



Financial Statements
Year Ended - 31 August 2012



Report of the Directors and Financial Statements

Company Number 06969900
(England and Wales)

Year Ended - 31 August 2012



Financial Statements
Year Ended - 31 August 2012

Contents

Report of the Directors	3
Governance Statement	15
Statement of Regularity, Propriety and Compliance	19
Statement of the Directors' Responsibilities	20
Independent Auditor's Report to the members of City of Wolverhampton Academy Trust	21
Independent Accountant's Report on Regularity to the Directors of the City of Wolverhampton Academy Trust and Education Funding Agency	23
Statement of Financial Activities	25
Balance Sheet	26
Cash Flow Statement	28
Notes	29

Report of the Directors

The Directors present their Annual Report, together with the Financial Statements and Auditors' Report of the charitable company for the year ended 31 August 2012.

Structure, Governance and Management

The City of Wolverhampton Academy Trust is a Company Limited by Guarantee (Company No 06969900) incorporated on 22 July 2009 and an exempt charity.

The financial information contained in this report is based on the consolidation of the Trust's two Academies: South Wolverhampton & Bilston Academy and North East Wolverhampton Academy.

The members and Directors who served throughout the year, except as noted, were as follows:

Members

City of Wolverhampton College
University of Wolverhampton
Wolverhampton City Council
William Albert Parker
Michael Owen Hardacre (resigned 9 February 2012)
Robin Landman
Jane Marie Kitchen

Directors

Michael Owen Hardacre (resigned 9 February 2012)
Ian Stewart Millard (resigned 10 September 2012)
William Albert Parker
John Stretton
Geoffrey Simon Walford
Henriette Harnisch
Anthea Gregory (appointed 9 February 2012)
Geoffrey Mark Layer (appointed 13 March 2012)
Timothy Westwood (appointed 27 March 2012)
Philip Henry Page (appointed and resigned 3 April 2012)
Emma Timmins (appointed 16 November 2012)
Tina Downes (appointed 19 November 2012)
Paul William Bishton (appointed 28 November 2012)

Chairman (Non-Executive)

William Albert Parker

Company Secretary

Jeetender Singh Thyra

Report of the Directors *(continued)*

Structure, Governance and Management *(continued)*

Executive Committee	Paul William Bishton (Accounting Officer and Chief Executive) Kerry Inscker (Principal - South Wolverhampton & Bilston Academy) Balbir Kaur-Pierpoint (Principal - North East Wolverhampton Academy) Jeetender Singh Thyra (Director of Finance & Operations)
Registered office	5 Pendeford Place Pendeford Business Park Wobaston Road Wolverhampton WV9 5HD
Bankers	Lloyds TSB Bank plc PO Box 1000 BX1 1LT Co-operative Bank plc 118 / 120 Colmore Row Birmingham B3 3BX
Solicitors	Eversheds LLP Eversheds House 70 Great Bridgewater Street Manchester M1 5ES FBC Manby Bowdler George House St John's Square Wolverhampton WV2 4BZ
Auditors	KPMG LLP One Snowhill Snow Hill Queensway Birmingham B4 6GH
Insurance brokers	Zurich Municipal Zurich House 2 Gladiator Way Farnborough Hampshire GU14 6GB

Report of the Directors *(continued)*

Structure, Governance and Management *(continued)*

Constitution

The Trust is a company limited by guarantee with no share capital (registration no. 6969900) and an exempt charity. The Trust's memorandum and articles of association are the primary governing documents of the Trust. Members of the Trust are nominated by either the Secretary of State for Education and Skills or by City of Wolverhampton College, the main sponsors of the Academies or by University of Wolverhampton, the co-sponsors of the Academies or by Wolverhampton City Council, the second co-sponsors of the Academies. The Articles of Association require the members of the Trust to appoint at least three Directors to be responsible for the statutory and constitutional affairs of the Trust and the management of the Academies.

Members' Liability

Each member of the Trust undertakes to contribute to the assets of the Trust in the event of it being wound up while he / she is a member, or within one year 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

The Directors are directors of the charitable company for the purposes of the Companies Act 2006 and trustees for the purposes of charity legislation. Directors of the Trust are nominated by either the Secretary of State for Education and Skills or by City of Wolverhampton College, the main Sponsors of the Academies or by University of Wolverhampton, the Co-Sponsors of the Academies or by Wolverhampton City Council, the second Co-Sponsors of the Academies. Directors are also appointed if they hold the position of Chairperson of the Academy's Stakeholder Committee and the Stakeholder Committee members can also elect up to two Parent Directors. Parent Directors have been selected and were in the process of formal appointment as Directors.

The Directors who were in office at the date of approval of the Financial Statements served throughout the year, except where shown, are listed on page 3.

During the year under review the Directors held five meetings. Where necessary, training is provided on charity, educational, legal and financial matters. The training and induction provided for new Directors will depend on their existing experience. New Directors are given a tour of the Academies and the chance to meet with staff and students. All Directors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Directors. As there are normally only two or three new Directors a year, induction tends to be done informally and is tailored specifically to the individual.

In accordance with normal commercial practices, the Trust has purchased insurance to protect Directors, Stakeholder Committee members and Officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business. The insurance provides cover up to £2,000,000 on any one claim.

Report of the Directors *(continued)*

Structure, Governance and Management *(continued)*

Organisation

The organisational structure of the Trust consists of three principal strands: the Board of Directors, the Executive Committee and the Sub-Committees to the Board. The Sub-Committees to the Board comprise of the Finance and Estates Management Committee, the Human Resources Committee, the Performance & Standards Committee, the Audit Committee and the Academies' Stakeholder Committees. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

The Directors are responsible for setting general policy, adopting an annual plan and budget, monitoring the Academies' use of budgets and making major decisions about the direction of the Academies, capital expenditure and senior staff appointments.

The Executive Committee is comprised of the Principals, Kerry Inscker (South Wolverhampton & Bilston Academy) and Balbir Kaur-Pierpoint (North East Wolverhampton Academy), the Accounting Officer and Chief Executive Paul William Bishton and the Director of Finance & Operations Jeetender Singh Thyra. The Executive Committee controls the day to day management of the Academies at an executive level implementing the policies laid down by the Directors and reporting back to them. As a group, the Executive Committee is responsible for the authorisation of spending within agreed budgets and the appointment of staff and appointment boards for posts in the Management Team always contain a Director or the Director's representative as a panel member. Some spending control is devolved to members of the Management Team with limits, above which an Executive Committee member must countersign.

The Management Team includes the Senior Leadership Teams at each Academy. These managers are responsible for the day to day operations of the Academies, in particular organising the teaching staff, facilities and students in order to deliver high quality teaching and learning.

Connected organisations

The City of Wolverhampton College, University of Wolverhampton and Wolverhampton City Council are sponsors to City of Wolverhampton Academy Trust and since the Academies' founding, while not donating financially, have provided experienced management time to assist the Academies in achieving their objectives.

Risk Management

The Directors assess the major risks to which the Trust is exposed annually, in particular, those relating to the specific teaching, provision of facilities and other operational areas of the Academies, and their finances. The Directors have implemented a number of systems to assess risks that the Trust faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, supervision of school grounds) and internal financial controls (see below) in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover. They are satisfied that these systems are consistent with guidelines issued by the Charities Commission. The Trust has an effective system of internal financial controls and this is explained in more detail in the following statement.

Report of the Directors *(continued)*

Structure, Governance and Management *(continued)*

The Executive Committee receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The Executive Committee, Audit Committee and the Finance and Estates Management Committee also receive regular reports from the responsible officer, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high level review of the arrangements for internal control. The Trust's agenda includes a regular item for consideration of risk and control and receives reports thereon from the Executive Committee and the Finance and Estates Management Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2012 meeting, the Trust carried out the annual assessment for the year ended 31 August 2012 by considering documentation from the Executive Committee and Responsible Officer, and taking account of events since 31 August 2012.

Going concern

After making appropriate enquiries, the Trust considers that the Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

Objectives and Activities

Object and aims

The principal object and activity of the charitable company the City of Wolverhampton Academy Trust is to promote excellence in education and learning for pupils of different abilities between the ages of 11 and 19.

The focus of the Trust is to support young people in achieving their true potential. The Trust is committed to significantly improving students' ambitions, aspirations, learning, achievement and personal development, irrespective of their ability, gender, faith or race. The Trust is committed to fostering the tolerance and respect for others which leads to greater community cohesion. The Trust is inclusive and non-selective in its admissions policy.

Public Benefit

The Directors have confirmed they have referred to the Charity Commission's general guidance on public benefit when reviewing the Trust's aims and objectives and in planning future activities. In particular, the Directors consider how planned activities will contribute to the aims and objectives they have set and have complied with the Charities Act 2011 to have due regard to public benefit guidance published by the Charities Commission in defining the strategic direction of the Trust.

In accordance with the articles of association the charitable company has adopted a "Scheme of Government" approved by the Secretary of State for Education. The Scheme of Government specifies, amongst other things, the basis for admitting students to the Academy, the catchment area from which the students are drawn, and that the curriculum should comply with the substance of the national curriculum and their practical applications

The main objectives of the Trust during the period ended 31 August 2012 and for the next 12 months are summarised below:

- to ensure that every student enjoys the same high quality education and learning opportunities in terms of resourcing, tuition and care to attain appropriate academic qualifications and move on to further or higher education;

Report of the Directors *(continued)*

Objectives and Activities *(continued)*

- to raise the standard of educational achievement of all students;
- to improve the effectiveness of the Trust by keeping the curriculum and organisational structure under continual review;
- to promote and develop training opportunities for all staff;
- to provide value for money for the funds expended;
- to comply with all appropriate statutory and curriculum requirements;
- to maintain close links with industry and commerce; and
- to conduct the Trust's business in accordance with the highest standards of integrity, probity and openness.

Objectives, Strategies and activities

The Trust's main objectives are encompassed by the activities provided including:

- tuition and learning opportunities for all students to attain appropriate academic qualifications;
- training opportunities for all staff, and especially teaching staff;
- secondments and placing of students with industrial and commercial partners;
- a programme of sporting and after school leisure activities for all students;
- a system of after school clubs to allow students to explore subject areas in a practical and project oriented way;
- a careers advisory service to help students obtain employment or move on to higher education.

Sustainability

The Trust is committed to sustainable development throughout all aspects of its operations. The Trust will continue to strive to meet or exceed the *Sustainable Development in Government* targets.

Payment performance

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires Academies, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95 per cent. During the accounting period 1 September 2011 to 31 August 2012, the Trust paid 90% per cent of its invoices within 30 days. The Trust incurred an interest charge of £0 in respect of late payment for this year.

Equal opportunities and employment of disabled persons

The Trust is committed to ensuring equality of opportunity for all who learn and work here. We respect and value positively differences in race, gender, sexual orientation, ability, class and age. We strive vigorously to remove conditions which place people at a disadvantage and we will actively combat bigotry. This policy will be resourced, implemented and monitored on a planned basis.

The Trust's new Equalities Policy, including its Race Relations and Transgender Policies is in draft and will be published in 2012.

The Trust considers all applications from disabled persons, bearing in mind the aptitudes of the individuals concerned. Where an existing employee becomes disabled, every effort is made to ensure that employment with the Trust continues. The Trust's policy is to provide training, career development and opportunities for promotion, which are, as far as possible, identical to those for other employees. An equalities plan will be published next year and monitored by Managers and Directors.

Report of the Directors *(continued)*

Objectives and Activities *(continued)*

Disability statement

The Trust seeks to achieve the objectives set down in the Equality Act 2010.

- a) As part of its accommodation strategy, the Trust will update its access audit. Experts in this field will conduct a full access audit during 2012.
- b) The Trust has appointed a Trust level experienced Facilities Manager, who provides information, advice and arranges support where necessary for students with disabilities.
- c) The admissions policy for all students is described in the local authority charter which the Trust adopts. Appeals against a decision not to offer a place are dealt with under the Local Authority admissions policy.
- d) The Trust has made a significant investment in the appointment of specialist teachers to support students with learning difficulties and / or disabilities. There are a number of student support assistants who can provide a variety of support for learning. There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and / or disabilities.
- e) Specialist programmes are described in Academy prospectuses, and achievements and destinations are recorded and published in the standard Academy format.
- f) Counselling and welfare services are described in the Academy Prospectus, which together with the Complaints Procedure are available on the Academy websites.

Achievements and Performance

The Trust is now in its third year of operation and both Academies are striving hard to achieve the forecast numbers of students. Total students in the year ended 31 August 2012 numbered 686 in the South Wolverhampton & Bilston Academy and 1,101 in the North East Wolverhampton Academy. Both Academies have agreement from the Department for Education (DfE) to admit 200 students in each year group up to Year 11, and a further 200 in the Sixth Form and strategies are in place to increase student numbers to this maximum capacity of 1200 in each Academy.

South Wolverhampton & Bilston Academy

At A level, candidates achieved an average of over 549 points per candidate (2011 average 520). There was a 93% pass rate at A Level (2011 100%) and 45% of grades were A*-C (2010 68%). At AS Level the pass rate was 64% (2011 63%) and 22% of grades were A-C (2011 25%). GCSE examination results for South Wolverhampton & Bilston Academy 2012 were disappointing. At GCSE, 27% of grades were 5 A*-C including English and Maths (2011 41%) and 79% of students achieved 5 or more passes at this level (2011 88%).

North East Wolverhampton Academy

At A level, candidates achieved an average of over 666 points per candidate (2011 average 775). There was a 100% pass rate at A Level (2011 100%) and 61% of grades were A-C (2011 66%). At AS Level, the pass rate was 78% (2011 70%) and 30% of grades were A-C (2011 26%). GCSE examination results for North East Wolverhampton Academy 2011 were also disappointing. At GCSE, 40% of grades were 5 A*-C including English and Maths (2011 49%) and 86% of students achieved 5 or more passes at this level (2011 85%).

Report of the Directors *(continued)*

Achievements and Performance *(continued)*

All academic results, at this time of year, are unvalidated and the GCSE English results are subject to a legal challenge by the Trust due to the 'in year' grade boundary changes.

To ensure that standards are continually raised the Academies: operate a programme of observation of lessons; are visited by inspectors; and undertake a comparison of results from entry to Key Stage 3 to GCSE and from GCSE to A level to assess the added value. The Academies also participate in national programmes looking at added value through the key stages. The Trust has also created support agreements with Nationally recognised high performing secondary schools such as the John Taylor High School, for teaching and learning development and John Kyrle High School for leadership development.

In the South Wolverhampton & Bilston Academy 65% (2011 77%) of students at went onto further education and 12% (2011 12%) gained employment. The NEET figure was 5% (2011 3%).

In the North East Wolverhampton Academy 91% (2011 83%) of students at went onto Further Education and 2% (2011 10%) gained employment. The NEET figure was 7% (2011 7%).

Financial Review

Financial objectives

The Trust's financial objectives are:

- to achieve an annual operating surplus in each Academy;
- to pursue alternative sources of funding, on a selective basis, consistent with each Academy's core competencies, and the need for a financial contribution to the Academy's overall finances;
- to generate sufficient levels of income to support the asset and overhead base of each Academy;
- to further improve the Trust's shorter term liquidity;
- to fund continued capital investment by generating sufficient reserves for future developments.

These objectives were achieved in the year ending 31 August 2012.

Financial report for the period

Most of the Trust's income is obtained from the EFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFA during the year ended 31 August 2012 and the associated expenditure are shown as restricted funds in the statement of financial activities. There is also some commercial income from catering, lettings, investments and voluntary funds which is shown as unrestricted funding.

The Trust also receives grants for fixed assets from the Education Funding Agency (EFA). 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 life of the assets concerned.

During the year ended 31 August 2012, total expenditure of £16,261,000 (2011 £15,659,000) was more than covered by recurrent grant funding from the EFA together with other incoming resources. This expenditure was exclusively for provision of education and the associated support services to the students of the Academies.

Report of the Directors *(continued)*

Financial Review *(continued)*

Under Accounting Standard FRS17, it is necessary to charge projected deficits on the Local Government Pension Scheme that is provided for non-teaching staff to the restricted non fixed assets fund. The previous period's accounts have also been restated in this respect, as explained in note 28 at the end of the financial statements. This has resulted in the fund showing a substantial deficit in both the year to 31 August 2012 and the preceding period. It should be noted that this does not present the Trust with any current liquidity problem. We are continuing contributions to the pension scheme in line with actuarial advice in the expectation of seeing a reduction of this pension deficit in the future, although this may not be achieved until stock market investment values recover. This pension deficit is the main reason for the restricted non fixed asset fund showing a negative balance carried forward.

During the year the Trust also benefitted by £10,000 from the transfer of the predecessor school's surpluses of the North East Wolverhampton Academy.

The surplus of income over expenditure for the year was £824,000 (2011 £1,902,000). The Trust returned a surplus of £1,005,000 (2011 £1,874,000) when the three additional adjustments are made as detailed below.

	Year ended 31 August 2012 £000	Year ended 31 August 2011 £000
Surplus of income over expenditure as per accounts	824	1,902
FRS17 Pension costs (included in expenditure)		
Current service cost	366	296
Curtailments	52	0
Interest cost	240	231
Contribution by employer	(283)	(181)
Contributions by members	(122)	(84)
Expected return on assets	<u>(123)</u>	<u>(104)</u>
	130	158
Restructuring costs	61	383
Transfer of predecessor school surpluses	<u>(10)</u>	<u>(569)</u>
Surplus before FRS17 adjustments, predecessor school surpluses and restructuring costs	<u>1,005</u>	<u>1,874</u>

At 31 August 2012 the net book value of fixed assets was £802,000 (2011 £475,000) and movements in tangible fixed assets are shown in note 16 to the financial statements. The assets were used exclusively for providing education and the associated support services to the students of the Academies.

Report of the Directors *(continued)*

Financial Review *(continued)*

Reserves policy and financial position

Reserves policy

The Directors review the Trust reserve policy annually. The level of reserves takes into account the nature of income and expenditure streams, the need to match income to commitments and the nature of reserves. Trust Academies are funded on a monthly basis by EFA grant funding, therefore the income fairly matches the expenditure for each Academy, the majority of which relates to staff costs, and because the financial year equates to the academic year. Therefore, the Trust does not require reserves to meet its operating costs.

Academies are not allowed to borrow or run a deficit therefore costs are managed with reference to the level of grant income from the EFA to achieve and maintain reserve levels.

Academies are restricted from building reserves from revenue grants up to a 2% maximum by EFA. Academies may retain larger reserves for capital purposes, however it is not anticipated that the Trust Academies will be generating significant surpluses to use against capital projects as their new buildings will mainly be funded by the Building Schools for the Future programme. Academies are permitted to roll forward Start-Up Grants that are received when the Academy opens. Given the above, it is expected that, after the program of building works is well under way, the Trust will retain extra reserves of between £0.1m and £0.4m by the end of the next financial period. However, this will be mitigated by the requirement for the Trust to account for any pension deficit arising from its obligations in the next financial year. The Trust aims to maintain positive reserves on an annual basis before the pension liability.

The reserves of the Trust principally represent funding received in prior periods, notably for the Start-Up Period that will be expended over the next three years as a significant program of building works is undertaken at each academy. The funding will be expended on capital revenue costs for facilities and resources.

The Trust held fund balances at 31 August 2012 of £789,000 (2011 £132,000) comprising (£3,000) (2011 £(538,000)) of restricted funds and £792,000 (2011 £670,000) of unrestricted general funds. The restricted funds are stated after the deductions of the pension reserve deficit of £(3,013,000) (2011 £(2,594,000)).

Principal Risks and Uncertainties

The Trust has undertaken further work during the year to develop and embed the system of internal control, including financial, operational and risk management which is designed to protect the Trust's assets and reputation.

The Executive Committee undertakes a comprehensive review of the risks to which the Trust is exposed. They identify systems and procedures, including specific preventable actions which should mitigate any potential impact on the Trust. The internal controls are then implemented and the subsequent year's appraisal will review their effectiveness and progress against risk mitigation actions. In addition to the annual review with the Finance and Estates Management Committee the Executive Committee will also consider any risks which may arise as a result of a new area of work being undertaken by the Trust.

A Risk Register is maintained at the Trust level which is reviewed at each meeting of the Finance and Estates Management Committee and more frequently by the Executive Committee, where necessary. The Risk Register identifies the key risks, the likelihood of those risks occurring, their potential impact on the Trust and the actions being taken to reduce, avoid or mitigate the risks. Risks are prioritised using a consistent scoring system.

This is supported by a risk management training programme to raise awareness of risk throughout the Trust.

Report of the Directors *(continued)*

Financial Review *(continued)*

Outlined below is a description of the principal risk factors that may affect the Trust. Not all the factors are within the Trust's control. Other factors besides those listed below may also adversely affect the Trust.

1. Government Funding

The Trust has considerable reliance on continued government funding through the EFA. In 2012, 97% (2011 97%) of the Trust's revenue was ultimately public funded and this level of requirement is expected to continue.

There are can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

This risk is mitigated in a number of ways:

- Funding is derived through a number of direct and indirect contractual arrangements;
- By ensuring the Trust is rigorous in delivering high quality education and training as cost effective as possible;
- Considerable focus and investment is placed on maintaining and managing key relationships with the EFA.

2. Maintain adequate funding of pension liabilities

The financial statements report the share of the local government pension scheme deficit on the Trust's balance sheet in line with the requirements of FRS17. While this poses a low liquidity and going concern risk the Trust is conscious that future payments may be required in order to help reduce the size of the deficit if fund performance continues to suffer.

3. Maintain financial stability following BSF managed service agreements

The Trust is in on-going negotiations with the Local Authority and Local Education Partnership (LEP) on the suitability and sustainability of the BSF agreements for managed services for ICT, facilities management and building life cycle costs for its Academies once they move into new buildings. (South Wolverhampton & Bilston Academy September 2012, North East Wolverhampton Academy July 2014).

4. Recruitment into Year 7 and Retention in the Sixth Form

The Trust is focused on increasing pupil intake into Year 7 and retention of students in the sixth form to ensure that all of its Academies are full and delivering high quality services to as many students from its communities as quickly as possible and avoid any budgetary financial pressures from local demographic factors. Academy development plans, new buildings / equipment and recruitment activities, as well as strong links with high performing, nationally recognised, schools have been developed and accelerated in order that the positive reputation and strengths of the Trust's Academies are recognised by the community and potential students.

5. GCSE Attainment Levels

GCSE attainment levels dipped below the National floor targets at the South Wolverhampton & Bilston Academy. This would have still been the case had the grade boundary in English not shifted between January and June 2012. The Academy has prepared a comprehensive and focused recovery plan with the assistance of external advisers and is managing the risk in achieving the improvement in the GCSE KPI to ensure improvement and acceptable progress.

Report of the Directors *(continued)*

Additional actions have also been taken by the Trust to review the Academy support, monitoring and the suitability of the Trust's Sponsorship arrangements. The recovery plan is underpinned by support and regular reviews from Nationally recognised high performing Academies. The Trust has a support agreement with John Taylor High School for teaching and learning development and John Kyrle High School for leadership development.

As a result of the South Wolverhampton & Bilston Academy dipping below floor targets post year end, the Trust received visits from the Open Academies Performance Division and is currently in discussions regarding its Sponsorship arrangements.

Plans for future periods

The Trust will continue focus on its main objectives as summarised above and will be striving to improve the levels of performance of its students at all levels and continue its efforts to ensure its students obtain employment or a place in further or higher education once they leave. The Trust believes that the exciting plans for its new buildings and facilities in 2012 will also increase its recruitment of students up to its budgetary levels and capacity.

Auditor

Insofar as the Directors are aware, there is no relevant audit information of which the charitable company's auditor is unaware. The Directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that Auditor is aware of that information.

The Auditors, KPMG LLP, were willing to continue in office, however, following a competitive tender exercise, Baker Tilly were the successful firm of auditors. A resolution to appoint them was proposed and accepted at the Annual General Meeting.

The report of the Directors was approved by the Directors on 17 December 2012 and signed on their behalf by:

.....
William Albert Parker
Chairman of the Board

Address: City of Wolverhampton Academy Trust
5 Pendeford Place
Pendeford Business Park
Wobaston Road
Wolverhampton
WV9 5HD

Date: 17 December 2012

Governance Statement

Scope of responsibility

As Directors, we acknowledge we have overall responsibility for the Trust's system of internal financial control and for reviewing its effectiveness. 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 Trust has delegated the day-to-day responsibility to the Principals, the Accounting Officer and the Director of Finance & Operations for maintaining a sound system of internal control that supports the achievement of the Trust's policies, aims and objectives, whilst safeguarding the public funds and assets for which they are personally responsible, in accordance with the responsibilities assigned to them in the Financial Memorandum between Academy and EFA. They are also responsible for reporting to the Trust any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Report of the Directors and in the Statement of Directors' responsibilities.

Board of Directors

The Board of Directors has ultimate responsibility for decision making and the strategic direction of the Trust. All other sub-committees exist in support of this overarching responsibility. The Board has formally met five times during the year. Attendance during the year at meetings of the Board of Directors was as follows:-

Director	Meetings Attended	Out of a possible	%
M.O. Hardacre	1	1	100%
I.S. Millard	4	5	80%
W.A. Parker (Chair)	4	5	80%
J. Stretton	5	5	100%
G.S. Walford	2	5	40%
H. Harnisch	4	5	80%
A. Gregory	4	5	80%
G.M. Layer	3	4	75%
T. Westwood	2	5	40%

During the year, the Trust found it challenging to secure Parent Directors, however, this has now been addressed and two parents were appointed in November 2012.

Governance Statement *(continued)*

Finance and Estates Management Committee

The Finance and Estates Management Committee assists the Board in fulfilling its responsibility to ensure sound management of the Academies' finances and resources, including estates, effective planning and budgeting, tendering, monitoring and probity.

Directors', who were members of this sub-committee, attendance during the year at meetings was as follows:-

Director	Meetings Attended	Out of a possible	%
I.S. Millard	1	3	33%
G.S. Walford (Chair)	3	3	100%
W.A. Parker	2	2	100%
M.O. Hardacre	1	1	100%

Performance and Standards Committee

The Performance and Standards Committee assists the Board in fulfilling its responsibility to ensure sustained and consistently high performance and standards for all of its Academies. This includes monitoring the Academy Development Plan, the quality of teaching and learning, annual targets, intervention strategies, curriculum developments and academic performance.

Directors', who were members of this sub-committee, attendance during the year at meetings was as follows:

Director	Meetings Attended	Out of a possible	%
I.S. Millard (Chair)*	2	2	100%
J. Stretton (Chair)*	1	2	50%

* Following the resignation of I.S. Millard from the Trust, J. Stretton was elected Chair on 20 September 2012.

Human Resources Committee

The Human Resources Committee assists the Board in fulfilling its responsibility to ensure sound human resource, child protection and safeguarding management. Directors', who were members of this sub-committee, attendance during the year at meetings was as follows:-

Director	Meetings Attended	Out of a possible	%
W.A. Parker	10	10	100%
H. Harnisch (Chair)	10	10	100%

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 Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Trust for the year ended 31 August 2012 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The Trust has reviewed the key risks to which the Academy Trust is exposed, together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Trust is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the year ending 31 August 2012 and up to the date of approval of the Annual Report and Financial Statements. This process is reviewed annually by the Trust.

The risk and control framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Trust;
- regular reviews by the Finance and Estates Management Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.

The Trust is committed to exhibiting best practice in all aspects of corporate governance and Code of Conduct Policy. This summary describes the manner in which the Trust has applied the principles set out in the UK Corporate Governance Code issued by the London Stock Exchange in June 2010. Its purpose is to help the reader of the financial statements understand how the principles have been applied. In the opinion of the Directors, the Trust complies with all the provisions of the Code in so far as they apply to the Academy Sector throughout the year ended 31 August 2012 with the following exceptions. The Code requires the existence of separate Nomination Committees. Director Nomination matters are dealt with by the Board of Directors as a whole.

The measures that the Trust has taken to comply with the Code include:

- set policies on internal control and risk;
- clarified the responsibility of the Executive Committee to implement the Directors' policies and to identify and evaluate risks for the Directors' consideration;
- explained to employees that they have responsibility for internal control as part of their accountability for achieving objectives;
- embedded the control system in each Academy's operations so that it becomes part of the culture of the Trust;

Governance Statement *(continued)*

- developed systems to respond quickly to evolving risks arising from factors within each Academy and to changes in the external environment; and
- included procedures for reporting failings immediately to appropriate levels of management and the Directors together with details of corrective action being undertaken.

The Trust has appointed Paul Bishton as Accounting Officer for the Trust.

The Trust has considered the need for a specific internal audit function and, as permitted by the EFA Financial Handbook for Academies, appointed John Stretton in the role of Responsible Officer (RO) and Staffordshire University Academy in the role of internal auditor for the following financial year. During the year ended 31 August 2012, RSM Tenon performed the role of RO and internal auditor. The RO's role includes giving advice on financial matters and performing a range of checks on the financial systems. Bi-annually the RO reports to the Directors on the operation of the systems of control and on the discharge of their financial responsibilities.

Review of effectiveness

As Accounting Officer, Paul Bishton has responsibility for reviewing the effectiveness of the system of internal control within the Trust. Their review of the effectiveness of the system of internal control is informed by:

- the work of the responsible officer;
- the work of the external auditors;
- the financial management and governance self-assessment process;
- the work of the Director of Finance & Operations within the Trust who has responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised on the implications of the result of their review of the effectiveness of the system of internal control by the Audit Committee, which oversees the work of the responsible officer, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by the Directors of the Trust on 17 December 2012 and signed on their behalf by:

.....
William Albert Parker
Chairman of the Board

.....
Paul William Bishton
Accounting Officer



Statement of Regularity, Propriety and Compliance

As Accounting Officer of the City of Wolverhampton Academy Trust, I have considered my responsibility to notify the Academy Trust Board 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 Trust Board are able to identify any material irregular or improper use of funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's Funding Agreement and the Academies' Financial Handbook.

I confirm that any instances of material irregularity, impropriety or funding non-compliance discovered to date have been notified to the Academy Trust Board and the EFA or, if occurring after the date of this statement, will be notified to the Academy Trust Board and the EFA.

.....
Paul William Bishton
Accounting Officer

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Directors Report and Financial Statements in accordance with the Annual Accounts Requirements issued by the Education Funding Agency, and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under company law the Directors 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 the financial year. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of 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 operation.

The Directors are responsible for keeping proper 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 Directors are responsible for ensuring that in its conduct and operations the charitable company applies financial and other controls which confirm 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 Directors are responsible for the maintenance and integrity of the charitable company's websites. Legislation in the United Kingdom governing the preparation and dissemination of accounts may differ from legislation in other jurisdictions.

Approved by the Directors of the Trust on 17 December 2012 and signed on their behalf by:

.....
William Albert Parker
Chairman of the Board



KPMG LLP
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

Independent Auditors' report to the members of City of Wolverhampton Academy Trust

We have audited the financial statements of the City of Wolverhampton Academy Trust for the year ended 31 August 2012 set out on pages 25 to 47. The financial reporting framework that has been applied in their preparation is applicable law, the Academies: Accounts Direction 2011/12 and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the charitable company's (the Trust's) members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and in respect of the separate opinion in relation to compliance with the Academies: Accounts Direction 2011/12 issued by the Education Funding Agency ("EFA") on terms that have been agreed. 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 auditors' report and, in respect of the separate opinion in relation to compliance with the Academies: Accounts Direction 2011/12 issued by the EFA, those matters that we have agreed to state to them in our report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Directors and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 20, the Directors (who are also the Directors of the company for the purposes of company law) are responsible for the preparation of financial statements which 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 auditing standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Trust's affairs at 31 August 2012, 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 UK Generally Accepted Accounting Practice;
- have been prepared in accordance with the Companies Act 2006;
- have been prepared in accordance with the Academies: Accounts Direction 2011/12 issued by the EFA.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the Trust, 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;
- certain disclosures of Directors' remuneration specified by law are not made;
- we have not received all the information and explanations we require for our audit.

M.J. Rowley (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

18 December 2012



Financial Statements
Year Ended - 31 August 2012

Independent Accountant's Report on Regularity to the Directors of the City of Wolverhampton Academy Trust and the Education Funding Agency

In accordance with the terms of our engagement letter dated 3 December 2012 and further to the requirements of the Education Funding Agency (EFA), we have carried out a review to obtain assurance about whether, in all material respects, the expenditure disbursed and income received by the City of Wolverhampton Academy Trust during the period 1 September 2011 to 31 August 2012 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to the Directors and the EFA. Our review work has been undertaken so that we might state to the Directors and the EFA those matters we are required to state to it 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 Directors and the EFA, for our review work, for this report, or for the opinion we have formed.

Respective responsibilities of the Directors and Reporting Accountant

The Directors are responsible, under the requirements of the Academies Act 2010, subsequent legislation and related regulations, 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 review are established in the United Kingdom by our profession's ethical guidance and the guidance set out in the EFA's Financial Handbook and the Academies: Accounts Direction 2011/12. We report to you whether, in our opinion, anything has come to our attention in carrying out our review which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2011 to 31 August 2012 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Basis of opinion

We conducted our review in accordance with the Academies Handbook and the Academies: Accounts Direction 2011/12 issued by the EFA.

Opinion

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 2011 to 31 August 2012 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

*KPMG LLP, Reporting Accountant
Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH*

18 December 2012



Financial Statements
Year Ended - 31 August 2012



Financial Statements
Year ended – 31 August 2012

Statement of financial activities
for the year ended 31 August 2012
(including Income and Expenditure account)

	Note	Unrestricted funds £000	Restricted non fixed asset funds £000	Restricted fixed asset funds £000	Total 2012 £000	Total 2011 £000
Incoming resources						
Incoming resources from generated funds:						
Voluntary income	4	13	1,098	-	1,111	755
Activities for generating funds	5	349	-	-	349	269
Investment income	6	56	-	-	56	11
Incoming resources from charitable activities:						
Funding for the Trust's educational activities	7	-	15,569	-	15,569	16,526
Total incoming resources		418	16,667	-	17,085	17,561
Resources expended						
Charitable activities						
Trust's educational activities	9	(296)	(15,628)	(288)	(16,212)	(15,536)
Governance costs	10	-	(49)	-	(49)	(123)
Total resources expended	8	(296)	(15,677)	(288)	(16,261)	(15,659)
Net incoming / (outgoing) resources before Transfers						
Gross transfers between funds	20	122	990	(288)	824	1,902
		-	(615)	615	-	-
Net income for the year		122	375	327	824	1,902
Other recognised gains and losses						
Actuarial (losses) / gains on defined benefit pension schemes	18	-	(167)	-	(167)	744
Pension deficit recognised from transfer		-	-	-	-	(1,379)
Net movement in funds		122	208	327	657	1,267
Funds brought forward on 1 September 2011 (as restated)		670	(1,013)	475	132	(1,135)
Funds carried forward at 31 August 2012	20	792	(805)	802	789	132

All of the Trust'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.

Balance sheet
as at 31 August 2012

	<i>Note</i>	2012 £000	2012 £000	2011 £000	2011 £000
Fixed assets					
Tangible assets	16		802		475
Current assets					
Debtors	15	892		1,254	
Short term deposit		4,344		3,054	
Cash at bank and in hand		381		863	
			5,617		5,171
Creditors: amounts falling due within one year	17		(2,617)		(2,920)
Net current assets			3,000		2,251
Net assets excluding pension liability			3,802		2,726
Defined benefit pension scheme liability	18		(3,013)		(2,594)
Net assets including pension liability			789		132
Funds of the Trust					
Restricted Funds	20				
Non fixed asset funds			(805)		(1,013)
Fixed asset funds			802		475
Total restricted funds	20		(3)		(538)
Unrestricted funds	20		792		670
General fund					
Total unrestricted funds			792		670
Total funds			789		132

The financial statements on pages 25 to 47 were approved by the Directors and authorised for issue on 17 December 2012 and were signed on their behalf by:

.....
William Albert Parker
Chairman of the Board

Cash flow statement
for the year ended 31 August 2012

	<i>Notes</i>	2012 £000	Period ended 31 August 2011 £000
Net cash inflow from operating activities	24	1,367	3,280
Return on investments and servicing of finance	25	56	11
Capital expenditure	26	(615)	(207)
 		<hr/>	<hr/>
Increase in cash in year	27	808	3,084
		<hr/>	<hr/>
Reconciliation of net cash flow to movement in net funds			
Net funds as at 1 September 2011		3,917	833
		<hr/>	<hr/>
Net funds as at 31 August 2012		4,725	3,917
		<hr/> <hr/>	<hr/> <hr/>

Notes

(forming part of the financial statements)

1. Limited by guarantee

City of Wolverhampton Academy Trust is a company limited by guarantee (No: 06969900) and not having a share capital. In the event of the Trust being wound up, members may be required to contribute an amount not exceeding ten pounds each.

2. Accounting policies

Basis of preparation

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

Going concern

The Directors 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 Trust to continue as a going concern. The Directors make this assessment in respect of a period of one year from the date of approval of the financial statements. Having considered the funds available to the Trust, the Directors believe the use of the going concern basis is appropriate.

Incoming resources

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

Grants receivable

Grants are included in the statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the year is shown in the relevant funds on the balance sheet.

Sponsorship income

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

Donations

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

Donated services and gifts in kind

The value of donated services and gifts in kind provided to the Trust is recognised at their estimated value to the Trust in the period in which they are receivable, and where the benefit is both quantifiable and material. 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 Trust's policies.

Notes (continued)

2. Accounting policies (continued)

Other Income

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent that goods have been provided or on completion of service.

Resources expended

All expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs relating 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.

Charitable activities

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

Governance costs

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

Tangible fixed assets

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

Where tangible fixed assets have been acquired with the aid of specific grants, either from the Government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. The related grants are received to a restricted fixed asset fund in the statement of financial activities and carried forward in the balance sheet. The 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 expected useful economic life of the related asset on a basis consistent with the depreciation policy.

Depreciation is provided on all tangible fixed assets other than freehold land at rates calculated to write off the cost of each asset on a straight line basis over its expected life as follows:-

Plant & equipment	10-33%
Fixtures and fittings	20-33%
Motor vehicles	25%
Computer equipment and software	20-33%

Leased assets

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

Notes (*continued*)

2. Accounting policies (*continued*)

Taxation

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

Pensions

Retirement benefits to employees of the Trust are provided by the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). These are defined benefit schemes, are contracted out of the State Second Pension Scheme (S2P) and the assets are held separately from those of the Trust.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 18, the TPS is a multi-employer scheme and the Trust is unable to identify its share of the underlying assets and liabilities of the scheme as a consistent and reliable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

Local Government Pension Scheme

The LGPS is a funded scheme and the assets are held separately from those of the Academy Trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

Fund Accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the funder where the asset required or created is held for a specific purpose.

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

Notes (continued)

3. General Annual Grant

	South Wolverhampton & Bilston Academy 2012 £000	North East Wolverhampton Academy 2012 £000	Total 2012 £000	Total 2011 £000
a. Results and carry forward for the period				
GAG brought forward from previous year	595	648	1,243	161
GAG allocation for current period	5,901	8,260	14,161	14,471
Total GAG available to spend	6,496	8,908	15,404	14,632
Recurrent expenditure from GAG	(5,542)	(7,629)	(13,171)	(13,182)
Fixed assets purchased from GAG	(287)	(328)	(615)	(207)
Total expenditure from GAG	(5,829)	(7,957)	(13,786)	(13,389)
GAG carried forward to next year	667	951	1,618	1,243
Maximum permitted GAG carry forward at end of current period (12% of allocation for current period)	(708)	(991)	(1,699)	(1,736)
GAG to surrender to DfE (12% rule breached if result is positive)	(41) No breach	(40) No breach	(81) No breach	(493) No breach
b. Use of GAG brought forward from previous year for recurrent purposes (of the amount carried forward each year, a maximum of 2% of GAG can be used for recurrent purposes. Any balance, up to a maximum of 12%, can only be used for capital purposes).				
Recurrent expenditure from GAG in current year	5,542	7,629	13,171	13,182
GAG allocation for current year.	(5,901)	(8,260)	(14,161)	(14,471)
GAG allocation for previous year x 2%.	(120)	(169)	(289)	(128)
GAG b/fwd from previous year in excess of 2% used on recurrent expenditure in current year	(479)	(800)	(1,279)	(1,417)
(2% rule breached if result is positive)	No breach	No breach	No breach	No breach

Notes (continued)

4. Voluntary income

	Unrestricted Funds £000	Restricted Funds £000	Total 2012 £000	Total 2011 £000
Donations – notional market rent	-	1,098	1,098	-
Donations – revenue	10	-	10	569
Donations – capital	-	-	-	164
Other Donations	3	-	3	22
	<u>13</u>	<u>1,098</u>	<u>1,111</u>	<u>755</u>

The Donations – revenue referred to above is the transfer of surpluses from the predecessor schools to North East Wolverhampton Academy.

The Donations – notional market rent referred to above is for the local authority predecessor school sites occupied by the Trust under short-term leases for peppercorn rents. The associated cost is included within rent in the allocated support costs in Note 9.

5. Activities for generating funds

	Unrestricted Funds £000	Restricted Funds £000	Total 2012 £000	Total 2011 £000
Hire of facilities	209	-	209	217
Catering	33	-	33	35
Sundry income	64	-	64	11
Sale of goods	43	-	43	6
	<u>349</u>	<u>-</u>	<u>349</u>	<u>269</u>

6. Investment income

	Unrestricted Funds £000	Restricted Funds £000	Total 2012 £000	Total 2011 £000
Short Term Deposits	56	-	56	11
	<u>56</u>	<u>-</u>	<u>56</u>	<u>11</u>

7. Funding for the Trust's educational activities

	South Wolverhampton & Bilston Academy £000	North East Wolverhampton Academy £000	Total 2012 £000	Total 2011 £000
DfE / Education Funding Agency revenue grants				
General Annual Grant (GAG)	5,901	8,260	14,161	14,471
Start Up Grants	417	78	495	729
Other DfE / EFA Grants	181	316	497	152
	<u>6,499</u>	<u>8,654</u>	<u>15,153</u>	<u>15,352</u>
Other government grants	192	224	416	1,174
Voluntary income	513	585	1,098	-
Total funding for the Trust's educational activities	<u>7,204</u>	<u>9,463</u>	<u>16,667</u>	<u>16,526</u>

Notes (continued)

8. Resources expended

	Staff costs £000	Depreciation £000	Other costs £000	Total 2012 £000	Total 2011 £000
Trust's educational operations:					
Direct costs	8,463	207	1,382	10,052	10,258
Allocated support costs	2,129	81	3,950	6,160	5,278
Governance costs including allocated support costs	-	-	49	49	123
Total resources expended	10,592	288	5,381	16,261	15,659

Incoming / outgoing resources for the year include:

	2012 £000	Total 2011 £000
Depreciation		
Fees payable to external auditor	288	207
- audit	16	18
- other services	-	5
Operating Leases	1,157	29

In line with Section 10.4.15 of the Academies: Accounts Direction 2011 / 12, the above Operating Leases charge includes a notional market rent of £1,098,000 in respect of the properties occupied by the Trust at a peppercorn rent from the Local Authority.

9. Charitable activities – Trust's educational operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2012 £000	Total 2011 £000
Direct costs				
Teaching and educational support staff costs	-	8,463	8,463	8,732
Educational supplies	43	727	770	593
Examination fees	-	256	256	267
Staff development	-	70	70	90
Educational consultancy	-	136	136	131
Other direct costs	33	117	150	282
Depreciation	-	207	207	163
	76	9,976	10,052	10,258

Notes (continued)

9. Charitable activities – Trust’s educational operations

Allocated support costs

Support staff costs	104	2,025	2,129	2,184
Depreciation	-	81	81	44
Staff recruitment and pupil support	-	90	90	69
Maintenance of premises and equipment	21	299	320	342
Cleaning	10	312	322	258
Heat and light	21	380	401	334
Water & sewage	-	83	83	59
Rent & rates	-	1,120	1,120	(11)
Insurance	-	131	131	123
Restructuring	-	61	61	383
Transport	-	204	204	176
Catering	-	445	445	346
Technology costs	-	213	213	93
Brought in professional services	-	286	286	452
VAT	-	65	65	232
Other support costs	64	145	209	194
	<u>220</u>	<u>5,940</u>	<u>6,160</u>	<u>5,278</u>
	<u>296</u>	<u>15,916</u>	<u>16,212</u>	<u>15,536</u>

10. Governance costs

	Unrestricted Funds £000	Restricted Funds £000	Total 2012 £000	Total 2011 £000
Audit fees	-	24	24	29
Legal and professional fees	-	25	25	94
	<u>-</u>	<u>49</u>	<u>49</u>	<u>123</u>

11. Staff costs

	2012 £000	Total 2011 £000
Staff costs during the year were:		
Wages and salaries	8,737	8,924
Social security costs	670	683
Other pension costs	1,185	1,309
	<u>10,592</u>	<u>10,916</u>

Notes (continued)

The average number of persons (including the Senior Management Teams) employed by the Trust during the year expressed as full time equivalents was as follows:

	2012 No.	Total 2011 No.
Teachers	143	150
Administration & Support	133	138
Management	16	16
	<hr/>	<hr/>
	292	304
	<hr/> <hr/>	<hr/> <hr/>

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

	2012 No.	2011 No.
£60,000 - £69,999	1	-
£70,000 – £79,999	3	3
£100,000 – £109,999	1	1
£110,000 – £119,999	1	1
	<hr/>	<hr/>
	6	5
	<hr/> <hr/>	<hr/> <hr/>

Five of the above employees participated in the Teachers' Pension Scheme, a defined benefit scheme. During the year ended 31 August 2012, the pension contributions for these staff amounted to £59,268 (2011 £50,643). The other employee participated in the Local Government Pension Scheme, a defined benefit scheme. During the year ended 31 August 2012, the pension contribution for this staff member amounted to £8,172 (2011 £8,481).

12. Directors' remuneration and expenses

Directors did not receive any payments, other than expenses, from the Trust in respect of their role as Directors. During the year ended 31 August 2012, travel and subsistence expenses totalling £398 (2011 £285) were paid to two Directors (2011 2).

Related party transactions involving the Directors are set out in the note below.

13. Related party transactions

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

Notes (continued)

The City of Wolverhampton College – Member and main Sponsor in which the Trust Directors William Parker and Michael Hardacre are Governors and Ian Stewart Millard, and John Stretton are employees. Transactions totalling £61,184 (2011 £87,921) relating to the purchase of student resources and professional services took place in the year. Amount outstanding at year end £0 (2011 £5,739). Transactions totalling £500 relating to the purchase of resources by the College from the Trust took place in the year. Amount outstanding at year end £0.

The University of Wolverhampton – Member and Co-Sponsor in which the Trust Directors Henriette Harnisch, Geoffrey Layer and Anthea Gregory were employees and in which Trust Director Geoffrey Simon Walford is a Governor. Transactions totalling £22,613 (2011 £116,754) relating to the purchase of various support services took place in the year. Amount outstanding at year end £1,077 (2011 £11,264).

Wolverhampton City Council – Member and Co-Sponsor in which Trust Director Timothy Westwood is an employee and Michael Hardacre and Philip Page are Councillors. Transactions totalling £685,131 (2011 £631,989) relating to the purchase of various support services took place in the year. Amount outstanding at year end £132,053 (2011 £107,959). Transactions totalling £484,154 relating to the provision of funding by the City Council to the Trust took place in the year. Amount outstanding at year end £104,455.

Inposter – Art Design organisation in which Kerry Inscker, Principal - is a related party. Transactions totalling £1,524 (2011 £4,458) relating to the purchase of design and print services took place in the year. Amount outstanding at year end £0 (2011 £107).

14. Directors, Committee members and Officers' insurance

In accordance with normal commercial practice, the Trust has purchased insurance to protect Directors, Committee Members and Officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business. The insurance provides cover up to £2,000,000 on any one claim and the cost for year ended 31 August 2012 was £1,802 (2011 £1,802). The cost of this insurance is included in the total insurance cost.

15. Debtors

	2012 £000	2011 £000
Trade debtors	199	472
Grants and endowment receivable	95	-
Prepayments and accrued income	98	52
Other debtors	500	730
	<u>892</u>	<u>1,254</u>

Notes (continued)

16. Fixed assets

	Plant & Equipment	Furniture & Fittings	Computer Equipment & Software	Motor Vehicles	Total 2012
	£000	£000	£000	£000	£000
Cost					
At 1 September 2011	37	160	503	33	733
Additions	108	53	440	14	615
At 31 August 2012	145	213	943	47	1,348
Depreciation					
At 1 September 2011	12	39	200	7	258
Charge for year	17	53	207	11	288
At 31 August 2012	29	92	407	18	546
Net book value					
At 31 August 2012	116	121	536	29	802
At 1 September 2011	25	121	303	26	475

17. Creditors: amounts falling due within one year

	2012 £000	2011 £000
Trade creditors	64	904
Deferred income	1,488	1,203
Accruals	903	176
Other creditors	162	409
Tax and social security	-	228
	2,617	2,920

Notes (continued)

17. Creditors: amounts falling due within one year (continued)

Deferred Income:	2012	2011
	£000	£000
Deferred income at 1 September	1,203	420
Resources deferred in the year	443	924
Amounts released from previous years	(158)	(141)
	<hr/>	<hr/>
Deferred income at 31 August	1,488	1,203
	<hr/>	<hr/>

The deferred income held at 31 August 2012 comprises:

- Start-Up Grants – Income has been deferred to match the expenditure that will be incurred during the remainder of the start-up period, particularly during the move and establishment of the new premises.
- Income received in advance – this will be released over the future accounting periods to which it relates.
- Capital Grants – to be utilised over future accounting periods as sites are developed and new buildings furnished.

18. Pension commitments

The Trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by the West Midlands Metropolitan Authorities Pension Fund.

The total pension cost to the Trust during the year ended 31 August 2012 was £1,185,000 (2011 £1,309,000) of which £769,000 (2011 £886,000) relates to the TPS, and £416,000 (2011 £423,000) relates to LGPS.

Teachers' Pension Scheme (TPS)

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

The Teachers' Pension Budgeting and Valuation Account

Although teachers and lecturers are employed by various bodies, their retirement and other pension benefits, including annual increases payable under the Pensions (Increase) Acts are, as provided for in the Superannuation Act 1972, paid out of monies provided by Parliament. Under the unfunded TPS, teachers' contributions on a 'pay-as-you-go' basis, and employers' contributions, are credited to the Exchequer under arrangements governed by the above Act.

Notes (continued)

18. Pension commitments (continued)

The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the Account has been credited with a real rate of return (in excess of price increases and currently set at 3.5%), which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pension scheme

Not less than every four years the Government Actuary (GA), using normal actuarial principles, conducts a formal actuarial review of the TPS. The aim of the review is to specify the level of future contributions.

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

The last valuation of the TPS related to the period 1 April 2001 – 31 March 2004. The GA's report of October 2006 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £166,500 million. The value of the assets (estimated future contributions together with the proceeds from the notional investment held at the valuation date) was £163,240 million. The assumed real rate of return is 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 1.5%. The assumed gross rate of return is 6.5%.

As from 1 January 2007, and as part of the cost-sharing agreement between employers' and teachers' representatives, the standard contribution rate has been assessed at 19.75% and the supplementary contribution rate has been assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years); a total contribution rate of 20.5%. This translates into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable. The cost sharing agreement has also introduced - effective for the first time with effect from the 2008 valuation – a 14% cap on employer contributions payable.

Scheme Changes

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

Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. Many of these are being discussed in the context of the design for a reformed TPS, as set out in the Proposed Final Agreement and scheme valuations are therefore currently suspended. The Government, however, has set out a future process for determining the employer contribution rate under the new scheme and this will involve a full actuarial valuation.

Local Government Pension Scheme

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

Notes (continued)

18. Pension commitments (continued)

The LGPS is a funded defined benefit scheme, with the assets held in separate Trustee administered funds. Contributions to the scheme are determined by a qualified actuary on the basis of triennial valuations using the projected unit method.

The total contribution made for the year ended 31 August 2012 was £405,000 (2011 £265,000) of which employer's contributions totalled £283,000 (2011 £181,000) and employees' contributions totalled £122,000 (2011 £84,000). The agreed contribution rates for the period ended 31 August 2012 were 10.9% (2011 13%) for employers and range from 5.5% to 7.2% (2011 5.5% to 7.2%) for employees.

The following information is based upon a full actuarial valuation of the fund at 31 March 2010, updated to 31 August 2012 by a qualified independent actuary.

The major assumptions used by the actuary were:

	At 31 August 2012		At 31 August 2011	
Rate of increase in salaries	4.05%		4.75%	
Rate of increase in pensions	2.3%		3.00%	
Discount rate for liabilities	4.5%		5.30%	
Inflation – CPI	2.3%		3.00%	
Mortality – future life expectancies at age 65				
	At 31 August 2012		At 31 August 2011	
	Males	Females	Males	Females
Current pensioners	22.0 years	24.7 years	21.7 years	24.9 years
Future pensioners	23.8 years	26.6 years	23.5 years	26.8 years

The breakdown of the expected return on assets by category is:

	Long Term Rate of Return expected at 31 August 2012	Value at 31 August 2012 £000	Long Term Rate of Return expected at 31 August 2011	Value at 31 August 2011 £000
Equities	7.0%	1,162	7.5%	1,173
Government bonds	2.5%	196	3.7%	194
Property	6.0%	216	6.5%	220
Cash / Liquidity	0.5%	34	0.5%	26
Other bonds	3.4%	211	5.3%	150
Other	7.0%	316	-	-
Total fair value of assets		2,135		1,763
Present Value of Scheme Liabilities		(5,148)		(4,357)
Net Pension Liability		(3,013)		(2,594)

Notes (continued)

18. Pension commitments (continued)

Expenses recognised in the statement of financial activities:

	2012 £000	2011 £000
Current service cost (net of employee contributions)	244	212
Interest cost	240	231
Expected return on employer assets	(123)	(104)
Curtailment	52	-
	<hr/>	<hr/>
Total	413	339
	<hr/> <hr/>	<hr/> <hr/>

Reconciliation of defined benefit obligation

	At 31 August 2012 £000	At 31 August 2011 £000
Opening defined benefit obligation	4,357	2,427
Current service cost	366	296
Interest cost	240	231
Contributions by members	122	84
Actuarial (gains) / losses	179	(781)
Business combinations	-	2,109
Curtailments	52	0
Benefits paid	(168)	(9)
	<hr/>	<hr/>
Closing defined benefit obligation	5,148	4,357
	<hr/> <hr/>	<hr/> <hr/>

Reconciliation of fair value of employer assets

	At 31 August 2012 £000	At 31 August 2011 £000
Opening fair value of employer assets	1,763	710
Expected return on assets	123	104
Contributions by members	122	84
Contributions by employer	283	181
Actuarial gains / (losses)	12	(37)
Business combinations	-	730
Benefits paid	(168)	(9)
	<hr/>	<hr/>
Closing fair value of employer assets	2,135	1,763
	<hr/> <hr/>	<hr/> <hr/>

Notes *(continued)*

18. Pension commitments *(continued)*

Amounts for the current accounting periods

	At 31 August 2012 £000	At 31 August 2011 £000
Fair value of employer assets	2,135	1,763
Present value of scheme liabilities	(5,148)	(4,357)
Deficit	(3,013)	(2,594)

Explained as:

Brought forward liability	(2,594)	(1,717)
Current Service Cost	(366)	(296)
Employer Contributions	283	181
Interest Cost	(240)	(231)
Expected Return on Assets	123	104
Actuarial (losses) / gains (incl. RPI / CPI adjustment in 2010)	(167)	744
Pension Deficit Recognised from Transfer	-	(1,379)
Curtailment	(52)	-
Deficit	(3,013)	(2,594)

19. Members' liability

Each member of the Trust undertakes to contribute to the assets of the Trust 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.

Notes (continued)

20. Funds

	1 September 2011 £000	Incoming resources £000	Resources expended £000	Gains, losses and transfers £000	Balance at 31 August 2012 £000
Restricted non-fixed asset funds					
General annual grant (GAG)	(1,013)	14,161	(13,171)	(782)	(805)
Start-Up B	-	495	(495)	-	-
Other Government / DFE grant	-	913	(913)	-	-
Voluntary Income	-	1,098	(1,098)	-	-
	<u>(1,013)</u>	<u>16,667</u>	<u>(15,677)</u>	<u>(782)</u>	<u>(805)</u>
Restricted fixed asset funds					
Capital Funds	475	-	(288)	615	802
	<u>475</u>	<u>-</u>	<u>(288)</u>	<u>615</u>	<u>802</u>
Unrestricted funds					
Activities for generating funds	63	349	(296)	-	116
Investment income	16	56	-	-	72
Voluntary income	591	13	-	-	604
	<u>670</u>	<u>418</u>	<u>(296)</u>	<u>-</u>	<u>792</u>
Total	<u>132</u>	<u>17,085</u>	<u>(16,261)</u>	<u>(167)</u>	<u>789</u>

Notes:

- (i) General Annual Grant must be used for the normal running costs of the Trust.
- (ii) The Start-up grants must be used to support additional temporary costs for a period after an Academy opens.
- (iii) The Predecessor grant and Standards Fund must be used to boost standards of attainment within an Academy. Grant can be carried forward to the following August.
- (iv) Capital grants are awarded by the EFA to refresh ICT provision within an Academy and to fund building improvements.
- (v) The gross transfer from the restricted general fund to the restricted fixed asset fund of £615,000 represents the total capital expenditure from the General Annual Grant (GAG) during the period.
- (vii) The costs and income associated with the defined benefit pension scheme have been recorded in the restricted non fixed asset fund. Staff costs are paid from this fund, including contributions to the LGPS, and the pension liability has therefore been aligned with these costs.

Notes (continued)

21. Analysis of net assets between funds

	Unrestricted funds £000	Restricted non fixed assets funds £000	Restricted fixed asset funds £000	Total 2012 £000	Total 2011 £000
Fund balances at 31 August 2012 are represented by:					
Tangible fixed assets	-	-	802	802	475
Current assets	792	4,825	-	5,617	5,171
Current liabilities	-	(2,617)	-	(2,617)	(2,920)
Defined benefit pension scheme liability	-	(3,013)	-	(3,013)	(2,594)
	792	(805)	802	789	132

22. Commitments

Operating leases

At 31 August 2012 the Trust had annual commitments under non-cancellable operating leases as follows:

	2012 £000	2011 £000
Equipment		
Operating leases which expire:		
Within one year	21	18
Within two to five years	16	7
Land and buildings		
Within two to five years	20	20

The land and buildings upon which the South Wolverhampton & Bilston Academy and North East Wolverhampton Academy are based is leased from the Local Authority at a peppercorn rent. The Trust does not own these assets and the value of the lease is negligible, therefore no commitment has been recognised in the financial statements. However, a notional market rent, as required by the Academies Financial Handbook, has been included in Voluntary Income (Note 4) and rent costs within allocated support costs (Note 9).

Notes (continued)

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 Trust is required either to reinvest the proceeds or to repay to the Secretary of State for Children Schools and Families 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 Trust servicing notice, the Trust shall repay to the Secretary of State sums determined by reference to:

- a) the value at the time of an Academy's site and premises and other assets held for the purpose of an 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.

24. Reconciliation of net income to net cash inflow from operating activities

	2012	2011
	£000	£000
Net Income	824	1,902
Depreciation (Note 15)	288	207
Capital Grants from DFE and other capital income (Note 4)	0	(164)
Interest receivable (Note 6)	(56)	(11)
FRS17 pension cost less contributions payable (Note 18)	83	115
FRS17 pension curtailment cost	52	0
FRS17 pension finance cost (Note 18)	117	127
(Increase) / decrease in debtors	362	(930)
Increase / (decrease) in creditors	(303)	2,034
	<hr/>	<hr/>
Net cash inflow from operating activities	1,367	3,280
	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

25. Return on investments and servicing of finance

	2012 £000	2011 £000
Interest received	56	11
Net cash inflow from returns on investment and servicing of finance	56	11

26. Capital expenditure and financial investment

	2012 £000	2011 £000
Purchase of tangible fixed assets	(615)	(371)
Capital funding received from sponsors and others	-	164
	(615)	(207)

27. Analysis of changes in net funds

	At 1 September 2011 £000	Cashflow £000	At 31 August 2012 £000
Short term deposits	3,054	1,290	4,344
Cash at bank and in hand	863	(482)	381
	3,917	808	4,725

28. Post Balance Sheet Event

In September 2012 the Trust entered into two leases for properties with Wolverhampton City Council. South Wolverhampton & Bilston Academy entered into a 125 year lease, at a peppercorn rent, for its new main school building under the Building Schools for the Future programme with a build cost of £25m. North East Wolverhampton Academy entered into a 125 year lease at a peppercorn rent, for an additional school building on the Marsh Lane campus with a build cost of £4.5m.