

Company Registration No. 08166938 (England and Wales)

**WEST DERBY SCHOOL**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**GOVERNORS' REPORT AND AUDITED ACCOUNTS**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

# WEST DERBY SCHOOL

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# WEST DERBY SCHOOL

## REFERENCE AND ADMINISTRATIVE DETAILS

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### Governors

I P Andain  
C Birch \*  
S J Price  
J M Cain  
C J Cavanagh  
P J Colligan  
M Deakin  
J C Jones \*  
D T Keery (Resigned 31 August 2014)  
J A Kyle  
S Lorder  
M Mills \*  
D Price (Resigned 11 December 2013)  
K M Rennie \*  
M Sidaway (Resigned 11 December 2013)  
A V Webb \*  
M Rannard (Accounting Officer) \*  
L Bivon  
K Callant (Chair) \*  
F Chambers (Resigned 7 October 2013)

\* members of the finance committee

### Members

K Callant  
L Bivon  
J C Jones

### Senior management team

- Headteacher M Rannard  
- Business Manager B Weightman  
- Deputy Headteacher S Graham

### Company secretary

B Weightman

### Company registration number

08166938 (England and Wales)

### Registered office

364 West Derby Road  
Liverpool  
Merseyside  
L13 7HQ

### Independent auditor

UHY Hacker Young Manchester LLP  
St James Building  
79 Oxford Street  
Manchester  
M1 6HT

# WEST DERBY SCHOOL

## REFERENCE AND ADMINISTRATIVE DETAILS

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### Bankers

Lloyds TSB  
Liverpool Law Courts  
Merchants Court  
2-12 Lord Street  
Liverpool  
L2 1TS

### Solicitors

Hill Dickinson LLP  
No. 1 St Pauls Square  
Liverpool  
L3 9SJ

# WEST DERBY SCHOOL

## GOVERNORS' REPORT

**FOR THE YEAR ENDED 31 AUGUST 2014**

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The governors present their annual report together with the accounts and independent auditor's reports of the charitable company for the period 1 September 2013 to 31 August 2014. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The principal activities of the academy trust are:

- 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");
- To promote for the benefit of the inhabitants of West Derby and the surrounding area the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances or for the public at large in the interests of social welfare and with the object of improving the condition of life of the said inhabitants.

### **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 are the trustees of West Derby School and are also the directors of the charitable company for the purposes of company law. Details of the governors who served during the year are included in the Reference and Administrative Details on page 1.

The charitable company is known as West Derby School.

#### 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 Trust maintains Governors' and officers' liability insurance which gives appropriate cover for any legal action brought against its Governors. The Academy Trust has also granted indemnities to each of its Governors and other officers to the extent permitted by law. Qualifying third party indemnity provisions (as defined by section 236 of the Companies Act 2006) were in force during the period and remain in force, in relation to certain losses and liabilities which the Governors or other officers may incur to third parties in the course of acting as Governors or officers of the Academy Trust.

Details of the insurance cover are provided in note 9 to the financial statements.

# WEST DERBY SCHOOL

## GOVERNORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2014

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### Method of recruitment and appointment or election of governors

The Articles of Association state that:

On 11 December 2013, the Trustees voted that all of those Governors who had served the predecessor school and who continued to serve as Governors of the newly formed Academy, were to be appointed on a four year term of office, effective from the date of conversion.

The Academy shall have the following Governors as set out in its Articles of Association and funding agreement:

- 3 Governors who are appointed by the Members
- 7 Parent Governors who are elected by Parents of registered students at the Academy
- 2 Teaching Staff Governors appointed by peer election
- 1 Support Staff Governor appointed by peer election
- 5 Co-opted Governors
- The Head teacher who is treated for all purposes as being an ex officio Governor

Governors are appointed for a four year period, except that this time limit does not apply to the Headteacher. Subject to remaining eligible to be a particular type of Governor, any governor can be re-appointed or re-elected.

### Policies and procedures adopted for the induction and training of governors

All Governors are issued with an information pack and also meet with the Headteacher. Training is available to Trustees and Governors as required using external contractors such as the Local Authority. During the year under review the Full Governing Body met 4 times and there were 17 committee meetings. The training and induction provided for new Governors depends on their previous experience.

The Management structure consists of two levels; Governors / Trustees and the Senior Managers of the Academy. The aim of the structure is to devolve responsibility to those best able to make appropriate decisions. The Governors/Trustees are there to support the senior management team in the running of the Academy. The Governors are responsible for setting general policy, adopting and annual plan and budget, monitoring the Academy by the use of budgets and making major decisions about the direction of the Academy, capital expenditure and senior staff appointments. In addition they provide support and advice when asked and to be ambassadors for both the Academy and what it is trying to achieve.

# WEST DERBY SCHOOL

## GOVERNORS' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2014

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The following items are restricted to the board of Governors: -

- Headteacher appointments (selection panel)
- Deputy appointments (selection panel)
- Dismissal of Headteacher
- Suspending head
- Ending suspension (head)
- Responsible for standards of teaching
- To consult annually before setting an admissions policy (but in community and controlled schools only where the LA has delegated this power to the governing body)
- Buildings insurance and personal liability– GB to seek advice from LA, diocese or trustees where appropriate (it is suggested that the GB as a whole should be involved in this decision)
- Developing school buildings strategy or master plan and contributing as required to LA Asset Management Planning arrangements (it is suggested that the GB as a whole should undertake this decision)
- To institute a health and safety policy (in community and VC schools this would be the LA)
- To publish proposals to change category of school
- To cease providing extended school provision
- To consider whether or not to exercise delegation of functions to individuals or committees
- To regulate the GB procedures (where not set out in law)
- To consider forming a federation or joining an existing federation
- To consider requests from other schools to join the federation
- To leave a federation
- To decide to offer additional activities and to what form these should take
- To draw up instrument of government and any amendments thereafter
- To appoint (and remove) the chair and vice-chair of a permanent or a temporary governing body
- To appoint and dismiss the clerk to the governors
- To hold a full governing body meeting at least three times in a school year or a meeting of the temporary governing body as often may require
- To appoint and remove community or sponsor governors.
- To set up a Register of Governors' Business Interests
- To approve and set up a Governors Expenses Scheme

# WEST DERBY SCHOOL

## GOVERNORS' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2014

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#### Organisational structure

The following items are delegated to committees: -

- To approve the first formal budget plan each financial year
- To establish a charging and remissions policy
- To enter into contracts (GB may wish to agree financial limits)
- Agree a pay policy
- Pay discretions
- Establishing disciplinary/capability procedures
- Dismissal of other staff
- Ending suspension (except head)
- Determining staff complement
- Determining dismissal payments/ early retirement
- Ensure National Curriculum (NC) taught to all pupils and to consider any disapplication for pupil(s)
- To agree or reject and monitor curriculum policy
- To decide which subject options should be taught having regard to resources, and implement provision for flexibility in the curriculum (including activities outside school day)
- Provision of sex education - to establish and keep up to date a written policy
- To prohibit political indoctrination and ensuring the balanced treatment of political issues
- To establish a charging and remissions policy for activities (non NC based)
- To establish a performance management policy
- To implement the performance management policy
- To review annually the performance management policy
- To set and publish targets for pupil achievement
- To establish a discipline policy
- To review the use of exclusion and to decide whether or not to confirm all permanent exclusions and fixed term exclusions where the pupil is either excluded for more than 15 days in total in a term or would lose the opportunity to sit a public examination. (Can be delegated to chair/vice-chair in cases of urgency)
- To direct reinstatement of excluded pupils (Can be delegated to chair/vice-chair in cases of urgency)
- To establish an admissions policy (special schools where pupils do not have a statement)
- Admissions: application decisions (but in community and controlled schools only where the LA has delegated this power to the governing body)
- To appeal against LA directions to admit pupil(s) (Voluntary, Foundation and special schools; also community and VC schools where LA is the admissions authority)
- Responsibility for ensuring provision of RE in line with school's basic curriculum (all schools)
- NB this must fall into line with locally agreed syllabus
- Decision to revert to previous RE syllabus (Foundation Schools except VA of religious character)
- Decision to provide RE in line with locally agreed syllabus (VA schools – only if parents request it. All other schools not covered in 49 above)
- Buildings insurance and personal liability– GB to seek advice from LA, diocese or trustees where appropriate (it is suggested that the GB as a whole should be involved in this decision)
- Developing school buildings strategy or master plan and contributing as required to LA Asset Management Planning arrangements (it is suggested that the GB as a whole should undertake this decision)
- Procuring and maintaining buildings, including developing properly funded maintenance plan
- To ensure that health and safety regulations are followed
- To set the times of school sessions and the dates of school terms and holidays except in community and VC schools where it is the LA
- To ensure that the school meets for 380 sessions in a school year
- Adoption and review of home-school agreements
- To approve and set up a Governors Expenses Scheme
- To discharge duties in respect of pupils with special needs by appointing a "responsible person" in community, voluntary and Foundation Schools



# WEST DERBY SCHOOL

## GOVERNORS' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2014

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The following items are delegated to the Headteacher: -

- To monitor monthly expenditure.
- To establish a charging and remissions policy
- Miscellaneous financial decisions
- To enter into contracts (GB may wish to agree financial limits)
- To make payments
- Appoint other teachers
- Appoint non teaching staff
- Suspending staff (except head)
- Ensure National Curriculum (NC) taught to all pupils and to consider any disapplication for pupil(s)
- To establish a curriculum policy
- To implement curriculum policy
- Responsible for standards of teaching
- To decide which subject options should be taught having regard to resources, and implement provision for flexibility in the curriculum (including activities outside school day)
- Responsibility for individual child's education
- Provision of sex education - to establish and keep up to date a written policy
- To prohibit political indoctrination and ensuring the balanced treatment of political issues
- To establish a charging and remissions policy for activities (non NC based)
- To formulate a performance management policy
- To implement the performance management policy
- To set and publish targets for pupil achievement
- Responsibility for ensuring provision of RE in line with school's basic curriculum (all schools)
- NB this must fall into line with locally agreed syllabus
- Decision to revert to previous RE syllabus (Foundation Schools except VA of religious character)
- Decision to provide RE in line with locally agreed syllabus (VA schools – only if parents request it. All other schools not covered in 49 above)
- In all maintained schools to ensure that all pupils take part in a daily act of collective worship (after consulting GB)
- To make application to the advisory councils, SACRE, concerning the requirements for collective worship (schools without a religious character) to disapply (after consulting GB)
- Arrangements for collective worship (schools without religious character (after consulting GB)
- To ensure that health and safety regulations are followed
- To ensure that the school meets for 380 sessions in a school year
- To ensure that school lunch nutritional standards are met where provided by the governing body.
- To prepare and publish the school prospectus
- To prepare and publish the school profile
- To ensure provision of free school meals to those pupils meeting the criteria
- To put into place the additional services provided
- To ensure delivery of services provided

The Headteacher is the accounting officer.

#### Connected organisations including related party relationships

The Academy has no connected organisations or related party transactions (as disclosed in note 21).

#### **Objectives and activities**

##### Objects and aims

The principal activity of the Company is the operation of West Derby Academy to provide education for boys between the ages of 11 and 19.

# WEST DERBY SCHOOL

## GOVERNORS' REPORT (CONTINUED)

*FOR THE YEAR ENDED 31 AUGUST 2014*

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### Objectives, strategies and activities

West Derby School's priorities are;

- Improving the achievement of pupils
- Improving the quality of teaching and learning (including behaviour and safety of pupils)
- Improving the quality of leadership and management

There is a School Development Plan which details how these priorities will be achieved.

### Public benefit

The governors confirm that they have complied with the duty in section 17 of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission in determining the activities undertaken by the Charitable Company.

West Derby School strives to play an integral part in the local community by;

Providing services and events to children in local primary schools to promote Sports and Wellbeing with children in the local community.

The school employs a teacher to undertake the role of a sports co-ordinator working with local primary schools to promote health, well being and fitness.

Inviting primary schools into the Academy at various times of the year.

We have a vibrant Y6 transition programme which includes the provision of a summer school and a range of activities throughout the year.

There is a cyclical timetable of events that students and staff create in support of local and national charities.

Facilitation of meetings for various agencies who support children and families in the area.

Wherever possible, we provide opportunities for young people not attending West Derby School to gain experience in the workplace.

In setting our objectives and planning our activities we are committed to continuing our work for the benefit of the community we serve.

### **Strategic report**

#### Achievements and performance

See School Data Dashboard

#### Key performance indicators

The governors feel that the KPI's are pupil numbers and teacher to pupil ratio, which are listed as follows:

From the January 2014 census;

Year 9 and below: 533 pupils, 22 teachers, 22 classes, largest class 31 pupils

Years 10 and 11: 295 pupils, 16 teachers, 16 classes, largest class 30 pupils

Year 12 and 1: 85 pupils, 9 teachers, 9 classes, largest class 21 pupils

The governors feel that these results for the year are satisfactory.

GAG income per pupil: £5,725

Staff costs as a percentage of EFA income: 72%

# WEST DERBY SCHOOL

## GOVERNORS' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2014

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#### Going concern

After making appropriate enquiries, the board of governors has a reasonable expectation that the academy trust has adequate resources to continue in operational existence for the foreseeable future. For this reason the board of governors continues to adopt the going concern basis in preparing the accounts. Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies.

#### **Financial review**

Most of the Academy's income is obtained from the EFA in the form of grants, the use of which is restricted for particular purposes. The grants received from the EFA during the year ended 31 August 2014 and the associated expenditure are shown as restricted funds in the statement of financial activities.

During the year ending 31 August 2014 total expenditure of £7,060,158 was covered by grant funding from the EFA together with other income and resources. The excess of income over expenditure over the year (excluding actuarial gains on the defined pension benefit scheme, and depreciation) was £203,064.

The closing net reserves for 2013/14 (excluding actuarial losses on the defined pension benefit scheme) was £27,078,411.

At the 31 August 2014, the net book value of fixed assets was £26,829,136 and movements in tangible fixed assets are shown in note 10 to the accounts. The assets were used primarily for providing education and the associated support services to the students of the Academy.

#### **Financial Risk Management Objectives and Policies**

The closing Merseyside Pension Fund deficit is £942,000.

In line with all Academies the financial and credit risks is low as there is limited access to credit and minimal debtors outside the funding agreement.

The Academy Trust does not use complex financial instruments. It manages its activities using cash and various items such as trade debtors and trade creditors that arise directly from its operations.

The existence of these financial instruments exposes the Academy Trust to a number of financial risks which are described in more details below. The main risks arising from the Trust's financial instruments are liquidity risk and cash flow interest rate risk.

Liquidity risk – the Trust manages its cash resources, including sufficient working capital, so that all its operating needs are met without the need for short term borrowing.

Interest rate risk – the Trust earns interest on cash deposits. With interest rates currently low, the trustees will consider action to increase the income from these deposits, provided it does not jeopardise the liquidity or security of the Trust's assets.

Credit risk arises from the possibility that amounts owed to the Trust will not be repaid. The Trust does not undertake activities so it is only exposed to credit risk as it arises from normal business. Credit risk is managed through the use of approved banks and the prompt collection of amounts due.

#### Reserves policy

The Academy currently has £297,836 of unrestricted reserves and £26,136,411 total reserves.

The Trustees review the reserve levels of the Academy Trust throughout the year. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of the reserves.

# WEST DERBY SCHOOL

## GOVERNORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2014

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### Investment policy and powers

The Academy's Investment policy is consistent with its charitable status. Investments must always be made in accordance with written procedures adapted by the Governing Body and must always ensure the maximum integrity of such investments.

### Principal risks and uncertainties

The Governors have assessed the major risks to which the Trust is exposed. The key risk currently faced by the Academy is that funding changes implemented are reducing current protection mechanisms and the financial autonomy of the Academy.

Another key risk is that the funding that currently contributes towards the Lifecycle costs of the BSF build may cease with future funding changes.

Also, the costs of the ICT managed contract and the Hard FM contracts are a significant drain on the resources of the Academy and divert resources away from the education of the boys. In the short to medium term the payment of these contracts prevents the Academy from investing in essential areas such as sports facilities etc. The Academy Trust has an effective system of internal financial controls and where significant financial risk still remains they have ensured that they have adequate insurance cover.

The school is currently working on exit strategies for the time when both contracts end.

### **Principal Risks and Uncertainties**

The main risks that the Academy is exposed to are summarised below. For each of these risks the probability, impact and seriousness have been considered together with appropriate action and management plans:

1. Funding and liabilities—this is the primary risk. The continues reduction in funding may result in a significant decrease in estimated income. This will adversely impact on the school budget and the quality of the service provided.
2. Other risks noted in the strategic risk register and cover;
3. Reputational risk related to our Governors
4. Staff and Governor compliance do not meet statutory and/or legal obligations

### **Plans for future periods**

The key objectives of the school are to improve the:

1. Achievement of Pupils
2. Quality of Teaching and Learning
3. Behaviour and Safety of Pupils
4. Quality of Leadership and Management
5. Expand the Sixth Form by developing the offer for A level courses to students

### **Funds held as custodian trustee on behalf of others**

No such funds held.

# WEST DERBY SCHOOL

## GOVERNORS' REPORT (CONTINUED)

*FOR THE YEAR ENDED 31 AUGUST 2014*

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### 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.

A resolution proposing that UHY Hacker Young Manchester LLP be reappointed as auditor of the charitable company will be put to the members.

The trustees' report, incorporating a strategic report, was approved by order of the board of governors, as the company directors, on 03 December 2014 and signed on its behalf by:



M Rannard  
Accounting Officer

# WEST DERBY SCHOOL

## GOVERNANCE STATEMENT

*FOR THE YEAR ENDED 31 AUGUST 2014*

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### Scope of responsibility

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

The board of governors has delegated the day-to-day responsibility to the , as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between West Derby School and the Secretary of State for Education. They are also responsible for reporting to the board of governors any material weaknesses 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 board of governors has formally met 4 times during the year. Attendance during the year at meetings of the board of governors was as follows:

<b>Governors</b>	<b>Meetings attended</b>	<b>Out of possible</b>
I P Andain	2	4
C Birch	3	4
S J Price	4	4
J M Cain	4	4
C J Cavanagh	3	4
P J Colligan	3	4
M Deakin	4	4
J C Jones	2	4
D T Keery (Resigned 31 August 2014)	2	4
J A Kyle	2	4
S Lorder	4	4
M Mills	3	4
D Price (Resigned 11 December 2013)	2	2
K M Rennie	3	4
M Sidaway (Resigned 11 December 2013)	0	3
A V Webb	1	4
M Rannard (Accounting Officer)	4	4
L Bivon	1	4
K Callant (Chair)	4	4
F Chambers (Resigned 7 October 2013)		

# WEST DERBY SCHOOL

## GOVERNANCE STATEMENT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2014

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The Finance Committee is a sub-committee of the main governing body. Its purpose is to ensure that the Academy's financial standing is managed effectively and that value for money is achieved at all times to support the Academy in continuing to meet its objectives. During 2013 the focus of the Finance Committee was to plan and monitor the financial and other resources of the school effectively, and to ensure the school provides a safe educational environment. One of the Committee's responsibilities is routine budget setting and monitoring. Following advice from the EFA, Governors took the decision to combine the function previously undertaken by the Audit Committee with the Finance Committee.

Attendance at meetings in the year was as follows:

Governors	Meetings attended	Out of possible
C Birch	2	4
J C Jones	3	4
M Mills	4	4
K M Rennie	1	4
A V Webb	0	3
M Rannard (Accounting Officer)	4	4
K Callant (Chair)	4	4

### The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in West Derby School for the period 1 September 2013 to 31 August 2014 and up to the date of approval of the annual report and accounts.

### Capacity to handle risk

The board of governors has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of governors is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1 September 2013 to 31 August 2014 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the board of governors.

### The risk and control framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of governors;
- 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 board of governors has considered the need for a specific internal audit function and has decided:

- to appoint UHY Hacker Young Manchester LLP as internal auditor, from 2 June 2014.

# WEST DERBY SCHOOL

## GOVERNANCE STATEMENT (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2014**

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The auditor's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. On a quarterly basis, the auditor reports to the board of governors on the operation of the systems of control and on the discharge of the financial responsibilities of the board of governors.

### **Review of effectiveness**

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

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

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the finance and general purposes committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the board of governors on 03 December 2014 and signed on its behalf by:



M Rannard  
Accounting Officer



K Callant  
Chair



# WEST DERBY SCHOOL

## STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE FOR THE YEAR ENDED 31 AUGUST 2014

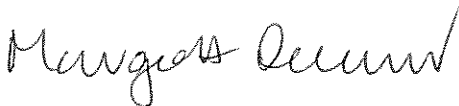
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As accounting officer of West Derby School I have considered my responsibility to notify the academy trust board of governors and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and 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's board of governors are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook.

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

Approved on 03 December 2014 and signed by:



M Rannard  
Accounting Officer

# WEST DERBY SCHOOL

## STATEMENT OF GOVERNORS' RESPONSIBILITIES

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The governors (who act as trustees for West Derby School and are also the directors of West Derby School for the purposes of company law) are responsible for preparing the Governors' Report and the accounts in accordance with the Annual Accounts Direction 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 accounts for each financial year. Under company law the governors must not approve the accounts 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 accounts, the governors are required to:

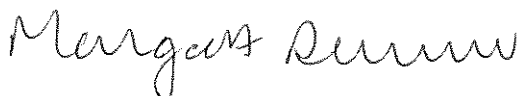
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts 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 accounts 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 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 charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of accounts may differ from legislation in other jurisdictions.

Approved by order of the board of governors on 03 December 2014 and signed on its behalf by:



M Rannard  
Accounting Officer

# WEST DERBY SCHOOL

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WEST DERBY SCHOOL

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We have audited the accounts of West Derby School for the year ended 31 August 2014 set out on pages 21 to 40. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2013 to 2014 issued by the EFA.

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

### **Respective responsibilities of governors and auditors**

As explained more fully in the Governors' Responsibilities Statement set out on page 16, the governors, who are also the directors of West Derby School for the purposes of company law, are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the accounts 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 Ethical Standards for Auditors.

### **Scope of the audit of the accounts**

An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company'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 accounts. In addition, we read all the financial and non-financial information in the Governors' Annual Report to identify material inconsistencies with the audited accounts and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on accounts**

In our opinion the accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2014 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2013 to 2014 issued by the EFA.

### **Opinion on other matter prescribed by the Companies Act 2006**

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

# WEST DERBY SCHOOL

## INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF WEST DERBY SCHOOL

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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 accounts 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.



**Mark Robertson (Senior Statutory Auditor)**  
for and on behalf of UHY Hacker Young Manchester LLP

**Chartered Accountants**  
**Statutory Auditor**  
St James Building  
79 Oxford Street  
Manchester  
M1 6HT

Dated: 3 December 2014

# WEST DERBY SCHOOL

## INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO WEST DERBY SCHOOL AND THE EDUCATION FUNDING AGENCY

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In accordance with the terms of our engagement letter and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013 to 2014, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by West Derby School during the period 1 September 2013 to 31 August 2014 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

### **Respective responsibilities of West Derby School's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of West Derby School's funding agreement with the Secretary of State for Education dated 25 May 2012 and the Academies Financial Handbook, extant from 1 September 2013, 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 to 2014. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2013 to 31 August 2014 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 2013 to 2014 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.

We conducted our work in accordance with Technical Release TECH 08/12 AAF issued by the Institute of Chartered Accountants In England and Wales. In accordance with that Technical Release we have carried out the procedures we consider necessary to be able to report on whether anything has come to our attention which suggests that in all material respects expenditure disbursed and income received have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them. Other than those procedures undertaken for the purposes of our audit of the financial statements of West Derby School for the year ended 31 August 2014 which provide evidence on regularity, our work was limited to only those additional procedures necessary to provide limited assurance.

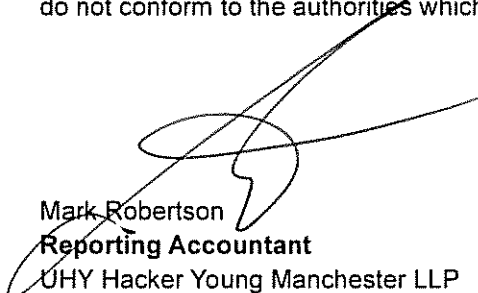
## WEST DERBY SCHOOL

### INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO WEST DERBY SCHOOL AND THE EDUCATION FUNDING AGENCY (CONTINUED)

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#### Conclusion

In the course of our work, except for the matters listed below, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2013 to 31 August 2014 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Mark Robertson  
**Reporting Accountant**  
UHY Hacker Young Manchester LLP

Dated: 03 December 2014

# WEST DERBY SCHOOL

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2014

	Notes	Unrestricted funds £	Restricted funds £	Fixed Asset fund £	Total 2014 £	Total 2013 £
<b>Incoming resources</b>						
<i>Resources from generated funds</i>						
- Inherited on conversion		-	-	-	-	26,394,905
- Activities for generating funds	2	376,071	74,704	-	450,775	504,766
- Investment income	3	822	-	-	822	630
<i>Resources from charitable activities</i>						
- Funding for educational operations	4	-	6,215,805	32,339	6,248,144	6,187,763
<b>Total incoming resources</b>		<b>376,893</b>	<b>6,290,509</b>	<b>32,339</b>	<b>6,699,741</b>	<b>33,088,064</b>
<b>Resources expended</b>						
<i>Costs of generating funds</i>						
<i>Charitable activities</i>						
- Educational operations	6	-	6,373,136	563,481	6,936,617	7,046,725
Governance costs	7	-	123,541	-	123,541	191,511
<b>Total resources expended</b>	5	<b>-</b>	<b>6,496,677</b>	<b>563,481</b>	<b>7,060,158</b>	<b>7,238,236</b>
<b>Net incoming/(outgoing) resources before transfers</b>		<b>376,893</b>	<b>(206,168)</b>	<b>(531,142)</b>	<b>(360,417)</b>	<b>25,849,828</b>
Gross transfers between funds		(140,168)	140,168	-	-	-
<b>Net income/(expenditure) for the year</b>		<b>236,725</b>	<b>(66,000)</b>	<b>(531,142)</b>	<b>(360,417)</b>	<b>25,849,828</b>
<b>Other recognised gains and losses</b>						
Actuarial gains/(losses) on defined benefit pension scheme	16	-	625,000	-	625,000	22,000
<b>Net movement in funds</b>		<b>236,725</b>	<b>559,000</b>	<b>(531,142)</b>	<b>264,583</b>	<b>25,871,828</b>
Fund balances at 1 September 2013		61,111	(1,501,000)	27,311,717	25,871,828	-
<b>Fund balances at 31 August 2014</b>		<b>297,836</b>	<b>(942,000)</b>	<b>26,780,575</b>	<b>26,136,411</b>	<b>25,871,828</b>

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006. A statement of total recognised gains and losses is not required as all gains and losses are included in the statement of financial activities.

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

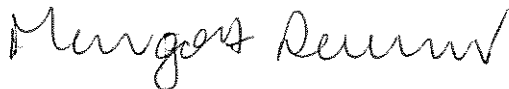
# WEST DERBY SCHOOL

## BALANCE SHEET

AS AT 31 AUGUST 2014

	Notes	2014		2013	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	10		26,829,136		27,311,717
<b>Current assets</b>					
Debtors	11	242,462		289,949	
Cash at bank and in hand		752,170		471,679	
		<u>994,632</u>		<u>761,628</u>	
Creditors: amounts falling due within one year	12	<u>(745,357)</u>		<u>(700,517)</u>	
<b>Net current assets</b>			<u>249,275</u>		<u>61,111</u>
<b>Total assets less current liabilities</b>			<u>27,078,411</u>		<u>27,372,828</u>
Defined benefit pension liability	16		<u>(942,000)</u>		<u>(1,501,000)</u>
<b>Net assets</b>			<u>26,136,411</u>		<u>25,871,828</u>
<b>Funds of the academy trust:</b>					
<b>Restricted income funds</b>	14				
- Fixed asset funds			26,780,575		27,311,717
- Pension reserve			<u>(942,000)</u>		<u>(1,501,000)</u>
<b>Total restricted funds</b>			<u>25,838,575</u>		<u>25,810,717</u>
<b>Unrestricted funds</b>	14		<u>297,836</u>		<u>61,111</u>
<b>Total funds</b>			<u>26,136,411</u>		<u>25,871,828</u>

The accounts were approved by order of the board of governors and authorised for issue on 03 December 2014.



M Rannard  
Accounting Officer

Company Number 08166938



# WEST DERBY SCHOOL

## CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2014

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	Notes	2014 £	2013 £
Net cash inflow from operating activities	17	328,230	505,434
Cash funds transferred on conversion		-	41,405
<b>Returns on investments and servicing of finance</b>			
Investment income		822	630
<b>Net cash inflow from returns on investments and servicing of finance</b>		822	630
		329,052	547,469
<b>Capital expenditure and financial investments</b>			
Capital grants received		32,339	23,894
Payments to acquire tangible fixed assets		(80,900)	(99,684)
<b>Net cash flow from capital activities</b>		(48,561)	(75,790)
<b>Increase in cash</b>	18	280,491	471,679

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# WEST DERBY SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2014

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### 1 Accounting policies

#### 1.1 Basis of preparation

The accounts 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.

#### 1.2 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 accounts.

#### 1.3 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.

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund.

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

#### Sponsorship income

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the statement of financial activities in the period in which it is receivable, where there is certainty of receipt and the value of the donation is measurable.

#### Donations

Donations are recognised on a receivable basis where there is certainty of receipt and the amount can be reliably measured.

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

#### 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.

# WEST DERBY SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2014

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### 1 Accounting policies

(Continued)

#### 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 the academy trust's policies.

#### 1.4 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.

#### 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 governors' meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

#### 1.5 Tangible fixed assets and depreciation

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.

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.

Tangible fixed assets are stated at cost less depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost of those assets, less their estimated residual value, over their expected useful lives on the following bases:

Land and buildings	60 years straight line on buildings
Building improvements	10% straight line
Computer equipment	33% straight line
Fixtures, fittings & equipment	25% straight line
Motor vehicles	25% straight line

# WEST DERBY SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

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### 1 Accounting policies

(Continued)

#### 1.6 Leasing and hire purchase commitments

Rentals payable under operating leases are charged against income on a straight line basis over the period of the lease.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

#### 1.7 Taxation

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

#### 1.8 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 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 16, 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 are recognised as they are paid 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.

# WEST DERBY SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

### 1 Accounting policies

(Continued)

#### 1.9 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 Department for Education 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 Department for Education.

Investment income, gains and losses are allocated to the appropriate fund.

Restricted pension funds represent the Local Government Pension Scheme deficit inherited on conversion, with movements for any actuarial gains or losses since.

### 2 Activities for generating funds

	Unrestricted funds £	Restricted funds £	Total 2014 £	Total 2013 £
Catering income	263,241	-	263,241	186,112
Trip income	-	64,525	64,525	17,492
Insurance income	18,367	-	18,367	119,209
Other income	94,463	10,179	104,642	181,953
	<u>376,071</u>	<u>74,704</u>	<u>450,775</u>	<u>504,766</u>

### 3 Investment income

	Unrestricted funds £	Restricted funds £	Total 2014 £	Total 2013 £
Short term deposits	<u>822</u>	<u>-</u>	<u>822</u>	<u>630</u>

# WEST DERBY SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

### 4 Funding for the academy trust's educational operations

	Unrestricted funds £	Restricted funds £	Total 2014 £	Total 2013 £
<b>DfE / EFA grants</b>				
General annual grant (GAG)	-	6,173,298	6,173,298	6,140,707
Capital grants	-	32,339	32,339	23,894
Other DfE / EFA grants	-	42,507	42,507	23,162
	-	6,248,144	6,248,144	6,187,763
<b>Total funding</b>	-	6,248,144	6,248,144	6,187,763

### 5 Resources expended

	Staff costs £	Premises & equipment £	Other costs £	Total 2014 £	Total 2013 £
<b>Academy's educational operations</b>					
- Direct costs	3,590,244	350,772	885,769	4,826,785	4,790,433
- Allocated support costs	817,399	515,277	777,156	2,109,832	2,256,292
	4,407,643	866,049	1,662,925	6,936,617	7,046,725
<b>Other expenditure</b>					
Governance costs	51,974	-	71,567	123,541	191,511
<b>Total expenditure</b>	4,459,617	866,049	1,734,492	7,060,158	7,238,236

### Incoming/outgoing resources for the year include:

	2014 £	2013 £
Operating leases		
- Plant and machinery	598,235	654,362

# WEST DERBY SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

### 6 Charitable activities

	Unrestricted funds £	Restricted funds £	Total 2014 £	Total 2013 £
<b>Direct costs</b>				
Teaching and educational support staff costs	-	3,580,767	3,580,767	3,598,028
Depreciation	-	350,772	350,772	441,898
Educational supplies and services	-	574,312	574,312	526,532
Examination fees	-	77,250	77,250	101,745
Staff development	-	9,477	9,477	18,981
Educational consultancy	-	169,361	169,361	25,829
Other direct costs	-	64,846	64,846	77,420
	-	4,826,785	4,826,785	4,790,433
<b>Allocated support costs</b>				
Support staff costs	-	817,399	817,399	702,963
Depreciation	-	212,709	212,709	239,403
Technology costs	-	19,375	19,375	6,822
Maintenance of premises and equipment	-	302,568	302,568	465,186
Cleaning	-	124,896	124,896	123,339
Energy costs	-	77,017	77,017	176,071
Rent and rates	-	111,455	111,455	35,154
Insurance	-	43,925	43,925	128,190
Security and transport	-	29,139	29,139	33,138
Catering	-	188,443	188,443	184,914
Interest and finance costs	-	63,000	63,000	62,000
Other support costs	-	119,906	119,906	99,112
	-	2,109,832	2,109,832	2,256,292
<b>Total costs</b>	-	6,936,617	6,936,617	7,046,725

### 7 Governance costs

	Unrestricted funds £	Restricted funds £	Total 2014 £	Total 2013 £
Legal and professional fees	-	49,037	49,037	81,540
Auditor's remuneration				
- Audit of financial statements	-	21,380	21,380	11,250
- Other audit costs	-	1,150	1,150	-
Support staff costs	-	51,974	51,974	98,721
	-	123,541	123,541	191,511

# WEST DERBY SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

### 8 Staff costs

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

	2014 Number	2013 Number
Teachers	62	66
Administration and support	57	54
Management	2	3
	<u>121</u>	<u>123</u>

#### Costs included within the accounts:

	2014 £	2013 £
Wages and salaries	3,493,423	3,534,028
Social security costs	278,987	280,133
Other pension costs	404,169	410,321
	<u>4,176,579</u>	<u>4,224,482</u>
Supply teacher costs	194,336	161,538
Compensation payments	79,225	13,692
Staff development and other staff costs	9,477	18,981
	<u>4,459,617</u>	<u>4,418,693</u>

The number of employees whose annual remuneration was £60,000 or more was:

	2014 Number	2013 Number
In the band £60,001 - £70,000	-	1
In the band £70,001 - £80,000	1	1
In the band £100,001 - £200,000	1	1
	<u>1</u>	<u>1</u>

Of the employees above, the number participating in pension schemes and the employers' contributions paid on their behalf were as follows:

		2014	2013
Teachers' Pension Scheme	Numbers	2	3
	£	<u>38,629</u>	<u>36,885</u>



# WEST DERBY SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2014

#### 9 Governors' remuneration and expenses

The headteacher and other staff governors only receive remuneration in respect of services they provide undertaking the roles of headteacher and staff, and not in respect of their services as governors. During the year, travel and subsistence payments totalling £246 (2013: £nil) were reimbursed to 3 governors, in their capacity as members of staff..

Other governors did not receive any payments, from the academy trust in respect of their role as governors.

The value of governors' remuneration was as follows:

M Rannard (Headteacher) - £150,000 - £155,000 (2013: £145,000 - £150,000)

D T Keery - £40,000 - £45,000 (2013: £45,000 - £50,000)

M Deakin - £15,000 - £20,000 (2013: £15,000 - £20,000)

S Lorder - £55,000 - £60,000 (2013: £60,000 - £65,000)

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

#### Governors' and officers' insurance

In accordance with normal commercial practice, the academy trust has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy trust business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2014 was £94 (2013: £94).

#### 10 Tangible fixed assets

	Land and buildings	Computer equipment	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 September 2013	27,483,747	304,911	195,860	8,500	27,993,018
Additions	80,900	-	-	-	80,900
At 31 August 2014	27,564,647	304,911	195,860	8,500	28,073,918
<b>Depreciation</b>					
At 1 September 2013	434,272	207,601	37,303	2,125	681,301
Charge for the year	422,048	90,347	48,960	2,126	563,481
At 31 August 2014	856,320	297,948	86,263	4,251	1,244,782
<b>Net book value</b>					
At 31 August 2014	26,708,327	6,963	109,597	4,249	26,829,136
At 31 August 2013	27,049,475	97,310	158,557	6,375	27,311,717

Buildings to the value of £25,160,665 are included in fixed assets at depreciated replacement cost, following a professional valuation as at 31 August 2012 by FHP Property Consultants, a firm of independent Chartered surveyors. The valuation is in accordance with the RICS appraisal and valuation manual. The total land value included in fixed assets is £2,296,000. Land is not depreciated.

# WEST DERBY SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2014

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<b>11 Debtors</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Trade debtors	35,147	4,688
Other debtors	66,543	35,543
Prepayments and accrued income	140,772	249,718
	<u>242,462</u>	<u>289,949</u>
	<u><u>242,462</u></u>	<u><u>289,949</u></u>
<b>12 Creditors: amounts falling due within one year</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Trade creditors	255,236	209,086
Taxes and social security costs	145,302	144,839
Accruals	317,689	301,627
Deferred income (see note 13)	27,130	44,965
	<u>745,357</u>	<u>700,517</u>
	<u><u>745,357</u></u>	<u><u>700,517</u></u>
<b>13 Deferred income</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Deferred income is included within:		
Creditors due within one year	<u>27,130</u>	<u>44,965</u>
	<u><u>27,130</u></u>	<u><u>44,965</u></u>
Total deferred income at 1 September 2013	44,965	-
Inherited on conversion	-	2,500
Amounts release from previous year	(44,965)	(2,500)
Amounts deferred in the year	(39,159)	(44,965)
	<u>39,159</u>	<u>(44,965)</u>
Total deferred income at 31 August 2014	<u><u>39,159</u></u>	<u><u>44,965</u></u>

At the balance sheet date the academy was holding funds received in advance relating to trips, catering and capital grants.

# WEST DERBY SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

### 14 Funds

	Balance at 1 September 2013	Incoming resources	Resources expended	Gains, losses and transfers	Balance at 31 August 2014
	£	£	£	£	£
<b>Restricted general funds</b>					
General Annual Grant	-	6,173,298	(6,313,466)	140,168	-
Other DfE / EFA grants	-	42,507	(42,507)	-	-
Other restricted funds	-	74,704	(74,704)	-	-
Funds excluding pensions	-	6,290,509	(6,430,677)	140,168	-
Pension reserve	(1,501,000)	-	(66,000)	625,000	(942,000)
	(1,501,000)	6,290,509	(6,496,677)	765,168	(942,000)
<b>Restricted fixed asset funds</b>					
Restricted fixed asset fund	27,311,717	32,339	(563,481)	-	26,780,575
<b>Total restricted funds</b>	<b>25,810,717</b>	<b>6,322,848</b>	<b>(7,060,158)</b>	<b>765,168</b>	<b>25,838,575</b>
<b>Unrestricted funds</b>					
General funds	61,111	376,893	-	(140,168)	297,836
<b>Total funds</b>	<b>25,871,828</b>	<b>6,699,741</b>	<b>(7,060,158)</b>	<b>625,000</b>	<b>26,136,411</b>

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

- (i) General Annual Grant must be used for the normal running costs of the academy.
- (ii) The other DfE/EFA grants fund is used to track grants provided by local and central government departments.
- (iii) The pensions reserve is a restricted fund to account for the liabilities arising under The Local Government Pension Scheme.
- (iv) The restricted fixed asset funds are carried forward to meet the specific costs of fixed asset projects and to cover the depreciation charges that will be required on these projects going forward and the current fixed assets held.

Under the funding agreement with the Secretary of State, the Academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2014.

# WEST DERBY SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

### 15 Analysis of net assets between funds

	Unrestricted funds £	Restricted funds £	Fixed asset funds £	Total funds £
<b>Fund balances at 31 August 2014 are represented by:</b>				
Tangible fixed assets	-	-	26,829,136	26,829,136
Current assets	300,311	661,982	32,339	994,632
Creditors: amounts falling due within one year	(2,475)	(661,982)	(80,900)	(745,357)
Defined benefit pension liability	-	(942,000)	-	(942,000)
	<u>297,836</u>	<u>(942,000)</u>	<u>26,780,575</u>	<u>26,136,411</u>

### 16 Pensions and similar obligations

The academy trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Liverpool City 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 related to the period ended 31 March 2004 and of the LGPS 31 August 2014.

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

#### Teachers' Pension Scheme

##### Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

##### The Teachers' Pension Scheme budgeting and valuation account

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

The Teachers' Pensions Regulations require an annual 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.

# WEST DERBY SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2014

### 16 Pensions and similar obligations

(Continued)

#### Valuation of the Teachers' Pension Scheme

The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%);
- total scheme liabilities for service to the effective date of £191,500 million, and notional assets of £176,600 million, giving a notional past service deficit of £14,900 million; and
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations.

The new employer contribution rate is applicable from 1 April 2015 and will be implemented for the TPS from September 2015.

A copy of the valuation report and supporting documentation is on the [Teachers' Pensions website](#)

#### Teachers' Pension Scheme changes

Lord Hutton made recommendations in 2011 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 with trade unions and other representative bodies. In March 2012 the Department for Education published proposals for the design for a reformed TPS.

The key provisions of the reformed scheme include: a pension based on career average earnings; an 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. 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 up to three and a half years 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 have been phased in since April 2012 on a 40:80:100 percent basis.

The Department for Education has continued to work closely with trade unions and other representatives bodies to develop the reformatted Teachers' Pension Scheme, and regulations giving effect to it came into force on 1 April 2014. Communications are being rolled out and the reformatted scheme will commence on 1 April 2015.

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

# WEST DERBY SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2014

#### 16 Pensions and similar obligations

(Continued)

##### Local Government Pension Scheme

The LGPS administered by the Greater Manchester Pension Fund and is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are noted below. The agreed contribution rates for future years are 13 per cent for employers and 5.5 - 12.5 per cent for employees.

	2014 £	2013 £
Employer's contributions	124,000	114,000
Employees' contributions	43,000	43,000
Total contributions	<u>167,000</u>	<u>157,000</u>

##### Principal actuarial assumptions

	2014 %	2013 %
Rate of increase in salaries	3.70	3.90
Rate of increase for pensions in payment	2.20	2.40
Discount rate for scheme liabilities	4.00	4.60
Inflation assumption (CPI)	2.20	2.40

##### Sensitivity analysis

	+0.1% p.a. discount rate	+0.1% p.a. inflation	1 year increase in life expectancy
	£	£	£
Liabilities	1,708,000	1,791,000	1,780,000
Assets	(807,000)	(807,000)	(807,000)
Deficit/(surplus)	901,000	984,000	973,000
Projected Service Cost for next year	138,000	145,000	145,000
Projected Expected Return on Assets for next year	(48,000)	(48,000)	(48,000)
Projected Interest Cost for next year	74,000	75,000	75,000

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

	2014 Years	2013 Years
Retiring today		
- Males	22.3	21.8
- Females	25.2	24.7
Retiring in 20 years		
- Males	23.7	24.7
- Females	26.6	28.0

# WEST DERBY SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2014

### 16 Pensions and similar obligations

(Continued)

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

	2014 Expected return %	2014 Fair value £	2013 Expected return %	2013 Fair value £
Equities	7.00	484,000	7.00	202,000
Government bonds	2.90	111,000	3.40	54,000
Other bonds	3.80	19,000	4.40	9,000
Cash/liquidity	0.50	36,000	0.50	7,000
Property	6.20	63,000	5.70	30,000
Other assets	7.00	94,000	7.00	53,000
		<u>807,000</u>		<u>355,000</u>
Total market value of assets		807,000		355,000
Present value of scheme liabilities - funded		(1,749,000)		(1,856,000)
		<u>(942,000)</u>		<u>(1,501,000)</u>
Net pension asset / (liability)		(942,000)		(1,501,000)

The expected rate of return on plan assets is based on market expectations, at the beginning of the period, for investment returns over the entire life of the related obligation. The assumption used is the average of the following assumptions appropriate to the individual asset classes weighted by the proportion of the assets in the particular asset class.

The assumed investment return on government bonds is the yield on 20-year fixed interest gilts at the relevant date. As at 31 August 2014 this yield was 3.4% pa.

The actual return on scheme assets was £51,000.

#### Operating costs and income recognised in the statement of financial activities

	2014 £	2013 £
<b>Financial expenditure/(income)</b>		
Expected return on pension scheme assets	(26,000)	(14,000)
Interest on pension liabilities	89,000	76,000
	<u>63,000</u>	<u>62,000</u>
<b>Other expenditure/(income)</b>		
Current service cost	127,000	118,000
Past service cost	-	-
	<u>127,000</u>	<u>118,000</u>
<b>Total operating charge/(income)</b>	<u>190,000</u>	<u>180,000</u>

# WEST DERBY SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

### 16 Pensions and similar obligations

(Continued)

#### Actuarial gains and losses recognised in the statement of financial activities

	2014 £	2013 £
Actuarial (gains)/losses on assets: actual return less expected	(366,000)	-
Experience (gains)/losses on liabilities	(259,000)	(22,000)
(Gains)/losses arising from changes in assumptions	-	-
	<u>(625,000)</u>	<u>(22,000)</u>
 Total (gains)/losses	 <u>(625,000)</u>	 <u>(22,000)</u>
  Cumulative (gains)/losses to date	  <u>(647,000)</u>	  <u>(22,000)</u>

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

	2014 £	2013 £
Opening defined benefit obligations	(1,856,000)	-
Obligations acquired on conversion	-	(1,619,000)
Current service cost	127,000	(118,000)
Interest cost	89,000	(76,000)
Contributions by employees	43,000	(43,000)
Actuarial gains/(losses)	366,000	-
	<u>(1,231,000)</u>	<u>(1,856,000)</u>

#### Movements in the fair value of the academy trust's share of scheme assets:

	2014 £	2013 £
Opening fair value of scheme assets	355,000	-
Assets acquired on conversion	-	162,000
Expected return on assets	26,000	14,000
Actuarial gains/(losses)	259,000	22,000
Contributions by employers	124,000	114,000
Contributions by employees	43,000	43,000
	<u>807,000</u>	<u>355,000</u>



# WEST DERBY SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

<b>16</b>	<b>Pensions and similar obligations</b>	<b>(Continued)</b>	
	<b>History of experience gains and losses:</b>		
		<b>2014</b>	<b>2013</b>
		<b>£</b>	<b>£</b>
	Present value of defined benefit obligations	(1,749,000)	(1,856,000)
	Fair value of share of scheme assets	807,000	355,000
		<u>(942,000)</u>	<u>(1,501,000)</u>
	Experience adjustment on scheme liabilities	366,000	-
	Experience adjustment on scheme assets	259,000	22,000
		<u>366,000</u>	<u>22,000</u>
<b>17</b>	<b>Reconciliation of net income to net cash inflow/(outflow) from operating activities</b>		
		<b>2014</b>	<b>2013</b>
		<b>£</b>	<b>£</b>
	Net income	(360,417)	25,849,828
	Capital grants and similar income	(32,339)	(23,894)
	Net deficit/(surplus) transferred on conversion	-	(26,394,905)
	Net current assets other than cash transferred on conversion	-	(82,834)
	Investment income	(822)	(630)
	FRS17 pension costs less contributions payable	3,000	4,000
	FRS17 pension finance income	63,000	62,000
	Depreciation of tangible fixed assets	563,481	681,301
	(Increase)/decrease in debtors	47,487	(289,949)
	Increase/(decrease) in creditors	44,840	700,517
		<u>328,230</u>	<u>505,434</u>
<b>18</b>	<b>Reconciliation of net cash flow to movement in net funds</b>		
		<b>2014</b>	<b>2013</b>
		<b>£</b>	<b>£</b>
	Increase/(decrease) in cash	280,491	471,679
	Net funds at 1 September 2013	471,679	-
		<u>752,170</u>	<u>471,679</u>
	Net funds at 31 August 2014	<u>752,170</u>	<u>471,679</u>

# WEST DERBY SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2014

#### 19 Analysis of net funds

	At 1 September 2013	Cash flows	Non-cash changes	At 31 August 2014
	£	£	£	£
Cash at bank and in hand	471,679	280,491	-	752,170

#### 20 Commitments under operating leases

At 31 August 2014 the academy trust had annual commitments under non-cancellable operating leases as follows:

	2014	2013
	£	£
Expiry date:		
- Within one year	127,329	94,926
- Between two and five years	407,595	441,146
- In over five years	137,501	137,501
	<u>672,425</u>	<u>673,573</u>

Operating leases expiring between 2 and 5 years include annual commitments of £169,901 expiring in September 2015, £7,780 expiring in December 2015, £23,119 expiring in February 2016, £59,814 expiring in December 2016 and £146,981 expiring in September 2017.

Operating leases expiring in more than 5 years include an annual commitment of £137,501 expiring in September 2038.

#### 21 Related parties

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

There were no transactions with related parties during the year.

#### 22 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 or 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 as stated in memorandum and articles of association for the debts and liabilities contracted before he or she ceases to be a member.