

WIRRAL ACADEMY TRUST

**(A Company Limited by Guarantee)
Company Registration Number 07472190 (England & Wales)**

Annual Report and Financial Statements

Year ended 31st August 2018



WIRRAL ACADEMY TRUST

Report and Financial Statements For the year ended 31st August 2018

Contents	Page
Reference and Administrative Details	1-2
Trustees' Report	3-12
Governance Statement	13 - 15
Statement on Regularity, Propriety and Compliance	16
Statement of Trustees' Responsibilities	17
Independent Auditor's Report on the Financial Statements	18 - 20
Independent Reporting Accountant's Report on Regularity	21 - 22
Statement of Financial Activities, incorporating Income and Expenditure Account	23
Balance Sheet	24
Statement of Cash Flows	25
Notes to the Financial Statements, incorporating:	
Statement of Accounting Policies	26 - 30
Other Notes to the Financial Statements	31 - 47

WIRRAL ACADEMY TRUST

Reference and Administrative Details

Member	Date of Appointment	Date of Resignation
John Cook	17 th March 2015	
Lyn Eaton	17 th March 2015	3 rd October 2017
John Syvret	21 st March 2017	
Nicholas Roe-Ely	3 rd October 2017	
David Hazell	2 nd October 2018	
Trustee		
Carl Beer	17 th March 2015	
Catherine Jones	17 th March 2015	
Kathryn Podmore	17 th March 2015	31 st March 2018
Lyn Eaton	17 th March 2015	
John Cook	17 th March 2015	
David Hazell	4 th October 2016	2 nd October 2018
Phil Adams	4 th October 2016	
Michael Kilbride	1 st April 2018	
Rebecca Lawton	2 nd October 2018	

Senior Management Team:

Chief Executive	Michael Kilbride
Chief Financial Officer	Mark Rimmer

Company Name: Wirral Academy Trust

Principal Office: Wirral Academy Trust
Park Road West
Birkenhead
Wirral
CH43 8SQ

Company Registration Number: 07472190 (England & Wales)

Independent Auditors: Wylie & Bisset LLP
168 Bath Street
Glasgow
G2 4TP

Bankers: Barclays Bank
39 Hoole Road
Hoole
Chester
CH2 3NH

Lloyds Bank Plc
Wirral
PO Box 1000
BX1 1LT

WIRRAL ACADEMY TRUST

Reference and Administrative Details continued

Solicitors:

Browne Jacobson LLP
Mowbray House
Castle Meadow Road
Nottingham
NG2 1BJ

SAS Daniels LLP
30 Greek Street
Stockport
SK3 8AD

Cook Lawyers Ltd
Barons Court
Manchester Road
Manchester
SK9 1BQ

WIRRAL ACADEMY TRUST

Trustees' Report for the year ended 31st August 2018 (continued)

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 1st September 2017 to 31st August 2018. The annual report serves the purposes of both a trustees' report and a directors' report under company law.

The trust operates Birkenhead Park School, an academy for pupils aged 11 to 16 serving a catchment area in the Wirral. It has a pupil allocation number of 750 and had a roll of 612 in the school census in January 2018. The school cohort has grown in the last three years as Y7 entries have increased and small upper years have left the school

On 1st August 2017 Birkenhead Sixth Form College joined the trust. The College provides high quality Post-16 education for a wide cohort of students. For the academic year 2017/18 the College enrolled 1313 sixth form students, in addition the College also had 129 earners enrolled on post-19 funded programmes. The College's 16-19 full-time cohort continues to increase, though its adult funded numbers continue the long term decline. At the end of 2018 the College withdrew the small number of remaining leisure courses as these were proving to be uneconomic and placing a disproportionate strain on management and administrative time.

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 Wirral Academy Trust (WAT) are also the directors of the charitable company for the purposes of company law. Since 17th March 2015 the charitable company is known as Wirral Academy Trust. Previously it was known as University Academy of Birkenhead (UAB).

UAB was established on 1st January 2011 to replace Park High School and Rock Ferry High School, both of which ceased to exist in December 2010. On 17th March 2015 Birkenhead Sixth Form College became the sole sponsor of the academy, replacing the principal sponsor, University of Chester Academies Trust (UCAT). At this date the company was renamed Wirral Academy Trust and the amalgamated school, known as University Academy Birkenhead, was renamed Birkenhead Park School.

The principal activity of the charitable company is to provide education for young people within the Wirral area.

Details of the trustees and directors who served during the year are included in the Reference and Administration Details on page 1 and 2.

Trustees are directors of the charitable company for the purposes of the company law and trustees for the purposes of charity legislation.

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

The Companies Act 2006 s236 requires disclosure concerning qualifying third party indemnity provisions.

Method of Recruitment and Appointment or Election of Trustees

Members of the academy trust shall comprise signatories to the Memorandum. The minimum number of Members shall not be less than 3.

Trustees of the academy trust shall comprise up to 7 trustees appointed by the members, up to 2 academy trustees and, in the event that no local governing body is established, a minimum of 2 parent trustees. The total number of trustees including the Chief Executive Officer and employees of the academy trust shall not

WIRRAL ACADEMY TRUST

Trustees' Report for the year ended 31st August 2018 (continued)

exceed one third of the total number of trustees. The minimum number of trustees shall not be less than 3 but shall not be subject to any maximum.

Trustees of the academy trust may also appoint co-opted trustees. A 'co-opted trustee' means a person who is appointed to be a trustee by being co-opted by trustees who have not themselves been so appointed. The trustees may not co-opt an employee of the academy trust as a co-opted trustee if thereby the number of trustees who are employees of the academy trust would exceed one third of the total number of trustees including the Chief Executive Officer to the extent he or she is a trustee.

A local governing body sits within the member institutions. This body acts as an advisory body to the trustees. This body comprises of representatives from the community including two parent governors.

Policies and Procedures Adopted for the Induction and Training of Trustees

Trustees receive an introduction to their role and the Wirral Academy Trust along with appropriate training sessions which are arranged during the academic year. Information is provided for trustees on the role of the trustee and all trustees have been issued with the code of conduct for trustees.

Organisational Structure

The organisational structure with roles and responsibilities is set out in the Scheme of Delegation which is approved by the trustees annually. The key responsibilities are as follows:

Key Responsibilities of Wirral Academy Trust Directors

- To establish and review the vision and direction of Wirral Academy Trust.
- To have overall responsibility for formulating policy and taking decisions in relation to the establishment of the trust and the future work of the trust.
- To have overall responsibility for ensuring high quality provision within the Trust's member institutions.
- To approve improvement plans and targets for each member institution.
- To have overall responsibility for the trust's budget and financial accounting.
- To give final approval of member institution budgets.
- To give final approval for all capital projects to be undertaken within member institutions.
- To appoint and remove members of local governing bodies.
- To approve and review all policies and procedures required by law.
- To fulfil the requirements of external agencies e.g. DfE/ESFA.
- To approve the appointment of the Headteachers for member institutions and to oversee the HR strategy and policy.
- To review the scheme of delegation on an annual basis and to make appropriate changes, as required.
- To monitor the role of the Chief Executive.

Key Responsibilities of Chief Executive

- To act as the Chief Accounting Officer and have appropriate oversight of the trust's financial affairs.
- To be accountable to the Board of Directors for the work of the trust.
- To work with the Board of Directors to ensure that the vision and key objectives are fulfilled.
- To implement and monitor policies and procedures required by the Board.
- To implement and monitor reporting procedures on each member institution and any other issues that are pertinent to the Board.
- To appoint the Headteachers for member institutions.
- To manage the performance of the Headteachers for the member institutions.
- To have oversight of the quality improvement and financial monitoring processes.
- To represent the trust with outside bodies.

Key Responsibilities of Chief Financial Officer

- To act as the trust's Finance Director.
- To keep full and accurate accounting records.
- To ensure that the trust has robust financial governance arrangements and complies with all funding agreements.
- To ensure that risk management procedures are implemented.

WIRRAL ACADEMY TRUST

Trustees' Report for the year ended 31st August 2018 (continued)

- To prepare and monitor budgets and ensure that annual accounts are presented and all financial returns made in a timely manner.
- To ensure that the Board is fully apprised of all financial arrangements and has accurate information on the financial position of the trust at all times.
- To present accurate and timely reports to the Board.

Key Responsibilities of Director of Education

- To work with the Headteacher in each member institution within the trust to establish a vision for the institution
- To agree in conjunction with the Headteacher a strategic plan and improvement plan for the institution for presentation to WAT Trust Board.
- To monitor the work of the institution against agreed targets.
- To report to the Directors on the work of the institution and to make recommendations.
- To be the day to day contact point for the Headteacher.
- To consult with the Headteacher of the institution/Chief Executive of the trust on appointment of the senior staff.

Key Responsibilities of Headteacher/Principal of each Member Organisation

- To implement the vision and policies of Wirral Academy Trust effectively.
- To share the vision of the academy and to implement strategies to ensure that the vision is fulfilled.
- To develop a strategic plan / improvement plan to ensure that strategic objectives are met.
- To work with staff in the institution to develop a culture of challenge, high expectations and standards.
- To implement a dynamic and flexible curriculum that meets the needs of the learners.
- To review, evaluate and monitor teaching, learning and assessment and to ensure that improvement strategies are implemented, as required.
- To implement strategies that secures high attendance, excellent punctuality and high standards of behaviour at all times.
- To develop an excellent learning environment and promote the use of technology to support learning.
- To implement robust quality procedures.
- To plan the allocation of all financial and human resources to ensure value for money and to maximise the use of resources to support teaching and learning.
- To manage the institution efficiently and effectively.
- To oversee the admissions of pupils, maintain discipline, maintain high levels of attendance and oversee suspension and exclusions in line with policy.
- To analyse data/information relating to the progress of the institution and to provide detailed and accurate reports, as required.
- To work with Wirral Academy Trust to identify levels of support and potential for joint services.
- To develop an annual budget and present to Wirral Academy Trust Board.
- To comply with all policies and legal requirements related to safeguarding and health and safety.
- To have overall responsibility for the day to day management of the organisation.
- To provide Wirral Academy Trust with regular reports.

Key Responsibilities of Local Governing Body

The Local Governing Body will act as an advisory board to Wirral Academy Trust Board. The meetings of the Local Governing Body will take place two weeks in advance of each Wirral Academy Trust Board meeting. The Local Governing Body will make available minutes of their meetings. Papers will be issued one week in advance of meetings.

The Board of Directors will delegate to the local governing body the following responsibilities for supporting the school and its leadership and management team in improving the:

- Achievement of pupils
- Quality of teaching
- Behaviour and safety of pupils

The Local Governing Body will specifically be expected:

- To promote and support the vision and direction of Wirral Academy Trust.

WIRRAL ACADEMY TRUST

Trustees' Report for the year ended 31st August 2018 (continued)

- To agree the strategic objectives for the institution and its direction within the framework of the vision of Wirral Academy Trust.
- To develop and monitor the improvement plan for the member institutions.
- To monitor teaching, learning and assessment within the institution to ensure that timely improvements are being made.
- To ensure that an appropriate curriculum is being offered that meets local needs and fits within Wirral Academy Trust guidelines.
- To operate within the budget that is devolved.
- To ensure implementation and closely monitor safeguarding and health and safety requirements.
- To hold the Headteacher/Principal to account for standards at the institution.
- To approve policies and procedures that are specific to the institution.
- To review, monitor, provide advice and constructively challenge, as appropriate.
- To ensure that Local Governing Body arrangements are conducted effectively.
- To be responsible to the Directors of Wirral Academy Trust and to comply and act within the Terms of Reference.

Arrangements for Setting Pay and Remuneration of Key Management Personnel

The Wirral Academy Trust trustees do not receive remuneration for their work as trustees as this is undertaken on a voluntary basis. However, they may claim travel expenses should they undertake trust business. The key senior personnel (Chief Executive and Chief Financial Officer) were remunerated through their host employer (Birkenhead Sixth Form College) in 2017-18. Charges for their services to Wirral Academy Trust are reclaimed via the management fee. The WAT Board of trustees determine the senior post holders within the school which includes the Headteacher and Deputy Headteacher. Their salaries are determined using the recommended School Teachers' Pay & Conditions Document (STPCD) Leadership Group Pay Range. Local circumstances are also taken into account.

Trade Union Facility Time

No employees spent paid time on trade union facilities during the year.

Related Parties and Other Connected Charities and Organisations

Details of related party transactions are given in Note 26.

Objectives and Activities

The principal activity of Wirral Academy Trust is to support member institutions to provide high quality education for its pupils.

Mission Statement for Wirral Academy Trust

'Raising aspirations and transforming lives'

Objects and Aims

Overall Aims

- To enable students to experience an ambitious and creative learning environment and provide opportunities for every individual to reach their academic potential.
- To offer a broad, balanced and rich curriculum that enables core skills to be attained and provides the opportunity for students to take advantage of a range of opportunities and pathways.
- To support, challenge and nurture a lasting passion and curiosity for learning in each student.
- To be able to be an innovative educational organisation which seeks to use the best established practice to attain high standards of teaching and learning.
- To provide a secure and caring environment that will foster the development of socially responsible young people.
- To prepare students to proactively participate and compete at local, national and international levels.
- To encourage engagement with families and the local community to enhance opportunities and learning outcomes for students.

WIRRAL ACADEMY TRUST

Trustees' Report for the year ended 31st August 2018 (continued)

- To provide leadership and foster continuous improvement in all the work of the Wirral Academy Trust and the individual member institutions.

Objectives, Strategies and Activities

Key Objectives for Wirral Academy Trust

- To ensure that all our member institutions are high performing within a set timescale.
- To engage with learners to enable them to develop, progress to appropriate pathways and achieve their ambitions.
- To offer a dynamic and shared curriculum across the member institutions within the trust that will meet the needs of the learners.
- To provide standards for excellent pastoral provision, advice and guidance to support the learners in their academic studies in each institution.
- To develop excellent quality systems that will facilitate continuous improvement in all aspects of the work of the individual institutions.
- To disseminate good practice, encourage professional development and provide career opportunities for all staff working within the trust.
- To provide a range of central services to the organisations within the family to enable value for money to be attained and thus allowing money within the institutions to be channelled to improving teaching and learning.
- To develop the capacity of the trust to ensure financial viability and sustainability.

The key objectives are reviewed annually by the Board of Directors of the trust.

Public Benefit

The trustees have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission in exercising their powers and duties.

Strategic Report

Achievements and Performance for the Year 2017-18

Key Performance Indicators

Birkenhead Park School

Reports were presented to the Local Governing Body and the Wirral Academy Trust Board to show the progress that Birkenhead Park School has made during the year. Some of the key outcomes of actions implemented are shown below:

- Grade 4+ in English, Maths, Art, Modern Languages and Vocational subjects have improved.
- History – The Headteacher raised no concerns regarding the Humanities department HoD's quality of teaching. Staffing constraints had resulted in the HoD shouldering the responsibility for the majority of the department last year. Six students who were forecast to pass had failed.
- Triple Science – disappointing results. Weatherhead has been commissioned to undertake a Science review. A combination of a new specification with no coursework submission, students entered for Triple in preference to Trilogy and students' application of knowledge were the main factors for poor outcomes. SLT/Science HoD will conduct fortnightly progress meetings. Weatherhead will observe teaching/lessons every month and will provide external validation on a regular basis. Year 11 students will sit summer paper 1 in Triple Science this week, which will be marked internally with marks moderated by Weatherhead. The high achieving Chemistry teacher, who was absent last year, has now returned to teaching.
- Absence of High Grades – this will be identified in the Action Plan moving forward.
- English as an Additional Language (EAL) students - BPS are gaining a good reputation with the LA for excellent outcomes for EAL students
- Progress 8 – a provisional figure of -0.6 has been assigned (-0.52 last year). This figure will be amended to reflect re-marks. It was noted that only 74 out of 87 students contributed towards the Progress 8 measure (no prior attainment for EAL students).

WIRRAL ACADEMY TRUST

Trustees' Report for the year ended 31st August 2018 (continued)

- BPS context/profile

Year	Number on Roll
Year 7	139
Year 8	132
Year 9	127
Year 10	114
Year 11	100
Total	612 (PAN 750)

- 69% disadvantaged students eligible for Pupil Premium (3 times the national average)
- 23 Looked After children (highest in Wirral secondary schools)
- Attendance – 3-year continual trend of improvement (still below the national average)
- Ofsted – inspection due in 2018/19. The Headteacher is anticipating visit will take place Spring/Summer, following previous pattern. Significant work has already been undertaken in preparation.
- 5 Year Vision 2018 to 2023:
 - 4 Strategic Objectives - Inspirational Teaching, Wider Student Skills (character & resilience), Wider Student Vocabulary, Ethos of High standard and expectations.
 - Key Performance Indicators – Ofsted Outstanding, Attendance at/above average, Positive Progress 8, Number on Roll is 95% and oversubscribed in Year 7 (strategically be a 'Go To' school).
- 2 Year 'Getting to Good' Improvement Plan:
 - 4 Strategic Objectives - Inspirational Teaching, Wider Student Skills (character & resilience), Wider Student Vocabulary, Ethos of High Standard and Expectations.

The Birkenhead Park School received a full Ofsted inspection in May 2017 with the following judgements:

Overall effectiveness	Requires improvement
Effectiveness of leadership and management	Good
Quality of teaching learning and assessment	Requires improvement
Personal development, behaviour and welfare	Requires improvement
Outcomes for pupils	Requires improvement

Birkenhead Sixth Form College

Birkenhead Sixth Form College had yet another successful year for academic performance in 2017-18:

- A Levels – extremely positive outcomes with the new specification:

Year	Ret %	Suc %	Ach %	HAch %
17/18	97.8	97	99.18	44.93
16/17	96.77	96.24	99.44	44.26
15/16	96.7	95.98	99.25	45.04
14/15	97.7	96.64	98.92	40.63
13/14	96.84	95.82	98.95	34.31

- BTECs – outcome/final grades with new BTEC (NQF) specification:

Year	Ret %	Suc %	Ach %	HAch %
17/18*	94.58	93.98	99.36	84.08
16/17	90.48	89.5	98.92	72.29
15/16	92.15	87.31	94.75	59.34
14/15	92.38	87.35	94.55	60.4
13/14	90.17	84.13	93.3	57.17

WIRRAL ACADEMY TRUST

Trustees' Report for the year ended 31st August 2018 (continued)

- Value Added
 - ALPS - graded the College overall as 2 (in the top 10% nationally for A Level performance) and the new BTECs as 3 (in the top 25% nationally). ALPS crucially assessed the College as having no poorly performing A Levels or BTECs.
 - Six Dimensions – assessed in the top 16% of sixth form college providers nationally for A Levels with no weak areas of performance. New BTECs were assessed within the top 25%.
- GCSEs – English Language A-Cs is 89.9% (34.2% nationally). Maths A-Cs is 38.4% (23.7% nationally). Maths requires further investigation and improvement (67.4% in 2016/17). A two-year Maths GCSE may be introduced.
- BTEC Level 2

Subject	Pass %	HG %
Art	100	100
Media	94.3	40
Business	86.7	46.7
IT Level 2 and 3	100	89
Health and Social Care Level 2 and 3	100	92 merit / 4 Distinction

- Level 3 students – 86% progressed into higher education.
- Level 2 students – 65.5% progressed into Advanced Level study.
- Recruitment – 42 day census date will realise a recruitment figure of over 1400 students (highest number in the College's history).

Ofsted Report

Birkenhead Sixth Form College received a full Ofsted inspection in December 2016 with the following judgements:

Overall effectiveness	Outstanding
Effectiveness of leadership and management	Outstanding
Quality of teaching learning and assessment	Outstanding
Personal development, behaviour and welfare	Outstanding
Outcomes for learners	Outstanding
16 to 19 study programmes	Outstanding

Going Concern

After making appropriate enquiries, the board of trustees has a reasonable expectation that the 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 in Note 1.

Financial Review

Most of the trust's income is obtained from the ESFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the year ended 31st August 2018 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The trust also receives grants for fixed assets from the ESFA. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2015), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

At 31st August 2018 the net book value of fixed assets was £7,154k (2017: £7,658k). The movements in tangible fixed assets are shown in Note 12 to the financial statements. The assets were used exclusively for providing education and the associated support services to the students of the trust.

WIRRAL ACADEMY TRUST

Trustees' Report for the year ended 31st August 2018 (continued)

Income totalling £11,148k (2017: £8,584k) in the year ended 31st August 2018 is below expenditure of £12,433k (2017: £4,439k) by £1,285k (2017: positive £4,145k) before the Merseyside Pension Fund actuarial gain in the year of £1,340k (2017: actuarial gain of £615k).

It should be noted that, as required by Financial Reporting Standard 102 (FRS102), the provision has been made in the financial statements for the deficit identified in the recent actuarial valuation of the local government defined benefit pension scheme, to which a number of support staff are members. Details of the provision are given in Note 23 to the financial statements.

The trustees have reviewed the fund balances carried forward at 31st August 2018, together with the projected results for the next two years, and confirm that it is appropriate for the financial statements to be drawn up on the going concern basis.

Reserves Policy

The trustees monitor the reserves of the trust. The review of reserves encompasses the nature of income and expenditure streams and the need to match income with commitments.

The trust had total restricted funds (excluding pension reserve) at 31st August 2018 of £7,734k (2017:£8,638k) which included restricted general funds of £579k (2017:£980k) and a further £7,154k (2017:£7,658k) which can only be realised by the disposal of tangible fixed assets. In addition, the deficit on the restricted pension fund of £5,850k (2017:£6,809k) arises from an actuarial deficit on the local government pension scheme which will be dealt with as advised by the actuary. The balance on the unrestricted reserves as at the 31st August 2018 is £nil (2017:£nil).

Trustees are aware of their responsibilities to ensure sufficient reserves are kept to ensure good financial practice and to maintain a safe financial future of the trust. At the Board meeting of 22nd March 2016 the trustees agreed a Cost Reduction Strategy to stabilise the financial position of the trust. It was agreed to utilise reserves to cover a deficit budget over the medium term. Latest projections indicate that the Trust will return to a surplus position by 2020-21.

Investment Policy

The trust has a risk averse appetite to investment; any surplus reserves are invested for maximum return within that risk appetite.

Principal Risks and Uncertainties

A risk register is maintained by the trust which is reviewed at least annually by the trustees and more frequently where necessary. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the trust and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

Outlined below is a description of the principal risk factors that may affect the trust. Not all the factors are within the trust's control. Other factors besides those listed may also adversely affect the trust.

1. Government Funding

The trust has considerable reliance on continued government funding through the DfE / ESFA and this level of requirement is expected to continue. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

The risk is mitigated in a number of ways:

- Funding is derived through a number of direct and indirect contractual arrangements
- By ensuring the trust is rigorous in delivering high quality education and training
- By careful management of the budget and identification of where costs can be reduced
- Considerable focus and investment is placed on maintaining and managing key relationships with the DfE/ESF

WIRRAL ACADEMY TRUST

Trustees' Report for the year ended 31st August 2018 (continued)

2. Maintenance of High Quality Provision

Maintain a focus on ensuring that improvement in achievement in all aspects of provision is on an upward trajectory.

The risk is mitigated in a number of ways:

- Rigorous improvement plans
- Continued improvement of core skills
- Effective quality assurance processes

Plans for Future Periods

Wirral Academy Trust will continue striving to improve achievement and progress of its students at all levels. It will also ensure that the impact across the community is positive and that the trust becomes the destination of choice for students in Birkenhead.

Wirral Academy Trust will continue to seek to build capacity to enable it to support additional schools within the locality, as appropriate.

Employee Involvement

The Trust encourages the involvement of its employees in its management through regular meetings with employee representatives. The employee representatives have the responsibility for the dissemination of information of particular concern to employees, including financial and economic factors affecting the performance of the Trust, and for receiving their views on important matters of policy.

Equality and Disability Statement

The Trust is committed to ensuring equality of opportunity for all who learn and work here. We respect and value positively differences in race, gender, sexual orientation, disability, religion or belief and age. We strive vigorously to remove conditions which place people at a disadvantage and the Trust will actively combat bigotry. We also strive to remove conditions which place people at a disadvantage and we actively combat any discrimination.

The Trust considers all applications from persons with a disability, bearing in mind the aptitudes of the individuals concerned. Where an existing employee has a disability every effort is made to ensure that reasonable adjustments are made. The Trust aims to provide training, career development and opportunities for promotion, which are, as far as possible, identical to those for other employees.

Birkenhead Park School

The Birkenhead Park School has a five year strategic plan with a two year and a one year sub-plan. These aim to move the school to an OFSTED rating of Good within two years and outstanding in five. The key objectives for achieving this are:

- Improving the quality of teaching and learning
- Embedding the school's vision and values
- Improving attendance and punctuality
- Improving the effectiveness of leadership and management

Full details can be found in the schools development plan.

WIRRAL ACADEMY TRUST

Trustees' Report for the year ended 31st August 2018 (continued)

Birkenhead Sixth Form College

The College continues to be a strong performer with a national reputation. In 2017-18 amongst the many awards the College won two stand out:

3. The College was announced as the Sixth Form College of the year at the prestigious TES Awards
4. The College was also the winner of the SFCA national award for Social Mobility

The College continues to work at being a national leader with its mission being to seek high level outcomes by remaining true to its BePART values and through an evidence based approach.

Auditor

Insofar as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 11th December 2018 and signed on the board's behalf by:



John Cook
Trustee
11th December 2018

WIRRAL ACADEMY TRUST

Governance Statement Year ended 31st August 2018

Scope of Responsibility

As trustees we acknowledge we have overall responsibility for ensuring that the 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.

The trustees have delegated the day-to-day responsibility to the chief executive, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between the trust and the Secretary of State for Education. She is also responsible for reporting to the 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 4 times during the year and one Extraordinary meeting. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings Attended	Out of Possible
Carl Beer	4	5
John Cook	5	5
Lyn Eaton	5	5
Catherine Jones	4	5
Michael Kilbride	1	1
Kathryn Podmore	4	4
David Hazell	2	5
Phil Adams	5	5

The Audit Committee comprises up to four members of the Board. The committee operates in accordance with written terms of reference approved by the Board.

The Audit Committee meets on a termly basis and provides a forum for reporting by the trust's internal, regularity and financial statements auditors, who have access to the Committee for independent discussion, without the presence of trust management.

The trust's internal auditors review the systems of internal control, risk management controls and governance processes in accordance with an agreed plan of input and report their findings to management and the Audit Committee.

Management is responsible for the implementation of agreed audit recommendations and internal audit undertakes periodic follow-up reviews to ensure such recommendations have been implemented.

The Audit Committee also advises the Board on the appointment of internal and financial statements auditors and their remuneration for both audit and non-audit work as well as reporting annually to the Board.

The committee met 3 times during the year, the attendance during the year at meetings was as follows:

Trustee	Meetings Attended	Out of Possible
John Cook	3	3
Lyn Eaton	3	3
Catherine Jones	3	3
Phil Adams	3	3

WIRRAL ACADEMY TRUST

Governance Statement (continued) Year ended 31st August 2018

Review of Value for Money

As accounting officer, the Chief Executive Officer has responsibility for ensuring that the 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 available. The accounting officer for the academy trust has delivered improved value for money during the year by:

- Tighter control of the budget setting process and focus on the financial position over the longer term.
- Continued focus on driving efficiencies from central services.
- Identification of improvements to financial controls to reduce the risk of improper use of public money.

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 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 the trust for the period 1st September 2017 to 31st August 2018 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 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 trust's significant risks that has been in place for the period 1st September 2017 to 31st August 2018 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 which is reviewed and agreed by the board of trustees.
- periodic financial reports including updates on 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 guidelines.
- delegation of authority and segregation of duties.
- identification and management of risks.

The board of trustees has considered the need for a specific internal audit function and has appointed Wylie & Bisset as internal auditor.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the trust's financial systems. During the year the internal auditors focused on the following areas:

- Review and appraisal of financial and other controls operated by the Trust.
- Review of the established policies and procedures adopted by the Trust.

WIRRAL ACADEMY TRUST

Governance Statement (continued)

Year ended 31st August 2018

- Assessment of whether or not the internal controls are reliable as a basis for producing the financial accounts.
- Review of accounting and other information provided to management for decision making.
- Compliance and substantive audit testing where appropriate.
- Review of the College's procedures in place to promote and secure value for money.

Reports are submitted by the internal auditors to the board of trustees, through the audit committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.


Review of Effectiveness

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

- the work of the internal auditor
- the work of the external auditor
- the work of the headteachers and their senior management teams
- the work of the executive managers within the trust who have responsibility for the development and maintenance of the internal control framework.

The accounting officer has been advised of the implications of the result of their review of the system of internal control 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 11th December 2018 and signed on its behalf by:



John Cook
Trustee

Michael Kilbride
Accounting Officer

WIRRAL ACADEMY TRUST

Statement of Regularity, Propriety and Compliance Year ended 31st August 2018

As accounting officer of Wirral Academy Trust I have considered my responsibility to notify the Trust Board and the Education Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

I confirm that I and the academy trust 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 trust's funding agreement and the Academies Financial Handbook 2017.

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



Michael Kilbride
Accounting Officer
11th December 2018

WIRRAL ACADEMY TRUST

Statement of Trustees' Responsibilities for the year ended 31st August 2018

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

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

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018
- make judgments and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards [FRS 102] have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business

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

The trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from 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 11th December 2018 and signed on its behalf by:



John Cook
Trustee

WIRRAL ACADEMY TRUST

Independent Auditor's Report on the Financial Statements to the Members of Wirral Academy Trust for the year ended 31st August 2018

Opinion

We have audited the financial statements of Wirral Academy Trust (the 'charitable company') for the year ended 31 August 2018 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice), the Charities Statement of Recommended Practice (SORP 2015) and the Academies Accounts Direction 2017 to 2018 issued by the Education & 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 2018, and of its incoming resources and application of resources 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 Charities Statement of Recommended Practice (SORP 2015) and the Academies Accounts Direction 2017 to 2018.

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

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

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

Other information

The other information comprises the information included in the report and financial statements, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

WIRRAL ACADEMY TRUST

Independent Auditor's Report on the Financial Statements to the Members of Wirral Academy Trust for the year ended 31st August 2018 (continued)

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 & Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Report & Strategic Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report & Strategic Report.

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

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; 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 the Trustees

As explained more fully in the Trustees' Responsibilities Statement set out on page 16, the trustees, who are also the directors of Wirral Academy Trust for the purposes of company law, are responsible for the preparation of 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 responsibility is to audit and express an opinion the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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.

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

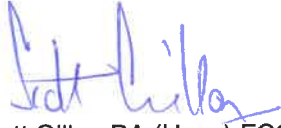
Use of our report

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 and in respect of the separate opinion in relation to compliance with the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency on terms that have been agreed.

WIRRAL ACADEMY TRUST

Independent Auditor's Report on the Financial Statements to the Members of Wirral Academy Trust for the year ended 31st August 2018 (continued)

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



Scott Gillon BA (Hons) FCCA, CA (Senior Statutory Auditor),
For and on behalf of Wylie & Bisset LLP

Chartered Accountants
Statutory Auditor
168 Bath Street
Glasgow
G2 4TP

11th December 2018

WIRRAL ACADEMY TRUST

Independent Reporting Accountant's Assurance Report on Regularity to Wirral Academy Trust and the Education and Skills Funding Agency for the year ended 31st August 2018 (continued)

In accordance with the terms of our engagement letter dated 19th September 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Wirral Academy Trust during the 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Wirral Academy Trust and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Wirral Academy Trust and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Wirral Academy Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Wirral Academy Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Wirral Academy Trust's funding agreement with the Secretary of State for Education dated 27th July 2015 and the Academies Financial Handbook, extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2017 to 2018. 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 2017 to 31 August 2018 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2017 to 2018 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the academy trust's income and expenditure.

The work undertaken to draw to our conclusion includes:

- Direct consideration and corroboration of evidence used to inform the accounting officer's statements;
- Procedures to assess compliance with the funding agreement and Academies Financial Handbook from those already performed as part of the audit;
- Consideration of whether expenditure outside of the academies delegated authorities has received departmental approval;
- Evaluation and assessment of the operating effectiveness of the general control environment and operational level which are intended to reduce the risk of irregularity;
- Assessment of adequacy of policies and procedures to ensure compliance with the framework of authorities;

WIRRAL ACADEMY TRUST

Independent Reporting Accountant's Assurance Report on Regularity to Wirral Academy Trust and the Education and Skills Funding Agency for the year ended 31st August 2018 (continued)

- Testing transactions with connected parties to determine whether the Trust has complied with the 'at cost' requirement of the Academies Accounts Direction 2017 to 2018.
- Consideration of whether the absence of a control represents a breach of authorities;
- Review of accounts or transactions susceptible to a greater risk of impropriety such as credit cards and cash accounts.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2017 to 31 August 2018 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Scott Gillon BA (Hons) FCCA, CA
Reporting Accountant
Wylie & Bisset LLP,
Chartered Accountants,
Statutory Auditor
11th December 2018

WIRRAL ACADEMY TRUST

**Statement of Financial Activities
For the year ended 31st August 2018
(including Income and Expenditure Accounts and Statement of Total Recognised Gains and Losses)**

Note	2018		2018		Total 2018 £000	2017		Total 2017 £000
	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Unrestricted Funds £000		Restricted General Funds £000	Restricted Fixed Asset Funds £000	
Income and endowments from :								
	-	-	28	-	28	-	-	19
2	-	-	-	-	-	-	-	19
4	-	-	-	-	-	-	(3,282)	4,140
Charitable activities:								
3	-	10,632	-	-	10,632	-	4,376	4,376
5	16	470	-	-	486	10	37	47
6	2	-	-	-	2	2	-	2
Total	18	11,102	28	11,148	12	1,131	7,441	8,584
Expenditure on :								
Raising funds								
Charitable activities :								
7,8	18	11,784	611	12,413	12	4,304	74	4,390
9	-	20	-	20	-	49	-	49
Total	18	11,804	611	12,433	12	4,353	74	4,439
Net income / (expenditure)	-	(702)	(583)	(1,285)	-	(3,222)	7,367	4,145
Transfers between funds								
	-	(79)	79	-	-	(39)	39	-
Net income/(expenditure) for the year	-	(781)	(504)	(1,285)	-	(3,261)	7,406	4,145
Other recognised gains and losses								
23	-	1,340	-	1,340	-	615	-	615
Actuarial gain on defined benefit pension schemes								
Net movement in funds	-	559	(504)	55	-	(2,646)	7,406	4,760
Reconciliation of funds								
	-	(5,829)	7,658	1,829	-	(3,183)	252	(2,931)
Total funds brought forward								
Total funds carried forward	-	(5,270)	7,154	1,884	-	(5,829)	7,658	1,829

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

WIRRAL ACADEMY TRUST

Balance Sheet As at 31st August 2018

	Note	2018 £000	2018 £000	2017 £000	2017 £000
Fixed assets					
Tangible assets	12		7,154		7,658
Current assets					
Debtors	13	568		611	
Cash at bank and in hand		953		1,553	
		<u>1,521</u>		<u>2,164</u>	
Liabilities					
Creditors: Amounts falling due within one year	14	(911)		(1,154)	
Net current assets			610		1,010
Net assets excluding pension liability			<u>7,764</u>		<u>8,668</u>
Provisions					
Defined benefit pension scheme liability	23		(5,850)		(6,809)
Other provisions	24		(30)		(30)
Net assets including pension liability			<u>1,884</u>		<u>1,829</u>
Funds of the Trust:					
Restricted funds					
- Fixed asset fund	15	7,154		7,658	
- General fund	15	580		980	
- Pension reserve	15	(5,850)		(6,809)	
Total restricted funds			<u>1,884</u>		<u>1,829</u>
Unrestricted income funds	15		-		-
Total funds			<u>1,884</u>		<u>1,829</u>

The financial statements on pages 23 to 47 were approved by the Board of Trustees, and authorised for issue on 11th December 2018 and are signed on their behalf by:



John Cook
Trustee

Company Number: 07472190

WIRRAL ACADEMY TRUST

Cash Flow Statement For the year ended 31st August 2018

	Note	2018 £000	2017 £000
Cash flows from operating activities			
Net cash (used in)/provided by operating activities	18	(522)	312
Cash flows from investing activities	19	(78)	(38)
Cash flows from financing activities		-	-
Change in cash and cash equivalents in the reporting period		<u>(600)</u>	<u>274</u>
Cash and cash equivalents at 1st September		1,553	1,279
Cash and cash equivalents at 31st August	20	<u>953</u>	<u>1,553</u>

WIRRAL ACADEMY TRUST

Notes to the Financial Statements for the Year Ended 31st August 2018

1. Statement of Accounting Policies

1.1. Basis of Preparation

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Wirral Academy Trust meets the definition of a public benefit entity under FRS 102.

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

The financial statements are presented in sterling which is also the function currency of the Trust.

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

1.2. Going Concern

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements 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.

The trustees have reviewed the fund balances at 31st August 2018 and have approved budget and cash flow forecasts for 2018/19 and future years, and consider it appropriate for the financial statements to be drawn up on a going concern basis.

At 31st August 2018 the trust had net assets of £1,884k after providing for a defined benefit pension scheme deficit under FRS102 of £5,850k. The Board have considered a period of at least 12 months from the date of approval of these financial statements and are satisfied that the trust can continue to operate and meet its liabilities as they fall due. The pension scheme deficit is not expected to crystallise for the foreseeable future. Accordingly, the Board consider that it is appropriate to prepare the accounts on a going concern basis.

1.3. Income

All incoming resources are recognised when the 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 year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

WIRRAL ACADEMY TRUST

Notes to the Financial Statements for the Year Ended 31st August 2018

Capital grants are recognised in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grant 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.

▪ **Sponsorship income**

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

▪ **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.

▪ **Other Income**

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the academy trust has provided the goods or services.

▪ **Donated Services, 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'.

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

1.4. Expenditure

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

▪ **Expenditure on Raising Funds**

This includes all expenditure incurred by the 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, including support costs and costs relating to the governance of the academy trust apportioned to charitable activities.

All resources expended are stated inclusive of any irrecoverable VAT.

WIRRAL ACADEMY TRUST

Notes to the Financial Statements for the Year Ended 31st August 2018

1.5. Tangible Fixed Assets

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

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

Birkenhead Park School

- Furniture and equipment 25%
- Computer equipment 25%
- Leasehold improvements are depreciated over the remaining term of the lease

Birkenhead Sixth Form College

- Furniture and equipment 10%
- Computer equipment 20%
- Freehold Buildings inherited 4%
- Freehold Buildings 2.5% to 6.67%
- Motor Vehicles 10%

Depreciation on all assets commences the month after acquisition.

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

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

1.6. 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.

1.7. Provisions

Provisions are recognised when the academy trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.8. Leased Assets

Rentals under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

WIRRAL ACADEMY TRUST

Notes to the Financial Statements for the Year Ended 31st August 2018

1.9. Financial Instruments

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

Financial assets – trade and other debtors are basic financial instruments and debt instruments measured at amortised cost as detailed in note 13. Prepayments are not financial instruments. Amounts due to the charity's

Cash at bank and in hand – is classified as a basic financial instruments and is measured at face value.

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 14. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or other financial instrument.

1.10. 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 part 11, chapter 3 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

1.11. Pension Benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 23, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the 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 in other recognised gains and losses.

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

WIRRAL ACADEMY TRUST

Notes to the Financial Statements for the Year Ended 31st August 2018

1.12. Fund Accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the 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 Agency / Department for Education.

1.13. Critical accounting estimates and areas of judgement

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

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.

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in Note 23, 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 31st March 2013 has been used by the actuary in valuing the pensions liability at 31st August 2018 for the Birkenhead Park School, and the 31st August 2018 (previously 31st July 2017) for the Birkenhead Sixth Form College. 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.

1.14. Transfer on conversion

Assets were received by the trust on the conversion of Birkenhead Sixth Form College to an academy and transferred into Wirral Academy Trust on the 1st August 2017, the transferred assets are measured at fair value and recognised in the balance sheet at the point when the risks and rewards of ownership pass to the trust. An equal amount of income is recognised for the Transfer of an existing academy into the trust within Donations and capital grant income. Further details are set out in note 4.

2. Donations and Capital Grants

	Unrestricted Funds £000	Restricted Funds £000	Total 2018 £000	Total 2017 £000
Capital grants	-	28	28	19
	<u>-</u>	<u>28</u>	<u>28</u>	<u>19</u>

WIRRAL ACADEMY TRUST

Notes to the Financial Statements for the Year Ended 31st August 2018

3. Funding for the Trust's Educational Operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2018 £000	Total 2017 £000
DfE / EFA grants				
- General annual grant (GAG)	-	9,475	9,475	3,886
- Start-up grant	-	-	-	-
- Other DfE / ESFA grants	-	824	824	394
	-	10,299	10,299	4,280
Other Government grants				
- Local authority grants	-	232	232	11
- Other grants	-	101	101	85
	-	333	333	96
	-	10,632	10,632	4,376

4. Conversion to an Academy Trust

On 1st August 2017 the Birkenhead Sixth Form College converted to academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to the Wirral Academy Trust for £nil consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised in the Statement of Financial Activities as Donations – transferred on conversion.

	Unrestricted Funds 2017 £000	Restricted General Funds 2017 £000	Restricted Fixed Asset Funds 2017 £000	Total 2017 £000
Tangible fixed assets				
- Freehold land and buildings	-	-	6,824	6,824
- Equipment	-	-	598	598
Current Assets	-	988	-	988
Current liabilities less LGPS pension deficit	-	(951)	-	(951)
LGPS pension deficit	-	(3,319)	-	(3,319)
Net liabilities	-	(3,282)	7,422	4,140

5. Other Income

	Unrestricted Funds £000	Restricted Funds £000	Total 2018 £000	Total 2017 £000
Other Income	-	267	267	37
Catering income	-	203	203	-
Hire of facilities	16	-	16	10
	16	470	486	47

WIRRAL ACADEMY TRUST

Notes to the Financial Statements for the Year Ended 31st August 2018

6. Investment income

	Unrestricted Funds £000	Restricted Funds £000	Total 2018 £000	Total 2017 £000
Bank interest received	2	-	2	2
	2	-	2	2

7. Expenditure

	Staff Costs £000	Non Pay Premises £000	Expenditure Other £000	Total 2018 £000	Total 2017 £000
Expenditure on raising funds	-	-	-	-	-
Trust's educational operations:					
- Direct costs	6,326	-	906	7,232	2,573
- Allocated support costs	2,339	1,313	1,518	5,170	1,810
	8,665	1,313	2,424	12,402	4,383

Net expenditure for the period includes

	Total 2018 £000	Total 2017 £000
Operating lease rentals	429	414
Depreciation	612	76
Fees payable to auditor for :		
- Audit 2017 BSFC	10	-
- Audit	11	9
- Other services	7	5
	1,069	504

8. Charitable Activities

	Total 2018 £000	Total 2017 £000
Direct costs - educational operations	7,232	2,573
Support costs - educational operations	5,181	1,819
	12,413	4,392

WIRRAL ACADEMY TRUST

Notes to the Financial Statements for the Year Ended 31st August 2018

8. Charitable Activities (continued)

Analysis of support costs

	Educational operations £000	Total 2018 £000	Total 2017 £000
Support staff costs	2,339	2,339	489
Depreciation	611	611	76
Technology costs	332	332	120
Recruitment and support	34	34	10
Maintenance of premises and equipment	175	175	52
PFI Charge	756	756	554
Cleaning	118	118	13
Rent & rates	70	70	22
Energy costs	194	194	45
Insurance	50	50	19
Security and transport	20	20	22
Catering	214	214	86
Bank interest and charges	6	6	2
Professional fees / management charge	57	57	241
Other support costs	205	205	68
	5,181	5,181	1,819

9. Staff Costs

a. Staff costs during the period were:

	Total 2018 £000	Total 2017 £000
Wages and salaries	6,394	1,994
Social security costs	614	226
Pension costs	1,536	492
	8,544	2,712
Agency staff costs	121	64
Staff restructuring costs	20	49
	8,685	2,825

Staff restructuring costs comprise :

Redundancy payments	-	-
Severance payments	20	49
Other restructuring costs	-	-
	20	49

b. Staff severance payments

Included in staff restructuring costs are statutory severance payments totalling £20k (2017: £49k). Individually, the payments were: £9k, £9k and £2k.

WIRRAL ACADEMY TRUST

Notes to the Financial Statements for the Year Ended 31st August 2018

9. Staff costs (continued)

c. Staff numbers

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

	2018 No.	2017 No.
Teachers	112	39
Administration and support	134	40
Management	6	3
	<u>252</u>	<u>82</u>

d. Higher paid staff

The number of employees whose emoluments exceeded £60,000 was:

	2018 No.	2017 No.
£60,001 - £70,000	2	1
£70,001 - £80,000	1	1
£80,001 - £90,000	-	-
£90,001 - £100,000	1	-

e. Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1, in addition to other key management personnel. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £524k (2017: £241k)

10. Related Party Transactions - Trustees' and Directors' Remuneration and Expenses

One or more trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment, and not in respect of their role as trustees. The value of trustees' remuneration and other benefits was as follows:

Kathryn Podmore (Chief Executive and trustee resigned 31 st March 2018)	
Remuneration	£51,446
Employer's Pension Contribution paid	£8,429

Mike Kilbride (Chief Executive and trustee appointed 1 st April 2018)	
Remuneration	£43,750
Employer's Pension Contribution paid	£7,210

During the period ended 31st August 2018, travel and subsistence expenses totalling £1,361

Other related party transactions involving the trustees are set out in Note 26.

WIRRAL ACADEMY TRUST

Notes to the Financial Statements for the Year Ended 31st August 2018

11. Trustees', Directors' and Officers' Insurance

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

12. Tangible Fixed Assets

	Freehold Improvements £000	Leasehold Improvements £000	Furniture and Equipment £000	Motor Vehicles £000	Computer Equipment £000	2018 Total £000	2017 Total £000
Cost							
At 1 September 2017	6,824	250	720	-	980	8,774	1,293
Additions	-	-	81	12	16	109	76
Donated Assets	-	-	-	-	-	-	7,422
Disposals	-	-	(2)	-	-	(2)	(17)
At 31 August 2018	6,824	250	799	12	996	8,881	8,774
Depreciation							
At 1 September 2017	34	46	87	-	949	1,116	1,041
Charge in year	395	16	190	-	11	612	76
Disposals	-	-	(1)	-	-	(1)	(1)
At 31 August 2018	429	62	276	-	960	1,727	1,116
Net book values							
At 31 August 2018	6,395	188	523	12	36	7,154	7,658
At 31 August 2017	6,790	204	633	-	31	7,658	252

13. Debtors

	Total 2018 £000	Total 2017 £000
Trade debtors	6	90
VAT recoverable	163	125
Other debtors	-	17
Prepayments and accrued income	399	379
	568	611

WIRRAL ACADEMY TRUST

Notes to the Financial Statements for the Year Ended 31st August 2018

14. Creditors: amounts falling due within one year

	Total 2018 £000	Total 2017 £000
Trade creditors	156	375
Taxation and social security	263	480
Other creditors	123	55
Accruals and deferred income	369	244
	911	1,154
	2018 £000	2017 £000
Deferred income		
Deferred income at 1 September	26	45
Amounts released from previous years	(26)	(45)
Resources deferred in the year	33	26
Deferred income at 31 August	33	26

At the 31st August 2018 the Wirral Academy Trust was holding funds received in advance for funding in which the funding period overlaps the financial year.

15. Funds

	Balance at 31 August 2017 £000	Incoming Resources £000	Resources Expended £000	Gains, Losses and Transfers £000	Balance at 31 August 2018 £000
Restricted general funds					
Other trading activities	-	470	(470)	-	-
General annual grant	840	9,474	(9,795)	(79)	440
Transfer on conversion	37	-	-	-	37
Other DfE/ESFA Grants	-	824	(824)	-	-
Other	103	334	(334)	-	103
Pension reserve	(6,809)	-	(381)	1,340	(5,850)
	(5,829)	11,102	(11,804)	1,261	(5,270)
Restricted fixed asset funds					
Transfer on conversion	7,422	-	-	-	7,422
DfE/EFA capital grants	236	28	(611)	79	(268)
	7,658	28	(611)	79	7,154
Total restricted funds	1,829	11,130	(12,415)	1,340	1,884
Unrestricted funds					
Unrestricted funds	-	18	(18)	-	-
Total unrestricted funds	-	18	(18)	-	-
Total funds	1,829	11,148	(12,433)	1,340	1,884

WIRRAL ACADEMY TRUST

Notes to the Financial Statements for the Year Ended 31st August 2018

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

- Restricted fund (excluding pension and other restricted reserves) represent funds received from the Department for Education and is specifically spent on the running of the Academy Trust;
- Other restricted reserve represents funds which are restricted by the donor;
- Pension reserve represents the liability on the Local Government Pension Scheme Liability;
- Restricted fixed asset funds represent resources which are applied to specific capital purposes imposed by the Department for Education where the asset acquired or created is held for a specific purpose; and
- Unrestricted funds represent those resources which may be used towards meeting any of the charitable objectives of the Trust at the discretion of the Directors.

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

	Balance at 31 August 2016 £000	Incoming Resources £000	Resources Expended £000	Gains, Losses and Transfers £000	Balance at 31 August 2017 £000
Restricted general funds					
Other trading activities	-	37	(37)	-	-
General annual grant	796	3,420	(3,337)	(39)	840
Transfer on conversion	-	37	-	-	37
Other DfE/ESFA Grants	-	860	(860)	-	-
Other	103	96	(96)	-	103
Pension reserve	(4,082)	(3,319)	(23)	615	(6,809)
	<u>(3,183)</u>	<u>1,131</u>	<u>(4,352)</u>	<u>576</u>	<u>(5,829)</u>
Restricted fixed asset funds					
Transfer on conversion	-	7,422	-	-	7,422
DfE/EFA capital grants	252	19	(74)	39	236
	<u>252</u>	<u>7,441</u>	<u>(74)</u>	<u>39</u>	<u>7,658</u>
Total restricted funds	<u>(2,931)</u>	<u>8,572</u>	<u>(4,427)</u>	<u>615</u>	<u>1,829</u>
Unrestricted funds					
Unrestricted funds	-	12	(12)	-	-
Total unrestricted funds	<u>-</u>	<u>12</u>	<u>(12)</u>	<u>-</u>	<u>-</u>
Total funds	<u>(2,931)</u>	<u>8,584</u>	<u>(4,439)</u>	<u>615</u>	<u>1,829</u>

WIRRAL ACADEMY TRUST

Notes to the Financial Statements for the Year Ended 31st August 2018

A current year 12 months and prior year 12 months combined position is as follows :

	Balance at 31 August 2016 £000	Incoming Resources £000	Resources Expended £000	Gains, Losses and Transfers £000	Balance at 31 August 2018 £000
Restricted general funds					
Other trading activities	-	507	(507)	-	-
General annual grant	796	12,894	(13,132)	(118)	440
Transfer on conversion	-	37	-	-	37
Other DfE/ESFA Grants	-	1,684	(1,684)	-	-
Other	103	430	(430)	-	103
Pension reserve	(4,082)	(3,319)	(404)	1,955	(5,850)
	<u>(3,183)</u>	<u>12,233</u>	<u>(16,157)</u>	<u>1,837</u>	<u>(5,270)</u>
Restricted fixed asset funds					
Transfer on conversion	-	7,422	-	-	7,422
DfE/EFA capital grants	252	47	(685)	118	(267)
	<u>252</u>	<u>7,469</u>	<u>(685)</u>	<u>118</u>	<u>7,154</u>
Total restricted funds	<u>(2,931)</u>	<u>19,702</u>	<u>(16,842)</u>	<u>1,955</u>	<u>1,884</u>
Unrestricted funds					
Unrestricted funds	-	30	(30)	-	-
Total unrestricted funds	<u>-</u>	<u>30</u>	<u>(30)</u>	<u>-</u>	<u>-</u>
Total funds	<u>(2,931)</u>	<u>19,732</u>	<u>(16,872)</u>	<u>1,955</u>	<u>1,884</u>

Total funds analysis by academy

	2018 £000	2017 £000
Birkenhead Park School	461	733
Birkenhead Sixth Form College	111	239
Wirral Academy Trust	8	8
Total before fixed assets and pension reserve	<u>580</u>	<u>980</u>
Restricted fixed asset fund	7,154	7,658
Pension reserve	(5,850)	(6,809)
	<u>1,884</u>	<u>1,829</u>

16. Analysis of Net Assets between Funds

Fund balances at 31st August 2018 are represented by:

	2018 Unrestricted Funds £000	2018 Restricted General Funds £000	2018 Restricted Fixed Asset Funds £000	2018 Total Funds £000
Tangible fixed assets	-	-	7,154	7,154
Current assets	-	1,521	-	1,521
Current liabilities	-	(911)	-	(911)
Non-current liabilities	-	(30)	-	(30)
Pension scheme liability	-	(5,850)	-	(5,850)
Total net assets	<u>-</u>	<u>(5,270)</u>	<u>7,154</u>	<u>1,884</u>

WIRRAL ACADEMY TRUST

Notes to the Financial Statements for the Year Ended 31st August 2018

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

	2017 Unrestricted Funds £000	2017 Restricted General Funds £000	2017 Restricted Fixed Asset Funds £000	2017 Total Funds £000
Tangible fixed assets	-	-	7,658	7,658
Current assets	-	2,164	-	2,164
Current liabilities	-	(1,154)	-	(1,154)
Non-current liabilities	-	(30)	-	(30)
Pension scheme liability	-	(6,809)	-	(6,809)
Total net assets	-	(5,829)	7,658	1,829

17. Commitments under Operating Leases

At 31st August 2018 the total of the academy trust's future minimum lease payments under non-cancellable operating leases was:

	Total 2018 £000	Total 2017 £000
Expiring within one year	429	414
Expiring within two and five years inclusive	1,656	1,585
Expiring over five years	3,079	3,856
	5,164	5,855

The short term leases are for photocopiers and general office equipment, whilst the long term commitment relates to the PFI agreement between the trust and Wirral Borough Council. This agreement covers repairs and maintenance of land and buildings as well as equipment and motor vehicles, utility and management charges.

WIRRAL ACADEMY TRUST

Notes to the Financial Statements for the Year Ended 31st August 2018

18. Reconciliation of Net Expenditure to Net Cash Flow from Operating Activities

	Total 2018 £000	Total 2017 £000
Net income/(expenditure) for the reporting period (as per statement of financial activities)	(1,285)	4,145
Adjusted for :		
Depreciation (Note 12)	612	76
Capital grants from DfE and other capital income	(28)	(19)
Transferred on conversion	-	(7,422)
Interest receivable (Note 6)	(2)	(2)
Defined benefit pension scheme obligation inherited	-	3,319
Defined benefit pension scheme cost less contributions payable (Note 23)	212	(61)
Defined benefit pension scheme finance cost (Note 23)	169	84
Decrease/(Increase) in debtors	43	(339)
Increase/(decrease) in provision	-	30
Increase/(decrease) in creditors	(243)	501
Net cash provided by / (used in) operating activities	(522)	312

19. Cash Flows from Investing Activities

	Total 2018 £000	Total 2017 £000
Dividend, interest and rents from investments	2	2
Proceeds from sale of tangible fixed assets	1	17
Purchase of tangible fixed assets	(109)	(76)
Capital grants from DfE/ESFA	28	19
Net cash inflow from returns on investment and servicing of finance	(78)	(38)

20. Analysis of Cash and Cash Equivalents

	Total 2018 £000	Total 2017 £000
Cash in hand and at bank	953	1,553
Notice deposits (less than 3 months)	-	-
Total cash and cash equivalents	953	1,553

WIRRAL ACADEMY TRUST

Notes to the Financial Statements for the Year Ended 31st August 2018

21. Contingent Liabilities

Funding agreement contingency:

During the period of the Funding Agreement, in the event of the sale or disposal by other means of any asset for which a capital grant was received, the trust is required either to reinvest the proceeds or to repay to the Secretary of State for Education the same proportion of the proceeds of sale or disposal as equates with the proportion of the original cost met by the Secretary of State.

Upon termination of the Funding Agreement, whether as a result of the Secretary of State or the trust serving notice, the trust shall repay to the Secretary of State sums determined by reference to:

- the value at that time of the trust's premises and other assets held for the purpose of the trust, and
- the extent to which expenditure incurred in providing those assets was met by the Secretary of State under the Funding Agreement.

22. Members Liability

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

23. Pension and Similar Obligations

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

The latest actuarial valuation of the TPS related to the period ended 31st March 2012 and of the LGPS 31st March 2013.

Prepaid contributions amounting to £130,650 (2017: £118,433) were payable to the schemes at 31st August 2018 and are included within creditors.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1st April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1st January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

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

Valuation of the Teachers' Pension Scheme

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

WIRRAL ACADEMY TRUST

Notes to the Financial Statements for the Year Ended 31st August 2018

23. Pension and Similar Obligations (continued)

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%).
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million.
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations.
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

The TPS valuation for 2012 determined an employer rate of 16.48%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1st April 2019.

The employer's pension costs paid to TPS in the period amounted to £588k, Birkenhead Park School £194k (2017: £217k), Birkenhead Sixth Form College £394k (2017: £36k one month contribution only).

A copy of the valuation report and supporting documentation is on the [Teachers' Pensions website](#).

Under the definitions set out in FRS 102, the TPS is a multi-employer pension scheme. The trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust has set out above the information available on the scheme.

Local Government Pension Scheme (LGPS)

Birkenhead Park School

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 31st August 2018 was £212k (2017: £299k), of which employer's contributions totalled £183k (2017: £266k) and employees' contributions totalled £29k (2017: £33k). The agreed contribution rates for future years are 13.5% per cent for employers with employee contributions of 5.5% to 7.5%.

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 18th July 2013.

Principal Actuarial Assumptions

	At 31/08/2018	At 31/08/2017
Rate of increase in salaries	3.6%	3.7%
Rate of increase for pensions in payment / inflation	2.2%	2.2%
Discount rate for scheme liabilities	2.8%	2.4%
Inflation assumption (CPI)	2.1%	2.2%

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

WIRRAL ACADEMY TRUST

Notes to the Financial Statements for the Year Ended 31st August 2018

23. Pension and Similar Obligations (continued)

	At 31/08/2018	At 31/08/2017
<i>Retiring today</i>		
Males	22.0	22.5
Females	24.8	25.4
<i>Retiring in 20 years</i>		
Males	25.0	24.9
Females	27.8	28.2

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

	Fair value at 31 August 2018	Fair value at 31 August 2017
	£000	£000
Equity instruments	1,198	1,068
Debt instruments	797	742
Property	210	163
Cash	98	65
Total market value of assets	2,303	2,038

The actual return on scheme assets was £121k (2017: £184k).

Amounts recognised in the statement of financial activities

	Total 2018 £000	Total 2017 £000
Current service cost (net of employee contributions)	(212)	61
Net interest cost	(169)	(84)
Total operating charge	(381)	(23)

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

	Total 2018 £000	Total 2017 £000
At 1 September	5,528	5,844
Current service cost	192	184
Interest cost	132	122
Employee contributions	34	33
Actuarial (gain) / loss	(502)	(504)
Benefits paid	(82)	(151)
At 31 August	5,302	5,528

WIRRAL ACADEMY TRUST

Notes to the Financial Statements for the Year Ended 31st August 2018

23. Pension and Similar Obligations (continued)

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

	Total 2018 £000	Total 2017 £000
At 1 September	2,038	1,762
Interest income	51	38
Actuarial gain / (loss)	71	111
Administration	(3)	(3)
Employer contributions	194	248
Employee contributions	34	33
Benefits paid	(82)	(151)
At 31 August	2,303	2,038

Birkenhead Sixth Form College (Joined the trust 1st August 2017)

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 31st August 2017 was £341k (2017: £24k), of which employer's contributions totalled £264k (2017: £17k) and employees' contributions totalled £77k (2017: £7k). The agreed contribution rates for future years are 13.5% per cent for employers with employee contributions of 5.5% to 7.5%.

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 18th July 2013.

Principal Actuarial Assumptions

	At 31/07/2018	At 31/07/2017
Rate of increase in salaries	3.6%	3.7%
Rate of increase for pensions in payment / inflation	2.2%	2.2%
Discount rate for scheme liabilities	2.8%	2.6%
Inflation assumption (CPI)	2.1%	2.2%

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

	At 31/07/2018	At 31/07/2017
<i>Retiring today</i>		
Males	22.0	21.9
Females	24.8	24.7
<i>Retiring in 20 years</i>		
Males	25	24.9
Females	27.8	27.7

WIRRAL ACADEMY TRUST

Notes to the Financial Statements for the Year Ended 31st August 2018

23. Pension and Similar Obligations (continued)

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

	Fair value at 31 August 2018	Fair value at 31 July 2017
	£000	£000
Equity instruments	3,566	3,215
Debt instruments	2,373	2,221
Property	624	491
Cash	295	210
Total market value of assets	6,858	6,137

The actual return on scheme assets was £478k (2017: £614k).

Amounts recognised in the statement of financial activities

	Total 2018 £000	Total 2017 £000
Current service cost (net of employee contributions)	(211)	(136)
Net interest cost	(81)	(84)
Total operating charge	(292)	(220)

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

	Total 2018 £000	Total 2017 £000
At 1 September	9,456	9,661
Current service cost	518	446
Interest cost	264	240
Employee contributions	100	95
Actuarial (gain) / loss	(465)	(820)
Benefits paid	(164)	(166)
Past service cost	-	-
Curtailments and settlements	-	-
At 31 August	9,709	9,456

WIRRAL ACADEMY TRUST

Notes to the Financial Statements for the Year Ended 31st August 2018

23. Pension and Similar Obligations (continued)

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

	Total 2018 £000	Total 2017 £000
At 1 September	6,137	5,684
Interest income	176	145
Actuarial gain / (loss)	302	69
Administration	(8)	(8)
Employer contributions	315	318
Employee contributions	100	95
Benefits paid	(164)	(166)
At 31 August	6,858	6,137

24. Other Provisions

	Total 2018 £000	Total 2017 £000
Enhanced pensions		
As at 1st September 2017	-	-
Transferred on conversion	(30)	(30)
Expenditure in the period	-	-
Additions in the period	-	-
As at 31st August 2018	(30)	(30)

25. Financial instruments

	Total 2018 £000	Total 2017 £000
Financial assets		
Financial assets measured at fair value through profit and loss	-	-
Debt instruments measured at amortised cost	255	232
Total	255	232
Financial liabilities		
Financial liabilities measured at fair value through profit and loss	-	-
Financial liabilities measured at amortised cost	366	431
Total	366	431

WIRRAL ACADEMY TRUST

Notes to the Financial Statements for the Year Ended 31st August 2018

26. Related Party Transactions

Owing to the nature of the academy trust and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the trust's financial regulations and normal procurement procedures. The following related party transaction took place in the period of account.

Wirral Borough Council

The trust currently operates under a PFI agreement with Wirral Borough Council. This is a long term agreement and covers services for repairs and maintenance to the building, utility charges, cleaning, security and hire of mini buses for pupil transportation at Birkenhead Park School.

Other support services have also been purchased from the Local Authority at arm's length, on normal commercial terms. Costs incurred totalled £954k (2017: £815k). The amounts outstanding at 31st August 2018 were £86k (2017: £86k) included in accrued expenditure, £13k (2017: £53k) included in trade creditors, Included in prepayments was a value of £19k (2017: £5k), and included in accrued income was a value of £nil (2017: £71k).

Cook Lawyers Ltd

John Cook, a trustee, is also a director of Cook Lawyers Ltd. During the year the trust entered into a contract with Cook Lawyers Ltd for the provision of HR Legal Services and Directors and Officers insurance with a total value of £4k (2017: £1k). The contract was entered into following normal purchasing regulations and signed off by the Chief Executive.