

Registration number: 07664348 (England and Wales)

**Westfield Academy Trust
(a company Limited by Guarantee)**

Annual report and financial statements

Year ended 31 August 2013

Westfield Academy Trust

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Westfield Academy Trust

Reference and Administrative Details

Governors (Trustees)

A Dyer* (Chair)
S Bachrach* (Vice Chair)
A Britten*
J Divall*
W Petheram
C Humphreys (resigned 20/07/2013)
L Ryall (resigned 08/01/2013)
M Bunting*
H Nourse
M Bennett (Staff) (resigned on 01/06/2013)
S Rollick (Staff)
C Hunt* (Principal)
K Minter
E Trickey
S King (resigned 20/07/2013)
P Davies (appointed on 19/02/2013)
C Travers (Staff) (appointed on 01/07/2013)

* members of the Business Committee

Company Secretary

L Smith (resigned on 31/08/2013)
L Jeffreys (appointed on 1/09/2013)

Senior Management Team:

Principal and Accounting Officer
Vice Principal
Assistant Principal
Assistant Principal
Assistant Principal
Associate Assistant Principal
Associate Assistant Principal
Associate Assistant Principal

C Hunt*
S Dallimore
N Crossland (resigned 31/12/2012)
M Payne*
J Strange
S Brimson
J Coles
S Rollick

Principal and Registered Office

Stiby Road
Yeovil
Somerset
BA21 3EP

Company Registration Number

07664348 (England and Wales)

Independent Auditor

Milsted Langdon LLP
Motivo House
Yeovil
BA20 2FG

Bankers

Lloyds TSB
9 High Street
Yeovil
Somerset
BA20 1RN

Solicitors

Browne Jacobson
Mowbray House
Castle Meadow Road
Nottingham, NG2 1BJ

Westfield Academy Trust

Governors' Report

The governors present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2013.

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 governors act as the trustees for the charitable activities of Westfield Academy Trust and are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as Westfield Academy Trust.

Details of the governors who served throughout the period are included in the reference and administrative details on page 1.

Members' Liability

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

Governors' Indemnities

The Academy has Professional Indemnity Insurance for governors and Officers Liability via Chartis Insurance UK Limited. The limit of the Indemnity is £5 million.

Principle Activities

The principal activity of Westfield Academy Trust is to offer free education to 11-16 year olds through the provision of a broad and balanced curriculum.

Method of Recruitment and Appointment or Election of Governors

Members may appoint up to one governor.

Parent governor(s) shall be elected by parents of registered pupils at the Academy. A parent governor must be a parent of a pupil at the Academy at the time when he/she is elected. All parents will be eligible to stand as a governor and all parents must be notified when a vacancy arises.

Staff governors are elected by the staff with one position available for teaching staff and one for support staff.

The community governors may be appointed by the governing body provided that the person who is appointed as a community governor is:

- (a) a person who lives or works in the community served by the Academy; or
- (b) a person who, in the opinion of the governing body, is committed to the government and success of the Academy.

The governors may appoint up to 3 co-opted governors. A 'co-opted governor' means a person who is appointed to be a governor by being co-opted by governors who have not themselves been so appointed. The governors may not co-opt an employee of the Academy Trust as a co-opted governor if the number of governors who are employed by the Academy Trust (including the Principal) would thereby exceed one third of the total number of governors.

Policies and Procedures Adopted for the Induction and Training of Governors

The Academy buys back into Somerset Governors Services who provide training events and will also provide bespoke training on request. All new governors attend the governors induction training run by Somerset Governor Services. All governors have attended child protection training.

The governors annually appoint a training governor who is responsible for ensuring that governors' stay up to date with latest legislation and changes impacting upon the management of schools.

Westfield Academy Trust

Governors' Report

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Organisational Structure

The full governing body meets three times a year and is responsible for setting general policy, adopting an annual plan and budget and monitoring the work of the Academy and its leadership team. The detailed work is devolved to three sub committees:

Learning and Teaching – which monitors the work of curriculum teams, focusing on raising achievement and ensuring academy teaching and learning policies are fully implemented,

Student Matters – which monitors the work of the pastoral teams, focusing on behaviour and inclusion and ensuring academy pastoral policies are fully implemented,

Business – which monitors the work of the Finance and Site teams, focusing on financial, personnel and site management and ensuring all policies in these areas are fully implemented.

The leadership team is led by the Principal who is the Accounting Officer for the Academy, who is supported in all financial matters by the Assistant Principal (Business) who acts as the Principal Finance Officer of the Academy. The leadership team also consists of a Vice Principal and one further Assistant Principal and three Associate Assistant Principals.

The senior leadership team manage the Academy, implementing the policies agreed by the governors and reporting back to them on progress. The Principal and Assistant Principal (Business) are responsible for the authorisation of spending within agreed budgets. Some spending control is devolved to middle leaders within the Academy.

The wider management team includes faculty heads, pastoral leaders and support staff team leaders. These middle leaders are responsible for the day to day operation of the Academy.

Risk Management

The governors have implemented systems to assess risks that the academy faces especially in the areas of health and safety, school trips, and financial control. The Academy has effective systems of internal financial control and uses a Responsible Officer to test these systems. They have clear policies for the vetting of new staff and visitor procedures and have installed CCTV to reduce the risk of personal injury to staff and students.

The Academy has a comprehensive package of insurance in place to cover buildings, contents and all likely liabilities.

Connected Organisations, including Related Party Relationships

The Academy has no formal connected organisations, though it is a member of Yeovil Federation which is a loose federation of schools from all sectors aimed at raising achievement in the Yeovil area.

Objectives and Activities

Objects and Aims

The Academy Trust's object ("the Object") is specifically restricted to the following:

- to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum ("the Academy"); and
- to promote for the benefit of individuals living in Yeovil and the surrounding area who have need by reason of their age, infirmity or disability, financial hardship or social and economic circumstances or for the public at large the provision of facilities for recreation or other leisure time activities in the interests of social welfare and with the object of improving the condition of life of the said individuals.

Westfield Academy Trust

Governors' Report

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The Academy's mission is:

To ensure every learner makes the most of outstanding chances to make the most of their life chances.

The Key measures are:

- Outstandingly high 5+ A*-C including English and Maths
- All students make three levels of progress
- 95%+ attendance
- NEET = 0%
- Very high levels of post 16 progression
- Full or oversubscribed
- A good judgement at the next OFSTED inspection
- Success at extra-curricular activities

Objectives, Strategies and Activities

The main objectives for the year ended 31 August 2013 were to raise achievement by:

- Improving students levels of literacy through:
 - Actively developing a reading for pleasure culture
 - Providing literacy catch-up for some using the Rapid Reader scheme.
 - Developing literacy placemats, used in all lessons, to remind students of expectations around writing.
 - Equipping all classes with dictionaries and developing strategies to make sure students use them.
 - Actively teaching the skills of writing in particular styles in all subjects.
- Ensuring students improve their written work by responding to written feedback comments from teachers. Students now use green pens to do corrections and improve the work in their book based closely on improvement comments from their teachers. Evidence suggests this is having a significant impact in improving the written work of students.
- A new and very thorough system of appraisal is being used to drive improvements in the quality of teaching. Teachers are given an appraisal score based on the teachers standards. Pay progression will be dependent on these score from 2014.
- Site development, including opening of a theatre and music suite in September 2013, refurbishment of the sports hall (October 2013) and opening of a dance studio (January 2014).

Public Benefit

The governors confirm that they have complied with the duty in Section 4 of the Charities Act 2006 to have due regard to the Charity Commission's general guidance on public benefit and in particular to its supplementary public benefit guidance on advancing education.

Achievements and Performance

The 2013 saw Westfield's best ever exam results with a significant improvement on 2012 figures. 62% of students achieved 5A*-C including English and Maths, (up from 47% in 2012) and 4% above the national average. 82% achieving 5A*-C grades (80% in 2012) which was 2% above the national average. 69% of students made 3 levels of progress in English (compared with a national average of 67%) and 73% of students made 3 levels of progress in Maths, (5% above the national average).

Going concern

After making appropriate enquiries, the governing body 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.

Westfield Academy Trust

Governors' Report

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Key Financial Performance Indicators

Most of the Academy's income is obtained from the Education Funding Agency in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFA during the year ended 31 August 2013 and the associated expenditure is shown as restricted funds in the Statement of Financial Activities.

The Academy also receive grants from Somerset County Council for Individually Assigned Resources, to support students who are eligible for School Action Plus funding which are also shown as restricted income on the Statement of Financial Activities.

The Academy successfully obtained £100,000 of ACMF funding to replace a boiler in the US and the sports hall roof. This formed part of a very significant investment in the building assets of the academy.

As an Academy we wish to increase our unrestricted funds through increasing community use of the buildings and facilities and generating income through a range of activities. As at 31 August 2013 our unrestricted fund balance was £284,186 (2012 £181,505).

Financial Review

Financial and Risk Management Objectives and Policies

The governors business committee receives financial reports six times a year reviewing performance against budgets and overall expenditure. The business committee reports to full governors three times a year. All budget holders receive regular statements indicating expenditure and balances and the Assistant Principal (Business) and the finance team monitor expenditure across all areas.

Principal Risks and Uncertainties

Changes to the funding formula

The DfE introduced a new funding formula in September 2013 which significantly reduces the number of factors that can be considered when delegating funds to schools. This formula is more closely allied to total pupil numbers. There are likely to be further adjustments to this formula for future funding rounds, which will again cause variation in funding levels.

Pupil Numbers

Pupil numbers have declined significantly over the last few years as a result of demographics. It is likely that in 2014/15 the numbers will stabilise and even show a modest increase. However the time lag in funding means the significant drop experienced in September 2013 will impact on the school budget in September 2014 by in excess of £300,000.

Control of costs

As a result of the two factors above it is imperative that the Academy manages its costs effectively, in particular staffing costs which makes up 82% (2012: 80%) of the budget. The Academy will need to consider carefully how best to achieve this and to budget accordingly.

Fraud or mismanagement of funds

The Academy has clear finance procedures laid out in the Academy Finance Manual. This is overseen by the business committee. There is clear division of duties with several people involved in every transaction. Finance staff are very experienced and have undergone appropriate training. The governors have appointed a Responsible Officer, Mr Paul Murley, who carries out termly checks on financial systems and records and reports to the business committee.

Westfield Academy Trust

Governors' Report

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Reserves Policy

The current level of reserves is indicated in the Statement of Financial Activities.

Given the uncertainty surrounding future funding the governors are keen to build a significant reserve to assist in the transition and to continue to invest in the capital improvement of the facilities, as well as cater for unforeseeable emergencies. The governors are aiming for a reserve equivalent to 10% of income.

The pension reserve is in deficit at the period end. This represents the defined benefit pension scheme liability as at 31 August 2013.

Investment Policy

The governors have adopted a separate policy in which Westfield Academy Trust aims to manage its cash balances to provide for the day-to-day working capital requirements of its operations, whilst protecting the real long-term value of any surplus cash balances against inflation. In addition, Westfield Academy Trust aims to invest surplus cash funds to optimise returns, but ensuring the investment instruments are such that there is no risk to the loss of these cash funds. Investment is restricted to the major high street banks.

Plans for Future Periods

At the heart of the Academy's focus is a relentless drive to improve teaching and learning and to improve achievement for all the students at the school.

The Academy has plans to open a dance studio in 2014 and has planning permission for a 3G pitch to replace the redgra. This will provide outstanding facilities for our students and for the local community.

Auditor

In so far as the governors are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the governors 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.

Approved by order of the members of the governing body on 10th December 2013 and signed on its behalf by:

A Dyer
Chair

Westfield Academy Trust

Governance Statement

Scope of Responsibility

As governors, we acknowledge we have overall responsibility for ensuring that Westfield 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 governing body has delegated the day-to-day responsibility to Mr C Hunt as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Westfield Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the governing body any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Governor's Report and in the Statement of Governors' Responsibilities. The governing body has formally met 4 times during the period. Attendance during the period at meetings of the governing body was as follows:

Governor	Meetings attended	Out of a possible
A Dyer	3	4
S Bachrach	3	4
A Britten	1	4
J Divall	3	4
W Petheram	4	4
C Humphreys	3	4
L Ryall	2	2 (resigned January 2013)
M Bunting	4	4
H Nourse	3	4
M Bennett	3	3 (resigned June 2013)
S Rollick	3	4
C Hunt	4	4
K Minter	3	4
E Trickey	2	4
S King	3	4
P Davies	2	2 (appointed February 2013)
C Travers	0	1 (appointed July 2013)

The Business Committee is a sub-committee of the main governing body. Its purpose is to work in consultation with the Principal and the Assistant Principal (Business) to provide guidance to the Governing Body on all financial and premises matters. Attendance at meetings in the period was as follows:

Governor	Meetings attended	Out of a possible
A Dyer	3	5
S Bachrach	3	5
A Britten	1	5
J Divall	3	5
M Bunting	5	5
C Hunt	5	5

Westfield Academy Trust

Governance Statement

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The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy 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 Westfield Academy Trust for the year ended 31 August 2013 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The governing body has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The governing body is of the view that there is a formal on-going process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the year ended 31 August 2013 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the governing body.

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 with the governing body;
- regular reviews by the Business Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

The governing body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the governors have appointed Mr P Murley, a governor, as Responsible Officer ('RO'). The RO's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. On a termly basis, the RO reports to the governing body on the operation of the systems of control and on the discharge of the governing body's financial responsibilities.

Review of Effectiveness

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

- the work of the Responsible Officer;
- 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.

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

Westfield Academy Trust

Governance Statement

.....continued

Approved by order of the members of the governing body on 10th December 2013 and signed on its behalf by:

A Dyer
Chair

C Hunt
Accounting Officer

Westfield Academy Trust

Statement on Regularity, Propriety and Compliance

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

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

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date.

C Hunt
Accounting Officer

Date: 10th December 2013

Westfield Academy Trust

Statement of Governors' Responsibilities

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principle in the Charities SORP;
- 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in business.

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

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

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

Approved by order of the members of the governing body on 10th December 2013 and signed on its behalf by:

A Dyer
Chair

Westfield Academy Trust

Independent Auditor's Report to the members of Westfield Academy Trust

We have audited the financial statements of Westfield Academy Trust for the year ended 31 August 2013 which comprise the Statement of Financial Activities (including the Income and Expenditure Account and Statement of Total Recognised Gains and Losses), the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Annual Accounts Direction 2012/13 issued by the Education Funding Agency.

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

Respective responsibilities of governors and auditor

As explained more fully in the Statement of Governors' Responsibilities (set out on page 11), the governors (who are also the directors of the academy trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the academy trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the governors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Governors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the academy trust's affairs as at 31 August 2013, and of its incoming resources and application of resources, including its income and expenditure, for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Annual Accounts Direction 2012/13 issued by the Education Funding Agency.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Governors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Westfield Academy Trust

**Independent Auditor's Report to the members
of Westfield Academy Trust**

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Matters on which we are required to report by exception

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

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

Mr Gary Salter (Senior Statutory Auditor)
For and on behalf of
Milsted Langdon LLP
Chartered Accountants and Statutory Auditors
Yeovil

Date: 17th December 2013

Westfield Academy Trust

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

In accordance with the terms of our engagement letter dated 17 September 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies: Accounts Direction 2013, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Westfield Academy Trust during the year 1 September 2012 to 31 August 2013 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 Westfield Academy Trust and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state Westfield Academy Trust and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Westfield Academy Trust and the EFA, for our work, for this report, or for the conclusion we have formed.

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

The accounting officer is responsible, under the requirements of Westfield Academy Trust's funding agreement with the Secretary of State for Education dated 1 August 2011 and the Academies Financial Handbook, extant from 1 September 2012, 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 2013. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2012 to 31 August 2013 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 2012/13 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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 that we have undertaken is based around the principles outlined in the ICAEW guidance (TECH 08/12AAF) including review of minutes and supporting documentation and discussions with the accounting officer and other key management personnel. This work is in addition to the work undertaken as part of the audit procedures required to issue the Independent Auditor's Report to the members of Westfield Academy Trust.

Westfield Academy Trust

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

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Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2012 to 31 August 2013 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Milsted Langdon LLP
Chartered Accountants and Statutory Auditors
Yeovil

Date: 17th December 2013

Westfield Academy Trust

Statement of Financial Activities for the year ended 31 August 2013
(including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Notes	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2013 £	1 August 2011 to 31 August 2012 £
Incoming resources						
Incoming resources from generated funds:						
Voluntary income	3	14,295	12,301	-	26,596	27,707
Voluntary income – transfer from Local Authority on conversion		-	-	-	-	9,233,411
Activities for generating funds	4	280,232	49,718	-	329,950	336,792
Investment income	5	5,132	-	-	5,132	2,806
Incoming resources from charitable activities:						
Funding for the Academy’s educational operations	6	756	4,373,519	292,648	4,666,923	4,982,589
Total incoming resources		300,415	4,435,538	292,648	5,028,601	14,583,305
Resources expended						
Cost of generating funds:						
Cost of generating voluntary income	7	-	7,818	-	7,818	8,467
Charitable activities:						
Academy’s educational operations	8	197,734	4,402,446	303,993	4,904,173	5,045,278
Governance costs	9	-	13,797	-	13,797	20,258
Total resources expended	7	197,734	4,424,061	303,993	4,925,788	5,074,003
Net incoming/(outgoing) resources before transfers		102,681	11,477	(11,345)	102,813	9,509,302
Gross transfers between funds	17	-	(313,052)	313,052	-	-
Net income/(expenditure) for the period		102,681	(301,575)	301,707	102,813	9,509,302
Other recognised gains and losses						
Actuarial losses on defined benefit pension schemes	17	-	(90,000)	-	(90,000)	(803,000)
Net movement in funds		102,681	(391,575)	301,707	12,813	8,706,302
Reconciliation of funds						
Total funds brought forward at 1 September 2012		181,505	(1,256,337)	9,781,134	8,706,302	-
Total funds carried forward at 31 August 2013	17	284,186	(1,647,912)	10,082,841	8,719,115	8,706,302

All of the Academy’s activities derive from acquisitions in the current financial period.

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

Westfield Academy Trust

Balance Sheet as at 31 August 2013

Company Number 07664348

	Notes	2013 £	2012 £
Fixed assets			
Tangible assets	13	10,082,841	9,781,134
Current assets			
Stock	14	6,443	9,572
Debtors	15	87,711	170,038
Cash at bank and in hand		565,197	472,498
		<u>659,351</u>	<u>652,108</u>
Liabilities			
Creditors: Amounts falling due within one year	16	<u>(270,077)</u>	<u>(203,940)</u>
Net current assets		389,274	448,168
Total assets less current liabilities		10,472,115	10,229,302
Net assets excluding pension liability		10,472,115	10,229,302
Pension scheme liability	26	(1,753,000)	(1,523,000)
Net assets including pension liability		<u>8,719,115</u>	<u>8,706,302</u>
Funds of the academy:			
Restricted income funds			
Fixed asset funds	17	10,082,841	9,781,134
General funds	17	105,088	266,663
Pension reserve	17	(1,753,000)	(1,523,000)
Total restricted funds		<u>8,434,929</u>	<u>8,524,797</u>
Unrestricted income funds			
General funds	17	284,186	181,505
Total unrestricted funds		<u>284,186</u>	<u>181,505</u>
Total funds		<u>8,719,115</u>	<u>8,706,302</u>

The financial statements on page 16 to 35 were approved by the governors and authorised for issue on 10th December 2013 and are signed on their behalf by:

A Dyer
Chair

Westfield Academy Trust

Cash Flow Statement for the year ended 31 August 2013

	Notes	2013 £	2012 £
Net cash inflow from operating activities	21	405,503	469,078
Returns on investments and servicing of finance	22	5,132	2,806
Capital expenditure	23	(317,936)	(67,891)
Cash transferred on conversion to an academy trust		-	68,505
Increase in cash in the year	24	<u>92,699</u>	<u>472,498</u>
Reconciliation of net cash flow to movement in net funds			
Movement in cash in the year		92,699	472,498
Net funds at start of year		472,498	-
Net funds at end of year		<u>565,197</u>	<u>472,498</u>

Westfield Academy Trust

Notes to the Financial Statements for the year ended 31 August 2013

1. Statement of Accounting Policies

Basis of Preparation

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice: Accounting and Reporting by Charities' ('SORP 2005'), the Academies Accounts Direction issued by the EFA and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

Going Concern

The governors assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The governors make this assessment in respect of a period of one year from the date of approval of the financial statements.

Incoming Resources

All incoming resources are recognised when the Academy Trust has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

- **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 entitlement of receipt its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued and included in prepayments and accrued income.

The main grant received throughout the period is the general annual grant (GAG) which is restricted for the use of normal running costs of the academy, including education and support costs. The balance of the GAG not expended during the period is shown in the relevant funds on the balance sheet.

Fixed asset grants received for the use of capital expenditure are treated under the accruals concept. Income is recognised in the same period as the related expenditure as per SSAP 4.

- **Donations**

Donations are recognised on a receivable basis where there is certainty of receipt 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 goods have been provided or on completion of the service.

- **Donated Services and gifts in kind**

The value of donated services and gifts in kind provided to the Academy Trust are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the Academy Trust can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of Financial Activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with Academy Trust's policies.

Westfield Academy Trust

Notes to the Financial Statements for the year ended 31 August 2013

.....continued

1. Statement of Accounting Policies (continued)

Resources Expended

All expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

- **Cost of generating funds**
These are costs incurred in attracting voluntary income and those incurred in trading activities that raise funds.
- **Charitable activities**
These are costs incurred on the Academy Trust's educational operations.
- **Governance Costs**
These include the costs attributable to the Academy Trust's compliance with constitutional and statutory requirements, including audit, strategic management and Governor's meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

Tangible Fixed Assets

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

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy Trust's depreciation policy.

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

Long leasehold buildings	2% straight line
Property improvements	2% straight line
Fixtures and fittings	10% straight line
Computer equipment	25% straight line
Motor vehicles	16% straight line

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.

Leased Assets

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

Stock

Unsold uniforms are valued at the lower of cost or net realisable value.

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.

Westfield Academy Trust

Notes to the Financial Statements for the year ended 31 August 2013

.....continued

1. Statement of Accounting Policies (continued)

Pensions Benefits

Retirement benefits to employees of the Academy Trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes, are contracted out of the State Earnings-Related Pension Scheme ('SERPS') and the assets are held separately from those of the Academy Trust.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 27, the TPS is a multi-employer scheme and the Academy Trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid in each year.

The LGPS is a funded scheme and the assets are held separately from those of the Academy Trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit 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 gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

Fund Accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Educational Funding Agency, Department for Education and other funders where the asset acquired or created is held for a specific purpose.

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

2. General Annual Grant (GAG)

Under the funding agreement with the secretary of State the academy trust was subject to limited at 31 August 2013 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

The academy trust has not exceeded these limits during the year ended 31 August 2013.

3. Voluntary Income

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2013 £	1 August 2011 to 31 August 2012 £
Donations	14,295	12,301	-	26,596	27,707
	<u>14,295</u>	<u>12,301</u>	<u>-</u>	<u>26,596</u>	<u>27,707</u>

Westfield Academy Trust

Notes to the Financial Statements for the year ended 31 August 2013

.....continued

4. Activities for generating funds

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2013 £	1 August 2011 to 31 August 2012 £
Income from facilities and services	-	-	-	-	8,268
Lettings income	31,806	1,000	-	32,806	29,520
Fundraising income	-	338	-	338	5,798
Catering income	63,087	1,118	-	64,205	83,040
Educational lecturing	50,812	-	-	50,812	50,217
Income for trips and activities	101,214	47,247	-	148,461	111,499
Income for school uniform	18,044	-	-	18,044	21,228
Other income	15,269	15	-	15,284	27,222
	<u>280,232</u>	<u>49,718</u>	<u>-</u>	<u>329,950</u>	<u>336,792</u>

5. Investment Income

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2013 £	1 August 2011 to 31 August 2012 £ (13 month period)
Bank interest receivable	5,132	-	-	5,132	2,806
	<u>5,132</u>	<u>-</u>	<u>-</u>	<u>5,132</u>	<u>2,806</u>

6. Funding for Academy's educational operations

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2013 £	1 August 2011 to 31 August 2012 £
DfE/EFA revenue grants					
General annual grant (GAG)	-	4,074,816	-	4,074,816	4,427,898
Pupil premium	-	141,451	-	141,451	59,668
Other DfE/EFA grants	-	7,900	-	7,900	52,470
	<u>-</u>	<u>4,224,167</u>	<u>-</u>	<u>4,224,167</u>	<u>4,540,036</u>
Other Government grants					
Individually assigned resources	-	149,352	-	149,352	193,341
DFE capital grants	-	-	268,590	268,590	160,200
Other capital grants	-	-	24,058	24,058	87,786
	<u>-</u>	<u>149,352</u>	<u>292,648</u>	<u>442,000</u>	<u>441,327</u>
Other Academy Income					
Other	756	-	-	756	1,226
	<u>756</u>	<u>-</u>	<u>-</u>	<u>756</u>	<u>1,226</u>
Total	<u>756</u>	<u>4,373,519</u>	<u>292,648</u>	<u>4,666,923</u>	<u>4,982,589</u>

Westfield Academy Trust

Notes to the Financial Statements for the year ended 31 August 2013

..... continued

7. Resources Expended

	Non Pay Expenditure				1 August 2011 to 31 August 2012
	Staff Costs	Premises	Other Costs	Total 2013	August 2012
	£	£	£	£	£
Costs of generating voluntary income	-	-	7,818	7,818	8,467
Academy's educational operations					
- Direct costs	2,839,968	303,993	347,502	3,491,463	3,741,173
- Allocated support costs	534,532	216,657	661,521	1,412,710	1,304,105
	3,374,500	520,650	1,009,023	4,904,173	5,045,278
Governance costs including allocated support costs	-	-	13,797	13,797	20,258
	3,374,500	520,650	1,030,638	4,925,788	5,074,003

Incoming/outgoing resources for the period include

		1 August 2011 to 31 August 2012
	2013	August 2012
	£	£
Operating leases	36,299	52,116
Fees payable to auditor - audit	8,000	5,000
- other services	4,678	4,475
Loss on disposal of fixed assets	1,852	-
	1,852	-

Westfield Academy Trust

Notes to the Financial Statements for the year ended 31 August 2013

.....continued

8. Charitable Activities – Academy’s educational operations	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total 2013	1 August 2011 to 31 August 2012
	£	£	£	£	£
Direct costs					
Teaching and educational support staff costs	-	2,839,968	-	2,839,968	3,097,724
Other pension costs	-	52,000	-	52,000	64,000
Depreciation	-	-	302,141	302,141	312,743
Educational supplies	3,129	61,975	-	65,104	44,554
School uniform costs	9,597	-	-	9,597	23,637
Examination fees	-	81,442	-	81,442	83,114
Staff development	-	28,363	-	28,363	13,025
Other professional costs	-	79,102	-	79,102	80,267
Other direct costs	-	31,894	-	31,894	22,109
Loss on disposal of fixed assets	-	-	1,852	1,852	-
	12,726	3,174,744	303,993	3,491,463	3,741,173
Allocated support costs					
Support staff costs	-	534,532	-	534,532	538,876
Pension finance costs	-	88,000	-	88,000	60,000
Recruitment and support	-	8,967	-	8,967	12,329
Maintenance of premises and equipment	-	108,336	-	108,336	104,529
Security and transport costs	-	20,276	-	20,276	8,587
Cleaning	-	5,668	-	5,668	4,358
Rent, general rates and water rates	-	37,409	-	37,409	38,830
Light and heat	-	70,912	-	70,912	76,603
Travel expenses	-	-	-	-	4,815
Telephone	-	3,997	-	3,997	3,586
Insurance	-	43,354	-	43,354	48,151
Office costs	13	28,868	-	28,881	23,239
Hire of equipment	-	36,299	-	36,299	52,116
Catering	58,086	44,941	-	103,027	112,300
Computer equipment and materials	-	65,257	-	65,257	44,979
Bank interest and charges	282	133	-	415	552
Printing, postage and stationery	-	15,374	-	15,374	14,724
Trade subscriptions	-	23,150	-	23,150	3,134
Legal and professional costs	-	63,160	-	63,160	36,361
Trips and activities	118,045	14,606	-	132,651	99,589
Other support costs	8,582	14,463	-	23,045	16,447
	185,008	1,227,702	-	1,412,710	1,304,105
	197,734	4,402,446	303,993	4,904,173	5,045,278
9. Governance costs					
	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total 2013	1 August 2011 to 31 August 2012
	£	£	£	£	£
Legal and professional fees	-	5,797	-	5,797	15,258
Auditor’s remuneration	-	8,000	-	8,000	5,000
- Audit of financial statements	-	13,797	-	13,797	20,258

Westfield Academy Trust

Notes to the Financial Statements for the year ended 31 August 2013

.....continued

10. Staff costs

	2013	1 August 2011 to 31 August 2012
	£	£
Staff costs during the period were:		
Wages and salaries	2,775,089	2,994,810
Social security costs	194,761	210,808
Pension costs	393,562	410,212
	3,363,412	3,615,830
Supply teacher costs	11,088	20,770
	3,374,500	3,636,600

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

Charitable Activities	2013	2012
	No.	No.
Teachers	50	50
Administration and support	41	41
Management	6	6
	6	6

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

	2013	2012
	No.	No.
£60,001-£70,000	1	-
£80,001 - £90,000	1	-
£90,001- £100,000	-	1
	-	1

The above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2013, pension contributions for these members of staff amounted to £18,612 (2012:£11,388).

11. Governors' remuneration and expenses

The principal and staff governors only receive remuneration in respect of services they provide undertaking the roles of principal and staff, and not in respect of their services as governors. Other governors did not receive any payments, other than expenses, from the Academy in respect of their role as governors. The value of governor's remuneration, received in respect of their role as a member of staff within the academy and which includes pension contributions, for the 12 month period was as follows:

C Travers, staff governor and trustee (appointed 1/7/2013)	£0k- £5k (2012: £nil)
S Rollick, staff governor and trustee	£40k- £45k (2012: £40k - £45k)
M Bennett, staff governor and trustee (resigned 01/06/13)	£10k - £15k (2012: £10k - £15k)
C Hunt, Principal and trustee	£85k- £90k (2012: £90k - £95k)

During the year ended 31 August 2013, there were no travel and subsistence expenses reimbursed to governors.

Other related party transactions involving the trustees are set out in note 27.

Westfield Academy Trust

Notes to the Financial Statements for the year ended 31 August 2013

.....continued

12. Governors' and Officers' Insurance

In accordance with normal commercial practice the Academy has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2013 was £2,373 (2012: £2,258).

The cost of this insurance is included in the total insurance cost.

13. Tangible Fixed Assets

	Leasehold Land and Buildings £	Property Improvements £	Fixtures and Fittings £	Motor Vehicles £	Computer Equipment £	Total £
Cost						
At 1 September 2012	9,258,000	287,279	86,777	2,500	459,321	10,093,877
Additions	-	548,804	41,354	-	15,757	605,915
Disposals	-	-	-	(2,500)	-	(2,500)
At 31 August 2012	9,258,000	836,083	128,131	-	475,078	10,697,292
Depreciation						
At 1 September 2012	172,287	6,223	9,401	433	124,399	312,743
Charged in period	159,040	11,518	12,813	-	118,770	302,141
Disposals	-	-	-	(433)	-	(433)
At 31 August 2013	331,327	17,741	22,214	-	243,169	614,451
Net book values						
At 31 August 2013	8,926,673	818,342	105,917	-	231,909	10,082,841
At 31 August 2012	9,085,713	281,056	77,376	2,067	334,922	9,781,134

14. Stock

	2013 £	2012 £
Uniform	6,443	9,572
	6,443	9,572

15. Debtors

	2013 £	2012 £
Trade debtors	6,348	9,389
VAT	44,302	52,530
Prepayments and accrued income	37,061	108,119
	87,711	170,038

Westfield Academy Trust

Notes to the Financial Statements for the year ended 31 August 2013

.....continued

16. Creditors: amounts falling due within one year	2013	2012
	£	£
Trade creditors	37,342	48,922
Other taxation and social security	60,998	64,126
Other creditors	164,411	78,682
Energy efficient loan	7,326	12,210
	<u>270,077</u>	<u>203,940</u>

Deferred income	2013
	£
Deferred income at 1 September 2012	13,792
Resources deferred in the year	42,129
Amounts released from previous years	(13,792)
Deferred income at 31 August 2013	<u>42,129</u>

At the balance sheet date the academy was holding funds received in advance for trips.

17. Funds	Balance at 1 September 2012	Incoming Resources	Resources Expended	Gains, Losses and Transfers	Balance at 31 August 2013
	£	£	£	£	£
Restricted general funds					
General annual grant (GAG)	283,757	4,074,816	(3,923,339)	(322,820)	112,414
Pupil premium	-	141,451	(141,451)	-	-
Other government grants	-	7,900	(7,900)	-	-
Individually assigned resources	-	149,352	(149,352)	-	-
Transfer of loan from Local Authority	(17,094)	-	-	9,768	(7,326)
Other funds	-	62,019	(62,019)	-	-
Pension reserve	(1,523,000)	-	(140,000)	(90,000)	(1,753,000)
	<u>(1,256,337)</u>	<u>4,435,538</u>	<u>(4,424,061)</u>	<u>(403,052)</u>	<u>(1,647,912)</u>
Restricted fixed asset funds					
Transfer from Local Authority on conversion	9,476,092	-	(278,290)	-	9,197,802
DfE/EFA capital grants	242,613	292,648	(10,812)	-	524,449
General annual grant (GAG)	62,429	-	(14,891)	313,052	360,590
	<u>9,781,134</u>	<u>292,648</u>	<u>(303,993)</u>	<u>313,052</u>	<u>10,082,841</u>
Total restricted funds	<u>8,524,797</u>	<u>4,728,186</u>	<u>(4,728,054)</u>	<u>(90,000)</u>	<u>8,434,929</u>
Unrestricted funds					
Unrestricted funds	181,505	300,415	(197,734)	-	284,186
Total unrestricted funds	<u>181,505</u>	<u>300,415</u>	<u>(197,734)</u>	<u>-</u>	<u>284,186</u>
Total funds	<u>8,706,302</u>	<u>5,028,601</u>	<u>(4,925,788)</u>	<u>(90,000)</u>	<u>8,719,115</u>

Westfield Academy Trust

Notes to the Financial Statements for the year ended 31 August 2013

.....continued

17. Funds (continued)

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

Restricted general funds

General annual grant (GAG) – Income from the EFA which is to be used for the normal running costs of the academy, including education and support costs.

Pupil premium – Income from the EFA which is to be used to address the current inequalities by ensuring that funding to tackle disadvantage reaches the pupils who need it most.

Other government grants – Represents other income received with restrictions.

Individually assigned resources – Funding received from the Local Authority to fund further support for students with additional needs.

Pension reserve – This represents the defined benefit pension scheme liability at 31 August 2013.

Restricted fixed asset funds

Transfers from local authority on conversion – This fund has been set up to recognise the tangible assets gifted to the academy upon conversion by the local authority which represents the school site inherited from the Local Authority including the leasehold land and buildings and all material items of plant and machinery included therein. Depreciation charged on those inherited assets is allocated to the fund.

DfE/EFA capital grants – This represents devolved capital grants received during the period.

Capital expenditure from GAG – This represents fixed assets which were funded from general GAG funding. Resources expended represents depreciation charges on these assets for the year ended 31 August 2013.

Transfer between funds – The gross transfer between funds amounts to £313,052 and relates to capital expenditure from GAG income.

18. Analysis of net assets between funds

Fund balances at 31 August 2013 are represented by:

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total Funds £
Tangible fixed assets	-	-	10,082,841	10,082,841
Current assets	284,186	375,165	-	659,351
Current liabilities	-	(270,077)	-	(270,077)
Pension scheme liability	-	(1,753,000)	-	(1,753,000)
Total net assets	284,186	(1,647,912)	10,082,841	8,719,115

19. Capital commitments

	2013 £	2012 £
Contracted for, but not provided in the financial statements	50,000	236,069

Westfield Academy Trust

Notes to the Financial Statements for the year ended 31 August 2013

.....continued

20. Financial commitments

Operating leases

At 31 August 2013 the Academy had annual commitments under non-cancellable operating leases as follows:

	2013	2012
	£	£
Other		
Expiring within one year	21,323	160
Expiring within two and five years inclusive	11,303	31,286
	32,626	31,446

	2013	2012
	£	£
21. Reconciliation of net income to net cash inflow from operating activities		
Net income	102,813	9,509,302
Depreciation (note 14)	302,141	312,743
Loss on disposal of fixed assets	1,852	-
Capital grants from DfE and other capital income	(292,648)	(247,986)
Net assets transferred on conversion to an academy trust	-	(9,233,411)
FRS 17 pension cost less contributions payable (note 28)	52,000	64,000
FRS 17 pension finance income (note 28)	88,000	60,000
Interest receivable	(5,132)	(2,806)
Decrease/(Increase) in stocks	3,129	(9,572)
Decrease/(Increase) in debtors	82,327	(170,038)
Increase in creditors (excluding loan transferred on conversion)	71,021	186,846
Net cash inflow from operating activities	405,503	469,078

	2013	2012
	£	£
22. Returns on investments and servicing of finance		
Interest received	5,132	2,806
Net cash inflow from returns on investment and servicing of finance	5,132	2,806

	2013	2012
	£	£
23. Capital expenditure and financial investment		
Purchase of tangible fixed assets	(605,915)	(315,877)
Capital grants from DfE/EFA	292,648	247,986
Repayment of energy efficient loan	(4,884)	-
Receipts from sale of tangible fixed assets	215	-
Net cash outflow from capital expenditure and financial investment	(317,936)	(67,891)

	At 1 September 2012	Cash flows	At 31 August 2013
	£	£	£
Cash in hand and at bank	472,498	92,699	565,197
	472,498	92,699	565,197

Westfield Academy Trust

Notes to the Financial Statements for the year ended 31 August 2013

.....continued

25. Members' Liability

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a member, or within one year after he 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. Pension and similar obligations

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2004 and of the LGPS 31 August 2012.

Contributions amounting to £49,500 (2012: £47,978) were payable to the schemes at 31 August 2013 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' Pensions Regulations (2010). These regulations apply to teachers in schools that are maintained by local authorities and other educational establishments, including academies, in England and Wales. In addition teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and from 1 January 2007 automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and are paid by public funds provided by Parliament. 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 under arrangements governed by the above Act. The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pension Scheme

At the last valuation, the contribution rate to be paid into the TPS was assessed in two parts. First, a standard contribution rate (SCR) was determined. This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service. Secondly, a supplementary contribution is payable if, as a result of the actuarial review, it is found that accumulated liabilities of the Account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions. The total contribution rate payable is the sum of the SCR and the supplementary contribution rate.

The last valuation of the TPS related to the period 1 April 2001 to 31 March 2004. The Government Actuary's report of October 2006 revealed that the total liabilities of the Scheme (pensions in payment and the estimated cost of future benefits) amounted to £166,500 million. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at that valuation date) was £163,240 million. The assumed real rate of return

Westfield Academy Trust

Notes to the Financial Statements for the year ended 31 August 2013

.....continued

26. Pension and similar obligations (continued)

was 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth was assumed to be 1.5%. The assumed gross rate of return was 6.5%. From 1 January 2007, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable.

Actuarial scheme valuations are dependent on assumptions about the value of future costs, the design of benefits and many other factors. Many of these assumptions are being considered as part of the work on the reformed TPS, as set out below. Scheme valuations therefore remain suspended. The Public Service Pensions Bill, which is being debated in the House of Commons, provides for future scheme valuations to be conducted in accordance with Treasury directions. The timing for the next valuation has still to be determined, but it is likely to be before the reformed schemes are introduced in 2015.

Teachers' Pension Scheme Changes

Lord Hutton published his final report in March 2011 and made recommendations about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation and Ministers engaged in extensive discussions with trade unions and other representative bodies on reform of the TPS. Those discussions concluded on 9 March 2012 and the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of $1/57^{\text{th}}$; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Importantly, pension benefits built up before 1 April 2015 will be fully protected.

In addition, the Proposed Final Agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall just outside of the 10 year protection.

In his interim report of October 2010, Lord Hutton recommended that short-term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the Spending Review 2010 the Government announced an average increase of 3.2 percentage points on the contribution rates by 2014-15. The increases were to be phased in from April 2012 on a 40:80:100% basis.

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The academy is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the academy has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2013 was £196,000 of which employer's contributions totalled £144,000 and employees' contributions totalled £52,000. The agreed contribution rates for future years are 15.1 per cent for employers and between 5.5 per cent and 8.2 per cent for employees.

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

Westfield Academy Trust

Notes to the Financial Statements for the year ended 31 August 2013

.....continued

26. Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

Principal actuarial assumptions

	At 31 August 2013	At 31 August 2012
RPI increase	3.70%	2.70%
CPI increase	2.90%	1.90%
Salary increase	5.10%	4.10%
Pension increase	2.90%	1.90%
Discount rate	4.70%	3.90%

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

	At 31 August 2013	At 31 August 2012
Retiring today		
Males	20.10	20.00
Females	24.10	24.00
Retiring in 20 years		
Males	22.10	22.00
Females	26.00	25.90

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

	Expected Return at 31 August 2013	Fair value at 31 August 2013 £	Expected Return at 31 August 2012	Fair value at 31 August 2012 £
Equities	6.50%	668,000	5.80%	434,000
Gilts	3.50%	55,000	2.80%	37,000
Other bonds	4.40%	101,000	3.90%	81,000
Property	5.50%	73,000	4.80%	62,000
Cash	0.50%	18,000	0.50%	6,000
Total market value of assets		915,000		620,000
Present value of scheme liabilities				
- Funded		(2,668,000)		(2,143,000)
Surplus/(deficit) in the scheme		(1,753,000)		(1,523,000)

The expected return on assets is based on the long-term future expected investment return for each asset class as at the beginning of the period. The returns on gilts and other bonds are assumed to be the gilt yield and corporate bond yield respectively at the relevant date. The returns on equities and property are then assumed to be a margin above gilt yields.

The actual return on scheme assets was £102,000 (2012: £40,000).

Westfield Academy Trust

Notes to the Financial Statements for the year ended 31 August 2013

.....continued

26. Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

Amounts recognised in the Statement of Financial Activities	2013	2012
	£	£
Current service cost (net of employer contributions)	88,000	64,000
Total operating charge	<u>88,000</u>	<u>64,000</u>
 Analysis of pension finance income/(costs)		
Expected return on pension scheme assets	37,000	32,000
Interest on pension liabilities	(89,000)	(92,000)
Pension finance costs	<u>(52,000)</u>	<u>(60,000)</u>

The actuarial gains and losses for the current period are recognised in the Statement of Financial Activities. The cumulative amount of actuarial gains and losses recognised in the Statement of Financial Activities since the adoption of FRS 17 is a £739,000 loss (2012: £803,000 loss).

Movements in the present value of defined benefit obligations were as follows:	2013	2012
	£	£
At 1 September 2012	2,143,000	-
Upon conversion to academy status	-	1,494,000
Current service cost	232,000	196,000
Interest cost	89,000	92,000
Actuarial loss	154,000	284,000
Benefit paid	(2,000)	24,000
Contributions by scheme participants	52,000	53,000
At 31 August 2013	<u>2,668,000</u>	<u>2,143,000</u>

Westfield Academy Trust

Notes to the Financial Statements for the year ended 31 August 2013

.....continued

26. Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

Movements in the fair value of academy's share of scheme assets:	2013 £	2012 £
At 1 September 2012	620,000	-
Upon conversion to academy status	-	370,000
Expected return on assets	37,000	32,000
Actuarial gain	64,000	9,000
Employer contributions (including unfunded)	144,000	132,000
Scheme participants contributions	52,000	53,000
Benefits paid	(2,000)	24,000
At 31 August 2013	915,000	620,000

The estimated value of employer contributions for the year ended 31 August 2014 is £131,000.

History of experience adjustments is as follows:

	2013 £	2012 £
Present value of defined benefit obligations	(2,668,000)	(2,143,000)
Fair value of share of scheme assets	915,000	620,000
Deficit in the scheme	(1,753,000)	(1,523,000)

Experience adjustments on share of scheme assets	64,000	9,000
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Experience adjustments on scheme liabilities	-	-
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	2013 £	2012 £
At 1 September 2012	(1,523,000)	-
Upon conversion to academy status	-	(596,000)
Restatement to FRS 17 basis	-	(528,000)
	(1,523,000)	(1,124,000)

Movement during the period:

Current service cost	(232,000)	(196,000)
Employer contributions	144,000	132,000
Other finance costs	(52,000)	(60,000)
Actuarial loss	(90,000)	(275,000)
Deficit in scheme at the end of the period	(1,753,000)	(1,523,000)

Westfield Academy Trust

Notes to the Financial Statements for the year ended 31 August 2013

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27. Related Party Transactions

Owing to the nature of the Academy's operations and the composition of the board of governors being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the board of governors may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy's financial regulations and normal procurement procedures.

During the year ended 31 August 2013 there were no transactions with related parties.