

**WATERLOO PRIMARY SCHOOL
(A COMPANY LIMITED BY GUARANTEE)
REPORTS AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED
31 AUGUST 2013**



**WATERLOO PRIMARY ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

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**WATERLOO PRIMARY ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

REFERENCE AND ADMINISTRATIVE DETAILS

Governors

Mr Eddie Collett^{1,3} - Chairman (Appointed 29/05/2012)
Mr David Brookes – Responsible Officer
Mr Robert Fox^{1,2} – Staff Governor (Appointed 29/05/2012)
Mrs Alison Kilby² – Staff Governor (Appointed 29/05/2012)
Mr Mark Gray¹ – Principal and Accounting Officer (Appointed 01/07/2012)
Mr Phillip Thompson¹ – (Appointed 29/05/2012)
Mr Steve West^{1,2} – (Appointed 10/10/2012)
Mrs Julie Evans¹ – (Appointed 29/05/2012)
Mrs Sue Flint^{1,3,4} – (Appointed 29/05/2012)
Mrs Ann Edwards³ – (Appointed 29/05/2012)
Mr Allan Matthews^{2,4} – (Appointed 29/05/2012)
Mrs Paula Squires – (Resigned 12/02/2013)
Mrs Karen Ridge – (Resigned 10/10/2012)

¹members of the Finance, Audit & Pay Policy Committee

²members of Site & Buildings / Health and Safety Committee

³members of Performance Management Committee

⁴members of Pupils Exclusions/Discipline Committee

Company Secretary

Mrs Sheryl Cardwell

Senior management team

| | |
|-----------------------------|---------------------|
| - Principal | Mr Mark Gray |
| - Deputy Headteacher | Mrs Cara Vaughan |
| - Deputy Headteacher | Mr David Woodcock |
| - Business Manager | Mrs Sheryl Cardwell |

Registered office

Waterloo Road
Blackpool
FY4 3AG

Company registration number

08087508 (England & Wales)

**WATERLOO PRIMARY ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)

Auditors Moore and Smalley LLP
Chartered Accountants & Statutory Auditor
Richard House
Winckley Square
Preston
PR1 3HP

Bankers Lloyds TSB
Church Street
Blackburn
BB6 7QN

Solicitors Brabners Chaffe Street LLP
7-8 Chapel Street
Preston
PR1 8AN

Actuary Mercer
Exchange Station
Tithebarn Street
Liverpool
L2 2QP

WATERLOO PRIMARY ACADEMY (A COMPANY LIMITED BY GUARANTEE)

GOVERNORS' REPORT

FOR THE PERIOD ENDED 31 AUGUST 2013

The governors present their annual report together with the audited financial statements of the Academy for the period ended 31 August 2013.

Structure, Governance and Management

Constitution

Waterloo Primary School converted to Waterloo Primary Academy ("The Academy") on 1 July 2012. The Academy 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.

The Academy was incorporated on 29 May 2012 and commenced its activities on transfer from the Local Authority on the conversion date stated above.

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

Details of the governors, who served throughout the period, except as noted, 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 purchased indemnity insurance to protect governors and officers from claims arising in connection with Academy business. The insurance provides cover of up to £1,000,000 on any one claim.

Principal activities

Waterloo Primary Academy 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 principal object and activity of the charitable company is the operation of a school to provide education for pupils of mixed abilities between the ages of 3 and 11. In accordance with the articles of association the charitable company has adopted a "Scheme of Government" approved by the Secretary of State for Education. The Scheme of Government specifies, amongst other things, the basis for admitting students to the Academy, the catchment area from which the students are drawn, and that the curriculum should comply with the substance of the national curriculum.

**WATERLOO PRIMARY ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

GOVERNORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2013

Method of recruitment and appointment or election of governors

The Articles of Associations states that, the number of governors shall not be less than three but (unless otherwise determined by ordinary resolution) shall not be subject to any maximum.

Subject to Articles 48-49 and 63, Waterloo Primary Academy shall have the following Governors:

- a. Up to fifteen Governors, appointed under Article 50
- b. any Staff Governors, if appointed under Article 50A;
- c. a minimum of 2 Parent Governors appointed under Articles 52-57 ;
- d. the Principal;
- e. any Additional Governors, if appointed under Article 61, 61A or 67A; and
- f. any Further Governors, if appointed under Article 62 or Article 67A

The term of office for any Governor shall be 4 years, save that this time limit shall not apply to the Principal. Subject to remaining eligible to be a particular type of Governor, any Governor may be re-appointed or re-elected.

When seeking new Governors the Chair assesses the skill set of the current Governors and considers what qualities and experience would enhance the Team for the benefit of the Academy. The Academy also issues letters home to parents in addition to making use of media technology to advertise such positions.

The Secretary of State may appoint such Additional Governors as he thinks fit if the Secretary of State has:

- a) given the Governors a warning notice in accordance with Article 59 ; and
- b) the Governors have failed to comply, or secure compliance, with the notice to the Secretary of State's satisfaction within the compliance period.

The Secretary of State may also appoint such Additional Governors where following an Inspection by the Chief Inspector in accordance with the Education Act 2005 (an "Inspection") Waterloo Primary Academy receives an Ofsted grading (being a grade referred to in The Framework for School Inspection or any modification or replacement of that document for the time being in force) which amounts to a drop, either from one Inspection to the next Inspection or between any two Inspections carried out within a 5 year period, of two Ofsted grades. For the purposes of the foregoing the grade received by Waterloo Primary School shall be regarded as the grade received by the Academy.

The Secretary of State may also appoint such Further Governors as he thinks fit if a Special Measures Termination Event (as defined in the Funding Agreement) occurs in respect of the Academy.

WATERLOO PRIMARY ACADEMY (A COMPANY LIMITED BY GUARANTEE)

GOVERNORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2013

The Governors are appointed by the following:

| | |
|----------------------------------|---|
| Parent governors | Elected by parents of the students of the Academy |
| Staff governors | Elected by staff of the Academy |
| Local government representatives | Appointed by Blackpool Borough Council |
| Other governors | Appointed by members of the Academy |

Policies and procedures adopted for the induction and training of governors

The training and induction provided for new Governors will depend on their existing experience.

All governors are provided with copies of key documents, such as policies, procedures, accounts, budgets, plans and other documents on appointment. Induction training is provided by Blackpool Borough Council Governors Services, the Academy's Outsourced Service Contract Supplier and ongoing training is detailed through monthly governors newsletters, specifying availability.

Organisational structure

The Academy is governed by its Governing Body, whose members are directors of the charitable company, for the purposes of the Companies Act 2006 and trustees for the purposes of charity legislation. The organisational structure of the Academy consists of three levels: the Governing Body, the Headteacher and the Senior Leadership Team.

The Governing Body is responsible for setting general policy, adopting a school development plan and budget, monitoring its financial and operational performance and making strategic decisions about the direction of the Academy, approving major items of expenditure and making senior staff appointments. Certain elements of these responsibilities are delegated to the following sub committees who make recommendations to the full Governing Body:

- Finance, Audit & Pay Policy Implementation Committee
- Sites & Buildings/Health & Safety Committee
- Performance Management Committee
- Pupils Exclusions/Discipline Committee

The Governors on the committees have powers delegated to them from the full Governing Body to make decisions on behalf of the academy. During the course of 2012/13 academic year the full governing body met three times.

The Governors have adopted a scheme of financial delegation, which clearly sets out the level of financial authority delegated to the Principal (who is the Accounting Officer) and other members of staff.

WATERLOO PRIMARY ACADEMY (A COMPANY LIMITED BY GUARANTEE)

GOVERNORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2013

The Senior Leadership Team comprises;

- Principal
- Two deputy Principals
- Business Manager.

These leaders control the Academy at an executive level, organising teaching staff, facilities, and students and implementing the policies laid down by the Governors and reporting back to them. As a group the Senior Leaders are responsible for the authorisation of spending within agreed budgets and the appointment of staff. Some spending control is devolved to members of the Leadership Team and Curriculum Leaders.

Risk management

The Governors have assessed the major risks to which the Academy is exposed, in particular those relating to teaching, provision of facilities, other operational areas of the Academy and its finances. These risks are reviewed on an annual basis by the Business Manager, Principal and Governing Body. A number of new operational systems have been implemented during the period in order to minimise specific risks. These include data protection, safeguarding of data, internal financial controls and experienced interchangeable office staff. Where significant financial risk is still remaining the academy ensures that adequate insurance cover and a disaster recover plan is in place.

The internal financial systems are based on the Academies Financial Handbook September 2013 and are documented in Waterloo Primary Financial Handbook. The systems are based on a framework of segregation of duties, schemes of delegation which include authorisation and approval. Financial management information is provided to governors on a quarterly basis. The Business Manager updates the Academy handbook as and when new information is available from the DfE and EFA, with any significant changes being brought back to the Governing Body.

The responsible officer role has been performed during 2012/13 academic year, by Mr Robert Fox (December) and Mr David Brookes (June) and two reports have been presented to the Governing Body. No major issues have been identified. Recommendations for the improvements to systems and procedures have been implemented. An external Responsible Officer visit was undertaken by Eileen Kirkham in April 2013. All recommendations highlighted have been implemented and the Financial Handbook amended accordingly.

WATERLOO PRIMARY ACADEMY (A COMPANY LIMITED BY GUARANTEE)

GOVERNORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2013

Connected organisations, including related party relationships

Waterloo Primary Academy is a single academy and is not part of a federation. On a wider scale a cluster of Blackpool Primary Academies meet regularly with a view to sharing best practice and investigating shared purchasing, operational options among other matters.

In so far as the governors are aware;

- There is no relevant audit information of which the charitable auditor's is unaware;
- 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 auditors are aware of that information.

Moore and Smalley will be reappointed as auditors and accountants for the forth-coming year.

Objectives and Activities

Objects and Aims

Waterloo Primary Academy meets the needs of pupils very well and it achieves excellent outcomes from the high standard of education that it provides for them. The Principal, supported by the Governing Body and Academy Trust, two effective deputies, year leaders and all staff are committed fully to securing the highest standards and to sustaining improvement in all areas of the school's work. Outcomes for the vast majority of individual pupils are high in relation to starting points. The school benefits from a high standard of leadership at all levels.

The main strengths and areas for development as set out in its governing document are:

Strengths

- a challenging and engaging curriculum
- intervening early to ensure children make rapid progress from a low baseline
- making effective use of the Pupil Premium to drive up standards
- performance management linked to high quality teaching/learning

Development areas

- extend the more able pupils to achieve higher attainment levels
- ensure all vulnerable groups, EAL and SEND pupils make good progress
- focus on developing writing at every level
- create an advanced portfolio of pupils work to use effectively to benchmark standards

**WATERLOO PRIMARY ACADEMY
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GOVERNORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2013

The quality of teaching in the school

- high quality teaching-lesson observations January 2013, 97% good or better
- monitoring through book scans, planning, I-track, learning walks, peer and self-assessment, etc
- focused CPD programme, both in house and working with other schools
- knowledge and understanding of a curriculum fit for purpose
- use of data and assessment
- pupils reading widely and often

Development areas

- continue to bear down on quality of teaching
- strengthen quality assurance/role of year leaders
- consistency of practice across school/year groups
- further embed assessment targets and accountability on I-track
- evidence from monitoring of groups translated into individual-level planning

The behaviour and safety of pupils in the school

- positive ethos; pupils feel safe at school; behaviour always good or better
- rigorous safeguarding process; induction of staff and volunteers

Development areas

- reporting child safety issues using the new IT database
- improving attendance rates and consistently monitoring lateness

**WATERLOO PRIMARY ACADEMY
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GOVERNORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2013

The quality of leadership and management of the school

- strong and effective leadership and academy governance
- high expectations; relentless focus on teaching and learning
- robust self-evaluation processes
- quality provision for all aspects of our work
- partnership collaboration with other schools
- nurturing leadership at all levels
- consistency of practice and expectations

Public benefit

The Governors are aware of the Charity Commission Guidance on providing public benefit and have had due regard to this in exercising their duties during the period. The key public benefit delivered by Waterloo Primary Academy is the maintenance and development of education provided by the School, to the young people of Blackpool. Additionally we offer the use of the school hall to the local scouts club each week, further more the PACT makes use of the facilities for their monthly meetings.

Achievements and Performance

| Reading | | | | | |
|----------------|-------------------------------|---|-------------------------------|----------------------------|---------------------------|
| | Age Related Attainment | Achieved or Exceeded Summer Target | Exceeded Summer Target | Average Point Score | sub-level Progress |
| Y2 | 75% | 86% | 35% | 5.4 | 2.47 |
| Y6 | 72% | 59% | 28% | 3.6 | 1.8 |

**WATERLOO PRIMARY ACADEMY
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GOVERNORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2013

| Writing | | | | | |
|----------------|-------------------------------|---|-------------------------------|----------------------------|---------------------------|
| | Age Related Attainment | Achieved or Exceeded Summer Target | Exceeded Summer Target | Average Point Score | sub-level Progress |
| Y2 | 55% | 89% | 20% | 3.8 | 1.9 |
| Y6 | 55% | 71% | 30% | 5.0 | 2.5 |

| Maths | | | | | |
|--------------|-------------------------------|---|-------------------------------|----------------------------|---------------------------|
| | Age Related Attainment | Achieved or Exceeded Summer Target | Exceeded Summer Target | Average Point Score | sub-level Progress |
| Y2 | 65% | 93% | 42% | 4.8 | 2.4 |
| Y6 | 83% | 64% | 36% | 5.5 | 2.75 |

Going concern

After making appropriate enquiries, the Governing Body has a reasonable expectation that the Academy 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.

WATERLOO PRIMARY ACADEMY (A COMPANY LIMITED BY GUARANTEE)

GOVERNORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2013

Financial Review

The School's total incoming resources during the period were £6,486,599, including £2,825,746 in respect of the net transfer of assets on conversion. Full details of the assets and liabilities transferred are set out in Note 30 to the accounts.

The majority of the academy's income derives from central government funding via the Education Funding Agency, in the form of current grants. Total funding received for the School's educational operations in the period was £3,599,114 and further details are provided in Note 6 to the accounts.

Total outgoing resources for the period were £3,531,825, the majority of which related to the direct provision of educational operations (£3,445,632). The excess of income over expenditure (excluding the transfer of fixed assets and the pension scheme deficit on conversion) was £189,774.

At the period end the School's total reserves were £2,957,774, including unrestricted funds of £66,988 and restricted funds of £2,890,786. Restricted funds include fixed assets of £3,541,062, less the LGPS pensions scheme deficit of £867,000. The remaining balances on restricted funds relate to funding received in the period which is due to be spent in 2012/13 in accordance with the terms of funding. Further detail is provided in Note 17.

On conversion in 2012 the School inherited a deficit of £820,000 in respect of the Local Government Pension Scheme, which many of the non-teaching staff belong to. This deficit had increased to £867,000 by 31 August 2013, mainly due to changes in actuarial assumptions regarding future returns on investments and the present value of future liabilities. The School is not currently paying any contributions towards the deficit. The level of deficit payments will be reviewed following the next actuarial valuation in 2013 and any changes in the required level of payment will be included in the School's annual budget from the date they take effect. The School does not have an obligation to settle this liability immediately and there are no indications that it will crystallise in the foreseeable future.

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.

At 31 August 2013 all assets shown in the accounts were used exclusively for providing education and associated support services to students of the School.

Financial and risk management objectives and policies

The academy has receives most of its income on a monthly basis and manages its cash flow accordingly.

WATERLOO PRIMARY ACADEMY (A COMPANY LIMITED BY GUARANTEE)

GOVERNORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2013

Reserves policy

The Governors review the reserve levels of the Academy annually. The review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance and repairs. The academy's current reserves are £2,957,774. The Academy will take appropriate action to ensure that reserves are always at a prudent level.

Restricted GAG reserves

The Governors have considered the level of GAG reserves which they believe will provide sufficient working capital to cover delays between the spending and receipt of grants and unexpected or planned future revenue and capital costs. At 31 August 2013 the school held GAG reserves of £91,924.

Unrestricted reserves

In addition to the GAG reserve, which can only be utilised for the restricted purposes set out in the Funding Agreement, the school holds unrestricted free reserves, which provide additional working capital and are not committed or designated

At 31 August 2013 the level of unrestricted reserves held was £66,988 which is in line with the reserves policy.

Investment policy

All investments are agreed by the Governing Body, which has regard to the Charity Commission guidance in relation to charity investment policy. The Academy does not currently hold any investments other than cash, which is held for its normal operations. The Governing Body has adopted a low risk strategy to its cash holdings. Surplus cash is held in an instant access deposit account to ensure that there is always access to sufficient cash to meet short and medium term requirements.

Plans for future periods

The Academy will continue striving to improve the levels of performance of its students. The Academy reviewed its resources and as such restructured its support staff structure to provide high quality and focussed support for its students. Furthermore additional teachers have been recruited to provide additional group support for Literacy and Numeracy.

**WATERLOO PRIMARY ACADEMY
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GOVERNORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2013

Funds held as Custodian Trustee on behalf of others

For the year ending 31 August 2013 there are no assets and arrangements for safe custody segregation.

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 13th December 2013 and signed on its behalf by:

.....
Eddie Collett
Chair

WATERLOO PRIMARY ACADEMY (A COMPANY LIMITED BY GUARANTEE)

GOVERNANCE STATEMENT

Statement of Internal Control

Scope of Responsibility

As governors, we acknowledge overall responsibility for ensuring that Waterloo Primary Academy has an effective and appropriate financial system of control. The system is designed to manage risks identified and included within the Academy's Risk register providing reasonable and not absolute assurance against material misstatement or loss.

The Governing Body has delegated the day-to-day responsibility to the Principal as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Waterloo Primary Academy and the Secretary of State for Education. They are also responsible for reporting to the Governing Body any material weakness or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Governors' Report and in the Statement of Governors' Responsibilities. The governing body has formally met 3 times during the period. Attendance during the period at meetings of the governing body was as follows:

| Governor | Meetings attended | Out of a possible |
|------------------------------------|--------------------------|--------------------------|
| Eddie Collett - (Chairman) | 3 | 3 |
| Anne Edwards | 2 | 3 |
| Julie Evans | 3 | 3 |
| Sue Flint | 2 | 3 |
| Robert Fox | 3 | 3 |
| Mark Gray | 3 | 3 |
| Alison Kilby | 3 | 3 |
| Allan Matthews | 2 | 3 |
| Phil Thomson | 2 | 3 |
| Steve West | 3 | 3 |
| Paula Squires (Resigned 12/2/2013) | 1 | 2 |

WATERLOO PRIMARY ACADEMY (A COMPANY LIMITED BY GUARANTEE)

GOVERNANCE STATEMENT (CONTINUED)

The Finance and Audit Committee is a sub-committee of the main governing body. Its purpose is to carry out its delegated powers of overseeing the school finances. Attendance at meetings in the period was as follows:

| Governor | Meetings attended | Out of a possible |
|---|--------------------------|--------------------------|
| Steve West – (Chair of Committee) | 3 | 3 |
| Julie Evans | 3 | 3 |
| Eddie Collett | 3 | 3 |
| Sue Flint | 2 | 3 |
| Mark Gray | 3 | 3 |
| Robert Fox (merged audit and finance committee 24/04/2013) | 0 | 1 |
| Phil Thompson (merged audit and finance committee 24/04/2013) | 1 | 1 |

The other sub committees have not met officially within 2012 – 2013 as items relating to these committees have been discussed at full governing body committee meetings.

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's 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.

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 period ending 31 August 2013 and up to the date of approval of the annual report and financial statements. The governing body regularly reviews this process.

WATERLOO PRIMARY ACADEMY (A COMPANY LIMITED BY GUARANTEE)

GOVERNANCE STATEMENT (CONTINUED)

The risk and control framework

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

- Comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the governing body
- Regular reviews by the Finance Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes
- Setting targets to measure financial and other performance
- Clearly defined purchasing (asset purchase or capital investment) guidelines
- Delegation of authority and segregation of duties
- 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 David Brookes, an external Business Manager, as Responsible Officer ("RO"). The RO's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. On a termly basis reviews are completed and a report produced for the governing body on the operation of the systems of control and on the discharge of the governing body's financial responsibilities. This work is completed in line with the EFA's requirements.

Review of effectiveness

As accounting Officer, the Principal 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 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 who have responsibility for the development and maintenance of the internal control framework.

**WATERLOO PRIMARY ACADEMY
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GOVERNANCE STATEMENT (CONTINUED)

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

Approved by order of the members of the Governing Body on 13th December 2013 and signed on its behalf by:

.....
Eddie Collett
Chair

.....
Mark Gray
Accounting Officer

**WATERLOO PRIMARY ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer of the Academy Trust I have considered my responsibility to notify the academy trust governing body and the Education Funding Agency (EFA) 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 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.

.....
Mark Gray
Accounting Officer

**WATERLOO PRIMARY ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

STATEMENT OF GOVERNORS' RESPONSIBILITIES

The governors (who act as trustees for charitable activities and are also directors of the academy trust for the purposes of company law) are responsible for preparing the Governors' Report and the financial statements in accordance with 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.

Company law requires the governors to prepare financial statements for each financial period, which give a true and fair view of the state of affairs of the academy and of the incoming resources and application of resources, including the income and expenditure, of the academy for the period. In preparing these financial statements, the governors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles 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 academy will continue in operation.

The governors are responsible for keeping adequate accounting records that are sufficient to show and explain the academy's transactions and disclose with reasonable accuracy at any time the financial position of the academy 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 academy 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 academy applies financial and other controls which conform to the requirements both of propriety and good financial management. They are also responsible for ensuring that 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 academy's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by order of the members of the governing body on 13th December 2013 and signed on its behalf by:

.....
Eddie Collett
Chair

WATERLOO PRIMARY ACADEMY (A COMPANY LIMITED BY GUARANTEE)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS

FOR THE PERIOD ENDED 31 AUGUST 2013

We have audited the financial statements of Waterloo Primary Academy for the period ended 31 August 2013 which comprise the Statement of Financial Activities, 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 or Financial Reporting Standard for Smaller Entities (effective April 2008)) and the Annual Accounts Direction 2012/13 issued by the Education Funding Agency.

This report is made solely to the academy'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 19, 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 (applicable to smaller entities) ; 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.

**WATERLOO PRIMARY ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2013

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.

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.
- The governors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the governors' report.

.....
Christine Wilson FCA, DChA
Senior Statutory Auditor

For and on behalf of
Moore and Smalley LLP
Chartered Accountants & Statutory Auditor

Richard House
Winckley Square
Preston
PR1 3HP

.....

WATERLOO PRIMARY ACADEMY (A COMPANY LIMITED BY GUARANTEE)

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE ACADEMY TRUST AND THE EDUCATION FUNDING AGENCY

FOR THE PERIOD ENDED 31 AUGUST 2013

In accordance with the terms of our engagement letter dated 20th March 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies: Accounts Direction 2012/13, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by the academy trust during the period 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 to the academy trust and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the 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 the academy trust and the EFA, for our work, for this report, or for the opinion we have formed.

Respective responsibilities of the 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 29th June 2012 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 2012/13. We report to you whether, in our opinion, 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 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.

**WATERLOO PRIMARY ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO
THE ACADEMY TRUST AND THE EDUCATION FUNDING AGENCY (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2013

We have undertaken testing as appropriate in line with the guidance included in Technical release 08/12AAF from the Institute of Chartered Accountants in England and Wales.

The work undertaken to draw our conclusion includes an evaluation of the control environment of the school together with enquiry, analytical review and substantive testing of transactions.

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 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.

.....
Moore and Smalley LLP
Chartered Accountants

Richard House
Winckley Square
Preston
PR1 3HP

.....

**WATERLOO PRIMARY ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATES THE INCOME AND EXPENDITURE ACCOUNT AND STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES)

FOR THE PERIOD ENDED 31 AUGUST 2013

| | Note | Unrestricted funds £ | Restricted general funds £ | Restricted fixed asset funds £ | Total 2013 £ |
|---|------|-------------------------|-------------------------------|-----------------------------------|------------------|
| Incoming resources | | | | | |
| <i>Incoming resources from generated funds:</i> | | | | | |
| Voluntary income | 3 | 12,238 | - | - | 12,238 |
| Transfer from local authority on conversion | 29 | 60,746 | (820,000) | 3,585,000 | 2,825,746 |
| Activities for generating funds | 4 | 49,086 | - | - | 49,086 |
| Investment income | 5 | 415 | - | - | 415 |
| <i>Incoming resources from charitable activities:</i> | | | | | |
| Funding for the Academy's educational operations | 6 | 6,792 | 3,592,322 | - | 3,599,114 |
| Total incoming resources | | 129,277 | 2,772,322 | 3,585,000 | 6,486,599 |
| Resources expended | | | | | |
| <i>Cost of generating funds:</i> | | | | | |
| Costs of activities for generating Funds | | 7,114 | 16,741 | - | 23,855 |
| <i>Charitable activities:</i> | | | | | |
| Academy's educational operations | 8 | 54,671 | 3,307,969 | 82,992 | 3,445,632 |
| <i>Other finance costs</i> | 9 | - | 39,000 | - | 39,000 |
| <i>Governance costs</i> | 10 | - | 23,338 | - | 23,338 |
| <i>Other resources expended:</i> | | | | | |
| Transfer from local authority on conversion | 29 | | | | |
| Total resources expended | 7 | 61,785 | 3,387,048 | 82,992 | 3,531,825 |
| Net incoming/(outgoing) resources before transfers | | 67,492 | (614,726) | 3,502,008 | 2,954,774 |
| Gross transfers between funds | 17 | (504) | (38,550) | 39,054 | - |
| Net income/(expenditure) for the period | | 66,988 | (653,276) | 3,541,062 | 2,954,774 |
| Other recognised gains and losses | | | | | |
| Actuarial (losses)/gains on defined benefit pension schemes | 27 | - | 3,000 | - | 3,000 |
| Net movement in funds | | 66,988 | (650,276) | 3,541,062 | 2,957,774 |
| Reconciliation of funds | | | | | |
| Funds brought forward to 1 September 2012 | 17 | - | - | - | - |
| Funds carried forward at 31 August 2013 | | 66,988 | (650,276) | 3,541,062 | 2,957,774 |

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

**WATERLOO PRIMARY ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

BALANCE SHEET

AS AT 31 AUGUST 2013

| | Note | 2013 | £ | £ |
|---|------|------|------------------|-------------------------|
| Fixed assets | | | | |
| Tangible assets | 14 | | | 3,541,062 |
| Current assets | | | | |
| Debtors | 15 | | 86,199 | |
| Cash at bank and in hand | | | 308,333 | |
| | | | <u>394,532</u> | |
| Creditors: Amounts falling due within one year | 16 | | <u>(110,820)</u> | |
| Net current assets | | | | <u>283,712</u> |
| Total assets less current liabilities | | | | 3,824,774 |
| Net assets excluding pension liability | | | | |
| Pension scheme liability | 27 | | <u>(867,000)</u> | |
| Net assets including pension liability | | | | <u>2,957,774</u> |
| Funds of the academy: | | | | |
| Restricted funds | | | | |
| Fixed asset funds | 17 | | | 3,541,062 |
| General funds | 17 | | | 216,724 |
| Pension reserve | 17 | | | <u>(867,000)</u> |
| Total restricted funds | | | | 2,890,786 |
| Unrestricted funds | 17 | | | 66,988 |
| Total funds | | | | <u>2,957,774</u> |

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements on pages 24 to 48 were approved by the Governors, and authorised for issue on 13th December 2013 and are signed on their behalf by:

.....
Eddie Collett
Chair

Company Limited by Guarantee
Registration Number 08087508

**WATERLOO PRIMARY ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

CASH FLOW STATEMENT

FOR THE PERIOD ENDED 31 AUGUST 2013

| | Notes | 2013 £ |
|---|-------|-----------------------|
| Net cash inflow from operating activities | 21 | 164,821 |
| Returns on investments and servicing of finance | 22 | 415 |
| Capital income/(expenditure) | 23 | 82,351 |
| Cash transferred on conversion to an academy trust | 29 | 60,746 |
| Increase in cash in the period | 24 | <u><u>308,333</u></u> |
| Reconciliation of net cash flow to movement in net funds | | |
| Net funds at 31 August 2013 | | <u><u>308,333</u></u> |

WATERLOO PRIMARY ACADEMY (A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD 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 Education Funding Agency 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 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.

Sponsorship income

No sponsorship income was provided to the Academy, which amounts to a donation.

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.

**WATERLOO PRIMARY ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2013

1 Statement of Accounting policies (continued)

Donated services and gifts in kind

The value of donated services and gifts in kind provided to the Academy are recognised at an estimate of their gross value in the period in which they are receivable as incoming resources, where the benefit to the Academy 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's policies.

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.

Costs 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's educational operations.

Governance costs

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

All resources expended are inclusive of any irrecoverable VAT.

WATERLOO PRIMARY ACADEMY (A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2013

1 Statement of Accounting policies (continued)

Conversion to an Academy

The conversion from a state maintained school to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for £nil consideration and has been accounted for under the acquisition accounting method.

The assets and liabilities transferred on conversion from Waterloo Primary School to an academy trust have been valued at their fair value being a reasonable estimate of the current market value that the governors would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for the Academy. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in voluntary income as net income in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

On conversion the School acquired the land and buildings from which it operates under a 125 year lease. No value was paid for the land and buildings, which have been incorporated into the accounts as a donated asset, based on a depreciated replacement cost valuation carried out as at 31 March 2013 on behalf of the Department for Education by DTZ. This valuation has been adjusted to take account of depreciation in the period since conversion, to arrive at an estimate for the value of land and buildings acquired on conversion.

In addition, the School inherited the fixtures and fittings and other tangible fixed assets in use by the School at the date of conversion. These assets had been held for a significant period of time and were fully depreciated. An estimate of the current fair value was not readily available and the cost of obtaining a valuation was considered to be disproportionate to the value of including such a valuation in the accounts. No value has therefore been included in the accounts for these assets. The insurance value of fixtures and fittings and other assets inherited on conversion was £982,827.

Tangible fixed assets

Assets costing £1,000 or more are considered for capitalisation 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's depreciation policy.

WATERLOO PRIMARY ACADEMY (A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2013

1 Statement of Accounting policies (continued)

Tangible fixed assets (continued)

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 over its expected useful lives, as follows:

| | |
|----------------------------------|----------------------------|
| Freehold buildings | 2% |
| Long leasehold buildings | over the term of the lease |
| Fixtures, fittings and equipment | 20% - 25% |
| ICT equipment | 33.3% |

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

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

Leased assets

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

Taxation

The Academy 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 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.

WATERLOO PRIMARY ACADEMY (A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2013

1 Statement of Accounting policies (continued)

Pension benefits

Retirement benefits to employees of the Academy 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.

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 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 28, the TPS is a multi employer scheme and the Academy 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 each period.

The LGPS is a funded scheme and the assets are held separately from those of the Academy 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 at the discretion of the governors.

Restricted fixed asset funds are resources which have been utilised in acquiring fixed assets. The initial funding may have arisen from unrestricted funds or other restricted funds, a transfer from the appropriate fund is made to the fixed asset fund to identify the capitalisation of an asset and future depreciation on these assets will be charged to the fixed asset fund.

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

**WATERLOO PRIMARY ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2013

2 General Account Grant (GAG)

Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG that they could carry forward at 31 August 2013.

3 Voluntary income

| | Unrestricted funds £ | Restricted general funds £ | Restricted fixed asset funds £ | Total 2013 £ |
|-----------------|----------------------------|-------------------------------------|---|--------------------|
| Other donations | 12,238 | - | - | 12,238 |

4 Activities for generating funds

| | Unrestricted funds £ | Restricted general funds £ | Restricted fixed asset funds £ | Total 2013 £ |
|-------------------|----------------------------|-------------------------------------|---|--------------------|
| Catering income | 7,114 | - | - | 7,114 |
| After school club | 40,028 | - | - | 40,028 |
| Sundry income | 1,944 | - | - | 1,944 |
| | 49,086 | - | - | 49,086 |

5 Investment income

| | Unrestricted funds £ | Restricted general funds £ | Restricted fixed asset funds £ | Total 2013 £ |
|--------------------------|----------------------------|-------------------------------------|---|--------------------|
| Bank interest receivable | 415 | - | - | 415 |

**WATERLOO PRIMARY ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2013

6 Funding for Academy's educational operations

| | Unrestricted funds £ | Restricted general funds £ | Restricted fixed asset funds £ | Total 2013 £ |
|--|----------------------------|-------------------------------------|---|--------------------|
| DfE/EFA revenue grants | | | | |
| General Annual Grant (GAG) (note 2) | - | 2,869,646 | - | 2,869,646 |
| Start up grant | - | 24,000 | - | 24,000 |
| Insurance grant | - | 56,556 | - | 56,556 |
| Pupil premium | - | 240,154 | - | 240,154 |
| Capital grants | - | 216,873 | - | 216,873 |
| Other DfE/EFA grants | - | 2,200 | - | 2,200 |
| | - | 3,409,429 | - | 3,409,429 |
| Other government grants | | | | |
| Capital grants | - | 8,429 | - | 8,429 |
| Nursery grants | - | 95,196 | - | 95,196 |
| Local authority pupil premium | - | 35,262 | - | 35,262 |
| Support staff funding | - | 18,945 | - | 18,945 |
| | - | 157,832 | - | 157,832 |
| Other educational income | | | | |
| School trips | - | 17,899 | - | 17,899 |
| Other school fund income | 6,792 | 7,162 | - | 13,954 |
| | 6,792 | 25,061 | - | 31,853 |
| | 6,792 | 3,592,322 | - | 3,599,114 |

**WATERLOO PRIMARY ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2013

7 Resources expended

| | Staff costs £ | Premises £ | Other costs £ | Total 2013 £ |
|---|------------------|----------------|------------------|--------------------|
| Cost of activities for generating funds | 11,956 | - | 11,899 | 23,855 |
| Academies educational operations | 2,647,192 | 393,836 | 404,604 | 3,445,632 |
| Other finance costs | - | - | 39,000 | 39,000 |
| Governance costs | - | - | 23,338 | 23,338 |
| | 2,659,148 | 393,836 | 478,841 | 3,531,825 |

Incoming/outgoing resources for the period include:

| | 2013 £ |
|--|-----------|
| Fees payable to auditor: | |
| Audit of the financial statements | 6,000 |
| Accountancy, taxation and other services | 4,250 |
| Operating leases | 20,635 |
| Depreciation | 82,992 |

8 Charitable activities – Academy's educational operations

| | Unrestricted funds £ | Restricted general funds £ | Restricted fixed asset funds £ | Total 2013 £ |
|-----------------------------------|----------------------------|-------------------------------------|---|--------------------|
| Direct | | | | |
| Teaching and educational support | | | | |
| Staff | 40,028 | 2,350,043 | - | 2,390,071 |
| Educational supplies and services | 733 | 162,175 | - | 162,908 |
| ICT costs expensed | 955 | 60,427 | - | 61,382 |
| Depreciation - ICT | - | - | 714 | 714 |
| Support | | | | |
| Administrative and other staff | - | 204,007 | - | 204,007 |
| Staff restructuring costs | - | 21,703 | - | 21,703 |
| FRS17 Adjustments | - | 11,000 | - | 11,000 |
| Other staff related costs | 989 | 19,422 | - | 20,411 |
| Maintenance of premises | - | 171,098 | - | 171,098 |
| Other occupancy costs | - | 145,038 | - | 145,038 |
| Other supplies and services | - | 134,980 | - | 134,980 |
| School trips | - | 17,134 | - | 17,134 |
| Other school fund expenditure | 11,966 | 5,036 | - | 17,002 |
| Other equipment costs expensed | - | 5,906 | - | 5,906 |
| Depreciation - Other | - | - | 82,278 | 82,278 |
| | 54,671 | 3,307,969 | 82,992 | 3,445,632 |

**WATERLOO PRIMARY ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2013

9 Other finance costs

| | Unrestricted funds £ | Restricted general funds £ | Restricted fixed asset funds £ | Total 2013 £ |
|--|----------------------------|-------------------------------------|---|--------------------|
| Expected return on pension scheme assets (note 28) | - | (36,000) | - | (36,000) |
| Interest on pension scheme liabilities (note 28) | - | 75,000 | - | 75,000 |
| | - | 39,000 | - | 39,000 |

10 Governance costs

| | Unrestricted funds £ | Restricted general funds £ | Restricted fixed asset funds £ | Total 2013 £ |
|-----------------------------------|----------------------------|-------------------------------------|---|--------------------|
| Legal and professional fees | - | 9,057 | - | 9,057 |
| Audit Fee | - | 6,000 | - | 6,000 |
| Preparation of statutory accounts | - | 1,000 | - | 1,000 |
| Other accountancy services | - | 3,250 | - | 3,250 |
| Governors clerking services | - | 4,031 | - | 4,031 |
| | - | 23,338 | - | 23,338 |

11 Staff costs

| | 2013 £ |
|--|------------------|
| <i>Staff costs during the period were:</i> | |
| Wages and salaries | 2,162,308 |
| Employer's national insurance contribution | 144,711 |
| Pension costs | 311,981 |
| | 2,619,000 |
| Supply teacher costs | 19,737 |
| Other staff related costs | 20,411 |
| | 40,148 |

**WATERLOO PRIMARY ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2013

11 **Staff costs (continued)**

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

| | 2013 Number | 2013 Full-time equivalent |
|------------------------------|----------------|---------------------------------|
| <i>Charitable activities</i> | | |
| Teachers | 32 | 29 |
| Administration and support | 69 | 54 |
| Management | 4 | 4 |
| | 105 | 87 |

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

| | 2013 £ |
|-------------------|-----------|
| £80,001 - £90,000 | 1 |

The above employee participated in the Teacher's Pension Scheme. During the period ended 31 August 2013, pension contributions for this employee amounted to £12,414.

12 **Governors' remuneration and expenses**

Headteacher and staff governors only received remuneration in respect of services they provide undertaking the roles of Headteacher 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 the governors' remuneration for the 14 month period, including pension contributions was as follows:

M Grey – Headteacher and Trustee: £115,000 to £120,000
 R Fox – Staff Governor and Trustee: £50,000 to £55,000
 A Kilby – Staff Governor and Trustee: £25,000 to £30,000

During the period ended 31 August 2013, travel and subsistence expenses totalling £nil were reimbursed to governors.

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

**WATERLOO PRIMARY ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2013

13 **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 £1,000,000 on any one claim and the cost for the period ended 31 August 2013 was £371.

14 **Tangible fixed assets**

| | Freehold land and buildings £ | Computer equipment £ | Furniture and equipment £ | Total £ |
|--------------------------|--|-------------------------------------|--|--------------------|
| Cost | | | | |
| Transfer on Conversion | 3,585,000 | - | - | 3,585,000 |
| Additions | - | 12,900 | 26,154 | 39,054 |
| Disposals | - | - | - | - |
| At 31 August 2013 | 3,585,000 | 12,900 | 26,154 | 3,624,054 |
| Depreciation | | | | |
| Charged in period | 77,700 | 714 | 4,578 | 82,992 |
| Disposals | - | - | - | - |
| At 31 August 2013 | 77,700 | 714 | 4,578 | 82,992 |
| Net book values | | | | |
| At 31 August 2013 | 3,507,300 | 12,186 | 21,576 | 3,541,062 |

15 **Debtors**

| | |
|--------------------------------|-------------------|
| | 2013 £ |
| VAT recoverable | 15,179 |
| Prepayments and accrued income | 71,020 |
| | 86,199 |

**WATERLOO PRIMARY ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2013

16 **Creditors: amounts falling due within one year**

| | 2013 |
|---------------------------------|----------------|
| | £ |
| Other taxes and social security | 37,815 |
| Other creditors | 34,244 |
| Accruals and deferred income | 38,761 |
| | 110,820 |

17 **Funds**

| | Incoming | Resources | Gains, | Balance at |
|-------------------------------------|------------------|------------------|-------------------|-------------------|
| | resources | expended | losses and | 31 Aug |
| | £ | £ | transfers | 2013 |
| | | | £ | £ |
| Restricted general funds | | | | |
| General Annual Grant (GAG) | 2,869,646 | (2,738,668) | (39,054) | 91,924 |
| Other DfE/EFA grants | 539,784 | (418,379) | - | 121,405 |
| Other government grants | 157,832 | (157,832) | - | - |
| Other incoming resources | 25,062 | (22,171) | 504 | 3,395 |
| | 3,592,324 | (3,337,050) | (38,550) | 216,724 |
| Pension reserve | (820,000) | (50,000) | 3,000 | (867,000) |
| | 2,772,324 | (3,387,050) | (35,550) | (650,276) |
| Restricted fixed asset funds | | | | |
| DfE/EFA capital grants | | | | |
| Capital expenditure from GAG | - | (5,292) | 39,054 | 33,762 |
| Transfer on conversion | 3,585,000 | (77,700) | - | 3,507,300 |
| | 3,585,000 | (82,992) | 39,054 | 3,541,062 |
| Total restricted funds | 6,357,324 | (3,470,042) | 3,504 | 2,890,786 |
| Unrestricted funds | 129,275 | (61,783) | (504) | 66,988 |
| Total funds | 6,486,599 | (3,531,825) | 3,000 | 2,957,774 |

Under the 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 2013.

**WATERLOO PRIMARY ACADEMY
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2013

17 **Funds** (continued)

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

General Annual Grant must be used for the normal running expenses of the School and any amounts carried forward at the end of a financial period must be used in accordance with the terms of the Funding Agreement.

Other DfE/EFA grants comprise additional funding received for the furtherance of education, which must be used in accordance with the specific terms of each grant.

Other government grants includes local authority pupil premium, local authority capital grants, nursery grants and other support staff funding.

Other restricted funds include contributions received for school trips.

The pension reserve represents the value of the School's share of the deficit in the Local Government Pension Scheme. The value of the deficit inherited in conversion was £820,000 and had risen to £867,000 at 31 August 2013.

Restricted fixed asset funds include assets inherited on conversion and expenditure out of GAG and other capital grants during the period. Depreciation is charged against the fund.

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 | - | - | 3,541,062 | 3,541,062 |
| Current assets | 66,988 | 327,544 | - | 394,532 |
| Current liabilities | - | (110,820) | - | (110,820) |
| Pension scheme liability | - | (867,000) | - | (867,000) |
| Total net assets | 66,988 | (650,275) | 3,541,062 | 2,957,774 |

19 **Capital commitments**

| | |
|---|-------------------|
| | 2013 £ |
| Contracted for but not provided in the financial statements | 240,810 |

**WATERLOO PRIMARY ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2013

20 **Financial commitments**

Operating leases

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

| | 2013 |
|--|---------------|
| | £ |
| Land and buildings | |
| Expiring within one year | - |
| Expiring within two and five years inclusive | - |
| Expiring in over five years | - |
| | <hr/> |
| | - |
| | <hr/> <hr/> |
| Other | |
| Expiring within one year | 7,401 |
| Expiring within two and five years inclusive | 13,234 |
| Expiring in over five years | - |
| | <hr/> |
| | 20,635 |
| | <hr/> <hr/> |

21 **Reconciliation of net income to net cash inflow from operating activities**

| | 2013 |
|--|----------------|
| | £ |
| Net incoming resources | 2,954,774 |
| Depreciation (note 14) | 82,992 |
| Capital gains from DfE and other capital income | (225,302) |
| Major refurbishment projects funded by capital grants | 103,897 |
| Interest receivable (note 5) | (415) |
| FRS 17 pension cost less contributions payable (note 28) | 11,000 |
| FRS 17 pension finance costs (note 28) | 39,000 |
| Net assets inherited on conversion (note 30) | (2,825,746) |
| (Increase)/decrease in debtors | (86,199) |
| Increase/(decrease) in creditors | 110,820 |
| | <hr/> |
| Net cash inflow from operating activities | 164,821 |
| | <hr/> <hr/> |

22 **Returns on investments and servicing of finance**

| | 2013 |
|--|-------------|
| | £ |
| Interest received | 415 |
| | <hr/> |
| Net cash inflow from returns on investment and servicing of finance | 415 |
| | <hr/> <hr/> |

**WATERLOO PRIMARY ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2013

23 Capital income and expenditure

| | |
|--|----------------------|
| | 2013 |
| | £ |
| Purchase of tangible fixed assets | (39,054) |
| Capital grants from DfE/EFA | 216,873 |
| Capital grants from government | 8,429 |
| Major refurbishment projects funded by capital grants | <u>(103,897)</u> |
| Net cash inflow from capital expenditure and financial investment | <u>82,351</u> |

24 Analysis of changes in net funds

| | | |
|--------------------------|-------------------|-----------------------|
| | Cash flows | At 31 |
| | £ | August |
| | | 2013 |
| | | £ |
| Cash in hand and at bank | 308,333 | <u>308,333</u> |

25 Contingent liabilities

There were no contingent liabilities at 31 August 2013.

26 Members' liability

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

27 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 the Lancashire pension fund. 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 March 2010.

Pension contributions amounting to £34,244 were outstanding at the end of the financial period.

WATERLOO PRIMARY ACADEMY (A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2013

27 Pension and similar obligations (continued)

Teachers' Pension Scheme

The TPS is a statutory, contributory, defined benefit scheme. The regulations under which the TPS operates are 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.

Although teachers and lecturers are employed by various bodies, their retirement and other pension benefits, including annual increases payable under the Pensions (Increase) Acts are, as provided for in the Superannuation Act 1972, paid out of monies provided by Parliament. Under the unfunded TPS, teachers' contributions on a 'pay-as-you-go' basis, and employers' contributions, 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 (in excess of price increases and currently set at 3.5%), which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

The Government Actuary ("GA"), using normal actuarial principles, conducts formal actuarial reviews of the TPS. The aim of the reviews is to specify the level of future contributions.

The contribution rate paid into the TPS is assessed in two parts. First, a standard contribution rate ("SCR") is 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 investigation, 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 - 31 March 2004. The GA's report of October 2006 revealed that the total liabilities of the Scheme (pensions currently 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 the valuation date) was £163,240 million. The assumed real rate of return is 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 1.5%. The assumed gross rate of return is 6.5%.

WATERLOO PRIMARY ACADEMY (A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2013

27 Pension and similar obligations (continued)

Teachers' Pension Scheme (continued)

As from 1 January 2007, and as part of the cost-sharing agreement between employers' and teachers' representatives, 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. The cost-sharing agreement also introduced – effective for the first time for the 2008 valuation – a 14% cap on employer contributions payable.

From 1 April 2012 to 31 March 2013, the employee contribution rate will range between 6.4% and 8.8%, depending on a member's Full Time Equivalent salary. Further changes to the employee contribution rate will be applied in 2013-14 and 2014-15.

Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. Many of these are being discussed in the context of the design for a reformed TPS.

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; and accrual rate of 1/57th; 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 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.

**WATERLOO PRIMARY ACADEMY
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2013

27 **Pension and similar obligations (continued)**

Teachers' Pension Scheme (continued)

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The School is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the School 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 School has set out above the information available on the scheme and the implications for the School in terms of the anticipated contribution rates.

Local government pension scheme

The academy is one of several employing bodies included within the Local Government Pension Scheme (LGPS).

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. Contributions to the scheme are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The total contribution made for the period ended 31 August 2013 was £101,564, of which employer's contributions totalled £77,372 and employees' contributions totalled £24,192. The agreed contribution rates for future years are 18.7% for employers and 5.5% - 7.5% for employees.

As described in note 1 the LGPS obligation relates to the employees of the academy trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join 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.

Principal actuarial assumptions

**At 31
August
2013
%**

| | |
|---|-----|
| Rate of increase in salaries | 4.4 |
| Rate of increase in pensions in payment/inflation | 2.4 |
| Discount for scheme liabilities | 4.5 |
| Inflation assumption (CPI) | 2.4 |

**WATERLOO PRIMARY ACADEMY
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2013

27 **Pension and similar obligations (continued)**

Local government pension scheme (continued)

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

| | At 31 August 2013 |
|-----------------------------|----------------------------------|
| <i>Retiring today</i> | |
| Males | 22.1 |
| Females | 24.8 |
| <i>Retiring in 20 years</i> | |
| Males | 23.9 |
| Females | 26.7 |

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 £000 |
|--|--|--|
| Equities | 51.3 | 375 |
| Government bonds | 6.9 | 50 |
| Other bonds | 20.6 | 150 |
| Property | 8.3 | 61 |
| Cash/liquidity | 4.7 | 34 |
| Other | 8.2 | 60 |
| Total market value of assets | | 730 |
| Present value of scheme liabilities funded | | <u>1,597</u> |
| Surplus/(deficit) in the scheme | | <u>867</u> |

The overall expected rate of return on major categories of scheme assets is 5.54%

**WATERLOO PRIMARY ACADEMY
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2013

27 **Pension and similar obligations (continued)**

Local government pension scheme (continued)

Amounts recognised in the statement of financial activities

| | 2013 £000 |
|--|----------------------|
| Current service cost (net of employee contributions) | 11 |
| Past service cost | - |
| Total operating charge | 11 |
| | |
| Analysis of pension finance income/(costs) | |
| Expected return on pension scheme assets | 36 |
| Interest on pension liabilities | (75) |
| Pension finance income/(costs) | (39) |

The actual 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 £3,000 gain.

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

| | 2013 £000 |
|------------------------|----------------------|
| On conversion | 1,298 |
| Current service cost | 125 |
| Interest cost | 75 |
| Employee contributions | 38 |
| Actuarial (gain)/loss | 61 |
| At 31 August | 1,597 |

**WATERLOO PRIMARY ACADEMY
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2013

27 **Pension and similar obligations (continued)**

Local government pension scheme (continued)

Movements in the fair value of Academy's share of scheme assets:

| | 2013 £000 |
|---------------------------|----------------------|
| On conversion | 478 |
| Expected return on assets | 36 |
| Actuarial gain/(loss) | 58 |
| Employer contributions | 120 |
| Employee contributions | 38 |
| At 31 August | 730 |

The estimated value of employer contributions for the year ended 31 August 2014 is £103,000

The five-year history of experience adjustments is as follows:

| | 2013 £000 |
|---|----------------------|
| Present value of defined benefit Obligations | (1,597) |
| Fair value of share of scheme Assets | 730 |
| Surplus/(deficit) in the scheme | (867) |
| Experience adjustments on share of scheme assets | 58 |
| Experience adjustments on scheme liabilities | - |

28 **Related party transactions**

No related party transactions occurred during the period to 31 August 2013.

**WATERLOO PRIMARY ACADEMY
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2013

29 Conversion to an Academy Trust

On 1 July 2012 Waterloo Primary school converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to the Academy from the Blackpool Local Authority for £nil consideration.

The transfer has been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as net income in the Statement of Financial Activities.

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

| | Unrestricted funds £ | Restricted general funds £ | Restricted fixed asset funds £ | Total funds £ |
|--|----------------------------|-------------------------------------|---|---------------------|
| Tangible fixed assets | | | | |
| - Freehold/Leasehold land and buildings | - | - | 3,585,000 | 3,585,000 |
| Budget surplus/(deficit) on LA funds | 56,746 | - | - | 56,746 |
| Budget surplus/(deficit) on other school funds | 4,000 | - | - | 4,000 |
| LGPS pension surplus/(deficit) | - | (820,000) | - | (820,000) |
| Net assets/(liabilities) | 60,746 | (820,000) | 3,585,000 | 2,825,746 |

The above net assets include £60,746 that were transferred as cash.

Land and buildings were acquired from the Local Authority on conversion under a 125 year lease and have been incorporated into the accounts as a donated asset, based on a depreciated replacement cost valuation carried out as at 31 March 2013 on behalf of the Department for Education by DTZ. This valuation has been adjusted to take account of depreciation in the period since conversion to arrive at an estimate for the value of land and buildings acquired on conversion.

Fixtures and fittings acquired on conversion had been held for a significant period of time and were fully depreciated. An estimate of the current fair value was not readily available and the cost of obtaining a valuation was considered to be disproportionate to the value of the including such a valuation in the accounts. No value has therefore been included in the accounts for these assets. The insurance value of fixtures and fittings and other assets inherited on conversion was £982,827.