

WISE Academies
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

for the year ended 31 August 2016

Company Registration No. 07521946 (England and Wales)

WISE Academies

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WISE Academies

REFERENCE AND ADMINISTRATIVE DETAILS

Members	R Symonds (Chairman) * M E W Stephenson * J G Wood * R Bradshaw T Grieveson
Trustees	R Symonds (Chairman) * M E W Stephenson * J G Wood * N Vokes # R Symonds # Z Carr (CEO and Accounting Officer)* # N Fountain # P Smith # * members of the Finance and General Purpose Committee # members of audit committee
Company Secretary	Gary Robinson
Senior Management Team:	
Chief Executive Officer and Accounting Officer	Z Carr
Headteacher	N Fullard
Headteacher	L Saunders
Headteacher	J Walton
Headteacher	P Martindale
Chief Financial Officer	F Hardie
Business Relationships and Governance Manager	G Robinson
Principal and Registered Office	Borodin Avenue Sunderland SR5 4NX
Company Registration Number	07521946 (England and Wales)

WISE Academies

REFERENCE AND ADMINISTRATIVE DETAILS

Independent Auditor

RSM UK Audit LLP
1 St James Gate
Newcastle upon Tyne
NE1 4AD

Bankers

Lloyds Bank Plc
102 Grey Street
Newcastle upon Tyne
NE1 6AG

Solicitors

Ward Hadaway
Sandgate House
102 Quayside
Newcastle upon Tyne
NE1 3DX

WISE Academies

TRUSTEES' REPORT

The trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2016. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The trust currently operates with 4 primary academies in the North East area of England: Town End Academy and Bexhill Academy which have been part of the Trust since March 2011; Welbeck Academy which joined the Trust in September 2012 and Hasting Hill Academy which joined in December 2012. Its academies have a combined pupil capacity of 1,391 in the school census on October 2016.

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 WISE Academies are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as WISE Academies.

Details of the Trustees who served throughout 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

Trustees benefit from indemnity insurance under the Department of Education's risk protection arrangement (RPA) which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Trust, provided that any such insurance shall not extend to any claim arising from any act or omission which the Trustees knew to be a breach of trust or breach of duty or not and provided also that any such insurance shall not extend to the costs of any unsuccessful defence to a criminal prosecution brought against the Trustees in their capacity as Directors of the Trust. The indemnity is unlimited.

Method of recruitment and appointment or election of trustees

The Trust's Governing Body (the Directors) was subject to re-constitution in January 2015. The effect of this re-constitution was to ensure that the Board is no larger than necessary to secure the range of skills necessary to promote effective governance of the Trust. The Board of Directors now comprises the CEO, up to nine Directors appointed by Members and up to three Co-opted Directors. The Articles of Association require there to be a minimum of three Directors to be responsible for the statutory and constitutional affairs of the academy and its management.

WISE Academies

TRUSTEES' REPORT (continued)

Policies and procedures adopted for the induction and training of trustees

Training and induction provided for new Directors will depend on existing experience. Where necessary induction will provide training on charity and educational, legal and financial matters. All Directors are provided with copies of policies, procedures, accounts, budgets, plans and other documents that they need to undertake their role.

Those responsible for governance of the academies have been asked to identify ongoing training and development needs. Training needs identified through this mechanism will be addressed through the formulation of a training schedule which will reinforce the strategic governance role and strengthen accountability

Organisational structure

The company is set up as a multi academy model, and the Board of Directors meet at least 4 times per year to discuss its strategic objectives with the Chief Executive Officer, who is the Accounting Officer of the multi Academy Trust.

In this multi academy model, the Chief Executive Officer, leads and develops the strategic vision of all schools in the chain. Each individual academy has a Head Teacher and Deputy Head Teacher who are responsible for the day to day management of the school supported by a senior management team comprising of teaching and non-teaching staff.

Arrangements for setting pay and remuneration of key management personnel

The Directors consider that they, together with the Chief Executive Officer, Chief Financial Officer, Company Secretary and Headteachers comprise the key management personnel of the Trust in charge of directing and controlling, running and operating the Trust on a day to day basis (see note 9e to the accounts). The Directors give of their time freely and no Director, other than the CEO, received remuneration in the year, nor were any paid expenses during the period. WISE Academies did not engage in any related party transactions with key management personnel or their families during the reporting year.

The pay and remuneration of the senior management team is reviewed annually by the Finance and General Purposes Committee within a range of national leadership pay scales and any increments awarded are evaluated against individuals' performance management targets. A number of criteria are used in setting pay:

- nature of the role and responsibilities
- the sector average salary for comparable positions
- trends in pay

Related Parties and other Connected Charities and Organisations

The idea of partnership is important to WISE Academies. We use this approach in a way which is creative and which will allow our young people to achieve their full potential. Within the Trust our approach is the sharing of good practice for the mutual benefit of all.

A key component of the partnership working approach is provided through the Town End Teaching School Alliance which has a range of strategic partners including Local Authorities, other academies and maintained schools together with local universities.

WISE Academies

TRUSTEES' REPORT (continued)

A strategic partnership exists between WISE Academies and Newcastle City Council for the furtherance of appropriate provision for children with communication and language difficulties through ARC provision based at Welbeck Academy.

WISE Academies are conscious of the need for any person who is responsible for governance within the organisation, or, who are employees of the organisation, to declare any relevant business or pecuniary interests and this is particularly the case with related party relationships. Examples of these related party relationships declared between Trustees and external organisations are:

- N Vokes – Sunderland North Community Business Centre incorporating Buttercups and Sunflowers Nurseries
- J Wood – Tolent Construction Ltd
- R Symonds Jnr – Technology Services Group
- N Fountain – St Paul's CE Primary School and Prince Bishops Teaching School Alliance
- M Stephenson – University of Sunderland

Two of the academies within the group (Welbeck and Hasting Hill) are sponsored academies. Like other academies in the group, these settings benefit from the sharing of expertise which helps our academies to move forward to deliver a quality education to our pupils. This principle is supported by the provision of central services where professionals are appropriately deployed to advance the rapid progress that is made in each setting.

OBJECTIVES AND ACTIVITIES

Objects and aims

The principal activity and objective of the academies is the advancement of education in the United Kingdom by establishing and maintaining high performing primary schools, offering a broad and balanced curriculum that meets the needs of its communities by providing a high quality and flexible learning environment.

In accordance with the Memorandum and Articles of Association, the company has adopted a scheme of governance approved by the Secretary of State for Education. Each academy will be governed by the Trust. The company shall have regard to (but for the avoidance of doubt shall not be bound by) any guidance as to the governance of academies that the Secretary of State may publish.

Objectives, strategies and activities

The main objectives of the academies during the year ended 31 August 2016 are summarised below:

- to ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care
- to raise the standard of educational achievement of all pupils
- to improve the effectiveness of the Academies by keeping the curriculum and organisational structure under continual review
- to provide value for money for the funds expended
- to comply with all appropriate statutory and curriculum requirements

WISE Academies

TRUSTEES' REPORT (continued)

- to conduct the Academy's business in accordance with the highest standards of integrity, probity and openness
- to establish partnerships in order to extend its role in the wider community

Public benefit

The Directors have paid due regard to guidance on public benefit issued by the Charity Commission in setting objects and aims and planning what activities the Company should undertake. All charitable activities are undertaken to further the advancement of education to all students in its care and partnership organisations in the wider community.

STRATEGIC REPORT

Achievements and Performance

The Trust has worked extremely hard to meet the challenges of the new national assessment system this year. Pleasingly, all academies are above the Government's KS2 Floor Standard and the Trust combined measure for reading, writing and mathematics is 61%, which is 8% higher than the national average of 53%. The Trust averages for reading, writing and mathematics as separate areas are also above the national average. Trust KS2 progress measures are at national average in reading and mathematics and above national for writing. An area of focus for the following year is to increase the percentage of pupils who exceed the expected standard in KS2.

Trust performance at KS1 has been particularly impressive this year with Trust averages being above national in reading, writing and mathematics and in the combined measure. The percentage of pupils across the Trust who exceeded the expected standard is at least in line with national averages. From the very low starting points of pupils who enter WISE Academies, this represents good progress.

The way in which performance has been measured nationally this year has undergone huge changes with expectations being increased significantly. This has resulted in an apparent drop in performance nationally therefore this year's data cannot be compared to previous years.

A more detailed summary of results for all key stages is shown overleaf:

WISE Academies

TRUSTEES' REPORT (continued)

KS1 & KS2 Results 2016

		KS1 Expected + (WISE)	KS1 Exp+ National Average	KS2 Expected + (WISE)	KS2 Exp+ National Average	KS2 Scaled Score (WISE)	National Average Scaled score	VA progress KS1-2**
Bexhill Academy	R	79%	74%	67%	66%	101	103	-0.3
	W	71%	65%	75%	74%	-	-	-
	M	82%	73%	78%	70%	103	103	1.3
	GAPS*	75%	-	69%	72%	102	104	-
	RWM^	64%	#65%	64%	53%	-	-	-
Hasting Hill Academy	R	82%	74%	82%	66%	105	103	3.8
	W	80%	65%	91%	74%	-	-	4.6
	M	85%	73%	77%	70%	102	103	0.8
	GAPS*	68%	-	80%	72%	103	104	-
	RWM^	71%	#65%	61%	53%	-	-	-
Town End Academy	R	77%	74%	86%	66%	101	103	-0.5
	W	70%	65%	93%	74%	-	-	3.7
	M	80%	73%	90%	70%	103	103	0.5
	GAPS*	70%	-	73%	72%	101	104	-
	RWM^	70%	#65%	83%	53%	-	-	-
Welbeck Academy	R	61%	74%	46%	66%	99	103	-2.3
	W	59%	65%	72%	74%	-	-	0.9
	M	73%	73%	55%	70%	99	103	-2.9
	GAPS*	61%	-	51%	72%	99	104	-
	RWM^	57%	#65%	35%	53%	-	-	-

*Grammar, punctuation and spelling

^Reading, writing and mathematics combined

#Sunderland average scores

WISE Academies

TRUSTEES' REPORT (continued)

Early Years Good Level of Development & Y1 Phonics Results 2016

	Reception GLD (WISE)	GLD National Average	Year 1 Phonics Check (WISE)	Phonics Check National Average
Bexhill Academy	69%	69%	77%	81%
Hasting Hill Academy	64%	69%	81%	81%
Town End Academy	67%	69%	81%	81%
Welbeck Academy	68%	69%	76%	81%

NB: All data based on unvalidated datasets (compiled by academies).

Financial Review

Most of the Trust's income is obtained from the Department for Education (DfE) via the Education Funding Agency (EFA), in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE/EFA during the period 1 September 2015 to 31 August 2016 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The Trust also receives grants for fixed assets from the DfE/EFA. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2015), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned. During the year, £30k was received in respect of Devolved Capital Formula Grants.

All of the expenditure shown in the Statement of Financial Activities is in furtherance of the Trust's objectives. The Trust invested £375k (GAG surpluses totalling £325k; £20k from restricted funds and £30k from Devolved Capital Funds) to further improve the assets of the Trust. The main projects included: Bexhill Academy building modifications to improve dining facilities; classrooms and the entrance (£131k); Early Years' outdoor area at Hasting Hill Academy (£19k); the creation of Forest School facilities at Town End Academy (£10k); minor building upgrade at Welbeck Academy (£40k) and Wi-Fi and IT upgrades throughout the Trust amounting to c. £81k. £10k of the Start Up grant received for the pending conversion of Adderlane First School has been invested in refurbishing the Early Years' learning area, whilst £23k of

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TRUSTEES' REPORT (continued)

Sponsor Capacity Funding has been invested towards the cost of implementing a new financial system. Smaller projects across the schools investing in new classroom furniture, flooring and storage cost £61k.

At 31 August 2016 the net book value of tangible fixed assets was £6,990k and movements in tangible fixed assets are shown in note 14 to the Financial Statements. The assets were used exclusively for providing education and the associated support services to the students of the Trust.

Key Performance Indicators

	2016	2015
Total staff costs / GAG income	103.2%	96.9%
Total staff costs / Total Revenue income	70.4%	68.8%
Working Capital / Total Reserves	22.0%	14.8%
Liquidity Ratio	3.4	1.7

Financial Risk Management Objectives

The Trust is developing a Risk Management Strategy and has a Risk Register which includes the potential financial risks. As part of developing the register, key risks to which the Trust may be exposed were identified and reviewed, together with the operating, financial and compliance controls that have been implemented to mitigated those risks.

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

The Trust recognises that the defined benefit scheme deficit (Local Government Pension Scheme), which is set out in note 28 to the financial statements, represents a significant potential liability. However the Trust consider that, as each individual Academy is able to meet its known annual contribution commitments for the foreseeable future, the risk from this liability is minimised. Also, 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.

Reserves policy

The Reserves Policy has been prepared with reference to the following documents: Charities and Reserves (CC19) from the Charities Commission; Academies' Financial Handbook and EFA Accounts Direction and considers the key factors around the management of public funds; consideration of our principal risks and uncertainties; ensuring resources are available to drive school improvement whilst safeguarding value for money and supporting a growth strategy.

Budgets are set for each academy with a view to being balanced each year whilst supporting the aims and goals of each individual setting at sustainable levels. Academies can request funding from prior years' reserves to support specific capital works or school improvement projects; any depletion of reserves below recommend levels are required to be built back within a 5 year target plan.

Prior year reserves at each academy should be maintained around levels equivalent to two month's revenue expenditure to support the key considerations as outlined above.

The Trust's total reserves at the Balance Sheet date of 31 August 2016 were £6,931k (2015: £7,645k) with the level of free reserves at the year end 31 August 2016 being £484k (2015: £318k).

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TRUSTEES' REPORT (continued)

The Trust has committed the release of reserves c.£150k to achieve specific aims during 2016-17, namely: Bexhill Academy Nursery extension; the final instalment of classroom furniture upgrade at Welbeck Academy and school improvement projects at Town End Academy and Welbeck Academy. £121k of reserves is in relation to the balance of grants received to support Trust growth, and ongoing projects will utilise this funding in 2016-17.

Other aims are discussed in the Plans for Future Periods section further in this report.

Investment policy

It is the policy of the Trust to invest surplus funds through money market accounts. Interest rates are reviewed prior to each investment. This policy maximises investment return whilst minimising risks to the principal sum.

Principal Risks and Uncertainties

The Trust is subject to a number of risks and uncertainties in common with other academies and has in place, procedures to identify, record and mitigate all risks including financial risks.

The Directors have reviewed the risk register in full during the year. During 2015-16, the risk register has been further developed to ensure key risks are clearly identified and our Audit Committee has completed more detailed assessments of our risks.

A key strategic risk monitored throughout 2015-16 has been the challenge of maintaining performance in line with increasing expectations within areas of considerable deprivation and heightened risk factors due to low entrance levels of our children. As a Trust, we monitored closely, and shared good practice around, the improvements made to performance management arrangements to ensure initiatives were delivering a positive impact and invested in CPD programmes and teaching resources. A consistent assessment and moderation process was developed and implemented in all schools.

The viability of the Trust in a growing landscape has also been focussed on during the period and the Trust have embarked on a marketing strategy which has involved a rebranding exercise, the development of an ICT strategy compatible with Trust growth and financial planning.

Another key risk faced by WISE Academies continues to be the financial impact of falling rolls at individual academies which is mitigated by maintaining good links with local communities and sharing best practice across the Trust. Directors are giving consideration to rolling out 2 year old provision across the Trust.

The possibility of any risk to a shortfall of resources to invest in teaching and learning will continue to be addressed through clear financial planning and controls which are in place to support the achievement of the overall financial objectives of the Trust. A key factor to consider around this is to develop the necessary level of capacity to deliver the most effective management and operation of the Trust's financial systems.

Going Concern

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

WISE Academies

TRUSTEES' REPORT (continued)

Plans for Future Periods

WISE Academies are continuing to develop their growth strategy of the Trust following successful applications for funding specifically to aid this process. This funding has been used to launch a Leadership Development Program to identify developing leaders within our schools and bring about a Trust ethos to help grow capacity ahead of need. Developments to financial and MIS systems have also been committed to ensure efficient centralisation of data collection and consistent reporting.

In readiness for expansion, WISE Academies has rebranded its company logo and reviewed its Mission Statement, consulting with staff, Local Governing Bodies and Directors around our vision and focussing on what we felt WE INSPIRE SUCCESS and EXCELLENCE means to each sub-group of the WISE family.

The Trust is sponsoring Prudhoe Adderlane First School in the coming Autumn term and has been working closely with the school to identify and target needed support, as well as working to ensure that, as far as possible, the transition is felt to be a smooth process by pupils, staff, parents, the wider local community and Local Authority.

Plans for the 2016-17 academic year include further improvement of the Trust's estate to maximise accessibility of premises ensuring compliance with requirements around the health, safety and welfare of pupils and other users of Trust buildings. It is hoped to secure additional investment through bids for available funding sources to support the implementation of the Trust's objectives. This future investment in the infrastructure will build upon that which has taken place during the 2015/16 accounting period.

The overriding objective remains the drive to raise standards of attainment and progress in all levels and to ensure that the academies within the group are graded good or better in any inspection. This will continue to be achieved through rigorous monitoring, self-analysis and effective targeting of available resources to ensure the best possible outcomes. A key strength of the Trust is the range of expertise and talent available within the workforce and this will continue to be deployed in a collaborative manner to provide challenge and support. This is reinforced through structured external scrutiny from appropriate educational professionals which will provide a consistent review framework across all settings.

AUDITORS

RSM UK Audit LLP has indicated its willingness to continue in office.

Statement as to disclosure of information to auditors

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

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TRUSTEES' REPORT (continued)

The Trustees' Annual Report is approved by order of the board of trustees and the Strategic Report (included therein) is approved by the board of trustees in their capacity as the directors at a meeting on and signed on its behalf by:



R Symonds
Chair of Trustees

08/12/16

WISE Academies

GOVERNANCE STATEMENT

Scope of responsibility

As trustees, we acknowledge we have overall responsibility for ensuring that WISE Academies 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 WISE Academies 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 Directors has formally met six times during the year. Attendance during the year at meetings of the Board of Directors was as follows:

Trustee	Meetings Attended	Out of a possible
R Symonds (Chair of Trustees)	6	6
M.E.W. Stephenson	5	6
J.G. Wood	4	6
Z.E. Carr (Accounting Officer)	6	6
R Symonds (jnr.)	6	6
N. Vokes	3	6
N Fountain	3	6
P Smith	5	6

The **Finance and General Purposes Committee** is a committee of the main board of trustees. Its purpose includes the initial review and authorisation of the annual budget; approving financial statements for filing in accordance with Companies Act and Charity Commission requirements; ensuring compliance with the Funding Agreement and all relevant financial regulations are observed; to oversee capital investment programmes; the regular monitoring of actual expenditure and income against budget; authorising the purchases of goods and services of value in excess of limits specified within the Trust's financial procedures which is not provided for within the budgets of the individual academies or which exceeds the thresholds determined for spending decisions being taken by the CEO; authorising the disposal of assets with a value of greater than the sums specified in the Trust's financial procedures; set and monitor remuneration levels for members of staff within the Head Office function and other senior staff in accordance with schemes of delegation.

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GOVERNANCE STATEMENT (continued)

Attendance at meetings of the Finance & General Purposes Committee in the year was as follows:

Trustee	Meetings Attended	Out of a possible
R Symonds	6	8
J.G. Wood	7	8
M.E.W. Stephenson	8	8
Z.E. Carr	8	8

The **Audit Committee** is a committee of the main board of trustees. Its primary purpose is to advise the Academy Trust on the adequacy and effectiveness of the Trust's systems of internal control and its arrangements for risk management, control and governance processes, and securing economy, efficiency and effectiveness (value for money).

Attendance at meetings of the Audit Committee in the year was as follows:

Trustee	Meetings Attended	Out of a possible
R Symonds (Jnr)	4	4
N Vokes	1	4
N Fountain	3	4
P Smith	4	4
Z.E. Carr	4	4

Governance reviews

Skills Audit material continues to be used at Local Governing Body level during the course of the year, as it was considered essential that self-review took place at this level of governance to inform training and development needs and to identify priorities for future recruitment to the governance structure. Directors had previously considered the areas of expertise which existed amongst trustees and areas where additional strengthening would promote good governance. This skills balance is kept under review as an integral part of the overall review of governance composition.

The Trust has entered into an agreement with Durham Education Development Service to undertake external reviews of the performance of each academy and each termly visit will have a specific focus. The knowledge and awareness of those responsible for governance of the academies will be included in the scope of the school improvement work.

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GOVERNANCE STATEMENT (continued)

Review of Value for Money

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

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

- Legal Services Tender

As part of our growth strategy, WISE Academies tendered for the provision of Legal Services in readiness for Trust expansion. Tenders were evaluated on a combination of price and quality measures including size of academy portfolio; experience of legal team and added value services, e.g., access to training seminars and briefing updates.

- Printing Strategy at Welbeck Academy

The costs of printing at Welbeck Academy were reviewed and we implemented a new printing strategy, introducing four new photocopiers which replaced the need for classroom printers. In 2014-15, the costs of printer consumables totalled £12k. The copy costs incurred this year since the new photocopiers were installed in September 2015, are £8k. Added benefits from implementing this strategy include the use of print management which reduces unnecessary copying and paper wastage.

- Renegotiated Staff Absence Insurance package

WISE Academies procured Staff Absence insurance on a Trust-wide basis during 2014-15. The renewal costs of this policy were competitively tested as they represented an 8% increase and a new policy was negotiated reducing the cost increase by 3% whilst maintaining added wellbeing services for staff including stress counselling; lifestyle health screening and physiotherapy support.

The Trust recognises the need to continually develop and improve its processes around securing the most competitive prices to maximise the quality of outputs and benefit from economies of scale. In 2016-17, our Value for Money forum, which encourages Office Managers at each setting to explore areas where we can achieve greater economies of scale, maximise our buying power and share our practices and experience, intends to review areas of cost where more formal competitive relationships will ensure savings can be met, e.g., building maintenance costs and stationery.

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

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GOVERNANCE STATEMENT (continued)

place in WISE Academies for the year ended 31 August 2016 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Board of Trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the year ending 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

The risk and control framework

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

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

The Board of Trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However the trustees have appointed 3S Accountancy Services, an independent accountancy firm, to carry out a programme of internal checks.

The reviewer reports to the Board, through the Audit Committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities. The reviewer's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. The Audit Committee agreed an annual internal audit programme that considered areas of risk to be reviewed during 2015-16, in particular, the audits completed in the current period included:

- a review of month end procedures and management accounts reporting
- testing of VAT Claim processes
- review of procurement system

Review of effectiveness

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

- the work of 3S Accountancy Services
- the work of the external auditor

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GOVERNANCE STATEMENT (continued)

- 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 the audit committee and a plan to address areas for further improvement of the system is in place.

Approved by order of the members of the Board of Trustees on 08/12/16 and signed on its behalf by:



R Symonds
Chair of Trustees



Z Carr
Accounting Officer

WISE Academies

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer of WISE Academies I have considered my responsibility to notify the Academy Trust Board of Trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

I confirm that I and the Academy Trust board of trustees are able to identify any material irregular or improper use of funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academies Financial Handbook 2015.

I confirm that no instances of material irregular, 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 EFA.



Z Carr

Accounting Officer

Date: 08/12/16

WISE Academies

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees who are also the directors of the Charitable Company for the purposes of company law, are responsible for preparing the Trustees' Report (including the Strategic Report) and the financial statements in accordance with the 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 financial statements for each financial year. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Charitable Company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in business.

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

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

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the Charitable Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by order of the members of the Board of Trustees on 08/12/16 and signed on its behalf by:



R Symonds
Chair of Trustees

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF WISE ACADEMIES

We have audited the financial statements of WISE Academies for the year ended 31 August 2016 on pages 27 to 56. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', and the Academies Accounts Direction 2015/16 issued by the Education Funding Agency.

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.

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities set out on page 18, the trustees (who act as trustees for the charitable activities of the charitable company, and are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2016 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 Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2015/16 issued by the Education Funding Agency.

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE
MEMBERS OF WISE ACADEMIES**

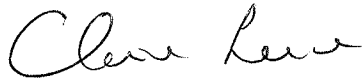
Opinion on other requirement of the Companies Act 2006

In our opinion the information given in the Trustees' Report and the incorporated Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- the charity has not kept adequate accounting records, 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.



CLAIRE LEECE (Senior Statutory Auditor)

For and on behalf of RSM UK AUDIT LLP, Statutory Auditor
Chartered Accountants
1 St James Gate
Newcastle upon Tyne
NE1 4AD

Date: 9 Dec 2016

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO WISE ACADEMIES AND THE EDUCATION FUNDING AGENCY

In accordance with the terms of our engagement letter dated 22 September 2015 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015/16, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by WISE Academies during the period 1 September 2015 to 31 August 2016 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 WISE Academies and EFA in accordance with the terms of our engagement letter dated 22 September 2015. Our work has been undertaken so that we might state to WISE Academies and EFA 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 WISE Academies and EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of WISE Academies' accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of WISE Academies' funding agreement with the Secretary of State for Education dated 1 March 2011 and the Academies Financial Handbook, extant from 1 September 2015, 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 2015/16. 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 2015 to 31 August 2016 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 2015/16 issued by EFA. 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.

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY
TO WISE ACADEMIES AND THE EDUCATION FUNDING AGENCY (continued)**

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

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including high level financial control areas and areas assessed of presenting a higher risk of impropriety. We undertook detailed testing, based on our assessment of risk of material irregularity, where such controls, policies and procedures apply to classes of transactions. This work was integrated with our audit on the financial statements to the extent evidence from the conduct of that audit supports the regularity conclusion.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2015 to 31 August 2016 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



RSM UK AUDIT LLP
Chartered Accountants
1 St James Gate
Newcastle upon Tyne
NE1 4AD

Date: 9 December 2016

WISE Academies

STATEMENT OF FINANCIAL ACTIVITIES (including Income and Expenditure Account) for the year ended 31 August 2016

	Notes	Unrestricted funds £000	Restricted general funds £000	Restricted fixed asset funds £000	Total 2016 £000	Total 2015 £000
Income and endowments from:						
Donations and capital grants	2	-	-	40	40	355
Charitable Activities:						
Funding for the Academy Trust's educational operations	3	330	7,277	-	7,607	7,381
Other trading activities	4	35	-	-	35	48
Investment income	5	2	-	-	2	5
Total		<u>367</u>	<u>7,277</u>	<u>40</u>	<u>7,684</u>	<u>7,789</u>
Expenditure on:						
Raising funds		30	-	-	30	40
Charitable activities:						
Academy Trust's educational operations		171	6,722	425	7,318	7,071
Total	6	<u>201</u>	<u>6,722</u>	<u>425</u>	<u>7,348</u>	<u>7,111</u>
NET INCOMING/(OUTGOING) RESOURCES BEFORE TRANSFERS		166	555	(385)	336	678
Gross transfers between funds	19	-	(335)	335	-	-
NET INCOME/(EXPENDITURE) FOR THE YEAR		166	220	(50)	336	678
OTHER RECOGNISED GAINS AND LOSSES						
Remeasurement of defined benefit obligation	28	-	(1,050)	-	(1,050)	50
NET MOVEMENT IN FUNDS		166	(830)	(50)	(714)	728
RECONCILIATION OF FUNDS						
Total funds brought forward		318	264	7,063	7,645	6,917
TOTAL FUNDS CARRIED FORWARD		<u>484</u>	<u>(566)</u>	<u>7,013</u>	<u>6,931</u>	<u>7,645</u>

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

The notes on pages 27 to 56 form part of these financial statements.

WISE Academies

BALANCE SHEET

31 August 2016

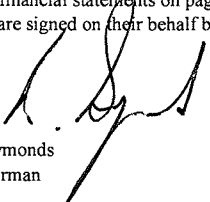
Company Registration No. 07521946

	Notes	2016 £000	2015 £000
Fixed Assets			
Intangible Assets	13	23	-
Tangible Assets	14	6,990	7,063
Investments	15	-	-
		<u>7,013</u>	<u>7,063</u>
Current Assets			
Debtors	16	292	349
Cash at bank and in hand		1,875	2,389
		<u>2,167</u>	<u>2,738</u>
Liabilities			
Creditors: amounts falling due within one year	17	(639)	(1,606)
Net Current Assets			
		1,528	1,132
Net Assets (excluding pension scheme liability)			
		8,541	8,195
Pension Scheme Liability	28	<u>(1,610)</u>	<u>(550)</u>
Total Net Assets			
		<u>6,931</u>	<u>7,645</u>
Funds of the Academy Trust:			
Restricted Funds			
	19		
Fixed Asset fund		7,013	7,063
General fund		1,044	814
Pension reserve		(1,610)	(550)
Total Restricted Funds		<u>6,447</u>	<u>7,327</u>
Unrestricted Income Funds			
	19		
General Fund		<u>484</u>	<u>318</u>
Total Funds			
		<u>6,931</u>	<u>7,645</u>

The financial statements on pages 23 to 53 were approved by the board of trustees and authorised for issue on
and are signed on their behalf by:

November 2016

08/12/16


R Symonds
Chairman

The notes on pages 27 to 56 form part of these financial statements.

WISE Academies
STATEMENT OF CASH FLOWS
for the year ended 31 August 2016

	Notes	2016 £000	2015 £000
Cash flows from operating activities			
Net cash provided by (used in) operating activities	23	(181)	1,023
Cash flows from investing activities	25	(333)	(845)
Cash flows from financing activities	24	<u>-</u>	<u>-</u>
Change in cash and cash equivalents in the reporting period		<u>(514)</u>	<u>178</u>
Cash and cash equivalents at 1 September 2015		<u>2,389</u>	<u>2,211</u>
Cash and cash equivalents at 31 August 2016	26	<u>1,875</u>	<u>2,389</u>

The notes on pages 27 to 56 form part of these financial statements.

WISE Academies

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 August 2016

1 ACCOUNTING POLICIES

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

Basis of Preparation

The financial statements of the Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (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 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

WISE Academies meets the definition of a public benefit entity under FRS 102.

First Time Adoption of FRS 102

These financial statements are the first financial statements of WISE Academies prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Charities SORP 2015 (SORP 2015). The financial statements of WISE Academies for the year ended 31 August 2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the trustees have amended certain accounting policies to comply with FRS 102 and SORP 2015.

Reconciliations to previous UK GAAP for the comparative figures are included in note 31.

Explanation of Transition to FRS 102

It is the first year that the Academy Trust has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 1 September 2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

Comparative figures have been restated to reflect the adjustments made, except to the extent that the trustees have taken advantage of exemptions to retrospective application of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

The financial statements are presented in sterling which is also the functional currency of the Academy Trust. Monetary amounts in these financial statements are rounded to the nearest £1000, except where otherwise indicated.

WISE Academies

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 August 2016

1 ACCOUNTING POLICIES (continued)

Going Concern

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

Incoming Resources

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

Grant income is 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.

The general annual grant ('the GAG') from the DfE, which is intended to meet recurrent costs, is credited directly to the Statement of Financial Activities, to the extent of the entitlement of the funds, any abatement in respect of the period is deducted from income and is recognised as a liability.

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

Other grants from government agencies and other bodies are recognised in the period in which they are receivable to the extent the conditions of funding have been met. Where income is received in advance of entitlement of receipt its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received the income is accrued.

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 it can be measured reliably.

WISE Academies

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 August 2016

1 ACCOUNTING POLICIES (continued)

Other Income

Other income is recognised in the period it is receivable and to the extent the Academy Trust has provided the goods or service.

Interest Receivable

Interest receivable is included in the Statement of Financial Activities on a receivable basis, and is stated inclusive of related tax credits.

Expenditure

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

Expenditure on Raising Funds

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

Charitable Activities

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

All resources expended are inclusive of irrecoverable VAT.

Intangible fixed assets

Intangible assets costing £5,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment. Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life as follows:

- Purchased computer software 20% per annum

Tangible fixed assets

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

WISE Academies

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 August 2016

1 ACCOUNTING POLICIES (continued)

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. Where the related grants require the asset to be held for a specific purpose and continued use they are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet, with this amount being reduced over the useful economic life of the related asset on a basis consistent with the depreciation. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

- Long leasehold buildings 2% per annum
- Refurbishments to buildings 10% per annum
- Fixtures, fittings and equipment 20% per annum
- Plant and Machinery 20% per annum
- ICT Equipment 33% per annum

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

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

Liabilities

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

Provisions

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

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

WISE Academies

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 August 2016

1 ACCOUNTING POLICIES (continued)

Leased assets

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

Investments

The Academy Trust's shareholding in the wholly owned subsidiary, Town End Teaching School Ltd, a dormant company, is included in the balance sheet at the cost of the share capital owned less any impairment. There is no readily available market value and the cost of valuation exceeds the benefit derived.

Financial Instruments

The Academy Trust has chosen to adopt Section 11 of FRS 102 in full in respect of financial instruments.

Financial assets and liabilities

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

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

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

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

Taxation

The Academy Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 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 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.

WISE Academies

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 August 2016

1 ACCOUNTING POLICIES (continued)

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 prospective benefit method. As stated in Note 28, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

Fund accounting

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

Restricted General funds are resources subject to specific restrictions imposed by funders or donors, and include grants from the Education Funding Agency/Department for Education.

Restricted Fixed Assets 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 on a continuing basis.

Critical Accounting Estimates and Areas of Judgement

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

WISE Academies

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 August 2016

1 ACCOUNTING POLICIES (continued)

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 28, 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 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any difference between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2. DONATIONS AND CAPITAL GRANTS

	Unrestricted funds	Restricted funds	Total	Total
	£000	£000	2016 £000	2015 £000
DfE/ EFA capital grant	-	30	30	355
Other capital grant (Big Lottery Funding)	-	10	10	-
	-	40	40	355
2015 total split by fund:	-	355	355	

WISE Academies

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 August 2016

3. FUNDING FOR ACADEMY TRUST'S EDUCATIONAL OPERATIONS

	Unrestricted funds	Restricted funds	Total	Total
	£000	£000	2016 £000	2015 £000
DfE/EFA REVENUE GRANTS				
General annual grant (GAG)	-	5,218	5,218	5,280
Start up grants	-	70	70	-
Other DfE/EFA grants	-	1,379	1,379	1,221
	-	6,667	6,667	6,501
OTHER GOVERNMENT GRANTS				
Local authority grants	-	610	610	586
OTHER FUNDING				
Catering income	82	-	82	87
Other miscellaneous income	248	-	248	207
	330	-	330	294
TOTAL FUNDING	330	7,277	7,607	7,381
2015 total split by fund:	294	7,087	7,381	

WISE Academies

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 August 2016

4. OTHER TRADING ACTIVITIES

	Unrestricted funds	Restricted funds	Total	Total
	£000	£000	2016 £000	2015 £000
Hire of facilities	-	-	-	3
Other income	35	-	35	45
	<u>35</u>	<u>-</u>	<u>35</u>	<u>48</u>
2015 total split by fund:	<u>48</u>	<u>-</u>	<u>48</u>	

5. INVESTMENT INCOME

	Unrestricted funds	Restricted funds	Total	Total
	£000	£000	2016 £000	2015 £000
Short term deposits	2	-	2	5
	<u>2</u>	<u>-</u>	<u>2</u>	<u>5</u>
2015 total split by fund:	<u>5</u>	<u>-</u>	<u>5</u>	

WISE Academies

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 August 2016

6. EXPENDITURE

	Staff Costs	Non Pay Premises Costs	Expenditure Other	Total	Total
	£000	£000	£000	2016 £000	2015 £000
Expenditure on raising funds	30	-	-	30	40
Academy Trust's educational operations:					
Direct costs	4,399	-	458	4,857	4,638
Allocated support costs	954	468	1,039	2,461	2,433
	<u>5,383</u>	<u>468</u>	<u>1,497</u>	<u>7,348</u>	<u>7,111</u>
2015 total split by category:	<u>5,117</u>	<u>700</u>	<u>1,294</u>	<u>7,111</u>	

Expenditure on raising funds was £30k of which £30k (2015: £40k) was unrestricted and £nil (2015: £nil) was restricted general funds.

Net income/(expenditure) for the period includes:	2016 £000	2015 £000
Operating lease rentals	32	40
Depreciation	425	302
Fees payable to RSM UK Audit LLP and its associates for :		
- Audit fees	18	15
Net interest on defined benefit pension liability (note 28)	20	20

WISE Academies

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 August 2016

7. CHARITABLE ACTIVITIES

	2016	2015
	£000	£000
Direct costs – educational operations	4,857	4,638
Support costs – educational operations	2,461	2,433
	<u>7,318</u>	<u>7,071</u>
Analysis of support costs – educational operations		
Support staff costs (including FRS102 section 28 pension credit of £10k (2015: £10k))	954	913
Depreciation	425	302
Technology costs	145	139
Premises costs	468	478
Other support costs (including FRS102 section 28 pension charge of £20k (2015: £20k))	446	572
Governance costs	23	29
	<u>2,461</u>	<u>2,433</u>

8. GOVERNANCE COSTS

	2016	2015
	£000	£000
Legal and professional fees	5	13
Auditor's remuneration		
Audit of financial statements	17	15
Other audit costs	1	1
	<u>23</u>	<u>29</u>

WISE Academies

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 August 2016

9. STAFF NUMBERS AND COSTS

	2016	2015
	£000	£000
a) STAFF COSTS		
Staff costs during the period were:		
Wages and salaries	4,219	3,984
Social security costs	321	269
Pension costs	<u>676</u>	<u>571</u>
	5,216	4,824
Supply staff costs	144	263
Staff restructuring costs	<u>23</u>	<u>30</u>
	<u>5,383</u>	<u>5,117</u>
Staff restructuring costs comprise:		
Redundancy payments	-	-
Severance payments	<u>23</u>	<u>30</u>
	<u>23</u>	<u>30</u>

b) NON STATUTORY/ NON CONTRACTUAL STAFF SEVERANCE PAYMENTS

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £6,451 (2015: £30,000). Individually, the payments were: £50, £2,161 and £4,240 (2015: £30,000).

c) STAFF NUMBERS

The average number of persons (including senior management team) employed by the Academy Trust during the year was as follows:

	2016	2015	2016	2015
	Average	Average	Average	Average
	Headcount	Headcount	FTE	FTE
Teachers	55	55	52	52
Administration and support	128	138	79	74
Management	<u>23</u>	<u>20</u>	<u>23</u>	<u>20</u>
Total	<u>206</u>	<u>213</u>	<u>154</u>	<u>146</u>

WISE Academies

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 August 2016

d) HIGHER PAID STAFF

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

	2016 Number	2015 Number
£60,001 - £70,000	3	-
£90,000 - £100,000	<u>1</u>	<u>2</u>
	<u>4</u>	<u>2</u>

The above employees participated in the Teachers' Pension Scheme. During the year ended 31st August 2016 employers' contributions amounted to £46,149 (2015: £21,457).

e) KEY MANAGEMENT PERSONNEL

The key management personnel of the Academy Trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £561,492 (2015: £549,712).

10. CENTRAL SERVICES

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

- Human resources
- Financial services
- Health and Safety services
- Educational support services
- Governance services

The trust charges for these services on the following basis:

- a flat percentage on GAG and Early Years funding streams depending on a performing/underperforming model, 6% or 6.8% respectively
- an allocation for in-house services previously supplied by external SLAs for HR and Health and Safety services based on pupil numbers
- time-apportioned Educational support services

WISE Academies

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 August 2016

The actual amounts charged during the year were as follows:

	2016	2015
	£000	£000
Bexhill Academy	114	95
Hasting Hill Academy	81	85
Town End Academy	63	64
Welbeck Academy	116	113
	<u>374</u>	<u>357</u>

11. TRUSTEES' REMUNERATION AND EXPENSES

One trustee has been paid remuneration from employment with the Academy Trust. The CEO only receives remuneration in respect of services provided undertaking the role of CEO under her contract of employment. Other trustees did not receive any payments from the Academy Trust in respect of their role as trustees.

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

Z Carr (Chief Executive Officer)

Remuneration of £93,454 (2015: £88,102)

Employers' pension contributions £15,401 (2015: £12,423)

During the year ended 31 August 2016, travel and subsistence expenses totalling £2,073 (2015: £1,078) were reimbursed to 1 trustee (2015: 1).

Related party transactions involving the trustees are set out in note 29.

12. TRUSTEES' AND OFFICERS' INSURANCE

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

WISE Academies

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 August 2016

13. INTANGIBLE FIXED ASSETS

	Computer Software £000	Total £000
Cost		
At 1 September 2015	-	-
Additions	23	23
	<hr/>	<hr/>
At 31 August 2016	23	23
	<hr/>	<hr/>
Amortisation		
Opening	-	-
Charged in year	-	-
At 31 August 2016	-	-
	<hr/>	<hr/>
Carrying Amount		
At 31 August 2015	-	-
	<hr/>	<hr/>
At 31 August 2016	23	23
	<hr/>	<hr/>

WISE Academies

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 August 2016

14. TANGIBLE FIXED ASSETS

	Land and buildings	Furniture and equipment	Computer Hardware	Total
	£000	£000	£000	£000
Cost				
At 1 September 2015	7,255	184	260	7,699
Additions	208	63	81	352
Disposals	-	-	-	-
At 31 August 2016	<u>7,463</u>	<u>247</u>	<u>341</u>	<u>8,051</u>
Depreciation				
At 1 September 2015	453	46	137	636
Charged in year	311	41	73	425
Disposals	-	-	-	-
At 31 August 2016	<u>764</u>	<u>87</u>	<u>210</u>	<u>1,061</u>
Net book value				
At 31 August 2015	<u>6,802</u>	<u>138</u>	<u>123</u>	<u>7,063</u>
At 31 August 2016	<u>6,699</u>	<u>160</u>	<u>131</u>	<u>6,990</u>

WISE Academies

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 August 2016

15. FIXED ASSET INVESTMENT

	2016 £
Market value	
At 1 September 2015 and at 31 August 2016	<u>1</u>
Historical cost:	
At 31 August 2016	<u>1</u>
At 31 August 2015	<u>1</u>

Holdings of more than 20%

The company holds more than 20% of the share capital of the following company:

SUBSIDIARY UNDERTAKINGS	COUNTRY OF REGISTRATION	CLASS	SHARES HELD
Town End Teaching School Ltd	England & Wales	Ordinary	100%

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	PRINCIPAL ACTIVITIES	CAPITAL AND RESERVES	PROFIT/(LOSS) FOR THE YEAR
		£	£
Town End Teaching School Ltd	Dormant company	1	-

16. DEBTORS

	2016 £000	2015 £000
Trade Debtors	6	2
VAT Recoverable	50	100
Prepayments and accrued income	<u>236</u>	<u>247</u>
	<u>292</u>	<u>349</u>

WISE Academies

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 August 2016

17. CREDITORS: Amounts falling due within one year

	2016	2015
	£000	£000
Trade creditors	146	776
Accruals and deferred income	493	830
	<u>639</u>	<u>1,606</u>

Deferred income	2016
	£000
Deferred income at 1 September 2015	165
Released from previous years	(165)
Resources deferred in the year	154
	<u>154</u>
Deferred income at 31 August 2016	<u>154</u>

At the balance sheet date the Academy Trust was holding funds received in advance in respect of the following:

	£000
Universal Free School Meals funding 16/17	70
Town End Teaching School Core Grant 16/17	23
Welbeck Academy Early Years funding 16/17	61
	<u>154</u>

WISE Academies

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 August 2016

18. FINANCIAL INSTRUMENTS

	2016	2015
	£000	£000
Financial assets		
Debt instruments measured at amortised cost	<u>2,038</u>	<u>2,557</u>
	<u>2,038</u>	<u>2,557</u>
	2016	2015
	£000	£000
Financial liabilities		
Financial liabilities measured at amortised cost	<u>485</u>	<u>1,433</u>
	<u>485</u>	<u>1,433</u>

NB: Financial assets include cash, trade debtors and accrued income and financial liabilities include trade creditors and accruals.

WISE Academies

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 August 2016

19. FUNDS

	At 1 September 2015	Income	Expenditure	Gains, losses and transfers	At 31 August 2016
	£000	£000	£000	£000	£000
RESTRICTED GENERAL FUNDS					
General Annual Grant (GAG)	814	5,218	(4,868)	(325)	839
Start up Grant	-	70	(6)	(10)	54
Pupil Premium	-	871	(871)	-	-
Other DfE/EFA grants	-	508	(357)	-	151
Other grants	-	610	(610)	-	-
Pension reserve	(550)	-	(10)	(1,050)	(1,610)
	<u>264</u>	<u>7,277</u>	<u>(6,722)</u>	<u>(1,385)</u>	<u>(566)</u>
RESTRICTED FIXED ASSET FUNDS					
DfE/EFA capital grants	443	30	(41)	-	432
Other capital grants	-	10	(10)	-	-
Capital Expenditure from GAG	1,558	0	(268)	325	1,615
Capital Expenditure from Start up Grant	-	-	-	10	10
Transfer from LA	5,062	-	(106)	-	4,956
	<u>7,063</u>	<u>40</u>	<u>(425)</u>	<u>335</u>	<u>7,013</u>
TOTAL RESTRICTED FUNDS	<u>7,327</u>	<u>7,317</u>	<u>(7,147)</u>	<u>(1,050)</u>	<u>6,447</u>
UNRESTRICTED FUNDS	<u>318</u>	<u>367</u>	<u>(201)</u>	<u>-</u>	<u>484</u>
TOTAL FUNDS	<u>7,645</u>	<u>7,684</u>	<u>(7,348)</u>	<u>(1,050)</u>	<u>6,931</u>

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

General Annual Grant must be used for the normal running costs of the Trust and the intention is to utilise remaining GAG for continued improvement works to the Trust's estate.

WISE Academies

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 August 2016

19 FUNDS (continued)

Start up Grant funding has been received to support the conversion of sponsored school, Adderlane First School who are transferring into the Trust in the autumn term of 2016 and will be known as Adderlane Academy. The balance of this fund is stated in the analysis below.

Pupil Premium funding is used for the educational benefit of pupils registered at each academy and funding is targeted according to the specific needs of those pupils at each setting, details of which can be found on our schools' websites.

The pension reserve is the liability arising from the deficit on the Local Government Pension Scheme as detailed in note 28.

Other grants received and spent during the year relate largely to Teaching School Core Grant, Schools Direct funding for Initial Teacher Training salaries and Rates Relief.

Restricted fixed asset funds are made up of the valuation of land and property transferred from the Local Authority on conversion, funds received from the DfE/EFA during the year of £30k in respect of Devolved Formula Capital Grants and transfers from restricted GAG funds in the year to match against capital expenditure incurred.

Unrestricted income largely relates to various activities generating funds, e.g. income for school meals, wraparound care provisions, contributions towards school trips, insurance receipts and interest earned.

Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the GAG that it could carry forward at 31 August 2016.

ANALYSIS OF ACADEMIES BY FUND BALANCE	2016 £000
Adderlane Academy (Start up Grant)	54
Bexhill Academy	297
Hasting Hill Academy	228
Town End Academy	274
Welbeck Academy	396
Town End Teaching School	71
Central Services	208
Total before fixed assets and pension reserve	<u>1,528</u>
Restricted fixed asset fund	7,013
Pension reserve	<u>(1,610)</u>
TOTAL RESERVES	<u>6,931</u>

WISE Academies

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 August 2016

19 FUNDS (continued)

ANALYSIS OF ACADEMIES BY COST

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

	Teaching and Educational Support Staff Costs £000	Other Support Staff Costs £000	Educational Supplies £000	Other Costs (excluding depreciation and revaluation) £000	Total £000
Adderlane Academy	2	-	-	4	6
Bexhill Academy	1,162	177	101	199	1,639
Hasting Hill Academy	911	175	76	200	1,362
Town End Academy	725	133	50	172	1,080
Welbeck Academy	1,483	130	174	416	2,203
Town End Teaching School	-	84	-	119	203
Central Services	116	285	-	29	430
WISE Academies	<u>4,399</u>	<u>984</u>	<u>401</u>	<u>1,139</u>	<u>6,923</u>

20. ANALYSIS OF NET ASSETS BETWEEN FUNDS

Fund balances at 31 August 2016 are represented by:

	Unrestricted Funds £000	Restricted general funds £000	Restricted fixed asset funds £000	Total funds £000
Intangible fixed assets	-	-	23	23
Tangible fixed assets	-	-	6,990	6,990
Current assets	484	1,683	-	2,167
Current liabilities	-	(639)	-	(639)
Pension scheme liability	-	(1,610)	-	(1,610)
TOTAL NET ASSETS AT 31 August 2016	<u>484</u>	<u>(566)</u>	<u>7,013</u>	<u>6,931</u>

WISE Academies

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 August 2016

21. CAPITAL COMMITMENTS

	2016 £000	2015 £000
Contracted for, but not provided in the financial statements	-	-
	<u>-</u>	<u>-</u>

22. COMMITMENTS UNDER OPERATING LEASES

OPERATING LEASES

At 31 August 2016 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2016 £000	2015 £000
Amounts due within one year	37	35
Amounts due between one and five years	76	65
Amounts due after five years	1	-
	<u>114</u>	<u>100</u>

WISE Academies

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 August 2016

23. RECONCILIATION OF NET INCOME TO CASH FLOW FROM OPERATING ACTIVITIES

	2016 £000	2015 £000
Net income for the reporting period (as per the statement of financial activities)	336	678
Adjusted for:		
Amortisation (note 13)	-	-
Depreciation (note 14)	425	302
Capital grants from DfE and other capital income	(40)	(355)
Interest receivable (note 5)	(2)	(5)
Defined benefit pension scheme cost less contributions payable (note 28)	(10)	(10)
Defined benefit pension scheme finance costs (note 28)	20	20
Decrease in debtors	57	69
(Decrease)/ Increase in creditors	(967)	324
Net cash (used in)/ provided by operating activities	<u>(181)</u>	<u>1,023</u>

24. CASHFLOWS FROM FINANCING ACTIVITIES

	2016 £000	2015 £000
Repayments of borrowing	-	-
Cash inflows from new borrowing	-	-
Net cash provided by / (used in) financing activities	<u>-</u>	<u>-</u>

25. CASHFLOWS FROM INVESTING ACTIVITIES

	2016 £000	2015 £000 Restated
Interest received	2	5
Purchase of intangible fixed assets	(23)	-
Purchase of tangible fixed assets	(352)	(1,205)
Capital grants from DfE/ EFA	40	355
Net cash used in investing activities	<u>(333)</u>	<u>(845)</u>

WISE Academies

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 August 2016

26. ANALYSIS OF CHANGES IN NET FUNDS

	At 31 August 2016 £000	At 31 August 2015 £000
Cash in hand and at bank	<u>1,875</u>	<u>2,389</u>

27. 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 he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he/she ceases to be a member.

28. 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 Sunderland City Council. 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 of the LGPS 31 March 2013.

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

Teachers' Pension Scheme

Introduction

The Teachers' Pensions Scheme ("TPS") is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Regulations (2010) and, from 1 April 2014, 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 member 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.

WISE Academies

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 August 2016

28. PENSION AND SIMILAR OBLIGATIONS (continued)

Valuation of the Teachers' Pensions Scheme

Not less than every four years the Government Actuary ("GA"), 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 (currently 14.1%).
- Total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million.
- An employer cost cap of 10.9% of pensionable pay will be applied to future valuations.
- The assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

During the year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS will be as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The pension costs paid to TPS in the year amounted to £413k (2015: £341k).

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

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

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £321,348 (2015: £296,338) of which employer's contributions totalled £252,712 (2015: £240,327) and employees' contribution totalled £68,636 (2015: £56,011). The agreed rates for future years are 22.2 per cent for employers and between 5.5 and 12.5 per cent for employees.

WISE Academies

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 August 2016

28. PENSION AND SIMILAR OBLIGATIONS (continued)

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

Principal actuarial assumptions

	At August 2016 %	At August 2015 %
Rate of increase in salaries	3.4	3.6
Rate of increase for pensions in payment/inflation	1.9	2.1
Discount rate for scheme liabilities	2.0	3.8
Inflation assumption (CPI)	1.9	2.1
Commutation of pensions to lump sums		

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

	At August 2016 Years	At August 2015 Years
Retiring today		
Males	23.2	23.1
Females	24.8	24.7
Retiring in 20 years		
Males	25.3	25.1
Females	27.1	27.0

WISE Academies

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 August 2016

28. PENSION AND SIMILAR OBLIGATIONS (continued)

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

	Fair value at 31 August 2016 £000	Fair value at 31 August 2015 £000
Equities	1,823	1,364
Property	275	192
Government bonds	105	74
Corporate bonds	316	239
Cash	83	66
Other	148	125
Total market value of assets	<u>2,750</u>	<u>2,060</u>

The actual return on scheme assets was £410,000 (2015: £60,000)

Amounts recognised in the statement of financial activities

	2016 £000	2015 £000
Current service cost	(240)	(230)
Net interest cost	<u>(20)</u>	<u>(20)</u>
Total operating charge	<u>(260)</u>	<u>(250)</u>

WISE Academies

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 August 2016

28. PENSION AND SIMILAR OBLIGATIONS (continued)

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

	2016 £000	2015 £000
At 1 September	2,610	2,350
Current service cost	240	230
Interest cost	100	90
Employee contributions	70	60
Actuarial losses/ (gains)	1,380	(60)
Benefits paid	(40)	(60)
Plan introductions, benefit changes, curtailments and settlements	-	-
At 31 August	<u>4,360</u>	<u>2,610</u>

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

	2016 £000	2015 £000
At 1 September	2,060	1,760
Interest income	80	70
Return on plan assets (excluding net interest on the net defined pension liability)	330	(10)
Employer contributions	250	240
Employee contributions	70	60
Benefits paid	(40)	(60)
Plan introductions, benefit changes, curtailments and settlements	-	-
At 31 August	<u>2,750</u>	<u>2,060</u>

WISE Academies

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 August 2016

29. RELATED PARTIES

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 a trustee 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.

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 11.

Key management personnel disclosure is included in note 9.

30. EVENTS AFTER THE END OF THE REPORTING PERIOD

Start up Grant funding was received during 2015-16 to support the conversion of sponsored school, Adderlane First School who transferred into the Trust 1 December 2016 and will be known as Adderlane Academy. Valuations in respect of Land and Buildings and any surplus budget balances are due to be finalised following the transfer.

31. FRS 102 RECONCILIATIONS TO PREVIOUS UK GAAP

Reconciliations and descriptions of the effect of the transition to FRS 102 and SORP 2015 on net income/ (expenditure) for the comparative period reported under previous UK GAAP and SORP 2005 are given below. The transition resulted in no change to total funds:

Reconciliation of net income/ (expenditure)	31 August 2015 £000
Net income/ (expenditure) previously reported under UK GAAP	728
Change in recognition of LGPS interest cost	<u>(50)</u>
Net movement in funds reported under FRS 102	<u>678</u>

Change in recognition of LGPS interest cost

Under previous UK GAAP the Trust recognised an expected return on defined benefit plan assets in income/expense. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in income/expense. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to reduce the credit to expense by £50k and increase the credit in other recognised gains and losses in the SoFA by an equivalent amount.