



WELLSPRING
ACADEMY TRUST

We Make A Difference

Wellspring Academy Trust
(A Company Limited by Guarantee)

Trustees' Report and Audited Accounts for the year ended 31 August 2018

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Reference and Administrative Details

Trustees

Hearl Lenton	(Chair)
Gordon Beever	(Chair of Finance, Resources & Remunerations Committee in 2017/18)
Molly Beever	(appointed 1 September 2017)
Ian Bennett Hague-Brown	(resigned 31 July 2018*)
Colin Booth OBE	
Neil Clephan OBE	(appointed 1 August 2018)
Warwick Firmin	(resigned 31 July 2018*)
Stewart Harper	
Cheryl Hobson	(appointed 1 August 2018)
Yiannis Koursis	
George (Jerzy) Krawiec	(resigned 31 July 2018*)
Dianne Murray	(resigned 31 July 2018)
Richard Owen	(appointed 18 October 2017)
Michael Sanderson	(Chair of Standards Committee in 2017/18) (resigned 31 July 2018*)
Mark Townley	(Chair of Audit Committee in 2017/18) (resigned 19 October 2018)
Dave Whitaker	(resigned 13 December 2017)
Mark Wilson	(CEO and Accounting Officer)

* Resigned due to a constitutional change whereby Chairs of Governing Bodies can no longer also hold the office of Trustee/Director with effect from 1 August 2018.

Members

Frank Johnston
Hearl Lenton
Barry Eldred
John Hall



Reference and Administrative Details

Senior Management Team

Chief Executive Officer	Mark Wilson
Chief Finance Officer	Mark Wood
Chief Operating Officer	Joshua Greaves
Chief Information Officer	Jonny Wathen
Chief Administration Officer	Natalie Hardman
Executive Principal of The Forest Primary Academy, Oakhill Primary Academy and Oakwell Rise Primary Academy	Samantha Bailey
Executive Principal of Springwell Special Academy, Springwell Alternative Academy and Springwell Lincoln City Academy	Dave Whitaker
Executive Principal of Phoenix Park Alternative Academy and Sevenhills Alternative Academy	Philip Hutchinson
Executive Principal of Victoria Primary Academy and Ebor Gardens Primary Academy	Ian Goddard
Principal of Littlecoates Primary Academy	Neville Wilkinson
Principal of Joseph Norton Academy	Sarah Wilson
Executive Principal of Springwell Academy Leeds	Scott Jacques
Head Teacher of Greenacre School	Diane Greaves
Head Teacher of Beacon Academy	Jason Thurley
Head Teacher of Elements Primary Academy	Sarah Horsbrough

Company Secretary

Karen Froggatt

Company registration number

08120960 (England and Wales)

Registered office

Digital Media Centre, County Way, Barnsley,
South Yorkshire S70 2JW

Reference and Administrative Details

Academies operated	Location	Principal/Head of School
Victoria Primary Academy	Leeds	Ian Goddard
Springwell Special Academy	Barnsley	Dave Whitaker
Springwell Alternative Academy	Barnsley	Dave Whitaker
Sevenhills Academy	Grimsby	Philip Hutchinson
Phoenix Park Academy	Grimsby	Philip Hutchinson
The Forest Academy	Barnsley	Samantha Bailey
Ebor Gardens Primary Academy	Leeds	Jennifer Thomas
Littlecoates Primary Academy	Grimsby	Neville Wilkinson
Springwell Leeds Academy	Leeds	Scott Jacques
Oakhill Primary Academy	Barnsley	Lisa McCarthy
Joseph Norton Academy	Huddersfield	Sarah Wilson
Oakwell Rise Primary Academy	Barnsley	Jessica Jenkins
Springwell Lincoln City Academy	Lincolnshire	Dave Whitaker
Greenacre School	Barnsley	Diane Greaves
Beacon Academy	Cleethorpes	Jason Thurley
Independent Auditor	KPMG LLP 1 Sovereign Square Sovereign Street Leeds LS1 4DA	
Internal Auditors	RSM Risk Assurance Services LLP Springfield House 76 Wellington Street Leeds LS1 2AY	
Bankers	Royal Bank of Scotland plc 5 Church Street Sheffield S1 1HF	
Solicitors	Browne Jacobson LLP Mowbray House Castle Meadow Road Nottingham NG2 1BJ	

Trustees' Report for the year ended 31 August 2018

The Trustees present their Annual Report together with the Financial Statements and Auditor's Report of the Charitable Company for the period 1 September 2017 to 31 August 2018. The Annual Report serves the purposes of both a Trustees' Report and a Directors' Report under company law.

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 Wellspring Academy Trust are also the Directors of the Charitable Company for the purposes of company law. The Academy Trust is known as Wellspring Academy Trust.

The Trust's Articles of Association were amended in June 2015 and are registered at Companies House.

Details of the Trustees who served during the year are included in the Reference and Administrative Details on page 3.

Members' liability

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

Trustees' indemnities

The Academy Trust maintains Governors' and Officers' liability insurance which gives appropriate cover for any legal action brought against its Governors. The Academy Trust has also granted indemnities to each of its Governors and other Officers to the extent permitted by law. Qualifying third party indemnity provisions (as defined by section 234 of the Companies Act 2006) were in force during the period and remain in force, in relation to certain losses and liabilities which the Governors or other Officers may incur to third parties in the course of acting as Governors or Officers of the Academy Trust.

Details of the insurance cover are provided in note 11 to the Financial Statements.

Method of recruitment and appointment or election of Trustees

As clearly set out in the Articles of Association, the Board of Trustees must consist of a minimum of three Trustees and comprise;

- a) up to two Trustees appointed by the Members,
- b) up to six Trustees appointed by the Sponsor, Barnsley College,
- c) a minimum of two Parent Trustees, unless the Local Governing Bodies include at least two Parent Members.

The Board may also co-opt Trustees onto the Board. The total number of Trustees including the CEO who are employees of the Company shall not exceed one third of the total number of Trustees.

The Board of Trustees has appointed Local Governing Bodies (LGBs) to oversee each Academy within the Trust. The LGBs have delegated powers to oversee the day to day running of the Academies. Each LGB must consist of a minimum of five Governors and comprise;

- a) up to eight Governors appointed by the Board of Trustees,
- b) two staff Governors elected by staff employed at the Academy (provided that the number of Wellspring staff, including the Principal, does not exceed one third of the total number of Governors on the LGB),
- c) two parent Governors elected by parents of registered pupils at the Academy,
- d) the Principal/Executive Principal of the Academy on an ex officio basis,
- e) the Chief Executive Officer of the Trust or a delegated representative on an ex-officio basis,
- f) any additional Governors which could be requested by the Secretary of State for Education.

Subject to remaining eligible to be a particular type of Trustee or Governor, Trustees and Governors serve a term of office of four years, with the exception of the Chief Executive Officer and Principal/Executive Principal. Trustees and Governors are eligible to be re-elected or re-appointed.

The Trust Board and Local Governing Bodies annually review their skills and effectiveness and incorporate any actions in their Governance Development Plans. The assessments of effectiveness reflect good practice in respect of guidance provided by the National Governance Association and skills

Trustees' Report for the year ended 31 August 2018 (contin)

assessments relate to the DfE's Competency Framework.

The Governance Committee's role includes ensuring that there is a robust recruitment and selection process in place in respect of Trustees and local Governors. Potential Trustees and Governors are interviewed and checks are completed to ensure they are suitable to join the Trust.

Induction and training of Trustees and Governors

Newly-appointed Local Governing Body members participate in an induction training programme at the earliest opportunity. Further to this, a broad range of training and development opportunities are available to support Governors in developing their skills and knowledge.

Trustees are also inducted to their role and are encouraged to pursue individual training and development opportunities, in addition to participating in development activities undertaken by the full Board.

All Trustees and Governors are required to complete a register of interests, which is updated on an ongoing basis.

Organisational structure

The Members of Wellspring Academy Trust have ultimate control over the Trust, with the ability to appoint other Members and Trustees, and the right to amend the Trust's Articles of Association. The Members monitor, challenge and hold the Trustees to account on finance, school improvements, objects of the Trust and recruitment of schools to the Trust.

The Board sets the strategic direction of the Trust and monitors its performance. It appoints professionals from the public sector, private industry, voluntary sectors and the community, whose knowledge and expertise can make a difference to the lives of children and young people. Trustees work together on the Board in a voluntary capacity to ensure that the Trust meets the needs of the community it serves.

The Chief Executive Officer of the Trust is responsible for the day-to-day operation of the Trust and is accountable to the Board.

Management responsibilities are governed by a detailed Scheme of Delegation, which specifies those decisions that are reserved to the Board of Trustees and those delegated to Local Governing Bodies or to Senior Management. Principals/Executive Principals are accountable to their

Local Governing Bodies. Where an Academy is categorised as 'Requires Improvement' or 'Inadequate' the Principal is supported by the Chief Executive Officer of the Trust to ensure that rapid improvements are secured.

The Board has four Committees which act in an advice and scrutiny capacity to the Board to enable informed decisions to be made. These are the Audit Committee, the Finance, Resources & Remuneration Committee, the Standards Committee and the Governance Committee. The Board may appoint up to two co-opted members to each Committee.

The Terms of Reference of each Committee are reviewed annually by the Board.

Arrangements for setting pay and remuneration of key management personnel

The Key Management Personnel of the Academy Trust comprise the Trustees and Senior Leadership Team as disclosed on pages 3 and 4.

The remuneration policy, setting the terms and conditions for the Key Management Personnel, was developed and approved by the Board of Trustees, after taking advice from the Chief Executive Officer and following guidance from the relevant professional pay review bodies. Naturally the Chief Executive Officer was not involved in setting his own remuneration package.

Only Staff Trustees, including the Chief Executive Officer, are remunerated, and these individuals only receive remuneration in respect of services they provide under their contracts of employment, and not in respect of their role as Trustees. Specific disclosures concerning Staff Trustees' remuneration is included in note 10.

The day to day running of the remuneration policy is delegated to the Chief Executive Officer and monitored by the Finance, Resources and Remuneration Committee. All details for setting pay and remuneration of key management personnel are set out in the pay policy and appraisal policy which are reviewed every three years by the Board of Trustees.

Trustees' Report for the year ended 31 August 2018 (contin)

Remuneration of key management personnel is set at an individual level, and where possible the Trustees have taken external professional advice which includes benchmarking, market trends and advice on structuring of incentives. Senior management salaries are linked to pay spines, helping Trustees conclude that each individual has remuneration at an appropriate level. As such, salaries are linked to factors such as length of service and experience. Total remuneration packages include employer pension contributions at specific approved rates.

The Board always bears in mind the charitable status of the Academy Trust and recognises the fact the Trust receives funding under a funding agreement with the Secretary of State for Education, and therefore ensure the remuneration paid to senior management personnel never exceeds a reasonable amount that provides value for money to the Trust. The performance of senior management personnel is reviewed on a regular basis to ensure continuing value for money.

Total remuneration paid to senior management personnel is set out in note 9.

Trade union facility time

Relevant union officials

Number of employees who were relevant union officials during the reporting period	Full-time equivalent number
1	0.865

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	-
1% - 50%	1
51% - 99%	-
100%	-

Percentage of pay bill spent on facility time

Total cost of facility time	£183.03
Total pay bill	£30.1m
Percentage of total pay bill spent on facility time	0.0006%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	69%
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Related parties and other connected charities and organisations

The Trust was established by Barnsley College in 2012. The College continues to actively engage with the Trust and appoints representatives to the Trust Board.

A relationship exists between the Trust and a Community Interest Company (Opening Doors Greenacre CIC). This is a separate legal entity providing holistic opportunities to adults aged 19 to 25 who have an Education Health and Care Plan. The Trust provides staff members on a consultant basis to deliver the provision, for which the Trust invoices the Company. The Trust also levies a management and administration charge, in addition to charges for the use of premises and travel. The company submits an annual report to the Governing Body of Greenacre School detailing its operations for the given year, presented by Trust employees who sit as Board Directors within the Company. No member of Trust staff receives additional income in relation to work within the Company, other than where overtime work is required.

The Trust has also established a Community Interest Company (Spring Ahead) to deliver an agency staffing service to schools across the Trust; and to provide a vehicle for other more commercial offerings in the future. This company has not yet commenced trading and hence there have been no transactions between the Trust and this Company.

The Trust works in partnership with a growing number of Local Authorities to drive forward change, develop collaborative ways of working and to enhance local opportunities.

Details of connected parties and related party transactions are detailed in note 23.

Objectives and activities

Objects and aims

The Trust's objects are specifically restricted to the following:

To advance for the public benefit education in the United Kingdom by establishing, maintaining, carrying on, managing and developing schools offering a broad and balanced curriculum; or education institutions which are principally concerned with providing education for children of compulsory school age who, by reason of illness, exclusion

Trustees' Report for the year ended 31 August 2018 (contin)

from school or otherwise, may not for any period receive suitable education unless alternative provision is made for them; or 16 to 19 Academies offering a curriculum appropriate to the needs of its students; or schools specially organised to make special educational provision for pupils with Special Educational Needs.

To promote for the benefit of the inhabitants of the areas in which the Academies are situated the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances or for the public at large in the interests of social welfare and with the object of improving the condition of life of said inhabitants.

Objectives, Strategies and Activities

The Trust has a three year strategic plan.

The Trust is a values driven organisation. Its track record as an Academy Trust evidences a distinctive vision and values set, applying the values challenge to decision making, whereby activity that doesn't align with the Trust's values doesn't happen.

The Trust puts its values at the centre of its message and plays a system leader role by championing those values. Wellspring views education as a vehicle for better outcomes for all, including those from disadvantage, whatever their starting points. The Trust works with a high proportion of young people from lower income backgrounds and with SEN.

The Trust aims to raise expectations and ambitions for every young person in its care. The Trust has earned its success thus far by empowering leadership teams and Governing Bodies within the context of a comprehensive and robust Trust-wide monitoring and risk assurance framework.

The Trust will further its assurance mechanisms and frameworks in partnership with its Academies through systems and through investment in the workforce.

The Trust's Values are:

- Inclusivity
- Ethical
- Student-centred
- Challenging inequality and under performance
- Local Autonomy

- Progressive
- Authentic Care
- Unconditional positive regard.

The Trust's objectives are:

- Objective 1 - Strong Academies, strong outcomes for young people
- Objective 2 - A region wide network of Academies
- Objective 3 - Grow the infrastructure that underpins the scale and operation of the organisation
- Objective 4 - Financial Sustainability.

Public Benefit

The Trustees have complied with their duty to have due regard to the Charity Commission's guidance on public benefit in exercising their powers or duties, in particular to its supplementary guidance on advancing education.

Trustees' Report for the year ended 31 August 2018 (contin)

Strategic Report

Achievements and performance

Progress achieved during the year against the three year strategic plan priorities are set out below.

Objective 1: Strong Academies, strong outcomes for young people

High quality leadership and management

Five Ofsted inspections in Year One (2017-18) of the Plan returned judgements of Good (three) and Outstanding (two). This demonstrates the effectiveness of the Wellspring Improvement Model. That the inspections all took place within a five-week window demonstrates our system's capacity and resilience. Other achievements included:

- A successful professional development programme for System Leaders ran in 2017-18.
- Three further professional development programmes for other (lower) tiers of leadership ran successfully in Year One of the plan.
- Four System-led Strategy Groups (Chaired by Academy Principals) established. They addressed: Recruitment & Retention, Professional Learning Community, Staff Wellbeing, and System Influence and are ongoing, overseen by a Strategy Board comprised of Executive team and Academies system members.
- Two supernumerary Executive Principals and three Associate Principals recruited to increase system capacity in readiness for sponsorship, including Free School opening.
- Regional Governors Network implemented.
- Events calendar for Academy Chairs Network developed and implemented.
- Scheme of Delegation 3 developed to address the rapid improvement required in newly sponsored ex-Special Measures schools.

Timely and skilful support for Academies

- Two supernumerary Executive Principals and three Associate Principals recruited to increase system capacity in readiness for sponsorship. Both Executive Principals took lead responsibility for new Academies in Year One of the plan.
- Additional senior leadership capacity enabled a ten-school growth pipeline by end 2017-18 year, endorsed by DfE.
- Continuous Assurance Framework developed,

implemented, tested and embedded. This is a key assurance and risk management tool, endorsed by Internal Auditors as 'ahead of the game.'

- Chief Information Officer (CIO) appointed, January 2018.
- GDPR requirements implemented on time.
- Data input, harvest, publication and interrogation cycle developed by Academy Principals and CIO.

High quality learning

- Academy Development Groups (ADG) established. The ADG's interrogate data for each sector and determine capacity/ support needs/ Peer Enquiry schedule/ supernumerary capacity deployment.
- ADG receives benchmarked data that is report cycled through CEO/CIO, ADG, Governing Bodies, Board Standards committee and the Board.
- Data cycle calendar developed and universally agreed/ adopted.
- Peer Enquiry process and method agreed and implemented.
- SENDCO, Safeguarding, Behaviour Support networks established. Informal and formal leadership networks established and effective. Middle and Senior leadership networks in place. Informal networks between colleagues at various levels within settings established and effective. Sector networks active. Local networks within localised clusters active and effective.

Objective 2: A region-wide network of Academies

By the end of 2017-18, a regionalised model as described in the plan could be seen emerging. Operational management by sector specific groupings may emerge as the system matures.

Grow sustainably to scale

- Output of 2017-18 work is a pipeline of eleven Academies to join WAT during 2018/19 (one sponsored, five converters, five - new - Free Schools). WAT capacity to deliver pipeline endorsed by DfE review.
- Scaleable leadership and School Improvement model secured and in place.
- Enhanced Due Diligence method provides first cut of Continuous Assurance Framework that is then an embedded risk identification/ assurance tool.

Create regionalised learning communities

- WAT comprises Primary (nine), Secondary (one), Special

Trustees' Report for the year ended 31 August 2018 (contin)

(seven), Alternative (eight) Academies across six Local Authority areas, with pipeline Academies included.

- Intra-Trust formal and informal regional practice networks developed and active.
- Positive Regard Teaching School de-coupled from Worsborough Common Primary School – enabling Trust-managed vehicle for Teaching School development.
- Intra-Trust resource and professional expertise pooling developing rapidly via Positive Regard Teaching School.
- Inter-Trust resource and professional expertise pooling developing rapidly via Multi-MAT Forum (currently seven Values-aligned MATs in the region).
- Inter-Trust collaborations emerging per the above.
- ADG's, inc. Peer Enquiry model (Challenge Partnerships) established.

Operate in three regions

- Identifiable three region foot-print secured.
- WAT has secured a distinct regional identity (inc. pipeline six Local Authority areas) – based on principles of effectiveness, inclusivity, social capital (MindSpace and Positive Regard) and earned professional autonomy for leaders and Governing Bodies.
- Ongoing programme of high engagement with Local Authority partners. Risks clearly identified in local and Trust Risk Registers, driven in the main by national fiscal circumstances.
- Inc. pipeline, group growth is progressing close to target. Support from DfE is required in order to continue with growth plan, to target.

Objective 3: Grow the infrastructure that underpins the scale and operation of the organisation

In 2017/18 WAT successfully opened Springwell Leeds, £45m new build project in Leeds and Elements Primary School. Four Free School developments in Lincolnshire are also underway. WAT strengthened system-wide governance and assurance methods.

Explore and extend partnerships

- Multi-MAT Forum (like-minded, values-aligned organisations) established and active.
- WAT regional and national influence group includes Josh Greaves (COO, National Advisory Panel member of Institute for School Business Leadership, Trustee of a MAT in Lancs and West Yorkshire, supporting wider system improvement) and Dave Whitaker (Headteachers Roundtable, Parliamentary Select Committee evidence,

expert witness on Edward Timpson / DfE exclusions review), Sarah Wilson (DfE Headteacher Expert Ref Group) System Influence Strategy Group established to provide regional and national lobby and response capacity.

- Positive Regard Teaching School strategic alliances secured with Sheffield Hallam University, Exceed Teaching School Alliance (Bradford), Leeds City College.
- Future of MindSpace secured in Barnsley through long-term funding guarantee from CCG.
- Wider MindSpace roll-out in development.
- Opening Doors Community Interest Company (19-25 SEND) under WAT control.

Invest in our workforce

- A successful professional development programme for System Leaders ran in 2017-18.
- Three further professional development programmes for other (lower) tiers of leadership ran successfully in Year One of the plan.
- Commitment from Trust to fund first year (up to six sessions) Professional Coaching for System Leaders has seen strong take-up in 2017-18.
- Staff Wellbeing Strategy Group established.
- Various staff wellbeing initiatives in place at individual Academy level.
- A substantial number of intra-Trust career progressions and movements between Academies took place in 2017-18.

Objective 4: Financial Sustainability

Robust and resilient systems

- Continuous Assurance Framework fully embedded in Year One of plan.
- Continuous Assurance Framework provides ongoing real-time information, support and challenge, assurance and technical expertise to Trust Board, Trust Executive, Trust technical teams, Academy Principal and Governing Body.
- Revised Operating Model developed and implemented in 2017-18, guaranteeing enhanced effectiveness of financial management and estates function.
- Monthly budget report to Chair implemented in line with Academies Financial Handbook 2017-18 requirement.
- CIO appointed Jan 2018.
- WAT Support Centre technical staff now numbers around fifty, inc. MindSpace team.

Trustees' Report for the year ended 31 August 2018 (contin)

Effective financial management

- Repayable infrastructure loans of £150,000 2017/18 for Forest Academy to facilitate increased capacity and additional revenue generation.
- Short term infrastructure loans of £100,000 to Ebor Gardens and Victoria Primaries repaid.
- Improved financial management, oversight, recording and reporting has enabled more effective financial control and challenge to Principals and Governing Bodies.
- Centralised procurement/purchasing system operational from September 2018.
- Efficiencies from centralised procurement – catering (£750k over 3 years), cleaning, back office review (£350k per annum).

Plan for the future

- Cashflow forecasting in place.
- Positive Regard Teaching School, MindSpace, Spring Ahead (CIC) all active in generating new revenue and exploring new sources of revenue.
- WAT Support Centre provided services including HR, Clerking to other MATs in 2017-18 review period.
- Team Around the School operational delivery model, linked to Continuous Assurance Framework, in place.
- Strategic Risk Registers established at local level. These inform a Regional Risk Register that, in turn, informs the overall Trust Risk Register.
- Further sophistication of the Due Diligence process in 2017-18 provides enhanced assurance

Key performance indicators

The Board considers that the following are key performance indicators for the Academy Trust:

- Pupils numbers (leading directly to the Education and Skills Funding Agency (ESFA) funding level);
- General financial stability - aim for income to match expenditure each year;
- Staff costs as a percentage of total costs;
- Ofsted inspection results;
- Capital expenditure;
- Pupil attendance;
- Annual Trust evaluation of effectiveness;
- Academies and destinations outcomes for young people.

The Board receives updates against the above indicators through the various reporting mechanisms during the year and considers that all key performance indicators listed have been successfully met.

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.

Financial review

During the period, the Academy Trust grew to include one additional academy. The Trust inherited the assets and liabilities in hand on the date of conversion to academy status. A net donation of £23m, which includes a valuation of land and buildings, is included within income in the Statement of Financial Activities, in accordance with the ESFA Accounts Direction.

Fixed assets inherited are included in the Restricted Fixed Asset Fund; all other assets and liabilities, excluding the opening Local Government Pension Scheme position, are shown as a net donation into Unrestricted Funds. The opening Local Government Pension Scheme liability is shown within Restricted Funds.

Most of the Trust's income is obtained from the ESFA in the form of recurrent and capital grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the year ended 31 August 2018 and the associated expenditure are shown as Restricted Funds in the Statement of Financial Activities.

During the year ended 31 August 2018, total expenditure of £51m was more than covered by recurrent grant funding from the ESFA, together with other incoming resources. The excess of income over expenditure for the year (excluding Restricted Fixed Asset Funds and movement on the Pension Reserve) was £0.7m.

At 31 August 2018, the net book value of tangible fixed assets was £110m and movements in tangible fixed assets are shown in note 13 to the Financial Statements. During the period the assets were used exclusively for providing education and the associated support services to the pupils of the Trust.

Trustees' Report for the year ended 31 August 2018 (contin)

Reserves policy

The Board of Directors is responsible for managing fluctuations in the overall financial position of the Trust and may hold reserves to further the Trust's charitable aims as required. Funds are received on behalf of the individual Academies within the Trust and are allocated by the Trust in line with the relevant scheme of delegation. Directors are mindful of the Financial Handbook and requirement that GAG funding should be spent on current pupils, whilst being aware of volatility in the funding of education and the need to manage resources effectively over a longer term period aligned to strategic and operational plans. Trust Academies are expected to set a budget each year using the GAG and other grants reasonably foreseen and to match expenditure to income.

Reserves at the end of each year will be held in support of:

- Contribution to capital projects planned or in development
- Financial commitments made but not yet come to fruition
- Investment in future educational initiatives
- Cash-flow requirement
- Contingency against unforeseen events
- Immediate short-term resource capacity requirements, where there is a proven need.

The policy takes into account the following principles:

- Reserves must have a specific purpose related to future spending or covering current and future risks
- The size of reserves should balance the benefit of current spending with the risks the reserves cover
- They should be transparent and maintain the link with the purposes for which the income was given
- They should ensure that sufficient resources are available so that unexpected events can be accommodated without causing current year problems, leading to deficit or cash-flow issues.

The policy allows for Academies to apply for advance funds from trust reserves, subject to a business case and agreed repayment schedule, covering the following exceptional circumstances:

- Essential betterment
- Rapid and sustaining school improvement
- Investing to save proposals.

The value of Unrestricted Funds as at 31 August 2018 is £2,231,245 and that of Restricted General Funds (excluding pension reserve) is £111,512,082.

As at the 31 August 2018 there were four academies in a deficit position as follows:

1. Oakhill Primary Academy (£60,753) – Cost of change resulting from undertaking staffing restructure in order to deliver sustainable medium term financial position. This will be recovered in full in 2018/19.
2. The Forest Academy (£9,440) – Minor deficit associated with contribution to building works to create additional places delivering future year financial sustainability. This will be recovered in full in 2018/19.
3. Springwell Leeds (£7,901) – Minor deficit following in-year reduction in funding by Leeds City Council. This is in dispute and planned to be recovered in full in 2018/19.
4. Springwell Lincoln City Academy (£256,868) – This represents a significant deficit which is in the main associated with slippages in the opening of four new Free Schools through the DfE. The delay has led to additional building maintenance costs in keeping open the existing premises that are not fit for purpose and additional supply costs due to the geographical spread of the new schools and the inability to recruit given the change in location. The Trust Board agreed an approved deficit position which is planned to be recovered over the next 5 years or sooner subject to seeking additional funding to support the position.

Investment policy and powers

All surplus funds are currently held in interest bearing accounts and drawn into current accounts as and when needed to meet operational needs. The Trust has an approved investment policy which allows for the investment of surplus cash funds to optimise returns, but ensuring that the investment instruments are such that there is no risk to the loss of these cash funds and that consideration is given to the ability to access any such funds should they be needed. The investment objectives are:

- To ensure adequate cash balances are maintained in the current account to cover day to day working capital requirements
- To allow provision for a working balance to meet the needs of any unforeseen events
- To ensure there is no risk of loss in the capital value of any cash funds invested
- To protect the capital value of any invested funds against inflation
- To optimise returns on invested sums.

Trustees' Report for the year ended 31 August 2018 (contin)

As a result of the low level of potential returns available in the market, set against the risk of tying up funding for any length of time, there were no investments undertaken during the reporting period.

The CFO regularly monitors cash-flow and account balances to ensure immediate financial commitments can be met and that the current account has adequate funds to meet forthcoming commitments. Interest rates on potential investments are regularly reviewed and compared with other investment opportunities.

Principal risks and uncertainties

The Trust maintains risk registers which identify and monitor the strategic risks of the Trust and the individual Academies. These are reviewed at least annually by the Governing Bodies and Board of Trustees.

The risks to which the Academy Trust is exposed arise both internally and externally. External risks include those in respect of future funding levels, competition, changes to rules and regulations, and the financial position of the staff pension schemes.

The Trust also faces significant risk through external quality assurance, particularly in relation to OFSTED evaluation of individual Academies, and whilst significant work is undertaken to internally evaluate progress of individual Academies through in depth analysis of data and ongoing assessment against the Trust Assurance Framework this will always remain a key risk.

Ensuring sufficient capacity is maintained as expansion occurs, and maintaining the reputation of the Trust represents an ongoing risk which is managed by the Trust.

With the expansion of the Trust significant work has been undertaken around the ongoing management of risk and an identified 'three lines of defence' approach is being developed which takes into account:

- Internal control measures
- Internal evaluation and scrutiny measures
- External scrutiny measures.

Alongside this the Trust has developed an Assurance Framework to evaluate and support senior managers across the Trust in the following key areas:

- Standards
- Administration
- Governance
- Financial Management
- Human Resources
- Business and Operations
- Behaviour and Safety.

Plans for future periods

The Trust continues to deliver against the priorities within the current three year plan, setting out the key strategic aims and priorities for the Trust and the actions required in order to achieve those priorities. The planning has been done with an understanding of the key challenges and opportunities facing the Trust, whilst building on the achievements of the previous planning period. The priorities and plans remain as follows:

Objective 1: Strong Academies, strong outcomes for young people

The Trust will raise the expectations and ambitions of its students and the communities its Academies serve through ensuring high quality leadership and management and timely and skilful support that, in turn, ensure high quality learning.

- Building internal development pathways, including at the most senior (System Leader) level
- Strengthening recruitment and selection processes for senior posts
- Ensuring effective support for Governors in new Academies
- Adding to the number of supernumerary Executive Leaders
- Implementing a continuous assurance framework
- Ensuring timely use of data
- Timely intervention in Academies at risk
- Timely benchmarking and other data
- Peer review
- Fostering professional practice networks at all levels.

Objective 2: A region-wide network of Academies

The Trust will work with the system to grow substantially to scale at a rate of eight to ten Academies annually over the next three years, creating learning communities in three regions (West, Central and East).

Trustees' Report for the year ended 31 August 2018 (contin)

- Attracting a mixture of sponsored and convertor academies
- Implementing a scalable leadership and school improvement model
- Embedding a continuous assurance framework, encompassing Academy performance and technical measures
- Attracting Academies from all sectors and phases
- Developing regional practice networks
- Pooling resources and expertise
- Creating regional Challenge Partnerships
- Creating regions that feature distinct local identity
- A solutions focussed approach to partnership with key partners including the Local Authority
- A region wide network of Specialist Schools.

Objective 3: Grow the infrastructure that underpins the scale and operation of the organisation

The Trust will mature its assurance mechanisms, frameworks and partnerships across its system and invest in its workforce.

- Embed Trust-wide Business Information Systems, including real-time monitoring and reporting
- Realign technical support teams, lines of reporting and accountability
- Strengthen Academy governance as a key layer of assurance
- Extend partnerships with like-minded, values based, progressive and inclusive schools and Trusts
- Extend partnerships with Local Authorities, Regional Schools Commissioner and DfE, Further and Higher Education for business development opportunities and Academies growth
- Extend partnerships with the NHS and Social Care for funding programmes that complement the core business and moral purpose of the Trust
- Provision of career development programmes
- Focus HR resources on staff welfare and wellbeing
- Provide career development opportunities through personal, professional and organisational growth.

Objective 4: Financial sustainability

The Trust will embed robust and resilient systems that ensure effective financial management and futures planning.

- Develop systems that provide support and challenge for leaders and governing bodies
- Develop systems that provide continuous financial assurance to Academies, governors and the Board

- Develop systems that provide assurance from an expert, highly qualified staff
- Invest surplus balances in the Academies to grow their business and stimulate new business
- Support all Academies to achieve balanced in-year budgets
- Realise the potential of economies of scale locally and at system level
- Provide effective cash-flow forecasting for the Board and governing bodies
- Take an innovative approach to new business development opportunities
- Take a risk informed approach as directed by the Trust Board.

Funds held as Custodian trustee on behalf of others.

No funds are held on behalf of others.

Auditor

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's Auditor is unaware
- 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.

KPMG LLP have been re-appointed under section 487(2) of the Companies Act 2006.

The Trustees' report, incorporating a strategic report, was approved by order of the Board of Trustees, as the Company Directors, on 11 December 2018 and signed on its behalf by:



Hearl Lenton
Chair of the Board
11 December 2018



Mark Wilson
CEO and Accounting Officer
11 December 2018

Governance Statement for the year ended 31 August 2018

Scope of responsibility

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

The Board of Trustees has delegated the day-to-day responsibility to the Chief Executive, as Accounting Officer, for ensuring that 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 Wellspring Academy Trust and the Secretary of State for Education. The Accounting Officer is 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 seven times during the year.

Attendance during the year at meetings of the Board of Trustees was as follows:

Board of Directors	Meetings attended	Out of possible
Colin Booth	5	7
Gordon Beever	6	7
Molly Beever	7	7
Warwick Firmin	6	7
Ian Bennett Hague-Brown	4	7
Stewart Harper	7	7
Yiannis Kouris	2	7
George (Jerzy) Krawiec	4	7
Hearl Lenton (Chair)	4	7
Dianne Murray	6	7
Richard Owen	4	5
Michael Sanderson	6	7
Mark Townley	3	7
Dave Whitaker	3	3
Mark Wilson	7	7

The Chair of the Board was reappointed for a further year at the meeting held in October 2017.

Governance Statement for the year ended 31 August 2018 (contin)

The Board conducts an annual evaluation of its effectiveness and skills and takes action regarding the outcomes. The Chair of the Board undertakes periodic 'one to one' reviews with Trustees.

As the Trust has matured and its scale has increased, the data and other information provided to the Board, Board Scrutiny Committees and Local Governing Bodies has been reviewed. This will continue to be the case.

All Terms of Reference and other constitutional documents and arrangements have been reviewed, with the aim of further increasing the range and rigour of information provided throughout the governance structure.

Key areas reviewed have included: greater focus on risk and assurance registers, including the introduction of Academy-specific registers; the introduction of the 'Wellspring Assurance Framework', which will assess key performance measures three times a year, providing feedback to the Trust Board and Local Governing Bodies; the formation of a Safeguarding Committee, which will provide feedback to the Trust in respect of safeguarding audits and related activities and significant focus on providing a range of bench-marking data, to support the Board and Governors in measuring the performance of the Trust and its Academies.

Attendance at Finance, Resources & Remuneration Committee meetings in the period was as follows:

	Meetings attended	Out of possible
Gordon Beever (Chair of the Committee)	4	4
Cheryl Hobson (co-optee)	3	3
Yiannis Koursis	1	4
Hearl Lenton	4	4
Andrew Tomlinson (co-optee)	2	4
Dave Whitaker	1	2
Mark Wilson	4	4

Governance Reviews

The Trust Board and Local Governing Bodies annually review their skills and effectiveness and incorporate any actions in their Governance Development Plans. The assessments of effectiveness reflect good practice in respect of guidance provided by the National Governance Association and skills assessments relate to the DfE's Competency Framework.

The **Finance, Resources & Remuneration Committee** is a committee of the main Board of Trustees. Its remit is to ensure sound management of the Trust's finances and resources, including planning, monitoring, probity and value for money. The Committee advises the Board regarding the year-end accounts, strategic matters with financial implications, remuneration and other key matters and reports to the Board any decisions taken in accordance with the Schemes of Delegation and delegated powers, including in respect of the Academies' assets and depreciation.

Governance Statement for the year ended 31 August 2018 (contin)

The Audit Committee is also a committee of the main Board of Trustees. Its remit is to advise the Board and Accounting Officer (the CEO) regarding the adequacy and effectiveness of the Trust's internal controls, risk management, governance and value for money systems and frameworks. The Committee also advises the Board regarding the

appointment of auditors and the planned audit approach, as well as considering reports from the internal and external auditors and other bodies and ensuring that actions are taken where required.

Attendance of meetings in the year was as follows:

Trustees	Meetings attended	Out of possible
Kevin Hanlon (co-optee)	2	3
Stewart Harper	2	3
George (Jerzy) Krawiec	2	2
Mark Townley (Chair of the Committee)	3	3

The **Governance Committee** is another committee of the main Board of Trustees. The Committee's remit is to ensure that governance arrangements within the Trust are robust, advising the Board in respect of the Trust's Articles of Association, Schemes of Delegation, Terms of Reference and other governance policies and procedures.

The Committee also oversees a range of other matters, including: the recruitment of Directors (Trustees) and Academy Governors, training and development and Board / Committee / Governing Body effectiveness.

Attendance at meetings in the year was as follows:

	Meetings attended	Out of possible
Molly Beaver	2	2
Ian Bennett Hague-Brown	0	2
Stewart Harper	2	2
Hearl Lenton (Chair of the Committee)	1	2
Michael Sanderson	2	2
Mark Wilson	1	2

The **Standards Committee** is also a committee of the main Board of Trustees. Its remit is to monitor and advise the Board regarding the performance and standards of the Trust's Academies, with reference to a range of matters, including: the quality of the curriculum, key quantitative

and qualitative benchmarks and progress regarding the Academies' Action Plans.

Attendance at meetings in the year was as follows:

	Meetings attended	Out of possible
Warwick Firmin	2	2
Dianne Murray	2	2
Michael Sanderson (Chair of the Committee)	2	2
Dave Whitaker	1	1
Mark Wilson	2	2

Governance Statement for the year ended 31 August 2018 (contin)

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 as follows:

- The Trust has undertaken a major procurement exercise for catering, cleaning and grounds maintenance, saving approximately £750k over 3 years.
- The Trust has undertaken a reorganisation and realignment of estates management functions and financial management and processing functions, delivering annual net savings of £350k whilst providing greater assurance around these two key areas.
- The Trust started delivering an in-house payroll function delivering improved performance whilst delivering efficiencies in processing and managing HR/Payroll within Academies.
- Financial benchmarking information has been shared across all Academies to assist with future year financial planning.

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 Wellspring Academy Trust for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the Annual Report and Financial Statements.

Capacity to handle risk

The Board of Trustees has reviewed the key risks to which the Academy Trust is exposed, together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the year 1 September 2017 to 31 August 2018 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, Resources and Remuneration Committee of reports, which indicate financial performance against forecasts and 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 appointed RSM as Internal Auditors.

The Internal Auditor's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. In particular the checks carried out in the current period included:

- Strategic and Financial Planning
- GDPR Readiness
- Key Financial Controls
- Network Security Review
- Risk Management and Assurance Framework

Governance Statement for the year ended 31 August 2018 (contin)

On a termly basis the Internal Auditor reports to the Board of Trustees, 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 Audit opinion for the year states 'the organisation has an adequate and effective framework for risk management, governance and internal control'. However, during the course of their work they have identified further enhancements to the framework for risk management, governance and internal control to ensure that it remains adequate and effective. The Trust has established an action plan to address all recommendations.

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 recommended changes and ensure continuous improvement of the system is in place.

Approved by order of the Board of Trustees on 11 December 2018 and signed on its behalf by:



Hearl Lenton
Chair of the Board



Mark Wilson
CEO and Accounting Officer

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

Statement of Regularity, Propriety and Compliance for the year ended 31 August 2018

As Accounting Officer of Wellspring Academy Trust 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, under the Funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

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

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



Mark Wilson
Accounting Officer
11 December 2018

Statement of Trustees' Responsibilities in Respect of the Trustees' Annual Report and the Financial Statements

The trustees (who are the Directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with the Academies Accounts Direction published by the ESFA, 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 the charitable company's 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 judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the parent charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the parent charitable company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charitable company and to prevent and detect 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/Department for Education 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 UK 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 11 December 2018 and signed on its behalf.



Hearl Lenton
Chair of the Board



Mark Wilson
CEO and Accounting Officer

Independent Auditor's Report to the Members of Wellspring Academy Trust

Opinion

We have audited the financial statements of Wellspring Academy Trust ("the charitable company") for the year ended 31 August 2018 which comprise the Statement of Financial Activities including Income and Expenditure Account, the Balance Sheet, and the Statement of Cash Flows, and related notes, including the accounting policies in note 1.

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 2018, and of the charitable company's incoming resources and application of resources, including the charitable company's income and expenditure, for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP (FRS 102) 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the charitable company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Other information

The trustees are responsible for the other information, which comprises the Reference and Administrative Details, the Trustees' Report and Governance Statement. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information;
- in our opinion the information given in the Trustees' Report, which constitutes the Strategic Report and the Directors' Report for the financial year, is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Independent Auditor's Report to the Members of Wellspring Academy Trust (contin)

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the charitable company's 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.

We have nothing to report in these respects.

Trustees' responsibilities

As explained more fully in their statement set out on page 22, the Trustees (who are 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

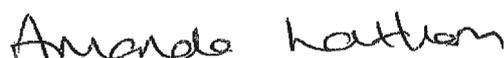
Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities

The purpose of our audit work and to whom we owe our responsibilities

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 auditors' 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 its members as a body, for our audit work, for this report, or for the opinions we have formed.



**Amanda Latham (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor**

Chartered Accountants
1 St Peter's Square
Manchester
M2 3AE
19 December 2018

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

In accordance with the terms of our engagement letter dated 26 June 2017 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 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 Wellspring Academy Trust (the Academy Trust) and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Academy Trust and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Academy Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

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

The accounting officer is responsible, under the requirements of the Academy Trust's funding agreement with the Secretary of State for Education dated 30 October 2014 and the Academies Financial Handbook, extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

defined in our engagement letter.

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

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

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

The work undertaken to draw our conclusion included:

- Documenting the framework of authorities which govern the activities of the Academy Trust;
- Reviewing the evidence supporting the representations included in the Accounting Officer's statement on regularity, propriety and compliance with the framework of authorities;
- Undertaking a risk assessment based on our understanding of the general control environment and any weaknesses in internal controls identified by our audit of the financial statements;
- Reviewing the output from the self-assessment questionnaires completed by all staff with Budget Holder responsibility and the Head Teacher on behalf of the Governing Body;
- Testing compliance with delegated authorities for a sample of material transactions;
- Testing transactions with connected parties to determine whether the Trust has complied with the 'at cost' requirements of the Academies Financial Handbook 2017
- Confirming through enquiry and sample testing that the Trust has complied with its procurement policies and that these policies comply with delegated authorities; and
- Reviewing any evidence of impropriety resulting from our work and determining whether it was significant enough to be referred to in our regularity report.

This list is not exhaustive and we performed additional procedures designed to provide us with sufficient appropriate evidence to express a negative conclusion on regularity consistent with the requirements of Part 9 of the Academies Accounts Direction 2017 to 2018.

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

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 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.



Amanda Latham

Reporting Accountant
for and on behalf of

KPMG LLP Chartered Accountants
1 St Peter's Square
Manchester
M2 3AE

19 December 2018

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

	Notes	Unrestricted Funds £	Restricted General £	Restricted Funds: Fixed asset £	Total 2018 £	Total 2017 £
Income and endowments from:						
Donations and capital grants	2	18,792	-	40,561,157	40,579,949	594,023
Donations - transfer on conversion	26	68,446	-	24,259,000	24,327,446	27,238,026
Charitable activities:						
- Funding for educational operations	3	-	44,549,074	-	44,549,074	31,535,738
- Teaching School	28	6,871	406,298	-	413,169	-
Other trading activities	4	1,080,228	-	-	1,080,228	929,874
Investments	5	10,314	-	-	10,314	6,907
Total income and endowments		1,184,651	44,955,372	64,820,157	110,960,180	60,304,568
Expenditure on:						
Raising funds	6	-	-	-	-	-
Charitable activities:						
- Educational operations	6, 7	623,231	46,882,599	1,201,479	48,707,309	35,977,519
- Teaching School	28	-	87,322	-	87,322	-
Inherited defined benefit pension liability	26	-	1,725,000	-	1,725,000	12,523,000
Total expenditure	6, 7	623,231	48,694,921	1,201,479	50,519,631	48,500,519
Net income/(expenditure)		561,420	(3,739,549)	63,618,678	60,440,549	11,804,049
Transfers between funds		-	(161,715)	161,715	-	-
Other recognised gains and losses						
Actuarial gains/(losses) on defined benefit pension schemes	20	-	4,037,000	-	4,037,000	2,037,000
Net movement in funds		561,420	135,736	63,780,393	64,477,549	13,841,049
Reconciliation of funds						
Total funds brought forward		1,669,825	(18,986,027)	46,809,980	29,493,778	15,652,729
Total funds carried forward		2,231,245	(18,850,291)	110,590,373	93,971,327	29,493,778

The deficit restricted general reserve includes surplus restricted general funds of £921,709 offset by deficit pension reserves of £19,772,000.

Balance Sheet

As at 31 August 2018

		2018		2017	
		£	£	£	£
Fixed assets					
Intangible assets	12		151,254		79,675
Tangible assets	13		109,549,790		46,396,277
			109,701,044		46,475,952
Current assets					
Stocks	14	39,665		25,783	
Debtors	15	3,729,935		3,191,042	
Cash at bank and in hand		4,866,418		5,156,752	
		8,636,018		8,373,577	
Current liabilities					
Creditors: amounts falling due within one year	16	(4,593,735)		(5,618,751)	
Net current assets			4,042,283		2,754,826
Net assets excluding pension liability			113,743,327		49,230,778
Defined benefit pension liability	20	(19,772,000)		(19,737,000)	
Net assets			93,971,327		29,493,778
Funds of the Academy Trust:					
Restricted funds					
- Fixed asset funds			110,590,373		46,809,980
- Restricted income funds			921,709		750,973
- Pension reserve			(19,772,000)		(19,737,000)
Total restricted funds			91,740,082		27,823,953
Unrestricted income funds	18		2,231,245		1,669,825
Total funds			93,971,327		29,493,778

The accounts set out on pages 30 to 58 were approved by the Board of Trustees and authorised for issue on 11 December 2018 and are signed on its behalf by:



Hearl Lenton
Chair of the Board



Mark Wilson
CEO and Accounting Officer

Statement of Cash Flows for the Year Ended 31 August 2018

	Notes	2018 £	2017 £
Cash flows from operating activities			
Net cash provided by (used in) operating activities	21	735,369	2,814,862
Cash funds transferred on conversion		68,446	1,501,331
		803,815	4,316,193
Cash flows from investing activities			
Dividends, interest and rents from investments		10,314	6,907
Capital funding from sponsors and others		886,157	570,215
Payments to acquire intangible fixed assets		(104,502)	(23,300)
Payments to acquire tangible fixed assets		(1,886,118)	(1,615,167)
		(1,094,149)	(1,061,345)
Change in cash and cash equivalents in the reporting period		(290,334)	3,254,848
Cash and cash equivalents brought forward		5,156,752	1,901,904
Cash and cash equivalents carried forward		4,866,418	5,156,752

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

1 Accounting policies

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

1.1 Basis of preparation

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

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

1.2 Going concern

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

1.3 Transfer on Conversion

Where assets and liabilities are received by the academy trust on conversion to an academy, the transferred assets are measured at fair value and recognised in the balance sheet at the point when the risks and rewards of ownership pass to the academy trust. An equal amount of income is recognised as transfer on conversion within Donations and capital grant income to the net assets received.

Transfer of existing academies into the academy trust

Where assets and liabilities are received on the transfer of an existing academy into the academy trust, the transferred net assets are measured at fair value and recognised in the balance sheet at the point when the risks and rewards of ownership pass to the academy trust. An equal amount of income is recognised for the transfer of an existing academy into the academy trust within Donations and capital grant income to the net assets acquired.

Further details of the transaction are set out in note 26.

1.4 Income

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

Grants receivable

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

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

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. Capital grants are recognised when there is an entitlement and are not deferred over the life of the asset on which they are expended.

Notes to the Financial Statements

for the Year Ended 31 August 2018 (contin)

Sponsorship income

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

Donations

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

Other income

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

Donated goods, facilities and services

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

Donated fixed assets

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.

On conversion, school properties are transferred from the Local Authority or legacy academies to the

Academy Trust for £nil consideration. Such properties are included in the accounts at fair value.

1.5 Expenditure

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

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

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

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

Charitable activities

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

Governance costs

These include the costs attributable to the Academy Trust's compliance with constitutional and statutory requirements, including audit, strategic management, Trustees' meetings and reimbursed expenses.

1.6 Intangible fixed assets and amortisation

Intangible assets costing £500 or more are capitalised

Notes to the Financial Statements

for the Year Ended 31 August 2018 (contin)

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	5 years
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1.7 Tangible fixed assets and depreciation

Assets costing £2,000 or more, or £500 or more for electrical assets, 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 that require 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:

Leasehold land and buildings	40 years
Computer equipment	3 years
Fixtures, fittings, equipment & vehicles	5 years

No depreciation is provided in respect of freehold land.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value

of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities.

1.8 Liabilities

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

1.9 Leased assets

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

1.10 Stock

Stock is valued at the lower of cost and net realisable value.

1.11 Taxation

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

1.12 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.

Notes to the Financial Statements

for the Year Ended 31 August 2018 (contin)

The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method.

TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

1.13 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/Department for Education.

1.14 Financial instruments

The academy trust only holds basic financial instruments as defined by FRS102. The financial assets and financial liabilities of the academy trust and their measurement basis are as follows:

Financial Assets - Trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 15. Prepayments are not financial instruments. Amounts due to the charity's wholly owned subsidiary are held at face value less any impairment.

Cash at bank – is classified as a basic financial instrument and is measured at face value.

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 16. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

1.15 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

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

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 20, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

The Academy Trust included properties transferred on conversion at fair value, being recognised in the Statement of Financial Activities in the year of conversion. The Trust engages independent valuation specialists to determine fair value.

2 Donations and capital grants

	Unrestricted Funds £	Restricted Funds £	Total 2018 £	Total 2017 £
Capital grants	-	886,157	886,157	570,215
Other donations	18,792	39,675,000	39,693,792	23,808
	18,792	40,561,157	40,579,949	594,023

Capital grants includes £124k DfE Devolved Capital Grants, £748k School Condition Allocation and £41k Healthy Pupils Capital Fund allocation from the DfE less an adjustment for £38k CIF monies due back to the DfE.

Other Donations includes the value of three school buildings and sites gifted from the Local Authority during the year.

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

3 Funding for the Academy Trust's

	Unrestricted Funds £	Restricted Funds £	Total 2018 £	Total 2017 £
DfE / ESFA grants				
General Annual Grant (GAG)	-	19,638,344	19,638,344	14,617,921
Start up grants	-	50,000	50,000	60,000
Other DfE / ESFA grants	-	3,446,940	3,446,940	2,155,564
	-	23,135,284	23,135,284	16,833,485
Other government grants				
Local Authority grants	-	21,121,382	21,121,382	14,382,215
Other government grants	-	292,408	292,408	320,038
	-	21,413,790	21,413,790	14,702,253
Total funding	-	44,549,074	44,549,074	31,535,738

The Master Funding Agreement of the Trust is not subject to the limits on the amount of GAG that it could carry forward at 31 August 2018.

Other DfE/ ESFA grants includes £1,954k of Pupil Premium Funding, £500k of Free School Pre-Opening Grants, £200k of Free School Meal Funding and £206k PE & Sports grant funding.

Local Authority grants includes £12,356k of Local Authority Top up Funding, £5,655k of Higher Needs funding and £515k of Early Years Funding.

4 Other trading activities

	Unrestricted Funds £	Restricted Funds £	Total 2018 £	Total 2017 £
Hire of facilities	36,801	-	36,801	9,363
Catering income	143,112	-	143,112	102,282
Income from services	362,846	-	362,846	179,905
Other income	537,469	-	537,469	638,324
	1,080,228	-	1,080,228	929,874

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

5 Investment income

	Unrestricted Funds £	Restricted Funds £	Total 2018 £	Total 2017 £
Short term deposits	10,314	-	10,314	6,907

6 Charitable activities

	Staff Costs £	Premises and Equipment £	Other Costs £	Total 2018 £	Total 2017 £
Academies educational operations					
Direct costs	26,587,056	-	4,589,235	31,176,291	22,717,922
Allocated support costs	9,504,063	4,529,677	3,497,278	17,531,018	13,259,597
	36,091,119	4,529,677	8,086,513	48,707,309	35,977,519
Other expenditure					
Teaching School (note 28)	47,049	-	40,273	87,322	-
Total expenditure	36,138,168	4,529,677	8,126,786	48,794,631	35,977,519

6 Expenditure

	2018 £	2017 £
Net income/(expenditure) for the year includes:		
Fees paid to auditor for audit services	47,895	43,800
Operating lease rentals	244,304	143,219
Impairment of tangible fixed assets	-	1,319,428
Depreciation and amortisation	2,699,528	1,153,684

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

- educational support services;
- financial and procurement support;
- governance support;
- school improvement support;
- project and capital project support; and
- others as arising.

The Academy Trust charges for these services at a flat rate of 5% of the base per pupil funding, totalling £1,100,820 in year ended 31 August 2018 (2017: £780,953).

Additional charges were made to Academies for the provision of HR, Payroll, Finance, Procurement and Premises management following centralisation of these functions in July 2018, saving a net £350k per annum. Charges vary dependent upon on the cost of delivery to each Academy and totalled £123,211 in year ended 31 August 2018 (2017: £0)

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

Amounts charged for central services during the year were as follows

	Total £ 2018	Total £ 2017
Victoria Primary Academy	91,116	80,142
Springwell Lincoln City Academy *	138,947	54,842
Oakhill Primary Academy	57,193	50,612
Oakwell Rise Academy *	52,626	28,641
Springwell Learning Community Barnsley	115,051	100,750
The Forest Academy	57,251	53,181
Springwell Leeds Academy	145,809	90,581
Ebor Gardens Primary Academy	97,737	89,273
Littlecoates Primary Academy	43,239	42,275
Greenacre School *	198,538	69,642
Joseph Norton Academy	37,593	32,531
Grimsby Alternative Academies	97,243	88,483
Beacon Academy *	91,688	-
	1,224,031	780,953

*Part year only in 2017 due to in year conversion and growth.

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

7 Charitable activities

	Unrestricted Funds £	Restricted Funds £	Total 2018 £	Total 2017 £
Direct costs – educational operations	623,231	30,553,060	31,176,291	22,717,922
Support costs – educational operations	-	17,531,018	17,531,018	13,259,597
	623,231	48,084,078	48,707,309	35,977,519
Direct costs – Teaching school	-	57,535	57,535	-
Support costs – Teaching school	-	29,787	29,787	-
	-	87,322	87,322	-
	623,231	48,171,400	48,794,631	35,977,519

	2018 £	2017 £
Analysis of support costs		
Support staff costs	9,525,558	6,579,790
Depreciation, amortisation and impairment	2,082,848	2,473,112
Technology costs	616,475	470,767
Premises costs	2,479,752	1,630,339
Professional fees	461,822	327,626
Other support costs	2,291,037	1,667,446
Governance costs (note 8)	103,313	110,517
	17,560,805	13,259,597

8 Governance costs

	Unrestricted Funds £	Restricted Funds £	Total 2018 £	Total 2017 £
Amounts included within support costs				
Legal fees	-	29,570	29,570	51,837
Auditor's remuneration				
- Audit of the financial statements	-	47,895	47,895	43,600
Support staff costs	-	-	-	-
Trustees'/Governor reimbursed expenses	-	2,708	2,708	3,940
Depreciation	-	-	-	-
Other governance costs	-	23,140	23,140	11,140
	-	103,313	103,313	110,517

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

9 Staff costs

	Total 2018 £	Total 2017 £
Wages and salaries	25,596,478	18,970,561
Social security costs	2,093,070	1,515,917
Pension costs	6,015,259	4,053,952
Apprenticeship levy	113,060	42,002
	33,817,867	24,582,432
Supply staff costs*	1,468,104	1,205,528
Staff development and other staff costs	852,197	621,681
	36,138,168	26,409,641

*Supply staff costs are high due to Springwell Leeds Academy and Springwell Lincoln City Academy transitioning into new buildings requiring supply staff as they go through a significant recruitment process. Delays in the Free School openings in Lincolnshire have added to this.

Staff numbers

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

	2018 Number	2017 Number
Teachers	311	232
Administration and support	889	679
Management	15	12
	1,215	923

Higher paid staff

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

	2018	2017
£60,001 - £70,000	6	5
£70,001 - £80,000	6	4
£80,001 - £90,000	2	2
£90,001 - £100,000	2	-
£100,001 - £110,000	-	1
£110,001 - £120,000	1	-
£160,001 - £170,000	1	1

Notes to the Financial Statements

for the Year Ended 31 August 2018 (contin)

9 Staff costs (contin)

Key management personnel

The key management personnel of the Academy Trust comprise the Trustees and the Senior Management Team as listed on page 4. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £1,444,846 (2017: £929,111).

Staff severance payments

Included within staff costs are severance payments totalling £83,321. Individually, the payments were: £21,609, £12,300, £11,918, £11,805, £7,800, £7,255, £4,758, £3,641, and £2,235.

10 Trustees' remuneration and expenses

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

The value of Trustees' remuneration was as follows:

M Wilson (Chief Executive Officer and Director):
Remuneration £165,001 - £170,000 (2017: £165,001 - £170,000)

Employer's pension contributions paid £15,001 - £20,000 (2017: £15,001 - £20,000)

D Whitaker (Executive Principal and Director):
Remuneration £110,001 - £115,000 (2017: £105,001 - £110,000)

Employer's pension contribution paid £15,001 - £20,000 (2017: £15,001-£20,000)

No other Trustee received any remuneration as a member of staff of the Trust.

During the year ended 31 August 2018, travel and subsistence expenses totalling £5,104 (2017: £5,809) were reimbursed or paid directly to 5 Trustees (2017: 7 Trustees)

Other related party transactions involving the Trustees are set out within the related parties note.

11 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 Trust 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.

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

12 Intangible fixed assets

	Software £
Cost	
At 31 August 2017	99,502
Additions	104,502
Acquired on conversion	-
At 31 August 2018	204,004
Amortisation	
At 1 September 2017	19,827
Charge for the year	32,923
At 31 August 2018	52,750
Net book value	
At 31 August 2018	151,254
At 31 August 2017	79,675

13 Tangible fixed assets

	Leasehold land and buildings £	Computer equipment £	Fixtures, fittings, equipment and vehicles £	Total £
Cost				
At 1 September 2017	46,806,337	816,629	824,248	48,447,214
Transfer on conversion	24,259,000	-	-	24,259,000
Donated assets	39,675,000	-	-	39,675,000
Additions	320,003	1,064,327	501,788	1,886,118
Disposals	-	-	-	-
At 31 August 2018	111,060,340	1,880,956	1,326,036	114,267,332
Depreciation				
At 1 September 2017	1,620,750	288,968	141,219	2,050,937
Charge for the year	2,049,925	425,266	191,414	2,666,605
Disposals	-	-	-	-
At 31 August 2018	3,670,675	714,234	332,633	4,717,542
Net book value				
At 31 August 2018	107,389,665	1,166,722	993,403	109,549,790
At 31 August 2017	45,185,587	527,661	683,029	46,396,277

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

13 Tangible fixed assets (contin)

Included in buildings is an amount of £5,201,569 (2017: £1,926,569) in respect of land which is not depreciated.

The valuations of land and buildings transferred on conversion were performed by Lea Hough (MRICS Registered Valuer) on 12 October 2018 and NPS Barnsley Ltd on 28 August 2013, by Mouchel on 21 July 2015 and 14 September 2015. In the opinion of the

Trustees, the resulting valuations, which were carried out on a depreciated replacement costs basis, are appropriate for inclusion in the accounts.

During the year ended 31 August 2018 three new school buildings and sites were donated by Leeds City Council to the Trust. Valuations of these assets were performed by Lea Hough (MRICS Register Valuer) on 12 October 2018 and these valuations were used to determine the fair value of the donated assets.

14 Stocks

	Total 2018 £	Total 2017 £
Educational resources and supplies	32,573	13,342
Uniforms	7,092	12,441
	39,665	25,783

15 Debtors

	Total 2018 £	Total 2017 £
Trade debtors	970,935	709,716
VAT recoverable	938,988	887,972
Other debtors	3,412	408,317
Prepayments and accrued income	1,816,600	1,185,037
	3,729,935	3,191,042

16 Creditors: amounts falling due within one year

	Total 2018 £	Total 2017 £
Trade creditors	438,004	819,196
Other taxation and social security	560,555	471,299
Other creditors	475,810	655,153
Accruals and deferred income	3,119,366	3,673,103
	4,593,735	5,618,751

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

17 Deferred income

	Total 2018 £	Total 2017 £
Deferred income included within creditors due in one year:		
Deferred income brought forward	2,273,697	265,739
Released from previous years	(906,534)	(217,254)
Amounts deferred in the year	906,679	2,225,212
Deferred income carried forward	2,273,842	2,273,697

Included in deferred income are amounts received in advance from the Local Authorities and the ESFA for Free School Meals, Early Years funding, capital grants and other pupil related income.

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

18 Funds

	Balance at 31 August 2017	Incoming resources	Resources expended	Gains, losses and transfers	Balance at 31 August 2018
	£	£	£	£	£
Restricted general funds					
General Annual Grant	-	19,638,344	(19,476,629)	(161,715)	-
Start up grants	-	50,000	(7,300)	-	42,700
Pupil Premium	-	2,113,123	(2,113,123)	-	-
Other DfE / ESFA grants	164,756	1,531,960	(1,503,857)	-	192,859
Other government grants	118,645	20,961,785	(21,080,430)	-	-
Other restricted funds	467,572	660,160	(441,582)	-	686,150
Funds excluding pensions	750,973	44,955,372	(44,622,921)	(161,715)	921,709
Pension reserve	(19,737,000)	-	(4,072,000)	4,037,000	(19,772,000)
Total restricted general funds	(18,986,027)	44,955,372	(48,694,921)	3,875,285	(18,850,291)
Restricted fixed asset funds					
DfE / ESFA capital grants	334,028	886,157	(492,571)	161,715	889,329
Inherited/Donated funds	44,976,119	63,934,000	-	-	108,910,119
Capital expenditure transferred from GAG	1,499,833	-	(708,908)	-	790,925
Total restricted fixed asset funds	46,809,980	64,820,157	(1,201,479)	161,715	110,590,373
Total restricted funds	27,823,953	109,775,529	(49,896,400)	4,037,000	91,740,082
Unrestricted funds					
General funds	1,669,825	1,184,651	(623,231)	-	2,231,245
Total funds	29,493,778	110,960,180	(50,519,631)	4,037,000	93,971,327

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

Restricted general funds must be used for the normal running costs of the Trust. In line with the Master Funding Agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2018.

Restricted fixed asset funds are used solely for capital purposes in line with the strategic objectives of the Trust.

Unrestricted funds will be used towards meeting the charitable objectives of the Trust at the discretion of the Trustees.

Funds transfers relate to the pension scheme movements during the period, fixed assets purchased from unrestricted funds and recurrent expenditure purchased from non GAG funding.

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

18 Funds (contin)

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

	Balance at 31 August 2016	Incoming resources	Resources expended	Gains, losses and transfers	Balance at 31 August 2017
	£	£	£	£	£
Restricted general funds					
General Annual Grant	-	14,617,921	(14,617,921)	-	-
Start up grants	34,812	60,000	(94,812)	-	-
Pupil Premium	-	1,570,519	(1,570,519)	-	-
Other DfE / ESFA grants	89,668	1,100,775	(985,687)	(40,000)	164,756
Other government grants	272,679	13,866,485	(14,020,519)	-	118,645
Other restricted funds	480,000	858,363	(830,581)	(40,210)	467,572
Funds excluding pensions	877,159	32,074,063	(32,120,039)	(80,210)	750,973
Pension reserve	(7,938,000)	-	(13,836,000)	2,037,000	(19,737,000)
Total restricted general funds	(7,060,841)	32,074,063	(45,956,039)	1,956,790	(18,986,027)
Restricted fixed asset funds					
DfE / ESFA capital grants	21,937	570,215	(310,448)	52,324	334,028
Inherited funds	21,454,782	25,696,485	(2,162,825)	(12,323)	44,976,119
Capital expenditure transferred from GAG	171,359	-	-	1,328,474	1,499,833
Total restricted fixed asset funds	21,648,078	26,266,700	(2,473,273)	1,368,475	46,809,980
Total restricted funds	14,587,237	58,340,763	(48,429,312)	3,325,265	27,823,953
Unrestricted funds					
General funds	1,065,492	1,963,805	(71,207)	(1,288,265)	1,669,825
Total funds	15,652,729	60,304,568	(48,500,519)	2,037,000	29,493,778

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

18 Funds (contin)

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

	Balance at 31 August 2016	Incoming resources	Resources expended	Gains, losses and transfers	Balance at 31 August 2018
	£	£	£	£	£
Restricted general funds					
General Annual Grant	-	34,256,265	(34,094,550)	(161,715)	-
Start up grants	34,812	110,000	(102,112)	-	42,700
Pupil Premium	-	3,683,642	(3,683,642)	-	-
Other DfE / ESFA grants	89,668	2,632,735	(2,489,544)	(40,000)	192,859
Other government grants	272,679	34,828,270	(35,100,949)	-	-
Other restricted funds	480,000	1,518,523	(1,272,163)	(40,210)	686,150
Funds excluding pensions	877,159	77,029,435	(76,742,960)	(241,925)	921,709
Pension reserve	(7,938,000)	-	(17,908,000)	6,074,000	(19,772,000)
Total restricted general funds	(7,060,841)	77,029,435	(94,650,960)	5,832,075	(18,850,291)
Restricted fixed asset funds					
DfE / ESFA capital grants	21,937	1,456,372	(803,019)	214,039	889,329
Inherited/Donated funds	21,454,782	89,630,485	(2,162,825)	(12,323)	108,910,119
Capital expenditure transferred from GAG	171,359	-	(708,908)	1,328,474	790,925
Total restricted fixed asset funds	21,648,078	91,086,857	(3,674,752)	1,530,190	110,590,373
Total restricted funds	14,587,237	168,116,292	(98,325,712)	7,362,265	91,740,082
Unrestricted funds					
General funds	1,065,492	3,148,456	(694,438)	(1,288,265)	2,231,245
Total funds	15,652,729	171,264,748	(99,020,150)	6,074,000	93,971,327

Notes to the Financial Statements

for the Year Ended 31 August 2018 (contin)

18 Funds (contin)

Total funds analysis by academy

	2018	2017
	£	£
Fund balances at 31 August 2018 were allocated as follows:		
Victoria Primary Academy (VPA)	88,116	-
Beacon Academy (BEA)	155,025	-
Springwell Special Academy (SSA)	222,215	266,421
Springwell Alternative Academy (SAA)	231,285	273,657
Sevenhills Academy (SEV)	126,386	172,847
Phoenix Park Academy (PPA)	148,366	198,890
The Forest Academy (TFA)	(9,440)	47,464
Central Services (WAT)	648,535	324,744
Ebor Gardens Primary Academy (EGPA)	40,573	-
Littlecoates Primary Academy (LPA)	127,040	163,408
Joseph Norton Academy (JNA)	130,011	161,485
Springwell Lincoln City Academy (LIN)	(256,868)	(101,825)
Springwell Leeds Academy (SLA)	(7,901)	(329,343)
Oakhill Primary Academy (OPA)	(60,753)	18,231
Oakwell Rise Academy (ORA)	39,280	16,823
Greenacre School (GRE)	1,216,350	1,207,996
Positive Regard Teaching School Alliance (PRTSA)	314,734	-
Total funds before fixed assets and pension reserves	3,152,954	2,420,798
Restricted fixed asset funds	110,590,373	46,809,980
Pension reserves	(19,772,000)	(19,737,000)
Total funds	93,971,327	29,493,778

As at the 31 August 2018 there were four academies in a deficit position as follows:

- Oakhill Primary Academy (£60,753) – Cost of change resulting from undertaking staffing restructure in order to deliver sustainable medium term financial position. This will be recovered in full in 2018/19.
- The Forest Academy (£9,440) – Minor deficit associated with contribution to building works to create additional places delivering future year financial sustainability. This will be recovered in full in 2018/19.
- Springwell Leeds (£7,901) – Minor deficit following in-year reduction in funding by Leeds City Council. This is in dispute and planned to be recovered in full in 2018/19.
- Springwell Lincoln City Academy (£256,868) – This represents a significant deficit which is in the main associated with slippages in the opening of four new Free Schools through the DfE. The delay has led to additional building maintenance costs in keeping open the existing premises that are not fit for purpose and additional supply costs due to the geographical spread of the new schools and the inability to recruit given the change in location. The Trust Board agreed an approved deficit position which is planned to be recovered over the next 5 years or sooner subject to seeking additional funding to support the position.

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

18 Funds (contin)

Total cost analysis by academy

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

	Teaching and educational support staff costs	Other support staff costs	Educational supplies	Other costs excluding depreciation / impairment & Pension reserve	Total 2018	Total 2017
	£	£	£	£	£	£
BEA	1,201,971	230,015	129,340	426,377	1,987,703	-
EGPA	1,460,262	176,635	179,668	333,578	2,150,143	2,334,566
GAA	1,800,588	306,868	619,802	244,788	2,972,046	3,034,219
GRE	4,527,743	1,490,366	176,862	624,231	6,819,202	2,914,253
JNA	1,338,834	465,751	139,051	266,845	2,210,481	2,076,112
LIN	3,127,974	824,213	1,054,986	558,016	5,565,189	2,355,576
LPA	755,777	166,615	57,221	128,601	1,108,214	1,048,752
OPA	1,033,784	166,454	105,494	235,426	1,541,158	1,549,064
ORA	742,903	135,199	119,086	192,516	1,189,704	779,502
SBA	3,157,184	962,487	511,992	320,539	4,952,202	5,032,061
SLE	4,744,077	794,258	477,276	1,033,581	7,049,192	6,037,890
TFA	948,186	170,367	129,277	205,572	1,453,402	1,295,164
VPA	1,304,698	207,515	182,374	304,318	1,998,905	2,254,835
WAT	443,076	1,597,051	24,403	598,710	2,663,240	2,792,252
PRTSA	25,553	22,764	32,052	6,953	87,322	-
	26,612,610	7,716,558	3,938,884	5,480,051	43,748,103	33,504,246

19 Analysis of net assets between funds

	Unrestricted funds	General Restricted funds	Restricted fixed assets	Total 2018
	£	£	£	£
Fund balances as at 31 August 2018 are represented by:				
Intangible fixed assets	-	-	151,254	151,254
Tangible fixed assets	-	-	109,549,790	109,549,790
Current assets	2,231,245	5,515,444	889,329	8,636,018
Creditors falling due within one year	-	(4,593,735)	-	(4,593,735)
Defined benefit pension liability	-	(19,772,000)	-	(19,772,000)
	2,231,245	(18,850,291)	110,590,373	93,971,327

Notes to the Financial Statements

for the Year Ended 31 August 2018 (contin)

19 Analysis of net assets between funds (contin)

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

	Unrestricted funds	General Restricted funds	Restricted fixed assets	Total 2017
	£	£	£	£
Fund balances as at 31 August 2017 are represented by:				
Intangible fixed assets	-	-	79,675	79,675
Tangible fixed assets	-	-	46,396,277	46,396,277
Current assets	1,699,825	6,339,724	334,028	8,373,577
Creditors falling due within one year	-	(5,618,751)	-	(5,618,751)
Defined benefit pension liability	-	(19,737,000)	-	(19,737,000)
	1,699,825	(19,016,027)	46,809,980	29,493,778

20 Pensions 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. The latter of which is managed by East Riding Pensions Agency, South Yorkshire Pensions Agency and West Yorkshire Pensions Agency. All 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 related to the period ended 31 March 2012 and that of the LGPS related to the period ended 31 March 2016.

Contributions amounting to £441,994 were payable to the schemes at 31 August 2018 (2017: £0) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

Notes to the Financial Statements

for the Year Ended 31 August 2018 (contin)

20 Pensions and similar obligation (contin)

Valuation of the Teachers' Pension Scheme

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

The key elements of the valuation and subsequent consultation are:

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

The TPS Valuation for 2012 determined an employer rate of 16.4%, 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 the TPS in the

period amounted to £1,868,117 (2017: £1,291,531).

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

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

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 10.2% to 30.3% for employers and 5.5 to 10.5% for employees.

The LGPS obligation includes the employees of the Academy Trust who were employees transferred as part of the conversion from their legacy organisation (as described in note 26) together with new employees who joined the scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the Academy Trust at the balance sheet date.

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

On 26 October 2018, the High Court handed down a judgment involving the Lloyds Banking Group's defined benefit pension schemes. The judgment concluded the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits, "GMP". The Government will need to consider this outcome in conjunction with the Government's recent consultation on GMP indexation in public sector schemes before concluding on any changes required to LGPS schemes.

The subsequent values disclosed relate to the average of the eight schools within the MAT.

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

20 Pensions and similar obligation (contin)

	2018	2017
	£	£
Total contributions made		
Employer's contributions	2,638,000	1,888,000
Employees' contributions	752,000	518,000
	3,390,000	2,406,000

	2018	2017
	%	%
Principal actuarial assumptions		
Rate of increases in salaries	3.1	3.45
Rate of increase for pensions in payment/inflation	2.2	2.2
Discount rate	2.8	2.6

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

20 Pensions and similar obligations (contin)

Sensitivity analysis - Changes in assumptions, where provided, would have the following effect on the LGPS deficit:

	TFA	PPA	SEV	SSA	SAA	VPA	EGPA	LPA	GRE	OPA	ORA	JNA	SLE	SLI	BEA
	£k	£k	£k	£k	£k	£k	£k	£k	£k	£k	£k	£k	£k	£k	£k
0.5% decrease in Real Discount Rate		174	91					150						224	310
0.1% discount rate	(50)			(69)	(66)	(52)	(38)		(313)	(36)	(11)	(39)	(113)		
1 year increase in member life expectancy	34			46	39	68	43		200	30	9	48	138		
0.5% increase in the Salary Increase Rate		33	10					39						27	58
0.1% pay increase	4			21	20	21	17		(11)	10	3	16	44		
0.1% inflation	52			71	67				321	38	12				
0.5% increase in the Pension Increase Rate		138	81					108						195	248
0.1% pension increase						32	22					24	71		

TFA - The Forest Academy
 PPA - Phoenix Park Academy
 SEV - Sevenhills Academy
 SSA - Springwell Special Academy
 SAA - Springwell Alternative Academy
 VPA - Victoria Primary Academy
 EGPA - Ebor Gardens Primary Academy
 LPA - Littlecoates Primary Academy

GRE - Greenacre School
 OPA - Oakhill Primary Academy
 ORA - Oakwell Rise Academy
 JNA - Joseph Norton Academy
 SLE - Springwell Leeds Academy
 SLI - Springwell Lincoln City Academy
 BEA - Beacon Academy

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

20 Pensions and similar obligations (contin)

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

	2018 Years	2017 Years
Retiring today		
- Males	22.4	22.1
- Females	25.2	24.4
Retiring in 20 years		
- Males	24.2	24.1
- Females	27.3	26.6

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

	2018 Fair value £	2017 Fair value £
Equities	11,180,000	8,842,000
Bonds	2,932,000	2,096,000
Cash	552,000	246,000
Property	1,302,000	886,000
Other assets	1,113,000	611,000
Total market value of assets	17,079,000	12,681,000
Actual return on scheme assets - gain/(loss)	418,000	908,000

Amounts recognised in the statement of financial activities

	2018 £	2017 £
Current service cost (net of employer contributions)	1,541,000	974,000
Past Service cost	6,000	-
Curtailments	262,000	-
Net interest cost	513,000	323,000
Administration expenses	25,000	16,000
Total amount recognised in the SOFA	2,347,000	1,313,000

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

20 Pensions and similar obligations (contin)

Changes in the present value of defined benefit obligations	2018 £	2017 £
Obligations brought forward	32,418,000	11,579,000
Transferred in on existing academies joining the academy trust	2,347,000	18,218,000
Current service cost	4,179,000	2,862,000
Past service cost	6,000	-
Interest cost	883,000	518,000
Curtailments	262,000	-
Effect of business combinations/disposals	(47,000)	-
Employee contributions	752,000	518,000
Actuarial gain	(3,619,000)	(1,129,000)
Benefits paid	(330,000)	(148,000)
Obligations carried forward	36,851,000	32,418,000

Changes in the fair value of the Academy Trust's share of scheme assets	2018 £	2017 £
Assets brought forward	12,681,000	3,641,000
Transferred in on existing academies joining the academy trust	622,000	5,695,000
Interest income	370,000	195,000
Administration costs	(25,000)	(16,000)
Actuarial loss/(gain)	418,000	908,000
Effect of business combinations/disposals	(47,000)	-
Employer contributions	2,638,000	1,888,000
Employee contributions	752,000	518,000
Benefits paid	(330,000)	(148,000)
Assets carried forward	17,079,000	12,681,000

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

21 Reconciliation of net income to cash flows from operating activities

	2018	2017
	£	£
Net income for the reporting period	60,440,549	11,804,049
<i>Adjusted for</i>		
Net deficit/(surplus) transferred on conversion	(22,602,446)	(14,662,492)
Donated assets	(39,675,000)	-
Capital grants from DfE / ESFA and other capital income	(886,157)	(570,215)
Investment income	(10,314)	(6,907)
Defined benefit pension cost less contributions payable	2,717,000	1,508,000
Defined benefit pension net finance (income)/cost	(370,000)	(195,000)
Depreciation and amortisation of fixed assets	2,699,528	1,153,684
Impairment of tangible fixed assets	-	1,319,428
(Increase)/decrease in stocks	(13,882)	14,801
(Increase)/decrease in debtors	(538,893)	(1,535,882)
Increase/(decrease) in creditors	(1,025,016)	3,985,235
Loss on disposal of tangible fixed assets	-	161
	735,369	2,814,862

22 Commitments under operating leases

At 31 August 2018 the total future minimum lease payments under non-cancellable operating leases were as follows:

	2018	2017
	£	£
Amounts due within one year	24,893	193,655
Amounts due within two and five years	622,652	299,925
Amounts due after five years	-	-
	647,545	493,580

Notes to the Financial Statements

for the Year Ended 31 August 2018 (contin)

23 Related party transactions

Owing to the nature of the Academy Trust's operations and the composition of the Board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trustees have an interest. All transactions involving such organisations are in accordance with the requirements of the Academies Financial Handbook and with the Academy Trust's financial regulations and normal procurement procedures relating to connected and related party transactions. The following related party transactions took place in the financial period.

Wellspring Academy Trust was set up by Barnsley College who sponsor the Trust. Barnsley College have a number of representatives on the Board in accordance with the Trust's Articles of Association.

During the year, Barnsley College provided services (at cost) to the Trust, mainly facilities hire, training and reprographics, which totalled £46,390 (2017 : £31,651). At 31 August 2018, the Trust owed £1,916

(2017: £0). The Trust also invoiced Barnsley College £800 for training provided to the College (2017: £0). No debts were outstanding from Barnsley College at 31 August 2018.

Opening Doors Greenacre Community Interest Company is a separate legal entity set up to provide holistic opportunities to adults aged between 19 and 25 who have an Education Health and Care Plan. The company submits an annual report to the Governing Body of Greenacre School detailing its annual operations, presented by Trust employees who sit as Board Directors within the Company.

The Trust provides staff members on a consultant basis to deliver the provision, and levies a management and administration charge, in addition to charges for the use of premises and travel. During the year ended 31 August 2018 the Trust invoiced Opening Doors Greenacre C.I.C. £97,428 (2017: £40,489). At 31 August 2018 the company owed the Trust £97,178 (2017: £40,489).

24 Post balance sheet events

After the year-end, the following schools joined Wellspring Academy Trust.

Academy	Location	Date of conversion
Elements Primary School	Leeds	1 September 2018
Bramley Park Academy	Leeds	1 November 2018
Eastfield Infants and Nursery Academy	Louth	1 November 2018
Lacey Gardens Junior Academy	Louth	1 November 2018

At the time of signing the accounts management have not been able to determine the fair value of assets and liabilities acquired by the Trust.

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

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 or 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 Conversion to an academy

During the year, the one academy joined the Trust with all of their operations and assets and liabilities being transferred to Wellspring Academy Trust from the legacy academy for £nil consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair values and recognised in the balance sheet under the appropriate headings, with a corresponding net amount recognised as a net gain in the statement of financial activities as donations – transfer on conversion.

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

Academy	Location	Date of conversion
Beacon Academy	Cleethorpes	1 September 2017

	2018
Net assets transferred:	£
Leasehold land and buildings	24,259,000
Other tangible fixed assets	-
Intangible assets	-
Cash	68,446
Unspent capital	-
Recognised as income within the SOFA	24,327,446
LGPS pension deficit recognised as expenditure within the SOFA	(1,725,000)
Total net assets acquired	22,602,446

Funds surplus/(deficit) transferred	Unrestricted funds	General Restricted funds	Restricted fixed assets	Total 2018
	£	£	£	£
Fixed asset funds	-	-	24,259,000	24,259,000
Cash	68,446	-	-	68,446
Defined benefit pension liability	-	(1,725,000)	-	(1,725,000)
	68,446	(1,725,000)	24,259,000	22,602,446

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

27 Capital Commitments

	2018	2017
	£	£
Contracted for, but not provided in the financial statements	344,241	-

28 Teaching School trading account

	2018
	£
Income	
Direct income	
Funds on transfer to the Trust	285,349
Other income	122,596
Other income	
Fundraising and trading activities	5,224
	<u>413,169</u>
Income from the Trust	887
Total income	414,056
Expenditure	
Direct costs	
Direct staff costs	25,554
Other direct costs	31,981
Other costs	
Support staff costs	19,750
Staff development	1,745
Technology costs	875
Other support costs	7,417
	<u>87,322</u>
Expenditure to the Trust	12,000
Total expenditure	99,322
Surplus/(deficit) from all sources	314,734
Teaching school balances at 1 September 2017	-
Teaching school balances at 31 August 2018	314,734

During the year the Trust took over the running of Positive Regard Teaching School (previously Barnsley Teaching School Alliance).



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