

West Midlands Construction UTC

(A Company Limited by Guarantee)

Annual Report and Financial Statements

Year ended 31 August 2018

Company Registration Number:

07898669 (England and Wales)



REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISORS FOR THE YEAR ENDED 31 AUGUST 2018

DIRECTORS AND GOVERNORS

K Jones
Prof R Moreton (resigned 31 August 2018)
B Boughton
C Gleeson
A Sanghera (resigned 31 August 2018)
M Arif
C Jenkins
T Law (appointed 1 October 2017)
D Hyett (appointed 1 October 2017)
D Kangh (appointed 1 October 2017)

COMPANY SECRETARY

No company secretary appointed

SENIOR MANAGEMENT TEAM

A Gill – Principal and Accounting Officer

COMPANY REGISTERED NUMBER

07898669 (England and Wales)

REGISTERED OFFICE

Springfield Campus
Cambridge Street
Wolverhampton
West Midlands
WV10 0JR

AUDITORS

Curo Professional Services Limited
Curo House
Greenbox
Westonhall Road
Stoke Prior
Bromsgrove
Worcestershire
B60 4AL

REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISORS FOR THE YEAR ENDED 31 AUGUST 2018 *(continued)*

BANKERS

HSBC Bank PLC
63 High St.
Kings Lynn
Norfolk
PE30 1BA

WEST MIDLANDS CONSTRUCTION UTC LIMITED

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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 2018. The annual report serves the purpose of both a trustee's report, and a directors' report under company law.

Structure, Governance and Management

Constitution

The Academy Trust is a company limited by guarantee and an exempt charity. The Charitable Company was set up by a memorandum and articles of association on 5 January 2012 which are the primary governing documents of the Academy Trust.

The trustees of West Midlands Construction UTC are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as West Midlands Construction UTC ("The UTC").

Details of the trustees who served throughout the year except as noted are included in the Reference and Administrative Details.

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.

Principal Activities

The principal activity of the UTC is to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum which offers provision for technical education in Construction and the application of Information Technology in the Built Environment.

Method of Recruitment and Appointment or Election of Trustees

An excerpt from the Articles follows detailing the membership of the Governing Body:

- the signatories to the Memorandum (the Members of the Charitable Trust)
- Up to 5 persons who may be appointed as follows:
 - Up to 2 person(s) who may be appointed by the Principal Sponsor (CITB);
 - Up to 2 person(s) appointed by the University of Wolverhampton
- 1 person appointed by the Secretary of State, in the event that the Secretary of State appoints a person for this purpose;
- the chairman of the trustees; and
- any person appointed should the Members agree unanimously in writing to appoint or to be removed.

The members of the Governing Body and the supporting committees have principally been drawn from the sponsor organisations, associated construction industry businesses, local educational establishments, parents of West Midlands Construction UTC students and staff according to the relevant skills for the tasks in hand. The portfolio of trustees includes representation from key stakeholder groups in addition to the prerequisite sponsor membership and includes a wide range of skills and experiences to support the leadership of the UTC.

Trustees' Report *(continued)*

The number of Trustees shall be not less than three but (unless otherwise determined by ordinary resolution) shall not be subject to any maximum.

Subject to Articles 48-49 and 64, the Academy Trust shall have the following Trustees:

- a. Up to 8 Trustees, appointed under Article 50;
- b. any Staff Trustees, if appointed under Article 50A;
- c. up to 1 LA Trustee if appointed under Article 51 ;
- d. a minimum of 2 Parent Trustees appointed under Articles 53-58 ;
- e. the Principal;
- f. any Additional Trustees, if appointed under Article 62, 62A or 68A; and
- g. any Further Trustees, if appointed under Article 63 or Article 68A;

Policies and Procedures Adopted for the Induction and Training of Trustees

The members of the Governing Body and the supporting committees have principally been drawn from the sponsor organisations, associated construction industry businesses, local educational establishments, parents of West Midlands Construction UTC students and staff according to the relevant skills for the tasks in hand. Additional specialist support has been sought externally by the Trust or from within the sponsor organisations to ensure all duties and responsibilities of the trustees have been performed.

Organisational Structure

Following our opening the activities of the UTC are governed by the Full Governing Body that is informed by a number of permanent sub committees:

- Finance and Resources Committee inc Pay Committee
- Teaching & Learning Committee
- Student Support & Safeguarding Committee

A new Principal, Avtar Gill was appointed and took up post on 31st August 2017.

Arrangements for Setting Remuneration of Key Management Personnel

The pay ranges for the Principal, Vice Principal[s] and Assistant Principal[s] or other members of the Senior Leadership Team will be determined in accordance with the criteria specified in the School Teachers' Pay and Conditions Document and advice issued by the Local Authority on the salaries of management at comparable size schools.

The Governing Body will determine pay ranges for each role dependent on the role and responsibilities for each post.

The Principal, Vice Principal(s) and Assistant Principal(s) (or other members of the Senior Leadership Team) will be awarded an increase in their pay within their scale that reflects their performance. To receive any progression they must demonstrate sustained high quality of performance in respect of school leadership and management and pupil progress. The extent of any pay increase will be determined by the Governing body.

Trustees' Report *(continued)*

Risk Management

The trustees have assessed the major risks to which the Academy is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Academy, and its finances. The trustees are satisfied that systems and procedures are in place to mitigate the exposure to major risks and that the procedures are consistent with the guidelines issued by the Charity Commission.

The most significant risks for the UTC are:

- Student recruitment to the UTC
- Student Performance
- Student Attendance
- Student Conduct
- Reputation of the UTC
- OFSTED Inspection

Connected Organisations, including Related Party Relationships

The West Midlands Construction UTC operates as a single academy trust. Beyond the main sponsor organisations there are a number of organisations which have a significant supporting involvement to the running of the UTC:

- Baker Dearing Trust
- Willmott Dixon
- Lovell Partnerships Ltd
- Redrow Homes
- Morgan Sindall
- Seddon
- St Gobain
- Barratt Developments
- Carillion
- Pasquill
- RMD Kwikform
- Shaylor Group
- Midland Metro Alliance
- Galliford Try

Objectives and Activities

Objectives, Strategies and Activities

For marketing purposes we now refer to the school as the West Midlands UTC. The trust continues to be known as the West Midlands Construction UTC.

The West Midlands Construction UTC exists to provide the young people of the West Midlands with a unique combination of excellent academic achievement and unparalleled employability skills.

Our specialism of Construction and the Application of IT in the Built Environment will give our students a distinct advantage in seeking professional and technical careers within the construction, built environment and related IT industries. The combination of employer mentors, extensive work experience, an employer-led project-based curriculum, specialist facilities and a professional work environment will provide an outstanding education for all our learners. Our students will leave West Midlands Construction UTC with the qualifications, skills, experience and professional work ethos that will enable them to reach their highest aspirations. Plus, our partnerships with employers, CITB and the University of Wolverhampton will ensure that we are able to support them beyond their graduation and throughout their career.

Trustees' Report *(continued)*

Public Benefit

The Trustees confirm that they have complied with their duty in Section 17 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission for England and Wales. The Trustees have referred to the Charities Commission's general guidance on public benefit when reviewing the Trust's objectives and aims and in planning future activities for the year. The objectives of the UTC are to be at the heart of its community, promoting cohesion and sharing facilities with the wider community.

Achievements and Performance

It should be noted that the West Midlands Construction UTC was subject to an OFSTED visit in June 2018. The UTC was judged to be providing a GOOD standard of education for its students with elements of OUTSTANDING practice. We will no longer be subject to the DFE Advisor visits. Examination outcomes indicate that students at the UTC make good progress against starting points and have good positive future destinations. The most recent leavers from Year 13 had zero NEETs (not in education, employment or training) with over 40% securing apprenticeships.

Going Concern

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

Key Financial Performance Indicators

The main financial performance indicator is the level of reserves held at the Balance Sheet date. All General Annual Grant (GAG) available was spent in the year (2017: All available was spent in the year) with nothing carried forward following a transfer of funds £44k (2017: £143k) from unrestricted funds.

Staffing costs as a percentage of GAG is a key performance indicator. For the year under review this was 82% (2017: 81%) which is slightly above benchmarking.

As funding is based on pupil numbers this is also a key performance indicator. Pupil numbers for 2017/18 funding were 257 (2016/17: 261). However, the UTC had 226 (2016/17: 198) students on roll resulting in a clawback of funding of £161k (2016/17 £314k).

Financial Review

Most of the Academy's income is obtained from the EFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFA during the period ended 31 August 2018 and the associated expenditure are shown as restricted funds in the statement of financial activities.

The Academy also receives grants for fixed assets from the EFA. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2005), 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 period ended 31 August 2018, total expenditure of £2,672,000 (2017 - £2,788,000) was more than covered by recurrent grant funding from the EFA together with other incoming resources.

At 31 August 2018 the net book value of fixed assets was £9,751,000 (2017 - £10,179,000) as shown in note 12 to the financial statements. The assets will be used exclusively for providing education and the associated support services to the pupils of the Academy.

Trustees' Report *(continued)*

Principle Risks and Uncertainties

The principal financial risk area for West Midlands Construction UTC in its current status is dictated by the financial support provided by the Department of Education. West Midlands Construction UTC, along with all UTCs has recently had confirmed an additional annual fund of £200,000 to offset the challenge of student recruitment in early phases. The conditions set for receipt of these funds are achievable, feasible and in line with agreed strategic aims approved by the governors. These additional funds offset a previous debt to the EFA in respect of recovery of excess funding from previous years.

The greatest risks to the UTC beyond the direct financial risk area are:

- Student recruitment to the UTC
- Student Performance
- Student Attendance
- Student Conduct
- Reputation of the UTC
- OFSTED Inspection

Reserves Policy

The level of reserves held takes into account the nature of income and expenditure streams, the need to match them with commitments, including future capital projects and the nature of reserves. The level of reserves will be kept under review by the trustees.

At 31 August 2018 the total reserves are £9,608,000 (2017: £10,077,000) which consists of General Unrestricted funds, Restricted funds, and Restricted Fixed Asset funds.

General unrestricted funds consist of income funds which are freely available for general purpose expenditure and will be carried forward to future periods. At 31 August 2018 general unrestricted funds is in surplus of £26,000 (2017: £34,000).

Restricted general funds are available for the Academy's educational operations only, any surplus will be carried forward for future expenditure. At 31 August 2018 the restricted fund is in deficit to the amount of £149,000 (2017: £122,000).

Restricted fixed asset funds consist of capital assets matched to capital grants. These funds are not available for general purposes and are carried forward to future periods. At 31 August 2018 the restricted fixed asset fund is in surplus to the amount of £9,731,000 (2017: £10,165,000).

At 31 August 2018 the total funds available for future spending is £26,000 (2017: £34,000). This shows all reserves net of the pension fund, restricted general fund and restricted fixed asset fund.

Plans for Future Periods

The future plans of the trust are to consolidate the provision of West Midlands Construction UTC which led to a Good judgement from Ofsted in June 2018; to improve student recruitment until the UTC is oversubscribed in all year groups.

The board are looking at options which would secure the sustainability of the UTC. MAT options are being pursued as is an age-range expansion.

Trustees' Report *(continued)*

Auditor

In so far as the trustees are aware:

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

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

Approved by order of the members of the Governing Body on 13th December 2018 and signed on its behalf by:



K Jones

Trustee

Governance Statement

Scope of Responsibility

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

The Governing Body has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between West Midlands Construction UTC and the Secretary of State for Education. He is also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

Governance

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

Trustee	Meetings Attended	Out of a Possible
A Gill	5	5
B Boughton	5	5
M Arif	1	5
R Moreton	5	5
C Jenkins	3	5
K Jones	5	5
D Kangh (appointed Oct 17)	4	4
C Gleeson	4	5
A Sanghera	2	5
T Law (appointed Oct 17)	3	4
D Hyett (appointed Oct 17)	1	4

The Finance and Resources Committee is a sub-committee of the main governing body. Its purpose is to oversee the financial systems, procedures and operations of the trust. Attendance at meetings in the period was as follows:

Committee member	Meetings Attended	Out of a Possible
K Jones	2	2
R Moreton	1	2
M Arif	2	2
A Gill	2	2
D Kangh	1	1

The Teaching and Learning Committee is a sub-committee of the main governing body. Attendance at meetings in the period was as follows:

Committee member	Meetings Attended	Out of a Possible
R Moreton	1	1
B Boughton	1	1
A Gill	1	1

Governance Statement *(continued)*

C Jenkins	1	1
C Gleeson	1	1
T Law	1	1

The Student Support and Safeguarding Committee is a sub-committee of the main governing body. Attendance at meetings in the period was as follows:

Committee member	Meetings Attended	Out of a Possible
K Jones	1	1
D Hyett	1	1
A Gill	1	1
A Sanghera	0	1
C Gleeson	1	1

Because the West Midlands Construction UTC is a company limited by guarantee the Trustees are also Directors of the company. As an education establishment they are known as Governors. We usually refer to them in this report as Trustees albeit the same individuals are at the same time Directors and Governors.

Review of Value for Money

As accounting officer the Principal 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 appropriate. The Accounting Officer for the Academy has delivered improved value for money during the year by:

- Improving Educational Outcomes
- The establishment and maintenance of a system of financial governance, including sound internal spending controls, keeping up to date financial records, continuous financial monitoring and timely reporting; and
- Ensuring all financial transaction represent value for money.

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 ongoing process designed to identify and prioritise the risks to the achievement of Academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised; and to manage them efficiently, effectively and economically. The system of internal control has been in place in West Midlands Construction UTC for the year ended 31 August 2018 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

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

Governance Statement *(continued)*

The Risk and Control Framework

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

- regular reviews by the Finance 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; and
- identification and management of risks.

The Governing Body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor.

Review of Effectiveness

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

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

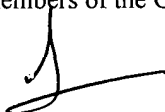
The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Governing Body on 13th December 2018 and signed on its behalf by:



K Jones

Trustee



A Gill

Accounting Officer

Statement on Regularity, Propriety and Compliance

As accounting officer of West Midlands Construction UTC I have considered my responsibility to notify the academy trust governing body and the Education Funding Agency of material irregularity, impropriety and noncompliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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

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 the EFA.

Signed



**A Gill
Accounting Officer**

Statement of Trustees' Responsibilities

The trustees (who act as trustees for charitable activities of West Midlands Construction UTC and are also the directors of the Charitable Company for the purposes of company law) are responsible for preparing the trustees' report and the financial statements in accordance with the Annual Accounts Requirements issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in business.

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

The trustees are responsible for ensuring that in its conduct and operation the Charitable Company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the 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 Governing Body on 13th December 2018 and signed on its behalf by:



K Jones
Trustee

Independent Auditor's Report to the Members of West Midlands Construction UTC

We have audited the financial statements of West Midlands Construction UTC (the 'academy trust') for the year ended 31 August 2018 as set out on pages 17 to 40. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency.

This report is made solely to the academy trust's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the academy trust'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 academy trust and the academy trust's members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

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

Emphasis of matter – Going concern

In forming our opinion on the financial statements, which have not been modified, we have considered the adequacy of the disclosure made in note 28 to the financial statements concerning the academy's ability to continue as a going concern.

The matters detailed in note 28 relate to the projected cash flows for future periods and the trusts ability to repay amounts overpaid by the ESFA within this period and future periods. Although further funding of £200,000 per annum for 3 years has been secured to 31 August 2019, these matters indicate a material uncertainty which may cast significant doubt about the academy's ability to continue as a going concern. The financial statements do not include any adjustments that would result if the academy was unable to continue as a going concern.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the trustees' annual report, other than the financial statements and our 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.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report (incorporating the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the academy trust and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' 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 directors' 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 trustees' responsibilities statement set out on page 11, the trustees (who are also the directors of the academy trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>. This description forms part of our auditor's report.



Anna Madden FCA (Senior Statutory Auditor)
for and on behalf of Curo Professional Services Limited (Statutory Auditors)
Curo House, Greenbox
Westonhall Road
Stoke Prior
Bromsgrove
Worcestershire
B60 4AL
13th December 2018

Independent Accountant's Assurance Report on Regularity to West Midlands Construction UTC and the Education and Skills Funding Agency

In accordance with the terms of our engagement letter dated 13 January 2013 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by West Midlands Construction UTC during the period 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of West Midlands Construction UTC's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of West Midlands Construction UTC's funding agreement with the Secretary of State for Education dated 10 June 2013 and the Academies Financial Handbook, extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

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

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

Independent Accountant's Assurance Report on Regularity to West Midlands Construction UTC and the Education Funding Agency (Continued)

Conclusion

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



Anna Madden FCA (Senior Statutory Auditor
for and on behalf of Curo Professional Services Limited Statutory Auditors)
Curo House
Greenbox
Westonhall Road
Stoke Prior
Bromsgrove
Worcestershire
B60 4AL

13th December 2018

Statement of Financial Activities for the period ended 31 August 2018

(including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted Funds £000	Restricted non fixed asset funds £000	Restricted fixed asset funds £000	Total 2018 £000	Total 2017 £000
Incoming and endowments from						
Donations and capital grants	3	15	-	160	175	3,701
Charitable activities						
• Funding for the Academy's educational operations	4	-	1,996	-	1,996	2,129
Other trading activities	5	59	-	-	59	44
Investment Income	6	-	-	-	-	-
Total income		<u>74</u>	<u>1,996</u>	<u>160</u>	<u>2,230</u>	<u>5,874</u>
Expenditure						
Charitable activities						
• Academy's educational operations	7/8	38	2,129	594	2,761	2,788
Total expenditure		<u>38</u>	<u>2,129</u>	<u>594</u>	<u>2,761</u>	<u>2,788</u>
Net income / (expenditure) before transfers	16	36	(133)	(434)	(531)	3,086
Gross transfers between funds	16	(44)	44	-	-	-
Net income for the year		<u>(8)</u>	<u>(89)</u>	<u>(434)</u>	<u>(531)</u>	<u>3,086</u>
Other recognised gains and losses						
Actuarial (losses)/ gains on defined benefit pension schemes	26	-	62	-	62	(58)
Net movement in funds		<u>(8)</u>	<u>(27)</u>	<u>(434)</u>	<u>(469)</u>	<u>3,028</u>
Reconciliation of funds						
Funds brought forward at 1 September 2017	16	34	(122)	10,165	10,077	7,049
Funds carried forward at 31 August 2018	16	<u>26</u>	<u>(149)</u>	<u>9,731</u>	<u>9,608</u>	<u>10,077</u>

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

A Statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities.

Statement of Financial Activities for the period ended 31 August 2017
(including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	<i>Note</i>	Unrestricted Funds £000	Restricted non fixed asset funds £000	Restricted fixed asset funds £000	Total 2017 £000
Incoming and endowments from					
Donations and capital grants	3	98	-	3,603	3,701
Charitable activities					
• Funding for the Academy's educational operations	4	-	2,129	-	2,129
Other trading activities	5	44	-	-	44
Investment Income	6	-	-	-	-
Total income		<u>142</u>	<u>2,129</u>	<u>3,603</u>	<u>5,874</u>
Expenditure					
Charitable activities					
• Academy's educational operations	7/8	90	2,109	589	2,788
Total expenditure		<u>90</u>	<u>2,109</u>	<u>589</u>	<u>2,788</u>
Net income / (expenditure) before transfers	16	52	20	3,014	3,086
Gross transfers between funds	16	(143)	143	-	-
Net income for the year		<u>(91)</u>	<u>163</u>	<u>3,014</u>	<u>3,086</u>
Other recognised gains and losses					
Actuarial (losses)/ gains on defined benefit pension schemes	26	-	(58)	-	(58)
Net movement in funds		<u>(91)</u>	<u>105</u>	<u>3,014</u>	<u>3,028</u>
Reconciliation of funds					
Funds brought forward at 1 September 2016	16	125	(227)	7,151	7,049
Funds carried forward at 31 August 2017		<u>34</u>	<u>(122)</u>	<u>10,165</u>	<u>10,077</u>

Balance sheet at 31 August 2018

COMPANY NUMBER: 07898669

	Note	2018 £000	2017 £000
Fixed assets			
Intangible assets		-	-
Tangible assets	12	9,751	10,179
Current assets			
Stocks	13	-	-
Debtors	14	52	67
Cash at bank and in hand		324	644
		<u>376</u>	<u>711</u>
Creditors: Amounts falling due within one year	15	<u>(370)</u>	<u>(691)</u>
Net current assets		<u>6</u>	<u>20</u>
Total assets less current liabilities		<u>9,757</u>	<u>10,199</u>
Net assets excluding pension liability		<u>9,757</u>	<u>10,199</u>
Pension scheme liability	26	(149)	(122)
Net assets including pension liability		<u><u>9,608</u></u>	<u><u>10,077</u></u>
Funds of the academy:			
Restricted funds			
Fixed asset fund	16	9,731	10,165
General fund	16	-	-
Pension reserve	16	(149)	(122)
Total restricted funds		<u><u>9,582</u></u>	<u><u>10,043</u></u>
Unrestricted funds			
General fund	16	26	34
Total funds		<u><u>9,608</u></u>	<u><u>10,077</u></u>

The financial statements on pages 17 to 40 were approved by the Trustees, and authorised for issue on 13th December 2018 and are signed on their behalf by:


K Jones
Trustee


A Gill
Accounting Officer

Statement of Cash Flows for the period ended 31 August 2018

	<i>Note</i>	2018	2017
		£000	£000
Cash flows from operating activities			
Net cash provided by (used in) operating activities	<i>20</i>	(320)	365
Cash flows from financing activities	<i>21</i>	-	-
Cash flows from investing activities	<i>22</i>	-	-
Increase/(decrease) in cash in the period	<i>23</i>	(320)	365
Reconciliation of net cash flow to movement in net funds		<hr/>	<hr/>
Net funds at 1 September 2017		644	279
Net funds at 31 August 2018		<hr/> 324 <hr/>	<hr/> 644 <hr/>

Notes

(Forming part of financial Statements)

1 Statement of Accounting Policies

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 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

Going Concern

The financial statements have been prepared on the going concern basis, which the Academy Trust believes to be appropriate. As detailed in note 28 the Academy Trust has been overfunded by the EFA in the financial year 31 August 2018 by the sum of £160,680 and has a budget for the year ended 31 August 2019 which projects an overall deficit of £147,000. Included in this budget, actual pupil numbers for the year ended 31 August 2019 indicated that the UTC has been overfunded and will be required to pay back an amount to the EFA in the region of £165,000.

The trustees have discussed this with the EFA and although no formal confirmation has been received other than that of the additional funding of £200,000 per annum continues to be made available to 31 August 2019, the trustees consider that funding will be made available by the EFA as per the GAG statement 18/19 and therefore the Academy Trust believes it is appropriate to prepare the financial statements on a going concern basis.

However, this material uncertainty may cast significant doubt on the Academy Trust's ability to continue as a going concern. The Academy Trust may, therefore, be unable to continue realising its assets and discharging its liabilities in the normal course of business but the financial statements do not include any adjustments that would result if further funding is not made available.

Notes (continued)

Statement of Accounting Policies (continued)

Income

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

- **Grants**

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

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

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

- **Sponsorship Income**

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

- **Donations**

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

- **Other Income**

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

- **Donated goods, facilities and services**

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

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

Notes (continued)

Statement of Accounting Policies (continued)

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.

Tangible Fixed Assets

Assets costing £500 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

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

Depreciation is provided on 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 life, as follows:

Long leasehold buildings	25 years
Fixtures, Fittings and equipment	10 years
ICT equipment	5 years
Motor vehicles	4 years

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.

Notes (continued)

Statement of Accounting Policies (continued)

Liabilities

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

Provisions

Provisions are recognised when the academy trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

Leased Assets

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

Taxation

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

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

Pensions Benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 26, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to 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.

Notes (continued)

Statement of Accounting Policies (continued)

Fund Accounting

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

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

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

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The 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 26, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2 General Annual Grant (GAG)

	2018	2017
	£000	£000
Results and Carry Forward for the Year		
GAG brought forward from previous year	-	(163)
GAG allocation for current period	1,670	1,813
Total GAG available to spend	1,670	1,650
Recurrent expenditure from GAG	(1,714)	(1,793)
Fixed assets purchased from GAG	-	-
Transfers from other funds	44	143
GAG carried forward to next year	-	-

Notes (continued)

3 Donations and Capital Grants

	Unrestricted Funds £000	Restricted Funds £000	Total 2018 £000	Total 2017 £000
Capital grants	-	160	160	3,603
Other donations	15	-	15	98
	<u>15</u>	<u>160</u>	<u>175</u>	<u>3,701</u>

4 Funding for the Academy's educational operations

	Unrestricted funds £000	Restricted funds non fixed assets £000	Total 2018 £000	Total 2017 £000
DfE / EFA grants				
General Annual Grant (GAG) (note 2)	-	1,670	1,670	1,813
Other DfE/EFA grants	-	326	326	316
	<u>-</u>	<u>1,996</u>	<u>1,996</u>	<u>2,129</u>

5 Other trading activities

	Unrestricted Funds £000	Restricted Funds £000	Total 2018 £000	Unrestricted Funds £000	Restricted Funds £000	Total 2017 £000
Catering income	32	-	32	38	-	38
Profit on sale of assets	6	-	6	-	-	-
Other income	21	-	21	6	-	6
	<u>59</u>	<u>-</u>	<u>59</u>	<u>44</u>	<u>-</u>	<u>44</u>

6 Investment income

	Unrestricted Funds £000	Restricted Funds £000	Total 2018 £000	Unrestricted Funds £000	Restricted Funds £000	Total 2017 £000
Short term deposits	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Notes (continued)

7 Expenditure

	Staff costs £000	Non Pay Premises £000	Expenditure Other costs £000	Total 2018 £000	Total 2017 £000
Academy's educational operations					
Direct costs	1,034	-	126	1,160	1,144
Allocated support costs	481	638	482	1,601	1,644
	<u>1,515</u>	<u>638</u>	<u>608</u>	<u>2,761</u>	<u>2,788</u>

	Staff costs £000	Non Pay Premises £000	Expenditure Other costs £000	Total 2017 £000
Academy's educational operations				
Direct costs	1,045	-	99	1,144
Allocated support costs	410	622	612	1,644
	<u>1,455</u>	<u>622</u>	<u>711</u>	<u>2,788</u>

	2018 £000	2017 £000
Incoming/outgoing resources for the year include:		
Fees payable to auditor – audit	4	4
Other services	22	7
Depreciation	594	589
Profit/(loss) on disposal of fixed assets	6	-
	<u>626</u>	<u>600</u>

Notes (continued)

8 Charitable activities – Academy’s educational operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2018 £000	Unrestricted Funds £000	Restricted Funds £000	Total 2017 £000
Direct costs						
Teaching and educational support staff costs	15	1,019	1,034	15	1,030	1,045
Educational supplies	-	46	46	-	61	61
Other direct costs	2	78	80	2	36	38
	<u>17</u>	<u>1,143</u>	<u>1,160</u>	<u>17</u>	<u>1,127</u>	<u>1,144</u>
Allocated support costs						
Support staff costs	-	471	471	-	394	394
Maintenance of premises	-	44	44	-	33	33
Recruitment and support	-	10	10	-	17	17
Depreciation	-	594	594	-	589	589
Loss on disposal of fixed assets	-	-	-	-	-	-
Insurance	-	5	5	-	8	8
Cleaning	-	13	13	-	15	15
Rates and rent	-	123	123	-	51	51
Catering	19	38	57	29	38	67
Other support costs	2	241	243	44	385	429
Governance costs	-	41	41	-	41	41
	<u>21</u>	<u>1,580</u>	<u>1,601</u>	<u>73</u>	<u>1,571</u>	<u>1,644</u>
	<u>38</u>	<u>2,723</u>	<u>2,761</u>	<u>90</u>	<u>2,698</u>	<u>2,788</u>

Notes (continued)

9 Staff costs

Staff costs during the period were:	2018 £000	2017 £000
Wages and salaries	1,124	1,123
Social security costs	113	116
Pension costs	251	142
	<hr/>	<hr/>
	1,488	1,381
Supply staff costs	-	-
	<hr/>	<hr/>
	1,488	1,381
	<hr/>	<hr/>

The average number of persons (including senior management team) employed by the Academy during the period expressed as full time equivalents was as follows:

	2018 No.	2017 No.
Teachers	20	23
Administration and support	16	10
Management	6	6
	<hr/>	<hr/>
	42	39
	<hr/>	<hr/>

The number of employees whose emoluments fell within the following bands was:

	2018 No.	2017 No.
£60,001 – £70,000	1	1
£70,001 – £80,000	-	1
£80,001 – £90,000	1	-
£90,001 – £100,000	-	-
£100,001 – £110,000	-	-
	<hr/>	<hr/>

18 of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2018, pension contributions for these staff amounted to £192,022 (2017: 173,297). The other employees participated in the Local Government Pension Scheme, pension contributions for whom amounted to £59,160 (2016: £45,622).

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 received by key management personnel for their services to the academy trust was £84,000 (2017: £90,178).

Notes (continued)

10 Related party transactions – Trustees remuneration and expenses

The Principal and staff trustees only receive remuneration in respect of services they provide undertaking the roles of Principal and staff under their contracts of employment. Other trustees did not receive any payments, or expenses, from the Academy in respect of their role as trustees.

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

A Gill (principal)
Remuneration £80,000 - £90,000
Employer's pension contributions paid £10,000 - £15,000

11 Governors', trustees' and officers' insurance

In accordance with normal commercial practice the Academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £1,000,000 on any one claim. The cost of this insurance is included in the total insurance cost.

12 Tangible Fixed assets

	Leasehold Land and Buildings £000	Furniture and equipment £000	Computer equipment £000	Total £000
Cost at 1 September 2017				
Brought forward	9,828	212	840	10,880
Additions	-	143	22	165
Disposals	-	-	-	-
At 31 August 2018	9,828	355	862	11,045
Depreciation at 1 September 2017	393	36	271	700
Charged in period	395	27	172	594
Adjustment on disposal	-	-	-	-
At 31 August 2018	788	63	443	1,294
Net book value				
At 31 August 2018	9,040	292	419	9,751
At 31 August 2017	9,435	176	569	10,180

13 Stock

No stock was held at the year end (2017: £Nil).

Notes *(continued)*

14 Debtors

	2018 £000	2017 £000
Trade debtors	9	1
Other debtors	10	34
Prepayments and accrued income	33	32
	<hr/> 52	<hr/> 67
	<hr/> <hr/>	<hr/> <hr/>

15 Creditors: amounts falling due within one year

	2018 £000	2017 £000
Trade creditors	151	303
Accruals	57	73
Other creditors	162	315
	<hr/> 370	<hr/> 691
	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

16 Funds

	Balance at 1 September 2017 £000	Incoming Resources £000	Resources Expended £000	Gains, losses and transfers £000	Balance at 31 August 2018 £000
Restricted general funds					
General annual grant (GAG)	-	1,670	(1,714)	44	-
Other DfE/EFA grant	-	326	(326)	-	-
Pension reserve	(122)	-	(89)	62	(149)
	<u>(122)</u>	<u>1,996</u>	<u>(2,129)</u>	<u>106</u>	<u>(149)</u>
Restricted fixed asset funds					
DfE capital grants	10,165	160	(594)	-	9,731
	<u>10,165</u>	<u>160</u>	<u>(594)</u>	<u>-</u>	<u>9,731</u>
Total Restricted Funds	<u>10,043</u>	<u>2,156</u>	<u>(2,723)</u>	<u>106</u>	<u>9,582</u>
Unrestricted funds	34	74	(38)	(44)	26
Total unrestricted funds	<u>34</u>	<u>74</u>	<u>(38)</u>	<u>(44)</u>	<u>26</u>
Total funds	<u>10,077</u>	<u>2,230</u>	<u>(2,761)</u>	<u>62</u>	<u>9,608</u>

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

Restricted funds:

General Annual Grant- Income from the ESFA which is used for the normal running costs of the Academy, including education and support costs. A provision of £160,680 was made to show the clawback of funding by the EFA due to the Academy not reaching the predicted level of student numbers.

Other DfE/EFA grant- Income which has been received for specific purposes.

Pension reserve- This represents the academy's share of the assets and liabilities in the Local Government Pension Scheme.

Fixed asset funds:

DfE capital grants- This represents the funding from the EFA to cover the maintenance and purchase of the academy's assets

Unrestricted funds:

This represents those resources used towards meeting any of the charitable objects of the Academy at the discretion of the trustees.

Notes *(continued)*

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

	Balance at 1 September 2016 £000	Incoming Resources £000	Resources Expended £000	Gains, losses and transfers £000	Balance at 31 August 2017 £000
Restricted general funds					
General annual grant (GAG)	(163)	1,813	(1,793)	143	-
Other DfE/EFA grant	-	316	(316)	-	-
Pension reserve	(64)	-	-	(58)	(122)
	<u>(227)</u>	<u>2,129</u>	<u>(2,109)</u>	<u>85</u>	<u>(122)</u>
Restricted fixed asset funds					
DfE capital grants	7,151	3,603	(589)	-	10,165
	<u>7,151</u>	<u>3,603</u>	<u>(589)</u>	<u>-</u>	<u>10,165</u>
Total Restricted Funds	<u>6,924</u>	<u>5,732</u>	<u>(2,698)</u>	<u>85</u>	<u>10,043</u>
Unrestricted funds	125	142	(90)	(143)	34
Total unrestricted funds	<u>125</u>	<u>142</u>	<u>(90)</u>	<u>(143)</u>	<u>34</u>
Total funds	<u>7,049</u>	<u>5,874</u>	<u>(2,788)</u>	<u>(58)</u>	<u>10,077</u>

Notes (continued)

17 Analysis of net assets between funds

Fund balances at 31 August 2018 are represented by:

	Unrestricted Funds £000	Restricted general funds £000	Restricted fixed asset funds £000	Total Funds £000
Tangible fixed assets	6	14	9,731	9,751
Current assets	376	-	-	376
Current liabilities	(356)	(14)	-	(370)
Pension scheme liability	-	(149)	-	(149)
Total net assets	26	(149)	9,731	9,608

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

	Unrestricted Funds £000	Restricted general funds £000	Restricted fixed asset funds £000	Total Funds £000
Tangible fixed assets	-	14	10,165	10,179
Current assets	711	-	-	711
Current liabilities	(677)	(14)	-	(691)
Pension scheme liability	-	(122)	-	(122)
Total net assets	34	(122)	10,165	10,077

18 Capital commitments

	2018 £000	2017 £000
Contracted for, but not provided in the financial statements	-	-

19 Commitments under operating leases

Operating leases

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

	2018 £000	2017 £000
Other		
Amounts due within one year	-	-
Amounts due between two and five years	-	-
Amounts due after five years	-	-
	-	-

Notes (continued)

20 Reconciliation of net income/(expenditure) to net cash flow from operating activities

	At 31 August 2018 £000	At 31 August 2017 £000
Net income/(expenditure)	(442)	3,086
Depreciation (note 13)	594	589
(Profit)/Loss on disposal of fixed assets	(6)	-
Capital grants from DfE and other capital income	(160)	(3,603)
Decrease/(Increase in debtors)	15	665
(Decrease)/Increase in creditors	(321)	(371)
	<hr/>	<hr/>
Net cash inflow/(outflow) from operating activities	(320)	366
	<hr/>	<hr/>

21 Cash flows from financing activities

	2018 £000	2017 £000
Interest received	-	-
	<hr/>	<hr/>
Net cash inflow from returns on investment and servicing of finance	-	-
	<hr/>	<hr/>

22 Cash flows from investing activities

	2018 £000	2017 £000
Purchase of tangible fixed assets	(160)	(3,603)
Capital grants from DfE/EFA	160	3,603
	<hr/>	<hr/>
Net cash outflow from capital expenditure and financial investment	-	-
	<hr/>	<hr/>

23 Analysis of changes in net funds

	At 1 September 2017 £000	Cash Flows £000	At 31 August 2018 £000
Cash in hand and at bank	644	(320)	324
	<hr/>	<hr/>	<hr/>

24 Contingent liabilities

There are no contingent liabilities.

Notes (continued)

25 Members' liability

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

26 Pension and similar obligations

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2012 and of the LGPS 31 August 2018.

There were outstanding contributions totalling £0 (2017: £0) due to the TPS and outstanding contributions totalling £0 (2017: £0) due to the LGPS at the end of the financial year.

Teachers' Pension Scheme (TPS)

Teachers' Pension Scheme Introduction

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

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

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%))
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

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

The employer's pension costs paid to TPS in the period amounted to £120,601 (2017: £179,116).

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

Notes (continued)

26 Pension and similar obligations (continued)

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

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £59,160 (2017: £45,622), of which employer's contributions totalled £41,262 (2017: 30,756) and employees' contributions totalled £17,898 (2017: £14,866).

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

Principal Actuarial Assumptions:

	At 31 August 2018	At 31 August 2017
Rate of increase in salaries	3.80%	4.20%
Rate of increase for pensions in payment	2.30%	2.70%
Discount rate for scheme liabilities	2.70%	2.60%

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

	At 31 August 2018	At 31 August 2017
<i>Retiring today</i>		
Males	21.9	21.8
Females	24.4	24.3
<i>Retiring in 20 years</i>		
Males	24.1	24.0
Females	26.7	26.6

Notes (continued)

26 Pension and similar obligations (continued)

Local Government Pension Scheme

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

	Fair value at 31 August 2018 £000	Fair value at 31 August 2017 £000
Equities	129	88
Bonds	23	15
Property	17	10
Cash	8	7
Other	29	18
	<hr/>	<hr/>
Total market value of assets	206	138
Present value of scheme liabilities	(355)	(260)
- Funded		
	<hr/>	<hr/>
Deficit in the scheme	(149)	(122)
	<hr/>	<hr/>

The actual return on scheme assets was £1,000 gain. (2017: £12,012).

Amounts recognised in the statement of financial activities

	2018 £000	2017 £000
Current service cost (net of employee contributions)	124	89
Net interest cost	3	1
	<hr/>	<hr/>
Total operating charge	127	90
	<hr/>	<hr/>

Notes (continued)

26 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

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

	2018 £000	2017 £000
At 1 September 2017	260	100
Current service cost	124	89
Interest cost	7	3
Employee contributions	18	14
Actuarial (gain)/loss	-	-
Benefits/transfers paid	11	34
Change in financial assumption	(65)	18
Change in demographic assumptions	-	2
	<hr/>	<hr/>
At 31 August 2018	355	260
	<hr/>	<hr/>

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

	2018 £000	2017 £000
At 1 September 2017	138	36
Interest on assets	4	2
Interest income	(3)	10
Actuarial gain/(loss)	-	13
Employer contributions	38	29
Employee contributions	18	14
Benefits/transfers paid	11	34
	<hr/>	<hr/>
At 31 August 2018	206	138
	<hr/>	<hr/>

27 Related Party Transactions

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

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 10.

Notes (continued)

28 Going concern

The Academy trust was opened in 2015 and pupil numbers have not been as high as expected per funding agreement. As such, the academy has been overfunded in the year ended 31 August 2018 by the EFA in the sum of £168,680 that is required to be repaid to the EFA. The financial statements at 31 August 2018 include a provision of £160,680 for monies which are due back to the EFA to date.

In the year to 31 August 2018 the academy has reported net out going resources of £442,000 after depreciation of £594,000. At 31 August 2018 the unrestricted fund balance was a surplus of £84,000, the restricted fixed asset fund a surplus of £9,731,000 and the restricted general funds at £0.

The Academy has a budget for the year to 31 August 2019 which projects a deficit of £147,000 before depreciation and actuarial losses. The funding received by the academy from the EFA is dependant on the academy achieving the predicted pupil numbers, if numbers are not reached the academy is required to payback the over funded amount to the EFA. This can only be calculated at the beginning of the academic year once actual pupil numbers have been confirmed, therefore the academy's budgeted figures for future periods may be subject to change dependent on their ability to achieve the predicted numbers submitted to the EFA in the budget.

The trustees have provided detailed forecasts to the EFA, however the EFA have not yet provided any assurance of future financial support other than the additional funding as noted below and as such there is uncertainty that may cast doubt on the academy's ability to continue as a going concern. Although no formal confirmation has been received other than the confirmation of additional funding of £200,000 per annum for 3 years to 31 August 2019, the trustees are not aware of any reasons why future funding will not be made available by the EFA.