

WISE Academies
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

for the year ended 31 August 2019

Company Registration No. 07521946 (England and Wales)

WISE Academies

CONTENTS

	Page
Reference and administrative details	1 – 2
Trustees' report	3 – 18
Governance statement	19 – 26
Statement on regularity, propriety and compliance	27
Statement of trustees' responsibilities	28
Independent auditor's report to the members of WISE Academies	29 – 31
Independent reporting accountant's assurance report on regularity to WISE academies and ESFA	32 – 33
Statement of financial activities	34
Balance sheet	35
Statement of cash flows	36
Notes to the accounts	37 – 42

WISE Academies

Members

M E W Stephenson *^
J G Wood C.B.E. *
R Bradshaw
D R Sandbach

Trustees

M E W Stephenson (Chair) *^
J G Wood C.B.E. *
N Vokes #
R Symonds #
Z Carr O.B.E. (CEO and Accounting Officer)
P Smith #
C Collins ^
D Pearson*
R Ward (appointed 14/02/19) #

* members of the Finance and General Purpose Committee

members of Audit Committee

^ members of Performance and Standards Committee

Company Secretary

Gary Robinson

Senior Management Team:

Chief Executive Officer and Accounting Officer

Z Carr

Headteacher/ Regional Hub Director

N Fountain (from 1st September 2018)

Headteacher/ Regional Hub Director

P Martindale

Headteacher

N Fullard

Headteacher

L Saunders

Headteacher

E Potts

Headteacher

C Hodgson

Headteacher

R Walton

Headteacher

G Woodward (until 30th September 2018)

Headteacher

S Drake (from 1st September 2018)

Headteacher

P Sampson (1st September 2018 - 15th February 2019)

Executive Headteacher

D Ward (from 1st September 2018)

Headteacher

G Mellefont (from 1st September 2018)

Finance Director

K Gardner

Director of Operations

G Robinson

WISE Academies

Principal and Registered Office	Borodin Avenue Sunderland SR5 4NX
Company Registration Number	07521946 (England and Wales)
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
Internal Auditor	Baldwin's Accountants Wynyard Park House Stockton-on-Tees Billingham TS22 5TB

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 2019. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The trust for the period to 31st August 2019 operated with 13 first school/ primary/middle school 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;
- Hasting Hill Academy which joined in December 2012;
- Adderlane Academy which joined in December 2016;
- Prudhoe West Academy which joined in July 2017; and
- Shaftoe Trust Academy which was sponsored in February 2018.
- North View Academy (a specialist SEN primary) which was transferred from a Single Academy Trust (SAT) in September 2018.
- Haltwhistle First Academy and Haltwhistle Middle Academy which were transferred from a Multi-Academy Trust (MAT) in September 2018.
- Croft way Academy, Malvin's Close Academy and Morpeth Rd Academy which were transferred from a Multi-Academy Trust (MAT) in September 2018.

The academies within the Trust have a combined pupil capacity of 4,348 and a roll of 3,536 in the school census on October 2019. This includes 3,156 pupils in the age range 4-13 with an additional 318 children aged 3 accessing nursery provision (full time and part time) and an additional 62 children accessing 2 year provision (full time and part time).

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

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

WISE Academies

TRUSTEES' REPORT (continued)

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 Trustees of the Trust. The indemnity is unlimited.

Method of recruitment and appointment or election of trustees

The Trust's Governing Body (the Trustees) 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 Trustees now comprises the CEO, up to nine Trustees appointed by Members and up to three Co-opted Trustees. The Articles of Association require there to be a minimum of three Trustees to be responsible for the statutory and constitutional affairs of the academy and its management. As a result of a planned change to the constitution to enable Church of England schools to join the Trust in the future, it has been agreed that one Trustee will be jointly agreed with the Diocesan Board of Education for the Diocese of Durham and Diocese of Newcastle. A similar joint agreement with the Diocese has been reached in respect of appointments at Company Member level.

Policies and procedures adopted for the induction and training of trustees

Training and induction provided for new Trustees will depend on existing experience. Where necessary induction will provide training on charity and educational, legal and financial matters. All Trustees 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 Trustees meets six times per year to discuss its strategic objectives with the Chief Executive Officer, who is the Accounting Officer of the Multi Academy Trust. To reflect the growth of the Trust and increased geographical spread of the MAT's operation. Taking account of this significant growth in the Trust, a 'hub model' was implemented which grouped academies into three territories based on their geographical location and two Regional Hub Directors were introduced to the organisational structure from 1st September 2018. In view of the MAT expansion and the changes to the leadership structure Trustees undertook a comprehensive review of the governance Scheme of Delegation which set out the responsibilities for each level of governance within the Trust and also reflected the inclusion of Regional Hub Directors in the management structure. As the Trust moved forward, the Scheme of Delegation made provision for the introduction of Regional Hub Boards which would ultimately replace the Performance & Standards Committee once these Regional Boards were established. Alongside individual Local Governing Bodies for each academy within the Trust, this would ensure that there was an appropriate level of challenge and scrutiny at all levels of governance. The Regional Hub Boards would ultimately become the principal forum for holding Regional Hub Directors to account for the performance of academies within their areas.

WISE Academies

TRUSTEES' REPORT (continued)

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 Headteacher or Executive Headteacher/ Head of School who is 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 Trustees consider that they, together with the Chief Executive Officer, Finance Director, 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 Trustees give of their time freely and no Trustee, other than the CEO, received remuneration in the year. Only the CEO claimed travelling 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

Trade union facility time

The Trust did not have any employees who were relevant union official during the period.

In a change to previous practice it was agreed during the year to subscribe for 2019/20 to the pooled Trade Union Facility Time offered by two of the Local Authorities where the Trust operates.

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.

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 the ARC provision, an additionally funded specialist provision, based at Welbeck Academy.

The land/buildings of Shaftoe Trust Academy are owned by a charitable organisation, Shaftoe Charities. WISE Academies has therefore worked with the Trustees of Shaftoe Charities in relation to the sponsorship of Shaftoe Trust Academy and has entered into an agreement with the charity for the lease of the site. Shaftoe Charities also make a number of donations at their discretion which benefit Shaftoe Trust Academy.

WISE Academies

TRUSTEES' REPORT (continued)

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. The following declarations were made by Trustees:

- J Wood C.B.E. – Director of Tolent Construction Ltd, Coolmore Land Limited, Tolent Solutions Ltd, Tolent Living Ltd, Coolmore Estates Ltd, Tolent PLC, Tolent Corporation Ltd, Tolent Homes Ltd, Ravensworth Properties Ltd, T. Holdings Ltd, Tolent PLC
- N Vokes – Chief Executive of Sunderland North Community Business Centre (SNCBC), Director of Community Opportunities
- R Symonds – Head Of Finance Operations - Grainger Plc (Residential Landlord)
- M Stephenson – None (formerly Associate Dean, University of Sunderland)
- P Smith – Spouse is a Headteacher at Vison Learning Trust.
- Z Carr O.B.E. – Spouse has own business as sole electrical trader, Jared Carr Electrical Services Ltd. and also completes work for Capital Electric Ltd.
- C Collins – Vice-chair at Hetton Nursery; Consultancy – Christine Collins Consultancy
- D Pearson – Managing Partner of Elliott Associates/Managing Director of Elliott Projects Ltd, Tyne & Wear RDA Ltd, Towneley House Management Company Ltd
- R Ward – Other establishments governed are St Hild's College (Durham) and Wynyard CE Primary School
- R Sandbach – Trustee of The Beacon School, Sunderland
- R Bradshaw – None

Four of the academies within the group (Welbeck, Hasting Hill, Adderlane and Shaftoe Trust Academies) were sponsored prior to joining the Trust. Six of the academies in the Trust joined on 1st September 2018 as a result of being re-brokered from other Academy Trusts (Blyth Quays, North View and Bright Tribe). Like all 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 first/primary/middle 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.

WISE Academies

TRUSTEES' REPORT (continued)

Objectives, strategies and activities

The main objectives of the academies during the year ended 31 August 2019 are summarised below:

- to provide an excellent standard of education for all pupils through a broad and balanced curriculum.
- to ensure that the Spiritual, Moral, Social, Cultural education underpins activity, so pupils develop as well rounded, responsible individuals
- to deliver robust financial management, which informs the strategic development of the Trust
- to ensure governance is highly effective and fit for purpose
- to develop a highly skilled workforce who support the growth of the Trust
- to determine Trust consistent operating systems for teaching & learning
- to improve the Trust estate to ensure it is of consistently high quality and fit for 21st century
- to grow through the establishment of regional hubs
- to support the wider school-to-school led system beyond the Trust
- to ensure the Trust has a regional and national reputation for excellence

Public benefit

The Trustees 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

This academic year has been challenging for the Trust. There have been many successes, including an Ofsted inspection at Bexhill Academy which identified that the school is improving to outstanding, however overall there has been a fall in academic performance by the end of Key Stage 2, most notably in reading. Overall progress is slightly below national in reading and mathematics but continues to be slightly above average in writing.

By the end of KS2, most of the academies who joined the Trust in September 2018 have improved on previous outcomes but those that have been in the Trust for longest have been affected the most by the increased expectation in reading.

Performance across Early Years has remained strong. Many pupils come into our schools below age related expectations, however they make good progress in Early Years, resulting in the Trust average by the end of Reception being in line with the national average in the 'Good Level of Development' measure.

This rate of progress is maintained over Key Stage 1 resulting in the percentage of pupils who are reaching and exceeding the expected standards in reading, writing, mathematics being largely in line with national averages.

In line with the national agenda, the performance of pupils from disadvantaged backgrounds has been a particular focus for the Trust this year and data for this group has been considered separately. This group has not performed as well as in previous years by the end of KS2 with overall progress being slightly below national in reading and mathematics but continues to be slightly above average in writing.

WISE Academies

TRUSTEES' REPORT (continued)

A more detailed summary of results for all pupils and the disadvantaged group is shown below

Early Years Good Level of Development & Y1 Phonics Results 2019

	Reception GLD %			Year 1 Phonics %		
	2019 National Average %	Whole School %	PP Pupils %	2019 National Average %	Whole School %	PP Pupils %
Adderlane Academy	72%	76%	80%	82%	86%	75%
Bexhill Academy		71%	64%		85%	75%
Croftway Academy		73%	63%		71%	56%
Haltwhistle First Academy		71%	54%		88%	81%
Hasting Hill Academy		71%	67%		66%	57%
Malvin's Close Academy		70%	70%		71%	44%
Morpeth Road Academy		57%	59%		73%	73%
Prudhoe West Academy		81%	67%		81%	54%
Shaftoe Trust Academy		83%	100%		100%	100%
Town End Academy		70%	73%		73%	67%
Welbeck Academy		64%	61%		75%	76%
Trust Average		72%	69%		79%	69%

WISE Academies

TRUSTEES' REPORT (continued)

KS1 Results 2019

KS1		KS1 Exp+ %			KS1 Greater Depth %		
		2019 National Average %	Whole School %	PP Pupils %	2019 National Average	Whole School %	PP Pupils %
Adderlane Academy	R	75%	86%	70%	26%	29%	20%
	W	70%	81%	60%	16%	19%	20%
	M	76%	81%	60%	22%	14%	20%
	GAPS	-	86%	70%	-	19%	10%
	RWM Comb	64%	81%	60%	9%	10%	10%
Bexhill Academy	R	75%	83%	71%	26%	28%	14%
	W	70%	82%	67%	16%	22%	5%
	M	76%	80%	62%	22%	18%	10%
	GAPS	-	68%	41%	-	19%	9%
	RWM Comb	64%	75%	57%	9%	10%	0%
Croftway Academy	R	75%	62%	39%	26%	17%	4%
	W	70%	53%	22%	16%	10%	0%
	M	76%	63%	43%	22%	17%	4%
	GAPS	-	62%	43%	-	10%	5%
	RWM Comb	64%	52%	22%	9%	7%	0%
Haltwhistle First Academy	R	75%	79%	80%	26%	18%	20%
	W	70%	71%	60%	16%	7%	20%
	M	76%	79%	60%	22%	18%	20%
	GAPS	-	74%	20%	-	7%	0%
	RWM Comb	64%	64%	60%	9%	7%	20%
Hasting Hill Academy	R	75%	69%	57%	26%	16%	14%
	W	70%	69%	50%	16%	16%	14%
	M	76%	72%	57%	22%	22%	14%
	GAPS	-	63%	50%	-	16%	14%
	RWM Comb	64%	63%	50%	9%	16%	14%
Malvin's Close Academy	R	75%	58%	39%	26%	17%	6%
	W	70%	43%	22%	16%	3%	6%
	M	76%	68%	61%	22%	20%	17%
	GAPS	-	52%	35%	-	23%	15%
	RWM Comb	64%	43%	22%	9%	3%	6%
Morpeth Road Academy	R	75%	43%	23%	26%	2%	0%
	W	70%	45%	27%	16%	0%	0%
	M	76%	50%	37%	22%	0%	0%
	GAPS	-	30%	18%	-	7%	0%
	RWM	64%	37%	20%	9%	0%	0%

WISE Academies

TRUSTEES' REPORT (continued)

KS1		KS1 Exp+ %			KS1 Greater Depth %		
		2019 National Average %	Whole School %	PP Pupils %	2019 National Average	Whole School %	PP Pupils %
Prudhoe West Academy	R	75%	82%	57%	26%	37%	21%
	W	70%	76%	50%	16%	27%	21%
	M	76%	84%	57%	22%	24%	14%
	GAPS	-	73%	53%	-	29%	29%
	RWM Comb	64%	76%	50%	9%	16%	7%
Shaftoe Trust Academy	R	75%	84%	100%	26%	37%	33%
	W	70%	79%	67%	16%	26%	0%
	M	76%	84%	100%	22%	32%	0%
	GAPS	-	79%	67%	-	26%	0%
	RWM Comb	64%	74%	67%	9%	21%	0%
Town End Academy	R	75%	77%	63%	26%	23%	13%
	W	70%	73%	63%	16%	17%	25%
	M	76%	80%	63%	22%	23%	38%
	GAPS	-	73%	60%	-	17%	20%
	RWM Comb	64%	73%	63%	9%	10%	13%
Welbeck Academy	R	75%	64%	61%	26%	20%	20%
	W	70%	63%	59%	16%	13%	13%
	M	76%	66%	63%	22%	13%	11%
	GAPS	-	61%	61%	-	11%	20%
	RWM Comb	64%	61%	57%	9%	9%	9%
Trust Average	R	75%	68%	52%	26%	20%	12%
	W	70%	63%	46%	16%	13%	9%
	M	76%	70%	55%	22%	17%	11%
	GAPS	-	66%	47%	-	17%	11%
	RWM Comb	64%	60%	43%	9%	9%	6%

Key

R – Reading

W – Writing

M – Mathematics

GAPS – Grammar, punctuation and spelling

RWM Comb – Reading, writing and mathematics combined score

NB: All data based on invalidated datasets and could be subject to slight changes.

TRUSTEES' REPORT (continued)

KS2 Results 2019

KS2		KS2 Exp+ %			KS2 Greater Depth %			KS1-2 Progress whole school	KS1-2 Progress PP pupils
		2019 National Average %	Whole School %	PP Pupils %	2019 National Average %	Whole School %	PP Pupils %		
Bexhill Academy	R	73%	77%	75%	28%	18%	17%	-1.6	-1.9
	W	78%	84%	86%	20%	21%	19%	1.0	0.7
	M	79%	86%	86%	24%	13%	17%	-0.2	0.1
	GAPS	78%	77%	78%	34%	18%	14%	-	-
	RWM Comb	65%	71%	72%	10%	7%	8%	-	-
Croftway Academy	R	73%	65%	55%	28%	12%	14%	-1.4	-2.7
	W	78%	78%	77%	20%	22%	14%	0.7	0.1
	M	79%	90%	86%	24%	22%	14%	1.1	0.2
	GAPS	78%	76%	77%	34%	24%	18%	-	-
	RWM Comb	65%	63%	55%	10%	8%	9%	-	-
Haltwhistle Middle Academy	R	73%	67%	86%	28%	23%	14%	1.2	3.3
	W	78%	82%	86%	20%	21%	14%	1.9	3.0
	M	79%	69%	71%	24%	26%	0%	0.7	0.5
	GAPS	78%	77%	86%	34%	23%	29%	-	-
	RWM Comb	65%	56%	71%	10%	13%	0%	-	-
Hasting Hill Academy	R	73%	40%	42%	28%	5%	8%	-5.5	-4.7
	W	78%	80%	79%	20%	13%	13%	-0.9	1.7
	M	79%	38%	38%	24%	3%	4%	-7.2	-7.7
	GAPS	78%	60%	63%	34%	5%	8%	-	-
	RWM Comb	65%	28%	25%	10%	3%	4%	-	-
Malvin's Close Academy	R	73%	68%	59%	28%	22%	18%	-0.3	1.2
	W	78%	68%	56%	20%	17%	9%	-0.4	-0.9
	M	79%	75%	68%	24%	17%	12%	0.3	1.2
	GAPS	78%	72%	62%	34%	27%	15%	-	-
	RWM Comb	65%	60%	44%	10%	5%	3%	-	-
Morpeth Road Academy	R	73%	53%	52%	28%	11%	10%	-2.3	-2.6
	W	78%	64%	62%	20%	9%	7%	-0.3	-0.6
	M	79%	62%	60%	24%	9%	5%	-0.9	-1.6
	GAPS	78%	51%	48%	34%	15%	12%	-	-
	RWM Comb	65%	40%	38%	10%	2%	2%	-	-

WISE Academies

TRUSTEES' REPORT (continued)

KS2 Results 2019 (cont.)

KS2		KS2 Exp+ %			KS2 Greater Depth %			KS1-2 Progress whole school	KS1-2 Progress PP pupils
		2019 National Average %	Whole School %	PP Pupils %	2019 National Average	Whole School %	PP Pupils %		
North View Academy	R	73%	42%	50%	28%	5%	7%	5.4	6.5
	W	78%	26%	29%	20%	0%	0%	0.8	1.4
	M	79%	32%	36%	24%	5%	7%	1.9	2.6
	GAPS	78%	37%	43%	34%	0%	0%	-	-
	RWM Comb	65%	16%	14%	10%	0%	0%	-	-
Shaftoe Trust Academy	R	73%	64%	67%	28%	29%	67%	-1.5	0.3
	W	78%	100%	100%	20%	57%	100%	6.5	6.5
	M	79%	86%	100%	24%	29%	33%	1.1	-1.7
	GAPS	78%	93%	100%	34%	50%	67%	-	-
	RWM Comb	65%	64%	67%	10%	14%	33%	-	-
Town End Academy	R	73%	52%	15%	28%	14%	0%	-2.4	-4.0
	W	78%	83%	69%	20%	28%	8%	2.0	1.2
	M	79%	72%	54%	24%	10%	0%	-0.8	-2.1
	GAPS	78%	69%	54%	34%	17%	15%	-	-
	RWM Comb	65%	45%	15%	10%	7%	0%	-	-
Welbeck Academy	R	73%	42%	40%	28%	8%	5%	-3.3	-3.0
	W	78%	70%	70%	20%	22%	23%	-0.3	0.7
	M	79%	60%	60%	24%	5%	5%	-3.3	-2.6
	GAPS	78%	58%	53%	34%	17%	14%	-	-
	RWM Comb	65%	33%	33%	10%	2%	2%	-	-
Trust Average	R	73%	58%	53%	28%	14%	11%	-1.6	-1.7
	W	78%	74%	69%	20%	19%	14%	0.6	0.2
	M	79%	69%	64%	24%	13%	8%	-1.0	-1.3
	GAPS	78%	67%	61%	34%	19%	14%	-	-
	RWM Comb	65%	49%	42%	10%	5%	4%	-	-

Key

R – Reading

W – Writing

M – Mathematics

GAPS – Grammar, punctuation and spelling

RWM Comb – Reading, writing and mathematics combined score

NB: All data based on invalidated datasets and could be subject to slight changes.

WISE Academies

TRUSTEES' REPORT (continued)

Going Concern

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

Financial Review

Most of the Trust's income is obtained from the Department for Education (DfE) via the Education and Skills Funding Agency (ESFA), in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE/ESFA during the period 1 September 2018 to 31 August 2019 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities. Total income for the year ended 31 August 2019 was £38,591k (2018: £12,487k) which has increased due to the transfer in of existing academies of £16,493k in 2018/19 and full year of activities of these academies.

The Trust also receives grants for fixed assets from the DfE/ESFA. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2015), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned. During the year, £266k was received in respect of Devolved Capital Formula Grants, the Trust also received an SCA grant of £924k and further capital grants in relation to Haltwhistle of £259k.

All of the expenditure shown in the Statement of Financial Activities is in furtherance of the Trust's objectives. The Trust invested £1,113k (GAG surpluses totalling £204k; £703k from restricted funds and £206k from Devolved Capital and CIF Funds) to further improve the assets of the Trust. The main projects completed during the year included a MUGA at Bexhill (£30k), completion of the two year old provision at Prudhoe West (£199k), CIF funded roof & windows replacement (CIF income recognised in FA reserve in prior year), roof works at Shaftoe (trust contribution £40k), extension of Head Office due to growth of the Trust and to create training facilities for Teaching School (£470k) fixture and fittings improvements across the estate (£335k) and IT upgrades across the Trust amounting to £261k. Throughout the year there were discussions with the Local Authority regarding securing the investment needed to deliver fit-for-purpose facilities on the Haltwhistle site and these negotiations had resulted in an announcement that the joint investment in the site would be £2.65 million. Under this arrangement WISE Academies would retain the larger of the two academy buildings (the Middle Academy) which would benefit from major remodelling and refurbishment to deliver the highest quality primary facilities for the Haltwhistle community. WISE Academies is working with Northumberland to deliver this project and it is expected that the remodelled building will be ready for use from September 2020.

At 31 August 2019 the net book value of tangible fixed assets was £31,938k and movements in tangible fixed assets are shown in note 14 to the Financial Statements which include the transfer of long leasehold land and buildings in relation to the six transfers from existing academies on 1st September 2018. In regards to the Haltwhistle academies both school buildings have been transferred to WISE Academies as part of the transfer agreement under leasehold. The buildings have been valued by external valuers for reflection within the financial statements. Discussions are ongoing with the Council over handing back the Lower school, on completion of the work on the Middle school. However, there is uncertainty at the year end, and at the time of signing the accounts, over the final plans for the building as the memorandum of understanding remains in discussion. As such the following has been reflected within the financial statements: The valuation of £1,720k for the Middle School, on the basis that this building will continue to be used by the Trust, following the refurbishment of the existing facilities. A valuation of £109k for the Lower School, reflecting the two year use of the building by WISE Academies. The detail of the

WISE Academies

TRUSTEES' REPORT (continued)

transferring assets and liabilities are shown in note 30 to the Financial Statements. The valuations of the transferring assets have been made on the basis of Depreciated Replacement Cost (DRC), a standard approach for this type of property not traded on the open market and is in line with UK GAAP FRS 102. The assets were used exclusively for providing education and the associated support services to the students of the Trust.

Key Performance Indicators

	2019	2018
Total staff costs / GAG income	111.5%	114.5%
Total staff costs / Total Revenue income	78.0%	78.4%
Working Capital / Total Reserves	18.9%	24.0%
Liquidity Ratio	3.5	3.4

Financial Risk Management Objectives

The Trust continues to develop its 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 mitigate 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 at £9,995k. However the Trust considers that, as each individual Academy and hence Trust 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 ESFA 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. Within the Trust the academies which have not achieved this level of reserves are Adderlane Academy, Croftway Academy, Haltwhistle First Academy, Haltwhistle Middle Academy, North View Academy, Shaftoe Trust Academy and Welbeck Academy. For the majority of these academies this is largely due to having low, zero or deficit reserves on transfer however in the case of Welbeck this is due to use of prior year reserves. At a Trust level two

WISE Academies

TRUSTEES' REPORT (continued)

months revenue expenditure is approximately £3,332k which is covered by unrestricted and restricted general reserves (excluding the pension reserve).

The Trust's total reserves at the Balance Sheet date of 31 August 2019 were £27,073k (2018: £12,717k), this includes restricted general funds (excluding pension) of £1,435k (2018: £1,359k), restricted fixed asset funds of £33,198k (2018: £12,431k), with the level of free reserves at the year end 31 August 2019 being £2,435k (2018: £879k).

£8k of restricted reserves held relates to the balance of grants received to support the re-brokerage of new academies in September 2018 and Trust growth, and ongoing projects will utilise this funding during 2019/20.

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 Trustees have reviewed the risk register in full during the year. The risk register identifies and aligns risks with our Business Plan, ensuring key risks are clearly identified and our Audit Committee has completed a detailed assessments of those risks.

A key strategic risk monitored throughout 2018/19 continues to be 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. All academies are assessed in terms of risk and each is graded according to current performance. Through the introduction of the Regional Hub Leader structure we monitor our academies closely and share best practice. Where performance is lower, the three Trust Teaching and Learning Directors as well as the Early Years Director are deployed to raise the quality of teaching as well as academic standards.

As a Trust we continue to review and improve our educational approaches to ensure they are grounded in research based evidence. A consistent assessment and moderation process is in place in all schools including our new joiners as well as a consistent performance management system.

The viability of the Trust in a growing landscape remains a key risk this year with the Trust. The Trust has continued to expand with six academies being re-brokered from 1st September 2018 using the Due Diligence model that has been developed in-house which considers the various elements of risk within each potential venture.

The loss of senior management/key personnel remains a risk of the Trust especially as the Trust continues to grow. A leadership programme has been undertaken during in the year to further develop middle managers and succession planning has been reviewed across the Trust.

WISE Academies

TRUSTEES' REPORT (continued)

The potential loss of data across the Trust features in the register as a key risk. Business Continuity and IT policies and procedures are in place to mitigate the threat of cybercrime and raise awareness across the Trust.

Fundraising

The Academies within Wise periodically carry out fundraising activities in order to raise funds for school resources or projects. The Trust ensures that all academies are compliant with their legal duties ensuring that they are:

- acting in the best interests of the charity
- managing the charity's resources responsibly, which includes protecting and safeguarding its reputation
- acting with reasonable care and skill
- protecting vulnerable people

Plans for Future Periods

During this financial year WISE Academies has doubled in size after six schools joined on 1st September 2018. Throughout the year, much work has been done to embed these schools into the Trust to ensure that ethos, systems and processes are aligned. In order to manage this growth, the academies were organised into three regional hubs with a Regional Hub Leader appointed to oversee performance. In 2019/20 the Trust is having a period of consolidation before further growth is considered. This is important as many of the new schools joining have previously experienced difficulties and need considerable support to improve standards of education.

A key opportunity across this next financial year is to improve the Trust estate. WISE received a significant sum of capital investment from the ESFA's Schools Capital Allocation funding stream which is being used to ensure that buildings are safe, warm and dry. Criteria has been developed on how to prioritise this funding and condition surveys have been conducted in each academy to address basic needs.

WISE Academies works closely with Northumberland Local Authority (NCC) who have committed to invest 2.5 million pounds to remodel Haltwhistle Middle Academy building to make it fit for purpose for primary provision. This followed the establishment of Haltwhistle Primary Academy on 1st September 2019 following the closure of Haltwhistle Middle Academy and the extension of age range of Haltwhistle First Academy. With additional capital funding provided by WISE Academies, the combined sum of 2.65 million will be used to make significant improvements to the existing building and will be ready for use by the following September. Further partnership working with NCC has meant that funding has also been secured to build a new early years block at Morpeth Road Academy. This work should also be completed by September 2020.

To manage the growth and increased number of staff who work in the Trust, a new HR system will be implemented during 2019/20. This will allow HR transaction and people management to be far less labour intensive than it is currently. The system has the added advantage of being able to be used for budget setting purposes so will make this process less time intensive also reduce the margin of error as staff contract information will be fed from the same data set.

WISE Academies

TRUSTEES' REPORT (continued)

The overriding objective of the Trust remains the drive to raise standards of attainment and progress at 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 provides a consistent review framework across all settings.

Employee Consultation & Disabled Employees

The academy trust encourages the involvement of its employees in its management through regular meetings and for receiving their views on important matter of policy.

The academy trust will employ disabled persons when they are suitable for a particular vacancy and every effort is made to ensure that they are given full and fair consideration when such vacancies arise.

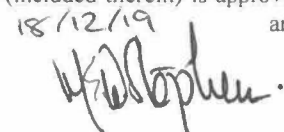
The academy trust is committed to ensuring equality of opportunities for all who learn and work in its academies.

AUDITORS

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 charitable company's 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.

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 Trustees at a meeting on 18/12/19 and signed on its behalf by:



M E W Stephenson
Chair of Trustees

WISE Academies

GOVERNANCE REPORT

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 Trustees has formally met six times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings Attended	Out of a possible
M.E.W. Stephenson (Chair of Trustees)	6	6
J.G. Wood C.B.E.	6	6
Z.E. Carr O.B.E. (Accounting Officer)	6	6
R Symonds	4	6
N. Vokes	3	6
P Smith	3	6
C Collins	1	6
D Pearson	5	6
R Ward (appointed 14/02/2019)	1	4

The only change to the composition of the Board of Trustees during the year was the appointment of Mr R Ward from 14th February 2019.

A range of key performance data (financial and academic performance related) is monitored and analysed by the Board of Trustees through the provision of data supplied for meetings throughout the year, with data being challenged as necessary.

The Trustees have a clear focus on a culture of continuous improvement and have introduced key roles within the Trust to deliver this vision including Directors of Teaching Learning and Regional Hub Directors. These professionals provide support to academies and are deployed to areas where there is greatest need within the Trust. Directors of Learning and Regional Hub Directors have developed and implemented strategies to support academies. These roles allow greater opportunity for sharing and dissemination of practice across academies, moderation and benchmarking.

WISE Academies

GOVERNANCE REPORT (continued)

Other central functions that support academies within the Trust include specialist HR, Finance, Governance, Health & Safety, Estates Management, ICT and Safeguarding.

During the year Trustees took the decision to move to a revised governance structure with an additional tier known as Regional Hub Boards. The role of these Regional Boards was developed during the year and would become fully implemented at the start of the autumn term 2019. The Regional Hub Boards will continue to exist alongside Local Governing Bodies for each academy in the Trust, which will retain specific oversight of the individual academy. The Regional Hub Boards would ultimately supersede the Performance & Standards Committee which had previously existed in the governance structure. The Regional Hub Board for each area will scrutinise the performance data for academies in the area, whilst Local Governing Bodies will continue to focus on the individual school context. Trustees took the decision to establish this multi-tier governance structure (Members, Board of Trustees, Regional Hub Boards and Local Governing Bodies) in response to the governance challenges of the expanded Trust and to streamline accountability which more accurately reflects the executive structure of the MAT.

The governance functions across the structure are set out in a Scheme of Delegation which is available on the Trust website and which has been reviewed during the year. The roles of the new Regional Hub Boards and Local Governing Bodies have been communicated to existing LGBs and also discussed with the Chairs' Forum which has become a regular feature of the annual governance timetable.

Trustees continue to formulate their annual cycle of meetings with a view to ensuring effective communication and to minimise duplication between the tiers of governance. Through the committee structure Trustees provide overview, scrutiny and challenge of education, financial performance and risk management.

Those responsible for governance prioritise their activities around raising the standard of educational attainment and achievement of all pupils and have given specific attention to ensuring that academies provide a broad and balanced curriculum to ensure that all pupils are able to reach their potential, particularly as the trust serves some communities which have significant levels of disadvantage.

Trustees are effective in discharging their responsibilities around ensuring the effective use of public funds and provide value for money for all funds expended through highly effective financial scrutiny. Governance structures are designed to ensure that the Trust's business is conducted in accordance with the highest standards of integrity and probity.

Trustees provide strategic direction and regularly evaluate the effectiveness of the Trust through review of performance objectives and contribution to the development of strategy. There has been a robust approach to risk management throughout the year together with a renewed focus on ensuring compliance in all areas including around management of the Trust's estate.

The committee structure is used to improve decisions in key areas. The Board keep under review the effectiveness of committees and how they interact with the main Board of Trustees.

At every level of governance close attention is paid to ensuring that there is the right balance of skills, experience, independence and knowledge in order to maximise performance. Trustees are well informed of latest educational developments and their responsibilities around regularity and compliance. The processes that help underpin the board's effectiveness include the provision of the necessary information to the board around Trust performance.

WISE Academies

GOVERNANCE REPORT (continued)

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.

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

Trustee	Meetings Attended	Out of a possible
J.G. Wood C.B.E.	5	5
M.E.W. Stephenson	5	5
D. Pearson	5	5
Z.E. Carr O.B.E.	5	5

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	3	4
P Smith	4	4
R Ward (joined Cttee 23/05/2019)	1	1
Z.E. Carr O.B.E.	3	4

A **Performance and Standards Committee** is also established with a focus of giving in-depth consideration to data relating to performance of the academies and the Trust as a whole including, but not limited to, data relating to attainment, progress and attendance. This in-depth consideration of performance is intended to complement the work of the Local Governing Bodies which would continue to focus exclusively on the local context. To provide additional perspective to the work of this committee, a school improvement professional who is not a Trustee but who serves on one of the Local Governing Bodies is also invited to attend meetings of the Performance & Standards Committee.

WISE Academies

GOVERNANCE REPORT (continued)

Attendance at meetings of the Performance & Standards Committee in the year was as follows:

Trustee	Meetings Attended	Out of a possible
C Collins	0	1
M.E.W. Stephenson	1	1
D Pearson	1	1
Z.E. Carr O.B.E.	1	1

Governance reviews

WISE Academies welcomed a further six academies to the Trust on 1st September 2018. These were Haltwhistle First Academy, Haltwhistle Middle Academy, Croftway Academy, Malvin's Close Academy, Morpeth Road Academy (all in Northumberland) and North View Academy (Sunderland) which was the first special school to join the Trust. All of these academies had joined the Trust as a result of re-brokerage from their previous Trusts.

Taking account of this significant growth in the Trust, a 'hub model' was implemented which grouped academies into three territories based on their geographical location. Regional Hub Directors were introduced to the leadership structure to provide additional capacity, strong oversight and support to academies within each hub area. In view of the MAT expansion and the changes to the leadership structure Trustees undertook a comprehensive review of the governance Scheme of Delegation which set out the responsibilities for each level of governance within the Trust and also reflected the inclusion of Regional Hub Directors in the management structure. As the Trust moved forward, the SoD also made provision for the introduction of Regional Hub Boards which would ultimately replace the Performance & Standards Committee once these Regional Boards were established. Alongside individual Local Governing Bodies for each academy within the Trust, this would ensure that there was an appropriate level of challenge and scrutiny at all levels of governance. The Regional Hub Boards would ultimately become the principal forum for holding Regional Hub Directors to account for the performance of academies within their areas.

Trustees have also overseen the expansion of the central support functions with additional areas of specialism necessary to support the expanded family of schools.

Bexhill Academy had been the subject of an Ofsted inspection during the year and there been an extremely positive outcome. The academy had retained its good status but with some outstanding features.

In determining priority areas for Trust improvement throughout the year Trustees agreed that the Trust Improvement Plan would take account of the 2019 Ofsted framework which included a greater focus on ensuring a broad and balanced curriculum. Academies were already making preparations to ensure that they were well placed to respond to this new Ofsted focus and there was a curriculum working party operating across the Trust.

The Chairs' Forum continued to meet regularly during the academic year. This provided an opportunity for Chairs of Local Governing Bodies to meet with the Chair of Trustees to discuss governance issues and exchange views. Chairs have felt that this is a helpful forum and has assisted communication between the levels of governance within the Trust.

WISE Academies

GOVERNANCE REPORT (continued)

Significant capital investment in the Trust estate included a complete new roof at Town End Academy, new windows throughout Town End Academy, re-configuration of Prudhoe West Academy to accommodate an expanded 2-year old provision and installation of a MUGA at Bexhill Academy. There was also an extension to the WISE Head Office accommodation reflecting Trust growth and this would also include some conference facilities for Town End Teaching School.

In planning future capital requirements the Trust had commissioned independent condition surveys for all academies and the results of these would inform capital spending priorities. Trustees were pleased to note that WISE Academies was now eligible to receive School Condition Allocation (SCA) funding. The amount awarded through SCA was over £924k for the current year. Trustees approved a policy in line with the terms of the grant which set out the principles for how funding would be allocated focussing on condition priorities including safety, ensuring the weather-tightness of premises and providing a suitable learning environment. Trustees agreed that the rationale for use of available resources was correctly focussed on maintaining premises which were safe, warm and dry. During the year Trustees gave consideration to allowing Church of England schools to join the Trust in the future. This would require minor changes to the constitution and Articles of Association to be approved by Company Members. This change of status would have no implications for any of the existing academies and would not affect current local governance arrangements. WISE Academies has worked in close partnership with the Diocese and the change to become a Mixed MAT provided greater scope for new school partnerships in the future. A consultation exercise had taken place as part of this proposal and a successful application was made to the Regional School Commissioner to enable this change of status to become effective during the autumn term 2019.

Trustees conducted a public consultation exercise, and subsequent listening period, in relation to the future of school organisation in Haltwhistle taking account of Northumberland's move from a three-tier (First/Middle/High) to a two-tier (Primary/Secondary) school system. Taking account of all responses received from the consultation there was a very clear majority in favour of moving to a primary school model on the Haltwhistle site and Trustees agreed to make an application to the Department for Education to discontinue Haltwhistle Middle Academy alongside an application to extend the age range of Haltwhistle First Academy to become a primary provision. The transition was handled with great care and Secretary of State approval was given to the change which became effective from 1st September 2019.

To ensure the effectiveness of the internal assurance function there was fresh procurement of internal audit services by the Audit Committee during the year. This resulted in the appointment of Baldwin's as internal auditors and a comprehensive audit programme focussing on financial and governance arrangements had been undertaken.

Trustees maintained strong oversight of safeguarding procedures and practices throughout the year receiving regular reports, reviewing policies to ensure consistency with national guidance and appointing a Trustee with specific responsibility for this area (in addition to a local safeguarding governor in each academy).

Trustees, committees of the Board and Local Governors continued to follow a synchronised annual cycle of meetings for the entire governance structure designed to ensure full commitment and engagement at every level of governance in enabling them to undertake their dual role of challenge and support.

WISE Academies

GOVERNANCE REPORT (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:

- Trust Procurement Exercise for Teaching Supply

WISE Academies undertook a procurement exercise to secure a three preferred suppliers for the provision of teaching supply staff. This exercise resulted in a discounted flat rate being negotiated dependent upon level of staff and has resulted in a saving of £36k during 2018/19.

- General Trust Procurement exercises over £2k

The financial regulations of WISE Academies require a minimum of three written quotations for procurement events that exceed £2,000. Cumulatively, across the Trust, the net effect of this procedure has resulted in goods and services being procured representing savings of 25.4% when comparing the awarded Purchase Orders to the value of the highest quotes obtained.

- Renegotiated Staff Absence Insurance package

WISE Academies continue to procure Staff Absence insurance on a Trust-wide basis. The annual renewal cost of this policy was competitively tested again this year due to the estimated cumulative value exceeding £200k and the exercise resulted in a saving of £44k by changing supplier.

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 and continue to run our VFM forum with school and trust representatives reviewing and identifying specific areas where greater economies of scale and maximising our collective buying power.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in WISE Academies for the year ended 31 August 2019 and up to the date of approval of the annual report and financial statements.

WISE Academies

GOVERNANCE REPORT (continued)

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 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

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 to appoint Baldwin's as internal auditor.

The internal auditor 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 internal auditor'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 2018/19, in particular, the audits completed in the current period included:

- a review of accounts and reconciliations
- a review of risk management
- a review of purchasing across the trust
- a review of income accounting across the trust
- a review of payroll and expenses
- a review of banking and cash collection across the trust
- a review of fixed assets and capital projects
- a review of corporate governance and regularity

There were no key findings and all recommendations were classified as low.

WISE Academies

GOVERNANCE REPORT (continued)

Review of effectiveness

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

- the work of the internal auditor
- the work of the external auditor
- the work of the 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 18/12/19 and signed on its behalf by:



M E W Stephenson
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 and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

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 2018.

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



Z Carr

Accounting Officer

Date: 18/12/19

WISE Academies

STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

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

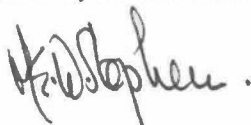
- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019
- make judgments and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in business.

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

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

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

Approved by order of the members of the board of trustees on 18/12/19 and signed on its behalf by:



M E W Stephenson
Chair of Trustees

WISE Academies

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WISE ACADEMIES YEAR ENDING ON 31 AUGUST 2019

Opinion

We have audited the financial statements of WISE Academies (the "charitable company") for the year ended 31 August 2019 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice), and the Academies: Accounts Direction 2018 to 2019 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

WISE Academies

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WISE ACADEMIES (continued)

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report, which includes the Directors' Report and the Strategic Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report and the Strategic Report included within the Trustees Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' responsibilities set out on page 28, the trustees (who act as trustees for the charitable activities of the charitable company 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, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

WISE Academies

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WISE ACADEMIES (continued)

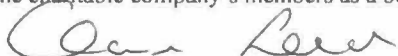
Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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.



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

.....19/12/19.....

WISE Academies

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

Conclusion

We have carried out an engagement in accordance with the terms of our engagement letter dated 20 June 2017 and further to the requirements of the Education and Skills Funding Agency ('ESFA') as included in the Academies Accounts Direction 2018 to 2019, to obtain limited assurance about whether the expenditure disbursed and income received by WISE Academies during the period 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Basis for conclusion

The framework that has been applied is set out in the Academies Accounts Direction 2018 to 2019 Annex B: Regularity Reporting. We are independent of WISE Academies in accordance with the ethical requirements that are applicable to this engagement and we have fulfilled our ethical requirements in accordance with these requirements. We believe the assurance evidence we have obtained is sufficient to provide a basis for our conclusion.

Responsibilities of WISE Academies' accounting officer and trustees

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 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. The accounting officer is also responsible for preparing the Statement of Regularity, Propriety and Compliance. The trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the proper conduct and financial operation of WISE Academies and appointment of the accounting officer.

Reporting Accountant's responsibilities for reporting on regularity

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2018 to 2019.

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 the procedures performed vary in nature and timing from, and are less in extent than for a reasonable assurance engagement; consequently a limited assurance engagement 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.

WISE Academies

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

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 2018 to 31 August 2019 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

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 the specific requirements of the funding agreement with the Secretary of State for Education, the Academies Financial Handbook 2018 published by the Education and Skills Funding Agency and high level financial control areas where we identified a material risk of irregularity is likely to arise. It also included areas assessed as presenting a higher risk of impropriety. We undertook detailed testing, on a sample basis, based on the identified areas where a material irregularity is likely to arise, or potential impropriety where such areas are in respect of controls, policies and procedures that apply to classes of transactions. Our work was undertaken with due regard to the 'Evidence to support conclusion on regularity' guidance in Academies Accounts Direction 2018 to 2019.

This work was integrated with our audit on the financial statements and evidence was also derived from the conduct of that audit to the extent it supports the regularity conclusion.

Use of our report

This report is made solely to WISE Academies and the ESFA in accordance with the terms of our engagement letter dated 20 June 2017. Our work has been undertaken so that we might state to the WISE Academies and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than WISE Academies and the ESFA, for our work, for this report, or for the conclusion we have formed.

RSM UK Audit LLP

RSM UK AUDIT LLP

Chartered Accountants

1 St James' Gate

Newcastle upon Tyne

NE1 4AD

19/12/19

WISE Academies

STATEMENT OF FINANCIAL ACTIVITIES (including Income and Expenditure Account) for the year ended 31 August 2019

	Notes	Unrestricted funds £000	Restricted general funds £000	Restricted fixed asset funds £000	Total 2019 £000	Total 2018 £000
Income from:						
Donations and capital grants	2	-	17	1,449	1,466	903
Transfer from local authority	30	0	0	0	0	1,161
Transfer from an existing academy trust	30	1,294	(4,385)	19,584	16,493	0
Charitable Activities:						
Funding for the Academy Trust's educational operations	3	902	19,514	-	20,415	10,272
Teaching schools	3	55	113	-	168	109
Other trading activities	4	47	-	-	47	39
Investment income	5	2	-	-	2	3
Total		<u>2,300</u>	<u>15,259</u>	<u>21,033</u>	<u>38,591</u>	<u>12,487</u>
Expenditure on:						
Raising funds		34	-	-	34	34
Charitable activities:						
Academy Trust's educational operations		682	18,978	1,173	20,833	10,566
Teaching schools		28	134	-	162	101
Total	6	<u>744</u>	<u>19,112</u>	<u>1,173</u>	<u>21,029</u>	<u>10,701</u>
NET INCOME RESOURCES BEFORE TRANSFERS		1,556	(3,853)	19,860	17,562	1,786
Gross transfers between funds	19	-	(907)	907	-	-
NET INCOME FOR THE YEAR		1,556	(4,760)	20,767	17,562	1,786
OTHER RECOGNISED GAINS AND LOSSES						
Remeasurement of net defined benefit obligation	28	-	(3,207)	-	(3,207)	626
NET MOVEMENT IN FUNDS		1,556	(7,967)	20,767	14,355	2,412
RECONCILIATION OF FUNDS						
Total funds brought forward		879	(593)	12,431	12,717	10,305
TOTAL FUNDS CARRIED FORWARD		<u>2,435</u>	<u>(8,560)</u>	<u>33,198</u>	<u>27,073</u>	<u>12,717</u>

The notes on pages 37 to 73 form part of these financial statements.

WISE Academies

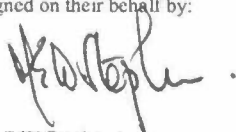
BALANCE SHEET

31 August 2019

Company Registration No. 07521946

	Notes	2019 £000	2018 £000
Fixed Assets			
Intangible Assets	13	39	37
Tangible Assets	14	31,898	11,582
Investments	15	-	-
		<u>31,937</u>	<u>11,619</u>
Current Assets			
Debtors	16	1,356	718
Cash at bank and in hand		5,785	3,618
		<u>7,141</u>	<u>4,336</u>
Current Liabilities			
Creditors: amounts falling due within one year	17	(2,010)	(1,286)
Net Current Assets		<u>5,131</u>	<u>3,050</u>
Net Assets (excluding pension scheme liability)		37,068	14,669
Defined Benefit Pension Scheme Liability	28	(9,995)	(1,952)
Total Net Assets		<u>27,073</u>	<u>12,717</u>
Funds of the Academy Trust:			
Restricted Funds	19		
Fixed Asset fund		33,198	12,431
General fund		1,435	1,359
Pension reserve		(9,995)	(1,952)
Total Restricted Funds		<u>24,638</u>	<u>11,838</u>
Unrestricted Income Funds	19		
General Fund		<u>2,435</u>	<u>879</u>
Total Funds		<u>27,073</u>	<u>12,717</u>

The financial statements on pages 34 to 73 were approved by the board of trustees and authorised for issue on 18 December 2019 and are signed on their behalf by:



M E W Stephenson
Chairperson

The notes on pages 37 to 73 form part of these financial statements.

WISE Academies

STATEMENT OF CASH FLOWS for the year ended 31 August 2019

	Notes	2019 £000	2018 £000
Cash flows from operating activities			
Net cash provided by operating activities	23	2,606	926
Cash flows from investing activities	25	(439)	660
Cash flows from financing activities	24	-	-
Change in cash and cash equivalents in the reporting period		<u>2,167</u>	<u>1,586</u>
Cash and cash equivalents at 1 September 2018		<u>3,618</u>	<u>2,032</u>
Cash and cash equivalents at 31 August 2019	26	<u>5,785</u>	<u>3,618</u>

The notes on pages 37 to 73 form part of these financial statements.

WISE Academies

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 August 2019

1 ACCOUNTING POLICIES

General Information

WISE Academies is a charitable company. The address of its principal place of business is given on page 2 and the nature of its operations are set out in the trustees report.

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 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

WISE Academies meets the definition of a public benefit entity under FRS 102 and has therefore applied the relevant public benefit requirements of FRS102.

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 whole £1,000, except where otherwise indicated.

Consolidated financial statements have not been prepared as the subsidiary undertaking is not considered material to the results of the trust.

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.

WISE Academies

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 August 2019

1 ACCOUNTING POLICIES (continued)

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 when performance related conditions have been met 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.

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.

Transfer of existing academies into the academy trust

The transfer of 6 schools into the academy trust, involved the transfer of identifiable assets and liabilities and the operation of the school(s) for £nil consideration. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below.

The net assets transferred to the academy trust have been valued at their fair values. The fair value has been derived based on that of equivalent items. The amount has been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in Donations – transfer from the academy trust in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds. Further details of the transaction are set out in note 30.

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.

WISE Academies

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 August 2019

1 ACCOUNTING POLICIES (continued)

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 £1,000 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 2019

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. 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.

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. Consolidated financial statements have not been prepared as the subsidiary undertaking is not considered material to the results of the trust.

WISE Academies

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 August 2019

1 ACCOUNTING POLICIES (continued)

Financial Instruments

The Academy Trust has chosen to adopt Sections 11 and 12 of FRS 102 in full in respect of financial instruments.

Financial assets and liabilities

Financial assets and financial liabilities are recognised when the Academy 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.

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') which are multi employer defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective benefit method. As stated in Note 28, the TPS is a unfunded multi-employer scheme with no underlying assets to assign between employers, consequently there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a

WISE Academies

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 August 2019

1 ACCOUNTING POLICIES (continued)

defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

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 and Skills Funding Agency/Department for Education.

Restricted fixed assets funds are resources which are to be applied to specific capital purposes imposed by the Education and Skills 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.

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

WISE Academies

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 August 2019

forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. Any 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.

In regards to the Haltwhistle academies both school buildings have been transferred to WISE Academies as part of the transfer agreement under leasehold. The buildings have been valued by external valuers for reflection within the financial statements. Discussions are ongoing with the Council over handing back the Lower school, on completion of the work on the Middle school. However, there is uncertainty at the year end, and at the time of signing the accounts, over the final plans for the building as the memorandum of understanding remains in discussion. As such the following has been reflected within the financial statements: The valuation of £1,720k for the Middle School, on the basis that this building will continue to be used by the Trust, following the refurbishment of the existing facilities. A valuation of £109k for the Lower School, reflecting the two year use of the building by WISE Academies. The detail of the transferring assets and liabilities are shown in note 30 to the Financial Statements. The valuations of the transferring assets have been made on the basis of Depreciated Replacement Cost (DRC), a standard approach for this type of property not traded on the open market and is in line with UK GAAP FRS 102. The assets were used exclusively for providing education and the associated support services to the students of the Trust.

2. DONATIONS AND CAPITAL GRANTS

	Unrestricted funds	Restricted funds	Total	Total
	£000	£000	2019 £000	2018 £000
DfE / ESFA capital grant	-	1,449	1,449	890
Other donations	-	17	17	13
	-	1,466	1,466	903
2018 total split by fund:		903	903	

WISE Academies

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 August 2019

3. FUNDING FOR CHARITABLE ACTIVITIES

	Unrestricted funds	Restricted funds	Total	Total
	£000	£000	2019 £000	2018 £000
DfE/ESFA REVENUE GRANTS				
General annual grant (GAG)	-	14,436	14,436	7,142
Start up grants	-	-	-	-
Other DfE/ESFA grants	-	2,998	2,998	1,649
	<u>-</u>	<u>17,434</u>	<u>17,434</u>	<u>8,791</u>
OTHER GOVERNMENT GRANTS				
Local authority grants	-	2,080	2,080	1,024
OTHER FUNDING				
Catering income	240	-	240	107
Other miscellaneous income	662	-	662	383
	<u>902</u>	<u>-</u>	<u>902</u>	<u>490</u>
TOTAL FUNDING	<u>902</u>	<u>19,514</u>	<u>20,416</u>	<u>10,305</u>
TEACHING SCHOOLS				
DfE Grants	55	113	168	76
TOTAL FUNDING	<u>957</u>	<u>19,627</u>	<u>20,584</u>	<u>10,381</u>
2018 total split by fund:	<u>490</u>	<u>9,891</u>	<u>10,381</u>	

WISE Academies

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 August 2019

4. OTHER TRADING ACTIVITIES

	Unrestricted funds	Restricted funds	Total	Total
	£000	£000	2019 £000	2018 £000
Other income	47	-	47	39
	47	-	47	39
2018 total split by fund:	39	-	39	

5. INVESTMENT INCOME

	Unrestricted funds	Restricted funds	Total	Total
	£000	£000	2019 £000	2018 £000
Bank Interest	2	-	2	3
	2	-	2	3
2018 total split by fund:	3	-	3	

WISE Academies

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 August 2019

6. EXPENDITURE

	Staff Costs	Non Pay Premises Costs	Expenditure Other	Total	Total
	£000	£000	£000	2019 £000	2018 £000
Expenditure on raising funds:					
Direct Costs	34	-	-	34	34
Allocated Support Costs	-	-	-	-	-
Academy Trust's educational operations:					
Direct costs	12,784	-	1,144	13,928	7,022
Allocated support costs	3,192	1,066	2,647	6,905	3,544
Teaching School costs	85	-	77	162	101
	<u>16,095</u>	<u>1,066</u>	<u>3,868</u>	<u>21,029</u>	<u>10,701</u>
2018 total split by category:	<u>8,179</u>	<u>536</u>	<u>1,986</u>	<u>10,701</u>	

Expenditure on raising funds was £34k of which £34k (2018: £34k) was unrestricted and £nil (2018: £nil) was restricted general funds.

Net income/(expenditure) for the period includes:	2019 £000	2018 £000
Operating lease rentals	51	37
Depreciation	1,162	597
Amortisation of intangible fixed assets (included within Charitable Activities - Academy trust educational operations)	11	10
Fees payable to RSM UK Audit LLP and its associates for :		
- Audit fees	26	18
Net interest on defined benefit pension liability (note 28)	160	53

WISE Academies

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 August 2019

7. CHARITABLE ACTIVITIES

	2019 £000	2018 £000
Direct costs – educational operations	13,928	7,022
Support costs – educational operations	6,905	3,544
Teaching School costs	162	101
	<u>20,995</u>	<u>10,667</u>
Analysis of support costs – educational operations		
Support staff costs (including FRS102 section 28 pension charge of £291k (2018: £271k))	3,192	1,603
Depreciation	1,162	597
Amortisation	11	10
Technology costs	300	177
Premises costs	1,066	536
Other support costs (including FRS102 section 28 pension charge of £160k (2018: £53k))	1,107	553
Governance costs	67	70
	<u>6,905</u>	<u>3,544</u>

8. GOVERNANCE COSTS

	2019 £000	2018 £000
Legal and professional fees	30	47
Auditor's remuneration		
Audit of financial statements	26	18
Other audit costs	11	5
	<u>67</u>	<u>70</u>

WISE Academies

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 August 2019

9. STAFF NUMBERS AND COSTS

	2019 £000	2018 £000
a) STAFF COSTS		
Staff costs during the period were:		
Wages and salaries	11,613	6,199
Social security costs	1,041	547
Pension costs	2,361	1,247
Apprenticeship Levy	44	16
	<u>15,059</u>	<u>8,009</u>
Supply staff costs	762	145
Staff restructuring costs	274	25
	<u>16,095</u>	<u>8,179</u>
Staff restructuring costs comprise:		
Redundancy payments	212	20
Severance payments	62	5
	<u>274</u>	<u>25</u>

Funding of £106k from the DfE has been received towards the restructuring payments.

b) NON STATUTORY/ NON CONTRACTUAL STAFF SEVERANCE PAYMENTS

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £18k (2018: £1k). Individually, the payments were £1k and £17k (2018: £1k).

c) STAFF NUMBERS

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

	2019 Average Headcount	2018 Average Headcount	2019 Average FTE	2018 Average FTE
Teachers	164	88	153	79
Administration and support	409	220	219	116
Management	46	31	42	28
Total	<u>619</u>	<u>339</u>	<u>414</u>	<u>223</u>

WISE Academies

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 August 2019

d) HIGHER PAID STAFF

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

	2019 Number	2018 Number
£60,001 - £70,000	6	1
£70,001 - £80,000	5	2
£90,001 - £100,000	-	-
£100,001 - £110,000	1	1
	<u>12</u>	<u>4</u>

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 national insurance and pension contributions) received by key management personnel for their services to the Academy Trust was £1,401,993 (2018: £823,258).

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
- Estates Management
- Educational support services
- Governance services
-

The trust charges for these services on the basis of a flat percentage of 6% on GAG and Early Years funding streams.

WISE Academies

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 August 2019

The actual amounts charged during the year were as follows:

	2019 £000	2018 £000
Adderlane Academy	29	28
Bexhill Academy	100	98
Croftway Academy	102	-
Hasting Hill Academy	72	71
Haltwhistle First Academy	47	-
Haltwhistle Middle Academy	42	-
Malvin's Close Academy	109	-
Morpeth Road Academy	107	-
North View Academy	30	-
Prudhoe West Academy	62	67
Shaftoe Trust Academy	35	19
Town End Academy	62	60
Welbeck Academy	120	117
	<u>917</u>	<u>460</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 £109,383 (2018: £102,570)

Employers' pension contributions £18,026 (2018: £16,904)

During the year ended 31 August 2019, travel and subsistence expenses totalling £3,208 (2018: £1,929) were reimbursed to 1 trustee (2018: 2).

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

WISE Academies

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 August 2019

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.

13. INTANGIBLE FIXED ASSETS

	Computer Software £000	Total £000
Cost		
At 1 September 2018	53	53
Additions	13	13
	<hr/>	<hr/>
At 31 August 2019	66	66
Amortisation		
Opening	16	16
Charged in year	11	11
At 31 August 2019	27	27
	<hr/>	<hr/>
Carrying Amount		
At 31 August 2018	37	37
	<hr/>	<hr/>
At 31 August 2019	39	39
	<hr/>	<hr/>

WISE Academies

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 August 2019

14. TANGIBLE FIXED ASSETS

	Land and buildings	Furniture and equipment	Computer Hardware	Assets Under Construction	Total
	£000	£000	£000	£000	£000
Cost					
At 1 September 2018	12,771	385	499	71	13,726
Inherited on transfer in (note 30)	19,320	221	43	-	19,584
Additions	1,544	114	218	18	1,894
Disposals	-	-	(63)	-	(63)
Transfer	71			(71)	-
At 31 August 2019	33,706	720	697	18	35,141
Depreciation					
At 1 September 2018	1,548	217	379	-	2,144
Charged in year	945	113	104	-	1,162
Disposals	-	-	(63)	-	(63)
At 31 August 2019	2,493	330	420	-	3,243
Net book value					
At 31 August 2018	11,223	168	120	71	11,582
At 31 August 2019	31,213	390	277	18	31,898

Included within land & buildings is £29,138k (2018: £9,586k) relating to leasehold land & buildings.

WISE Academies

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 August 2019

15. FIXED ASSET INVESTMENT

	2019 £
Market value	
At 1 September 2018 and at 31 August 2019	<u>1</u>
Historical cost:	
At 31 August 2019	<u>1</u>
At 31 August 2018	<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

	2019 £000	2018 £000
Trade Debtors	13	4
VAT Recoverable	429	84
Other Debtors	2	-
Prepayments and accrued income	<u>912</u>	<u>630</u>
	<u>1,356</u>	<u>718</u>

WISE Academies

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 August 2019

17. CREDITORS: Amounts falling due within one year

	2019 £000	2018 £000
Trade creditors	167	763
Other Creditors	506	-
Accruals and deferred income	1,337	523
	<u>2,010</u>	<u>1,286</u>

Deferred income	2019 £000
Deferred income at 1 September 2018	152
Released from previous years	(152)
Resources deferred in the year	<u>302</u>
Deferred income at 31 August 2019	<u>302</u>

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

	£000
UIFSM 1st Instalment for 19/20	208
LA funding 19/20	50
Trip Income relating to 19/20	2
School Fundraising Income	42
	<u>302</u>

WISE Academies

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 August 2019

18. FINANCIAL INSTRUMENTS

	2019 £000	2018 £000
Financial assets		
Debt instruments measured at amortised cost	<u>571</u>	<u>490</u>
	<u>571</u>	<u>490</u>
	2019 £000	2018 £000
Financial liabilities		
Financial liabilities measured at amortised cost	<u>1,708</u>	<u>991</u>
	<u>1,708</u>	<u>991</u>

NB: Financial assets include 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 2019

19. FUNDS

	At 1 September 2018	Income	Expenditure	Gains, losses and transfers	At 31 August 2019
	£000	£000	£000	£000	£000
RESTRICTED FUNDS					
General Annual Grant (GAG)	1,000	14,436	(13,209)	(907)	1,320
Start up Grant	33	-	(33)	-	-
Pupil Premium	-	1,874	(1,874)	-	-
Other DfE/ESFA grants	219	1,237	(1,448)	-	8
Other Government Grants	-	2,080	(2,080)	-	-
Other Restricted Reserves	107	17	(17)	-	107
Pension reserve	(1,952)	(4,385)	(451)	(3,207)	(9,995)
	<u>(593)</u>	<u>15,259</u>	<u>(19,112)</u>	<u>(4,115)</u>	<u>(8,560)</u>
RESTRICTED FIXED ASSET FUNDS					
DfE/ESFA capital grants	1,273	1,449	(85)	-	2,637
Capital Expenditure from GAG	1,476	-	(367)	907	2,016
Capital Expenditure from Start up and Growth Grants	45	-	(15)	-	30
Transfer from LA	9,637	-	(206)	-	9,431
Transfer from existing academy	-	19,584	(500)	-	19,084
	<u>12,431</u>	<u>21,033</u>	<u>(1,173)</u>	<u>907</u>	<u>33,198</u>
TOTAL RESTRICTED FUNDS	<u>11,838</u>	<u>36,292</u>	<u>(20,288)</u>	<u>(3,207)</u>	<u>24,635</u>
UNRESTRICTED FUNDS	<u>879</u>	<u>2,300</u>	<u>(744)</u>	<u>-</u>	<u>2,438</u>
TOTAL FUNDS	<u>12,717</u>	<u>38,592</u>	<u>(21,032)</u>	<u>(3,207)</u>	<u>27,073</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.

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.

WISE Academies

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 August 2019

19 FUNDS (continued)

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

Other DfE/ ESFA grants received and spent during the year relate largely to Sports Grant (£235k) and UIFSM (£356K) which have been fully expended in year, MAT Development Grant of £185k which has been used to support the growth of the trust and largely expended in year (£4k remaining) Teachers pay grant to cover the additional increase in teachers wages during 2018/19 (£119k) and Teaching School grants (£113k) including Core Grant and Schools Direct funding for Initial Teacher Training salaries.

Other Government Grants reported above relate to the receipt of Early Years funding together with High Needs top up, Special Educational Needs grants and other smaller miscellaneous funding from the Local Authorities that our schools operate within, namely, Sunderland City Council; Newcastle City Council and Northumberland County Council. All funding received during the year has been fully allocated to the educational operational expenditure of the Academy Trust.

Other Restricted Funds relate to the transfer of surplus balances in relation to Prudhoe West Academy.

Restricted fixed asset funds are made up of the valuation of land and property transferred from re-brokered academies of £19,584k together with funds received from the DfE/ESFA during the year of £1,449k in respect of Devolved Formula Capital Grants and SCA grants, and transfers from restricted 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 and also a transfer in or reserves from existing academies.

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 2019.

A comparative funds note detailing the closing position at 31 August 2018 is listed overleaf:

WISE Academies

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 August 2019

Prior Year Funds 2017/18	At 1 September 2017	Income	Expenditure	Gains, losses and transfers	At 31 August 2018
	£000	£000	£000	£000	£000
RESTRICTED FUNDS					
General Annual Grant (GAG)	691	7,142	(6,700)	(133)	1,000
Start up Grant	90	-	(57)	-	33
Pupil Premium	-	1,033	(1,033)	-	-
Other DfE/EFA grants	179	692	(626)	(26)	219
Other Government Grants	-	1,024	(1,024)	-	-
Other Restricted Reserves	107	13	(13)	-	107
Pension reserve	(2,030)	(224)	(324)	626	(1,952)
	<u>(963)</u>	<u>9,680</u>	<u>(9,777)</u>	<u>467</u>	<u>(593)</u>
RESTRICTED FIXED ASSET FUNDS					
DfE/EFA capital grants	415	890	(51)	19	1,273
Capital Expenditure from GAG	1,691	-	(347)	132	1,476
Capital Expenditure from Start up Grant and Growth Grants	50	-	(13)	8	45
Transfer from LA	8,446	1,385	(194)	-	9,637
	<u>10,602</u>	<u>2,275</u>	<u>(605)</u>	<u>159</u>	<u>12,431</u>
TOTAL RESTRICTED FUNDS	<u>9,639</u>	<u>11,955</u>	<u>(10,382)</u>	<u>626</u>	<u>11,838</u>
UNRESTRICTED FUNDS	<u>666</u>	<u>532</u>	<u>(319)</u>	<u>-</u>	<u>879</u>
TOTAL FUNDS	<u>10,305</u>	<u>12,487</u>	<u>(10,701)</u>	<u>626</u>	<u>12,717</u>

WISE Academies

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 August 2019

19 FUNDS (continued)

ANALYSIS OF ACADEMIES BY FUND BALANCE	2019 £000	2018 £000
Adderlane Academy	82	74
Bexhill Academy	394	380
Croftway Academy	107	-
Hasting Hill Academy	259	241
Halwhistle First Academy	(18)	-
Halwhistle Middle Academy	43	-
Malvin's Close Academy	794	-
Morpeth Road Academy	824	-
North View Academy	135	-
Prudhoe West Academy	120	267
Shaftoe Trust Academy	62	66
Town End Academy	250	274
Welbeck Academy	373	479
Town End Teaching School	56	110
Central Services	389	347
Total before fixed assets and pension reserve	3,870	2,238
Restricted fixed asset fund	33,198	12,431
Pension reserve	(9,995)	(1,952)
TOTAL RESERVES	27,073	12,717

WISE Academies

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 August 2019

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 2019 £000	Total 2018 £000
Adderlane Academy	377	87	27	88	579	539
Bexhill Academy	1,311	203	97	200	1,811	1,771
Croftway Academy	1,255	282	93	218	1,848	-
Hasting Hill Academy	894	180	55	204	1,333	1,437
Haltwhistle Academy First	655	143	45	146	989	-
Haltwhistle Academy Middle	515	182	65	135	897	-
Malvin's Close Academy	1,273	289	111	266	1,939	-
Morpeth Road Academy	1,410	300	88	276	2,074	-
North View Academy	811	111	28	103	1,053	-
Prudhoe West Academy	867	165	61	167	1,260	1,292
Shaftoe Academy	510	89	37	90	726	489
Town End Academy	809	149	65	192	1,215	1,243
Welbeck Academy	1,790	202	132	366	2,490	2,520
Town End Teaching School	-	85	-	78	163	90
Central Services	307	553	6	163	1,029	713
WISE Academies	<u>12,784</u>	<u>3,020</u>	<u>910</u>	<u>2,692</u>	<u>19,406</u>	<u>10,094</u>

WISE Academies

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 August 2019

20. ANALYSIS OF NET ASSETS BETWEEN FUNDS

Fund balances at 31 August 2019 are represented by:

	Unrestricted Funds	Restricted general funds	Restricted fixed asset funds	Total funds
	£000	£000	£000	£000
Intangible fixed assets	-	-	39	39
Tangible fixed assets	-	-	31,898	31,898
Current assets	2,435	3,445	1,261	7,141
Current liabilities	-	(2,010)	-	(2,010)
Pension scheme liability	-	(9,995)	-	(9,995)
TOTAL NET ASSETS AT 31 August 2019	2,435	(8,560)	33,198	27,073

Fund balances at 31 August 2018 are represented by:

	Unrestricted Funds	Restricted general funds	Restricted fixed asset funds	Total funds
	£000	£000	£000	£000
Intangible fixed assets	-	-	37	37
Tangible fixed assets	-	-	11,582	11,582
Current assets	879	2,645	812	4,336
Current liabilities	-	(1,286)	-	(1,286)
Pension scheme liability	-	(1,952)	-	(1,952)
TOTAL NET ASSETS AT 31 August 2018	879	(593)	12,431	12,717

WISE Academies

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 August 2019

21. CAPITAL COMMITMENTS

	2019 £000	2018 £000
Contracted for, but not provided in the financial statements	-	709
	<u>-</u>	<u>709</u>

22. COMMITMENTS UNDER OPERATING LEASES

OPERATING LEASES

At 31 August 2019 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2019 £000	2018 £000
Amounts due within one year	17	18
Amounts due between one and five years	31	34
Amounts due after five years	-	-
	<u>48</u>	<u>52</u>

WISE Academies

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 August 2019

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

	2019 £000	2018 £000
Net income for the reporting period (as per the statement of financial activities)	17,562	1,786
Adjusted for:		
Net surplus on transfer/conversion to academy	(16,493)	(1,161)
Amortisation (note 13)	11	10
Depreciation (note 14)	1,162	597
Capital grants from DfE and other capital income	(1,466)	(903)
Interest receivable (note 5)	(2)	(3)
Defined benefit pension scheme cost less contributions payable (note 28)	291	271
Defined benefit pension scheme finance costs (note 28)	160	53
(Increase)/Decrease in debtors	(638)	(212)
Increase/ (Decrease) in creditors	728	488
Cash received on Transfer of existing academies	2,470	
Debtors and creditors transferred on conversion	(1,175)	-
Net cash (used in)/ provided by operating activities	2,606	926

24. CASHFLOWS FROM FINANCING ACTIVITIES

	2019 £000	2018 £000
Repayments of borrowing	-	-
Cash inflows from new borrowing	-	-
Net cash provided by / (used in) financing activities	-	-

WISE Academies

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 August 2019

25. CASHFLOWS FROM INVESTING ACTIVITIES

	2019 £000	2018 £000
Interest received	2	3
Purchase of intangible fixed assets	(13)	(8)
Purchase of tangible fixed assets	(1,894)	(238)
Capital grants from DfE/ ESFA	1,466	903
Net cash used in investing activities	<u>(439)</u>	<u>660</u>

26. ANALYSIS OF CHANGES IN NET FUNDS

	At 31 August 2019 £000	At 31 August 2018 £000
Cash in hand and at bank	<u>5,785</u>	<u>3,618</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 multi employer defined benefit schemes.

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

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

WISE Academies

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 August 2019

28. PENSION AND SIMILAR OBLIGATIONS (continued)

Teachers' Pension Scheme

Introduction

The Teachers' Pensions Scheme ("TPS") is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension 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.

Valuation of the Teachers' Pensions Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2016 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 except it has been prepared following the Government's decision to pause the operation of the cost control mechanisms at the time when legal challenges were still pending.

The valuation report was published in April 2019. The key results of the valuation and subsequent consultation are:

- Total scheme liabilities for service (pensions currently payable and the estimated cost of future benefits) of £218 billion
- Value of notional assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) of £196 billion
- Notional past service deficit of £22 billion
- Discount rate is 2.4% in excess of CPI

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 2018/19.) DfE has agreed to pay a teachers' pension employer contribution grant to cover the additional costs during the 2019-20 academic year.

The pension costs paid to TPS in the year amounted to £1,163k (2018: £611k).

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.

WISE Academies

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 August 2019

28. PENSION AND SIMILAR OBLIGATIONS (continued)

Local Government Pension Scheme

During the year 6 new schools transferred into the Academy Trust. The obligation in respect of employees who transferred from these schools to the Trust representing their cumulative service to the predecessor employer was recognised in the SOFA as part of the gain on transfer as set out in note 30.

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The Trust is a member of both Tyne and Wear Pension Fund (TWPF) and Northumberland County Council Pension Fund (NCCPF). Across both pension schemes, the total contribution made for the year ended 31 August 2018 was £913,193 (2018: £483,901) of which employer's contributions totalled £681,872 (2018: £365,471) and employees' contribution totalled £231,321 (2018: £118,430). The agreed rates for future years are, for employers' contributions: 16.2% (TWPF); 18.3% (NCCPF – Adderlane), 20.2% (NCCPF – Prudhoe West), 23.5% (NCCPF – Shaftoe), 23.86% (NCCPF – Haltwhistle) and 23.6% (NCCPF – Croftway, Morpeth Rd, Malvin's Close), and between 5.5 and 12.5 per cent for employees.

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

The current valuation does not reflect the expected increase in benefits and therefore liability as a result of Guaranteed Minimum Pension ('GMP') equalisation between men and women which is required as a result of the removal of the Additional State Pension. Methodologies for a long-term solution are still being investigated by the Government as set out in the published (January 2018) outcome of the Government Consultation 'Indexation and Equalisation of GMP in Public Sector Pensions Schemes' and therefore the expected impact cannot be reliably estimated and consequently no provision/liability has been recognised.

Principal actuarial assumptions

	TWPF		NCCPF	
	At 31 Aug 2019 %	At 31 Aug 2018 %	At 31 Aug 2019 %	At 31 Aug 2018 %
Rate of increase in salaries	3.5	3.5	3.6	3.5
Rate of increase for pensions in payment/inflation	2.0	2.0	2.1	2.0
Discount rate for scheme liabilities	1.9	2.8	1.9	2.8
Inflation assumption (CPI)	2.0	2.0	2.1	2.0

WISE Academies

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 August 2019

28. PENSION AND SIMILAR OBLIGATIONS (continued)

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

	TWPF At August 2019 Years	NCCPF At August 2019 Years	TWPF At August 2018 Years	NCCPF At August 2018 Years
Retiring today				
Males	21.9	21.9	22.9	22.9
Females	25.1	23.8	26.4	25.0
Retiring in 20 years				
Males	23.6	23.6	25.1	25.1
Females	26.9	25.7	28.7	27.3

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

	Fair value at 31 August 2019 £000	Fair value at 31 August 2018 £000
Equities	9,997	4,140
Property	917	443
Government bonds	1,796	499
Corporate bonds	1,410	622
Cash	175	96
Other	993	358
Total market value of assets	15,288	6,159

The actual return on scheme assets was £1,065,000 (2018: £321,000)

WISE Academies

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 August 2019

28. PENSION AND SIMILAR OBLIGATIONS (continued)

Amounts recognised in the statement of financial activities

	2019 £000	2018 £000
Current service cost	(1,126)	(636)
Net interest cost	(160)	(53)
Past service Cost	(72)	-
Total operating charge	<u>(1,358)</u>	<u>(689)</u>

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

	2019 £000	2018 £000
At 1 September	8,111	7,058
On conversion	-	565
Current service cost	1,126	636
Interest cost	533	190
Employee contributions	236	119
Actuarial (gains)/ losses	3,899	(442)
Benefits paid	463	(95)
Net increase in liabilities from disposals and acquisitions	10,843	80
Past service cost	72	-
Plan introductions, benefit changes, curtailments and settlements	-	-
At 31 August	<u>25,283</u>	<u>8,111</u>

WISE Academies

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 August 2019

28. PENSION AND SIMILAR OBLIGATIONS (continued)

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

	2019 £000	2018 £000
At 1 September	6,159	5,028
On conversion	-	341
Interest income	373	137
Return on plan assets (excluding net interest on the net defined pension liability)	692	184
Employer contributions	907	365
Employee contributions	236	119
Benefits paid	463	(95)
Net increase in liabilities from disposals and acquisitions	6,458	80
Plan introductions, benefit changes, curtailments and settlements	-	-
At 31 August	15,288	6,159

29. RELATED PARTIES

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. TRANSFERS TO ACADEMY TRUST

The following schools converted transferred to WISE Academies from exiting academy trusts during the year:

Predecessor Trust	Academy	Transfer Date
Bright Tribe Trust	Haltwhistle First Academy	1 September 2018
Bright Tribe Trust	Haltwhistle Middle Academy	1 September 2018
Blyth Quays Trust	Croftway Academy	1 September 2018
Blyth Quays Trust	Malvin's Close Academy	1 September 2018
Blyth Quays Trust	Morpeth Road Academy	1 September 2018
North View Trust	North View Academy	1 September 2018

WISE Academies

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 August 2019

For Blyth Quays Trust and North View Trust all of the academies in the Trust were transferred and the trusts have since been wound up.

On the basis that the assets, liabilities and operations of the individual academies are transferred at nil consideration the substance of the transfer is that of a gift and it has been accounted for on that basis. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised in the Statement of Financial Activities as Donations – transfer from existing academy

The following tables set out the acquired assets and liabilities from the predecessor trust, and any fair value adjustments made by WISE Academies. It is to be noted that for Haltwhistle First and Middle this was only two academies transferred from a large Trust and the transfer is only land & buildings at fair value and pension deficit as no other assets or liabilities were acquired.

Bright Tribe Trust - Haltwhistle First Academy and Haltwhistle Middle Academy (1 September 2018)

	Value reported by transferring trust £000s	Fair value adjustments £000s	Transfer in recognised £000s
Tangible Fixed Assets			
Leasehold Land & Buildings	-	1,829	1,829
Pensions			
LGPS pension deficit	(1,214)	-	(1,214)
Net assets/(liabilities)	(1,214)	1,829	615

WISE Academies

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 August 2019

Blyth Quays Trust (1 September 2018)

	Value reported by transferring trust £000s	Fair value adjustments £000s	Transfer in recognised £000s
Tangible Fixed Assets			
Leasehold land and buildings	8,841	3,521	12,362
Furniture & Equipment	200	-	200
Motor Vehicles	1	(1)	-
Computer Hardware	41	-	41
Current Assets			
Debtors	228	-	228
Cash in bank and in hand	2,335	-	2,335
Liabilities			
Creditors	(1,295)	-	(1,295)
Pensions			
Pensions – pension scheme assets	3,756	-	3,756
Pensions – pension scheme liabilities	(6,587)	-	(6,587)
Net assets/(liabilities)	7,520	3,520	11,040

WISE Academies

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 August 2019

North View Trust (1 September 2018)

	Value reported by transferring trust £000s	Fair value adjustments £000s	Transfer in recognised £000s
Tangible Fixed Assets			
Leaschold land and buildings	1,305	3,823	5,128
Furniture & Equipment	21	-	21
Computer Hardware	2	-	2
Current Assets			
Debtors	25	-	25
Cash in bank and in hand	135	-	135
Liabilities			
Creditors	(133)	-	(133)
Pensions			
Pensions – pension scheme assets	1,090	-	1,090
Pensions – pension scheme liabilities	(1,434)	-	(1,434)
Net assets/(liabilities)	1,011	3,823	4,834

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

	Unrestricted Funds £000s	Restricted General Funds £000s	Restricted Fixed Asset Funds £000s	Total 2019 £000s
Per Gift				
Fixed Asset funds	-	-	19,584	19,584
LGPS funds	-	(4,385)	-	(4,385)
Other funds	1,294	-	-	1,294
	1,294	(4,385)	19,584	16,493

The total income and net income/expenditure comprise total income of £26,326k and net income of £17,019k contributed by the 6 schools between the date of the transfer and the 31st August 2019.

WISE Academies

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 August 2019

31. TEACHING SCHOOL ACCOUNT

	2018/19	2018/19	2018/19	2017/18	2017/18	2017/18
	£000	£000	£000	£000	£000	£000
Income						
Direct Income						
Other Income		113			76	
Other Income						
Fundraising and other trading activities		55			33	
Total Income			168			109
Expenditure						
Direct costs						
Direct staff costs	70			23		
Staff development	-			-		
Other direct costs	86			64		
Total direct costs		156			87	
Other costs						
Support staff costs	14			14		
Depreciation	-			-		
Other support costs	-			-		
Total other costs		14			14	
Total Expenditure			(170)			(101)
Transfers between funds excluding depreciation			(50)			-
Surplus/(Deficit) from all sources			(52)			81
Teaching school balances at 1 September 2018			110			102
Teaching school balances at 31 August 2019			58			110