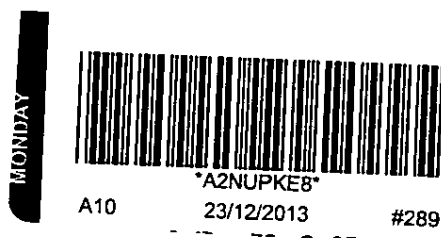


Company Registration Number: 5598063 (England and Wales)

# REGISTRAR OF COMPANIES

**Merchants' Academy Withywood**

**Annual report and consolidated financial statements  
for the year ended 31 August 2013**



# **MERCHANTS' ACADEMY WITHYWOOD**

## **REPORT AND FINANCIAL STATEMENTS 2013**

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## **MERCHANTS' ACADEMY WITHYWOOD**

### **REFERENCE AND ADMINISTRATIVE DETAILS**

#### **Present Trustees and Governors/Directors and those who have served during the year**

C Curling – Chairman  
R Morris  
A Kenny  
P McCarthy  
R Sutherland  
D Crawford  
C Willmore (retired 31 8 13)  
N Hood  
R Ancell – Deputy Chairman  
L Robinson  
P Moseley (Staff Governor)  
E Bailey (Staff Governor)  
R Tredwin  
J Cording  
A Baker (appointed 1 9 12)  
J Dauban (Staff Governor) (appointed 1 9 12)  
P Despard (appointed 1 9 12)  
T Rippington (appointed 1 9 12)  
A Wright (appointed 1 9 12)

The individuals listed above are the trustees of the charity, and directors of the company, and they are also known as Governors

Throughout the Trustees' Report they will be referred to as Governors

**Principal** A Burrell

**Academy Leadership Team** G Meiklejohn  
S Waldron  
J Dauban  
M Randall  
E Taylor  
A Osborne  
R Cormack  
N Short  
C Fisher  
P Heuff  
J Stanley

**Registered Office** Merchants' Academy  
Gatehouse Avenue  
Withywood  
Bristol  
BS13 9AJ

## **MERCHANTS' ACADEMY WITHYWOOD**

### **REFERENCE AND ADMINISTRATIVE DETAILS (continued)**

**Company Registration Number** 05598063

**Responsible Officer** F Brown

**Auditor** Deloitte LLP  
3 Rivergate  
Temple Quay  
Bristol  
BS1 6GD

**Solicitors** Veale Wasbrough Vizards  
Orchard Court  
Orchard Lane  
Bristol  
BS1 5WS

Darbys Solicitors LLP  
52 New Inn Hall Street  
Oxford  
OX1 2DN

**Bankers** HSBC  
62 George White Street  
Cabot Circus  
Bristol  
BS1 3BA

## **MERCHANTS' ACADEMY WITHYWOOD**

### **TRUSTEES' REPORT**

The trustees, who are also directors of the company for the purposes of the Companies Act, present their report and the audited financial statements for the year ended 31 August 2013. Throughout this report, the trustees will be referred to as Governors.

The financial statements comply with current statutory requirements, the Memorandum and Articles of Association, applicable Accounting Standards in the United Kingdom, the Statement of Recommended Practice issued in March 2005 (SORP 2005), the Academies Accounts Direction 2013 issued by the Education Funding Agency (EFA) and the Companies Act 2006.

### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

#### **Constitution**

The Academy is a company limited by guarantee and an exempt charity, and is governed by its Memorandum and Articles of Association dated 20 October 2005.

#### **Members and members' liability**

As set out in the Articles of Association, the members of the Academy comprise

- (a) up to six persons appointed by the Society of Merchant Venturers (Principal Sponsor),
- (b) one person appointed by the University of Bristol (co-sponsor),
- (c) one person appointed by the Secretary of State,
- (d) the chairman of the Academy Governing Body, and
- (e) any person unanimously agreed in writing by the other members.

The Academy is limited by guarantee and is an exempt charity. The Academy does not have share capital. Every member of the Academy undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before he/she ceases to be a member.

#### **Directors/Governors/Trustees**

The Board and the Committees detailed below are made up of Governors and other individuals. All committees operate under specific terms of reference, which delegate certain functions from the full board of Governors. Each committee has its recommendations considered by the full board and ratified as received.

As set out in the Governing Document, not more than 11 Governors will be nominated by the Society of Merchant Venturers and not more than two will be nominated by the University of Bristol. At least four Community Governors will be appointed by the Sponsor Governors. This includes one elected parent governor, one staff governor, one individual proposed by the LEA and individuals from the local community. Governors will have a term in office until the AGM following three years' service, when they may be eligible for re-election.

## **MERCHANTS' ACADEMY WITHYWOOD**

### **TRUSTEES' REPORT (continued)**

During the year under review the Governors held three full Governors' meetings, including a half day event covering the Academy's development plan and future strategic direction. The Governor committees meet as frequently as is necessary for the provision of oversight of their areas of responsibility. The governor committees are as follows

- Planning and Resourcing Committee
- Opportunities and Horizons Committee
- Educational Excellence Committee
- Student Support Committee
- Fund Development Group

Merchants' Academy Services Limited ("MASL") is a separate company which is managed and owned entirely by the Academy. MASL manages the sporting activities that take place on the Academy's site. Some Governors are also directors of MASL.

The training and induction provided for new Governors depends on their existing experience. Where necessary, induction provides training on charity and educational, legal and financial matters. All new Governors are given a tour of the Academy and the chance to meet with staff and students. All Governors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Governors. Induction is tailored specifically to the individual.

### **Organisational management**

The Governors, as trustees of the Charity, are legally responsible for the overall management and control of the Academy. The committees, as listed above, operate under specific terms of reference, which delegate the consideration of certain functions from the full Governing Body.

The Governors, all of whom served throughout the year to 31 August 2013 unless otherwise stated, are listed on page 1.

The day to day running of the Academy is delegated to the Principal and her team of Academy Directors, but major contracts and key strategic decisions must be referred back to the Governing Body.

### **Relationships with related parties**

The Society of Merchant Venturers is the Academy's ultimate controlling party (see note 22). There were no transactions between the Academy and the Society of Merchant Venturers in the current or prior year.

### **Subsidiary and associated companies**

The Academy owns 100% of the issued ordinary shares of Merchants' Academy Services Limited, a company registered in England and Wales (no 06707036). Once the subsidiary is in a positive profit and loss reserve position it will donate the whole of its profits to the Academy. Further details about the subsidiary are given in note 13 to the accounts.

On 1 September 2013 Merchants' Academy merged with Gay Elms Primary School to become an all age Academy.

## **MERCHANTS' ACADEMY WITYWOOD**

### **TRUSTEES' REPORT (continued)**

#### **Risk management**

In the light of Corporate Governance guidance contained within the Charities Statement of Recommended Practice issued in March 2005, the Governors have spent time in identifying the major risks to which the Academy is exposed. These have been thoroughly reviewed and examined in detail and systems have been established to mitigate risks. The Governors are responsible for the management of the risks faced by the Academy and are satisfied that the major risks identified are being appropriately mitigated. The Governors recognise that any system can only provide reasonable but not absolute assurance that major risks have been appropriately managed. The main risks that the Academy has identified relate to financial risks, operational risks and strategic and reputational risks. The Academy has completed risk registers analysing the risks within these categories and these are reviewed by the Planning & Resources Committee. The Governors are satisfied that appropriate measures are in place to deal with such risks.

#### **OBJECTIVES AND ACTIVITIES**

##### **Charitable objects**

The Academy's objects are

- to advance, for the public benefit, education in the United Kingdom by establishing, maintaining, carrying on, managing and developing an Academy offering a broad curriculum with a strong emphasis on, but in no way limited to, enterprise and skills, and
- in so far as ancillary or incidental to the advancement of education, such other purposes for the benefit of the local community as shall be exclusively charitable

The Academy aims to meet these objects by the provision of an excellent independent education, through both academic success and wider social awareness and participation, to a broad spectrum of the community.

The Academy will also help regenerate Witywood by providing its young people with a first class education, developing their ambition, skills, confidence and potential.

This will be achieved through

- recognising the needs of every student,
- engaging with students, parents and carers,
- focus on enterprise and skills,
- academic rigour with a vocational emphasis,
- investment in information and communications technology to support staff, students and parents, and
- being an innovative community of learning for adults and young people

The main objectives of the Academy during the year ended 31 August 2013 are summarised below

- improve teaching and learning within the Academy,
- monitor, review and improve Key Stage standards and targets,
- raise standards in literacy and numeracy by working in partnership with primary schools,
- encourage professional development for all staff, and
- raise the profile of, and attendance at, co-curricular activities

##### **Public benefit**

The facilities of the Academy are free to the end users and therefore the Governors consider that the public benefit requirement has been met. The Governors have paid due regard to the guidance published by the Charity Commission in this respect.

## **MERCHANTS' ACADEMY WITHYWOOD**

### **TRUSTEES' REPORT (continued)**

#### **OBJECTIVES AND ACTIVITIES (continued)**

#### **ACHIEVEMENTS AND PERFORMANCE**

##### **GCSE Results 2013**

The governors are pleased to announce their best ever GCSE results as shown below. The Academy achieved the status of being one of the top 20% of schools in the country in terms of improved GCSE results as reported by the SSAT. The number of students achieving 5 A\*-C grades, including English and Mathematics, has increased to 51%, representing an 11% improvement against 2012. 94% of students gained 5 or more A\*-C passes at either GCSE or BTEC level, which is a 13% improvement on 2012.

<b>Year</b>	<b>5 A* to C %</b>	<b>5 A* to C inc English and maths %</b>
2013	94	51
2012	81	40

##### **Going concern**

The Academy is in a net assets position, and has committed funding from the Education Funding Agency (EFA) for the foreseeable future. On this basis the Governors have a reasonable expectation that the Academy has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

#### **FINANCIAL REVIEW AND RESULTS FOR THE YEAR**

The majority of the Academy's income is received from the Education Funding Agency (EFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received during 2012/2013 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 EFA. In accordance with the Charity Commissioners' Statement of Recommended Practice, grants and donations are shown in the Statement of Financial Activities as restricted fixed asset funds. The balance sheet restricted fixed asset fund is reduced by transfers of amounts equivalent to any depreciation charges over the expected life of the assets concerned.

Expenditure for the year was covered by grants from the EFA. As shown in the statement of financial activities, there was a net surplus of £87,000. This net surplus is after taking account of (amongst other things) a depreciation charge of £601,000 in respect of the group's land and buildings.

The results this year incorporate the former Gay Elms primary school which is now part of our All Age Academy. This is the main reason for the increase in income this year.

##### **Financial position**

The fund balances are adequate to fulfil the obligations of the Academy and provide a balance against most unforeseen events. To achieve the development plan objectives and for other major capital projects the Academy remains dependent on the provision of grants from the EFA and commercial supporters.



## **MERCHANTS' ACADEMY WITHEYWOOD**

### **TRUSTEES' REPORT (continued)**

#### **FINANCIAL REVIEW AND RESULTS FOR THE YEAR (continued)**

##### **Investment powers, policy and performance**

The Governors may invest in such investments as they shall in their absolute discretion think fit. In practice, the Academy does not currently hold any long term investments. Short term deposits are held with the Academy's bankers.

##### **Change in fixed assets**

The movement in fixed assets during the year is set out in note 14 of the financial statements.

Note 18 to the financial statements sets out an analysis of the assets attributable to the various funds. These assets are sufficient to meet the Academy's obligations in respect of each individual fund.

##### **Reserves policy**

The Governors review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. As a state funded school the Governors have assumed that state funding will continue at least at current levels in real terms. The Governors will ensure that the reserves policy continues to conform to the requirements laid down in the Academies Financial Handbook produced by the EFA, namely that Academies are allowed to carry forward grants representing 12% of the current year's general annual grant (GAG). The amount that can be carried forward must be split as follows: up to 2% of GAG as restricted funds for revenue purposes and up to 10% as restricted funds for capital purposes. The unrestricted funds can be allocated for any relevant purposes and the restricted funds must be allocated for the up-keep and improvement of premises, including capital expenditure.

##### **Equal opportunities policy**

The Governors recognise that equal opportunities should be an integral part of good practice within the workplace. The Academy aims to establish equal opportunity in all areas of its activities including creating a working environment in which the contribution and needs of all people are fully valued.

##### **Disabled persons**

Lifts, ramps and disabled toilets have been installed and door widths have been built to enable wheelchair access to all the main areas of the Academy. The policy of the Academy is to support the employment of disabled persons both in recruitment and by retention of employees who become disabled whilst in the employment of the Academy, as well as generally through training and career development.

#### **PLANS FOR FUTURE PERIODS**

The Academy will continue striving to improve the levels of performance of its students at all levels and will continue its efforts to ensure its students get jobs or a place in higher education once they leave.

## MERCHANTS' ACADEMY WITHYWOOD

### TRUSTEES' REPORT (continued)

#### AUDITOR

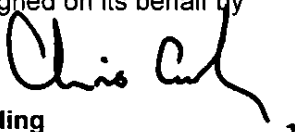
In so far as the Trustees are aware

- there is no relevant audit information of which the charitable company's auditor is unaware, and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

Our auditor, Deloitte LLP, have indicated their willingness to continue in office and a resolution to reappoint them as auditor will be proposed at the Annual General Meeting

Approved by order of the members of the board of trustees on 5<sup>th</sup> December 2013  
and signed on its behalf by

  
C Curling  
Chairman

## **MERCHANTS' ACADEMY WITHYWOOD**

### **GOVERNANCE STATEMENT**

#### **Scope of Responsibility**

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

The board of trustees has delegated the day to day responsibility to the Principal, as accounting officer, for ensuring that financial controls conform with the requirements of both propriety and good financial management and are in accordance with the requirements and responsibilities assigned to it in the funding agreement between the Academy and the Secretary of State for Education. The Principal is also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

#### **Governance**

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

	Meetings Attended	Out of Possible
C Curling	3	3
R Morris	3	3
A Kenny	3	3
P McCarthy	2	3
R Sutherland	3	3
D Crawford	1	3
C Willmore	3	3
N Hood	1	3
R Ancell	3	3
L Robinson	2	3
P Moseley	3	3
E Bailey	2	3
R Tredwin	3	3
J Cording	2	3
A Baker	3	3
J Dauban	3	3
P Despard	3	3
T Rippington	2	3
A Wright	2	3

The Planning & Resourcing Committee is a sub-committee of the main governing body. Its purpose is to advise the Academy Governing Body on financial matters such as budgets, expenditure, annual audits and financial and non-financial risk assessment and also incorporates HR matters within its brief. Attendance at meetings in the year was as follows:

	Meetings Attended	Out of Possible
A Kenny	3	3
N Hood	-	3
L Robinson	3	3
R Tredwin	3	3
T Rippington	3	3
A Baker	3	3

## **MERCHANTS' ACADEMY WITHYWOOD**

### **GOVERNANCE STATEMENT (continued)**

#### **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 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 at the Academy for the year ended 31 August 2013 and up to the date of approval of the annual report and financial statements.

#### **Capacity to handle risk**

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

#### **The risk and control framework**

The Academy'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 Trustees,
- regular reviews by the Planning and Resourcing 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, and
- identification and management of risks.

The Trustees have considered the need for a specific internal audit function and have decided not to appoint an internal auditor. However, the Trustees have appointed a 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 quarterly basis the RO reports to the Trustees on the operation of the systems of control and on the discharge of the Trustees' financial responsibilities.

## MERCHANTS' ACADEMY WITHYWOOD

### GOVERNANCE STATEMENT (continued)

#### Review of Effectiveness

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

- the work of the Responsible Officer,
- the work of the external auditor,
- the financial management and governance self-assessment process,
- the work of the executive managers within the Academy who have responsibility for the development and maintenance of the internal control framework

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the Planning and Resourcing Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place

Approved by order of the members of the board of trustees on *5<sup>th</sup> December 2013*  
and signed on its behalf by



C Curling  
Chairman



A Burrell  
Principal and Accounting Officer

## MERCHANTS' ACADEMY WITHYWOOD

### STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees (who are also directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' 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 Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, for that period. In preparing these financial statements, the Trustees are required to

- select suitable accounting policies and then apply them consistently,
- observe the methods and principles in the Charities SORP,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business

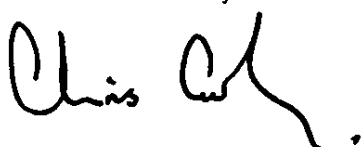
The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements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

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

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

Approved by order of the members of the board of trustees on  
and signed on its behalf by

5<sup>th</sup> December 2013



**C Curling**  
**Chairman**

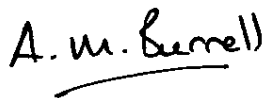
## **MERCHANTS' ACADEMY WITHYWOOD**

### **STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

As accounting officer of the Academy 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.

A handwritten signature in black ink that reads "A. M. Burrell". The signature is written in a cursive style with a horizontal line underneath the name.

**A Burrell**  
**Principal and Accounting Officer**

## **INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF MERCHANTS' ACADEMY WITYWOOD**

We have audited the financial statements of Merchants' Academy Witywood for the year ended 31 August 2013 which comprise the Consolidated and Academy Statements of Financial Activities (including Income and Expenditure Account), the Consolidated and Academy Balance Sheets, the Consolidated Cash Flow Statement and the related notes 1 to 23. 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 issued by the Education Funding Agency (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 company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of Trustees and auditor**

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees (who are also 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 Auditing Practices Board'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 group and parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Trustees, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the group and parent company's affairs as at 31 August 2013 and of the group's 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 the Academies' Accounts Direction 2013 issued by the EFA, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matters prescribed by the Companies Act 2006 and the Academies' Accounts Direction 2013 issued by the EFA**

In our opinion the information given in the Trustees' Report and Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements.

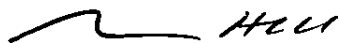


**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF  
MERCHANTS' ACADEMY WITYWOOD (continued)**

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



**Mark Hill (Senior Statutory Auditor)**  
**for and on behalf of Deloitte LLP**  
Chartered Accountants and Statutory Auditor  
Bristol, United Kingdom

*13 December 2013*

## **INDEPENDENT REPORTING AUDITOR'S ASSURANCE REPORT ON REGULARITY TO THE MEMBERS OF MERCHANTS' ACADEMY WITYWOOD AND THE EDUCATION FUNDING AGENCY**

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, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Merchants' Academy Witywood during the period 1 September 2012 to 31 August 2013 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them

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

### **Respective responsibilities of Merchants' Academy Witywood's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of Merchants' Academy Witywood's funding agreement with the Secretary of State for Education and the Academies Financial Handbook, extant from 1 September 2012, for ensuring that expenditure disbursed and income received is applied for the purpose intended by Parliament and the financial transactions conform to the authorities which govern them

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2013. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2012 to 31 August 2013 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them

### **Approach**

We conducted our engagement in accordance with the Academies Accounts Direction 2013 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 have undertaken work in line with the guidance issued by the ICAEW in the Technical release TECH08/12AAF "Regularity reporting for academies 2011-12 guidance"

### **Conclusion**

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



**Deloitte LLP**

Chartered Accountants  
Bristol, United Kingdom

13 Dec 2013

# MERCHANTS' ACADEMY WITHYWOOD

## CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (including the income and expenditure account)

Year ended 31 August 2013

	Note	Unrestricted funds £000	Restricted general funds £000	Restricted fixed asset funds £000	Total 2013 £000	Total 2012 £000
<b>INCOMING RESOURCES</b>						
<b>Incoming resources from generated funds</b>						
Voluntary income	3	-	43	118	161	292
Activities for generating funds	4	344	-	-	344	323
Investment income	5	20	-	-	20	21
<b>Incoming resources from Charitable activities</b>						
Funding for the Academy's educational operations	6	204	7,467	38	7,709	5,750
<b>Total incoming resources</b>		<u>568</u>	<u>7,510</u>	<u>156</u>	<u>8,234</u>	<u>6,386</u>
<b>RESOURCES EXPENDED</b>						
<b>Cost of generating funds</b>						
Cost of generating voluntary income		-	42	-	42	259
Fundraising trading		153	-	-	153	128
<b>Charitable activities</b>						
Academy's educational operations	7,8	23	7,448	578	8,049	6,348
Governance costs	7,8	-	95	-	95	192
<b>Total resources expended</b>	7	<u>176</u>	<u>7,585</u>	<u>578</u>	<u>8,339</u>	<u>6,927</u>
<b>Net incoming/(outgoing) resources before transfers</b>		392	(75)	(422)	(105)	(541)
Gross transfers between funds		-	(28)	28	-	-
<b>Net income/(expenditure) for the year</b>		<u>392</u>	<u>(103)</u>	<u>(394)</u>	<u>(105)</u>	<u>(541)</u>
<b>Other recognised gains and losses</b>						
Actuarial (losses)/gains on defined benefit pension schemes	20	-	192	-	192	(143)
<b>Net movement in funds</b>		<u>392</u>	<u>89</u>	<u>(394)</u>	<u>87</u>	<u>(684)</u>
<b>Reconciliation of funds</b>						
Funds brought forward at 1 September 2012	17	609	505	24,207	25,321	26,005
<b>Fund carried forward at 31 August 2013</b>	17	<u>1,001</u>	<u>594</u>	<u>23,813</u>	<u>25,408</u>	<u>25,321</u>

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

A statement of total recognised gains and losses is not required as all gains and losses are included in the statement of financial activities

# MERCHANTS' ACADEMY WITHYWOOD

## ACADEMY STATEMENT OF FINANCIAL ACTIVITIES (including the income and expenditure account) Year ended 31 August 2013

	Note	Unrestricted funds £000	Restricted general funds £000	Restricted fixed asset funds £000	Total 2013 £000	Total 2012 £000
<b>INCOMING RESOURCES</b>						
<b>Incoming resources from generated funds</b>						
Voluntary income	3	-	43	118	161	292
Activities for generating funds	4	130	-	-	130	105
Investment income	5	20	-	-	20	21
<b>Incoming resources from Charitable activities</b>						
Funding for the Academy's educational operations	6	204	7,467	38	7,709	5,750
<b>Total incoming resources</b>		<b>354</b>	<b>7,510</b>	<b>156</b>	<b>8,020</b>	<b>6,168</b>
<b>RESOURCES EXPENDED</b>						
<b>Cost of generating funds</b>						
Cost of generating voluntary income		-	42	-	42	259
Fundraising trading		-	-	-	-	-
<b>Charitable activities</b>						
Academy's educational operations	7,8	-	7,448	578	8,026	6,314
Governance costs	7,8	-	95	-	95	192
<b>Total resources expended</b>	7	<b>-</b>	<b>7,585</b>	<b>578</b>	<b>8,163</b>	<b>6,765</b>
<b>Net incoming/(outgoing) resources before transfers</b>		<b>354</b>	<b>(75)</b>	<b>(422)</b>	<b>(143)</b>	<b>(597)</b>
Gross transfers between funds		-	(28)	28	-	-
<b>Net income/(expenditure) for the year</b>		<b>354</b>	<b>(103)</b>	<b>(394)</b>	<b>(143)</b>	<b>(597)</b>
Actuarial (losses)/gains on defined benefit pension schemes	20	--	192	-	192	(143)
<b>Net movement in funds</b>		<b>354</b>	<b>89</b>	<b>(394)</b>	<b>49</b>	<b>(740)</b>
<b>Reconciliation of funds</b>						
Funds brought forward at 1 September 2012	17	672	505	24,207	25,384	26,124
<b>Fund carried forward at 31 August 2013</b>	17	<b>1,026</b>	<b>594</b>	<b>23,813</b>	<b>25,433</b>	<b>25,384</b>

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

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

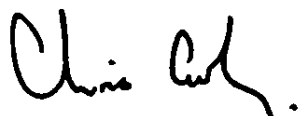
# MERCHANTS' ACADEMY WITHYWOOD

## CONSOLIDATED BALANCE SHEET As at 31 August 2013

	Note	2013		2012	
		£000	£000	£000	£000
<b>Fixed assets</b>					
Tangible assets	14		23,957		24,290
<b>Current assets</b>					
Debtors	15	173		221	
Cash at bank and in hand		1,983		1,616	
		<u>2,156</u>		<u>1,837</u>	
<b>Liabilities</b>					
Creditors amounts falling due within one year	16	(524)		(514)	
<b>Net current assets</b>			1,632		1,323
<b>Total assets less current liabilities</b>			<u>25,589</u>		<u>25,613</u>
<b>Net assets excluding pension scheme liability</b>			25,589		25,613
Pension scheme liability	20		(181)		(292)
<b>Net assets including pension scheme liability</b>			<u>25,408</u>		<u>25,321</u>
<b>Consolidated funds</b>					
<b>Restricted funds</b>					
Fixed asset funds	17		23,813		24,207
General funds	17		624		648
Pension reserve	17		(181)		(292)
Other	17		151		149
Total restricted funds	17		<u>24,407</u>		<u>24,712</u>
<b>Unrestricted funds</b>					
General fund(s)	17		1,001		609
Total unrestricted funds	17		<u>1,001</u>		<u>609</u>
<b>Total funds</b>			<u>25,408</u>		<u>25,321</u>

The financial statements of Merchants' Academy Withywood, registered number 05598063, were approved by the Trustees and authorised for issue on *5<sup>th</sup> December 2013*

Signed on behalf of the Board of Trustees



C Curling  
Chairman

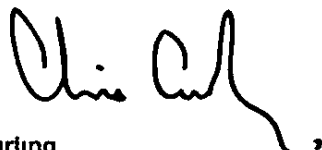
# MERCHANTS' ACADEMY WITHYWOOD

## CHARITY BALANCE SHEET As at 31 August 2013

	Note	2013 £000	2012 £000
<b>Fixed assets</b>			
Tangible assets	14	23,813	24,124
<b>Current assets</b>			
Debtors	15	547	596
Cash at bank and in hand		1,760	1,451
		<u>2,307</u>	<u>2,047</u>
<b>Liabilities</b>			
Creditors amounts falling due within one year	16	(506)	(495)
<b>Net current assets</b>		1,801	1,552
<b>Total assets less current liabilities</b>		<u>25,614</u>	<u>25,676</u>
<b>Net assets excluding pension scheme liability</b>		25,614	25,676
Pension scheme liability	20	(181)	(292)
<b>Net assets including pension scheme liability</b>		<u>25,433</u>	<u>25,384</u>
<b>Consolidated funds</b>			
<b>Restricted funds</b>			
Fixed asset funds	17	23,813	24,207
General funds	17	624	648
Pension reserve	17	(181)	(292)
Other	17	151	149
<b>Total restricted funds</b>	17	<u>24,407</u>	<u>24,712</u>
<b>Unrestricted funds</b>			
General fund(s)	17	1,026	672
<b>Total unrestricted funds</b>	17	<u>1,026</u>	<u>672</u>
<b>Total funds</b>		<u>25,433</u>	<u>25,384</u>

The financial statements of Merchants' Academy Withywood, registered number 05598063, were approved by the Trustees and authorised for issue on *5<sup>th</sup> December 2013*

Signed on behalf of the Board of Trustees



C Curling  
Chairman

# MERCHANTS' ACADEMY WITHYWOOD

## CONSOLIDATED CASH FLOW STATEMENT Year ended 31 August 2013

	Note	2013 £000	2012 £000
<b>Net cash inflow from operating activities</b>			
Net expenditure for the year		(105)	(541)
Depreciation	14	601	833
Capital grant from DfE and other capital income		(118)	(125)
Interest receivable	5	(20)	(21)
FRS 17 pension cost less contributions payable	20	75	37
FRS 17 pension finance income	20	6	4
Decrease/(increase) in debtors		48	(34)
Increase in creditors		10	86
		<u>497</u>	<u>239</u>
<b>Returns on investments and servicing of finance</b>			
Interest received		20	21
		<u>20</u>	<u>21</u>
<b>Capital expenditure</b>			
Purchase of tangible fixed assets		(268)	(215)
Capital grants from DfE/EFA		118	125
		<u>(150)</u>	<u>(90)</u>
<b>Net increase in cash</b>		<u>367</u>	<u>170</u>

## RECONCILIATION OF NET CASH FLOW TO MOVEMENTS IN NET FUNDS Year ended 31 August 2013

### Analysis of changes in net funds

	1 September 2012 £000	Cash flows £000	31 August 2013 £000
Cash at bank and in hand	<u>1,616</u>	<u>367</u>	<u>1,983</u>

## MERCHANTS' ACADEMY WITHYWOOD

### NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 August 2013

#### 1. PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice Accounting and Reporting by Charities' ('SORP 2005'), the Academies Accounts Direction issued by the Education Funding Agency (EFA) and the Companies Act 2006

The accounting policies that the charitable company has adopted to determine the amounts included in respect of material items shown in the balance sheet and also to determine the income and expenditure have been applied consistently and are shown below

##### **Going concern**

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

These accounts have been prepared on the going concern basis. Please see the Trustees' Report for further details

##### **Basis of consolidation**

The Group financial statements consolidate the financial statements of the Charitable Company (The Merchants' Academy Withywood) and its subsidiary (Merchants' Academy Services Limited) for the year ended 31 August 2013

##### **Incoming resources**

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

- **Grants receivable**

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet

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**

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

- **Donations**

Donations are recognised in the statement of financial activities on a cash received basis or on an accruals basis where they are assured with reasonable certainty and receivable by the balance sheet date

- **Donated services and gifts in kind**

The value of donated services and gifts in kind provided to the Academy is recognised in the statement of financial activities at their value to the Academy, as determined by the Trustees, in the period in which they are receivable, and where the benefit is both quantifiable and material



## MERCHANTS' ACADEMY WITHYWOOD

### NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 August 2013

#### 1. PRINCIPAL ACCOUNTING POLICIES (continued)

##### Resources expended

All expenditure is accounted for on an accruals basis and is recognised when there is a legal or constructive obligation. All costs have been directly attributed to one of the functional categories of resources expended in the statement of financial activities.

- **Costs of generating funds**

The costs of generating funds include all expenditure attributable to these activities. They are included in the financial statements on an accruals basis.

- **Charitable activities**

These are costs incurred on the Academy's educational operations.

- **Governance**

Governance costs include expenditure on administration of the Academy and compliance with constitutional and statutory requirements, and an appropriate apportionment of indirect costs.

All resources expended are inclusive of irrecoverable VAT.

##### Allocation of costs

Items of expenditure which involve more than one cost category have been apportioned on a reasonable, justifiable and consistent basis for the cost category concerned; these include:

Cost category	Basis of apportionment
Maintenance of premises	Capacity of accommodation utilised
Other occupancy costs	Capacity of accommodation utilised
Depreciation	Capacity of accommodation utilised

##### Tangible fixed assets

Tangible fixed assets are included in the financial statements at cost. 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) and depreciation is charged to the fund over the expected useful economic life of the related assets.

##### Depreciation

Depreciation has been provided at the following annual rates in order to reduce each asset to its estimated residual value at the end of its estimated useful life. A full year's depreciation is charged in the first year of acquisition.

Land and buildings	2% on cost
Furniture and equipment	10% on cost
Computer equipment	25% on cost
Assets in the course of construction	Not depreciated

## **MERCHANTS' ACADEMY WITHYWOOD**

### **NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 August 2013**

#### **1. PRINCIPAL ACCOUNTING POLICIES (continued)**

##### **Operating leases**

Rentals payable under operating leases are charged to the income and expenditure account as incurred

##### **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

##### **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 substantial 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 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 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.

##### **Liquid resources**

Term deposits of less than one year are classified as investments within current assets

##### **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 where the asset acquired or created is held for a specific purpose

Restricted general and other funds comprise all other restricted funds received, to be used for specific purposes, and include grants from the Education Funding Agency/Department for Education

## MERCHANTS' ACADEMY WITHYWOOD

### NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 August 2013

#### 2 GENERAL ANNUAL GRANT (GAG)

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

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

#### 3. VOLUNTARY INCOME

##### Consolidated and Academy

	Unrestricted funds £000	Restricted funds £000	Total 2013 £000	Total 2012 £000
Donations – capital	-	118	118	126
Other donations	-	43	43	166
	<u>-</u>	<u>161</u>	<u>161</u>	<u>292</u>

#### 4. ACTIVITIES FOR GENERATING FUNDS

##### Consolidated

	Unrestricted funds £000	Restricted funds £000	Total 2013 £000	Total 2012 £000
Hire of facilities	214	-	214	218
Catering income	85	-	85	76
Uniform sales	15	-	15	12
Other income	30	-	30	17
	<u>344</u>	<u>-</u>	<u>344</u>	<u>323</u>

##### Academy

	Unrestricted funds £000	Restricted funds £000	Total 2013 £000	Total 2012 £000
Catering income	85	-	85	76
Uniform sales	15	-	15	12
Other income	30	-	30	17
	<u>130</u>	<u>-</u>	<u>130</u>	<u>105</u>

# MERCHANTS' ACADEMY WITHYWOOD

## NOTES TO THE FINANCIAL STATEMENTS Year ended 31 August 2013

### 5. INVESTMENT INCOME

#### Consolidated and Academy

	Unrestricted funds £000	Restricted funds £000	Total 2013 £000	Total 2012 £000
Short-term deposits	20	-	20	21

### 6 FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

#### Consolidated and Academy

	Unrestricted funds £000	Restricted funds £000	Total 2013 £000	Total 2012 £000
Partnership for schools grant	-	38	38	37
	£000	£000	£000	£000

#### DfE/EFA revenue grants

General Annual Grant (GAG) (note 2)	-	6,809	6,809	4,330
School Standards Fund	-	32	32	182
Other DfE/EFA grants	-	391	391	1,133
	-	7,232	7,232	5,645
	£000	£000	£000	£000

#### Other government grants

SEN and Early Years from LA	-	235	235	68
Surplus Transferred from LA	204	-	204	-
	204	235	439	68

# MERCHANTS' ACADEMY WITHYWOOD

## NOTES TO THE FINANCIAL STATEMENTS Year ended 31 August 2013

### 7 RESOURCES EXPENDED

#### Consolidated

	Staff costs £000	Premises £000	Non-pay expenditure		2013 £000	2012 £000
			Supplies and services £000	Other costs £000		
Costs of generating voluntary income	-	11	17	14	42	259
Costs of activities for generating funds	100	42	-	11	153	128
Academy's educational Operations						
- direct costs	5,064	601	385	195	6,245	4,932
- allocated support costs	876	591	237	100	1,804	1,416
	<u>6,040</u>	<u>1,245</u>	<u>639</u>	<u>320</u>	<u>8,244</u>	<u>6,735</u>
Governance costs including allocated support costs	67	-	9	19	95	192
<b>Total</b>	<u>6,107</u>	<u>1,245</u>	<u>648</u>	<u>339</u>	<u>8,339</u>	<u>6,927</u>

#### Consolidated

	2013 £000	2012 £000
Net incoming resources for the year include		
Fees payable to auditor		
- audit	14	13
- other services	4	1
	<u>18</u>	<u>14</u>

The method used for the apportionment of support costs is disclosed in the accounting policies on pages 22 to 24

# MERCHANTS' ACADEMY WITHYWOOD

## NOTES TO THE FINANCIAL STATEMENTS Year ended 31 August 2013

### 7 RESOURCES EXPENDED (continued)

#### Academy

	Staff costs £000	Non-pay expenditure			2013 £000	2012 £000
		Premises £000	Supplies and services £000	Other costs £000		
Costs of generating voluntary income	-	11	17	14	42	259
Academy's educational Operations						
- direct costs	5,064	578	385	195	6,222	4,898
- allocated support costs	876	591	237	100	1,804	1,416
	<u>5,940</u>	<u>1,180</u>	<u>639</u>	<u>309</u>	<u>8,068</u>	<u>6,573</u>
Governance costs including allocated support costs	67	-	9	19	95	192
<b>Total</b>	<u>6,007</u>	<u>1,180</u>	<u>648</u>	<u>328</u>	<u>8,163</u>	<u>6,765</u>

# MERCHANTS' ACADEMY WITHYWOOD

## NOTES TO THE FINANCIAL STATEMENTS Year ended 31 August 2013

### 8 CHARITABLE ACTIVITIES

#### Consolidated

	Unrestricted funds £000	Restricted funds £000	Total 2013 £000	Total 2012 £000
<b>Academy's Educational Operations –</b>				
<b>Direct costs</b>				
Teaching and educational support staff costs	-	5,064	5,064	3,733
Depreciation	23	578	601	833
Educational supplies	-	227	227	148
Examination fees	-	109	109	117
Staff development	-	31	31	31
Educational consultancy	-	18	18	8
Other direct costs	-	195	195	62
	<u>23</u>	<u>6,222</u>	<u>6,245</u>	<u>4,932</u>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Academy's Educational Operations –</b>				
<b>Allocated support costs</b>				
Support staff costs	-	876	876	738
Recruitment and support	-	36	36	26
Maintenance of premises and equipment	-	284	284	218
Fuel	-	134	134	92
Cleaning	-	29	29	20
Rent and rates	-	24	24	15
Insurance	-	121	121	89
Security and transport	-	54	54	36
Catering	-	146	146	103
Bank interest and charges	-	4	4	2
Other support costs	-	96	96	77
	<u>-</u>	<u>1,804</u>	<u>1,804</u>	<u>1,416</u>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Governance costs</b>				
Legal and professional fees	-	9	9	95
Auditor's remuneration				
Audit of financial statements	-	14	14	13
Other services	-	4	4	1
Support costs	-	68	68	82
Trustees' reimbursed expenses	-	-	-	1
	<u>-</u>	<u>95</u>	<u>95</u>	<u>192</u>

# MERCHANTS' ACADEMY WITHYWOOD

## NOTES TO THE FINANCIAL STATEMENTS Year ended 31 August 2013

### 8. CHARITABLE ACTIVITIES – ACADEMY'S EDUCATIONAL OPERATIONS (continued)

Academy	Unrestricted funds £000	Restricted funds £000	Total 2013 £000	Total 2012 £000
<b>Direct costs</b>				
Teaching and educational support staff costs	-	5,064	5,064	3,733
Depreciation	-	578	578	799
Educational supplies	-	227	227	148
Examination fees	-	109	109	117
Staff development	-	31	31	31
Educational consultancy	-	18	18	8
Other direct costs	-	195	195	62
	-	6,222	6,222	4,898
	£000	£000	£000	£000
<b>Allocated support costs</b>				
Support staff costs	-	876	876	738
Recruitment and support	-	36	36	26
Maintenance of premises and equipment	-	284	284	218
Fuel	-	134	134	92
Cleaning	-	29	29	20
Rent and rates	-	24	24	15
Insurance	-	121	121	89
Security and transport	-	54	54	36
Catering	-	146	146	103
Bank interest and charges	-	4	4	2
Other support costs	-	96	96	77
	-	1,804	1,804	1,416
	£000	£000	£000	£000
<b>Governance costs</b>				
Legal and professional fees	-	9	9	95
Auditor's remuneration				
Audit of financial statements	-	14	14	13
Other services	-	4	4	1
Support costs	-	68	68	82
Trustees' reimbursed expenses	-	-	-	1
	-	95	95	192



# MERCHANTS' ACADEMY WITHYWOOD

## NOTES TO THE FINANCIAL STATEMENTS Year ended 31 August 2013

### 9 NET MOVEMENT IN FUNDS

	2013 £000	2012 £000
Net movement in funds is stated after charging		
Auditors' remuneration (including unrecoverable VAT)		
- for audit services	14	13
- for corporation tax services	3	1
- review of AAR	1	-
	<u>18</u>	<u>14</u>

### 10. INFORMATION REGARDING TRUSTEES AND EMPLOYEES

Staff costs during the year:	2013 £000	2012 £000
Wages and salaries	5,015	3,934
Social security costs	322	258
Pension costs	650	454
	<u>5,987</u>	<u>4,646</u>
Supply teacher costs	120	27
	<u>6,107</u>	<u>4,646</u>
<b>Average number of persons employed:</b>	<b>No</b>	<b>No.</b>
Teaching	72	57
Administrative and support	91	66
Management	12	8
	<u>175</u>	<u>131</u>

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

	Number	Number
£60,001 to £70,000	2	1
£110,001 to £120,000	1	1

All of the above employees earning more than £60,000 per annum participated in the Teachers' Pension Scheme. During the year ended 31 August 2013 employer's pension contributions for these staff amounted to £35,000 (2012 £25,000)

## MERCHANTS' ACADEMY WITHYWOOD

### NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 August 2013

#### 11. TRUSTEES' REMUNERATION AND EXPENSES

The principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Principal and staff and not in respect of their services as Trustees. Other trustees did not receive any payments from the Academy in respect of their role as Trustees. The value of the Principal's remuneration for the year was £120,000 (2012 £112,000). The apportioned value of staff Trustee's remuneration was £56,000 (2012 £54,000).

No Trustee received expenses during the current or prior year.

#### 12. TRUSTEES' 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 £2,000,000 on any one claim and the cost for the year ended 31 August 2013 was £2,000 (2012 £2,000).

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

#### 13. INVESTMENT IN SUBSIDIARY (CHARITY)

	2013 £	2012 £
Subsidiary undertaking	1	1

Merchants' Academy Withywood owns 100% of the share capital of Merchants' Academy Services Limited, a Company incorporated in the United Kingdom. The principal activity of the subsidiary undertaking is the management and operation of Merchants' Academy Sports Centre.

The trading results of the subsidiary were as follows:

Years to 31 August	2013 £'000	2012 £'000
Turnover	208	226
Expenditure	(171)	(169)
Profit for the year	37	57
The aggregate of the assets, liabilities and funds was		
Assets	370	333
Liabilities	(395)	(395)
Shareholders' deficit	(25)	(62)

# MERCHANTS' ACADEMY WITHYWOOD

## NOTES TO THE FINANCIAL STATEMENTS Year ended 31 August 2013

### 14. TANGIBLE FIXED ASSETS

#### Consolidated

	Land and buildings £000	Furniture and equipment £000	Computer equipment £000	Assets under con- struction £000	Total £000
<b>Cost</b>					
At 1 September 2012	26,077	352	1,025	24	27,478
Additions	241	27	-	-	268
Transfers	24	-	-	(24)	-
At 31 August 2013	26,342	379	1,025	-	27,746
<b>Depreciation</b>					
At 1 September 2012	2,019	150	1,019	-	3,188
Charged in year	546	49	6	-	601
At 31 August 2013	2,565	199	1,025	-	3,789
<b>Net book value</b>					
At 31 August 2013	23,777	180	-	-	23,957
At 31 August 2012	24,058	202	6	24	24,290

#### Academy

	Land and buildings £000	Furniture and equipment £000	Computer equipment £000	Assets under con- struction £000	Total £000
<b>Cost</b>					
At 1 September 2012	25,978	176	1,025	24	27,203
Additions	240	27	-	-	267
Transfers	24	-	-	(24)	-
At 31 August 2013	26,242	203	1,025	-	27,470
<b>Depreciation</b>					
At 1 September 2012	2,014	46	1,019	-	3,079
Charged in year	546	26	6	-	578
At 31 August 2013	2,560	72	1,025	-	3,657
<b>Net book value</b>					
At 31 August 2013	23,682	131	-	-	23,813
At 31 August 2012	23,964	130	6	24	24,124

# MERCHANTS' ACADEMY WITHYWOOD

## NOTES TO THE FINANCIAL STATEMENTS Year ended 31 August 2013

### 15. DEBTORS

	<b>Group 2013 £000</b>	<b>Group 2012 £000</b>	<b>Charity 2013 £000</b>	<b>Charity 2012 £000</b>
Trade debtors	14	23	12	22
Grants receivable	-	89	-	89
VAT Recoverable	83	28	83	28
Prepayments	70	74	70	74
Other debtors	6	7	6	7
Intercompany debtors	-	-	376	376
	<u>173</u>	<u>221</u>	<u>547</u>	<u>596</u>

### 16 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<b>Group 2013 £000</b>	<b>Group 2012 £000</b>	<b>Charity 2013 £000</b>	<b>Charity 2012 £000</b>
Trade creditors	266	229	261	226
Taxation and social security	106	81	106	81
Accruals and deferred income	75	204	62	188
Other creditors	77	-	77	-
	<u>524</u>	<u>514</u>	<u>506</u>	<u>495</u>

# MERCHANTS' ACADEMY WITHYWOOD

## NOTES TO THE FINANCIAL STATEMENTS Year ended 31 August 2013

### 17. FUNDS

#### Consolidated

	Balance at 1 September 2012 £000	Incoming resources £000	Resources expended £000	Gains, losses and transfers £000	Balance at 31 August 2013 £000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	363	6,809	(6,520)	(28)	624
Start-up grants	285	32	(317)	-	-
Other	-	626	(626)	-	-
Pension reserve	(292)	-	(81)	192	(181)
	<u>356</u>	<u>7,467</u>	<u>(7,544)</u>	<u>164</u>	<u>443</u>
<b>Restricted other funds</b>					
Army Cadet Centre	48	-	-	-	48
Merchants Academy Hall	16	-	(3)	-	13
Youth Worker	13	10	-	-	23
L Sherwood	4	-	(4)	-	-
Walled Garden	1	4	(4)	-	1
Osborne Clarke	2	6	-	-	8
Gay Elms Roof Works	3	-	(3)	-	-
Other	62	23	(27)	-	58
	<u>149</u>	<u>43</u>	<u>(41)</u>	<u>-</u>	<u>151</u>
<b>Restricted fixed asset funds</b>					
Partnership for Schools	112	38	-	-	150
DfE/EFA capital grants	24,095	118	(578)	-	23,635
Capital Expenditure from GAG	-	-	-	28	28
	<u>24,207</u>	<u>156</u>	<u>(578)</u>	<u>28</u>	<u>23,813</u>
<b>Total restricted funds</b>	<u>24,712</u>	<u>7,666</u>	<u>(8,163)</u>	<u>192</u>	<u>24,407</u>
<b>Unrestricted funds</b>					
Unrestricted funds	609	568	(176)	-	1,001
<b>Total unrestricted funds</b>	<u>609</u>	<u>568</u>	<u>(176)</u>	<u>-</u>	<u>1,001</u>
<b>Total funds</b>	<u>25,321</u>	<u>8,234</u>	<u>(8,339)</u>	<u>192</u>	<u>25,408</u>

# MERCHANTS' ACADEMY WITHYWOOD

## NOTES TO THE FINANCIAL STATEMENTS Year ended 31 August 2013

### 17. FUNDS (continued)

Academy	Balance at 1 September 2012 £000	Incoming resources £000	Resources expended £000	Gains, losses and transfers £000	Balance at 31 August 2013 £000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	363	6,809	(6,520)	(28)	624
Start-up grants	285	32	(317)	-	-
Other	-	626	(626)	-	-
Pension reserve	(292)	-	(81)	192	(181)
	<u>356</u>	<u>7,467</u>	<u>(7,544)</u>	<u>164</u>	<u>443</u>
<b>Restricted other funds</b>					
Army Cadet Centre	48	-	-	-	48
Merchants Academy Hall	16	-	(3)	-	13
Youth Worker	13	10	-	-	23
L Sherwood	4	-	(4)	-	-
Walled Garden	1	4	(4)	-	1
Osborne Clarke	2	6	-	-	8
Gay Elms Roof Works	3	-	(3)	-	-
Other	62	23	(27)	-	58
	<u>149</u>	<u>43</u>	<u>(41)</u>	<u>-</u>	<u>151</u>
<b>Restricted fixed asset funds</b>					
Partnership for Schools	112	38	-	-	150
DfE/EFA capital grants	24,095	118	(578)	-	23,635
Capital Expenditure from GAG	-	-	-	28	28
	<u>24,207</u>	<u>156</u>	<u>(578)</u>	<u>28</u>	<u>23,813</u>
<b>Unrestricted funds</b>					
Unrestricted funds	672	354	-	-	1,026
<b>Total funds</b>	<u>25,384</u>	<u>8,020</u>	<u>(8,163)</u>	<u>192</u>	<u>25,433</u>

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

#### Restricted general funds

This fund represents grants received for the Academy's operational activities and development. Under the funding agreement with the Secretary of State, the Academy Trust was subject to a limit on the amount of GAG that it could carry forward at 31 August 2013. Note 2 discloses whether the limit was exceeded.

The pension reserve relates to the Academy's share of the deficit to the Local Government Pension Scheme administered by Avon Pension Fund.

## MERCHANTS' ACADEMY WITHYWOOD

### NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 August 2013

#### 17. FUNDS (continued)

##### Restricted other funds

From time to time, additional funds are applied as set out above for specific purposes laid down by the grant provider and to be used in the short-term

##### Fixed asset fund

These grants relate to funding received from the DfE, EFA and private sponsors to carry out works of a capital nature as part of the School Building project

DfE/EFA capital grants is capital funding for the construction of the new Academy buildings, including fixtures and fittings, received from the Education Funding Agency

##### Unrestricted funds

The unrestricted funds represent funds available to the Governors to apply for the general purposes of the Academy. This fund also includes £203,935 which was received from Bristol City Council with regards to the historic surplus of Gay Elms Primary School when it merged with the Academy

#### 18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

Fund balances at 31st August 2013 are represented by

	Unrestricted funds £000	Restricted general funds £000	Restricted Fixed Asset funds £000	Total funds £000
Tangible fixed assets	144	-	23,813	23,957
Current assets	876	1,280	-	2,156
	<u>1,020</u>	<u>1,280</u>	<u>23,813</u>	<u>26,113</u>
Creditors amounts falling due within one year	(19)	(505)	-	(524)
Pension fund deficit	-	(181)	-	(181)
<b>Total net assets</b>	<u>1,001</u>	<u>594</u>	<u>23,813</u>	<u>25,408</u>

## **MERCHANTS' ACADEMY WITHYWOOD**

### **NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 August 2013**

#### **19. MEMBERS' LIABILITY**

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

#### **20. PENSIONS AND SIMILAR OBLIGATIONS**

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2004 and of the LGPS 31 March 2010.

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

##### **Teachers' Pension Scheme**

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010). These regulations apply to teachers in schools that are maintained by local authorities and other educational establishments, including academies, in England and Wales. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and from 1 January 2007 automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a "pay-as-you-go" basis – these contributions along with those made by employers are credited to the Exchequer under arrangements governed by the above Act.

The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

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 – being 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. 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 the future and by the notional fund built up from past contributions.



## MERCHANTS' ACADEMY WITHYWOOD

### NOTES TO THE FINANCIAL STATEMENTS Year ended 31 August 2013

#### 20 PENSIONS AND SIMILAR OBLIGATIONS (continued)

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 proceeds from the notional investments held) 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%. 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.

#### *Teachers' Pension Scheme Changes*

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

The key provisions of the reformed scheme include a pension based on career average earnings, an accrual rate of 1/57<sup>th</sup>, and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than the Normal Pension Age. Pension benefits built up before 1 April 2015 will be fully protected.

Due to the above, scheme valuations currently remain suspended. The timing for the next valuation is still to be determined, but it is likely to be before the reformed schemes are introduced in 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 FRS17 and has accounted for its contributions to the scheme as if it were a defined-contribution scheme. The Academy has set out above the information available on the scheme.

#### **Local Government Pension Scheme**

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2013 was £201,964, of which employer's contributions totalled £131,117 and employees' contributions totalled £70,847. The agreed contribution rates for future years are 11.4% for employers and 5.5% to 7.5% for employees depending on salary banding.

# MERCHANTS' ACADEMY WITHYWOOD

## NOTES TO THE FINANCIAL STATEMENTS Year ended 31 August 2013

### 20. PENSIONS AND SIMILAR OBLIGATIONS (continued)

#### Principal Actuarial Assumptions

	At 31 August 2013	At 31 August 2012
Rate of increase in salaries	3.9%	3.8%
Rate of increase for pensions in payment/inflation	2.4%	2.3%
Discount rate for scheme liabilities	4.6%	4.5%
Inflation assumption (CPI)	2.4%	2.3%
Commutation of pensions to lump sums	50.0%	50.0%

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

	At 31 August 2013 years	At 31 August 2012 years
<b>Retiring today</b>		
Males	22.9	22.8
Females	25.9	25.7
<b>Retiring in 20 years</b>		
Males	25.2	25.1
Females	28.2	28.1

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

	Expected return at 31 August 2013	Fair value at 31 August 2013 £000	Expected return at 31 August 2012	Fair value at 31 August 2012 £000
Equities	7.0%	1,609	7.0%	1,126
Government bonds	3.4%	267	2.5%	239
Other bonds	4.4%	219	3.4%	233
Property	5.7%	177	6.0%	142
Cash/liquidity	0.5%	45	0.5%	35
Other assets	7.0%	177	7.0%	150
Total market value of assets		2,494		1,925
Present value of scheme liabilities – funded		(2,675)		(2,217)
<b>Deficit in the scheme</b>		<b>(181)</b>		<b>(292)</b>

The actual return on scheme assets was £306,000 (2012 £150,000)

# MERCHANTS' ACADEMY WITHYWOOD

## NOTES TO THE FINANCIAL STATEMENTS Year ended 31 August 2013

### 20. PENSIONS AND SIMILAR OBLIGATIONS (continued)

Amounts recognised in the statement of financial activities	2013 £000	2012 £000
Current service cost (net of employee contributions)	228	136
<b>Total operating charge</b>	<b>228</b>	<b>136</b>
<b>Analysis of pension finance income/(costs)</b>	<b>£000</b>	<b>£000</b>
Expected return on pension scheme assets	114	101
Interest on pension liabilities	(108)	(97)
<b>Pension finance income/(costs)</b>	<b>6</b>	<b>4</b>

The actual 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 the adoption of FRS17 is a £265,000 loss (2012 £446,000 loss)

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

	£000	£000
At 1 September	(2,217)	(1,744)
Current service cost	(228)	(136)
Interest cost	(108)	(97)
Employee contributions	(70)	(51)
Actuarial loss	-	(192)
Benefits paid	(52)	3
<b>At 31 August</b>	<b>(2,675)</b>	<b>(2,217)</b>

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

	£000	£000
At 1 September	1,925	1,636
Expected return on assets	114	101
Actuarial gain	192	49
Employer contributions	141	91
Employee contributions	70	51
Benefits paid	52	(3)
<b>At 31 August</b>	<b>2,494</b>	<b>1,925</b>

The estimated value of employer contributions for the year ended 31 August 2014 is £145,000

## MERCHANTS' ACADEMY WITHYWOOD

### NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 August 2013

#### 20. PENSIONS AND SIMILAR OBLIGATIONS (continued)

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

	2013 £000	2012 £000	2011 £000	2010 £000	2009 £000
Defined benefit obligation at end of year	(2,675)	(2,217)	(1,744)	(1,774)	(1,449)
Fair value of plan assets at end of year	2,494	1,925	1,636	1,408	1,086
<b>Deficit</b>	<b>(181)</b>	<b>(292)</b>	<b>(108)</b>	<b>(366)</b>	<b>(363)</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Experience adjustments on share of scheme assets	192	49	6	43	99
Experience adjustments on scheme liabilities	-	-	39	17	92

#### 21. RELATED PARTIES TRANSACTIONS

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

The Academy previously procured some financial, facilities management and educational services from South West Academies Limited, a company in which the Academy was a 20% shareholder. This company ceased trading as of 31<sup>st</sup> March 2012 and is in the process of being wound up. The Academy procures some financial and facilities management services from Delegated Services C I C of which a Trustee is a 100% shareholder.

#### 22. ULTIMATE CONTROLLING PARTY

The Academy is controlled by the Society of Merchant Venturers as they nominate the majority of the members and Trustees/Governors/Directors of the Academy. Further detail on appointment of members and Trustees/Governors/Directors are included in the Trustees' Report.

## **MERCHANTS' ACADEMY WITHYWOOD**

### **NOTES TO THE FINANCIAL STATEMENTS** **Year ended 31 August 2013**

#### **23. 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 either to re-invest the proceeds or to repay to the Secretary of State for Education and Skills the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State

Upon termination of the Funding Agreement, whether as a result of the Secretary of State or the Academy serving notice, the Academy shall repay to the Secretary of State 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 Secretary of State under the Funding Agreement