

WALKWOOD ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019

**WALKWOOD ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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WALKWOOD ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

REFERENCE AND ADMINISTRATIVE DETAILS

Members	Fr Glenn Reading Kenneth Dowie Muir
Trustees	Jeff Farnes (resigned 31 August 2019) Vickie Crombie (appointed 3 December 2018) ^{1,2} Amanda Lawler, Vice Chair ² Reverend Clive Leach, Principal ¹ Jon Laight (appointed 3 December 2018, resigned 31 August 2019) ^{1,2} Dean Hall (resigned 31 August 2019) ² Lorraine Baker (appointed 8 July 2019) Julia Day-Jones ² Sharon Harvey ¹ Jeff Farnes (resigned 31 August 2019) ² Kenneth Muir ¹ David Cartland (resigned 9 October 2018) ² Richard Gill ¹ Heather Wood ² Fr Glenn Reading, Chair of Trustees ^{1,2} Tracey Tones (appointed 8 July 2019)

¹ Staffing, Finance & Resources

² Pupils & Curriculum

Company registered number	08319098
Company name	Walkwood Academy Trust
Principal and registered office	Feckenham Road Headless Cross Redditch Worcestershire B97 5AQ

Company secretary Heather Wood

Accounting Officer Reverend Clive Leach

Senior leadership team
 Reverend Clive Leach, Principal
 Rachel Perks, Deputy Principal
 Simon West, Assistant Principal
 Danielle Timmins, Assistant Principal
 Louise Cull, Assistant Principal

Independent auditors
 Bishop Fleming LLP
 Chartered Accountants
 Statutory Auditors
 1-3 College Yard
 Worcester
 WR1 2LB

**WALKWOOD ACADEMY TRUST
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**REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019**

Bankers	Lloyds Bank Plc PO Box 1000 BX1 1LT
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**WALKWOOD ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2019**

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2019. The annual report serves the purpose of both a Trustees' report, and a Directors' report under company law.

The Trust operates an academy for pupils aged 9 to 13 in Redditch (Years 5, 6, 7 and 8). It has a pupil capacity of 168 in each year group and had a roll of 669 in the school census on 1 September 2018 and a roll of 682 in the school census on 1 September 2019.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academy was incorporated on 5 December 2012 and opened as an academy on 1 January 2013 and 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 Walkwood Academy Trust are also the directors of the charitable company for the purposes of company law. The charitable company operates as Walkwood Academy Trust trading as Walkwood Church of England Middle School.

Details of the Trustees who served throughout the year, and to the date the accounts are approved, are included in the Reference and Administrative Details on pages 1 to 2.

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 they ceased to be a member.

Trade union facility time

Relevant union officials

Number of employees who were relevant union officials during the year	-	2
Full-time equivalent employee number	-	1.8

Percentage of time spent on facility time

Percentage of time	Number of employees	
0%	-	
1%-50%	2	
51%-99%	-	
100%	-	
Percentage of pay bill spent on facility time		
	£	
Total cost of facility time	465	
Total pay bill	88,245	
Percentage of total pay bill spent on facility time	1	%
Paid trade union activities		
Time spent on paid trade union activities as a percentage of total paid facility time hours	1	%

**WALKWOOD ACADEMY TRUST
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**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019**

Trustees' Indemnities

Trustees benefit from indemnity insurance purchased at the Academy's expense to cover the liability of the Trustees which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Academy, provided that any such insurance shall not extend to any claim arising from any act or omission which the Trustees knew to be a breach of trust or breach of duty or which was committed by the Trustees in reckless disregard to whether it was a breach of trust or breach of duty or not and provided also that any such insurance shall not extend to the costs of any unsuccessful defence to a criminal prosecution brought against the Trustees in their capacity as Directors of the Academy. The limit of this indemnity is £10,000,000.

TRUSTEES

Method of Recruitment and Appointment or Election of Trustees

On 1 January 2013 the Trustees appointed all those Trustees that served the predecessor school to be Trustees of the newly formed Academy. These Trustees were appointed for a term of office that would end when their original term at the predecessor school would have ended, thus ensuring a staggered re-election or replacement process.

The Academy's Board of Trustees comprises the Principal, a minimum of 4 Parent Trustees, up to 3 Staff Trustees (providing that the total number of Trustees, including the Principal, who are employees of the Academy Trust, does not exceed one third of the total number of Trustees) and up to 8 other Trustees.

The Academy Trust shall have the following Trustees as set out in its Articles of Association and funding agreement:

- up to 4 Trustees who are appointed by members.
- up to 4 Parent Trustees who are elected by Parents of registered pupils at the Academy.
- up to 3 staff Trustees appointed by Staff at the Academy.
- up to 3 Foundation Trustees who are appointed by the Trustee board.
- the Principal who is treated for all purposes as being an ex officio Governor.

Trustees are appointed for a one to four year period, except that this time limit does not apply to the Principal. Subject to remaining eligible to be a particular type of Trustee, any Trustee can be re-appointed or re-elected.

When appointing new Trustees, the Board will give consideration to the skills and experience mix of existing Trustees in order to ensure that the Board has the necessary skills to contribute fully to the Academy's development.

Policies and Procedures Adopted for the Induction and Training of Trustees

The training and induction provided for new Trustees will depend upon their existing experience but will always include a tour of the Academy and a chance to meet staff and pupils. All Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Trustees. As there are normally only two or three new Trustees a year, induction tends to be done informally and is tailored specifically to the individual. Advantage is taken of specific courses offered by the Diocese of Worcester and other bodies.

**WALKWOOD ACADEMY TRUST
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**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019**

Organisational Structure

The Board of Trustees normally meets once each term. They establish an overall framework for the governance of the Academy and determine membership, terms of reference and procedures of committees and other groups. It receives reports including policies from its committees for ratification. It monitors the activities of the committees through the minutes of their meetings. The Trustees may from time to time establish working groups to perform specific tasks over a limited timescale.

There are two committees as follows:

- Staffing, Finance and Resources Committee - this meets at least three times a year and is responsible for monitoring, evaluating and reviewing policy and performance in relation to financial management, compliance with reporting and regulatory requirements and reporting, receiving reports from the Responsible Officer/internal audit and drafting the annual budget including setting staffing levels, monitoring resources and planning work. It also incorporates the role of an audit committee.
- Pupils and Curriculum Committee - this meets once a term to monitor, evaluate and review Academy policy, practice and performance in relation to curriculum planning, communications, target setting and assessment, examinations and all pastoral issues.

The following decisions are reserved to the Board of Trustees: to consider any proposals for changes to the status or constitution of the Academy and its committee structure, to appoint or remove the Chairman and/or Vice Chairman, to appoint the Principal and Clerk to the Trustees, to approve the Annual Development Plan and budget.

The Trustees are responsible for setting general policy, adopting an annual plan and budget, approving the statutory accounts, monitoring the Academy by the use of budgets and other data, and making major decisions about the direction of the Academy, capital expenditure and staff appointments.

The Trustees and Board of Trustees have devolved responsibility for day to day management of the Academy to the Principal and Senior Leadership Team (SLT). The SLT comprises the Principal, one Deputy Principal and three Assistant Principals. The SLT implement the policies laid down by the Trustees and report back to them on performance.

The Academy has a leadership structure which consists of the Trustees, The Senior Leadership Team and the Business Manager. The aim of the leadership structure is to devolve responsibility and encourage involvement in decision making at all levels.

The Senior Leadership Team (SLT) and Business Manager are responsible for the authorisation of spending within agreed budgets. Some spending control is devolved to Budget Holders which must be authorised in line with the Academy's Finance Policy. The Principal is responsible for the appointment of staff, though appointment panels for teaching posts always include a Trustee (Governor).

The Principal is the Accounting Officer.

Arrangements for Setting Pay and Remuneration of Key Management Personnel

The Trustees consider the Board of Trustees and the senior leadership team comprise the key management personnel of the Academy in charge of directing and controlling, running and operating the Trust on a day to day basis. All Trustees give their time freely and no Trustee received remuneration in the year.

Details of Trustees' expenses and related party transactions are disclosed in the notes to the accounts.

The pay of key management personnel is reviewed annually and normally increased in accordance with average earnings. The pay policy which is constructed by Worcestershire County Council, through the Academy's service level agreement, is used to set remuneration levels.

**WALKWOOD ACADEMY TRUST
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**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019**

Connected Organisations, including Related Party Relationships

There are no related parties which either control or significantly influence the decisions and operations of Walkwood Academy Trust. There are no sponsors associated with the Academy.

The Academy has ongoing collaborative links with Trinity High School, St Augustine's Catholic High School, The Vaynor First School and Crabbs Cross First School.

Funzone Limited runs an 'Out of School Club' on site at Walkwood Church of England Middle School. The Owner / Director of Funzone Limited is a Trustee of Walkwood Academy Trust. This Trustee has equal status to all of the other Trustees. There is a shared use agreement between Funzone Limited and Walkwood Academy Trust and the transactions with Funzone Limited are undertaken at arm's length and are disclosed in these financial statements.

OBJECTIVES AND ACTIVITIES

Objects and Aims

The principal object and activity of Walkwood Academy Trust is to advance for the public benefit education in the United Kingdom, in particular by establishing, maintaining, carrying on, managing and developing a school, offering a broad range of curriculum for pupils of different abilities, within a context that is inclusive but has a Christian distinctiveness.

As a state funded academy, it is our vocation, duty and delight to provide the best possible education for each pupil. We are a very friendly and focused school. We aim to inspire every child – whatever their abilities – to achieve their very best and for them to make a valuable contribution to the Walkwood community. We want our pupils to love to learn.

Walkwood Academy Trust provides free education and care for pupils of different abilities. The aims of the Academy during the year ended 31 August 2019 are summarised below:

- to continue to raise the standard of educational attainment and achievement of all pupils.
- to provide a broad and balanced curriculum, including extra curricular activities.
- to develop students as more effective learners.
- to ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care.
- to improve the effectiveness of the Academy by keeping the curriculum and organisational structure under continual review.
- to maximise the number of pupils who achieve successful SATS results.
- to provide value for money for the funds expended.
- to comply with all appropriate statutory and curriculum requirements.
- to conduct the Academy's business in accordance with the highest standards of integrity, probity and openness.
- to develop the Academy site so that it enables pupils to achieve their full potential.

We aim to achieve the best for, and from, each child. We intend to enable each child to realise his or her full academic, creative and physical potential and to develop positive social and moral values. Our Academy is a community in which children, staff and parents are part of a happy and caring environment.

Our school is not just about knowledge and skills; it is also about inspiring children to look at the world differently and about challenging them to be fascinated by lessons and subjects. In this way, we encourage our pupils to learn to live, preparing them for an adult life in a changing world and as such we seek to equip our children for the future. We want them to excel in school and in later life.

We are a Church of England school which is fully inclusive of all faiths and beliefs. While Christian principles underpin all of the school's values, we know that these morals are shared by many faiths. Consequently, we also work to ensure children develop an understanding of each of the main world religions. We look for our pupils to take into their lives beyond our school an outlook that allows them to learn to love the experiences, people and spirituality that they encounter.

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019**

"Remember your Creator in the days of your youth". Ecclesiastes 12:1

Therefore, we want pupils to:

Love to Learn,
Learn to Live,
Live to Love.

Our mission is to continue to provide a high quality, balanced education to pupils in an enquiring and supportive environment. Experienced and subject specialist teaching staff are dedicated to developing each individual pupil's well-being while inspiring them to achieve their goals and to excel in lessons.

Objectives, Strategies and Activities

The priorities over the last year can be summarised as:

Progress and standards

- Continue with the sharing of expertise to provide a consistent approach.
- Improving accuracy of pupil assessment across the curriculum.
- Continuing to raise pupil attainment and diminishing the difference between identified groups of pupils.

Curriculum and learning

- Embedding opportunities for extended writing and maths throughout the curriculum.
- Ensuring consistency for reflection within the marking and feedback.
- Empowering challenge for all in lessons.

Pastoral and spiritual

- Enabling each person, created in God's image, to be nourished and to thrive.
- Sustain and develop the spiritual and prayer life of the school.
- Develop even greater consistency in the pastoral arrangements.

Public Benefit

The Trustees confirm that they have complied with the duty in Section 17(5) of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit in exercising their powers or duties. They have referred to this guidance when reviewing the Academy's aims and objectives and in planning its future activities.

The Academy provides facilities for recreational and other leisure time occupation for the community at large in the interests of social welfare and with the interest of improving the life of the said community.

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

STRATEGIC REPORT

Achievements and Performance

On entry to Walkwood, in maths, 41% of pupils were working at national expectation. Over the two years pupils have at Walkwood before their KS2 SATs this has increased by 25% to achieve 66%.

On entry to Walkwood, in reading, 58% of pupils were working at national expectation. Over the two years pupils have at Walkwood before their KS2 SATs this has increased by 8% to achieve 66%.

On entry to Walkwood, in writing, 64% of pupils were working at national expectation. Over the two years pupils have at Walkwood before their KS2 SATs this has decreased by 7% to achieve 57%.

% of pupils reaching National Expectation	Walkwood SATs 2018/19	National SATs 2018/19
Maths	66%	79%
Reading	66%	73%
SPAG	73%	78%
Writing (TA)	57%	78%
Combined	44%	65%

Year 8 End of year data

Over their 4 years at Walkwood:

In maths, 97% of pupils made expected progress and 71% exceeded expected progress. 97% of pupil premium made expected progress and 69% exceeded expected progress.

In reading, 93% of pupils made expected progress and 55% exceeded expected progress. 95% of pupil premium pupils made expected progress and 56% exceeded expected progress.

In writing, 97% of pupils made expected progress and 87% exceeded expected progress. 100% of pupil premium pupils made expected progress.

In science, 69% of pupils made expected progress and 28% exceeded expected progress. 65% of pupil premium pupils made expected progress and 31% exceeded expected progress.

Key Performance Indicators

The main financial performance indicator is the level of reserves held at the Balance Sheet date, in particular, the management of spending against General Annual Grant (GAG). In the period under review, £NIL was carried forward representing 0% of GAG.

As funding is based on pupil numbers this is also a key performance indicator. Pupil numbers in 2016 were 636, in 2017 there were 669 students, in 2018 there were 682 and in October 2019's census pupil numbers are 672.

Another key financial performance indicator is staffing costs as a percentage of GAG. For the 2018-2019 academic year this figure was 98.34%.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

The following KPI's were set at the start of the year:

KPI	Target	Actual
Pupil to teacher ratio (excludes Senior Leadership Team)	19 pupils to 1 full time equivalent (FTE) teacher	22 pupils to 1 full time equivalent (FTE) teacher
Teaching to non-teaching staff ratio (FTE)	37.5 to 42 non-teaching ratio	36 to 34 non-teaching ratio
Student attendance %	95.6%	95.87%
Capital spend per pupil in the year	£71	£89
Property repair costs per pupil	£50	£40

Going Concern

After making appropriate enquiries, the board of trustees has a reasonable expectation that the Academy 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 Going concern policy.

FINANCIAL REVIEW

Financial Review

Most of the Academy's income is obtained from the DfE via the ESFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the year ended 31 August 2019 and the associated expenditure are shown as Restricted Funds in the Statement of Financial Activities.

The Academy also receives grants for fixed assets from the DfE which 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 useful life of the assets concerned, as defined in the Academy's accounting policies.

During the year ended 31 August 2019, the Academy received total income of £3,250,907 and incurred total expenditure of £3,570,945. The excess of expenditure over income for the year was £320,038. The reserves position of the Academy as at 31 August 2019 is as follows: £6,875,128 of fixed asset funds, -£1,377,000 in the pension reserve, £NIL of restricted income funds, and £55,691 of unrestricted income funds.

The Academy is engaging in several exercises to reduce costs and create more balanced budgets, including reducing staff hours and agreeing to a SRMA visit as well.

At 31 August 2019 the net book value of fixed assets was £6,875,128 and movements in tangible fixed assets are shown in note 13 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

The land, buildings and other assets were transferred to the Academy upon conversion. Land and buildings were professionally valued in March 2013 at £6.668m. Other assets have been included in the financial statements at a best estimate, taking into account purchase price and remaining useful lives.

The Academy has taken on the deficit in the Local Government Pension Scheme in respect of its non teaching staff transferred on conversion. The deficit is incorporated within the Statement of Financial Activity with details in Note 23 to the financial statements.

Key financial policies adopted or reviewed during the year include the Finance Policy which lays out the framework for financial management, including financial responsibilities of the Board, Principal, managers, budget holders and other staff, as well as delegated authority for spending.

**WALKWOOD ACADEMY TRUST
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**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019**

Trustees have adopted a Responsible Officer Policy / Internal Audit Policy and appointed Bishop Fleming Chartered Accountants to undertake a programme of internal checks on the financial controls. During the year, the Trustees received reports from the Responsible Officer which contained no matters of significance.

Reserves Policy

The Trustees review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Trustees take into consideration the future plans of the Academy, the uncertainty over future income streams and other key risks identified during the risk review.

A contingency of free reserves is to be maintained of approximately £100,000 or 4% of the year's GAG funding, whichever is lower. The purpose of holding a reserve is to:

- act as a contingency for unexpected expenditure;
- minimise the impact and transition of any reductions in funding or student numbers; and
- fund future expenditure related to the School Development Plan, strategic long term aims and developments.

Investment Policy

Due to the nature and timing of receipt of funding, the Academy may at times hold cash balances surplus to its short-term requirements. The Trustees have authorised the opening of additional short-term bank investment accounts to take advantage of higher interest rates. No other form of investment is authorised.

Principal Risks And Uncertainties

The Board of Trustees has reviewed the major risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks.

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

Financial - the Academy has considerable reliance on continued Government funding through the ESFA. In the last year 91.74% of the Academy's incoming resources were ultimately Government funded and whilst this level is expected to continue, there is 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. Walkwood Academy Trust is located in the poorly funded county of Worcestershire and currently finds itself in a deficit position. The Academy reports its financial position to the ESFA on a monthly basis and the school will continue to work hard to reduce spend. Planned staff savings are being implemented with effect from 1 September 2019 and it is expected that the deficit position will be reversed by the end of the 2019-2020 financial/academic year, given the government's new promises of additional funding to schools.

Failures in governance and/or management - the risk in this area arises from potential failure to effectively manage the Academy's finances, internal controls, compliance with regulations and legislation, statutory returns, etc. The Trustees continue to review and ensure that appropriate measures are in place to mitigate these risks.

Reputational - the ongoing success of the Academy is dependent on continuing to attract applicants in sufficient numbers by maintaining the highest educational standards. To mitigate this risk, Trustees ensure that student success and achievement are closely monitored and reviewed.

Safeguarding and child protection - the Trustees continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and discipline.

Staffing - the success of the Academy is reliant upon the quality of its staff and so the Trustees monitor and review policies and procedures to ensure continued development and training of staff as well as ensuring there is clear succession planning.

**WALKWOOD ACADEMY TRUST
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**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019**

Fraud and mismanagement of funds - The Academy has appointed a Responsible Officer / internal audit to carry out checks on financial systems and records as required by the Academy Financial Handbook. All finance staff receive training to keep them up to date with financial practice requirements and develop their skills in this area.

A risk register is maintained and reviewed and updated on a regular basis.

The Academy has agreed a Risk Management Strategy, a Risk Register and a Risk Management Plan. These have been discussed by Trustees and include the financial risks to the Academy. The register and plan are regularly reviewed in light of any new information and formally reviewed annually.

The Trustees regularly assess the major risks to which the Academy is exposed, in particular those relating to its finances, teaching, facilities and other operational areas. The Trustees have implemented a number of systems to assess and minimise those risks, including a recovery plan and internal controls described elsewhere.

The defined benefit pension scheme reserve has a negative balance. The effect of the deficit position of the pension scheme is that the Academy Trust is paying higher employers' pension contributions over a period of years. The higher employers' pension contributions will be met from the Academy Trust's budgeted annual income. Whilst the deficit will not be immediately eliminated, there should be no actual cash flow deficit on the fund, nor any direct impact on the free reserves of the Academy Trust.

Walkwood Academy Trust is over-subscribed and therefore the risks to revenue funding from a falling roll are small, particularly as our Academy is a popular and well-regarded school. However, the capping of our educational income from the ESFA has had a significant impact on our financial position this year and in addition, increasing employment and premises costs mean that budgets will continue to be tight in coming years.

The Trustees examine the financial health formally every term. They review performance against budgets and overall expenditure by means of regular update reports at all Board and Finance Committee meetings.

At the year end, the Academy had no significant liabilities arising from trade creditors or debtors that would have a significant effect on liquidity.

FUNDRAISING

Fundraising is relatively low level and exists predominantly for supporting charities chosen by pupils. No fundraising occurs to supplement the Academy GAG from ESFA. There have been no complaints received in 2018-2019. All fundraising involving pupils is overseen by a responsible staff member and only occurs with parental consent.

PLANS FOR FUTURE PERIODS

The Academy will continue to strive to provide outstanding education and improve the levels of performance of its pupils at all levels. The Academy will continue to aim to attract high quality teachers and support staff in order to deliver its objectives.

Walkwood Academy Trust will continue to work hard to reduce spend. Planned staff savings will be implemented with effect from 1 September 2019. We have developed a financial recovery plan which has been submitted to the Education & Skills Funding Agency (ESFA) and we will work with a School Resource Management Advisor (SRMA) to help us make the best use of our revenue and capital resources, to deliver the best possible educational outcomes for pupils and to move to a more secure financial position in the future.

The Academy will continue to work with partner schools to improve the educational opportunities for students in the wider community and will continue to develop the school buildings to provide an engaging and stimulating learning environment.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

The Academy and its Trustees do not act as the Custodian Trustees of any other Charity.

**WALKWOOD ACADEMY TRUST
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**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019**

Disclosure of information to auditors

Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charity's auditors are unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

Approved by order of the members of the board of Trustees on and signed on their behalf by:

The Trustees' report, incorporating a strategic report, was approved by order of the board of Trustees, as the company directors, on 12/11/19 and signed on its behalf by:



Fr Glenn Reading
Chair of Trustees

**WALKWOOD ACADEMY TRUST
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GOVERNANCE STATEMENT

Scope of responsibility

As Trustees, we acknowledge we have overall responsibility for ensuring that Walkwood Academy 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 board of Trustees has delegated the day-to-day responsibility to the Principal, 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 Walkwood Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the board of Trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' report and in the Statement of Trustees' responsibilities and in the Statement of Trustees' Responsibilities. The board of Trustees has formally met 4 times during the year.

Attendance during the year at meetings of the board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
Vickie Crombie (appointed 03/12/2018)	2	3
Amanda Lawler, Vice Chair	3	4
Reverend Clive Leach, Principal	4	4
Jon Laight (appointed 03/12/2018, resigned 31/12/2018)	1	3
Dean Hall (resigned 31/08/2019)	4	4
Lorraine Baker (appointed 08/07/2019)	1	1
Julia Day-Jones	2	4
Sharon Harvey	3	4
Jeff Farnes (resigned 31/08/2019)	2	4
Kenneth Muir	3	4
David Cartland (resigned 09/10/2018)	0	0
Richard Gill	1	4
Heather Wood	4	4
Fr Glenn Reading, Chair of Trustees	4	4
Tracey Tomes (appointed 08/07/2019)	1	1

GOVERNANCE STATEMENT (CONTINUED)

Governance (CONTINUED)

The Staffing, Finance and Resources Committee is a sub-committee of the main board of Trustees. Its purpose is to:

- In consultation with the Principal, to prepare and approve the annual budget.
- To establish and maintain an up to date 3 year financial plan.
- To consider a budget position statement including virement decisions at least termly and to report significant anomalies from the anticipated position to the Governing Body.
- To annually review charges and remissions policies and expenses policies.
- To make decisions in respect of service agreements.
- To make decisions on additional expenditure following recommendations from other committees, in the light of projected out turn.
- To determine whether sufficient funds are available for pay increments as recommended by the Principal.
- In the light of the Principal Performance Management Group's recommendations, to determine whether sufficient funds are available for pay increments.
- To formally consider approval of the end of year finance accounts.
- To consider for approval the final audited accounts.
- Monitor school accounts termly.
- To update Governors annually on the Asset Management Plan.
- To review the Asset Management Plan, which includes a strategy for developing, adapting and eventually replacing buildings.
- To annually consider the Maintenance Plan, including service contracts for installations and plant, maintenance projects and the system of managing day-to-day repairs.
- To advise the Governing Body on priorities, including health and safety, for the maintenance and development of the school's premises.
- To oversee arrangements, including health and safety, for the use of school premises by outside users, subject to governing body policy.
- To establish and keep under review an Accessibility Plan.
- To draft and keep under review the staffing structure in consultation with the Principal.
- To establish and review a Performance Appraisal Policy for all staff.
- To keep under review staff work / life balance, working conditions and well-being, including the monitoring of absence.

Disqualification – Any relevant person employed to work at the school other than as the Principal, when the subject for consideration is the pay or performance review of any person employed to work at the school.

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
Fr Glenn Reading, Chair of Trustees	2	5
Reverend Clive Leach, Principal	5	5
Heather Wood	5	5
Kenneth Muir	5	5
Sharon Harvey	4	5
Richard Gill	1	5
Vickie Crombie (appointed 03/12/2018)	3	4
Jon Laight (appointed 03/12/2018, resigned 31/08/2019)	2	4

GOVERNANCE STATEMENT (CONTINUED)

Review of value for money

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

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

- Improved financial governance and budget management.
- Value for money purchasing.
- Reviewing controls and managing risk.
- Considering allocation/targeting/use of resources.
- Not allocating time/resources to areas where few improvements can be achieved.
- Making benchmarking comparisons with similar Academies using data provided by the ESFA and the Government.
- Challenging proposals and examining their effectiveness and efficiency.
- Deploying staff more effectively.
- Reviewing the quality of curriculum provision and the quality of teaching.
- Reviewing the quality of children's learning to enable children to achieve nationally expected progress.
- Outlining procedures for accepting best value quotes, noting that this is not necessarily the cheapest quote.
- Changing the IT network service level agreement provision and re-tendering the contractual lease of 154 desktop PCs to utilise new equipment at a more cost effective price.
- Continue to carry out preventative maintenance to the Academy's facilities and maintaining the upkeep of the school buildings to reduce the longer term costs to the Academy.
- Developing and agreeing a financial recovery plan with Trustees.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy 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 Walkwood Academy Trust for the year 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The board of Trustees has reviewed the key risks to which the Academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy's significant risks that has been in place for the year 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of Trustees.

GOVERNANCE STATEMENT (CONTINUED)

The risk and control framework

The Academy's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

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

The board of Trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed Bishop Fleming LLP, the external auditors, to perform additional checks.

The external auditors' role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems.

On a quarterly basis, the external auditors report to the board of Trustees through the staffing, finance and resources committee on the operation of the systems of control and on the discharge of the Trustees' financial responsibilities.

The external auditor has delivered their schedule of work as planned.

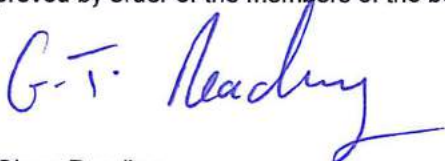
Review of effectiveness

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

- the work of the external auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the Academy who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the board of Trustees on 21/10/2019 and signed on their behalf by:



Fr Glenn Reading
Chair of Trustees



Reverend Clive Leach
Accounting Officer

**WALKWOOD ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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

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

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



Reverend Clive Leach
Accounting Officer

Date: 12/11/19

**WALKWOOD ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2019**

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 and signed on its behalf by:

Fr Glenn Reading
Trustee


12/11/19

**WALKWOOD ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
WALKWOOD ACADEMY TRUST**

Opinion

We have audited the financial statements of Walkwood Academy Trust (the 'academy') for the year ended 31 August 2019 which comprise the Statement of financial activities, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31 August 2019 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Academy in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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.

Material uncertainty related to going concern

We draw attention to note 2.2 in the financial statements, which indicates that the forecast deficit on free reserves may cast significant doubt on the Academy Trust's ability to continue as a going concern. As stated in note 2.2, these events or conditions, along with the other matters as set forth in note 2.2, indicate that a material uncertainty exists that may cast significant doubt on the Academy's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

**WALKWOOD ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
WALKWOOD ACADEMY TRUST (CONTINUED)**

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditors' report thereon. Other information includes the Reference and administrative details, the Trustees' report including the Strategic report, and the Governance statement. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion on other 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 including the Strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' report and the 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 Academy and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report including the Strategic report.

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

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

**WALKWOOD ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
WALKWOOD ACADEMY TRUST (CONTINUED)**

Responsibilities of trustees

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

In preparing the financial statements, the Trustees are responsible for assessing the Academy'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 Academy or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' 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 Auditors' report.

Use of our report

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

Andrew Wood FCCA (Senior statutory auditor)
for and on behalf of
Bishop Fleming LLP
Chartered Accountants
Statutory Auditors
1-3 College Yard
Worcester
WR1 2LB

Date:

**WALKWOOD ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

In accordance with the terms of our engagement letter dated 6 December 2017 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Walkwood Academy Trust during the year 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

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

The accounting officer is responsible, under the requirements of Walkwood Academy Trust's funding agreement with the Secretary of State for Education dated 21 December 2012 and the Academies Financial Handbook, extant from 1 September 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2018 to 2019. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2018 to 31 August 2019 have not been applied to purposes intended by Parliament 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 2018 to 2019 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

Our work on regularity included a review of the internal controls policies and procedures that have been implemented and an assessment of their design and effectiveness to understand how the Academy complied with the framework of authorities. We also reviewed the reports commissioned by the Trustees to assess the internal controls throughout the year.

We performed detailed testing based on our assessment of the risk of material irregularity, impropriety and non-compliance. This work was integrated with our audit on the financial statements where appropriate and included analytical review and detailed substantive testing of transactions.

**WALKWOOD ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

Conclusion

In the course of our work, nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the year 1 September 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Andrew Wood FCCA (Reporting Accountant)

Bishop Fleming LLP
1-3 College Yard
Worcester
WR1 2LB

Date:

WALKWOOD ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2019

	Note	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	Total funds 2018 £
INCOME FROM:						
Donations and capital grants	4	5,545	-	41,061	46,606	15,808
Charitable activities	5	242,079	2,942,670	-	3,184,749	3,018,099
Other trading activities	6	19,374	-	-	19,374	18,934
Investments	7	178	-	-	178	256
TOTAL INCOME		267,176	2,942,670	41,061	3,250,907	3,053,097
EXPENDITURE ON:						
Charitable activities		261,213	3,201,792	107,940	3,570,945	3,467,705
TOTAL EXPENDITURE		261,213	3,201,792	107,940	3,570,945	3,467,705
NET INCOME/(EXPENDITURE)		5,963	(259,122)	(66,879)	(320,038)	(414,608)
Transfers between funds	19	(154,454)	135,497	18,957	-	-
NET MOVEMENT IN FUNDS BEFORE OTHER RECOGNISED GAINS/(LOSSES)		(148,491)	(123,625)	(47,922)	(320,038)	(414,608)
OTHER RECOGNISED GAINS/(LOSSES):						
Actuarial losses on defined benefit pension schemes	25	-	(513,000)	-	(513,000)	233,000
NET MOVEMENT IN FUNDS RECONCILIATION OF FUNDS:		(148,491)	(636,625)	(47,922)	(833,038)	(181,608)
Total funds brought forward		204,182	(740,375)	6,923,050	6,386,857	6,568,465
Net movement in funds		(148,491)	(636,625)	(47,922)	(833,038)	(181,608)
TOTAL FUNDS CARRIED FORWARD		55,691	(1,377,000)	6,875,128	5,553,819	6,386,857

The Statement of financial activities includes all gains and losses recognised in the year.

The notes on pages 27 to 51 form part of these financial statements.

WALKWOOD ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)
REGISTERED NUMBER:08319098

BALANCE SHEET
AS AT 31 AUGUST 2019

	Note	2019 £	2018 £
FIXED ASSETS			
Tangible assets	14	6,874,377	6,937,673
CURRENT ASSETS			
Debtors	15	133,018	84,832
Cash at bank and in hand		136,446	255,924
		<u>269,464</u>	<u>340,756</u>
Creditors: amounts falling due within one year	16	(206,662)	(125,197)
NET CURRENT ASSETS		<u>62,802</u>	<u>215,559</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>6,937,179</u>	<u>7,153,232</u>
Creditors: amounts falling due after more than one year	17	(6,360)	(11,375)
NET ASSETS EXCLUDING PENSION LIABILITY		<u>6,930,819</u>	<u>7,141,857</u>
Defined benefit pension scheme liability	25	(1,377,000)	(755,000)
TOTAL NET ASSETS		<u><u>5,553,819</u></u>	<u><u>6,386,857</u></u>
FUNDS OF THE ACADEMY			
Restricted funds:			
Fixed asset funds	19	6,875,128	6,923,050
Restricted income funds	19	-	14,625
Pension reserve	19	(1,377,000)	(755,000)
Total restricted funds	19	<u>5,498,128</u>	<u>6,182,675</u>
Unrestricted income funds	19	<u>55,691</u>	<u>204,182</u>
TOTAL FUNDS		<u><u>5,553,819</u></u>	<u><u>6,386,857</u></u>

The financial statements on pages 24 to 51 were approved by the Trustees, and authorised for issue on and are signed on their behalf, by:

Fr Glenn Reading
(Chair of Trustees)

Reverend Clive Leach

The notes on pages 27 to 51 form part of these financial statements.

WALKWOOD ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2019

	Note	2019 £	2018 £
CASH FLOWS FROM OPERATING ACTIVITIES			
Net cash used in operating activities	21	(111,058)	(194,103)
Cash flows from investing activities	23	(3,405)	(215,830)
CASH FLOWS FROM FINANCING ACTIVITIES	22	(5,015)	(3,250)
CHANGE IN CASH AND CASH EQUIVALENTS IN THE YEAR		(119,478)	(413,183)
Cash and cash equivalents at the beginning of the year		255,924	669,107
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	24	136,446	255,924

The notes on pages 27 to 51 form part of these financial statements

**WALKWOOD ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

1. GENERAL INFORMATION

Walkwood Academy Trust is a private company limited by guarantee, incorporated in the UK and registered in England and Wales. The registered office is Feckenham Road, Headless Cross, Redditch, Worcestershire, B97 5AQ.

These financial statements cover the individual entity only.

2. ACCOUNTING POLICIES

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

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

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

2.2 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 Academy 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.

The Academy has a surplus as at 31 August 2019 on free reserves of £56k (2018: £219k), and generated an in year deficit on free reserves of £163k.

The Trustees have prepared forecasts that indicate that income in the coming year is anticipated to exceed expenditure, however the Academy Trust is forecast to generate a deficit on free reserves by 31 August 2021.

The Trustees are currently reviewing the financial position of the Academy to ensure it has a surplus on free reserves in the medium to long term, and the Trustees assume that the Academy will be able to continue as a going concern.

The Trustee's assessment that it is appropriate to use the going concern assumption is based on the following:

- a) the Academy has adequate cash to fund its working capital requirements during this period;
- b) there is no significant unbudgeted expenditure or capital expenditure, unless supported by additional funding, during this period; and
- c) income is received in line with forecast.

On this basis the Trustees have concluded that the Academy has adequate resources to continue in operational existence for the foreseeable future and thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

2. ACCOUNTING POLICIES (continued)

2.3 INCOME

All incoming resources are recognised when the Academy 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 year is deducted from income and recognised as a liability.

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

- **Donations**

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

- **Other income**

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

2.4 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.

- **Charitable activities**

These are costs incurred on the Academy's educational operations, including support costs and costs relating to the governance of the Academy apportioned to charitable activities.

All resources expended are inclusive of irrecoverable VAT.

2.5 INTEREST RECEIVABLE

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Academy; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

2. ACCOUNTING POLICIES (continued)

2.6 TAXATION

The Academy is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Accordingly, the Academy is potentially exempt from taxation in respect of income or capital gains received within categories covered by 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.

2.7 TANGIBLE FIXED ASSETS

Assets costing £2,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

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

Depreciation is provided on the following bases:

Long-term leasehold property	- Leasehold land is depreciated over 125 years on a straight line basis. Leasehold buildings are depreciated over 50 years on a straight line basis. Roofing is depreciated over 20 years on a straight-line basis.
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Furniture and equipment	- 25% straight line basis
Computer equipment	- 33% straight line basis

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.

2.8 DEBTORS

Trade and other debtors with no stated interest rate and due within one year are recorded at the amount of the cash or other consideration expected to be received. Prepayments are valued at the amount paid.

2.9 CASH AT BANK AND IN HAND

Cash at bank and in hand includes cash and cash on deposit that has a notice period of less than 30 days.

2. ACCOUNTING POLICIES (continued)

2.10 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 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.

2.11 FINANCIAL INSTRUMENTS

The Academy only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the Academy and their measurement bases are as follows:

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 15. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 16 and 17. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

2.12 OPERATING LEASES

Rentals paid under operating leases are charged to the Statement of financial activities on a straight line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

2. ACCOUNTING POLICIES (continued)

2.13 PENSIONS

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

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

The LGPS is a funded multi-employer scheme and the assets are held separately from those of the Academy in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit 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.

2.14 FUND ACCOUNTING

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

~~Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the 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 Department for Education Group.

Transfers are made between restricted funds and restricted fixed asset funds where restricted funds are used to purchase fixed assets.

3. CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGMENT

Estimates and judgments 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 or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 25, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgment:

The Academy Trust obtains use of fixed assets as a lessee. The classification of such leases as operating or finance lease requires the Academy Trust to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the Balance Sheet.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

4. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Donations	5,545	-	5,545	3,651
Capital Grants	-	41,061	41,061	12,157
TOTAL 2019	5,545	41,061	46,606	15,808
TOTAL 2018	3,651	12,157	15,808	

5. FUNDING FOR THE ACADEMY TRUST'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
DfE/ESFA grants				
General Annual Grant	-	2,497,399	2,497,399	2,323,660
Other DfE/EFSA grants	-	308,973	308,973	286,739
	-	2,806,372	2,806,372	2,610,399
Other government grants				
High Needs	-	111,500	111,500	126,639
Other government grants	-	24,798	24,798	19,835
	-	136,298	136,298	146,474
Other income from the academy trust's educational operations				
Internal catering income	117,291	-	117,291	107,018
Other	124,788	-	124,788	154,208
TOTAL 2019	242,079	2,942,670	3,184,749	3,018,099
TOTAL 2018	261,226	2,756,873	3,018,099	

WALKWOOD ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

6. INCOME FROM OTHER TRADING ACTIVITIES

	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Lettings	17,390	17,390	17,323
Catering	1,984	1,984	1,611
TOTAL 2019	19,374	19,374	18,934

All income from other trading activities related to the unrestricted fund in the prior year.

7. INVESTMENT INCOME

	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Bank interest	178	178	256
TOTAL 2019	178	178	256

All investment income related to the unrestricted fund in the prior year.

8. EXPENDITURE

	Staff Costs 2019 £	Premises 2019 £	Other 2019 £	Total 2019 £	Total 2018 £
Academy's educational operations:					
Direct costs	1,868,707	107,875	233,150	2,209,732	2,157,157
Allocated support costs	837,491	208,855	314,867	1,361,213	1,310,548
TOTAL 2019	2,706,198	316,730	548,017	3,570,945	3,467,705
TOTAL 2018	2,705,105	263,469	499,131	3,467,705	

WALKWOOD ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

9. ANALYSIS OF EXPENDITURE BY ACTIVITIES

	Direct costs 2019 £	Support costs 2019 £	Total funds 2019 £	Total funds 2018 £
Educational operations	2,209,732	1,361,213	3,570,945	3,467,705
TOTAL 2019	<u>2,209,732</u>	<u>1,361,213</u>	<u>3,570,945</u>	<u>3,467,705</u>
TOTAL 2018	<u>2,157,157</u>	<u>1,310,548</u>	<u>3,467,705</u>	

Analysis of direct costs

	Total funds 2019 £	Total funds 2018 £
Pension income	22,000	22,000
Staff costs	1,807,837	1,756,677
Depreciation	107,940	72,965
Educational supplies	161,754	170,311
Staff development	10,135	20,015
Other costs	7,063	3,962
Supply teachers	60,870	74,365
Technology costs	30,221	30,684
Educational consultancy	1,912	6,178
TOTAL 2019	<u>2,209,732</u>	<u>2,157,157</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

9. ANALYSIS OF EXPENDITURE BY ACTIVITIES (CONTINUED)

Analysis of support costs

	Total funds 2019 £	Total funds 2018 £
Staff costs	923,305	874,063
Depreciation	-	31,272
Other costs	25,701	30,541
Supply teachers	1,186	-
Recruitment and support	3,102	3,305
Maintenance of premises and equipment	114,599	94,912
Cleaning	5,696	8,524
Rent and rates	23,028	21,530
Energy costs	33,464	34,266
Insurance	16,054	15,547
Security and transport	12,917	9,813
Catering	73,035	74,670
Technology costs	23,667	18,280
Office overheads	38,111	45,050
Legal and professional	48,043	34,395
Bank interest and charges	32	38
Governance costs	19,273	14,342
TOTAL 2019	1,361,213	1,310,548

10. NET INCOME/(EXPENDITURE)

Net income/(expenditure) for the year includes:

	2019 £	2018 £
Operating lease rentals	24,617	34,957
Depreciation of tangible fixed assets	107,875	104,237
Fees paid to auditors for:		
- audit	9,650	8,500
- other services	4,945	3,485

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

11. STAFF COSTS

a. STAFF COSTS

Staff costs during the year were as follows:

	2019 £	2018 £
Wages and salaries	2,107,248	2,051,593
Social security costs	178,024	161,290
Pension costs	445,870	417,857
	<u>2,731,142</u>	<u>2,630,740</u>
Agency staff costs	62,056	74,365
	<u>2,793,198</u>	<u>2,705,105</u>

b. STAFF NUMBERS

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

	2019 No.	2018 No.
Teachers	36	37
Administration and Support	52	46
Management	5	5
	<u>93</u>	<u>88</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

11. STAFF COSTS (CONTINUED)

c. HIGHER PAID STAFF

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

	2019 No.	2018 No.
In the band £70,001 - £80,000	<u>1</u>	<u>1</u>

d. KEY MANAGEMENT PERSONNEL

The key management personnel of the Academy Trust comprise the Trustees (who do not receive remuneration for their role as Trustees) and the Senior Management Team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Academy Trust was £361,015 (2018: £346,708).

As staff Trustees are not remunerated in respect of their role as a Trustee, where staff Trustees do not form part of the Key Management Personnel other than in their role as Trustee, their remuneration as set out in note 12 has not been included in the total benefits received by Key Management Personnel above.

12. TRUSTEES' REMUNERATION AND EXPENSES

The Headteacher and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Headteacher and staff under their contracts of employment, and not in respect of their services as Trustees. Other Trustees did not receive any payments, other than expenses, from the Academy Trust in respect of their role of Trustees. The value of Trustees' remuneration and other benefits was as follows: C Leach: Remuneration £70,000 - £75,000 (2018: £70,000 - £75,000), employer's pension contribution £10,000 - £15,000 (2018: £10,000 - £15,000), H Wood: Remuneration £30,000 - £35,000 (2018: £30,000 - £35,000), Employer's pension contribution £5,000 - £10,000 (2018: £5,000 - £10,000), T Tones: Remuneration £5,000 - £10,000 (2018: £nil), Employer's pension contribution £0 - £5,000 (2018: £nil), L Baker: Remuneration £5,000 - £10,000 (2018: £nil), Employer's pension contribution £0 - £5,000 (2018: £nil).

During the year, no Trustees received any remuneration or other benefits (2018 - £NIL).

During the year ended 31 August 2019, expenses totalling £1,363 were reimbursed or paid directly to 3 Trustees (2018 - £NIL to no Trustees).

13. TRUSTEES' AND OFFICERS' INSURANCE

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

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

14. TANGIBLE FIXED ASSETS

	Long-term leasehold property £	Furniture and equipment £	Computer equipment £	Total £
COST OR VALUATION				
At 1 September 2018	7,437,632	70,240	61,648	7,569,520
Additions	32,343	12,301	-	44,644
At 31 August 2019	<u>7,469,975</u>	<u>82,541</u>	<u>61,648</u>	<u>7,614,164</u>
DEPRECIATION				
At 1 September 2018	520,595	53,765	57,487	631,847
Charge for the year	97,683	6,096	4,161	107,940
At 31 August 2019	<u>618,278</u>	<u>59,861</u>	<u>61,648</u>	<u>739,787</u>
NET BOOK VALUE				
At 31 August 2019	<u>6,851,697</u>	<u>22,680</u>	<u>-</u>	<u>6,874,377</u>
At 31 August 2018	<u>6,917,037</u>	<u>16,475</u>	<u>4,161</u>	<u>6,937,673</u>

15. DEBTORS

	2019 £	2018 £
DUE WITHIN ONE YEAR		
Trade debtors	1,875	4,405
Other debtors	5,382	3,171
Prepayments and accrued income	77,400	69,084
Tax recoverable	48,361	8,172
	<u>133,018</u>	<u>84,832</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £	2018 £
Other loans	3,250	3,250
Trade creditors	333	4,328
Other taxation and social security	44,578	44,577
Other creditors	79,363	42,186
Accruals and deferred income	79,138	30,856
	<u>206,662</u>	<u>125,197</u>
	2019 £	2018 £
Deferred income at 1 September 2018	13,280	37,925
Resources deferred during the year	45,746	13,280
Amounts released from previous periods	(13,280)	(37,925)
	<u>45,746</u>	<u>13,280</u>

Deferred income is made up of income received for trips due to take place in the 2019/20 year.

Included within ESFA loans due in less than one year is a Condition Improvement Fund (CIF) loan of £3,250. The full value of the loan outstanding is £9,610, £6,360 of which is shown as due over one year (Note 17). The loan is repayable in six-monthly instalments over 7 years with an applicable annual interest rate of 0%.

17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2019 £	2018 £
Other loans	<u>6,360</u>	<u>11,375</u>

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NOTES TO THE FINANCIAL STATEMENTS
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18. FINANCIAL INSTRUMENTS

	2019 £	2018 £
FINANCIAL ASSETS		
Financial assets that are debt instruments measured at amortised cost	153,707	283,982
	<u>153,707</u>	<u>283,982</u>
	2019 £	2018 £
FINANCIAL LIABILITIES		
Financial liabilities measured at amortised cost	(105,480)	(91,995)
	<u>(105,480)</u>	<u>(91,995)</u>

Financial assets that are debt instruments measured at amortised cost comprise cash at bank and in hand, trade debtors, other debtors and accrued income.

Financial liabilities measured at amortised cost comprise trade creditors, accruals, other creditors and loan from ESFA.

WALKWOOD ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

19. STATEMENT OF FUNDS

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
UNRESTRICTED FUNDS						
General Funds	204,182	267,176	(261,213)	(154,454)	-	55,691
RESTRICTED GENERAL FUNDS						
General Annual Grant (GAG)	14,625	2,640,265	(2,790,387)	135,497	-	-
Higher Needs funding (SEN)	-	111,500	(111,500)	-	-	-
Pupil Premium (PP)	-	139,671	(139,671)	-	-	-
PE Grant	-	19,590	(19,590)	-	-	-
Other grants	-	31,644	(31,644)	-	-	-
Pension reserve	(755,000)	-	(109,000)	-	(513,000)	(1,377,000)
	(740,375)	2,942,670	(3,201,792)	135,497	(513,000)	(1,377,000)
RESTRICTED FIXED ASSET FUNDS						
Assets transferred on conversion	6,222,766	-	(71,550)	-	-	6,151,216
Devolved Formula Capital (DFC)	35,553	41,061	(8,254)	-	-	68,360
Academies Capital Maintenance Funding (ACMF)	138,245	-	(2,845)	-	-	135,400
Fixed assets purchased from GAG	46,642	-	(3,566)	18,957	-	62,033
Condition Improvement Fund (CIF)	479,844	-	(21,725)	-	-	458,119
	6,923,050	41,061	(107,940)	18,957	-	6,875,128
TOTAL RESTRICTED FUNDS	6,182,675	2,983,731	(3,309,732)	154,454	(513,000)	5,498,128
TOTAL FUNDS	6,386,857	3,250,907	(3,570,945)	-	(513,000)	5,553,819

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

19. STATEMENT OF FUNDS (CONTINUED)

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

Restricted funds

General Annual Grant (GAG) - Income from the ESFA which is to be used for the normal running costs of the Academy, including education and support costs.

Higher Needs funding (SEN) - Funding received from the Local Authority to fund further support for students with additional needs.

Pupil Premium (PP) - Pupil Premium represents funding received from the ESFA for children that qualify for free school meals to enable the Academy to address the current underlying inequalities between those children and their wealthier peers.

PE Grant - This represents funding received from the ESFA and must be used to fund improvements to the provision of PE and sport, for the benefit of primary-aged pupils, so that they develop healthy lifestyles.

Other grants - Income which has been received for specific reasons.

Pension reserve - This represents the Academy's share of the assets and liabilities in the Local Government Pension Scheme (LGPS). As with most pension schemes this is currently in deficit due to an excess of scheme liabilities over scheme assets which was inherited on conversion to the Academy. The Academy is following the recommendations of the actuary to reduce the deficit by making additional contributions over a number of years.

Restricted Fixed Asset Funds

Assets transferred on conversion - This represents the buildings and equipment donated to the school from the Local Authority on conversion to an academy.

Devolved Formula Capital (DFC) - This represents funding from the ESFA to cover the maintenance and purchase of the Academy's assets.

Academies Capital Maintenance Funding (ACMF) - These funds were received for direct expenditure on fixed asset projects. The balance at the year end represents the net book value of assets and any unspent grant amounts.

Fixed assets purchased from GAG - This represents capital assets that have been purchased out of restricted GAG funding.

Condition Improvement Fund (CIF) - These funds were received for direct expenditure on fixed asset projects. The balance at the year end represents the NBV of assets and any unspent grant amounts.

OTHER INFORMATION

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

WALKWOOD ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

19. STATEMENT OF FUNDS (CONTINUED)

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

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Balance at 31 August 2018 £
UNRESTRICTED FUNDS					
General Funds	237,770	274,856	(292,376)	(16,068)	204,182
RESTRICTED GENERAL FUNDS					
General Annual Grant (GAG)	222,994	2,471,590	(2,683,598)	3,639	14,625
Higher Needs funding (SEN)	-	126,639	(126,639)	-	-
Pupil Premium (PP)	-	136,970	(136,970)	-	-
PE Grant	-	19,710	(19,710)	-	-
Other grants	-	11,175	(11,175)	-	-
Pension reserve	(895,000)	-	(93,000)	233,000	(755,000)
	(672,006)	2,766,084	(3,071,092)	236,639	(740,375)
RESTRICTED FIXED ASSET FUNDS					
Assets transferred on conversion	6,294,314	-	(71,548)	-	6,222,766
Devolved Formula Capital (DFC)	32,353	12,157	(8,957)	-	35,553
Academies Capital Maintenance Funding (ACMF)	141,090	-	(2,845)	-	138,245
Fixed assets purchased from GAG	36,532	-	(2,319)	12,429	46,642
Condition Improvement Fund (CIF)	498,412	-	(18,568)	-	479,844
	7,002,701	12,157	(104,237)	12,429	6,923,050
TOTAL RESTRICTED FUNDS	6,330,695	2,778,241	(3,175,329)	249,068	6,182,675
TOTAL FUNDS	6,568,465	3,053,097	(3,467,705)	233,000	6,386,857

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20. ANALYSIS OF NET ASSETS BETWEEN FUNDS

ANALYSIS OF NET ASSETS BETWEEN FUNDS - CURRENT YEAR

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Tangible fixed assets	-	-	6,874,377	6,874,377
Current assets	259,103	-	10,361	269,464
Creditors due within one year	(203,412)	-	(3,250)	(206,662)
Creditors due in more than one year	-	-	(6,360)	(6,360)
Pension scheme liability	-	(1,377,000)	-	(1,377,000)
TOTAL	55,691	(1,377,000)	6,875,128	5,553,819

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	6,937,673	6,937,673
Current assets	204,182	136,574	-	340,756
Creditors due within one year	-	(121,949)	(3,248)	(125,197)
Creditors due in more than one year	-	-	(11,375)	(11,375)
Pension scheme liability	-	(755,000)	-	(755,000)
TOTAL	204,182	(740,375)	6,923,050	6,386,857

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

21. RECONCILIATION OF NET EXPENDITURE TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2019 £	2018 £
Net expenditure for the year (as per Statement of financial activities)	(320,038)	(414,608)
ADJUSTMENTS FOR:		
Depreciation	107,940	104,237
Capital grants from DfE and other capital income	(41,061)	(12,157)
Interest receivable	(178)	(256)
Defined benefit pension scheme cost less contributions payable	51,000	71,000
Defined benefit pension scheme finance cost	22,000	22,000
(Increase)/decrease in debtors	(48,186)	204,545
Increase/(decrease) in creditors	81,465	(168,864)
Past service cost	36,000	-
NET CASH USED IN OPERATING ACTIVITIES	(111,058)	(194,103)

22. CASH FLOWS FROM FINANCING ACTIVITIES

	2019 £	2018 £
Repayments of borrowing	(5,015)	(3,250)
NET CASH USED IN FINANCING ACTIVITIES	(5,015)	(3,250)

23. CASH FLOWS FROM INVESTING ACTIVITIES

	2019 £	2018 £
Interest received	178	256
Purchase of tangible fixed assets	(44,644)	(228,243)
Capital grants from DfE Group	41,061	12,157
NET CASH USED IN INVESTING ACTIVITIES	(3,405)	(215,830)

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

24. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2019 £	2018 £
Cash in hand	136,446	255,924
TOTAL CASH AND CASH EQUIVALENTS	136,446	255,924

25. PENSION COMMITMENTS

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

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

Contributions amounting to £39,861 were payable to the schemes at 31 August 2019 (2018 - £40,527) and are included within creditors.

TEACHERS' PENSION SCHEME

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

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

VALUATION OF THE TEACHERS' PENSION SCHEME

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

25. PENSION COMMITMENTS (CONTINUED)

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

The employer's pension costs paid to TPS in the year amounted to £221,815 (2018 - £216,314).

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

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

LOCAL GOVERNMENT PENSION SCHEME

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £173,000 (2018 - £164,000), of which employer's contributions totalled £137,000 (2018 - £130,000) and employees' contributions totalled £36,000 (2018 - £34,000). The agreed contribution rates for future years are 17 per cent for employers and 5.5% - 12% for employees.

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

Principal actuarial assumptions

	2019	2018
	%	%
Rate of increase in salaries	3.60	3.60
Rate of increase for pensions in payment/inflation	2.20	2.20
Discount rate for scheme liabilities	1.80	2.80
Inflation assumption (CPI)	2.10	2.10

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

	2019	2018
	Years	Years
<i>Retiring today</i>		
Males	22.8	22.7
Females	25.8	25.7
<i>Retiring in 20 years</i>		
Males	25.1	24.9
Females	28.2	28.0

WALKWOOD ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

25. PENSION COMMITMENTS (CONTINUED)

Sensitivity analysis

	2019	2018
	£000	£000
Discount Rate +0.1%	(59)	(42)
Mortality Assumption - 1 Year Increase	53	36
CPI Rate +0.1%	60	42

The Academy's share of the assets in the scheme was:

	At 31	At 31 August
	August 2019	2018
	£	£
Equities	1,079,000	974,000
Government bonds	114,000	159,000
Property	91,000	59,000
Cash	44,000	27,000
Other bonds	76,000	-
Other	117,000	46,000
TOTAL MARKET VALUE OF ASSETS	1,521,000	1,265,000

The actual return on scheme assets was £59,000 (2018 - £74,000).

The amounts recognised in the Statement of financial activities are as follows:

	2019	2018
	£	£
Current service cost	(188,000)	(201,000)
Past service cost	(36,000)	-
Interest income	38,000	25,000
Interest cost	(58,000)	(47,000)
Administrative expenses	(2,000)	(2,000)
Total amount recognised in the Statement of Financial Activities	(246,000)	(225,000)

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

25. PENSION COMMITMENTS (CONTINUED)

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

	2019 £	2018 £
At 1 September	2,020,000	1,949,000
Current service cost	188,000	201,000
Interest cost	58,000	47,000
Employee contributions	36,000	34,000
Actuarial losses/(gains)	534,000	(187,000)
Benefits paid	26,000	(24,000)
Past service cost	36,000	-
AT 31 AUGUST	2,898,000	2,020,000

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

	2019 £	2018 £
At 1 September	1,265,000	1,054,000
Interest income	38,000	27,000
Actuarial gain	21,000	46,000
Employer contributions	137,000	130,000
Employee contributions	36,000	34,000
Benefits paid	26,000	(24,000)
Administration expenses	(2,000)	(2,000)
AT 31 AUGUST	1,521,000	1,265,000

26. OPERATING LEASE COMMITMENTS

At 31 August 2019 the Academy had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Not later than 1 year	33,445	24,617
Later than 1 year and not later than 5 years	59,231	22,706
	92,676	47,323

**WALKWOOD ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

27. 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.

28. RELATED PARTY TRANSACTIONS

Owing to the nature of the Academy's operations 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 a trustee has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy's financial regulations and normal procurement procedures relating to connected and related party transactions.

The following related party transactions took place in the financial period:

During the year the Academy made sales of £11,914 (2018 - £11,357) for the letting of the school to Funzone, a company in which Amanda Lawler, a Trustee of the Academy Trust, is a director. At the year end there was a balance of £87 (2018 - £Nil) owed to Funzone.