23,267	20,405
Other trading activities	5	845	-	-	845	850
Total		<u>1,195</u>	<u>22,918</u>	<u>964</u>	<u>25,077</u>	<u>24,827</u>
Expenditure on:						
Charitable activities:						
- Educational operations	7	654	24,540	1,126	26,320	22,623
Total	6	<u>654</u>	<u>24,540</u>	<u>1,126</u>	<u>26,320</u>	<u>22,623</u>
Net income/(expenditure)		541	(1,622)	(162)	(1,243)	2,204
Transfers between funds	17	(888)	-	888	-	-
Other recognised gains/(losses)						
Actuarial gains/(losses) on defined benefit obligations	24	-	18,749	-	18,749	(3,155)
Net movement in funds		<u>(347)</u>	<u>17,127</u>	<u>726</u>	<u>17,506</u>	<u>(951)</u>
Reconciliation of funds						
Total funds brought forward		2,044	(16,259)	46,107	31,892	32,843
Total funds carried forward		<u>1,697</u>	<u>868</u>	<u>46,833</u>	<u>49,398</u>	<u>31,892</u>

WATERGROVE TRUST**BALANCE SHEET****AS AT 31 AUGUST 2022**

		2022		2021	
	Notes	£000	£000	£000	£000
Fixed assets					
Tangible assets	12		46,578		45,444
Current assets					
Stocks	13	13		28	
Debtors	14	1,041		1,078	
Cash at bank and in hand		4,370		4,324	
		5,424		5,430	
Current liabilities					
Creditors: amounts falling due within one year	15	(2,203)		(1,933)	
Net current assets			3,221		3,497
Net assets excluding pension liability			49,799		48,941
Net defined benefit pension scheme (liability)/asset	24		(401)		(17,049)
Total net assets			49,398		31,892
Funds of the academy trust:					
Restricted funds	17				
- Restricted fixed asset funds			46,833		46,107
- Restricted income funds			1,269		790
- Pension reserve			(401)		(17,049)
Total restricted funds			47,701		29,848
Unrestricted income funds	17		1,697		2,044
Total funds			49,398		31,892

The financial statements on pages 33 to 57 were approved by the board of trustees and authorised for issue on 01.12.22 and are signed on their behalf by:



Colin McKenzie
Chair of Trustees

01.12.2022

WATERGROVE TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2022

	Notes	2022 £000	2021 £000	2021 £000
Cash flows from operating activities				
Net cash provided by operating activities	21		1,509	1,903
Cash flows from investing activities				
Capital grants from DfE Group		686		107
Capital funding received from sponsors and others		111		852
Purchase of tangible fixed assets		(2,260)		(1,168)
Net cash used in investing activities			(1,463)	(209)
Net increase in cash and cash equivalents in the reporting period			46	1,694
Cash and cash equivalents at beginning of the year			4,324	2,630
Cash and cash equivalents at end of the year			4,370	4,324

WATERGROVE TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022

1 Accounting policies

General information

Watergrove Trust is a charitable company. The address of its principal place of business is given on page 1 and the nature of its operations are set out in the trustees' report.

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied, in dealing with items which are considered material in relation to the financial statements, to all the years presented, unless otherwise stated.

Basis of preparation

The financial statements of the academy trust 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 financial statements 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 2021 to 2022 issued by ESFA, the Charities Act 2011 and the Companies Act 2006. The academy trust is a public benefit entity under FRS 102 and has therefore applied the relevant public benefit requirements of FRS 102.

The financial statements are presented in sterling which is also the functional currency of the academy trust.

Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

Going concern

The trustees assess whether the use of going concern is appropriate, ie whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charitable company to continue as a going concern. The trustees have made this assessment by preparing forecasts for the period to December 2023 and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Income

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

General Annual Grant is recognised in full in the statement of financial activities in the period for which it is receivable, and any abatement in respect of the period is deducted from income and recognised as a liability.

Capital grants are recognised 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.

WATERGROVE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

1 Accounting policies (Continued)

Other income

Other income, including the hire of facilities, is recognised at fair value of the consideration received or receivable in the period it is receivable and to the extent the 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. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

Donated fixed assets

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 is 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 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 are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

This includes all expenditure incurred by the academy trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

Charitable activities

These are costs incurred on the academy trust's educational operations to further its charitable aims for the benefit of the beneficiaries, including support costs and costs relating to the governance of the academy trust apportioned to charitable activities.

Employee benefits

The expenditure required to settle an obligation for termination benefits is recognised immediately as an expense when the Company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

WATERGROVE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

1 Accounting policies (Continued)

Tangible fixed assets and depreciation

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.

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 that require 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, so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Land and buildings	2% straight line
Computer equipment	25% straight line
Fixtures, fittings and equipment	10% straight line
Motor vehicles	Fully written down

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

Liabilities

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

Leased assets

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

Stock

Unsold uniforms and catering stocks are valued at the lower of cost and estimated selling price less costs to complete and sell.

Financial instruments

The academy trust has chosen to adopt Sections 11 of FRS 102 in full in respect of financial instruments.

WATERGROVE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

1 Accounting policies (Continued)

Financial assets and liabilities

Financial assets and financial liabilities are recognised when the academy trust becomes a party to the contractual provisions of the instrument.

Financial liabilities are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets measured at fair value through the profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. A financial asset or financial liability that is payable or receivable in one year is measured at the undiscounted amount expected to be received or paid net of impairment, unless it is a financing transaction. If an agreement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and financial liabilities are offset only when there is a current legally enforceable right to set off the recognised amounts and the intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flow expire or are settled, or substantially all the risks and the rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Taxation

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

Pensions benefits

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'), which are multi-employer 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 projected unit credit method. The TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently there is insufficient information to use defined benefit accounting, it is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

WATERGROVE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

1 Accounting policies (Continued)

The LGPS is a funded multi-employer scheme and the assets are held separately. 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 reporting date. The amounts charged to net income are 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 period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised as other comprehensive income. Actuarial gains and losses are recognised immediately as other comprehensive income.

Fund accounting

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

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

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

2 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

Defined benefit pension scheme

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 or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 August 2022. 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.

Depreciation

The trustees have made judgements when determining the useful economic life of tangible fixed assets. Depreciation is recognised as to write off the value of the assets over the life that economic benefit is expected to flow.

WATERGROVE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

3 Donations and capital grants

	Unrestricted funds £000	Restricted funds £000	Total 2022 £000	Total 2021 £000
Capital grants	-	964	964	959
Other donations	1	-	1	1
	<u>1</u>	<u>964</u>	<u>965</u>	<u>960</u>

The income from donations and capital grants was £965,000 (2021: £960,000) of which £1,000 was unrestricted (2021: £1,000) and £964,000 was restricted fixed assets (2021: £959,000).

4 Funding for the academy trust's educational operations

	Unrestricted funds £000	Restricted funds £000	Total 2022 £000	Total 2021 £000
DfE/ESFA grants				
General annual grant (GAG)	-	19,155	19,155	16,424
Other DfE/ESFA grants:				
- Pupil premium	-	1,258	1,258	1,158
- DfE teaching grants	-	18	18	761
- Others	-	848	848	580
	<u>-</u>	<u>21,279</u>	<u>21,279</u>	<u>18,923</u>
Other government grants				
Local authority grants	-	1,444	1,444	1,190
	<u>-</u>	<u>1,444</u>	<u>1,444</u>	<u>1,190</u>
COVID-19 additional funding (DfE / ESFA)				
Catch-up premium	-	195	195	267
	<u>-</u>	<u>195</u>	<u>195</u>	<u>267</u>
COVID-19 additional funding (non-DfE / ESFA)				
Coronavirus job retention scheme grant	-	-	-	25
	<u>-</u>	<u>-</u>	<u>-</u>	<u>25</u>
Other incoming resources	<u>349</u>	<u>-</u>	<u>349</u>	<u>-</u>
	<u>349</u>	<u>22,918</u>	<u>23,267</u>	<u>20,405</u>

The income from funding for educational operations was £23,267,000 (2021: £20,405,000) of which £349,000 was unrestricted (2021: £25,000) and £22,918,000 was restricted (2021: £20,380,000).

WATERGROVE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

4 Funding for the academy trust's educational operations (Continued)

The academy received £194,747 (2021: £266,640) of funding for catch-up premium and costs incurred in respect of this funding totalled £204,545 (2021: £256,842), with the remaining £nil (2021: £9,798) to be spent in 2022/23 (2021: 2021/22).

In the prior year, the academy furloughed its staff involved in other trading activities under the government's Coronavirus Job Retention Scheme. The funding received of £24,822 related to staff costs in respect of 28 staff which were furloughed under the scheme.

5 Other trading activities

	Unrestricted funds £000	Restricted funds £000	Total 2022 £000	Total 2021 £000
Hire of facilities	91	-	91	5
Catering income	522	-	522	299
Music tuition	41	-	41	25
Other income	191	-	191	521
	<u>845</u>	<u>-</u>	<u>845</u>	<u>850</u>

The income from other trading activities was £845,000 (2021: £850,000) of which £845,000 was unrestricted (2021: £571,000) and £nil was restricted (2021: £279,000).

6 Expenditure

	Staff costs £000	Non-pay expenditure Premises £000	Other £000	Total 2022 £000	Total 2021 £000
Academy's educational operations					
- Direct costs	14,596	808	1,602	17,006	14,320
- Allocated support costs	5,604	930	2,780	9,314	8,303
	<u>20,200</u>	<u>1,738</u>	<u>4,382</u>	<u>26,320</u>	<u>22,623</u>

Net income/(expenditure) for the year includes:

	2022 £000	2021 £000
Operating lease rentals	851	782
Depreciation of tangible fixed assets	1,126	1,030
Net interest on defined benefit pension liability	295	216
Fees payable to RSM UK Audit LLP and its associates in respect of both audit and non-audit services are as follows:		
- Audit	28	25
- Other services	5	4
	<u>774</u>	<u>1,027</u>

The legal authority sought to make ex-gratia payments was in compliance with the Academy Trust Handbook 2021, being delegated authority or approval from the Education and Skills Funding Agency.

WATERGROVE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

7 Charitable activities

	Unrestricted funds £000	Restricted funds £000	Total 2022 £000	Total 2021 £000
Direct costs				
Educational operations	150	16,538	16,688	14,320
Support costs				
Educational operations	504	9,128	9,632	8,303
	<u>654</u>	<u>25,666</u>	<u>26,320</u>	<u>22,623</u>

The expenditure on charitable activities was £26,320,000 (2021: £22,623,000) of which £654,000 was unrestricted (2021: £415,000), £24,540,000 was restricted (2021: £21,178,000) and £1,126,000 was restricted fixed assets (2021: £1,030,000).

WATERGROVE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

7 Charitable activities (Continued)

	2022 £000	2021 £000
Analysis of support costs		
Support staff costs	5,851	4,332
Depreciation	1,126	1,030
Premises costs	930	1,615
Legal costs	8	148
Other support costs	1,496	1,133
Governance costs	221	45
	<u>9,632</u>	<u>8,303</u>

8 Staff

Staff costs

Staff costs during the year were:

	2022 £000	2021 £000
Wages and salaries	13,681	12,366
Social security costs	1,279	1,144
Pension costs	4,632	3,679
	<u>19,592</u>	<u>17,189</u>
Staff costs - employees	19,592	17,189
Agency staff costs	560	338
Staff restructuring costs	48	31
	<u>20,200</u>	<u>17,558</u>
Staff development and other staff costs	247	46
	<u>20,447</u>	<u>17,604</u>

Staff restructuring costs comprise:

Redundancy payments	-	31
Severance payments	48	-
	<u>48</u>	<u>31</u>

WATERGROVE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

8 Staff (Continued)

Staff restructuring costs is made up of redundancy payments of £nil (2021: £31,071) and severance payments of £47,796 (2021: £Nil). Each of these payments were to 2 individuals paid on 10 December 2021 and 5 August 2022.

Exit payments

The Academy Trust paid 2 exit payments in the year, as follows:

	2022 Number	2021 Number
£0 - £25,000	1	-
£25,001 - £50,000	1	-
	<u>1</u>	<u>-</u>

Staff numbers

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

	2022 Number	2021 Number
Teachers	177	157
Administration and support	316	306
Management	32	27
	<u>525</u>	<u>490</u>

The number of persons employed, expressed as a full time equivalent, was as follows:

	2022 Number	2021 Number
Teachers	172	151
Administration and support	200	193
Management	32	27
	<u>404</u>	<u>371</u>

Higher paid staff

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

	2022 Number	2021 Number
£60,001 - £70,000	7	6
£70,001 - £80,000	3	3
£80,001 - £90,000	3	1
£90,001 - £100,000	-	2
£100,001 - £110,000	2	1
	<u>15</u>	<u>13</u>

WATERGROVE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

8 Staff (Continued)

Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £1,773,794 (2021: £1,421,635).

9 Central services

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

- human resources;
- financial services;
- legal services;
- governance;
- educational support services;

The academy trust charges for these services at 4.5% of the General Annual Grant (GAG) if the school is RI, good or outstanding.

All schools currently pay an additional 1.0% which is ringfenced for improvements to the Trust as a whole. This extra 1.0% is subject to annual review with the decision to continue being made jointly by all the headteachers.

The amounts charged during the year were as follows:

	2022 £000	2021 £000
St Andrew's C of E Primary School	99	86
Wardle Academy	398	304
Kentmere Academy	78	73
St James' C of E Primary School	50	47
Matthew Moss High School	369	246
Moorhouse Academy	59	20
Watergrove Trust	-	-
	<u>1,053</u>	<u>776</u>

10 Trustees' remuneration and expenses

During the year, no trustees were paid remuneration or received other benefits from employment within the Academy Trust.

Trustees expense claims in the year were £nil (2021: £nil).

The Accounting Officer/Chief Accounting Officer who is not a trustee received remuneration of:

Mr M Moorhouse

Remuneration £104,424 (2021: £99,709)

Employers pension contributions £24,637 (2021: £23,604)

WATERGROVE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

11 Trustees and officers' insurance

The Academy Trust has opted into the Department of 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.

12 Tangible fixed assets

	Land and buildings	Computer equipment	Fixtures, fittings and equipment	Motor vehicles	Total
	£000	£000	£000	£000	£000
Cost					
At 1 September 2021	46,733	1,566	1,968	6	50,273
Additions	1,323	56	881	-	2,260
Disposals	-	-	-	(6)	(6)
At 31 August 2022	48,056	1,622	2,849	-	52,527
Depreciation					
At 1 September 2021	2,415	1,408	1,000	6	4,829
On disposals	-	-	-	(6)	(6)
Charge for the year	809	82	235	-	1,126
At 31 August 2022	3,224	1,490	1,235	-	5,949
Net book value					
At 31 August 2022	44,832	132	1,614	-	46,578
At 31 August 2021	44,318	158	968	-	45,444

13 Stocks

	2022 £000	2021 £000
School uniform	13	28

14 Debtors

	2022 £000	2021 £000
Trade debtors	29	146
VAT recoverable	376	236
Other debtors	14	2
Prepayments and accrued income	622	694
	1,041	1,078

WATERGROVE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

15 Creditors: amounts falling due within one year

	2022 £000	2021 £000
Trade creditors	842	16
Other taxation and social security	311	298
Other creditors	19	847
Accruals and deferred income (see note 16)	1,031	772
	<u>2,203</u>	<u>1,933</u>

16 Deferred income

	2022 £000	2021 £000
<i>Deferred income is included within:</i>		
Creditors due within one year	<u>284</u>	<u>264</u>
Deferred income at 1 September 2021	264	245
Released from previous years	(264)	(245)
Resources deferred in the year	<u>284</u>	<u>264</u>
Deferred income at 31 August 2022	<u>284</u>	<u>264</u>

At the balance sheet date the academy trust was holding funds received in advance for free school meals, school trips and rates relief.

WATERGROVE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

17 Funds

	Balance at 1 September 2021 £000	Income £000	Expenditure £000	Gains, losses and transfers £000	Balance at 31 August 2022 £000
Restricted general funds					
General Annual Grant (GAG)	780	19,155	(18,666)	-	1,269
Pupil premium	-	1,258	(1,258)	-	-
Other grants	-	848	(848)	-	-
Other DfE group grants	-	18	(18)	-	-
Catch-up premium	10	195	(205)	-	-
Other government grants	-	1,444	(1,444)	-	-
Pension reserve	(17,049)	-	(2,101)	18,749	(401)
	<u>(16,259)</u>	<u>22,918</u>	<u>(24,540)</u>	<u>18,749</u>	<u>868</u>
Restricted fixed asset funds					
Inherited on conversion	41,805	-	(1,021)	-	40,784
DfE group capital grants	3,648	964	(89)	888	5,411
Capital expenditure from GAG	654	-	(16)	-	638
	<u>46,107</u>	<u>964</u>	<u>(1,126)</u>	<u>888</u>	<u>46,833</u>
Total restricted funds	<u>29,848</u>	<u>23,882</u>	<u>(25,666)</u>	<u>19,637</u>	<u>47,701</u>
Unrestricted funds					
General funds	<u>2,044</u>	<u>1,195</u>	<u>(654)</u>	<u>(888)</u>	<u>1,697</u>
Total funds	<u>31,892</u>	<u>25,077</u>	<u>(26,320)</u>	<u>18,749</u>	<u>49,398</u>

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

Restricted general fund

This fund represents grants received for the Academy's operational activities and development.

Fixed assets fund

These grants relate to funding from the DfE, ESFA and private sponsors to carry out works of a capital nature as part of the school improvement plan.

Other restricted funds

These funds relate to monies received from the local government, private sector and private sponsors to carry out works of a capital or revenue nature.

Unrestricted funds

This fund primarily relates to income from lettings and other trading activities.

WATERGROVE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

17 Funds (Continued)

Funds prior year

	Balance at 1 September 2020 £000	Income £000	Expenditure £000	Gains, losses and transfers £000	Balance at 31 August 2021 £000
Restricted general funds					
General Annual Grant (GAG)	-	16,424	(15,644)	-	780
Pupil premium	-	1,158	(1,158)	-	-
Other grants	-	580	(580)	-	-
Other DfE group grants	-	761	(761)	-	-
Catch-up premium	-	267	(257)	-	10
Other government grants	-	1,190	(1,190)	-	-
Other restricted funds	-	279	(279)	-	-
Pension reserve	(11,867)	(718)	(1,309)	(3,155)	(17,049)
	<u>(11,867)</u>	<u>19,941</u>	<u>(21,178)</u>	<u>(3,155)</u>	<u>(16,259)</u>
Restricted fixed asset funds					
Inherited on conversion	39,427	3,330	(952)	-	41,805
DfE group capital grants	2,592	959	(62)	159	3,648
Capital expenditure from GAG	670	-	(16)	-	654
	<u>42,689</u>	<u>4,289</u>	<u>(1,030)</u>	<u>159</u>	<u>46,107</u>
Total restricted funds	<u>30,822</u>	<u>24,230</u>	<u>(22,208)</u>	<u>(2,996)</u>	<u>29,848</u>
Unrestricted funds					
General funds	<u>2,021</u>	<u>597</u>	<u>(415)</u>	<u>(159)</u>	<u>2,044</u>
Total funds	<u>32,843</u>	<u>24,827</u>	<u>(22,623)</u>	<u>(3,155)</u>	<u>31,892</u>

WATERGROVE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

17 Funds (Continued)

Total funds analysis by academy

	2022 £000	2021 £000
Fund balances at 31 August 2022 were allocated as follows:		
St Andrew's C of E Primary School	78	294
Wardle Academy	3	924
Kentmere Academy	63	338
St James' C of E Primary School	31	132
Matthew Moss High School	340	1,148
Moorhouse Academy	11	(2)
Watergrove Trust	2,440	-
Total before fixed assets fund and pension reserve	2,966	2,834
Restricted fixed asset fund	46,833	46,107
Pension reserve	(401)	(17,049)
Total funds	49,398	31,892

Total cost analysis by academy

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

	Teaching and educational support staff £000	Other support staff costs £000	Educational supplies £000	Other costs excluding depreciation £000	Total 2022 £000	Total 2021 £000
St Andrew's C of E Primary School	1,390	493	153	244	2,280	1,982
Wardle Academy	5,114	2,323	410	1,178	9,025	7,799
Kentmere Academy	1,149	365	107	151	1,772	1,681
St James' C of E Primary School	655	299	52	127	1,133	991
Matthew Moss High School	4,680	1,695	408	772	7,555	6,265
Moorhouse Academy	913	330	62	200	1,505	492
Watergrove Trust	695	438	92	699	1,924	2,383
	14,596	5,943	1,284	3,371	25,194	21,593

WATERGROVE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

18 Analysis of net assets between funds

	Unrestricted Funds	Restricted General Funds	Restricted Fixed asset Funds	Total Funds
	£000	£000	£000	£000
Fund balances at 31 August 2022 are represented by:				
Tangible fixed assets	-	-	46,578	46,578
Current assets	1,697	3,472	255	5,424
Current liabilities	-	(2,203)	-	(2,203)
Pension scheme liability	-	(401)	-	(401)
Total net assets	1,697	868	46,833	49,398

	Unrestricted Funds	Restricted General Funds	Restricted Fixed asset Funds	Total Funds
	£000	£000	£000	£000
Fund balances at 31 August 2021 are represented by:				
Tangible fixed assets	-	-	45,444	45,444
Current assets	3,952	815	663	5,430
Current liabilities	(1,908)	(25)	-	(1,933)
Pension scheme liability	-	(17,049)	-	(17,049)
Total net assets	2,044	(16,259)	46,107	31,892

19 Capital commitments

	2022 £000	2021 £000
Expenditure contracted for but not provided in the financial statements	377	1,776

20 Long-term commitments

Operating leases

At 31 August 2022 the total of the academy trust's future minimum lease payments under non-cancellable operating leases was:

	2022 £000	2021 £000
Amounts due within one year	50	56
Amounts due between one and five years	34	83
	84	139

WATERGROVE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

20 Long-term commitments (Continued)

Other contractual commitments

At 31 August 2022 the total of the academy trust's future minimum lease payments under other contractual commitments was:

	2022 £000	2021 £000
Amounts due within one year	701	654
Amounts due between one and five years	2,806	2,616
Amounts due after five years	7,950	8,067
	<u>11,457</u>	<u>11,337</u>

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

	Notes	2022 £000	2021 £000
Net (expenditure)/income for the reporting period (as per the statement of financial activities)		(1,243)	2,204
Adjusted for:			
Net surplus on conversion to academy		-	(2,612)
Capital grants from DfE and other capital income		(964)	(959)
Pension costs less contributions payable	24	1,806	1,093
Pension scheme finance costs	24	295	216
Depreciation of tangible fixed assets		1,126	1,030
Movements in working capital:			
Decrease/(increase) in stocks		15	(10)
Decrease in debtors		204	414
Increase in creditors		270	527
Net cash provided by operating activities		<u>1,509</u>	<u>1,903</u>

22 Analysis of changes in net funds

	1 September 2021 £000	Cash flows £000	31 August 2022 £000
Cash	4,324	46	4,370

23 Members' liability

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

WATERGROVE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

24 Pension and similar obligations

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2016, and that of the LGPS related to the period ended 31 March 2019.

Contributions amounting to £nil were payable to the schemes at 31 August 2022 (2021: £834,244) and are included within creditors.

The LGPS obligation relates to the employees of the Academy Trust, who were the employees transferred as part of the conversion of a maintained schools who were already members of the scheme and new employees who were eligible to and did join the Scheme whose cumulative retirement benefit was transferred to the Academy Trust in the year. The obligation in respect of employees who transferred represents their cumulative service to the date of transfer.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions 2014. Membership is automatic for teachers in academies. All teachers have the option to opt-out of the TPS following enrolment.

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. 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 below the information available on the scheme.

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 every 4 years. 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 2016.

The valuation report was published in 5 March 2019. The key results of the valuation and subsequent consultation are:

- Total scheme liabilities for service (pensions currently payable and the estimated cost of future benefits) of £218 billion
- Value of notional assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) of £196 billion
- Notional past service deficit of £22 billion
- Discount rate is 2.4% in excess of CPI

As a result of the valuation, new employer contribution rates were set at 23.68% (including a 0.08% administration levy) of pensionable pay from September 2019 onwards (compared to 16.48% during 2019/20).

The next valuation result is due to be implemented from 1 April 2024.

The employer's pension costs paid to the TPS in the period amounted to £1,415,000 (2021: £1,676,000).

WATERGROVE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

24 Pension and similar obligations (Continued)

The TPS is a multi-employer pension plan and there is insufficient information to account for the scheme as a defined benefit plan so it is accounted for as a defined contribution plan.

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 2022 was £1,246,000 (2021: £1,158,000), of which employer's contributions totalled £972,000 (2021: £904,000) and employees' contributions totalled £274,000 (2021: £254,000). The agreed contribution rates for future years are 19.7 per cent for employers and 5.5 to 12.5 per cent 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 net deficit for the year is allocated	2022 £000	2021 £000
St Andrew's C of E Primary School	(154)	(1,738)
Wardle Academy	584	(7,754)
Kentmere Academy	(432)	(2,014)
St James' C of E Primary School	(31)	(992)
Matthew Moss High School	(264)	(3,642)
Moorhouse Academy	(104)	(909)
	<u>(401)</u>	<u>(17,049)</u>
Total contributions made	2022 £000	2021 £000
Employer's contributions	972	904
Employees' contributions	274	254
Total contributions	<u>1,246</u>	<u>1,158</u>

Principal actuarial assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2016 updated to 31 August 2022 by a qualified independent actuary.

	2022 %	2021 %
Rate of increase in salaries	3.8	3.7
Rate of increase for pensions in payment/inflation	3.1	2.9
Discount rate for scheme liabilities	4.3	1.7

WATERGROVE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

24 Pension and similar obligations (Continued)

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

	2022 Years	2021 Years
Retiring today		
- Males	20.3	20.5
- Females	23.2	23.3
Retiring in 20 years		
- Males	21.6	21.9
- Females	25.1	25.3

The academy trust's share of the assets in the scheme	2022 Fair value £000	2021 Fair value £000
Equities	14,478	13,989
Bonds	2,938	2,955
Property	1,888	1,379
Other assets	1,679	1,380
Total fair value of assets	20,983	19,703

The actual return on scheme assets was £270,000 (2021: £3,103,000).

Amount recognised in the statement of financial activities	2022 £000	2021 £000
Current service cost	2,778	1,997
Net interest cost	295	216
Total operating charge	3,073	2,213

Changes in the present value of defined benefit obligations	2022 £000
At 1 September 2021	36,752
Current service cost	2,778
Interest cost	628
Employee contributions	274
Actuarial gain	(18,812)
Benefits paid	(236)
At 31 August 2022	21,384

WATERGROVE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

24 Pension and similar obligations (Continued)

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

	2022 £000
At 1 September 2021	19,703
Interest income	333
Return on plan assets (excluding net interest on the net defined pension liability)	(63)
Employer contributions	972
Employee contributions	274
Benefits paid	(236)
At 31 August 2022	20,983

The pension valuation included above reflects the current experience of CPI, which is seen as a current experience item included in actuarial gains/losses in the Statement of Financial Activities and does not impact on the rate of CPI disclosed within actuarial assumptions as that is the long-term rate.

25 Related party transactions

All transactions involving related parties or connected parties are conducted at arm's length and in accordance with the requirements of the AFH, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, the trust's financial regulations and normal procurement procedures, unless otherwise stated.

During the year the Academy Trust entered into the following transactions:

- During the year, purchases to the value of £2,971 (2021: £3,004) were made from the Manchester Diocese, a connected party to a Trustee.

Key management personnel compensation disclosure is included in note 8.

26 Post balance sheet events

Sandbrook Community Primary School is expected to join the Academy Trust in the next financial year. The estimated date of conversion is currently 1 April 2023.

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO WATERGROVE TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY

Conclusion

We have carried out an engagement in accordance with the terms of our engagement letter dated 28 April 2021 and further to the requirements of the Education and Skills Funding Agency ('ESFA') as included in the extant Framework and Guide for External Auditors and Reporting Accountants of Academy Trusts, to obtain limited assurance about whether the expenditure disbursed and income received by Watergrove Trust during the period 1 September 2021 to 31 August 2022 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2021 to 31 August 2022 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Basis for conclusion

The framework that has been applied is set out in the Academies Accounts Direction 2021 to 2022 Annex B: Regularity Reporting. We are independent of Watergrove Trust in accordance with the ethical requirements that are applicable to this engagement and we have fulfilled our ethical requirements in accordance with these requirements. We believe the assurance evidence we have obtained is sufficient to provide a basis for our conclusion.

Responsibilities of Watergrove Trust's accounting officer and trustees

The accounting officer is responsible, under the requirements of Watergrove Trust's funding agreement with the Secretary of State for Education dated 1 September 2013 and the Academy Trust Handbook, extant from 1 September 2021, for ensuring that expenditure disbursed and income received are applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. The accounting officer is also responsible for preparing the Statement of Regularity, Propriety and Compliance. The trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the proper conduct and financial operation of Watergrove Trust and appointment of the accounting officer.

Reporting Accountant's responsibilities for reporting on regularity

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 extant Framework and Guide for External Auditors and Reporting Accountants of Academy Trusts.

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 the procedures vary in nature and timing from, and are less in extent than for a reasonable assurance engagement; consequently a limited assurance engagement 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.

We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2021 to 31 August 2022 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including the specific requirements of the funding agreement with the Secretary of State for Education, the Academy Trust Handbook 2021 published by the Education and Skills Funding Agency and high level financial control areas where we identified a material risk of irregularity is likely to arise. It also included areas assessed as presenting a higher risk of impropriety. We undertook detailed testing, on a sample basis, based on the identified areas where a material irregularity is likely to arise, or potential impropriety where such areas are in respect of controls, policies and procedures that apply to classes of transactions. Our work was undertaken with due regard to the 'Evidence to support conclusion on regularity' guidance in the extant Framework and Guide for External Auditors and Reporting Accountants of Academy Trusts.

This work was integrated with our audit on the financial statements and evidence was also derived from the conduct of that audit to the extent it supports the regularity conclusion.

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON
REGULARITY TO WATERGROVE TRUST AND THE EDUCATION AND SKILLS
FUNDING AGENCY (CONTINUED)**

Use of our report

This report is made solely to Watergrove Trust and the ESFA in accordance with the terms of our engagement letter dated 28 April 2021. Our work has been undertaken so that we might state to the Watergrove Trust and the 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 Watergrove Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

Brian Johnson

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Chartered accountants

Bluebell House

Brian Johnson Way

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PR2 5PE

Dated: 13/12/22