

Company Registration No. 09124782 (England and Wales)

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

**TRUSTEES' REPORT AND AUDITED ACCOUNTS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

# **WATERTON ACADEMY TRUST**

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# WATERTON ACADEMY TRUST

## REFERENCE AND ADMINISTRATIVE DETAILS

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### Trustees

Mr P Beaman\*\* (Chairman)  
Mr D Dickinson \* \*\* (CEO & Accounting Officer)  
Mr P Halliday \*\* (Resigned 5 November 2018)  
Mrs R Cook  
Mr A Harpham (Staff Trustee)  
Mr R MacNair \* \*\* (Removed 22 November 2018)  
Mrs N Younus (Resigned 16 October 2018)  
Mrs H Mangham \*  
Mrs L Harrison \*  
Mr A Goudie \*\*  
Mr S Johnson \*  
Mrs K Greenwood (Resigned 21 March 2018)

Members of Standards Committee \*  
Members of Resources Committee \*\*

### Members

Chair of Directors

Mr P Beaman  
Mrs A Kelcher  
Mr D Westwell (Resigned 22 November 2018)  
Mr A Buckley (Appointed 23 August 2018)

### Senior management team

Chief Executive Officer (CEO)  
Chief Operations Officer (COO)  
Chief Financial Officer (CFO)  
Senior School Improvement Officer (SSIO)

Mr D Dickinson  
Mrs V Collins  
Mrs P Knox  
Mr G Bishop

### Company secretary

Mrs V Collins

### Company registration number

09124782 (England and Wales)

### Registered office

Walton Primary Academy  
The Grove  
Walton  
Wakefield  
WF2 6LD

# WATERTON ACADEMY TRUST

## REFERENCE AND ADMINISTRATIVE DETAILS

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### Academies operated

Walton Primary Academy  
Normanton Common Primary Academy  
Normanton Junior Academy  
Crofton Infants School  
Lee Brigg Infant School  
Sharlston Community School  
South Kirkby Academy  
Wrenthorpe Academy  
Cherry Tree Academy  
Ackworth Mill Dam School  
West End Academy  
King's Meadow Academy

### Location

The Grove, Walton  
Castleford Road, Wakefield  
Church Lane, Normanton  
High Street, Crofton  
Altofts, Wakefield  
Hammer Lane, Sharlston Common  
Stockingate, South Kirkby  
Imperial Avenue, Wrenthorpe  
Cobblers Lane, Pontefract  
Millgate, Ackworth  
Regent Street, Pontefract  
Wakefield Road, Fitzwilliam

### Headteacher

Mr A Harpham  
Mrs L Cavell  
Mrs T Southward  
Mrs C Holloway  
Ms S Gordon  
Mrs J Dunderdale  
Miss S Travis  
Mrs J Coyle  
Miss C Habbishaw  
Mrs S Thompson  
Mr C Johnson  
Mr R Cochrane

### Independent auditor

GBAC Limited  
Old Linen Court  
83-85 Shambles Street  
Barnsley  
South Yorkshire  
S70 2SB

### Bankers

Lloyds Bank Plc  
17 Westgate  
Wakefield  
West Yorkshire  
WF1 1JZ

### Solicitors

Bond Dickinson LLP  
St Ann's Wharf  
112 Quayside  
Newcastle upon Tyne  
NE1 3DX

# **WATERTON ACADEMY TRUST**

## **TRUSTEES' REPORT**

### **FOR THE YEAR ENDED 31 AUGUST 2018**

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The Trustees present their annual report together with the accounts and independent auditor's reports of the charitable company for the period 1 September 2017 to 31 August 2018. The annual report serves the purposes of both a Trustees' report and a directors' report under company law. The report has been prepared in accordance with Part VI of the Charities Act 2011, together with reference to guidance provided in the Education and Skills Funding Agency's ("ESFA") Academy's Financial Handbook 2016 and Accounts Direction 2016-2017.

The financial statements have been prepared in accordance with the accounting policies on pages 27 to 31 of the financial statements, and comply with the charitable company's memorandum and articles of association, the Companies Act 2006, and the requirements of the Statement of Recommended Practice "Accounting and Reporting by Charities" as issued in March 2005 ('SORP 2005').

The Academy Trust operates eight primaries, two infant and two junior academies in Wakefield, West Yorkshire. England. The academies have a combined pupil capacity of 3,296 and have a roll of 3,067, a 93.1% admission take up rate.

#### **Structure, governance and management**

##### Constitution

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

The Trustees of Waterton Academy Trust are also the directors of the charitable company for the purposes of company law. The charitable company is known as Waterton Academy Trust. Details of the Trustees who served during the year are included in the Reference and Administrative Details on page 1.

##### Members' liability

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

##### Trustees' indemnities

In accordance with normal commercial practice, Waterton Academy Trust has adopted the Risk Protection Arrangement (RPA), in accordance with the Academies Financial Handbook, to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business. The RPA provides cover up to £5 million on any one claim. The cost of RPA is included in the total insurance cost.

##### Method of recruitment and appointment or election of Trustees

The total number of Trustees including the Chief Executive Officer who are employees of the company shall not exceed one third of the total numbers of Trustees.

Trustees are elected via the following arrangements, although these will change in 2018:

- Each academy governing body elects one representative from their number to act as a Trustee; this will change during the academic year 2018-19
- The Headteacher's Group elects two members to act as Trustees; and
- Members consider nominations from outside of the Trust to ensure the skillset is appropriate. The Secretary of state may appoint Trustees if the Trustees fail to comply with a Secretary of State warning notice.

##### Policies and procedures adopted for the induction and training of Trustees

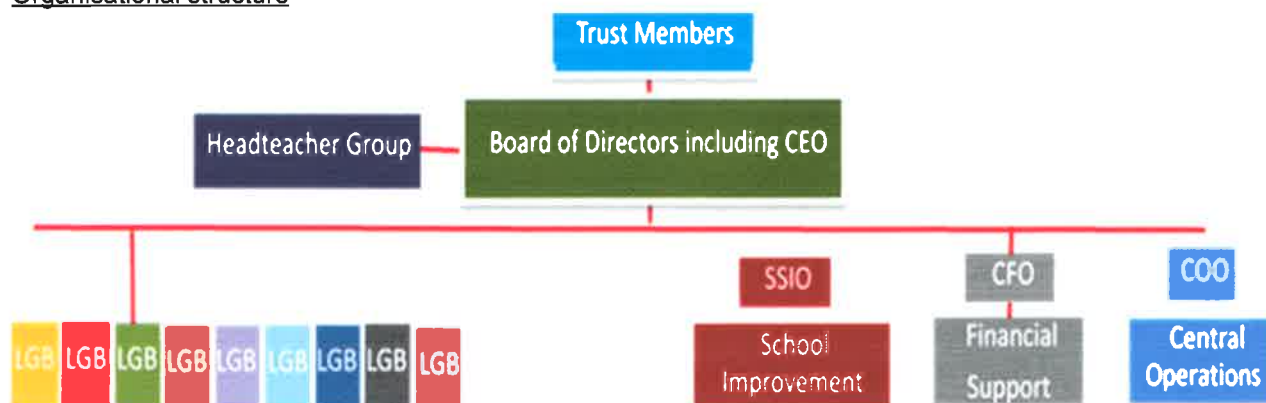
The training and induction provided for each new Trustee will depend on their existing experience. All Trustees of the Trust are provided with access to copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will require to undertake their role as Trustees. The Trust appointed a Governance Officer in April 2018 to support all levels of governance.

# WATERTON ACADEMY TRUST

## TRUSTEES' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2018**

### Organisational structure



The Trust currently consists of twelve schools; five converter primary schools, one converter junior school, two converter infant schools, one sponsored junior school (recently judged good by Ofsted) one sponsored primary school and two recently re-brokered primaries.

Walton Primary Academy (Converter)  
Normanton Common Primary Academy (Converter)  
Normanton Junior Academy (Sponsored)  
Lee Brigg Infant & Nursery School (Converter)  
Crofton Infants' School (Converter)  
Sharlston Community School (Converter)  
South Kirkby Academy (Converter)  
Wrenthorpe Academy (Converter)  
Cherry Tree Academy (Sponsored)  
Ackworth Mill Dam School (Converter)  
King's Meadow Academy (Re-brokered)  
West End Academy (Re-brokered)

The leadership structure consists of six levels; the Members, the Board of Trustees, the Chief Executive Officer, the Local Governing Body (LGB) of each academy, the Headteacher of each academy and the Senior Leadership Team of each academy.

The Trustees are responsible for the strategic direction, financial and health and safety compliance, monitoring individual academy performance and appointment of academy Headteachers.

The Trustees meet as a full board three times per year and the Resources and Standards Committees each meet three times per year.

Each local academy Governing Body receives delegated authority from the Trust Board to support the Trust Board in fulfilling its obligations.

The Chief Executive Officer, working with the individual academy Headteachers, is responsible for the overall performance of the Trust and implementing the policies laid down by the Trustees.

# **WATERTON ACADEMY TRUST**

## **TRUSTEES' REPORT (CONTINUED)**

### **FOR THE YEAR ENDED 31 AUGUST 2018**

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#### Arrangements for setting pay and remuneration of key management personnel

Other than Directors who have a substantive role within the Trust, no remuneration is paid to Directors who are volunteers, under any circumstances.

All Headteachers and senior staff within academies are subject to annual Performance Management reviews in accordance with STPCD which is applied consistently across the Trust. There have been few occasions where the complexity and challenge of the role is such that it was necessary to offer remuneration above the indicative range for a school, but this is fully reviewed by SLT and reported to Directors, for transparency. All performance management uplifts are presented to Directors for approval and appropriately recorded in minutes of meetings.

An independent review was undertaken in 2016 by a reputable HR specialist agency to establish a pay spine for the Trust central team, including the CEO. All staff are subject to annual Performance Management reviews which are reported to Directors as above.

#### Trade union facility time

The Trust is a key member of the Wakefield System Leaders Network and is currently renegotiating arrangements around facilities time. The originally adopted Local Authority model has been deemed to be too expensive and not offering appropriate value. Until these negotiations are completed, the Trust has no facility time commitments that result in a direct financial contribution. However, the Trust is operating as flexibly as possible to ensure all staff have access to union representation.

#### **Objectives and activities**

##### Objects and aims

The principal objective of the Trust is to improve the outcomes for all children within the Trust and wherever possible beyond. This will be achieved through working in partnership with our schools to implement a wide range of school improvement initiatives.

The aims of the Trust during the year ended 31 August 2018 are summarised below:

- To provide rapid and sustained improvement to the standard of educational attainment and achievement of all pupils;
- To continue to develop the high quality leadership in each school;
- To continue to provide a broad and balanced curriculum across the Trust;
- To promote collaborative working at all levels;
- To create an organisation that ensures we operate efficiently and provide value for money for the funds expended;
- To progress the establishment of a network of academy members which provides a high level of education for local children; and
- To meet our charitable objective.

##### Objectives, strategies and activities

Key priorities for the year are contained within the School Improvement Plan for each academy and the Strategic Development Plan for the Trust. Areas for improvement are identified through external and internal monitoring and evaluation processes.

##### Public benefit

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

The Trust aims to advance for the public benefit, education in the academies that it is responsible for and wherever possible beyond. In particular, we are working to support all of the schools in the Trust and to develop a culture of mutual support and development across these schools.

# WATERTON ACADEMY TRUST

## TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

### Strategic report

#### Achievements and performance

2017/18 has seen the Trust grow further to a complement of twelve schools. The core team is now well established and impacting on operations and standards. The strategic growth model is to now move to a hub arrangement, centralise services and deliver the recommendations identified in the latest NGA review of governance.

#### Key performance indicators

In December 2018 the league tables for KS2 and KS1 will be published. These are for individual schools and for MATs. Waterton Academy Trust will appear on the tables. The working definition for what data will appear on the 2018 MAT league tables is: MATs with at least three schools that have been part of the MAT for at least one year on 1st September 2017. This move away from individual to MAT performance is in line with the methodology adopted by the School Improvement Team.

KS1 Outcomes	R,W & M 2017		R,W & M 2018		Target 2019
	Expected +	Greater Depth	Expected +	Greater Depth	Target 2019
Walton	71	28	74	20	80
Normanton C	57	5	56	11	65
Crofton I&N	50	2	68	22	78
Lee Brigg I & N	73	14	81	23	77
Waterton KS1	62	7	68	16	72
National	64	9	65	9	

Performance at the end of KS1 was a further improvement on previous years. Walton and Lee Brigg continued their trend of performing well above the national average for combined in expected and greater depth. Moreover, Crofton Infant's outcomes further improved to being above national for expected and well above national for greater depth. This combination resulted in the Trust combined averages being positively in line with national for expected and well above for greater depth. Further improvements in outcomes are expected in 2019 with the excellent work at Lee Brigg being sustained and the drive to further improve outcomes at Crofton delivering positive results.



# WATERTON ACADEMY TRUST

## TRUSTEES' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2018

KS2 Outcomes	R,W & M 2017		R,W & M 2018		Target 2019
	Expected +	Exceeding	Expected +	Exceeding	Target 2019
Walton	76	16	61	11	81
Normanton C	77	12	59	10	95
Normanton J	59	4	54	14	67
Sharslton	63	5	54	4	75
South Kirby	49	4	59	0	67
Waterton KS2	65	8	54	8	77
National	61	9	64	10	

Overall, our KS2 outcomes were not what we had hoped for. There has been a drop in standards when compared to previous outcomes in 2016 and 2017 and we were well below our expected target. Schools narrowly missed reaching the combined national benchmark for expected by a range of 3% to 10%. Performance was stronger in relation to the combined national benchmark for exceeding, with 60% of the schools being at least in line or above. These results were attributed to a number of limiting factors for individual schools but significantly due to a drop in maths outcomes.

The strongest performance was to be found in English, in particular the outcomes for High Score in reading and outcomes in writing. Maths outcomes were significantly down in several schools.

The focus of School Improvement in 2018-19 is to strengthen pedagogy in maths to a similar extent that we have in English. The targeted end of year expectations for 2019 have increased to well above national and we are confident outcomes will positively reflect the impact of the planned work.

#### Ofsted

Two Trust academies were inspected by Ofsted during the 2017-2018 academic year. Both inspections were very successful. Normanton Common being judged at least good and identified as likely to be judged outstanding. Normanton Junior was judged to be good with outstanding features, a massive step forward from the special measures judgement it received before joining the Trust.

#### 2018 Financial Key Performance Indicators

Financial performance is monitored throughout the year and the Trust has developed the following Financial KPIs:

- Each member academy sets a balanced annual budget agreed at both Trust and local level, with final budget ratification by the Trust Board;
- Actual expenditure does not exceed budget expectations;
- Capital investment is made in line with the Asset Management Plan;
- The Trust has sufficient cash on hand to meet all short and medium term financial commitments;
- Surplus funds are invested in line with Trust policy;
- Numbers on roll and school place capacity is constantly monitored to ensure maximum revenue is maintained;
- Benchmarking against key cost areas is undertaken on an annual basis to ensure levels of expenditure are within recognised thresholds; and
- Statutory accounts and other returns are prepared and submitted to the Education and Skills Funding Agency (ESFA) in line with agreed timescales.

# **WATERTON ACADEMY TRUST**

## **TRUSTEES' REPORT (CONTINUED)**

### **FOR THE YEAR ENDED 31 AUGUST 2018**

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#### Going concern

After making appropriate enquiries, the board of Trustees has a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, the board of Trustees continues to adopt the going concern basis in preparing the accounts. Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies.

#### **Financial review**

The majority of the Academy Trust's income is obtained from the DfE via the ESFA in the form of recurrent grants, the use of which is restricted to particular purposes. Additional funding has been obtained via one-off DfE grants relating to MAT development and growth. The grants received from the DfE during the year ended 31 August 2018 and the associated expenditure are shown as Restricted Funds in the Statement of Financial Activity (SOFA).

At the year ended 31 August 2018, the total Fund balances at individual academies totalled £1,398,934.

The Trust also receives annual Devolved Capital Funds (DFC) from the ESFA for fixed assets, and additional capital funding has been secured via Capital Improvement Funding (CIF) applications. Such grants are shown in the SOFA as restricted income in the Fixed Asset Fund.

At 31 August 2018 the net book value of fixed assets was £26,069,390. The assets were used exclusively for providing education and the associated support services to the pupils of the Trust. The Restricted Fixed Asset Fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

The land and buildings were gifted and a 'right to use' granted to the Academy Trust upon transfer. Land and buildings were transferred at net book value, the combined values added in the year total £2,735,000. This value is based on provisional values by the transferor.

The balance of the 2017/18 convertors budget share (£20,931) was transferred across on conversion and is shown as Unrestricted Funds.

The Academy has taken on the deficit in the Local Government Pension Scheme (LGPS) in respect of its non-teaching staff who transferred on conversion. The deficit is incorporated within the SOFA and Balance Sheet in accordance with the provisions of FRS 102.

Key financial policies adopted or reviewed during the year include the Financial Management Policy which defines the framework for financial management, including financial responsibilities of the Trustees Board, Head Teachers, managers, budget holders and other staff, as well as delegated authority for spending. Other policies reviewed and updated included Charges and Lettings, Asset Management, Investment, Deficit Budget Recovery Plan and Access to Reserves Policy.

# **WATERTON ACADEMY TRUST**

## **TRUSTEES' REPORT (CONTINUED)**

***FOR THE YEAR ENDED 31 AUGUST 2018***

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### Reserves policy

The Board of Trustees has established a Reserves Policy to protect its activities and to make sufficient provision for future cash flow requirements and capital procurement. The level of reserves is reviewed annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves.

The reserves policy provides a framework for strategic planning and decision-making. The development of an appropriate level of reserves will mitigate the impact of any risk to the continuing operations of the Trust.

The Trust plans to spend the majority of its revenue income each year on the students in its care. Academies can access consolidated reserves by submitting Access to Reserves bids to the Trust Board to fund development plans, be it educational resources or capital projects. This has been particularly successful for our smaller schools to develop ICT provision, library facilities, a music room and Early Years resource.

The Trust intends that the reserves held should be sufficient at all times to cover the monthly wage bill.

### Unrestricted Reserves

Unrestricted reserves are as a result of activities for generating funds, investment income and other donations and provide a cushion to support:

- the revenue budget during a period of unsettlement whilst Government grant income is reducing;
- the investment in buildings, and other capital projects; and
- to meet the cost of any significant but unforeseen liabilities and unexpected emergencies, such as urgent maintenance.

### Restricted Reserves

The Restricted Fund is represented by the main income for the Trust which is General Annual Grant (GAG), other grant funds or donations for a specific project or purpose.

As at the period ending 31 August 2018, total reserves were £23,890,324, of which £22,491,390 are restricted and not available for general purposes of the academy Trust. This is in line with current policy.

### Investment policy

The Board of Trustees seeks to reach a balance between investment return and risk, to realise a reasonable return on the funds available, whilst adopting a risk averse approach. As such, the Board does not consider the investment of surplus funds as a primary activity, but rather a requirement for the effective management of the various funds entrusted to the Board.

Due to the nature of the funding cycle, the Trust may at times hold large cash balances which may not be required for immediate use. Where cash flow allows, sums are invested under instruction from the Trustees in an investment account which sits alongside the Trust current account and is accessible at all times but at no time exposes those funds to any risk.

# **WATERTON ACADEMY TRUST**

## **TRUSTEES' REPORT (CONTINUED)**

***FOR THE YEAR ENDED 31 AUGUST 2018***

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### Principal risks and uncertainties

The Board of Trustees, senior leadership teams (SLT) and senior staff are confident that there is no significant risk to the future operations or success of Waterton Academy Trust. The SLT has undertaken further work to develop and embed the system of internal control into operational practice, including financial, operational and risk management designed to protect the Trust's assets and reputation.

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

**Financial** - the Trust relies on continued Government funding through the ESFA and this level of requirement is expected to continue. There can be no assurance that Government policy will remain the same or funding will continue at the same level and it is clear that the Trust will be affected by the implementation of the National Funding Formula (NFF). Rising staff costs continue to be an immediate concern, and it will be necessary to put in place a suitable strategy to ensure financial stability is sustainable, without affecting the quality of education provision across the Trust.

**Cash Flow** - There is no significant risk that the Trust will be unable to finance its day-to-day operations. Each Academy monitors and manages cash flow on a daily basis to ensure that it can meet all of its financial commitments, with an oversight at Trust level.

**Pension Liabilities** - The financial statements report the cumulative share of the pension deficit on the Balance Sheet in line with the requirements of FRS102. LGPS contributions are likely to increase as a result of the actuarial valuation as at 31st March 2019. Additionally, TPS contributions will increase in September 2019 as a result of a change in Government Treasury Management policy.

**Failures in governance and/or management** - the potential failure to effectively manage the Trust's finances, internal controls, compliance with regulations and legislation, statutory returns, etc is an identified risk. The implementation of a new financial information system has improved and enhanced financial management and reporting at all levels. Governance structures remain robust and are reviewed on a regular basis to ensure that they are appropriate and fit for purpose. A recent review of governance commissioned by the NGA has resulted in a new structure being put in place for implementation during the 18/19 academic year.

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

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

**Staffing** - the success of the Trust is reliant on the quality of its staff. Trustees monitor and review policies and procedures to expand our provision for recruitment, training and continuing professional development (CPD) to ensure the development and retention of an expert workforce with provision for clear succession planning.

**Fraud and mismanagement of funds** - all appropriate staff receive training to keep them updated with best financial practice and further develop their skills. Regular networking events are held across the Trust to share best practice and address areas for improvement. At Trust level, the contracted CFO is tasked with ensuring appropriate practice is adhered to and compliant with ESFA regulations.

# **WATERTON ACADEMY TRUST**

## **TRUSTEES' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2018**

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### **Fundraising**

Individual academies within Waterton Academy Trust organise small-scale fundraising events throughout the school year. The majority of events are to raise funds for charitable organisations such as Children in Need, Macmillan Cancer Support, Jeans for Genes etc. However, this is not for commercial benefit and funds raised for a specific purpose are restricted to expenditure against the same.

Many of our schools have parent groups who raise funds for school activities and equipment, but these sit outside the trust operations and are not administered by trust employees.

The trust does not use professional fundraisers or involve commercial organisations.

### **Plans for future periods**

The Trust continues to strive to provide outstanding education and improve outcomes for all pupils, at all levels, to maximise their life chances.

The Trust will continue to aim to attract high quality teachers and support staff in order to deliver its objectives.

The Trust will continue to work with its strategic partners to improve the educational opportunities for pupils in the wider community.

The Trust will continue to improve and maintain its buildings to ensure that our pupils have the best facilities we can offer.

The Trust will seek to sponsor additional schools and allow voluntary converters to join. Allowing further conversions and sponsorships is fundamental to the ethos of the Trust. Moreover, growth brings with it opportunities such as economies of scale and reductions in the financial impact that the core has on academy budgets.

The Trust will look to grow outside of the Wakefield area and create geographically suitable hubs.

### **Funds held as custodian trustee on behalf of others**

The Trust and its Trustees do not act as the custodian trustees of any other Charity.

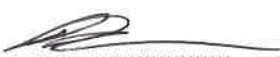
### **Auditor**

In so far as the Trustees are aware:

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

The auditors, GBAC Limited, are willing to continue in office and a resolution to appoint them will be proposed at the annual general meeting.

The trustees' report, incorporating a strategic report, was approved by order of the board of Trustees, as the company directors, on 5/12/18 and signed on its behalf by:



Mr D Dickinson  
CEO & Accounting Officer



Mr A Goudie  
Trustee



# WATERTON ACADEMY TRUST

## GOVERNANCE STATEMENT

**FOR THE YEAR ENDED 31 AUGUST 2018**

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### Scope of responsibility

As Trustees we acknowledge that we have overall responsibility for ensuring that Waterton Academy Trust has an effective and appropriate system of control, financial and otherwise. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss.

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

### Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The board of Trustees has formally met 5 times during the year. Attendance during the year at meetings of the board of Trustees was as follows:

Trustees	Meetings attended	Out of possible
Mr P Beaman** (Chairman)	2	5
Mr D Dickinson * ** (CEO & Accounting Officer)	5	5
Mr P Halliday ** (Resigned 5 November 2018)	3	5
Mrs R Cook	5	5
Mr A Harpham (Staff Trustee)	2	5
Mr R MacNair * ** (Removed 22 November 2018)	4	5
Mrs N Younus (Resigned 16 October 2018)	0	5
Mrs H Mangham *	4	5
Mrs L Harrison *	4	5
Mr A Goudie **	5	5
Mr S Johnson *	3	5
Mrs K Greenwood (Resigned 21 March 2018)	1	3

### Resources committee

The resources committee is a committee of the main board of Trustees with delegated responsibilities for specific functions.

The resources committee is responsible for, and oversight of the overall finance function of Waterton Academy Trust. It must ensure that there is sound management of the Trust's finances and resources, including proper planning, monitoring, probity and value for money. It must also fulfil its responsibilities in line with the Academies Financial Handbook, the Trust's financial regulations and be in compliance with the Trust's funding agreement.

Attendance at meetings in the year was as follows:

Trustees	Meetings attended	Out of possible
Mr P Beaman** (Chairman)	2	4
Mr D Dickinson * ** (CEO & Accounting Officer)	4	4
Mr P Halliday ** (Resigned 5 November 2018)	3	4
Mr R MacNair * ** (Removed 22 November 2018)	3	4
Mr A Goudie **	1	1

# **WATERTON ACADEMY TRUST**

## **GOVERNANCE STATEMENT (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2018**

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### **Standards committee**

The standards committee is a committee of the main board of Trustees with delegated responsibilities for specific functions.

The standards committee is responsible for, and oversight of the overall School Improvement function of Waterton Academy Trust. It must ensure that there is effective governance in place at all levels and that policies and procedures relating to the curriculum, teaching and learning are appropriate and fit for purpose. It further agrees the School Improvement priorities for each Academy, which feeds into the Strategic plan for the Trust.

Attendance at meetings in the year was as follows:

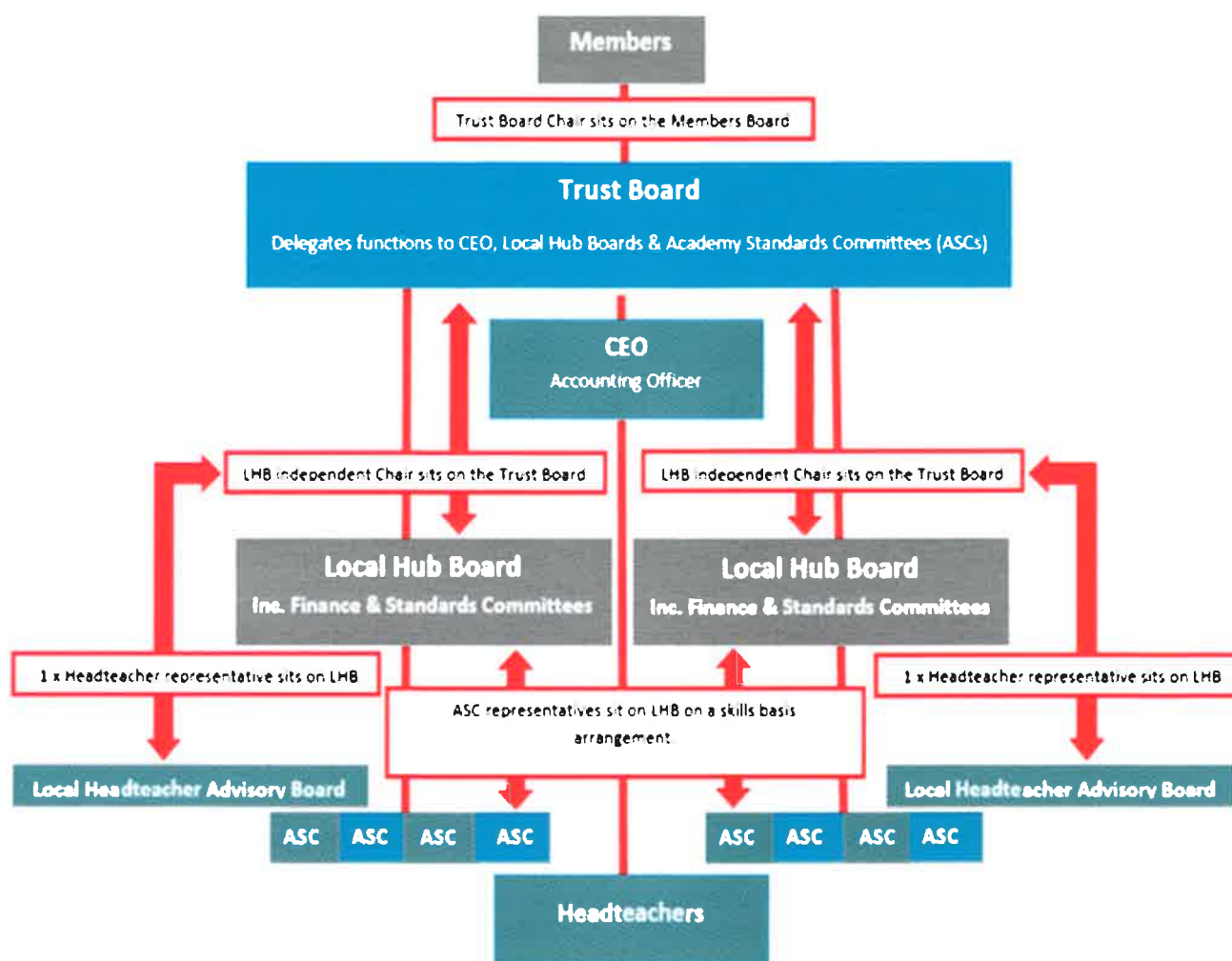
<b>Trustees</b>	<b>Meetings attended</b>	<b>Out of possible</b>
Mr D Dickinson * ** (CEO & Accounting Officer)	2	3
Mr R MacNair * ** (Removed 22 November 2018)	2	3
Mrs H Mangham *	2	3
Mrs L Harrison *	3	3
Mr S Johnson *	1	3

# WATERTON ACADEMY TRUST

## GOVERNANCE STATEMENT (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2018**

The Directors of Waterton Academy Trust commissioned a review of Governance by the NGA to take place during the academic year 2017/2018. This was a full 360 degree evaluation of our structures, systems and procedures. The review recommendations led to the below restructure of governance that is currently at the implementation stage.



This governance model is based on two geographical hubs. Each hub has its own governance structure that feeds into the whole Trust structure.

The new adopted model of governance has been designed to better facilitate scalability, increased scrutiny, resilience and to address recent DfE and NGA recommendations. The model will be evaluated once a full governance cycle has been completed.

### Review of value for money

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



# **WATERTON ACADEMY TRUST**

## **GOVERNANCE STATEMENT (CONTINUED)**

### **FOR THE YEAR ENDED 31 AUGUST 2018**

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The Accounting Officer considers how the Academy Trust's use of its resources has provided good value for money during each academic year, and reports to the board of Trustees where value for money can be improved, including the use of benchmarking data where available. The Accounting Officer for the Academy Trust has delivered improved value for money during the year by utilising the Trust SLT to provide support in School Improvement and business support services including; finance, HR, payroll, recruitment, ICT, governance, training and development and estates (including Capital Development Programmes and H&S).

Value for Money is reviewed on an ongoing basis. Examples of good practice and collaboration include:

- Centralised procurement for major contracts including, ICT services, compliance, capital works, staff absence insurance, SLAs with LA and external service providers – centralisation of the business and finance function in September 2018 will further develop this process and maximise savings;
- Reviewing SLAs and developing Trust wide arrangements to create savings which are passed on to our academies e.g. photocopying, telephone systems, cleaning, school meals provision, software licenses etc;
- Agreeing reductions and discounted rates with suppliers to secure economies of scale for all academies;
- Investing cash surplus sums in short-term investment accounts to realise a cash return;
- Reviewing staffing structure to ensure that they are appropriate and 'fit for purpose';
- Employment of School Improvement consultants to provide expertise in key areas e.g. Early Years;
- Commissioning shared services in partnership with external academy partners;
- Securing CIF monies to carry out major refurbishment and Capital projects to transform teaching and learning space and enhance safeguarding across the trust; and
- Ongoing self-evaluation of procedures and working practice to drive improvement and cost efficiencies.

#### **The purpose of the system of internal control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Waterton Academy Trust for the period 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and accounts.

#### **Capacity to handle risk**

The board of Trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the period 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the board of Trustees.

#### **The risk and control framework**

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

- Comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of Trustees and shared with stakeholders;
- Regular reviews by the Resources Committee of reports which indicate financial performance against the forecasts and of major procurement initiatives and capital works;
- Setting targets to measure financial and other performance;
- Comprehensive set of policies and procedures disseminated across the trust as appropriate;
- Clearly defined procurement framework and limits of delegated authority for purchases;
- Delegation of authority and segregation of duties; and
- Identification and management of risks.

# **WATERTON ACADEMY TRUST**

## **GOVERNANCE STATEMENT (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2018**

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The Trust Board considered the need for a specific internal audit function and appointed GBAC Ltd to review the adequacy and effectiveness of operational practice and financial reporting to ensure that appropriate processes and controls in place are applied consistently across the Trust. The review was designed to test the adequacy of key controls in the following areas:

- Month end process
- Purchasing
- Payroll
- Estates Management
- Sundry Income
- Asset Management

A report of findings was issued to the CFO and CEO for comment and will be presented to Directors at the AGM along with the action plan to address matters arising and recommendations. No major areas of concern were identified. Some performance aspects were noted and it is recognised that the centralisation of the business and finance functions in September 2018 will address these.

### **Review of effectiveness**

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

- The work of the external auditor; and
- The work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by external auditors for 1 September 2017 to 31 August 2018.

Approved by order of the board of Trustees on 8/12/18 and signed on its behalf by:



Mr D Dickinson  
CEO & Accounting Officer



Mr A Goudie  
Trustee

# **WATERTON ACADEMY TRUST**

## **STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE**

***FOR THE YEAR ENDED 31 AUGUST 2018***

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As accounting officer of Waterton Academy Trust I have considered my responsibility to notify the Academy Trust board of Trustees and the Education and Skills Funding Agency 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 for Education. As part of my consideration, I have had due regard to the requirements of the Academies Financial Handbook 2017.

I confirm that I and the Academy Trust's board of Trustees are able to identify any material irregular or improper use of funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academies Financial Handbook 2017.

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



Mr D Dickinson  
**Accounting Officer**

5.12.18  
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# WATERTON ACADEMY TRUST

## STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

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

In preparing these accounts, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP 2015;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- Prepare the accounts on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

The Trustees are responsible for ensuring that in its conduct and operation, the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring that grants received from ESFA/DfE have been applied for the purposes intended.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of accounts may differ from legislation in other jurisdictions.

Approved by order of the board of Trustees on 5/12/18 and signed on its behalf by:



Mr D Dickinson  
CEO & Accounting Officer

# **WATERTON ACADEMY TRUST**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WATERTON ACADEMY TRUST**

***FOR THE YEAR ENDED 31 AUGUST 2018***

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### **Opinion**

We have audited the accounts of Waterton Academy Trust for the year ended 31 August 2018 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

In our opinion the accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2018 and of its incoming resources and application of resources, 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 the Academies Accounts Direction 2017 to 2018.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the accounts' section of our report. We are independent of the Academy Trust in accordance with the ethical requirements that are relevant to our audit of the accounts 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 accounts is not appropriate; or
- the Trustees have not disclosed in the accounts any identified material uncertainties that may cast significant doubt about the Academy Trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the accounts are authorised for issue.

### **Other information**

The other information comprises the information included in the annual report, other than the accounts and our auditor's report thereon. The Trustees are responsible for the other information. Our opinion on the accounts 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 accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts 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 accounts 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.

# **WATERTON ACADEMY TRUST**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WATERTON ACADEMY TRUST (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2018**

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### **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the trustees' report including the incorporated strategic report for the financial year for which the accounts are prepared is consistent with the accounts; and
- the trustees' report including the incorporated strategic report have been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of 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' 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.

### **Responsibilities of Trustees**

As explained more fully in the statement of trustees' responsibilities, the Trustees are responsible for the preparation of the accounts 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 accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, the Trustees are responsible for assessing the Academy Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the charitable company, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the accounts**

Our objectives are to obtain reasonable assurance about whether the accounts 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 accounts.

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



# **WATERTON ACADEMY TRUST**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WATERTON ACADEMY TRUST (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2018**

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### **Use of our report**

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



**Mrs Pamela Anne Parker (Senior Statutory Auditor)**  
**for and on behalf of GBAC Limited**

20.12.18

**Chartered Accountants**  
**Statutory Auditor**

Old Linen Court  
83-85 Shambles Street  
Barnsley  
South Yorkshire  
S70 2SB

# **WATERTON ACADEMY TRUST**

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

***FOR THE YEAR ENDED 31 AUGUST 2018***

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In accordance with the terms of our engagement letter dated 26 June 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Waterton Academy Trust during the period 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

### **Respective responsibilities of Waterton Academy Trust's accounting officer and the reporting accountant**

The Accounting Officer is responsible, under the requirements of Waterton Academy Trust's funding agreement with the Secretary of State for Education dated 28 August 2014 and the Academies Financial Handbook, extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

### **Approach**

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

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

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

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

The work undertaken to draw to our conclusion includes:

- Discussions with officers of the academy throughout the audit process to ensure that all regularity threats have been addressed;
- Testing of income and expenditure for compliance with the funding and other agreements, the Academies Financial Handbook and the academy's systems of controls;
- Review of the activities carried out by the academy;
- Review of the academy's internal financial procedures to ensure that adequate controls are in place to prevent or identify regularity issues;
- Ensure ESFA approval has been obtained where appropriate for relevant transactions.



# **WATERTON ACADEMY TRUST**

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

***FOR THE YEAR ENDED 31 AUGUST 2018***

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### **Conclusion**

In the course of our work, except for the matters 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.

GBAC Limited

### **Reporting Accountant**

GBAC Limited

Dated: 20-12-2018

# WATERTON ACADEMY TRUST

## STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 AUGUST 2018

		Unrestricted Funds	Restricted funds: General Fixed asset		Total 2018	Total 2017
	Notes	£	£	£	£	£
<b>Income and endowments from:</b>						
Donations and capital grants	3	152,141	-	624,709	776,850	245,830
Donations - transfer from local authority on conversion	25	-	-	3,020,000	3,020,000	6,730,351
Donations - transfer of existing academy into the trust	25	-	-	2,735,000	2,735,000	-
Charitable activities:						
- Funding for educational operations	4	-	12,731,795	-	12,731,795	9,926,677
Other trading activities	5	52,722	517,211	-	569,933	543,044
Investments	6	2,404	-	-	2,404	941
<b>Total income and endowments</b>		207,267	13,249,006	6,379,709	19,835,982	17,446,843
<b>Expenditure on:</b>						
Raising funds	7	-	722,161	-	722,161	543,908
Charitable activities:						
- Educational operations	8	109,281	13,021,162	284,296	13,414,739	10,298,282
Charitable expenditure - transfer from local authority on conversion	25	14,876	-	-	14,876	256,000
Charitable expenditure - transfer of existing academy into the trust	25	20,931	775,000	-	795,931	-
<b>Total expenditure</b>	7	145,088	14,518,323	284,296	14,947,707	11,098,190
<b>Net income/(expenditure)</b>		62,179	(1,269,317)	6,095,413	4,888,275	6,348,653
Transfers between funds		-	(30,683)	30,683	-	-
<b>Other recognised gains and losses</b>						
Actuarial gains on defined benefit pension schemes	20	-	1,112,000	-	1,112,000	1,274,000
<b>Net movement in funds</b>		62,179	(188,000)	6,126,096	6,000,275	7,622,653
<b>Reconciliation of funds</b>						
Total funds brought forward		1,336,755	(3,390,000)	19,943,294	17,890,049	10,267,396
Total funds carried forward		1,398,934	(3,578,000)	26,069,390	23,890,324	17,890,049

# WATERTON ACADEMY TRUST

## STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Comparative year information Year ended 31 August 2017		Unrestricted Funds	Restricted funds:		Total 2017
	Notes	£	General £	Fixed asset £	£
<b>Income and endowments from:</b>					
Donations and capital grants	3	36,961	-	208,869	245,830
Donations - transfer from local authority on conversion	25	566,839	(1,417,000)	7,580,512	6,730,351
Charitable activities:					
- Funding for educational operations	4	-	9,926,677	-	9,926,677
Other trading activities	5	22,033	521,011	-	543,044
Investments	6	941	-	-	941
<b>Total income and endowments</b>		<b>626,774</b>	<b>9,030,688</b>	<b>7,789,381</b>	<b>17,446,843</b>
<b>Expenditure on:</b>					
Raising funds	7	14,243	529,665	-	543,908
Charitable activities:					
- Educational operations	8	-	10,115,177	183,105	10,298,282
Charitable expenditure - transfer from local authority on conversion	25	-	-	256,000	256,000
<b>Total expenditure</b>	<b>7</b>	<b>14,243</b>	<b>10,644,842</b>	<b>439,105</b>	<b>11,098,190</b>
<b>Net income/(expenditure)</b>		<b>612,531</b>	<b>(1,614,154)</b>	<b>7,350,276</b>	<b>6,348,653</b>
Transfers between funds		-	(169,691)	169,691	-
<b>Other recognised gains and losses</b>					
Actuarial gains on defined benefit pension schemes	20	-	1,274,000	-	1,274,000
<b>Net movement in funds</b>		<b>612,531</b>	<b>(509,845)</b>	<b>7,519,967</b>	<b>7,622,653</b>
<b>Reconciliation of funds</b>					
Total funds brought forward		724,224	(2,880,155)	12,423,327	10,267,396
Total funds carried forward		1,336,755	(3,390,000)	19,943,294	17,890,049

# WATERTON ACADEMY TRUST

## BALANCE SHEET

AS AT 31 AUGUST 2018

	Notes	2018 £	2017 £
<b>Fixed assets</b>			
Tangible assets	13	26,069,390	19,943,294
<b>Current assets</b>			
Stocks	14	25,729	24,784
Debtors	15	1,629,700	628,163
Cash at bank and in hand		1,036,663	1,148,607
		2,692,092	1,801,554
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	16	(1,293,158)	(464,799)
<b>Net current assets</b>		1,398,934	1,336,755
<b>Net assets excluding pension liability</b>		27,468,324	21,280,049
Defined benefit pension liability	20	(3,578,000)	(3,390,000)
<b>Net assets</b>		23,890,324	17,890,049
<b>Funds of the Academy Trust:</b>			
<b>Restricted funds</b>	17		
- Fixed asset funds		26,069,390	19,943,294
- Pension reserve		(3,578,000)	(3,390,000)
<b>Total restricted funds</b>		22,491,390	16,553,294
<b>Unrestricted income funds</b>	17	1,398,934	1,336,755
<b>Total funds</b>		23,890,324	17,890,049

The accounts set out on pages 24 to 50 were approved by the board of Trustees and authorised for issue on 5/12/18 and are signed on its behalf by:



Mr D Dickinson  
CEO & Accounting Officer



Mr A Goudie

Company Number 09124782

# WATERTON ACADEMY TRUST

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2018

	Notes	2018 £	£	2017 £	£
<b>Cash flows from operating activities</b>					
Net cash (used in)/provided by operating activities	21		(83,665)		34,752
Cash funds transferred on conversion			-		566,839
			(83,665)		601,591
<b>Cash flows from investing activities</b>					
Dividends, interest and rents from investments		2,404		941	
Capital grants from DfE Group		624,709		208,869	
Purchase of tangible fixed assets		(655,392)		(378,560)	
<b>Net cash used in investing activities</b>			(28,279)		(168,750)
<b>Net (decrease)/increase in cash and cash equivalents in the reporting period</b>			(111,944)		432,841
Cash and cash equivalents at beginning of the year			1,148,607		715,766
<b>Cash and cash equivalents at end of the year</b>			1,036,663		1,148,607

# **WATERTON ACADEMY TRUST**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 31 AUGUST 2018**

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#### **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.

##### **1.1 Basis of preparation**

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

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

##### **1.2 Going concern**

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

##### **1.3 Conversion to an academy trust**

The conversion from a state maintained school to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for £nil consideration. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below.

The assets and liabilities transferred on conversion from the convertor schools in the year to the academy trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in Charitable activities – transfer from local authority on conversion in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds. Further details of the transaction are set out in note 25.

##### **1.4 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 receivable

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

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

# WATERTON ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2018

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#### 1 Accounting policies

(Continued)

##### Sponsorship income

Sponsorship income provided to the Academy Trust which amounts to a donation is recognised in the statement of financial activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

##### Donations

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

##### Other income

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

##### Donated goods, facilities and services

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

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

#### 1.5 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

##### Expenditure on raising funds

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

##### Charitable activities

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

# WATERTON ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2018

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#### 1 Accounting policies

(Continued)

##### 1.6 Tangible fixed assets and depreciation

Assets costing £500 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. 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 such assets is charged to the restricted fixed asset fund in the statement of financial activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy Trust's depreciation policy. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

Land and buildings	Straight line over the period of the lease - 125 years
Computer equipment	33% straight line
Fixtures, fittings & equipment	25% reducing balance

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

##### 1.7 Liabilities

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

##### 1.8 Leasing and hire purchase commitments

Rentals payable under operating leases are charged against income on a straight line basis over the period of the lease.

##### 1.9 Stock

Stock is valued at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less further costs to completion and disposal. Provision is made for obsolete and slow moving stock.

##### 1.10 Taxation

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



# **WATERTON ACADEMY TRUST**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2018**

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### **1 Accounting policies**

**(Continued)**

#### **1.11 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 and the assets are held separately from those of the Academy Trust.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a projected unit method. The 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 are recognised in the period to which they relate.

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

#### **1.12 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 Education Funding Agency where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received and include grants from the Education Funding Agency.

# WATERTON ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2018

#### 2 Critical accounting estimates and areas of judgement

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

##### Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 20, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 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.

#### 3 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
Private sponsorship	152,141	-	152,141	22,502
Capital grants	-	624,709	624,709	208,869
Other donations	-	-	-	14,459
	<u>152,141</u>	<u>624,709</u>	<u>776,850</u>	<u>245,830</u>

#### 4 Funding for the Academy Trust's educational operations

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
<b>DfE / ESFA grants</b>				
General annual grant (GAG)	-	10,026,222	10,026,222	7,920,992
Start up grants	-	-	-	145,000
Other DfE group grants	-	1,600,288	1,600,288	1,032,923
	<u>-</u>	<u>11,626,510</u>	<u>11,626,510</u>	<u>9,098,915</u>
<b>Other government grants</b>				
Local authority grants	-	1,105,285	1,105,285	827,762
	<u>-</u>	<u>1,105,285</u>	<u>1,105,285</u>	<u>827,762</u>
<b>Total funding</b>	<u>-</u>	<u>12,731,795</u>	<u>12,731,795</u>	<u>9,926,677</u>

# WATERTON ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

### 5 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
Hire of facilities	33,841	-	33,841	22,033
Catering income	-	174,497	174,497	138,608
Income from the academy trusts educational operations	18,881	342,714	361,595	382,403
	<u>52,722</u>	<u>517,211</u>	<u>569,933</u>	<u>543,044</u>

### 6 Investment income

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
Short term deposits	2,404	-	2,404	941
	<u>2,404</u>	<u>-</u>	<u>2,404</u>	<u>941</u>

### 7 Expenditure

	Staff costs £	Non Pay Expenditure Premises £	Other £	Total 2018 £	Total 2017 £
Expenditure on raising funds					
- Direct costs	-	-	722,161	722,161	543,908
Academy's educational operations					
- Direct costs	9,092,910	80,056	792,655	9,965,621	7,674,232
- Allocated support costs	1,772,932	1,056,473	619,713	3,449,118	2,624,050
	<u>10,865,842</u>	<u>1,136,529</u>	<u>2,134,529</u>	<u>14,136,900</u>	<u>10,842,190</u>

#### Net income/(expenditure) for the year includes:

	2018 £	2017 £
Fees payable to auditor for:		
- Audit	20,000	16,000
- Other services	23,554	24,205
Operating lease rentals	28,210	25,513
Depreciation of tangible fixed assets	284,296	183,105
Loss on disposal of fixed assets	-	256,000
Net interest on defined benefit pension liability	89,000	67,000
	<u>364,060</u>	<u>571,823</u>

# WATERTON ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

### 8 Charitable activities

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
Direct costs - educational operations	-	9,965,621	9,965,621	7,674,232
Support costs - educational operations	109,281	3,339,837	3,449,118	2,624,050
	<u>109,281</u>	<u>13,305,458</u>	<u>13,414,739</u>	<u>10,298,282</u>

	2018 £	2017 £
<b>Analysis of support costs</b>		
Support staff costs	1,771,792	1,342,163
Depreciation and amortisation	204,240	137,329
Premises costs	675,953	471,297
Other support costs	561,297	420,980
Governance costs	235,836	252,281
	<u>3,449,118</u>	<u>2,624,050</u>

### 9 Central services

The Academy Trust has provided the following central services to its academies during the year:

- Human resources;
- Financial services;
- Legal services;
- Educational support services;
- Data services;
- IT services;
- Health & Safety;
- School improvement;
- Governance;
- Premises management;
- Statutory audit; and
- Risk Management.

The Academy Trust charges for these services on the following basis:

- 6% of the total GAG

# WATERTON ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2018

#### 9 Central services

(Continued)

The amounts charged during the year were as follows:

	2018 £	2017 £
Central Services	-	-
Normanton Common Primary	73,056	73,236
Normanton Junior	75,372	76,799
Walton Primary	68,124	68,503
Lee Brigg Infant	32,136	32,283
Crofton Infants	41,616	43,345
Sharlston Community	56,436	51,848
South Kirkby	62,079	63,372
Wrenthorpe	68,940	29,192
Cherry Tree	74,028	31,371
Ackworth Mill Dam	36,920	5,360
King's Meadow	11,136	
West End	8,754	
	<u>608,597</u>	<u>475,309</u>

#### 10 Staff

##### Staff costs

Staff costs during the year were:

	2018 £	2017 £
Wages and salaries	8,036,328	6,191,474
Social security costs	666,568	497,607
Pension costs	1,686,661	1,348,849
Staff costs	<u>10,389,557</u>	<u>8,037,930</u>
Agency staff costs	364,962	262,163
Staff restructuring costs	32,000	-
Staff development and other staff costs	79,323	64,912
Total staff expenditure	<u>10,865,842</u>	<u>8,365,005</u>

Staff restructuring costs comprise:

Severance payments	<u>32,000</u>	<u>-</u>
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##### Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £32,000 (2017: £nil). Individually, the payments were: £15,000 agreed on 3rd November 2017. £5,000 agreed on 31 October 2017 and £12,000 agreed on 3rd August 2018.

# WATERTON ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2018

#### 10 Staff

(Continued)

##### Staff numbers

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

	2018 Number	2017 Number
Teachers	129	115
Administration and support	299	301
Management	16	14
	<u>444</u>	<u>430</u>

##### Higher paid staff

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

	2018 Number	2017 Number
£60,000 - £70,000	7	3
£100,000 - £110,000	-	1
£110,000 - £120,000	1	-
	<u>8</u>	<u>4</u>

##### Key management personnel

The key management personnel of the Academy Trust comprise the senior management team and the headteachers as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £1,10,903 (2017 £914,067).

#### 11 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 Headteacher and other Staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Chief Executive Officer and staff members under their contracts of employment, and not in respect of their services as Trustees. Other Trustees did not receive any payments, other than expenses, from the Academy Trust in respect of their role as Trustees.

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

##### David Dickinson (CEO)

Remuneration £115,000 - £120,000 (2017 £100,000 - £105,000)

Employer's pension contributions £15,000 - £20,000 (2017 £15,000 - £20,000)

##### Anthony Harpham (Head Teacher)

Remuneration £60,000 - £65,000 (2017 £60,000 - £65,000)

Employer's pension contributions £10,000 - £15,000 (2017 £10,000 - £15,000)

During the year ended 31 August 2018, travel and subsistence expenses totalling £1,260 (2017 £1,393) were reimbursed or paid directly to 2 Trustees (2017 2 Trustees).

# WATERTON ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

### 12 Trustees and officers insurance

In accordance with normal commercial practice, the Academy Trust has adopted the Risk Protection Arrangement (RPA), in accordance with the Academies Financial Handbook to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy Trust business. The RPA provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2018 is included in the total insurance cost, but cannot be separately identified.

### 13 Tangible fixed assets

	Land and buildings	Computer equipment	Fixtures, fittings & equipment	Total
	£	£	£	£
<b>Cost</b>				
At 1 September 2017	19,924,885	191,228	169,810	20,285,923
Transfer	2,735,000	-	-	2,735,000
Additions	559,875	22,145	73,372	655,392
Revaluation (note 25)	3,020,000	-	-	3,020,000
At 31 August 2018	26,239,760	213,373	243,182	26,696,315
<b>Depreciation</b>				
At 1 September 2017	243,974	80,693	17,962	342,629
Charge for the year	184,229	55,325	44,742	284,296
At 31 August 2018	428,203	136,018	62,704	626,925
<b>Net book value</b>				
At 31 August 2018	25,811,557	77,355	180,478	26,069,390
At 31 August 2017	19,680,911	110,535	151,848	19,943,294

### 14 Stocks

	2018 £	2017 £
Stationery stock	22,807	24,289
Uniform and supplies stock	2,922	495
	25,729	24,784

### 15 Debtors

	2018 £	2017 £
Trade debtors	13,077	16,843
VAT recoverable	385,658	162,863
Prepayments and accrued income	1,230,965	448,457
	1,629,700	628,163

# WATERTON ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

<b>16</b>	<b>Creditors: amounts falling due within one year</b>				<b>2018</b>	<b>2017</b>
					<b>£</b>	<b>£</b>
	Trade creditors				51,874	143,212
	Other taxation and social security				350,297	-
	Accruals and deferred income				890,987	321,587
					<u>1,293,158</u>	<u>464,799</u>
<b>17</b>	<b>Funds</b>					
		<b>Balance at</b>			<b>Gains,</b>	<b>Balance at</b>
		<b>1 September</b>	<b>Income</b>	<b>Expenditure</b>	<b>losses and</b>	<b>31 August</b>
		<b>2017</b>			<b>transfers</b>	<b>2018</b>
		<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
	<b>Restricted general funds</b>					
	General Annual Grant (GAG)	-	10,026,222	(9,995,539)	(30,683)	-
	Other DfE / ESFA grants	-	1,600,288	(1,600,288)	-	-
	Other government grants	-	1,105,285	(1,105,285)	-	-
	Other restricted funds	-	517,211	(517,211)	-	-
	Pension reserve	(3,390,000)	(775,000)	(525,000)	1,112,000	(3,578,000)
		<u>(3,390,000)</u>	<u>12,474,006</u>	<u>(13,743,323)</u>	<u>1,081,317</u>	<u>(3,578,000)</u>
	<b>Restricted fixed asset funds</b>					
	Transfer on conversion	19,538,115	5,755,000	(197,420)	(237,663)	24,858,032
	DfE group capital grants	163,926	624,709	(86,876)	-	701,759
	Capital expenditure from GAG	241,253	-	-	268,346	509,599
		<u>19,943,294</u>	<u>6,379,709</u>	<u>(284,296)</u>	<u>30,683</u>	<u>26,069,390</u>
	<b>Total restricted funds</b>	<u>16,553,294</u>	<u>18,853,715</u>	<u>(14,027,619)</u>	<u>1,112,000</u>	<u>22,491,390</u>
	<b>Unrestricted funds</b>					
	General funds	<u>1,336,755</u>	<u>171,460</u>	<u>(109,281)</u>	<u>-</u>	<u>1,398,934</u>
	<b>Total funds</b>	<u>17,890,049</u>	<u>19,025,175</u>	<u>(14,136,900)</u>	<u>1,112,000</u>	<u>23,890,324</u>



# WATERTON ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2018

#### 17 Funds

(Continued)

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

The General Annual Grant is the funding received from the ESFA for the purposes of providing educational services. The excess GAG can be used to purchase fixed assets for the assistance in providing the educational services.

The pension fund deficit is as a result of the actuarial valuation but does not result in an immediate cash flow impact on the Academy.

The ESFA capital grants fund has resulted from assets being purchased from grants provided by the ESFA which can only be used to purchase fixed assets.

The inherited fixed asset fund has resulted from the conversion of the school to an Academy and the assets being transferred to their ownership.

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 31 August 2017.

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

	Balance at 1 September 2016 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2017 £
<b>Restricted general funds</b>					
General Annual Grant (GAG)	(76,155)	7,920,992	(7,675,146)	(169,691)	-
Start up grants	-	145,000	(145,000)	-	-
Other DfE / ESFA grants	4,000	1,032,923	(1,036,923)	-	-
Other government grants	-	827,762	(827,762)	-	-
Other restricted funds	-	521,011	(521,011)	-	-
Pension reserve	(2,808,000)	(1,417,000)	(439,000)	1,274,000	(3,390,000)
	<u>(2,880,155)</u>	<u>9,030,688</u>	<u>(10,644,842)</u>	<u>1,104,309</u>	<u>(3,390,000)</u>
<b>Restricted fixed asset funds</b>					
Transfer on conversion	12,213,603	7,580,512	(256,000)	-	19,538,115
DfE group capital grants	138,162	208,869	(183,105)	-	163,926
Capital expenditure from GAG	71,562	-	-	169,691	241,253
	<u>12,423,327</u>	<u>7,789,381</u>	<u>(439,105)</u>	<u>169,691</u>	<u>19,943,294</u>
<b>Total restricted funds</b>	<u>9,543,172</u>	<u>16,820,069</u>	<u>(11,083,947)</u>	<u>1,274,000</u>	<u>16,553,294</u>
<b>Unrestricted funds</b>					
General funds	<u>724,224</u>	<u>626,774</u>	<u>(14,243)</u>	<u>-</u>	<u>1,336,755</u>
<b>Total funds</b>	<u>10,267,396</u>	<u>17,446,843</u>	<u>(11,098,190)</u>	<u>1,274,000</u>	<u>17,890,049</u>

# WATERTON ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

### 17 Funds

(Continued)

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

	Balance at 1 September 2016 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2018 £
<b>Restricted general funds</b>					
General Annual Grant (GAG)	(76,155)	17,947,214	(17,670,685)	(200,374)	-
Start up grants	-	145,000	(145,000)	-	-
Other DfE / ESFA grants	4,000	2,633,211	(2,637,211)	-	-
Other government grants	-	1,933,047	(1,933,047)	-	-
Other restricted funds	-	1,038,222	(1,038,222)	-	-
Pension reserve	(2,808,000)	(2,192,000)	(964,000)	2,386,000	(3,578,000)
	<u>(2,880,155)</u>	<u>21,504,694</u>	<u>(24,388,165)</u>	<u>2,185,626</u>	<u>(3,578,000)</u>
<b>Restricted fixed asset funds</b>					
Transfer on conversion	12,213,603	13,335,512	(453,420)	(237,663)	24,858,032
DfE group capital grants	138,162	833,578	(269,981)	-	701,759
Capital expenditure from GAG	71,562	-	-	438,037	509,599
	<u>12,423,327</u>	<u>14,169,090</u>	<u>(723,401)</u>	<u>200,374</u>	<u>26,069,390</u>
<b>Total restricted funds</b>	<u>9,543,172</u>	<u>35,673,784</u>	<u>(25,111,566)</u>	<u>2,386,000</u>	<u>22,491,390</u>
<b>Unrestricted funds</b>					
General funds	<u>724,224</u>	<u>798,234</u>	<u>(123,524)</u>	<u>-</u>	<u>1,398,934</u>
<b>Total funds</b>	<u>10,267,396</u>	<u>36,472,018</u>	<u>(25,235,090)</u>	<u>2,386,000</u>	<u>23,890,324</u>

# WATERTON ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

### 17 Funds

(Continued)

#### Total funds analysis by academy

	2018 £	2017 £
Fund balances at 31 August 2018 were allocated as follows:		
Central Services	390,070	95,174
Normanton Common Primary	172,030	210,198
Normanton Junior	119,520	223,237
Walton Primary	(58,895)	(34,163)
Lee Brigg Infant	88,022	45,494
Crofton Infants	(23,451)	25,863
Sharlston Community	52,845	48,293
South Kirkby	250,582	304,808
Wrenthorpe	239,169	232,309
Cherry Tree	116,161	163,668
Ackworth Mill Dam	22,600	21,874
King's Meadow	34,890	
West End	(4,609)	
Total before fixed assets fund and pension reserve	1,398,934	1,336,755
Restricted fixed asset fund	26,069,390	19,943,294
Pension reserve	(3,578,000)	(3,390,000)
Total funds	23,890,324	17,890,049

# **WATERTON ACADEMY TRUST**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2018**

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### **17 Funds**

**(Continued)**

Walton Primary Academy is carrying a net deficit of £58,895, (2017 £34,163).

Crofton Infants School is carrying a net deficit of £23,451.

West End Academy is carrying a net deficit of £4,609.

The Academy Trust is taking the following actions to return the academy to surplus.

A 3-year deficit recovery action plan for Walton Primary Academy was presented to the Board. The original deficit arose through a high level of staff sickness resulting in significant agency costs and a compromise agreement for a member of staff and has increased this year due to a delay in an income generation project. The current budget for 18-19 shows the in-year position returning to a surplus and reducing the cumulative deficit.

A staffing restructure at Crofton Infant's resulted in a compromise agreement which was met from the 17-18 budget. Additionally, the numbers predicted in Early Years did not materialise, resulting in a reduction in income further exacerbating the outturn position. As a direct result of the staffing structure, the current budget for 18-19 shows the in-year position returning to a surplus and reducing the cumulative deficit.

West End are showing a small deficit year-end position as a direct result of the sum the Trust has had to pay to the former trust for invoices paid in advance for leases and other contractual arrangements. The budget for 18-19 will return the school to a surplus.

# WATERTON ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2018

#### 17 Funds

(Continued)

##### Total cost analysis by academy

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

	Teaching and educational support staff	Other support staff costs	Educational supplies	Other costs excluding depreciation	Total
	£	£	£	£	£
Central Services	317,445	242,640	3,202	165,840	729,127
Normanton Common Primary	1,075,519	158,737	91,410	265,140	1,590,806
Normanton Junior	1,135,563	139,418	54,897	327,021	1,656,899
Walton Primary	1,022,358	159,736	51,332	339,341	1,572,767
Lee Brigg Infant	479,792	69,141	10,173	122,956	682,062
Crofton Infants	661,981	80,777	18,986	202,332	964,076
Sharlston Community	842,234	80,162	42,226	308,080	1,272,702
South Kirkby	698,984	121,303	57,582	280,820	1,158,689
Wrenthorpe	850,756	128,430	45,400	278,271	1,302,857
Cherry Tree	1,183,876	70,566	25,241	327,439	1,607,122
Ackworth Mill Dam	577,594	51,226	25,175	207,497	861,492
King's Meadow	113,481	12,822	1,706	37,676	165,685
West End	117,946	12,919	6,311	30,510	167,686
	<u>9,077,529</u>	<u>1,327,877</u>	<u>433,641</u>	<u>2,892,923</u>	<u>13,731,970</u>

#### 18 Deferred income

Deferred income is included within:

Creditors due within one year

Deferred income at 1 September 2017

Released from previous years

Amounts deferred in the year

Deferred income at 31 August 2018

2018

£

2017

£

695,015

240,756

240,756

192,552

(240,756)

(192,552)

695,015

240,756

695,015

240,756

# WATERTON ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

### 19 Analysis of net assets between funds

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total Funds £
<b>Fund balances at 31 August 2018 are represented by:</b>				
Tangible fixed assets	-	-	26,069,390	26,069,390
Current assets	2,692,092	-	-	2,692,092
Creditors falling due within one year	(1,293,158)	-	-	(1,293,158)
Defined benefit pension liability	-	(3,578,000)	-	(3,578,000)
<b>Total net assets</b>	<b>1,398,934</b>	<b>(3,578,000)</b>	<b>26,069,390</b>	<b>23,890,324</b>

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total Funds £
<b>Fund balances at 31 August 2017 are represented by:</b>				
Tangible fixed assets	-	-	19,943,294	19,943,294
Current assets	1,801,554	-	-	1,801,554
Creditors falling due within one year	(464,799)	-	-	(464,799)
Defined benefit pension liability	-	(3,390,000)	-	(3,390,000)
<b>Total net assets</b>	<b>1,336,755</b>	<b>(3,390,000)</b>	<b>19,943,294</b>	<b>17,890,049</b>

### 20 Pension and similar obligations

The Academy Trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by West Yorkshire Pension Authority. 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 related to the period ended 31 March 2012 and that of the LGPS related to the period ended 31 August 2018.

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

#### Teachers' Pension Scheme

##### Introduction

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

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

# WATERTON ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2018

#### 20 Pension and similar obligations

(Continued)

##### Valuation of the Teachers' Pension Scheme

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

The key elements of the valuation and subsequent consultation are:

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

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

The pension costs paid to the TPS in the period amounted to £725,737 (2017: £454,481).

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

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

##### Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 15.5% for employers and 5.5% to 12.5% for employees. The estimated value of employer contributions for the forthcoming year is £500,000.

The LGPS obligation relates to the employees of the Academy Trust who were employees transferred as part of the conversion from the maintained school (as described in note 25) together with new employees who joined the scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the Academy Trust at the balance sheet date.

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



# WATERTON ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2018

#### 20 Pension and similar obligations (Continued)

Total contributions made	2018 £	2017 £
Employer's contributions	477,000	389,000
Employees' contributions	176,000	129,000
Total contributions	653,000	518,000

Principal actuarial assumptions	2018 %	2017 %
Rate of increase in salaries	3.25	3.25
Rate of increase for pensions in payment/inflation	2.00	2.00
Discount rate for scheme liabilities	2.80	2.50
Inflation assumption (CPI)	2.00	2.00

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

	2018 Years	2017 Years
Retiring today		
- Males	22.1	22.1
- Females	25.3	25.2
Retiring in 20 years		
- Males	23.1	23.0
- Females	27.1	27.0

	2018 £'000	2017 £'000
Discount rate + 0.1%	12,688	9,653
Discount rate - 0.1%	13,279	10,103
Mortality assumption + 1 year	12,604	10,175
Mortality assumption - 1 year	13,357	9,577
CPI rate + 0.1%	13,163	9,653
CPI rate - 0.1%	12,799	10,103

# WATERTON ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

### 20 Pension and similar obligations

(Continued)

#### The Academy Trust's share of the assets in the scheme

	2018 Fair value £	2017 Fair value £
Equities	7,013,892	4,999,935
Government bonds	1,015,416	622,560
Corporate bonds	329,070	252,915
Cash	206,844	97,275
Property	394,884	291,825
Other assets	441,894	220,490
Total market value of assets	9,402,000	6,485,000

The actual return on scheme assets was £409,000 (2017: £552,000).

#### Amount recognised in the Statement of Financial Activities

	2018 £	2017 £
Current service cost	911,000	761,000
Past service cost	2,000	-
Interest income	(193,000)	(93,000)
Interest cost	282,000	160,000
Total operating charge	1,002,000	828,000

#### Changes in the present value of defined benefit obligations

	2018 £
At 1 September 2017	9,875,000
Obligations acquired on conversion	2,785,000
Current service cost	911,000
Interest cost	282,000
Employee contributions	176,000
Actuarial gain	(896,000)
Benefits paid	(155,000)
Past service cost	2,000
At 31 August 2018	12,980,000

# WATERTON ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2018

<b>20</b>	<b>Pension and similar obligations</b>	<b>(Continued)</b>	
	<b>Changes in the fair value of the Academy Trust's share of scheme assets</b>		<b>2018 £</b>
	At 1 September 2017		6,485,000
	Assets acquired on conversion		2,010,000
	Interest income		193,000
	Actuarial gain		216,000
	Employer contributions		477,000
	Employee contributions		176,000
	Benefits paid		(155,000)
	At 31 August 2018		9,402,000
<b>21</b>	<b>Reconciliation of net income to net cash flow from operating activities</b>	<b>2018 £</b>	<b>2017 £</b>
	Net income for the reporting period (as per the Statement of Financial Activities)	4,888,275	6,348,653
	Adjusted for:		
	Net surplus on conversion to academy	(4,980,000)	(6,730,351)
	Capital grants from DfE/ESFA and other capital income	(624,709)	(208,869)
	Investment income receivable	(2,404)	(941)
	Defined benefit pension costs less contributions payable	436,000	372,000
	Defined benefit pension net finance cost	89,000	67,000
	Depreciation of tangible fixed assets	284,296	183,105
	(Increase) in stocks	(945)	(6,734)
	(Increase) in debtors	(1,001,537)	(245,497)
	Increase in creditors	828,359	386
	<b>Net cash used in operating activities</b>	<b>(83,665)</b>	<b>(221,248)</b>
<b>22</b>	<b>Commitments under operating leases</b>		
	At 31 August 2018 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:		
		<b>2018 £</b>	<b>2017 £</b>
	Amounts due within one year	10,828	15,335
	Amounts due in two and five years	21,036	30,125
		<b>31,864</b>	<b>45,460</b>

# WATERTON ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2018

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#### 23 Capital commitments

Included in deferred income is £392,512 capital grant funding which is committed to essential boiler work, roof replacement and condition works at West End and Kings Meadow Academies.

#### 24 Related party transactions

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

Mrs H Beaman, the wife of the Mr P Beaman (the chairman of the Trust) is employed by the Trust and receives a grade 4 salary.

#### 25 Transfers of existing academies into the academy trust

On 1st July 2018, West End Academy and Kinsley Academy transferred to Waterton Academy Trust from the Wakefield City Academy Trust for £nil consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair values and recognised in the balance sheet under the appropriate headings with a corresponding amount recognised in the statement of financial activities as donations – transfer of existing academy into the trust and charitable expenditure – transfer of existing academy into the trust

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the statement of financial activities.

Academy	Location	Date of conversion
King's Meadow	Wakefield Road, Fitzwilliam	1 July 2018
West End	Regent Street, Pontefract	1 July 2018

	2018 £
<b>Net assets transferred:</b>	
Leasehold land and buildings	5,755,000
LGPS pension surplus/(deficit)	(775,000)
LA budget fund	(14,876)
Academy private fund	(20,931)
	<hr/>
	4,944,193
	<hr/>

# WATERTON ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

### 25 Transfers of existing academies into the academy trust (Continued)

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total 2018 £
<b>Funds surplus/(deficit) transferred:</b>				
Fixed assets funds	-	-	5,755,000	5,755,000
LA budget funds	(14,876)	-	-	(14,876)
Academy private fund	(20,931)	-	-	(20,931)
LGPS pension funds	-	(775,000)	-	(775,000)
	<u>(35,807)</u>	<u>(775,000)</u>	<u>5,755,000</u>	<u>4,944,193</u>

Wrenthorpe Academy made a repayment to Wakefield Local Authority for £7,353 due to an error on the final determination.

Cherry Tree Academy also made a repayment to Wakefield Local Authority for £7,524 due to an error on the final determination.

For the transferring Academies the long term leases have also been transferred and registered with the land registry. King's Meadow Academy have a 122 year lease remaining and West End Academy have a 120 year lease remaining on transfer.

### Adjustment to prior period valuation of inherited land and buildings

The land and buildings associated with the conversion of South Kirkby Academy, Cherry Tree Academy, Sharlston Academy and Ackworth Mill Dam Academy were valued by the ESFA subsequent to the completion of the 31 August 2017 financial statements. The valuation has been increased by £3,020,000 (note 13) and this has been included within donations, transfer from local authority on conversion in the statement of financial activities.

### 26 Members' liability

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