

**SANDWELL ACADEMY TRUST LIMITED**

**(A company limited by guarantee)**

**GOVERNORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 AUGUST 2014**

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**SANDWELL ACADEMY TRUST LIMITED**  
(A company limited by guarantee)

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**SANDWELL ACADEMY TRUST LIMITED**  
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS GOVERNORS AND ADVISERS  
FOR THE YEAR ENDED 31 AUGUST 2014**

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**Members**

The members of the Company are: Sir Kevin Satchwell, S R Towe and M McGregor

**Governors**

SR Towe CBE, Chairman  
CG Allen  
NOF Aston TD  
PWS Brewis  
K Elson-Whittaker  
Dr JJ Evans (resigned 21 November 2013)  
HM Fenwick  
EL Griffiths  
RJ Harrison OBE  
J Harvey  
MJ Jenkins  
AC Shackleton  
AC Smith  
AC Tripney (appointed 27 March 2014)  
S Turton

**Company registered number**

04798185

**Registered office**

Thomas Telford School  
Old Park  
Telford  
Shropshire  
TF3 4NW

**Principal operating office**

Sandwell Academy  
Halfords Lane  
West Bromwich  
West Midlands  
B71 4LG

**Independent auditor**

Crowe Clark Whitehill LLP  
Black Country House  
Rounds Green Road  
Oldbury  
West Midlands  
B69 2DG

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS GOVERNORS AND ADVISERS  
FOR THE YEAR ENDED 31 AUGUST 2014**

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**Administrative details (continued)**

**Bankers**

HSBC Bank PLC  
Town Centre  
Telford  
Shropshire  
TF3 4AN

Lloyds Bank Private Banking Limited  
Birmingham  
B3 3SD

**Solicitors**

Wragge & Co  
55 Colmore Row  
Birmingham  
B3 2AS

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**SANDWELL ACADEMY TRUST LIMITED**  
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**GOVERNORS' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

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The Governors (who are also directors of the charity for the purposes of the Companies Act) present their annual report together with the audited financial statements of Sandwell Academy Trust Limited ("the academy") for the year ended 31 August 2014. The Governors confirm that the Annual report and financial statements of the academy comply with the current statutory requirements, the requirements of the academy's governing document and the provisions of the Statement of Recommended Practice ("SORP") "Accounting and Reporting by Charities" issued in March 2005.

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**CONSTITUTION**

The academy is a company limited by guarantee and was set up and is constituted by a Memorandum of Association.

The principal object of the Charitable Company is to maintain an academy in Sandwell known as Sandwell Academy.

**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.

**METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF GOVERNORS**

The management of the academy is the responsibility of the Governors who are appointed or co-opted under the terms of the Articles of Association.

The Governors who served during the year and subsequently, to the date of this report except where indicated, were:

SR Towe CBE - Chairman  
CG Allen  
NOF Aston TD  
PWS Brewis  
K Elson-Whittaker  
Dr JJ Evans  
HM Fenwick  
EL Griffiths  
RJ Harrison OBE  
J Harvey  
MJ Jenkins  
AC Shackleton  
AC Smith  
AC Tripney  
S Turton

The Governors are either nominated by the Sponsors ("Sponsor Governors") or are appointed by the Sponsor Governors themselves ("Community Governors"). One Governor is elected by the parents or guardians of students attending the academy ("Parent Governor").

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**SANDWELL ACADEMY TRUST LIMITED**  
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**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

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The day-to-day running of the Charitable Company is carried out by the Headmaster, Mr S Topper, and the senior management team.

**POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF GOVERNORS**

The Charitable Company is controlled by the Governing board ("the Board"). As described above, the Board is formed primarily from nominees provided by the Sponsors and from appointees selected by the Sponsor Governors themselves.

Other than the elected Parent Governor, Governors retire by rotation in accordance with the Articles of Association, which provide that at each Annual General Meeting one-third of the Governors must retire, being the longest in office since their last election, such Governors being eligible for re-election.

The induction and training provided for new Governors will depend on their existing experience. Several of the Governors have many years of experience on other school governing boards and in the sphere of education generally. Where necessary, training will be provided on charity, educational, legal and financial matters. It is expected that the turnover in the composition of the Board will be low which will enable induction to be carried out informally and tailored specifically to each individual. All new Governors will be encouraged and assisted to familiarise themselves with the academy and will meet with staff, students and parents of students. All Governors are provided with copies of the academy's constitutional and policy documents. In addition, they are routinely involved with meetings, accounts, reports, budgets, plans and other information necessary to enable them to carry out their roles effectively.

The Sponsors are primarily responsible for ensuring that Sponsor Governors are appointed to the governing board. The Sponsor Governors collectively are responsible for the recruitment of other suitable candidates for governorship. The representation of local industry and commerce on the Board is a key aim.

**ORGANISATIONAL STRUCTURE**

The management structure is on two levels: the Governors and the Senior Managers. The Senior Managers comprise persons who are qualified and experienced in their individual fields. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

The Governors are responsible for setting general policy, adopting annual plans, budgets and targets, and monitoring the performance of the academy against the aims established. They make all major decisions about the direction and policies of the academy, including capital expenditure.

The Senior Management Team consists of the Headmaster and the Deputy Heads. These managers control the academy at an executive level, implementing the policies established by the Governors and reporting back to them at board meetings.

Sandwell Academy is an equal opportunities employer and endeavours to give full and fair consideration to all applications for employment, training and promotion, irrespective of disability, gender, race, colour or sexual orientation.

**CONNECTED ORGANISATIONS, INCLUDING RELATED PARTY RELATIONSHIPS**

The Charitable Company was established by its Principal Sponsors. These are The Mercers' Company, Telford City Technology College Trust Limited (known as Thomas Telford School), Tarmac Group Limited and West Bromwich Albion Football Club (together "the Sponsors").

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**SANDWELL ACADEMY TRUST LIMITED**  
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**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

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**RISK MANAGEMENT**

The Governors manage the major strategic, business and operational risks which the academy faces. They are reviewed on a termly basis to ensure that the major risks identified have been investigated as far as practicable. The principal risks to which the academy is exposed are reputational risks, which may lead to loss of student numbers, and physical business interruption risks which might impede the education processes and lead to poor student performance.

**OBJECTIVES AND ACTIVITIES**

**OBJECTIVES, STRATEGIES, ACTIVITIES AND PUBLIC BENEFIT**

The Charitable Company's objects are generally to advance for the public benefit education in Sandwell by establishing, maintaining, managing and developing an academy offering a broad curriculum with a strong emphasis on, but in no way limited to, business enterprise and sport.

The main objectives of the Charitable Company are to:

- raise the standard of educational achievement of all students;
- ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care;
- improve the effectiveness of the Charitable Company by keeping the curriculum and organizational structure under continuous review;
- provide value for money for the funds expended;
- comply with all statutory and national curriculum requirements; and to
- maintain close links with industry and commerce.

In setting the objectives and planning activities the Governors have given careful consideration to the Charity Commission's general guidance on public benefit.

**STRATEGIC REPORT**

**ACHIEVEMENTS AND PERFORMANCE**

At the academy it is recognised that Key Stage 3 SATs are no longer obligatory, but the academy is keen to ensure that students are appropriately assessed in order to monitor performance and to make sure that parents have valid information about their child's progress. As SAT papers are still available, the academy continues to use them in conjunction with internal marking. The results achieved demonstrate that collectively, students are making accelerated progress in their first two years at the academy, and this can only give students an improved chance of achieving in Key Stages 4 and 5, this is evident from the current results outlined in the key performance indicators.

Careers education and guidance is vitally important to ensure students make the most of the opportunities available to them. Students across the academy use the careers resource area on a regular basis seeking help and support on a broad range of issues including employment search and university entry. The academy and Governors share a view that it is their responsibility to secure employment or further education for all of the students.

Strong budgetary controls are exercised as part of a culture of disciplined financial management, achieving optimum value for money. The annual programme of repairs together with the refurbishment of several areas during the summer holidays have resulted in the fabric of the building being maintained to a high standard.

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**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

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**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 Accounting Policies.

**KEY FINANCIAL PERFORMANCE INDICATORS**

The academy provides education for a total of 1,287 students, comprising 917 students under 16 years of age and 370 Sixth Form students.

Examination results for 2014 were very pleasing. At A level, candidates achieved an average UCAS points score of 411 points per candidate (2013 average 405). The results for students taking GCSE examinations showed that 76% of students secured 5 or more passes A\* - C, including English and Mathematics at that level.

Regular internal and external monitoring of students' performances is taking place, in addition to formal examinations, and the Board is satisfied that the academy is developing well, in line with the targets established. An inspection carried out by Ofsted during 2014 judged the academy to be "Outstanding" overall. Of the categories of activity rated by Ofsted, all were accredited as outstanding.

**FINANCIAL REVIEW**

**PRINCIPAL RISKS AND UNCERTAINTIES**

The Governors have a comprehensive risk management process to identify and monitor the risks faced by the academy. The principal risks identified include governance, statutory compliance, finance, insurance, attainment, attendance, behaviour, health and safety, organisation, operations, safeguarding, reputation, HR and ICT. A risk rating mechanism is in place with greater emphasis directed towards those areas identified as being higher risk.

The Governors' consider a significant source of financial risk to be that of the funding requirements of the Local Government Pension Scheme ("LGPS"). In order to mitigate this risk, the current and foreseeable service cost is monitored and periodic actuarial valuations are reviewed to assess the impact of external factors on the scheme liability.

**RESERVES POLICY**

The Governors' continually monitor the reserves of the Charitable Company. This process encompasses the nature of income and expenditure streams and the need to match commitments with income and reserves. The Governors have determined that the level of reserves, which are not invested in fixed assets at the year end, of £3,565,924 (2013: £3,179,816), is adequate for its immediate needs. The currently perceived needs of the academy are considered to be around 100% of grant income in order to cover operating expenditure to complete an academic year. Operating expenditure for this purpose is defined as total resources expended excluding depreciation.

It is the Board's general policy to continue to build reserves which can be used for future educational purposes.

**PRINCIPAL FUNDING AND FINANCIAL REVIEW**

Most of the academy's income is obtained from the Department for Education ("DfE") in the form of recurrent



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**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

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grants, the use of which is restricted to particular purposes. The grants received from the DfE during the year ended 31 August 2014 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The academy also receives grants for fixed assets from the DfE. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2005), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful lives of the assets concerned.

During the year ended 31 August 2014, total expenditure of £9,505,881 (2013: £9,227,315) was not fully covered by recurrent grant funding from the DfE together with other incoming resources. Before taking into account the movement on the pension provision the excess of expenditure over income for the year was £481,645 (2013: £109,894).

At 31 August 2014 the net book value of fixed assets was £24,709,470 (2013: £25,385,460) and movements in tangible fixed assets are shown in note 20 to the financial statements. The assets were used exclusively for providing education and the associated support services to the students of the academy.

#### **INVESTMENT POLICY**

Excess funds are invested in a manner commensurate with the perceived need. Short term investments are made in interest bearing cash accounts. Funds set aside to meet longer term needs are invested in a portfolio managed by Lloyds Bank Private Banking Limited.

The investments have generally performed in line with the Governors' expectations.

#### **PLANS FOR THE FUTURE**

##### **FUTURE DEVELOPMENTS**

The academy will continue to strive to encourage high levels of performance by all its students at all levels and will work to ensure that students find employment or a place in higher education once they leave.

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**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

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**DISCLOSURE OF INFORMATION TO AUDITOR**

Each of the persons who are Governors at the time when this Governors' report is approved has confirmed that:

- so far as that Governor is aware, there is no relevant audit information of which the charitable company's auditor is unaware, and
- that Governor has taken all the steps that ought to have been taken as a Governor in order to be aware of any information needed by the charitable company's auditor in connection with preparing its report and to establish that the charitable company's auditor is aware of that information.

**AUDITOR**

The appointment of the current auditors, Crowe Clark Whitehill LLP, will be continued in accordance with Section 487 (2) of the Companies Act 2006.

This report, incorporating the Strategic Report, was approved by order of the Governors, in their capacity, as the company directors, on 20 November 2014 and signed on the board's behalf by:



**SR Towe CBE**  
**Chairman of Governors**

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**SANDWELL ACADEMY TRUST LIMITED**  
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**GOVERNANCE STATEMENT**

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**SCOPE OF RESPONSIBILITY**

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

The governing body has delegated the day-to-day responsibility to the Headmaster, Mr S Topper, as Accounting Officer, for ensuring that financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Sandwell Academy Trust Limited and the Secretary of State for Education. He is also responsible for reporting to the governing body any material weaknesses or breakdowns in internal control.

**GOVERNANCE**

The information on governance included here supplements that described in the Governors' report and in the Governors' responsibilities statement. The governing body has formally met three times during the year. Attendance during the year at meetings of the governing body was as follows:

Governor	Meetings attended	Out of a possible
SR Towe CBE, Chairman	2	3
CG Allen	2	3
NOF Aston	2	3
PWS Brewis	3	3
K Elson-Whittaker	2	3
Dr JJ Evans	1	1
HM Fenwick	2	3
EL Griffiths	2	3
RJ Harrison OBE	3	3
J Harvey	3	3
MJ Jenkins	2	3
AC Shackleton	3	3
AC Smith	3	3
AC Tripney	2	2
S Turton	3	3

**GOVERNANCE REVIEW:**

The governing body intends to conduct a self-evaluation review during the next 12 months.

**THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risk events occurring, including the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Sandwell Academy Trust Limited for the year 1 September 2013 to 31 August 2014 and up to the date of approval of the annual report and financial statements.

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**SANDWELL ACADEMY TRUST LIMITED**  
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**GOVERNANCE STATEMENT (continued)**

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**CAPACITY TO HANDLE RISK**

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

**THE RISK AND CONTROL FRAMEWORK**

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

The governing body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Governors have appointed an independent chartered accountant, 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, the RO reports to the governing body on the operation of the systems of control and on the discharge of the governing body's financial responsibilities.

These arrangements can provide only reasonable and not absolute assurance that assets are safeguarded, transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period.

The Governors can report that the RO's function has been fully exercised during the year under review. No material control deficiencies were found and therefore no remedial action has been required.

**REVIEW OF EFFECTIVENESS**

As Accounting Officer, the Headmaster, Mr S Topper, 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; and
- the work of the executive managers within the academy 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 governing body and a plan to address any weaknesses and ensure continuous improvement of the system is in place.

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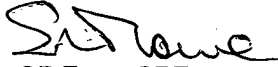
**SANDWELL ACADEMY TRUST LIMITED**  
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**GOVERNANCE STATEMENT (continued)**

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Approved by order of the members of the governing body on 20 November 2014 and signed on its behalf, by:



**SR Towe CBE**  
Chairman of Governors



**S Topper**  
Accounting Officer

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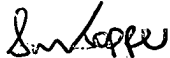
**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

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As Accounting Officer of Sandwell Academy Trust Limited I have considered my responsibility to notify the academy governing body and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy 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 governing body are able to identify any material, irregular or improper use of funds by the academy, or material non-compliance with the terms and conditions of funding under the academy'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 governing body and the EFA.



**S Topper**  
**Accounting Officer**

Date: 20 November 2014

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**GOVERNORS' RESPONSIBILITIES STATEMENT  
FOR THE YEAR ENDED 31 AUGUST 2014**

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The Governors (who act as governors of Sandwell Academy Trust Limited and are also the directors of the Charitable Company for the purposes of company law) are responsible for preparing the Governors' report (including the Strategic report) and the financial statements 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 financial statements for each financial year. Under company law the Governors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Charitable Company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Governors are required to:

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

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

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

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

Approved by order of the governing body on 20 November 2014 and signed on its behalf by:



**SR Towe CBE**  
Chairman of Governors

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SANDWELL ACADEMY TRUST LIMITED**

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We have audited the financial statements of Sandwell Academy Trust Limited for the year ended 31 August 2014 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) and the Academies Accounts Direction 2013 to 2014 issued by the Education Funding Agency.

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 the company's members for our audit work, for this report, or for the opinion we have formed.

**RESPECTIVE RESPONSIBILITIES OF GOVERNORS AND AUDITOR**

As explained more fully in the Governors' responsibilities statement, the Governors (who are also the directors of the Charitable Company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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 Financial Reporting Council'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'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, including the Strategic Report, to identify material inconsistencies with the audited financial statements 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 FINANCIAL STATEMENTS**

In our opinion the financial statements:

- give a true and fair view of the state of the Charitable Company's affairs as at 31 August 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
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Academies Accounts Direction 2013 to 2014 issued by the Education Funding Agency.

**OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006**

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



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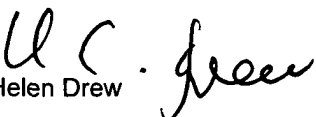
**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SANDWELL ACADEMY TRUST LIMITED**

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**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

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

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

  
Helen Drew

Senior Statutory Auditor

for and on behalf of

**Crowe Clark Whitehill LLP**

Statutory Auditor

Black Country House  
Rounds Green Road  
Oldbury  
West Midlands  
B69 2DG

Date: 3 December 2014

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

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In accordance with the terms of our engagement letter dated 1 September 2014 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 Sandwell Academy Trust Limited during the year 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 Sandwell Academy Trust Limited and EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Sandwell Academy Trust Limited 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 Sandwell Academy Trust Limited and the EFA, for our work, for this report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF SANDWELL ACADEMY TRUST LIMITED'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT**

The accounting officer is responsible, under the requirements of Sandwell Academy Trust Limited's funding agreement with the Secretary of State for Education dated February 2004, 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 year 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's income and expenditure.

The work undertaken to draw our conclusion includes a review of the design and implementation of the Charitable Company's internal controls and review processes on regularity, supported by detailed tests on samples of costs incurred by the Charitable Company and specific transactions identified from our review.

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

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**CONCLUSION**

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

*Cave Clark Whitehill LLP*  
Cave Clark Whitehill LLP

Statutory Auditor

Black Country House  
Rounds Green Road  
Oldbury  
West Midlands  
B69 2DG

Date: *3 December 2014*

**SANDWELL ACADEMY TRUST LIMITED**  
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES**  
(Including an income and expenditure account and statement of total recognised gains and losses)  
**FOR THE YEAR ENDED 31 AUGUST 2014**

	Note	Unrestricted funds 2014 £	Restricted funds 2014 £	Restricted fixed asset funds 2014 £	Total funds 2014 £	Total funds 2013 £
<b>INCOMING RESOURCES</b>						
Incoming resources from generated funds:						
Voluntary income	3	-	200	-	200	10,200
Activities for generating funds	4	57,522	-	-	57,522	129,756
Investment income	5	130,333	-	-	130,333	105,637
Incoming resources from charitable activities	6	838,329	7,972,404	25,448	8,836,181	8,871,828
<b>TOTAL INCOMING RESOURCES</b>		<b>1,026,184</b>	<b>7,972,604</b>	<b>25,448</b>	<b>9,024,236</b>	<b>9,117,421</b>
<b>RESOURCES EXPENDED</b>						
Costs of generating funds:						
Fundraising trading	7	60,032	-	-	60,032	110,993
Investment management expenses	8	29,935	-	-	29,935	19,517
Charitable activities	11	444,334	8,130,791	807,155	9,382,280	9,064,305
Governance costs	14	-	33,634	-	33,634	32,500
<b>TOTAL RESOURCES EXPENDED</b>	9	<b>534,301</b>	<b>8,164,425</b>	<b>807,155</b>	<b>9,505,881</b>	<b>9,227,315</b>
<b>NET INCOMING/(OUTGOING) RESOURCES BEFORE TRANSFERS</b>		<b>491,883</b>	<b>(191,821)</b>	<b>(781,707)</b>	<b>(481,645)</b>	<b>(109,894)</b>

**SANDWELL ACADEMY TRUST LIMITED**  
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES**  
(Including an income and expenditure account and statement of total recognised gains and losses)  
(continued)  
**FOR THE YEAR ENDED 31 AUGUST 2014**

	Note	Unrestricted funds 2014 £	Restricted funds 2014 £	Restricted fixed asset funds 2014 £	Total funds 2014 £	Total funds 2013 £
Transfers between Funds	24	(263,538)	157,821	105,717	-	-
<b>NET RESOURCES EXPENDED BEFORE INVESTMENT ASSET DISPOSALS</b>		<b>228,345</b>	<b>(34,000)</b>	<b>(675,990)</b>	<b>(481,645)</b>	<b>(109,894)</b>
Gains and losses on disposals of investment assets	21	-	-	-	-	38,268
<b>NET RESOURCES EXPENDED BEFORE REVALUATIONS</b>		<b>228,345</b>	<b>(34,000)</b>	<b>(675,990)</b>	<b>(481,645)</b>	<b>(71,626)</b>
Gains and losses on revaluations of investment assets	21	157,763	-	-	157,763	107,050
Actuarial gains and losses on defined benefit pension schemes	30	-	34,000	-	34,000	44,000
<b>NET MOVEMENT IN FUNDS FOR THE YEAR</b>		<b>386,108</b>	<b>-</b>	<b>(675,990)</b>	<b>(289,882)</b>	<b>79,424</b>
<i>Total funds at 1 September 2013</i>		<i>3,179,816</i>	<i>-</i>	<i>25,385,460</i>	<i>28,565,276</i>	<i>28,485,852</i>
<b>TOTAL FUNDS AT 31 AUGUST 2014</b>		<b>3,565,924</b>	<b>-</b>	<b>24,709,470</b>	<b>28,275,394</b>	<b>28,565,276</b>

All activities relate to continuing operations.

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

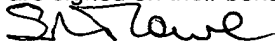
The notes on pages 22 to 43 form part of these financial statements.

**SANDWELL ACADEMY TRUST LIMITED**  
**(A company limited by guarantee)**  
**REGISTERED NUMBER: 04798185**

**BALANCE SHEET**  
**AS AT 31 AUGUST 2014**

	Note	2014 £	2013 £
<b>FIXED ASSETS</b>			
Tangible assets	20	24,709,470	25,385,460
Investments	21	4,514,456	4,257,434
		<u>29,223,926</u>	<u>29,642,894</u>
<b>CURRENT ASSETS</b>			
Debtors	22	218,422	171,588
Cash at bank and in hand		365,613	558,298
		<u>584,035</u>	<u>729,886</u>
<b>CREDITORS:</b> amounts falling due within one year	23	(959,567)	(1,287,504)
<b>NET CURRENT LIABILITIES</b>		<u>(375,532)</u>	<u>(557,618)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>28,848,394</u>	<u>29,085,276</u>
Defined benefit pension scheme liability	30	(573,000)	(520,000)
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITIES</b>		<u><u>28,275,394</u></u>	<u><u>28,565,276</u></u>
<b>FUNDS OF THE ACADEMY</b>			
Restricted funds:			
Restricted funds	24	573,000	520,000
Pension Reserve	24	(573,000)	(520,000)
Restricted fixed asset funds	24	24,709,470	25,385,460
Total restricted funds		<u>24,709,470</u>	<u>25,385,460</u>
Unrestricted funds	24	3,565,924	3,179,816
<b>TOTAL FUNDS</b>		<u><u>28,275,394</u></u>	<u><u>28,565,276</u></u>

The financial statements were approved by the Governors, and authorised for issue, on 20 November 2014 and are signed on their behalf, by:



**SR Towe CBE**  
**Chairman of Governors**

The notes on pages 22 to 43 form part of these financial statements.

**SANDWELL ACADEMY TRUST LIMITED**  
(A company limited by guarantee)

**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

	Note	2014 £	2013 £
Net cash flow from operating activities	26	(8,803)	1,016,580
Returns on investments and servicing of finance	27	130,333	105,637
Capital expenditure and financial investment	27	(1,293,990)	(463,570)
<b>(DECREASE)/INCREASE IN CASH IN THE YEAR</b>		<b>(1,172,460)</b>	<b>658,647</b>

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

	2014 £	2013 £
(Decrease)/Increase in cash in the year	(1,172,460)	658,647
<b>MOVEMENT IN NET FUNDS IN THE YEAR</b>	<b>(1,172,460)</b>	<b>658,647</b>
Net funds at 1 September 2013	1,643,603	984,956
<b>NET FUNDS AT 31 AUGUST 2014</b>	<b>471,143</b>	<b>1,643,603</b>

The notes on pages 22 to 43 form part of these financial statements.

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**SANDWELL ACADEMY TRUST LIMITED**  
(A company limited by guarantee)

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

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**1. ACCOUNTING POLICIES**

**1.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, the Academies Accounts Direction 2013 to 2014 issued by EFA, applicable accounting standards and the Companies Act 2006.

**1.2 Company status**

The academy is a company limited by guarantee. In the event of the academy being wound up, the liability in respect of the guarantee is limited to £10 per member of the academy.

**1.3 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 are to be applied to specific capital purposes imposed by funders where the asset acquired or created is held for a specific purpose.

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

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



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**SANDWELL ACADEMY TRUST LIMITED**  
(A company limited by guarantee)

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

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**1. ACCOUNTING POLICIES (continued)**

**1.4 Incoming resources**

All incoming resources are included in the Statement of Financial Activities when the academy has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

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 provided to the academy 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 it is measurable.

The value of donated services and gifts in kind provided to the academy are recognised at their open market 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 the academy's policies.

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

**1.5 Resources expended**

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 are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

Charitable activities are costs incurred in the academy's educational operations.

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

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**SANDWELL ACADEMY TRUST LIMITED**  
(A company limited by guarantee)

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

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**1. ACCOUNTING POLICIES (continued)**

**1.6 Going concern**

The Charitable Company has cash and other resources and has no requirement for external funding. The directors have a reasonable expectation that the Charitable Company will have adequate resources to continue in operational existence for the foreseeable future. They continue to believe the going concern basis of accounting is appropriate in preparing the annual financial statements.

**1.7 Tangible fixed assets and depreciation**

All assets costing more than £1,000 are capitalised.

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 are 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.

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 provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

L/Term Leasehold Property	-	50 years
Motor vehicles	-	4 years
Fixtures and fittings	-	7 years
Computer equipment	-	4 years

**1.8 Investments**

Investments are stated at market value at the balance sheet date. The Statement of Financial Activities includes the net gains and losses arising on revaluations and disposals throughout the year.

**1.9 Operating leases**

Rentals under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

**1.10 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.

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**SANDWELL ACADEMY TRUST LIMITED**  
(A company limited by guarantee)

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

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**1. ACCOUNTING POLICIES (continued)**

**1.11 Pensions**

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 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 30, 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 year.

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 the 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 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.

**1.12 Recognition of liabilities**

Liabilities are recognised when either a constructive or legal obligation exists.

**2. GENERAL ANNUAL GRANT (GAG)**

Under the funding agreement with the Secretary of State the academy was subject to limits at 31 August 2014 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

The academy has not exceeded these limits during the year ended 31 August 2014.

**3. VOLUNTARY INCOME**

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
The Mercer's Company	-	200	200	10,200

**SANDWELL ACADEMY TRUST LIMITED**  
(A company limited by guarantee)

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

**4. ACTIVITIES FOR GENERATING FUNDS**

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Nursery Income	57,522	-	57,522	129,756
	<u>57,522</u>	<u>-</u>	<u>57,522</u>	<u>129,756</u>

**5. INVESTMENT INCOME**

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Investment income	129,194	-	129,194	102,650
Bank interest receivable	1,139	-	1,139	2,987
	<u>130,333</u>	<u>-</u>	<u>130,333</u>	<u>105,637</u>

**6. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES**

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Provision of Education	22,500	7,997,852	8,020,352	8,020,023
Catering income	324,273	-	324,273	388,143
Transport income	336,529	-	336,529	315,301
Other incoming resources	155,027	-	155,027	148,361
	<u>838,329</u>	<u>7,997,852</u>	<u>8,836,181</u>	<u>8,871,828</u>

**SANDWELL ACADEMY TRUST LIMITED**  
(A company limited by guarantee)

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

**FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS**

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
<b>Incoming resources</b>				
Capital grants	-	25,448	25,448	24,621
General Annual Grant (GAG)	-	7,568,763	7,568,763	7,569,627
Other EFA grants	-	259,234	259,234	187,719
Local Authority grants	-	144,407	144,407	238,056
Other	22,500	-	22,500	-
	<u>22,500</u>	<u>7,997,852</u>	<u>8,020,352</u>	<u>8,020,023</u>

**7. COSTS OF GENERATING FUNDS**

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Nursery costs	6,902	-	6,902	11,735
Nursery wages	53,130	-	53,130	99,258
	<u>60,032</u>	<u>-</u>	<u>60,032</u>	<u>110,993</u>

**8. INVESTMENT MANAGEMENT COSTS**

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Investment management fees	<u>29,935</u>	<u>-</u>	<u>29,935</u>	<u>19,517</u>

**SANDWELL ACADEMY TRUST LIMITED**  
(A company limited by guarantee)

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

**9. RESOURCES EXPENDED**

	Staff costs 2014 £	Depreciation 2014 £	Other costs 2014 £	Total 2014 £	Total 2013 £
Nursery	53,130	-	6,902	60,032	110,993
Investment management costs	-	-	29,935	29,935	19,517
<b>Costs of generating funds</b>	<b>53,130</b>	<b>-</b>	<b>36,837</b>	<b>89,967</b>	<b>130,510</b>
Provision of Education	4,030,418	807,155	1,209,423	6,046,996	5,977,070
Catering costs	162,173	-	259,661	421,834	398,514
Support costs	1,579,723	-	1,333,727	2,913,450	2,688,721
<b>Charitable activities</b>	<b>5,772,314</b>	<b>807,155</b>	<b>2,802,811</b>	<b>9,382,280</b>	<b>9,064,305</b>
<b>Governance</b>	<b>21,534</b>	<b>-</b>	<b>12,100</b>	<b>33,634</b>	<b>32,500</b>
	<b>5,846,978</b>	<b>807,155</b>	<b>2,851,748</b>	<b>9,505,881</b>	<b>9,227,315</b>

**10. EXPENDITURE BY CHARITABLE ACTIVITY**

**SUMMARY BY FUND TYPE**

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Provision of education	22,500	8,937,946	8,960,446	8,665,791
Catering costs	421,834	-	421,834	398,514
	<b>444,334</b>	<b>8,937,946</b>	<b>9,382,280</b>	<b>9,064,305</b>

**SANDWELL ACADEMY TRUST LIMITED**  
(A company limited by guarantee)

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

**11. ANALYSIS OF RESOURCES EXPENDED BY ACTIVITIES**

	Activities undertaken directly 2014 £	Support costs 2014 £	Total 2014 £	Total 2013 £
Provision of education	6,046,996	2,913,450	8,960,446	8,665,791
Catering costs	421,834	-	421,834	398,514
<b>Total</b>	<b>6,468,830</b>	<b>2,913,450</b>	<b>9,382,280</b>	<b>9,064,305</b>

**12. DIRECT COSTS**

	Provision of education £	Catering £	Total 2014 £	Total 2013 £
Educational Supplies & Services	1,075,850	-	1,075,850	1,111,058
Catering costs	-	259,661	259,661	237,212
Occupancy Costs	393,849	-	393,849	386,667
Wages and salaries	4,030,418	162,173	4,192,591	4,041,142
Depreciation	546,879	-	546,879	599,505
	<b>6,046,996</b>	<b>421,834</b>	<b>6,468,830</b>	<b>6,375,584</b>

**13. SUPPORT COSTS**

	Provision of education £	Total 2014 £	Total 2013 £
Occupancy Costs	187,478	187,478	173,882
Supplies and services	885,973	885,973	782,331
Wages and salaries	1,579,723	1,579,723	1,462,913
Depreciation	260,276	260,276	269,595
	<b>2,913,450</b>	<b>2,913,450</b>	<b>2,688,721</b>

**SANDWELL ACADEMY TRUST LIMITED**  
(A company limited by guarantee)

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

**14. GOVERNANCE COSTS**

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Auditors' remuneration	-	12,100	12,100	11,350
Staff costs	-	21,534	21,534	21,150
	<u>-</u>	<u>33,634</u>	<u>33,634</u>	<u>32,500</u>

**15. NET INCOMING RESOURCES / (RESOURCES EXPENDED)**

This is stated after charging:

	2014 £	2013 £
Depreciation of tangible fixed assets: - owned by the charity	807,155	869,100
Operating lease costs - Plant & machinery	<u>18,409</u>	<u>18,409</u>

**16. AUDITORS' REMUNERATION**

	2014 £	2013 £
Fees payable to the academy's auditor for the audit of the academy's annual accounts	10,375	11,350
Fees payable to the academy's auditor in respect of: All other non-audit services not included above	<u>1,300</u>	<u>1,250</u>



**SANDWELL ACADEMY TRUST LIMITED**  
(A company limited by guarantee)

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

**17. STAFF**

**a. Staff costs**

Staff costs were as follows:

	2014 £	2013 £
Wages and salaries	4,893,468	4,752,381
Social security costs	325,069	300,452
Other pension costs (Note 30)	628,441	571,630
	<u>5,846,978</u>	<u>5,624,463</u>

**b. Staff numbers**

The average number of persons employed by the academy during the year expressed as full time equivalents was as follows:

	2014 No.	2013 No.
Administration and support	64	77
Teachers	92	91
	<u>156</u>	<u>168</u>

**c. Higher paid staff**

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

	2014 No.	2013 No.
In the band £60,001 - £70,000	3	2
In the band £70,001 - £80,000	1	1
In the band £140,000 - £150,000	1	1
	<u>5</u>	<u>4</u>

The 5 (2013: 4) employees above participated in the Teachers' Pension Scheme. During the year ended 31 August 2014, pension contributions for these staff amounted to £53,361 (2013: £43,671).

**18. GOVERNORS' REMUNERATION AND EXPENSES**

During the year ended 31 August 2014, expenses totalling £18 (2013 - £NIL) were reimbursed to 1 Governor.

During the year, no Governors received any remuneration (2013 - £NIL).

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**19. GOVERNORS' AND OFFICERS' INSURANCE**

In accordance with normal commercial practice the academy has purchased insurance to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2014 was £1,557 (2013 - £2,978). The cost of this insurance is included in the total insurance cost.

**20. TANGIBLE FIXED ASSETS**

	<b>L/Term Leasehold Property £</b>	<b>Fixtures and fittings £</b>	<b>Computer equipment £</b>	<b>Motor vehicles £</b>	<b>Total £</b>
<b>Cost</b>					
At 1 September 2013	28,282,875	1,282,661	936,981	41,089	30,543,606
Additions	-	30,842	100,323	-	131,165
Disposals	-	(1,980)	(13,500)	-	(15,480)
At 31 August 2014	28,282,875	1,311,523	1,023,804	41,089	30,659,291
<b>Depreciation</b>					
At 1 September 2013	3,621,033	845,746	650,278	41,089	5,158,146
Charge for the year	565,658	109,824	131,673	-	807,155
On disposals	-	(1,980)	(13,500)	-	(15,480)
At 31 August 2014	4,186,691	953,590	768,451	41,089	5,949,821
<b>Net book value</b>					
At 31 August 2014	24,096,184	357,933	255,353	-	24,709,470
At 31 August 2013	24,661,842	436,915	286,703	-	25,385,460

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**21. FIXED ASSET INVESTMENTS**

	Investment Portfolio £	Cash awaiting reinvestment £	Total £
<b>Market value</b>			
At 1 September 2013	3,172,129	1,085,305	4,257,434
Additions	1,079,034	(1,079,034)	-
Investment income received	-	129,194	129,194
Unrealised gain on revaluation	157,763	-	157,763
Investment manager's fees	-	(29,935)	(29,935)
	<u>4,408,926</u>	<u>105,530</u>	<u>4,514,456</u>
At 31 August 2014	<u>4,408,926</u>	<u>105,530</u>	<u>4,514,456</u>
<b>Historical cost</b>	<u>4,100,747</u>	<u>105,530</u>	<u>4,206,277</u>

**Investments at market value comprise:**

	2014 £	2013 £
Listed investments on the London Stock Exchange and other managed funds	2,697,924	1,959,126
Fixed interest investments	1,711,002	1,213,003
Cash awaiting reinvestment	105,530	1,085,305
	<u>4,514,456</u>	<u>4,257,434</u>
Total market value	<u>4,514,456</u>	<u>4,257,434</u>

All the fixed asset investments are held in the UK

**22. DEBTORS**

	2014 £	2013 £
Trade debtors	32,004	12,084
VAT recoverable	95,915	59,143
Prepayments and accrued income	90,503	100,361
	<u>218,422</u>	<u>171,588</u>

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**23. CREDITORS:**  
**Amounts falling due within one year**

	2014 £	2013 £
Trade creditors	169,266	150,493
Other taxation and social security	97,074	100,527
Capital creditors	117,586	226,825
Other creditors	74,759	66,979
Accruals and deferred income	500,882	742,680
	<u>959,567</u>	<u>1,287,504</u>
		£
<b>Deferred income</b>		
Deferred income at 1 September 2013		166,317
Resources deferred during the year		92,551
Amounts released from previous years		(166,317)
		<u>92,551</u>
Deferred income at 31 August 2014		<u>92,551</u>

Deferred income relates to monies received for trips and other activities relating to the next academic year.

**24. STATEMENT OF FUNDS**

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Unrestricted funds	3,179,816	1,026,184	(534,301)	(263,538)	157,763	3,565,924
<b>Restricted general funds</b>						
Restricted Funds - other	-	144,606	(144,606)	-	-	-
General Annual Grant (GAG)	28,000	7,512,141	(7,124,962)	157,821	-	573,000
Other EFA grants	492,000	315,857	(807,857)	-	-	-
Pension reserve	(520,000)	-	(87,000)	-	34,000	(573,000)
	<u>-</u>	<u>7,972,604</u>	<u>(8,164,425)</u>	<u>157,821</u>	<u>34,000</u>	<u>-</u>

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**24. STATEMENT OF FUNDS (continued)**

**Restricted fixed asset funds**

EFA capital grants	20,315,334	25,448	(630,548)	-	-	19,710,234
Capital expenditure from GAG	2,986,112	-	(103,055)	105,717	-	2,988,774
Private sector	2,084,014	-	(73,552)	-	-	2,010,462
	<u>25,385,460</u>	<u>25,448</u>	<u>(807,155)</u>	<u>105,717</u>	<u>-</u>	<u>24,709,470</u>
Total restricted funds	25,385,460	7,998,052	(8,971,580)	263,538	34,000	24,709,470
Total of funds	<u>28,565,276</u>	<u>9,024,236</u>	<u>(9,505,881)</u>	<u>-</u>	<u>191,763</u>	<u>28,275,394</u>

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

The Government capital grant funds are provided by the Government for specific capital projects. Such funds continue to be treated as restricted due to ongoing restrictions imposed by the DfE and sponsors over the use and disposal of the related assets.

Transfers represent either:

- expenditure on fixed assets from the restricted income fund; or
- transfer of unrestricted income to cover the deficit on the LGPS in restricted funds.

The restricted income fund relates to Government funding for the provision of education by the Charitable Company.

Under the funding agreement with the Secretary of State, the academy was subject to a limit on the amount of GAG that it could carry forward at 31 August 2014. Note 2 discloses whether the limit was exceeded.

**25. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Unrestricted funds 2014 £	Restricted funds 2014 £	Restricted fixed asset funds 2014 £	Total funds 2014 £	Total funds 2013 £
Tangible fixed assets	-	-	24,709,470	24,709,470	25,385,460
Fixed asset investments	3,565,924	948,532	-	4,514,456	4,257,434
Current assets	-	584,035	-	584,035	729,886
Creditors due within one year	-	(959,567)	-	(959,567)	(1,287,504)
Provisions for liabilities and charges	-	(573,000)	-	(573,000)	(520,000)
	<u>3,565,924</u>	<u>-</u>	<u>24,709,470</u>	<u>28,275,394</u>	<u>28,565,276</u>

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**26. NET CASH FLOW FROM OPERATING ACTIVITIES**

	2014 £	2013 £
Net outgoing resources before revaluations	(481,645)	(71,626)
Returns on investments and servicing of finance	(130,333)	(105,637)
Depreciation of tangible fixed assets	807,155	869,100
Capital grants from EFA	(25,448)	(24,621)
(Increase)/Decrease in debtors	(46,834)	(19,376)
Increase/(Decrease) in creditors	(218,698)	335,008
FRS 17 pension cost less contributions	76,000	61,000
FRS 17 pension finance income	11,000	11,000
Realised (gain) on investment	-	(38,268)
<b>Net cash (outflow)/inflow from operations</b>	<b>(8,803)</b>	<b>1,016,580</b>

**27. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT**

	2014 £	2013 £
<b>Returns on investments and servicing of finance</b>		
Interest received	1,139	2,987
Income from investments	129,194	102,650
<b>Net cash inflow from returns on investments and servicing of finance</b>	<b>130,333</b>	<b>105,637</b>
	2014 £	2013 £
<b>Capital expenditure and financial investment</b>		
Sale of investment	-	976,378
Purchase of tangible fixed assets	(240,404)	(445,325)
Purchase of investments	(1,079,034)	(1,019,244)
Capital grants from EFA	25,448	24,621
<b>Net cash outflow capital expenditure</b>	<b>(1,293,990)</b>	<b>(463,570)</b>

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**28. ANALYSIS OF CHANGES IN NET FUNDS**

	1 September 2013	Cash flow	Other non-cash changes	31 August 2014
	£	£	£	£
Cash at bank and in hand:	558,298	(192,685)	-	365,613
Cash awaiting reinvestment	1,085,305	(979,775)	-	105,530
<b>Net funds</b>	<b>1,643,603</b>	<b>(1,172,460)</b>	<b>-</b>	<b>471,143</b>

**29. CONTINGENT LIABILITIES**

During the period of the Funding Agreement, in the event of the sale or disposal by other means of any asset for which a Government Capital Grant was received, the academy is required to either re-invest the proceeds or to repay the DfE the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the DfE.

Upon termination of the Funding Agreement, whether as a result of the DfE or the academy serving notice, the academy shall repay to the DfE sums determined by reference to:

- a) the value at that time of the academy's site and premises and other assets held for the purpose of the academy; and
- b) the extent to which expenditure incurred in providing those assets was met by payments by the DfE under the Funding Agreement.

**30. PENSION COMMITMENTS**

The academy's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by West Midlands 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 related to the period ended 31 March 2004 and of the LGPS 31 July 2013.

Contributions amounting to £74,759 were payable to the scheme at 31 August 2014 (2013 - 66,979) and are included within creditors.

**Teachers' Pension Scheme**

**Introduction**

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) 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,

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**30. PENSION COMMITMENTS (continued)**

although they are able to opt out.

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

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.

**Valuation of the Teachers' Pension Scheme**

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

The last valuation of the TPS related to the period 1 April 2001 to 31 March 2004. The Government Actuary's report of October 2006 revealed that the total liabilities of the Scheme (pensions in payment and the estimated cost of future benefits) amounted to £166,500 million. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at that valuation date) was £163,240 million. The assumed real rate of return was 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth was assumed to be 1.5%. The assumed gross rate of return was 6.5%. From 1 January 2007, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable.

The Public Service Pensions Bill provides for future scheme valuations to be conducted in accordance with Treasury directions. An actuarial valuation report in summer 2014 takes effect from September 2015.

**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



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**30. PENSION COMMITMENTS (continued)**

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

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

The Department for Education has continued to work closely with trade unions and other representative 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 is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the academy has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy has set out above the information available on the scheme.

**Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2014 was £175,815, of which employer's contributions totalled £115,458 and employees' contributions totalled £60,357. The agreed contribution rates for future years are 12.7% for employers and between 5.5% and 12.5% for employees.

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

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**30. PENSION COMMITMENTS (continued)**

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

	<b>Expected return at 31 August 2014 %</b>	<b>Fair value at 31 August 2014 £</b>	<b>Expected return at 31 August 2013 %</b>	<b>Fair value at 31 August 2013 £</b>
Equities	7.00	606,000	7.00	562,000
Government bonds	3.20	108,000	3.30	111,000
Other bonds	4.10	139,000	4.30	148,000
Property	6.20	116,000	5.70	115,000
Cash/ Liquidity	0.50	61,000	0.50	54,000
Other	7.00	323,000	7.00	334,000
Total market value of assets		<u>1,353,000</u>		<u>1,324,000</u>
Present value of scheme liabilities		<u>(1,926,000)</u>		<u>(1,844,000)</u>
Deficit in the scheme		<u><u>(573,000)</u></u>		<u><u>(520,000)</u></u>

To develop the expected long term rate of return on assets assumption, the employer considered the current level of expected returns on risk free investments (primarily government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio is invested and the expectations for the future returns of each asset class. The expected return for each asset class was then weighted based on the asset allocation to develop the expected long term rate of return on assets assumption for the portfolio.

On that basis the amounts recognised in the Balance Sheet are as follows:

	<b>2014 £</b>	<b>2013 £</b>
Present value of funded obligations	(1,926,000)	(1,844,000)
Fair value of scheme assets	<u>1,353,000</u>	<u>1,324,000</u>
Net liability	<u><u>(573,000)</u></u>	<u><u>(520,000)</u></u>

The amounts recognised in the Statement of Financial Activities are as follows:

	<b>2014 £</b>	<b>2013 £</b>
Current service cost	185,000	151,000
Interest on obligation	91,000	75,000
Expected return on scheme assets	<u>(80,000)</u>	<u>(64,000)</u>
Total	<u><u>196,000</u></u>	<u><u>162,000</u></u>
Actuarial (gains)/losses	<u><u>(34,000)</u></u>	<u><u>(44,000)</u></u>

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**30. PENSION COMMITMENTS (continued)**

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

	2014 £	2013 £
Opening defined benefit obligation	1,844,000	1,484,000
Contributions by scheme participants	59,000	51,000
Actuarial (Gains)/losses	(159,000)	47,000
Benefits paid	(94,000)	36,000
Current service cost	185,000	151,000
Interest cost	91,000	75,000
	<u>1,926,000</u>	<u>1,844,000</u>
Closing defined benefit obligation	<u>1,926,000</u>	<u>1,844,000</u>

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

	2014 £	2013 £
Opening fair value of scheme assets	1,324,000	992,000
Actuarial gains and (losses)	(125,000)	91,000
Contributions by employer	109,000	90,000
Contributions by employees	59,000	51,000
Benefits paid	(94,000)	36,000
Expected return on assets	80,000	64,000
	<u>1,353,000</u>	<u>1,324,000</u>
	<u>1,353,000</u>	<u>1,324,000</u>

The actuarial gains and losses for the current year are recognised in the Statement of Financial Activities. The cumulative amount of actuarial gains and losses recognised in the Statement of Financial Activities since adoption of FRS 17 is a £116,000 loss (2013: £150,000 loss).

The academy expects to contribute £155,000 to its LGPS in 2015.

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	2014	2013
Equities	44.70 %	42.40 %
Government bonds	8.00 %	8.40 %
Other bonds	10.30 %	11.20 %
Property	8.60 %	8.70 %
Cash/liquidity	4.50 %	4.10 %
Other	23.90 %	25.20 %

Principal actuarial assumptions at the Balance Sheet date (expressed as weighted averages):

	2014	2013
Discount rate for scheme liabilities	4.40 %	4.80 %
Rate of compensation increase	4.05 %	4.25 %
Rate of increase for pensions in payment / inflation	2.30 %	2.50 %
Inflation assumption (CPI)	2.30 %	2.50 %

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**30. PENSION COMMITMENTS (continued)**

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

	2014	2013
Retiring today		
Males	22.9	22.1
Females	25.5	24.8
Retiring in 20 years		
Males	25.1	23.9
Females	27.8	26.7

Key figures for the current and previous four periods are as follows:

	2014 £	2013 £	2012 £	2011 £	2010 £
Defined benefit obligation	(1,926,000)	(1,844,000)	(1,484,000)	(1,179,000)	(630,000)
Scheme assets	1,353,000	1,324,000	992,000	776,000	427,000
Deficit	(573,000)	(520,000)	(492,000)	(403,000)	(203,000)
Experience adjustments on scheme liabilities	195,000	(47,000)	20,000	(270,000)	(68,000)
Experience adjustments on scheme assets	(125,000)	91,000	(31,000)	158,000	34,000

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.

**31. OPERATING LEASE COMMITMENTS**

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

	2014 £	2013 £
Expiry date:		
Between 2 and 5 years	9,705	18,409

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**32. RELATED PARTY TRANSACTIONS**

Owing to the nature of the academy's operations and the composition of the board of governors being drawn from public and private sector organisations, transactions may take place with organisations in which a governor has an interest. Any transactions involving such organisations are conducted at arm's length and in accordance with the academy's financial regulations and normal procurement procedures.

The following related party transactions took place in the period of account:

NOF Aston, PWS Brewis and HM Fenwick are members of The Mercers' Company which provided sponsorship of £200 (2013: £10,200) to the Charitable Company in the year.

During the year the Charitable Company recharged £17,500 of security costs and received £73,500 relating to EPPP student fees from West Bromwich Albion Football Club.

The Charitable Company also held its Sixth Form Prom and Year 11 Prom at West Bromwich Albion Football Club at a cost of £7,159.

West Bromwich Albion Football Club is a sponsor of the Academy.