

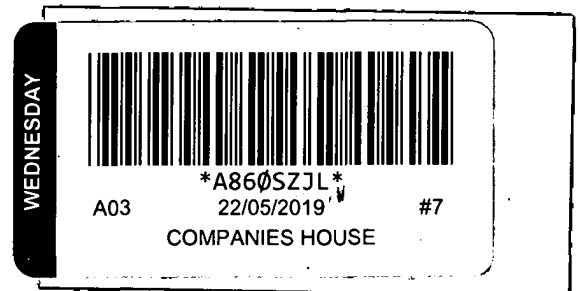
WEDNESBURY OAK ACADEMY TRUST

(Company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31ST AUGUST 2018

Company Registration No: 8749821 (England and Wales)



WEDNESBURY OAK ACADEMY TRUST

(Company limited by guarantee)

CONTENTS

	Page
Reference and Administrative Information	3
Governors' Report	5
Governance Statement	12
Statement on Regularity, Propriety and Compliance	15
Statement of Governor's Responsibilities	16
Independent Auditor's Report	17
Independent Reporting Accountants Report on Regularity	19
Statement of Financial Activities	21
Balance Sheet	22
Cash Flow Statement	23
Statement of Accounting Policies	24
Notes to the Financial Statements	24

WEDNESBURY OAK ACADEMY TRUST
(Company limited by guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS

Members:

Mrs E Perrin	Community Governor (Chair) - resigned
Mrs C Wyer	Community Governor - resigned
Mrs K Lister	Community Governor (Vice Chair) - resigned
Miss M Boden	Chair
Mrs S Mistry	Vice Chair
Mr S Downing	Community Governor

Trustees:

Mrs M Bull	Principal
Mrs T Grieh	Acting Principal
Mrs B Stonard	Staff Governor - resigned
Mrs L Jones	Staff Governor - resigned
Mr M Richardson	Parent Governor - resigned
Mr M Teager	Parent Governor
Mrs J Griffiths	Staff Governor
Mrs S Taylor	Staff Governor

Company Secretary:

Mrs M Bull

Senior Leadership Team:

- Acting Principal
- Acting Vice Principal
- School Business Manager
- SENCo
- SENCo
- EY Lead

Mrs T Grieh
Mrs J Griffiths
Mrs D Southall
Mrs K Kular
Mrs R Tranter
Miss N Patel

WEDNESBURY OAK ACADEMY TRUST
(Company limited by guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS (continued)

Registered Office:	Green Acre Road Tipton DY4 0AR
Company Registration Number:	8749821
Independent Auditors:	Wright & Co Chartered Accountants Registered Auditors The Squires 5 Walsall Street Wednesbury WS10 9BZ
Bankers:	Lloyds Bank 63 High Street Dudley West Midlands DY1 1PY
Insurance Brokers:	Zurich PO Box 3899 Swindon FN4 4FJ
Solicitors:	Browne Jacobson Victoria Square House Victoria Square Birmingham B2 4BU

WEDNESBURY OAK ACADEMY TRUST
(Company limited by guarantee)
31st August 2018

The trustees present their final annual report together with the financial statements and auditor's report of the Charitable Company for the year 1 September 2017 to 31 August 2018.

Structure, Governance and Management

Constitution

The Academy Trust is a company limited by guarantee and an exempt charity. The Charitable Company's Memorandum and Articles of Association are the primary governing documents of the Academy Trust.

Members of the Governing Body act as the directors for the charitable activities of Wednesbury Oak Academy Trust. Three of the Governors (directors) are also trustees of the Charitable Company for the purposes of company law.

Details of the Governors who served throughout the period are included in the Reference and Administrative Details.

The full Governing Body meets at least once a term. The work of the Governing Body is delegated to sub committees that are formerly constituted with terms of the reference namely:

- Achievement and Standards Committee
- Resources and Audit Committee
- Health & Safety Committee

The sub committees meet at least termly and the Chairs of these committees report back to the full Governing Body meetings.

Members' Liability

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

Governors' Indemnities

The Academy Trust purchases indemnity insurance to cover the liability of the Governors which by virtue of any rule of law would otherwise attach to them in respect of negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Academy Trust; provided that any insurance shall not extend to any claim arising from any act or omission which the Governors knew to be a breach of trust or a breach of duty or which was committed by the Governors in reckless disregard to whether it was a breach of trust or a breach of duty or not and provided also that any such insurance shall not extend to the costs of the unsuccessful defence to a criminal prosecution brought against the Governors in their capacity as directors of the Academy Trust.

Principal Activities

Wednesbury Oak Academy, a non-selective Academy, provides education for pupils of different abilities between the ages of 3 and 11. Our pupils are drawn from the local area in accordance with our published admission criteria.

The Academy Trust's Principal's activity is specifically restricted to the following:

- To advance, for the public benefit, education in the United Kingdom, in particular but without prejudice to the generality of the foregoing, by establishing, maintaining, carrying on, managing and developing an Academy offering a broad and balanced curriculum.

Method of Recruitment and Appointment of election of Governors

The Governing Body comprises three categories of governor, as set out in the Articles of Association and the Funding Agreement. The method of recruitment is:

Community (up to 6) – Appointed by the Governing Body. The Governing Body will seek to appoint a person, who lives or works in the community served by the Academy, who is committed to the success of the Academy.

Parent (up to 2) – Nominated and elected by the parents and carers of the pupils on roll.

Staff (Up to 4) – Nominated and elected by the staff employed by the Academy. At least one representative from Teaching Staff; one representative from Support Staff.

The Principal is an ex-officio governor.

Policies and Procedures Adopted for the Induction and Training of Governors

The current Governors of Wednesbury Oak Academy are new to the role and have limited experience. However, a governance review has taken place and the Governing Body are being supported by a National Leader of Governance.

The Academy purchases an independent governor support service which includes an induction and training programme and the School Business Manager liaises with recent appointments to ensure that they access the most appropriate training courses. All

WEDNESBURY OAK ACADEMY TRUST
(Company limited by guarantee)
31st August 2018

newly appointed and elected Governors are invited to observe the working of all sub-committees before deciding which committee they could best serve.

Governors are kept up to date with their legislative obligations and good practice through the independent governor support service provided, by school staff, by the Clerk to the Governing Body and by an external provider (NLG training).

Organisational Structure

The Governing Body is responsible for all major decisions about the Academy.

The Governing Body is responsible for setting all policies covering Personnel, Health & Safety, Curriculum and Financial aspects of the work of the Academy. The Governing Body monitors the work of the Academy. It receives regular reports from the Senior Leadership Team, including budget and other data updates.

The external auditor provides reports to the Governing Body with respect to internal controls assurance. The Governing Body approves the Statutory Accounts. The levels of authorisation of budget spend as detailed in the Terms of Reference are reviewed by the Governing Body.

The day to day management of the Academy is delegated by the Governing Body to the Principal who is supported by the Senior Leadership Team which comprises Principal, Vice Principal, Assistant Vice Principal, School Business Manager, two SENCOs, Early Years Leader and an English Leader.

The initial School Development Plan (SDP) is drawn up by the Principal working with the Senior Leadership Team. The draft plan is then approved by the full Governing Body. The full Governing Body reviews school development as part of its regular work.

As a primary Academy, a high percentage of the Academy's expenditure relates to staffing. The Staffing Structure is determined by the Governing Body working with the Principal.

The SDP and the staffing structure then influence the Academy budget. The Acting Principal is the Acting Accounting Officer and responsible for the day to day management of the Academy.

Arrangements for setting pay and remuneration of key management personnel

The Governing Body set the pay of the Academy's key staff in line with the Academy's Pay Policy, agreed annually by the Governing Body. They receive details of staff Performance Management outcomes and agree all pay increments that staff are to receive on an annual basis at the Pay Committee.

Related Parties and other Connected Charities and Organisations

All Governors sign a 'Declaration of Interest' at the start of each academic year stating that they have no related party interests either direct or indirect. Should they do so then they are declared at this point.

'Declaration of Interest' is a standing item on each committee agenda. Should there be an interest expressed then that Governor is not involved in any decision making which relates to their stated interest. The interest is noted in the minutes.

Signed Declarations of Interest are held with a detailed schedule available on the Academy's website.

Risk Management

The Governors have assessed the major risks to which the Academy is exposed, in particular those relating to the operational areas of the site and facilities and of teaching and the finances. The Governors have implemented a system to assess risks that the Academy faces, especially in the operational areas which includes teaching, health and safety and in relation to the control of finance. The Governors have introduced systems, including operational procedures and internal financial records and an Anti-fraud, Corruption and Bribery policy in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover. The Academy has an effective system of internal financial controls and this is explained in more detail in the Governance Statement.

Connected Organisations, including Related Party Relationships.

There are no related parties which either control or significantly influence the decisions and operations of Wednesbury Oak Academy. There are no sponsors.

The Academy works with many school/Academy networks both within the Sandwell Local Authority (School to School clusters) to further the principle activities of the Academy. The Academy now works with Sandwell Local Authority for School Improvement (SIP), has a Consultant Executive Head in place and has support from a NLG to further support school development.

Objectives and Activities

The principal object and activity of the Charitable Company is the operation of Wednesbury Oak Academy to provide education and care for pupils of different abilities between the age of 2 and 11.

In accordance with the Articles of Association the Charitable Company has adopted a Funding Agreement approved by the Secretary of State for Education. The Funding Agreement specifies, amongst other things –

WEDNESBURY OAK ACADEMY TRUST
(Company limited by guarantee)
31st August 2018

- That the Academy has a curriculum satisfying the requirements of Section 78 of EA 2002 (balanced and broadly based curriculum);
- That it provides education for pupils of different abilities;
- And that it provides education for pupils who are wholly or mainly drawn from the area in which the Academy is situated.

The Aims of the Academy during the year ended 31st August 2018 are summarised below –

- Put the needs of our children above all else.
- Develop confidence so that children are able to take control of their own learning and support children in developing self-esteem, by ensuring each child knows that they are unique.
- Develop a safe, stimulating and creative environment, where a child's only limit is their own self-belief.
- Educate the whole child and develop global citizens, who are able to contribute effectively to their own and the wider community.
- Create a place where parents can join in the learning journey, with their children.
- Listen and value the point of view of each individual, share ideas and create our own futures.
- Ensure that children enjoy learning and use their imagination while learning.
- Create a place where talents are nurtured and developed, children are happy and have a desire to succeed.
- Develop extra-curricular activities and enhance learning through the use of poets, storytellers, artists and musicians.
- Support children in taking responsibility for their own behaviour, utilising positive and descriptive praise.

Our Values

Wednesbury Oak Academy is committed to provide a centre of quality education for the area of Tipton, Sandwell.

- A centre with active links across the whole community.
- A vibrant learning centre for the whole community.
- An environment which is valued, supported and encouraged by ALL, fostering mutual respect.

This will be achieved through a close working partnership between ourselves, pupils, parents, wider community and the Local Education Authority.

All Governors, teachers, ancillary staff, support staff and parents who work in the school, are committed to the following values to ensure that the children of Wednesbury Oak:

- Develop a good level of basic skills in all areas of the curriculum
- Develop into independent learners who are aware of their role in society
- Understand the impact that their actions have on the local environment and beyond
- Have an increased awareness of our locality, its historical importance and potential for the future
- Are given the skills to develop into well rounded, active members of the community
- Have greater ownership of a rich and relevant curriculum
- Become fully functioning independent learners and develop high level skills in thinking and reasoning, problem solving, English and Maths.

Children at Wednesbury Oak will also have a deep understanding of:

- themselves and their place in the world
- what it means to be a good citizen
- green issues in their locality

Objectives, Strategies and Activities

In addition to improving the levels of attainment and progress across the core subjects, for all children, the Academy's Self Evaluation identified specific Academy Development focuses for this year which included:

- The further refinement of our assessment practices
- The further development of the new English and Maths curriculum
- The further development of Spelling, Grammar and Punctuation and applied skills, in English and across other curriculum areas throughout the Academy
- The further development of a forest school curriculum and outdoor learning programme
- To continue to develop our very good practices in personalised, formative assessment, through whole Academy self-evaluation and target setting

Public Benefit

We have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing our aims and objectives. All our charitable activities are undertaken to further our charitable purposes for the education of children in the Tipton area.

WEDNESBURY OAK ACADEMY TRUST
(Company limited by guarantee)
31st August 2018

Achievements and Performance

Wednesbury Oak Academy was judged by Ofsted in April 2018 as 'Requires improvement'. This was following a two day inspection under 'No Formal Designation' following qualifying parental complaints.

Attainment at the end of KS2 for 2017/18 was below national levels.

Floor Targets for 17/18 are;

Attainment:

65% of pupils to meet the expected standard in Reading, Writing and Maths Combined.

Required Progress scores are:

-5 in Reading

-5 in Maths

-7 in Writing

The floor standard is the minimum standard for pupil attainment and progress the government expect schools to meet and schools need to meet either the attainment element or all three of the progress elements.

Key Performance Indicators

Attainment

49% of pupils met the expected standard in Reading, Writing and Maths Combined. Therefore, Wednesbury Oak Academy did not achieve the floor standard for attainment.

Progress

-3.57 in Reading

-1.36 in Writing

-4.69 in Maths

Y6 children therefore achieved the floor standard for progress in all areas.

WEDNESBURY OAK ACADEMY TRUST
(Company limited by guarantee)

31st August 2018

Subject	Reading			
Year	2017 School	2017 National	2018 School	2018 National
Attainment %	71 (+20)	71 (=)	66%	75% (-9%)
Progress	-1.70	0	-3.57	0.03
Subject	Writing			
Year	2017 School	2017 National	2018 School	2018 National
Attainment %	81 (+10)	76 (+5%)	80%	78% (+2%)
Progress	0.26	0	-1.36	0.3
Subject	Maths			
Year	2017 School	2017 National	2018 School	2018 National
Attainment %	81 (+28)	75 (+6%)	63%	76% (-13%)
Progress	-1.71		-4.69	0.3
Subject	Combined			
Year	2017 School	2017 National	2018 School	2018 National
Attainment %	67	61 (+6)	49%	64% (-15%)

Of the 59 pupils in this cohort 29 were Disadvantaged (49% of the cohort) and there were 12 Pupils (20% of the cohort) who were SEN or requires extra provision. This results in 20% of our Year 6 thus having an impact on attainment.

Below is an analysis of our Y6 results, removing the 12 pupils. Attainment is dramatically improved. We do not have low expectations for our SEN children; quite the reverse. However, for children with high level SEN who have been introduced to a new, much enhanced curriculum only three years before being assessed against that curriculum, attaining the new standard is currently unobtainable in the subject area in which an SEN exists, and this is being reflected in the nationwide performance of SEN children.

Impact of SEN and pupils requiring extra provision

Analysis of our attainment data, removing SEN and those requiring extra provision.

Subject	Reading		Writing		Maths	
Group	Cohort	Without SEN +RAP	Cohort	Without SEN +RAP	Cohort	Without SEN +RAP
Attainment	66%	78%	80%	91%	63%	77%
Scaled Score School	102.2	105.8			100.2	101.7
Scaled Score National Average	105.0				104.4	

There is no disadvantaged National Average so the data is compared to the National Average of all children. Therefore, in terms of disadvantaged pupils, again removing our 8 pupils who were SEN or required extra provision and who are also disadvantaged, our disadvantaged (pupil premium) children performed to an excellent standard with 76% achieving the standard in Reading, 81% in Writing and 67% in Maths. This clearly demonstrates that our pupil premium monies were wisely spent throughout the cohort's journey through the Academy.

WEDNESBURY OAK ACADEMY TRUST
(Company limited by guarantee)
31st August 2018

Disadvantaged Pupils

Subject	Reading		Writing		Maths	
	Cohort	Without SEN + RAP	Cohort	Without SEN + RAP	Cohort	Without SEN + RAP
Attainment	61%	76%	71%	81%	45%	67%
Scaled Score	101.7					

Higher Standard

Subject	Reading		Writing		Maths	
	School	National	School	National	School	National
Cohort	12%	28%	17%	20%	2%	24%

Prior Attainment

Historical Data of the 2018 Y6 Cohort

Subject	Baseline October 2012			Key stage 2 Performance		
	Reading At NE	Writing At NE	Maths At NE	Reading Standard	Writing Standard	Maths Standard
School	Below National 82%	Below National 82%	Below National 57%	66%	80%	63%
National				75%	78%	76%

Analysing the attainment journey, from 2011 – 2018, of this particular cohort thus reveals significant attainment and progress from exceptionally low starting points.

Key Performance Financial Indicators

Staffing Ratio

The main costs incurred by the Academy are staffing costs. In line with other schools/academies in the Primary sector staffing costs are:

Total staffing costs per pupil £4,074

Total staffing costs as a proportion of the total income of the Academy is 73.2%.

The Academy greatly benefits from having a committed and talented teaching and support staff. The Academy continues to place value on the investment in and mentoring of staff.

Financial Review

The main sources of income for the Academy are grants from the Education and Skills Funding Agency (ESFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the Education and Skills Funding Agency during the year ended 31st August 2018 and the associated expenditure are shown as restricted funds in the statement of financial activities.

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

During the year ended 31st August 2018, total expenditure of £2,141,135 was covered by recurrent grant funding from the Education and Skills Funding Agency together with other incoming resources. The excess of income over expenditure for the year £51,881.

At 31st August 2018 the net book value of fixed assets was £2,693,521 and movements in tangible fixed assets are shown in note 12 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

WEDNESBURY OAK ACADEMY TRUST
(Company limited by guarantee)
31st August 2018

Financial and Risk Management Objectives and Policies

The Governors have prepared a Risk Register and agreed a Risk Management strategy. These include the financial risks to the Academy. The register and strategy are regularly reviewed in light of any new information and will be formally reviewed annually.

Principal Risks and Uncertainties

The principal financial risk facing the Academy is that funding is dependent upon pupil members. Pupil numbers have remained stable and Governors do not consider falling numbers to be a high risk, despite the Academy's recent 'Requires Improvement' Ofsted status.

The Academy's future funding is also dependent upon Government Policy for Education. The impact, on Wednesbury Oak Academy, of current review of School's Funding, will be assessed accordingly.

The Local Government Pension Scheme, a defined benefit system, is currently in deficit. The on-going contributions required, determined following a recent actuarial valuation, are considered to be manageable and within the Academy's budget.

Capital and Revenue Reserves Policy

The Governors 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 Academy is holding net current assets at 31st August 2018 of £643,877.

Investment Policy

The Academy has no investments.

Fundraising

The academy has separate financial operating system for fundraising and donations, both for fundraising on behalf of others (i.e. Children in Need etc.) and for the academy itself. The academy does not have any connection with commercial participators / professional fundraisers.

Going Concern

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

Plans for Future Periods

Governors are committed to support and challenge the Academy in order to improve the attainment and progress of pupils that is expected by the National Curriculum.

The Academy's Self Evaluation has identified specific Academy Development focuses for the academic year 2018/19 which include:

- School Development Priority Area 1 - For all children to reach their full potential.
- School Development Priority Area 2 - Developing the roles and responsibilities of leaders to maximise pupil outcomes.
- School Development Priority Area 3 - Developing staff as practitioners to accelerate progress.
- School Development Priority Area 4 - To diminish the difference for pupils in receipt of Pupil Premium funding.

Funds held as Custodian Trustee on behalf of others

There are no funds held as Custodian Trustee on behalf of others.

Auditors

In so far as the Governors are aware:

- There is no relevant audit information of which the Charitable Company's auditors are unaware; and
- The Governors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Approved by the Governors on 19th December 2018 and signed on their behalf by:

Signed



Miss M Boden
Chair of Governors
Governance Statement

WEDNESBURY OAK ACADEMY TRUST
(Company limited by guarantee)
31st August 2018

As Governors, we acknowledge we have overall responsibility for ensuring that Wednesbury Oak Academy 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 Governing Body has delegated the day-to-day responsibility to the Acting Principal as Acting Accounting Officer, for ensuring financial controls conform to 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 Wednesbury Oak Academy and the Secretary of State for Education. They are also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Governors' Report and in the statement of Governors' responsibilities. The Full Governing Body has formally met four times during the period but an additional three extraordinary meetings were also convened. The Resources and Audit Committee met on three occasions, the Achievement and Standards Committee met twice and the Health and Safety Committee met once as a standalone meeting and was then combined with the Full Governing Body meetings. Attendance during the period at meetings of the Governing Body as follows:

Governor	Meetings attended	Out of a possible
Mrs M Bull	4	11
Mrs T Grieh	11	12
Mrs E Perrin – resigned 14.5.18	9	9
Mrs C Wyer	6	13
Miss L Jones – term ended 31.3.18	4	5
Mr M Richardson – resigned 3.7.18	9	11
Miss M Boden	12	12
Mrs B Stonard – resigned 3.7.18	8	12
Mr M Teager – appointed 14.5.18	2	2
Mr S Downing – appointed 3.7.18	3	3
Mrs S Mistry – appointed 14.5.18	3	3
Mrs K Steadman – appointed 6.11.17	1	10
Mrs J Griffiths – appointed 3.7.18	0	0
Mrs S Taylor – appointed 3.7.18	0	0

The Resources and Audit Committee is a sub-committee of the main Governing Body. Its purpose is to assist the decision making for the Governing Body, by enabling more detailed consideration to be given to the best means of fulfilling the Governing Body's responsibility to ensure sound management of the Academy's finances and resources, including proper planning, monitoring and probity.

Governor	Meetings attended	Out of possible
Mrs M Bull	1	1
Mrs T Grieh	3	3
Mrs C Wyer	1	3
Mrs E Perrin	2	2
Miss M Boden	3	3
Mrs B Stonard	2	3
Mrs K Steadman	0	3
Mrs S Mistry	1	1

The Risk and Control Framework (continued)

- The Trust made several transactions on behalf of the employees, all of which were due to be repaid by the individuals concerned. None of these items were subject to formal documentation and we were not able to conclude that all items had been repaid to the academy. The Trust's funds should not be used for private use, even temporarily so.
- Spending on Puppy School costs continued into 2017/18, although funds were allocated from unrestricted reserves and therefore no misuse of GAG funding arose in that year. Our testing identified £1,564 of expenditure on Puppy School set up costs, although allocated to unrestricted reserves this would appear to be spending outside of the usual scope of a school's activities
- We found in one instance that an employee had been overpaid reimbursement for accommodation costs by £162.00 (2016/17) due to a credit note having not been reflected in the claim totals. We could not find evidence of this overpayment being reimbursed to the Academy.

The academy has made a number of internal changes resulting including the cessation of puppy school activities, to ensure no repeat of these issues.

No material control issues other than the above have been brought to the attention of the trustees arising as a result of the auditor's work.

Review of Effectiveness

As Acting Accounting Officer the Acting Principal has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

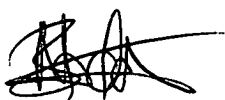
- The work of the external auditor;
- The enhanced external audit;
- The financial management and governance self-assessment process;
- The work of the Academy's SLT who have responsibility for the development and maintenance of the internal control framework.

The Acting Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance Committee and a plan to ensure continuous improvement of the system is in place.

Approved by order of the members of the Board on 14th December 2018 and signed on its behalf by:

Signed

Signed



Miss M Boden
Chair of Governors
19th December, 2018

Mrs T Grieh
Acting Accounting Officer
19th December, 2018

WEDNESBURY OAK ACADEMY TRUST
(Company limited by guarantee)
31st August 2018

Review of Value for Money

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

The Acting Accounting Officer considers how the trust's use of its resources has provided good value for money during each academic year, and reports to the Board of Trustees where value for money can be improved, including the use of benchmarking data where available. The Acting Accounting Officer for the Academy Trust has delivered improved value for money during the year by:

- Continuing to employ reasonably-priced cover staff to avoid the use of staff supplied by supply agencies at a very high cost.
- Having a robust method to gather quotes for resources and proposed building works to seek best value.
- Regularly reviewing the costs of Service Level Providers, changing suppliers as necessary to enhance best value.
- Reviewing benchmarking data on an annual basis with the Board of Trustees and following any agreed recommendations.

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 Wednesbury Oak Academy for the period 1st September 2017 to 31st August 2018 and up to the date of the approval of the annual report and financial statements. These processes are regularly reviewed by the Governing Body.

Capacity to Handle Risk

The Governing Body 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 Governing Body is of the view that there is a formal on-going process for identifying, evaluating and managing the Academy's significant risks that has been in place for the period 1st September 2017 to 31st August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Governing Body.

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 Governing Body;
- Regular reviews by the Resources and Audit 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 of capital investment) guideline
- Delegation of authority and segregation of duties;
- Identification and management of risks.

The Governing Body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Governors have appointed Wright & Co, the Charitable Company's external auditor, to perform an additional Enhanced External Audit.

The auditor's role includes giving advice on financial matters and performing a range of checks on the Academy trust's financial systems. The auditor has reported to the Governing Body on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities.

In the summer term of 2018, internal auditors conducted a specific review of the management of non-curriculum activities. This review noted several exceptions impacting on regularity:

- We found 4 transactions relating to 2016/17 expenditure for costs in relation to the setting up of a "puppy school" (for the provision of dog training). A total of £1,443 was recorded against GAG funds this represents a misuse of GAG funding in 2016/17. The Academy Financial Handbook states in section 1.5.22 that public funds should be used for the purposes intended by Parliament which in the case of GAG funding is for the education of students and would not cover the costs of setting up a puppy school.

WEDNESBURY OAK ACADEMY TRUST
(Company limited by guarantee)
31st August 2018

Statement of Trustees Responsibilities

The Governors (who act as trustees for charitable activities of Wednesbury Oak Academy and are also the directors of the Charitable Company for the purposes of company law) are responsible for preparing the Governors' Report and the financial statements in accordance with applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Annual Accounts Direction issued by the Education & Skills Funding Agency.

Company law requires the Governors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Academy and of its incoming resources and application of resources, including the income and expenditure of the Academy for the year. In preparing these financial statements, the Governors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and 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 Academy will continue in operation.

The Governors are responsible for keeping adequate accounting records that are sufficient to show and explain the Academy's transactions and disclose with reasonable accuracy at any time the financial position of the Academy 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 Academy and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Governors are responsible for ensuring that in its conduct and operation the Academy applies financial and other controls, which conform to the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the EFADfE have been applied for the purposes intended.

The Governors are responsible for the maintenance and integrity of the corporate and financial information included on the Academy'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 on 19th December 2018 and signed on its behalf by:

Signed



Miss M Boden
Chair of Governors

WEDNESBURY OAK ACADEMY TRUST
(Company limited by guarantee)
31st August 2018

Statement on regularity, propriety and compliance

As Acting Accounting Officer at Wednesbury Oak Academy I have considered my responsibility to notify the Academy Trust Governing Body and Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the Academy trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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

- We found in one instance that an employee had been overpaid reimbursement for accommodation costs by £162.00 (2016/17) due to a credit note having not been reflected in the claim totals. We could not find evidence of this overpayment being reimbursed to the Academy.
- We noted one instance of a training course, costing £125.00 incurred in 2016/17, for the Principal and Site Manager to attend a puppy school conference. There was a note on the purchase order form that this was to be repaid by the Principal however from an on site review we cannot see any evidence that this was repaid to the Academy.
- Spending on Puppy School costs continued into 2017/18, although funds were allocated from unrestricted reserves and therefore no misuse of GAG funding arose in that year. Our testing identified £1,564 of expenditure on Puppy School set up costs, although allocated to unrestricted reserves this would appear to be spending outside of the usual scope of a school's activities.
- The Trust made two transactions totalling £500 in respect of immigration fees for pupil's parent who was experiencing financial difficulties during 2017/18. The substantive Headteacher agreed to pay the parent's immigration fees and the Trust subsequently employed her as a cleaner, she has since been working additional hours to pay back the cost of the fees incurred. We would ordinarily expect a requisition form to have completed to provide context for this transaction and a rationale as to why school funds should be used for this purpose. We would also expect a form to have been signed in accordance with the Trust's internal financial procedures. Considering the novel nature of this transaction, this should have also been signed by the Chair of Governors. This would appear to be a novel transaction as defined in section 3.3 of the Academies Financial Handbook.

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

Signed



Tracy Grieh
Acting Accounting Officer
19th December, 2018

WEDNESBURY OAK ACADEMY TRUST
(Company limited by guarantee)
31st August 2018

Independent Auditor's report on the financial statements to the Members of Wednesbury Oak Academy Trust

We have audited the financial statements of Wednesbury Oak Academy Trust ("the 'trust'") for the year ended 31st August 2018 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, the Academies Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Academy Trust's affairs at 31st August 2018 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and Academies Accounts Direction 2017 to 2018.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Annual Report including the incorporated strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Annual Report including the incorporated strategic report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the academy trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report including the incorporated 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.

WEDNESBURY OAK ACADEMY TRUST
(Company limited by guarantee)
31st August 2018

Independent Auditor's report on the financial statements to the Members of Wednesbury Oak Academy Trust
(continued)

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement, the Trustees (who are directors 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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

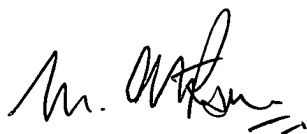
Auditor's responsibilities for the audit of the financial statements

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

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

Use of the audit report

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



Wright & Co Partnership Limited
Chartered Accountants
5 Walsall Street
Wednesbury
West Midlands
WS10 9BZ

Date: 20th December 2018

WEDNESBURY OAK ACADEMY TRUST
(Company limited by guarantee)
31st August 2018

Independent Reporting Accountant's Assurance Report on Regularity to Wednesbury Oak Academy Trust and the Education and Skills Funding Agency

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

This report is made solely to Wednesbury Oak 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 Wednesbury Oak Academy Trust and the ESFA those matters we are required to state to it 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 Wednesbury Oak Academy Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Wednesbury Oak Academy Trust's Accounting Officer and the Reporting Accountant

The Accounting Officer is responsible, under the requirements of Wednesbury Oak Academy Trust's funding agreement with the Secretary of State for Education dated 25 May 2012 and the Academies Financial Handbook, extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2017 to 2018. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1st September 2017 to 31st August 2018 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Approach

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

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

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

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

The work undertaken to raw to our conclusion includes:

- Planning our assurance procedures including identifying key risks;
- Carrying out sample testing on controls;
- Carrying out substantive testing including analytical review; and
- Concluded on procedures carried out.

Conclusion

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

- 4 transactions relating to 2016/17 expenditure for costs in relation to the setting up of a "puppy school" (for the provision of dog training). A total of £1,443 was recorded against GAG funds this represents a misuse of GAG funding in 2016/17. The Academy Financial Handbook states in section 1.5.22 that public funds should be used for the purposes intended by Parliament which in the case of GAG funding is for the education of students and would not cover the costs of setting up a puppy school.
- The Trust made several transactions on behalf of the employees, all of which were due to be repaid by the individuals concerned. None of these items were subject to formal documentation and we were not able to conclude that all items had been repaid to the academy. The Trust's funds should not be used for private use, even temporarily so.

WEDNESBURY OAK ACADEMY TRUST
(Company limited by guarantee)
31st August 2018

Independent Reporting Accountant's Assurance Report on Regularity to Wednesbury Oak Academy Trust and the Education and Skills Funding Agency (continued)

- The Trust made several transactions on behalf of the employees, all of which were to be repaid by the individuals concerned. None of these items were subject to formal documentation and not all appear to have been repaid. The Trust's funds should not be used for private use, even temporarily so.
- We found in one instance that an employee had been overpaid reimbursement for accommodation costs by £162.00 (2016/17) due to a credit note having not been reflected in the claim totals. We could not find evidence of this overpayment being reimbursed to the Academy.

Reporting Accountant

Wright and Co Partnership Limited
The Squires
5 Walsall Street
Wednesbury
WS10 9BZ

Date: 20th December 2018

WEDNESBURY OAK ACADEMY TRUST

Statement of Financial Activities for the Year Ended 31st August 2018
(including Income and Expenditure Account)

		Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total 2018	Total 2017
	Notes	£	£	£	£	£
Income and endowments from:						
Donations and capital grants	2	0	0	8,772	8,772	8,903
Transfer from local authority on conversion		0	0	0	0	0
Charitable activities:						
Funding for the academy trust's educational operations	3	0	2,142,805	0	2,142,805	2,135,612
Other Trading Activities	4	40,085	0	0	40,085	89,219
Investment Income	5	1,354	0	0	1,354	1,187
Total incoming resources		41,439	2,142,805	8,772	2,193,016	2,234,921
Expenditure on:						
Raising funds		0	0	0	0	
Charitable activities:						
Academy trust educational operations	7	0	2,036,523	104,612	2,141,135	2,141,153
Other		0	0	0	0	0
Total resources expended	6	0	2,036,523	104,612	2,141,135	2,141,153
Net income (expenditure)		41,439	106,282	(95,840)	51,881	93,768
Transfers between funds		0	(28,391)	28,391	0	0
Net income/(expenditure) for the year		41,439	77,892	(67,449)	51,881	93,768
Other recognised gains / (losses)						
Actuarial (losses) / gains on defined benefit pension schemes	22	0	220,000	0	220,000	79,000
Net movement in funds		41,439	297,892	(67,449)	271,881	172,768
Reconciliation of funds						
Total funds brought forward		406,341	(1,460,795)	2,760,972	1,706,518	1,533,750
Funds carried forward		447,780	(1,162,903)	2,693,523	1,978,399	1,706,518

All of the academy trust's activities derive from acquisitions during the above two financial periods.

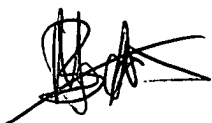
WEDNESBURY OAK ACADEMY TRUST

BALANCE SHEET at 31st August 2018

Company Number 8593820

	Note s	2018 £	2018 £	2017 £	2017 £
Fixed assets					
Tangible assets	11		2,693,521		2,760,970
Current assets					
Stock		0		0	
Debtors	12	101,323		97,265	
Cash at bank and in hand		<u>684,506</u>		<u>578,412</u>	
		785,829		675,677	
Liabilities					
Creditors: Amounts falling due within one year	13	<u>(141,952)</u>		<u>(152,869)</u>	
Net current assets			<u>643,877</u>		<u>522,808</u>
Total assets less current liabilities			3,337,397		3,283,778
Creditors: amounts falling due after more than one year	14		0		(71,260)
Net assets excluding pension liability			3,337,397		3,212,518
Defined benefit pension scheme liability	22		<u>(1,359,000)</u>		<u>(1,506,000)</u>
Total Assets			<u>1,978,397</u>		<u>1,706,518</u>
Funds of the academy trust:					
Restricted funds					
. Fixed asset fund	15		2,693,521		2,760,972
. Restricted income fund	15		196,097		45,205
. Pension reserve	22		<u>(1,359,000)</u>		<u>(1,506,000)</u>
Total restricted funds			<u>1,530,618</u>		<u>1,300,177</u>
Unrestricted income funds	15		<u>447,780</u>		<u>406,341</u>
Total funds			<u>1,978,397</u>		<u>1,706,518</u>

The financial statements on pages 24 to 48 were approved by the trustees, and authorised for issue on 19th December, 2018 and are signed on their behalf by:



Miss M Boden
Trustee

WEDNESBURY OAK ACADEMY TRUST

Statement of Cash Flows

for the Year Ended 31st August 2018

	Notes	2018 £	2017 £
Cash flows from operating activities			
Net cash provided by (used in) operating activities	18	133,133	304,313
Cash flows from investing activities	19	(27,037)	(358,367)
Cash flows from financing activities		0	0
Change in cash and cash equivalents in the reporting period		<u>106,096</u>	<u>(54,054)</u>
 Cash and cash equivalents at 1st September 2017		 578,407	 632,461
Cash and cash equivalents at the 31st August 2018		<u>684,503</u>	<u>578,407</u>

WEDNESBURY OAK ACADEMY TRUST

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

1. Accounting Policies

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

Basis of Preparation

The financial statements of the Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS102), 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 (FRS102)), the Academies Accounts Direction 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Going Concern

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The continuing real terms drop in per pupil funding coupled with a substantial increase in the rate of employers national insurance and teacher pension contributions have caused all schools and academies, including Wednesbury Oak Academy Trust, significant financial difficulties over the last three years. As a result of continued and detailed in-year monitoring and budget forecasting the Trust has reduced all levels of expenditure in non-staffing areas. The continuing uncertainty relating to the proposed national funding formula impact and the wider political uncertainties mean that the trust has to be ever vigilant in monitoring any further potential reductions in income or increases in expenditure that remain outside of its control. On the basis of actions already undertaken by the Trust and using current information on future funding the trustees in making an assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Income

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

• Grants

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

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

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

Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance 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 period it is receivable and to the extent the academy trust has provided the goods or services.

• Donated goods, facilities and services

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

Expenditure

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

• Expenditure on Raising Funds

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

• Charitable activities

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

All resources expended are inclusive of irrecoverable VAT.

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

1. Statement of Accounting Policies (continued)

Tangible Fixed Assets

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

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:

• Freehold buildings	1%
• Fixtures, fittings and equipment	20%
• ICT equipment	25%
• Motor Vehicles	10%

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

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

Liabilities

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

Provisions

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

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

1. Statement of Accounting Policies (continued)

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

Financial Instruments

The academy trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the academy trust and their measurement basis 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. Amounts due to the charity's wholly owned subsidiary are held at face value less any impairment.

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 13 and 14. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to charity's wholly owned subsidiary are held at face value less any impairment.

Taxation

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

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

Pensions Benefits

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

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

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

1. Statement of Accounting Policies (continued)

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.

Fund Accounting

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

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

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

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The government has announced a delay in the implementation of the first stage of the National Funding Formula. This was originally intended to commence 1st April 2017 but was delayed for twelve months. The government then announced that a new local authority level of funding based on the local aggregated national funding formula would operate from 1st April 2018. It has further been suggested that no school will lose out as a result of the new formula but, based on early indications, the Trust has already held detailed discussions as to potential courses of action should any move to a national formula cause a reduction in funding and will continue to assess information as soon as it is received.

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

1. Statement of Accounting Policies (continued)

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

has been used by the actuary in valuing the pensions liability at 31st August 2018. 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 judgement

There are no critical areas of judgement that affect the Financial Statements.

WEDNESBURY OAK ACADEMY TRUST
Notes to the Financial Statements for the Year Ended 31st August 2018
2. Donations and Capital Grants

	Unrestricted Funds £	Restricted Funds £	Total 2018 £	Total 2017 £
Capital Grants	0	8,772	8,772	8,903
	0	8,772	8,772	8,903
2017	0	8,903	8,903	

3. Funding for Academy Trust's Educational Operations

	Unrestricted Funds £	Restricted Funds £	Total 2018 £	Total 2017 £
DfE / EFA revenue grants				
General Annual Grant (GAG)	0	1,661,261	1,661,261	1,677,150
PE Grant	0	19,360	19,360	9,685
Pupil Premium	0	233,228	233,228	244,395
Other DfE / EFA grants Rates	0	194,713	194,713	161,639
	0	2,108,562	2,108,562	2,092,869
Other Government grants				
Local Authority Grants - High Cost SEN	0	34,243	34,243	42,743
	0	34,243	34,243	42,743
	0	2,142,805	2,142,805	2,135,612
2017	0	2,135,612	2,135,612	0

4. Other Trading Activities

	Unrestricted Funds £	Restricted Funds £	Total 2018 £	Total 2017 £
Hire of Facilities	5,498	0	5,498	1,453
Catering Income	0	0	0	0
Healthy Schools Project (Tipton Schools)	0	0	0	0
Other Sales	34,587	0	34,587	87,766
	40,085	0	40,085	89,219
2017	89,219	0	89,219	0

5. Investment Income

	Unrestricted Funds £	Restricted Funds £	Total 2018 £	Total 2017 £
Current/Deposit Account Interest	1,354	0	1,354	1,187
	1,354	0	1,354	1,187
2017	1,187	0	1,187	0

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

6. Expenditure

	Staff Costs £	Non Pay Expenditure Premises £	Other £	Total 2018 £	Total 2017 £
Costs of generating voluntary income	0	0	0	0	0
Costs of activities for generating funds	0	0	0	0	0
Academy's educational operations					
• Direct Costs	1,233,518	0	89,058	1,322,576	1,318,432
• Allocated Support Costs	450,521	166,325	201,713	818,559	822,722
	<u>1,684,039</u>	<u>166,325</u>	<u>290,771</u>	<u>2,141,135</u>	<u>2,141,153</u>
2017	<u>1,681,641</u>	<u>180,444</u>	<u>279,068</u>	<u>2,141,153</u>	<u>0</u>

Net Income/(expenditure) for the period includes:

	2018 £	2017 £
Operating leases - plant and machinery	2,469	2,939
- other leases	0	5,278
Depreciation		
(Gain)/loss on disposal of fixed assets		
Amortisation of intangible fixed assets (included within Charitable Activities – Academy trust educational operations)		
Fees payable to auditor for:		
- audit	5,000	5,378
- other services	<u>1,400</u>	<u>0</u>

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

7. Charitable Activities - Academies Educational Operations

	Restricted Funds £	Restricted Fixed Asset Funds £	Total 2018 £	Total 2017 £
Direct costs				
Teaching and educational support	1,233,518	0	1,233,518	1,258,761
Depreciation	0	0	0	0
Technology costs	8,083	0	8,083	24,597
Educational supplies	80,151	0	80,151	51,225
Examination fees	82	0	82	473
Staff development	8,825	0	8,825	7,972
Educational consultancy	0	0	0	0
Other direct costs	0	0	0	0
	<u>1,330,659</u>	<u>0</u>	<u>1,330,659</u>	<u>1,343,028</u>
Allocated support costs				
Support staff costs	450,521	0	450,521	422,880
Depreciation	0	104,612	104,612	96,845
Technology costs	0	0	0	0
Recruitment and support	711	0	711	1,848
Maintenance of premises	9,309	0	9,309	12,262
Water rates	784	0	784	3,905
Energy costs	23,912	0	23,912	23,420
Maintenance of equipment	0	0	0	0
Cleaning	2,931	0	2,931	4,394
Operating lease (photocopier)	7,294	0	7,294	7,673
Rent and rates	4,958	0	4,958	4,210
Insurance	11,736	0	11,736	10,812
Supply teacher insurance	15,962	0	15,962	11,052
Security and transport	15,109	0	15,109	7,949
Catering	72,332	0	72,332	73,058
Bank interest and charges	0	0	0	0
Other support costs	90,306	0	90,306	117,817
Governance costs	0	0	0	0
	<u>705,864</u>	<u>104,612</u>	<u>810,476</u>	<u>798,125</u>
	<u>2,036,523</u>	<u>104,612</u>	<u>2,141,135</u>	<u>2,141,153</u>
2017	<u>2,044,308</u>	<u>96,845</u>	<u>2,141,153</u>	<u>0</u>

Notes to the Financial Statements for the Year Ended 31st August 2018 (continued)**8. Staff****a. Staff Costs**

Staff costs during the period were:	2018	2017
	£	£
Wages and salaries	1,284,583	1,289,726
Social security costs	109,971	110,642
Operating costs of defined benefit pension schemes	256,766	269,976
Additional Pension Contribution	41,241	17,083
Statutory Maternity Pay	(14,374)	(8,042)
	<u>1,678,187</u>	<u>1,679,385</u>
Supply staff costs	5,853	2,257
Staff restructuring costs	0	0
	<u>5,853</u>	<u>1,681,641</u>

b. Staff numbers

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

	2018	2017
	No.	No.
c. Charitable Activities		
Teachers	17	16
Administration and support	54	46
Management	6	8
	<u>77</u>	<u>70</u>

d. Higher paid staff

The number of employees whose employee benefits (excluding employer pension costs)

exceeded £60,000 was:	2018	2017
	No.	No.
£60,001 - £70,000	1	0
£70,001 - £80,000	1	1
	<u>2</u>	<u>1</u>

e. Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for services to the academy trust was £368,380 (2017: £441,000).

WEDNESBURY OAK ACADEMY TRUST

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

9. Related Party Transactions - Trustees' Remuneration and Expenses

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

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

Principal: Mrs Maria Bull £85,001 - £90,000 (2017 £85,001 - £90,000)

Staff Trustee: Mrs Tracy Grieh £70,001 - £75,000 (2017 £55,001 - £60,000)

Staff Trustee: Mrs Jennifer Griffiths £55,001 - £60,000 (2017 £50,001 - £55,000)

During the period ended 31st August 2018, no travel and subsistence expenses were reimbursed to trustees (2017 £Nil).

Other related party transactions involving the Trustees are set out in note 23.

10 Trustees and Officers Insurance

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the period ended 31st August 2018 was £103 (2017 £458).

The cost of this insurance is included in the total insurance cost.

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

11. Tangible Fixed Assets

	Leasehold Land and Buildings £	Furniture and Equipment £	Computer Equipment £	Motor Vehicles £	Total £
Cost					
At 1 st September 2017	2,791,857	118,224	75,856	0	2,985,937
Additions	9,706	20,767	6,690	0	37,163
Transfer on conversion	0	0	0	0	0
Disposals	0	0	0	0	0
At 31 st August 2018	2,801,563	138,991	82,546	0	3,023,100
Depreciation					
At 1 st September 2017	111,777	69,200	43,990	0	224,967
Charged in year	56,178	27,798	20,637	0	104,612
Disposals	0	0	0	0	0
At 31 st August 2018	167,955	96,998	64,627	0	329,579
Net book values					
At 31 st August 2018	2,633,608	41,993	17,920	0	2,693,521
At 31 st August 2017	2,680,080	49,024	31,866	0	2,760,970

WEDNESBURY OAK ACADEMY TRUST

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

12. Debtors

	2018	2017
	£	£
Trade debtors	0	0
Other debtors	36,520	52,216
VAT recoverable	4,507	12,583
Prepayments and accrued income	<u>60,296</u>	<u>32,466</u>
	101,323	97,265

13. Creditors: amounts falling due within one year

	2018	2017
	£	£
Trade creditors	47,213	61,403
PAYE & NIC creditor	27,913	27,106
Other taxation and social security	0	0
Pension scheme creditors	24,192	25,584
Other creditors	<u>42,634</u>	<u>38,776</u>
	141,952	152,869

Deferred income

	2018	2017
	£	£
Deferred income at 1 st September 2017	38,593	32,660
Released from previous years	(38,593)	(32,660)
Resources deferred in the year	<u>42,292</u>	<u>38,593</u>
Deferred Income at 31 st August 2018	<u>42,292</u>	<u>38,593</u>
	184,244	191,462

14. Creditors: amounts falling due in greater than one year

	2018	2017
	£	£
Other Creditors	<u>0</u>	<u>71,260</u>
	0	71,260

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

15. Funds

	Balance at 1 st September 2017 £	Incoming Resources £	Resources Expended £	Gains, Losses and Transfers £	Balance at 31 st August 2018 £
Restricted general funds					
General Annual Grant (GAG)	45,205	1,661,261	(1,481,979)	(28,391)	196,096
Primary PE Grant	0	19,360	(19,360)	0	0
Pupil Premium	0	233,228	(233,228)	0	0
Transfer on Conversion	0	0	0	0	0
Other DfE/EFA grants	0	194,713	(194,713)	0	(0)
Other Government grants	0	34,243	(34,243)	0	0
Other grants	0	0	0	0	0
Pension reserve	(1,506,000)	0	147,000	0	(1,359,000)
	(1,460,795)	2,142,805	(1,816,523)	(28,391)	(1,162,903)
Restricted fixed asset funds					
Transfer on Conversion	2,258,649	0	0	0	2,258,649
DfE/EFA capital grants	0	8,772	(8,772)	0	0
Capital expenditure from GAG	502,324	0	(98,840)	28,391	434,874
Disposal of Assets	0	0	0	0	0
	2,760,972	8,772	(104,612)	28,391	2,693,524
Total restricted funds	1,300,177	2,151,577	(1,921,135)	0	1,530,620
Total unrestricted funds	406,341	41,439	0	0	447,780
Total Funds	1,706,518	2,193,016	(1,921,135)	0	1,978,400

Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31st August 2018.

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

15. Funds (continued)

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

	Balance at 1 st September 2016 £	Incoming Resources £	Resources Expended £	Gains, Losses and Transfers £	Balance at 31 st August 2017 £
Restricted general funds					
General Annual Grant (GAG)	216,455	1,677,150	(1,488,846)	(359,554)	45,205
Primary PE Grant	0	9,685	(9,685)	0	0
Pupil Premium	0	244,395	(244,395)	0	0
Transfer on Conversion	0	0	0	0	0
Other DfE/EFA grants	0	161,639	(161,639)	0	0
Provision of boarding	0	0	0	0	0
Other Government grants	0	42,743	(42,743)	0	0
Other grants	0	0	0	0	0
Pension reserve	(1,488,000)	0	(18,000)	0	(1,506,000)
	(1,271,545)	2,135,612	(1,965,308)	(359,554)	(1,460,795)
Restricted fixed asset funds					
Transfer on Conversion	2,258,649	0	0	0	2,258,649
DfE/EFA capital grants	0	8,903	(8,903)	0	0
Capital expenditure from GAG	230,713	0	(87,942)	359,554	502,325
Disposal of Assets	0	0	0	0	0
	2,489,361	8,903	(96,845)	359,554	2,760,972
Total restricted funds	1,217,816	2,144,515	(2,062,153)	0	1,300,177
Total unrestricted funds	315,934	90,407	0	0	406,341
Total Funds	1,533,750	2,234,921	(2,062,153)	0	1,706,518

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

15. Funds (continued)

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

	Balance at 1 st September 2016 £	Incoming Resources £	Resources Expended £	Gains, Losses and Transfers £	Balance at 31 st August 2018 £
Restricted general funds					
General Annual Grant (GAG)	216,455	3,338,411	(2,970,825)	(387,945)	196,096
Primary PE Grant	0	29,045	(29,045)	0	0
Pupil Premium	0	477,623	(477,623)	0	0
Transfer on Conversion	0	0	0	0	0
Other DfE/EFA grants	0	356,352	(356,352)	0	(0)
Provision of boarding		0	0	0	0
Other Government grants	0	76,986	(76,986)	0	0
Other grants	0	0	0	0	0
Pension reserve	(1,488,000)	0	129,000	0	(1,359,000)
	(1,271,545)	4,278,417	(3,781,831)	(387,945)	(1,162,903)
Restricted fixed asset funds					
Transfer on Conversion	2,258,649	0	0	0	2,258,649
DfE/EFA capital grants	0	17,675	(17,675)	0	0
Capital expenditure from GAG	230,712	0	(183,782)	387,945	434,875
Disposal of Assets	0	0	0	0	0
	2,489,361	17,675	(201,457)	387,945	2,693,524
Total restricted funds	1,217,816	4,296,092	(3,983,288)	0	1,530,621
Total unrestricted funds	315,934	131,846	0	0	447,780
Total Funds	1,533,750	4,427,937	(3,983,288)	0	1,978,401

WEDNESBURY OAK ACADEMY TRUST

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

16. Analysis of net assets between funds

Fund balances at 31st August 2018 are represented by:

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total Funds
	£	£	£	£
In-tangible fixed assets	0	0	0	
Tangible fixed assets	0	0	2,693,524	2,693,524
Current assets	447,780	338,049	0	785,829
Current liabilities	0	(141,952)	0	(141,952)
Pension scheme liability	0	(1,359,000)	0	(1,359,000)
Total net assets	447,780	(1,162,903)	2,693,524	1,978,400

17. Financial commitments

Operating leases

At 31st August 2018 the academy had annual commitments under non-cancellable operating leases as follows:

	2018 £000	2017 £000
Land and buildings		
Expiring within one year	0	0
Expiring within two and five years inclusive	0	0
Expiring in over five years	0	0
	0	0
Other		
Expiring within one year	1,602	7,747
Expiring within two and five years inclusive	1,920	17,594
Expiring in over five years	0	0
	3,522	25,341

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

18. Reconciliation of net income to net cash inflow from operating activities	2018	2017
	£	£
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	51,881	93,768
Adjusted for:		
Depreciation (note 12)	104,612	96,845
Capital grants from DfE and other capital income	(8,772)	(8,903)
Transfer on conversion	0	0
Interest receivable (note 5)	(1,354)	(1,187)
Defined benefit pension scheme obligation inherited	0	0
FRS 102 pension cost less contributions payable (note 22)	85,000	105,000
FRS 102 pension finance income (note 22)	(12,000)	(8,000)
(Increase)/decrease in stocks	0	0
(Increase)/decrease in debtors	(4,058)	2,008
Increase/(decrease) in creditors	(82,177)	24,782
Net cash provided by / (used in) Operating Activities	133,133	304,313
	2018	2017
	£	£
19. Cash Flows from Investing Activities		
Interest received	1,354	1,187
Purchase of tangible fixed assets	(37,163)	(368,457)
Capital grants from DfE/EFA	8,772	8,903
Capital funding received from sponsors and others	0	0
Net cash inflow from capital expenditure and financial investment	(27,037)	(358,367)
	2018	2017
	£	£
20. Analysis of cash and cash equivalents		
Cash in hand and at bank	684,506	578,412
Total cash and cash equivalents	684,506	578,412

WEDNESBURY OAK ACADEMY TRUST

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

21. 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.

22. Pensions and similar obligations

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31st March 2012 and of the LGPS 31st March 2016.

Contributions amounting to £24,192 (2017: £25,534) were payable to the schemes at 31st August 2018 and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

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

22. Pensions and similar obligations (continued)

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31st 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 9th 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 (currently 16.48%).
- 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%
During the previous year the employer contribution rate was 14.1%. 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 1st April 2019.

The pension costs paid to TPS in the period amounted to £188,601 (2017: £186,646).

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

Under the definitions set out in FRS 102, the TPS is a multi-employer pension scheme. The 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.

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

22. Pensions and similar obligations (continued)

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 31st August 2018 was £125,265 (2017: £92,297), of which employer's contributions totalled £62,319 (2017: £53,280) and employees' contributions totalled £21,705 (2017: £21,934). The agreed contribution rates for future years are 17.4 per cent for employers from April 2017 and a range of between 5.5 per cent and 12.5 per cent, based on earnings 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 18th July 2013. Employer contributions include additional contributions of £41,241 (2017: £17083) as agreed with the West Midlands Local Government Pension Scheme. This is part of a twenty three year arrangement to eradicate the deficit on the overall pension scheme by 2036. The additional contributions will increase as follows:

April 2017 £41,000	April 2018 £42,600	April 2019 £44,300	April 2020 £46,100
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Principal Actuarial Assumptions	At 31st August 2018	At 31st August 2017
Rate of increase in salaries	3.80%	4.20%
Rate of increase for pensions in payment/inflation	2.30%	2.70%
Discount rate for scheme liabilities	2.65%	2.60%
Inflation assumption (CPI)	2.30%	2.70%

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

22. Pensions and similar obligations (continued)

Local Government Pension Scheme (continued)

Sensitivity analysis

A sensitivity analysis for the principal assumptions used to measure scheme liabilities is set out below:

	+ 0.1%	0%	-0.1%
	£ 000's	£ 000's	£ 000's
Adjustment to discount rate			
Present value of total obligation	1,848	1,894	1,941
Projected service cost	120	123	126
	+ 0.1%	0%	-0.1%
	£ 000's	£ 000's	£ 000's
Adjustment to long term salary increase			
Present value of total obligation	1,899	1,894	1,889
Projected service cost	123	123	123
	+ 1 Year	None	- 1 Year
	£ 000's	£ 000's	£ 000's
Adjustment to mortality age rating assumption			
Present value of total obligation	1,961	1,894	1,830
Projected service cost	127	123	119

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

	At 31 st August 2018	At 31 st August 2017
<i>Retiring today</i>		
Males	21.9	21.8
Females	24.4	24.3
<i>Retiring in 20 years</i>		
Males	24.1	24
Females	26.7	26.6

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

22. Pensions and similar obligations (continued)

Local Government Pension Scheme (continued)

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

	% of total	Fair Value	% of total	Fair Value
	at	at	at	at
	31 st August	31 st August	31 st August	31 st August
	2018	2018	2017	2017
		£		£
Equities	63.00%	339,000	59.00%	260,000
Government bonds	7.00%	38,000	7.00%	30,000
Other bonds	4.00%	20,000	9.00%	16,000
Property	8.00%	43,000	8.00%	30,000
Cash liquidity	4.00%	20,000	6.00%	20,000
Other	14.00%	75,000	11.00%	55,000
Total market value of assets		535,000		411,000
Present value of scheme liabilities				
- Funded		(1,894,000)		(1,917,000)
Surplus/(deficit) in the scheme		(1,359,000)		(1,506,000)

The actual return on scheme assets was £5,000 (2017: £63,000)

Amounts recognised in the statement of financial activities

	2018	2017
	£	£
Current service cost (net of employee contributions)	139,000	114,000
Past service cost	0	0
Total operating charge	139,000	114,000

Analysis of pension finance income/(costs)

Expected return on pension scheme assets	12,000	8,000
Interest on pension liabilities	(50,000)	(41,000)
Pension finance income/(costs)	(38,000)	(33,000)

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

22. Pensions and similar obligations (continued)

Local Government Pension Scheme (continued)

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

	2018	2017
	£	£
At 1 st September	1,917,000	1,866,000
Current service cost	139,000	114,000
Interest cost	50,000	41,000
Employee contributions	23,000	20,000
Changes in Financial Assumptions/Actuarial (gain)/loss	(227,000)	93,000
Benefits paid	(8,000)	(68,000)
Plan introductions, benefit changes, curtailments & settlements	0	(149,000)
At 31 st August	<u>1,894,000</u>	<u>1,917,000</u>

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

	2018	2017
	£	£
At 1 st September	411,000	378,000
Expected return on assets	12,000	8,000
Actuarial gain/(loss)	(7,000)	55,000
Business combinations	0	(32,000)
Employer contributions	104,000	50,000
Employee contributions	23,000	20,000
Benefits paid	(8,000)	(68,000)
At 31 st August	<u>535,000</u>	<u>411,000</u>

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

23. Related Party Transactions

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

- Mr Bull (husband of Principal and accounting officer Mrs Bull) works as site manager for the academy and received remuneration of £28,166, pension £4,901 (2017 salary £27,149, pension £4,195).

- In entering into the transaction the trust has complied with the requirements of the Academies Financial Handbook 2017

All transactions were provided at cost.