



WHITE ROSE ACADEMIES TRUST

(A company limited by guarantee)

**ANNUAL REPORT AND FINANCIAL
STATEMENTS**

FOR THE YEAR ENDED 31 AUGUST 2017

WHITE ROSE ACADEMIES TRUST

(A company limited by guarantee)

CONTENTS

	Page
Reference and administrative details	1 - 2
Directors' report	3 - 13
Governance statement	14 - 17
Statement on regularity, propriety and compliance	18
Statement of directors' responsibilities	19
Independent auditors' report on the financial statements	20 - 22
Independent reporting accountant's assurance report on regularity	23 - 24
Statement of financial activities incorporating income and expenditure account	25
Balance sheet	26 - 27
Statement of cash flows	28
Notes to the financial statements	29 - 54

WHITE ROSE ACADEMIES TRUST

(A company limited by guarantee)

**REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2017**

Members

The Corporation of Leeds City College (Sponsor)
C Booth OBE
R Lloyd (until 13 February 2017)
C Smith (from 13 February 2017)

Directors

C Smith, Chair²
A Blackwell^{1,2}
C Booth OBE
I Deakin (appointed 3 November 2016, resigned 27 June 2017)
Cllr C Gruen
K Hall (resigned 2 August 2017)²
E Hiorns, Vice Chair
R Lloyd (resigned 13 February 2017)
J Pither¹
C Rix (appointed 3 November 2016)²
Prof D Shickle²
A Witchell (appointed 1 September 2017, resigned 23 October 2017)

¹ Audit committee

² Remuneration committee

Company registered number
07958615

Company name
White Rose Academies Trust

Registered office
College House, Park Lane, Leeds, LS3 1AA

Principal operating office
Intake Lane, Rodley, Leeds, LS13 1DQ

Company secretary
M Halstead

Accounting officer
A Whitaker (appointed 1 September 2016)

Senior management team

Executive Principal, A Whitaker - appointed 1 September 2016
Director of Resources/Chief Financial Officer, S M Gidley
Principal - Leeds West Academy, N Hinchcliffe - resigned 19 February 2017
Acting Principal - Leeds West Academy, B Wheeler - appointed 20 February 2017, resigned 31 May 2017
Principal - Leeds West Academy, C Wilcocks - appointed 1 June 2017
Principal - Leeds East Academy, K Paddy - resigned 31 December 2016
Principal - Leeds East Academy, C Stokes - appointed 1 January 2017
Principal - Leeds City Academy, J Rose - appointed 1 September 2016

WHITE ROSE ACADEMIES TRUST

(A company limited by guarantee)

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS DIRECTORS AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2017**

Advisers (continued)

Independent auditors

BHP LLP, New Chartford House, Centurion Way, Cleckheaton, BD19 3QB

Bankers

Lloyds Bank plc, Leeds City Centre Branch, PO Box 1000, Leeds, BX1 1LT

Solicitors

Rollits LLP, Wilberforce Court, High Street, Hull, HU1 1YJ

Irwin Mitchell, 2 Wellington Place, Leeds, LS1 4BZ

Internal auditor

Armstrong Watson Audit Limited, Fairview House, Victoria Place, Carlisle, CA1 1HP

WHITE ROSE ACADEMIES TRUST

(A company limited by guarantee)

DIRECTORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2017

The directors present their annual report together with the financial statements and auditors' report of the charitable company for the period 1 September 2016 to 31 August 2017. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

White Rose Academies Trust was incorporated on 21 February 2012 by Leeds City College and took control of Leeds City Academy, formerly City of Leeds School, a Local Authority maintained school, on 1 August 2014 at conversion to Academy status. On the 1 September 2014 Leeds West Academy and Leeds East Academy joined the Trust, transferring from E-ACT, a sponsor for a national chain of academies.

The academy trust operates three secondary academies for pupils aged 11 to 19 serving the Bramley, Seacroft and Woodhouse areas of Leeds. Its academies have a combined pupil capacity of 3,450 and had a total roll of 2,763 in the school census in October 2017.

Structure, governance and management

• Constitution

The academy trust is a charitable company limited by guarantee and an exempt charity. The charitable company's Memorandum and Articles of Association are the primary governing documents of the academy trust. The directors of White Rose Academies Trust are also the directors of the charitable company for the purpose of company law. The charitable company is known as White Rose Academies Trust.

Details of the directors who served during the period are included in the reference and administrative details on page 1.

• Members' liability

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

• Directors' indemnities

The academy trust has purchased cover to protect directors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy trust business. This is provided under the DfE's Risk Protection Arrangement.

WHITE ROSE ACADEMIES TRUST

(A company limited by guarantee)

DIRECTORS' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2017

• Method of recruitment and appointment or election of directors

Directors are appointed to the board of the White Rose Academies Trust in accordance with the Memorandum and Articles of Association.

- Up to 10 directors, 7 of which to be appointed by the sponsor and the remainder to be appointed by the members.
- Chief Executive Officer (if any).
- Up to 3 Co-opted Directors appointed by the Directors.
- 2 Parent Directors unless there are Local Governing Bodies or Accountability Boards which include at least two Parent Members

Co-opted directors are persons appointed to be a director by being co-opted by directors who have not themselves been so appointed. The directors may not co-opt an employee of the company as a co-opted director if thereby the number of directors who are employees of the academy trust would exceed one third of the total number of directors including the Chief Executive Officer.

Parent directors and parent members of the local bodies shall be elected or appointed, in accordance with the terms of reference determined by the directors from time to time, by parents of registered pupils at one or more of the academies. A parent director must be a parent of a pupil at one of the academies at the time when they are elected and appointed. The directors shall make all necessary arrangements for, and determine all other matters relating to, an election of the parent directors or parent members of the local Bodies, including any question of whether a person is a parent of a registered student at one of the academies. Any election of the parent directors or parent members of the local bodies which is contested shall be held by secret ballot.

• Policies and procedures adopted for the induction and training of directors

White Rose Academies Trust provides each new director with an induction pack and has an annual training programme to provide continuing development of the board members. The academy trust subscribes to the National Governors Association, which exists to provide support and training for school and academy leaders.

• Organisational structure

The academy trust has defined the responsibilities of each person involved in the administration of the academies operations to avoid the duplication or omission of functions and to provide a framework of accountability for directors and staff. The reporting structure is illustrated below:

The Trust Board

The Trust Board has overall responsibility for the administration of the trust's operations. The main responsibilities of the Trust Board are prescribed in the Funding Agreement between the Trust and the Education and Skills Funding Agency (ESFA) and in the trust's scheme of governance.

The main responsibilities of the Trust Board include:

- ensuring that grant from the ESFA is used only for the purposes intended
- approval of the annual budget
- the regular monitoring of management accounts
- appointment of the Accounting Officer
- appointment of the Chief Financial Officer

WHITE ROSE ACADEMIES TRUST

(A company limited by guarantee)

DIRECTORS' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2017

- appointment of the Principals
- ensuring the annual accounts are produced in accordance with the requirements of the Companies Act 2006 and the ESFA guidance issued to academies; and
- consideration of reports from the Audit Committee on the effectiveness of the financial procedures and controls.

The Local Accountability Boards

A Local Accountability Board has been established for each academy in the Trust with the Chair of each Local Accountability Board being a Director on the Trust Board. The Local Accountability Boards Terms of Reference are:

- to monitor delivery of the core education vision;
- to monitor the admissions process;
- to set annual Academy performance targets;
- to assist in the recruitment of staff other than the Principal and Senior Post Holders;
- to agree and propose a draft budget for approval by the Trust Board;
- to implement and monitor policies with regard to staffing matters including performance management; and
- to oversee arrangements for director involvement in the Academy Development Plan and Academy Self Evaluations.

The Accounting Officer (Executive Principal)

Within the framework of the Trust's Scheme of Delegation as approved by the Trust Board, the Accounting Officer has personal responsibility for:

- the propriety and regularity of the public finances for which they are answerable;
- the keeping of proper accounts;
- prudent and economical administration;
- the avoidance of waste and extravagance;
- ensuring value for money; and
- the efficient use of all resources in their charge.

Much of the day to day financial responsibility has been delegated to the Chief Financial Officer (CFO) but the Accounting Officer still retains responsibility for:

- approving new staff appointments within the authorised establishment, except for any Senior Post Holders which the Trust Board have determined should be approved by them;
- authorising contracts between £50,000 and £100,000 in conjunction with the CFO;
- signing cheques in conjunction with other authorised signatories; and
- authorising electronic payments in conjunction with other authorised personnel.

The Accounting Officer must advise the Board in writing, whether at any time, in their opinion, any action or policy under consideration by the Local Accountability Board is incompatible with the terms of the Academy's Funding Agreement or the Academies Financial Handbook.

The Chief Financial Officer (Director of Resources)

The Chief Financial Officer works in close collaboration with the Accounting Officer through whom they are responsible to the board.

The main responsibilities of the Chief Financial Officer are:

- the day to day management of financial issues including the establishment and operation of a suitable accounting system;
- the management of the Trust's financial position at a strategic and operational level within the framework for financial control determined by the Trust Board;

WHITE ROSE ACADEMIES TRUST

(A company limited by guarantee)

DIRECTORS' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2017

- the maintenance of effective systems of internal control;
- ensuring that the annual accounts are properly presented and adequately supported by the underlying books and records of the Trust;
- the preparation of monthly management accounts;
- ensuring forms and returns are sent to the ESFA in line with the timetable in the ESFA guidance; and
- additional roles, some of which are not directly finance related, as outlined in the Director of Resources job description.

All staff are responsible for the security of Trust property, for avoiding loss or damage, for ensuring economy and efficiency in the use of resources, and for conformity with the requirements of the Trust's financial procedures.

• Arrangements for setting pay and remuneration of key management personnel

The pay and remuneration of the senior management team was approved by the board with reference to headteacher pay ranges in the DfE's guidance on the school teachers pay and conditions document and market rates in the sector. The academy trust's remuneration committee met during the year to review the pay and remuneration of the senior management team.

• Equality and diversity policy and disabled employees

The directors recognise that equality of opportunity is an integral part of good practice within the workplace. The White Rose Academies Trust acknowledges the duty placed on it by the Equality Act 2010 and applies the following values, principles and standards to all employees, including disabled persons regarding consideration of applications for employment, the treatment of employees who become disabled and the training, career development and promotion of disabled persons:

- equality and social justice
- acknowledging and valuing diversity
- respect for others
- compliance with equality legislation
- elimination of all forms of prejudice and unfair discrimination
- active challenge to stereotypes, prejudiced attitudes and unfair discriminatory behaviour
- commitment to the positive development of all staff and directors
- accountability for compliance with this policy by all members of the academies, board members and others engaged in academy activities on behalf of the trust

Employee consultation

Employees are kept aware of developments within the trust through use of the Sharepoint IT system across the trust and by whole staff email announcements. Consultation is carried out via the local academy union representatives and in the Joint Consultative Council meetings with local employee and regional union representatives.

Related Parties and other connected charities and organisations

The Corporation of Leeds City College (LCC) is the sponsor of White Rose Academies Trust. A number of LCC trustees and employees are directors of the academy trust. During the year LCC provided corporate services to the academy trust, including an ITSS managed service and work experience coordination on a not for profit basis. LCC also delivered courses to students at Leeds City Academy on a not for profit basis. The value of these services was £324,995 (2016: £67,231) and are detailed in note 25.

WHITE ROSE ACADEMIES TRUST

(A company limited by guarantee)

DIRECTORS' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2017

The role of the sponsor is to provide a governance framework to ensure the appropriate and effective operation of the Trust. The sponsor contributes by providing oversight in governance issues and challenge to the Trust executive.

Objectives and Activities

● **Objects and aims**

The principal object set out in our Articles of Association is:

- To advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing schools offering a broad and balanced curriculum or educational institutions which are principally concerned with providing full-time or part-time education for children of compulsory school age who, by reason of illness, exclusion from school or otherwise, may not for any period receive suitable education unless alternative provision is made for them or 16 to 19 academies offering a curriculum appropriate to the needs of its students or schools specially organised to make special educational provision for pupils with Special Educational Needs.

In accordance with the Articles of Association, the academy trust has adopted "Governance Arrangements and a Scheme of Delegation". The Trust has adopted policies for its operations including, amongst other things, the basis for admitting students to the White Rose Academies Trust, and that the curriculum should comply with the substance of the national curriculum.

The main aims of the White Rose Academies Trust are summarised below;

- to provide outstanding education, principally in the city of Leeds and surrounding areas, for pupils of different abilities between the ages of 4 and 19 with an emphasis on particular specialisms;
- to ensure that every child enjoys the same safe, secure environment and high quality education in terms of resourcing, tuition and care;
- to raise the standard of educational achievement of all pupils;
- to improve the effectiveness of White Rose Academies Trust by keeping the curriculum and organisational structure under continual review;
- to provide value for money for the funds expended;
- to comply with all appropriate statutory and curriculum requirements;
- to maintain links with industry and commerce and the international community;
- to conduct the White Rose Academies Trust business in accordance with the highest standards of integrity, probity and openness; and
- to provide facilities for recreational and other leisure time occupation for the community at large, in the interests of social welfare and with the interest of improving the life of the said community.

● **Objectives, strategies and activities**

The White Rose Academies Trust's vision is to be an exceptional and responsive academy group providing life changing education, skills and experiences for individuals in our academies and in their communities.

Our objective is to prepare our learners for the next stage of their education or to move into the world of work so that they are successful in their chosen destination and realise their full potential.

The academies in the Trust use a number of initiatives to prepare students to be positive members of the community and for the world of work. These include Citizenship Theme Days, Immersion Curriculum Experience weeks, the Enhancement and Enrichment Program, Step Up days and joint work with the Ahead Partnership.

WHITE ROSE ACADEMIES TRUST

(A company limited by guarantee)

DIRECTORS' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2017

• Public benefit

In setting our objectives and planning our activities the directors have given careful consideration to the Charity Commission's general guidance on public benefit and confirm that they have complied with the guidance, in particular to its supplementary guidance on advancing education.

STRATEGIC REPORT

Achievements and performance

• Key performance indicators

During the year, the three academies in the trust have been building foundations for their journey to 'Outstanding'. The academic results of the academies for the year ended 31 August 2017 show improvement compared to last year and are summarised as follows:

Leeds City Academy

Year 11

Leeds City Academy had a very positive and productive year during the academic year of 2016-17. The GCSE results in the summer moved us from the bottom of the Leeds league tables in 2016 (2015-16 Progress 8 of -0.38) to a much more respectable position of 17th out of 38 Leeds secondary schools in 2017, with a positive Progress 8 of +0.16.

We should also factor in that students at the academy in 2017 had an Average Point score on entry of 17.8, which is over 10 points lower than the National average and significantly lower than other Leeds schools. This is because many of the students who take GCSE exams with us have entered the academy in years 8, 9 or 10, often with very limited, or no spoken English with over 70 languages being spoken at the academy. If we couple this with the new and more difficult exam specifications in English and Maths, which include A-level content, the improvements made in 2017 have been significant.

We are most proud of the data around disadvantaged students where the gap between disadvantaged (PP) students and non-disadvantaged students, which was significant last year, has closed. This completely bucks the Leeds trend where disadvantaged students significantly underperform non-disadvantaged students as also reflected by National statistics.

Key strengths:

- Results for grade 4-9 in Core subjects have all increased; English by 17% to 46%, Maths by 3% to 54% and Science by 19% to 42%.
 - Overall progress of students is now positive and currently at +0.10, above average nationally.
 - Four students achieved top grades (9) in maths: three in year 11 (4%) and one in year 10. 4% of the year group is higher than national for top grades under the new 9-1 system.
 - English Language achieved one grade 9 and three grade 7s. English Literature achieved two grade 8s and three grade 7s.
 - Additional Science achieved 6 A, or A* grades.
 - History results increased by 36% to 57% at A*-C and 26% at A*-G, with a 100% pass rate.
 - Our Basics figure has risen from 26% to 41%, which means that specific work with cross over students has paid off.
 - External support from TGAT, PIXL, the Academy Improvement Advisor, and English consultant has been invaluable in ensuring that we were ahead of the game with understanding the requirements of the new Maths and English specifications.
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WHITE ROSE ACADEMIES TRUST

(A company limited by guarantee)

DIRECTORS' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2017

Other key improvements include, student numbers continue to grow with an increase from 454 students in October 2016 to over 500 by the end of the academic year and 566 in October 2017. Attendance has improved from 92.8% in 2016 to 93.9% in 2017.

The academy had an OFSTED inspection in May 2017 and was graded 'Requires Improvement', in line with the academy's own self-evaluation.

The impact of the strengthened leadership team and focus on improvements in teaching and learning have shown in the summer 2017 results and provides a platform on the drive to Outstanding. The leadership team are determined the academy will be operating at a Good level by the end of Summer 2018.

Leeds East Academy

Year 11

The academy has achieved an exceptional turnaround in its performance compared to 2015-16. In the academic year of 2016-17, there was a significant increase in progress made by students at Key Stage 4, and it is now well above average. Progress 8 increased from -0.74 in 2015-16 to +0.38 in 2016-17, which is an unprecedented rise in one academic year. This improvement was reflected in all areas of the curriculum. Progress 8 in English this year was -0.24 (-0.95 in 2015-16), and in Maths -0.12 (-1.15 in 2015-16). Results across all other Baskets also increased significantly from 2015-16; Basket 2 (EBACC) went from -0.9 to +0.05 and Basket 3 (Open) improved from -0.24 to +1.55. Disadvantaged students achieved a positive progress 8 score of +0.08.

In terms of attainment, 40% of students in this cohort achieved the basics (A*-C incl. English & Maths) compared to 36% in 2015-16, showing an improvement. English A*-C (4+) results rose from 45% in 2016 to 53% in 2017. Maths A*-C (4+) results also rose from 41% in 2016 to 53% in 2017. This improvement was coupled with an overall increase in the average grade achieved in all subjects from a D- in 2015-16 to a C- in 2016-17.

This performance ranks Leeds East Academy as the most improved secondary school in Yorkshire and the fourth most improved in England.

Key Strengths:

- Despite a similar sig- Average Points Score on entry score to 15-16, (24.2 vs. 23.9), students have performed significantly better this year than last.
 - Progress 8 rose by 1.12 to +0.38, which represents an unprecedented rise in one academic year.
 - English (53%) and Mathematics (52%) 4+ (old C) results have reached the highest levels in the history of the academy.
 - Basics 4+ exceeded floor standards for the first time in the history of the Academy at 40%.
 - 11% (13 students) of students achieved an Attainment 8 point score of 60+ points. This is a significant rise on 2015-16 where only 7 students achieved this.
 - Four students in English Literature achieved the top grade of a '9'. This puts these students in the top 3% of all students nationally.
 - The Academy achieved the highest number of A / A* grades in its history.
 - 24 out of 26 subjects in the Academy improved their performance compared to 2015-16.
 - 88% of students taking a modern foreign language achieved a grade C or better. This compares to 24% in 2015-16.
 - PP students achieved a progress 8 score of +0.09 which put them slightly ahead of all students nationally and is a huge improvement on 2015-16.
 - A positive P8 score was achieved in the Ebacc (+0.06) and Open baskets (+1.45).
 - Low ability students achieved a positive progress 8 score of 0.61. This compares to -0.64 in 2015-16 and indicates a 1.25 grade improvement in one year. Middle ability students achieved a P8 of 0.35.
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WHITE ROSE ACADEMIES TRUST

(A company limited by guarantee)

DIRECTORS' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2017

Student numbers have increased at a rapid rate over the last 12 months. The academy has 820 students on roll at October 2017 compared to 706 at the same point last year. This is a significant rise in one academic year and the Academy is now 75% full. Attendance has improved from 90.7% in 2015-16 to 93.7% in 2016-17.

In May 2017, the Academy was inspected by OFSTED and received a 'Requires Improvement' judgement.

The leadership team are determined the academy will be operating at a Good level by the end of Summer 2018.

Leeds West Academy

Year 11

The academy's performance in 2016-17 reversed a two-year trend of declining results and saw an overall Progress 8 figure (0.04), significantly higher than 2015-16 (-0.37). In addition, the proportion of students achieving grades 9-4 in English and Maths has improved from 38.6% (A*-C), to 44% in 2016-17. 22% of our students achieved Grade 9-5 in both English and Maths.

Key strengths:

- This achievement was despite prior attainment data indicating that APS on entry for the 2017 Year 11 cohort was significantly below national average (-1.6; 26.9 vs 28.5 nationally).
- There was a higher proportion of Low Attaining students (24.2% vs 13.2% nationally). The low attainment cohort achieved a Progress 8 figure of 0.56, which is significantly above national average.
- There were a comparable proportion of students with average ability compared to national averages (45.5 vs 48.1% nationally). The middle attainment cohort achieved a value of 0.07, which reflects progress broadly in line with national average.
- There was a significantly lower proportion of High Attaining students in the 2017 examination cohort compared to national averages (30.3% vs 38.6% nationally). Despite the improvement in the proportion of grades secured at A*-A, the Progress 8 Score for students with High Prior Attainment is significantly below the national average at -0.42. New measures to ensure significant and consistent challenge to our most able students are in place and embedded within our Strategy for Rapid Improvement.
- The Overall Progress 8 score for disadvantaged students was -0.07. This is relatively high compared to the other cohorts because it is supported by the Progress 8 score for disadvantaged students in the Open Element (1.16).
- The Average Total Point Score based on each student's best 8 subjects has improved. This is reflected in an improvement in the average grade per student of C-. This has improved from an average grade of a D+ in 2016.
- The proportion of students leaving with at least one qualification has improved compared with 2016 (99.5% compared with 97.9% in 2016). This represents a three-year positive trend in this measure (96.4% in 2015).
- Overall, the %age of grades at A*-A has improved by 4.8% (18.4% against 13.6% in 2015-16).
- In 20 of the 36 comparable subjects, there has been an improvement in attainment at A*-A Grade.
- In 18 out of the 36 comparable subjects, there has been an improvement in attainment at A*-C grade.
- The Academy NEET figure released in October 2017 is 0.45%. This means 99.55% of our Year 11 leavers are engaged in education or employment with training. The remaining student is being supported to secure an education or training provision through a re-engagement programme.

LWA Sixth Form

Key Strengths

- Year 13 Level 3 Value Added indicates that students have made progress broadly in-line with national average. However, this represents a marginal decline in both Academic and Vocational qualifications.

WHITE ROSE ACADEMIES TRUST

(A company limited by guarantee)

DIRECTORS' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2017

- In 13 of the 25 qualifications, students have achieved a positive Level 3 Value Added score. These subjects are Art (BTEC Subsidiary), Biology, Chemistry, Drama, English Language, Graphics, History, Physics, Psychology and Science (BTEC Extended Diploma).
- The number and proportion of students achieving 3 strong passes (A*-B or equivalent) has improved compared with 2016 outcomes. This is within the context of a less able year 13 cohort.
- The Average Point Score per A-Level entry is higher than that achieved in 2016 (27.06 compared with 24.91 in 2016). The Average Grade per A-Level Entry has therefore improved from D+ to C-.

The academy is oversubscribed in the lower year groups and continues to build its post 16 cohort. Whole school attendance has shown a marginal improvement from 93.6% in 2015-16 to 93.8% in 2016-17.

The academy had an OFSTED inspection in February 2017 and was graded 'Requires Improvement'. A further section 8 monitoring visit took place in June 2017 and concluded that the academy leadership was taking effective action to tackle the areas requiring improvement, in order to become a good academy.

The leadership team are determined the academy will be operating at a Good level by the end of Summer 2018.

• **Going concern**

After making appropriate enquiries, the board of directors has a reasonable expectation that the academy 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. Further details regarding the adoption of the going concern basis can be found in the Accounting Policies.

Financial review

The majority of income for educational operations received by White Rose Academies Trust during the year was from the Department of Education (DfE) in the form of recurrent grants. The grants received to support the three academies in the Trust are restricted in their use to the purposes defined in the master funding agreement and deed of grant.

The White Rose Academies Trust also receives capital grants from the DfE. In accordance with the Charities Statement of Recommended Practice, 'Accounting and reporting by Charities' (SORP 2015), 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 2017, total income was £18,130k (2016: £16,767k).

The operational surplus, excluding depreciation and pension liabilities, shown in the General fund has decreased by £582k in the year ended 31 August 2017 to 1,110k (2016: £1,779k) in the Restricted General fund and £542k (2016: £455k) in the Unrestricted General fund.

The net book value of tangible fixed assets at 31 August 2017 was £59,758k (2016: £60,986k).

As at the 31 August 2017 the trust had cash reserves and cash balances on deposit of £2,346k (2016: £3,245k).

WHITE ROSE ACADEMIES TRUST

(A company limited by guarantee)

DIRECTORS' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2017

• Reserves policy

The directors review the reserve levels of the White Rose Academies Trust annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves.

The unrestricted reserves at 31 August 2017 of £542k (2016: £455k) are freely available for general purposes. These will be expended in line with the strategic objectives of The White Rose Academies Trust.

Restricted funds of £1,110k (2016: £1,779k) include those designated for a particular purpose such as unspent start-up grants which are disclosed in note 18 to these accounts. These funds will be expended as required dependent upon the level of core funding over the next three years.

The directors have decided on an overall target level of core reserves, excluding start-up grants, of 5% of General Annual Grant, the trust's level of available reserves at 31 August 2017 exceeds that criteria.

The overall surplus at 31 August 2017 is £1,652k (2016: £2,234k).

• Investment policy

Investments must be made only in accordance with written procedures approved by the board. In balancing risk and against return the policy of White Rose Academies Trust is geared to risk reduction. Investment decisions take account of cash flows required to cover financial commitments.

The trust's investments consist of term deposits in higher interest accounts with Lloyds Bank PLC. This particular form of investment was selected to provide a lower risk profile whilst generating additional income for the trust.

All investments must be recorded in sufficient detail to identify the investment and to enable the current market value to be calculated. The information will normally be the date of purchase, the cost and description of the investment.

• Principal risks and uncertainties

Risk is the threat that an event or action will adversely affect the academy trust's ability to achieve its objectives and to successfully execute its strategies. As such, risk management is an integral part of good governance and is a process whereby there is shared awareness and understanding within the academies of:

- the nature and extent of the risks it faces;
- the extent and categories of risks regarded as acceptable;
- the likelihood and potential impacts of the risks materialising;
- the ability to reduce the incidence and impact on the organisation of risks that do materialise;
- regular and on-going monitoring and reporting of risk including early warning mechanisms;
- an appropriate assessment is made of the cost of operating particular controls relative to the benefit obtained in managing the related risk;
- the Trust conducts, termly, a review of the effectiveness of the system of internal control in place; and
- the Trust reports publicly on the results of the review, and explains the action it is taking to address any significant concerns that it has identified

WHITE ROSE ACADEMIES TRUST

(A company limited by guarantee)

**DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017**

The Trust's system of internal control is part of its risk management process and has a key role to play in the management of significant risks to the fulfilment of its business objectives. It also contributes to the safeguarding of public funds and an academy's assets, and the promotion of best value. Internal control facilitates the effectiveness and efficiency of operations, helps to ensure the reliability of internal and external reporting, and assists compliance with laws and regulations.

The principal risks to the Trust are the growth in student numbers, particularly at Leeds City Academy and Leeds West Sixth Form, and the impact of changes to the funding model with the introduction of a national funding formula.

Plans for future periods

● **Future developments**

The Trust will continue in its mission to improve the achievement levels of its students at all levels and will continue in its efforts to equip its students for the world of work or higher education, as appropriate for the individual.

The trust is building partnerships with other outstanding education establishments in the area with the avowed intent that the White Rose Academies Trust will be rated as outstanding by Ofsted criteria in two years.

Disclosure of information to auditors

Insofar as the directors are aware:

- there is no relevant audit information of which the academy trust's auditors are unaware, and
- that directors have taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the academy trust's auditors are aware of that information.

The Directors' report, incorporating a strategic report, was approved by order of the board of directors, as the company directors, on 30 November 2017 and signed on its behalf by:

**C Smith
Chair of Trustees**

Date: 30 November 2017



WHITE ROSE ACADEMIES TRUST

(A company limited by guarantee)

GOVERNANCE STATEMENT

Scope of Responsibility

As directors, we acknowledge we have overall responsibility for ensuring that White Rose Academies Trust 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 directors has delegated the day-to-day responsibility to the executive principal, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between White Rose Academies Trust and the Secretary of State for Education. They are also responsible for reporting to the board of directors any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Directors' report and in the Statement of directors' responsibilities. The board of directors has formally met 5 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
C Smith, Chair	5	5
A Blackwell	3	5
C Booth OBE	5	5
I Deakin	1	3
Cllr C Gruen	5	5
K Hall	5	5
E Hiorns, Vice Chair	5	5
R Lloyd	2	2
J Pither	3	5
C Rix	4	4
Prof D Shickle	3	5

The board has undertaken a skills audit during the year. The results from this audit will be used to inform future recruitment in order to further strengthen governance of the Trust. The internal auditor has also carried out a review of Trust governance and reported that it is operating effectively.

The remuneration committee is a sub-committee of the main board of directors. Its purpose is to review the pay and remuneration of key management personnel

The committee membership consists of the chair of the board of directors, and the chair of each academy's local accountability board:

Attendance at meetings in the year was as follows:

Director	Meetings attended	Out of a possible
C Smith, Chair	1	1
A Blackwell	1	1
K Hall	1	1
D Shickle	1	1
C Rix	0	0

WHITE ROSE ACADEMIES TRUST

(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

The audit committee is also a sub-committee of the main board of directors. Its purpose is:

- to consider and advise the Board of Directors on the adequacy and effectiveness of the Trust's audit arrangements, framework of governance, risk management and control, and processes for the effective and efficient use of resources, the solvency of the institution and the safeguarding of assets;
- to advise the Board of Directors on the appointment, reappointment, dismissal and remuneration of the external auditors and the Internal Audit Service (IAS);
- to advise the Board of Directors on the scope and objectives of the work of the IAS and the external auditors;
- to ensure effective coordination between the IAS and the external auditors;
- to consider and advise the Board of Directors on the audit strategy and annual audit plans;
- to advise the Board of Directors on internal audit assignment reports and annual reports and on control issues included in the reports of the external auditors, and the executive's responses to these;
- to monitor, within an agreed timescale, the implementation of agreed audit recommendations;
- to consider and advise the Board of Directors on relevant reports by the Education and Skills Funding Agency (ESFA), and where appropriate the executive's response to these;
- to monitor the effectiveness of the Trust's auditors, including the use of relevant performance indicators;
- to ensure that any additional services undertaken by the Trust's auditors is compatible with audit independence and objectivity;
- to oversee the Trust's policy on fraud and irregularity and to ensure that all allegations of fraud and irregularity are properly followed up; and
- to consider and recommend the Trust's annual accounts to the Board of Directors for approval, including the statement of corporate governance and internal control.

The Audit Committee has the authority to investigate any activity within its terms of reference and the right of access to obtain all the information and explanations it considers necessary, from whatever source, to fulfil its remit.

The Audit Committee will meet with the external auditor in the absence of the executive at least annually.

Attendance at meetings in the year was as follows:

Director	Meetings attended	Out of a possible
A Blackwell	4	4
J Pither	4	4

Review of Value for Money

As Accounting Officer, the executive principal has responsibility for ensuring that the academy trust delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The Accounting Officer considers how the academy trust's use of its resources has provided good value for money during each academic year, and reports to the board of directors where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the academy trust has delivered improved value for money during the year by:

- The print contract for the trust was retendered with the new contract commencing in September 2016. This resulted in a £44k saving in print cost across the three academies for the year to 31 August 2017.
- Placing our surplus cash reserves on long term deposit has generated £14k in income during the year.

WHITE ROSE ACADEMIES TRUST

(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

- Investment of an element of our reserves in staff reorganisations and the strengthening of leadership has resulted in improved student outcomes across the trust as highlighted in the Directors Report.

We are currently carrying out a review and retender of the cleaning services contracts across all three academies in the trust to commence in April 2018. We believe that this will realise savings against the current arrangements.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those 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 White Rose Academies Trust for the year 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of directors has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of directors 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 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of directors.

The Risk and Control Framework

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

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

The board of directors has considered the need for a specific internal audit function and has decided to appoint Armstrong Watson Audit Limited as internal auditor.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. In particular the checks carried out in the current period included:

- testing of income recognition
- advice on maximising revenue
- testing of payroll systems
- review of human resource procedures
- review of the trust's risk register
- review of governance and trusteeship

WHITE ROSE ACADEMIES TRUST

(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

On a termly basis, the internal auditor reports to the board of directors through the audit committee on the operation of the systems of control and on the discharge of the board of directors' financial responsibilities.

The internal auditor delivered their programme of work as planned and confirmed there were no material control issues noted during the testing.

Review of Effectiveness

As Accounting Officer, the executive 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 internal auditor;
- the work of the external auditors;
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the remuneration committee and audit 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 directors on 30 November 2017 and signed on their behalf, by:

C Smith
Chair of Trustees

A Whitaker
Accounting Officer

The image shows two handwritten signatures in black ink. The signature on the left is for C Smith, the Chair of Trustees, and the signature on the right is for A Whitaker, the Accounting Officer. Both signatures are written in a cursive, flowing style.

WHITE ROSE ACADEMIES TRUST

(A company limited by guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of White Rose Academies Trust I have considered my responsibility to notify the academy trust board of directors and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016.

I confirm that I and the academy trust board of directors 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 2016.

I confirm that the following instances of material irregularity, impropriety or funding non-compliance discovered to date have been notified to the board of trustees and ESFA. If any instances are identified after the date of this statement, these will be notified to the board of trustees and ESFA:

Non-financial issues

I have investigated incidents which commenced prior to my appointment that have been drawn to my attention by the auditors where the Scheme of Delegation and financial authorisation levels appear to have not been followed.


Leeds City College, Corporate Member and Sponsor, of the academy trust, has entered into a new ITSS service contract with the academy trust during the year.

In this regard:

- 1 - The academy trust's financial policies require that any purchase over £20,000 be subject to a formal tender process. No such tender process was undertaken.
- 2 - Whilst the trustees resolved to accept the new service contract in July 2016 and it commenced in November 2016, Leeds City College did not issue the academy trust with a formal contract until July 2017. This contract has yet to be signed by the trustees.

In both instances, I am happy that there was no improper use of funds by the academy trust.

These variations from the Scheme of Delegation and financial authorisation levels were discussed at a meeting of the full board of directors on 30 November 2017 and plans agreed to ensure that they are not repeated.



A Whitaker
Accounting Officer

Date: 30 November 2017

WHITE ROSE ACADEMIES TRUST

(A company limited by guarantee)

**STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2017**

The directors (who act as directors of White Rose Academies Trust and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Directors' report and the financial statements in accordance with the Annual Accounts Direction issued by the Education and Skills Funding Agency, 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 that period. 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 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

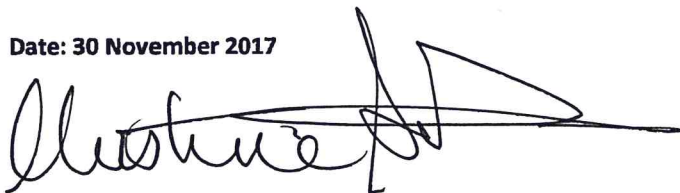
The directors are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from ESFA/DfE have been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

The directors 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 directors and signed on its behalf by:

**C Smith
Chair of Directors**

Date: 30 November 2017



WHITE ROSE ACADEMIES TRUST

(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF WHITE ROSE ACADEMIES TRUST

Opinion

We have audited the financial statements of White Rose Academies Trust for the year ended 31 August 2017 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

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

In our opinion the financial statements:

- give a true and fair view of the state of the academy trust's affairs as at 31 August 2017 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the academy trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the academy trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

WHITE ROSE ACADEMIES TRUST

(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF WHITE ROSE ACADEMIES TRUST

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' report including the Strategic report for which the financial statements are prepared is consistent with the financial statements.
- the Directors' report and the Strategic report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the academy trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report including the Strategic report.

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

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

WHITE ROSE ACADEMIES TRUST

(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF WHITE ROSE ACADEMIES TRUST

Responsibilities of directors

As explained more fully in the Statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the academy trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the academy trust's or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. The description forms part of our Auditor's report.



Lesley Kendrew (Senior statutory auditor)

for and on behalf of

BHP LLP, Statutory Auditor

Chartered Accountants

New Chartford House

Centurion Way

Cleckheaton

BD19 3QB

1 December 2017

WHITE ROSE ACADEMIES TRUST

(A company limited by guarantee)

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO WHITE ROSE ACADEMIES TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 7 November 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by White Rose Academies Trust during the year 1 September 2016 to 31 August 2017 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 White Rose Academies Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to White Rose Academies Trust and the ESFA 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 White Rose Academies Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of White Rose Academies Trust's accounting officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of White Rose Academies Trust's funding agreement with the Secretary of State for Education dated 31 July 2014, and the Academies Financial Handbook extant from 1 September 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2016 to 2017. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2016 to 31 August 2017 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 2016 to 2017 issued by the ESFA. 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.

WHITE ROSE ACADEMIES TRUST

(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO WHITE ROSE ACADEMIES TRUST
AND THE EDUCATION AND SKILLS FUNDING AGENCY (continued)**

The work undertaken to draw to our conclusion includes:

- checking that the academy trust's activities are consistent with its framework and its charitable objectives,
- checking that the governors and key staff have disclosed their interest in related parties, discussing the same with management and reviewing transactions during the period for undisclosed related party transactions,
- checking that any related party transactions during the period are conducted at normal commercial rates,
- checking that academy trust expenditure is permitted by its funding agreement,
- checking that any borrowings entered into, including leases, are in accordance with the Academies Handbook,
- checking that any land and building transactions, especially disposals, are in line with the funding agreement and Academies Handbook.

Conclusion

In the course of our work, except for the matters listed below, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

As explained in the Statement of Regularity, Propriety and Compliance on page 18, the academy trust did not undertake a formal tendering process as required by the academy trust's financial policies and the new ITSS service contract has yet to be signed.



Lesley Kendrew
Reporting Accountant

BHP LLP

Chartered Accountants and Reporting Accountants

New Chartford House
Centurion Way
Cleckheaton
BD19 3QB

1 December 2017

WHITE ROSE ACADEMIES TRUST

(A company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2017

	Note	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Restricted fixed asset funds 2017 £000	Total funds 2017 £000	Total funds 2016 £000
Income from:						
Donations and capital grants	2	-	1	501	502	50
Charitable activities	3	-	17,055	-	17,055	16,162
Other trading activities	4	559	-	-	559	548
Bank interest	5	14	-	-	14	7
Total income		573	17,056	501	18,130	16,767
Expenditure on:						
Raising funds		36	-	-	36	28
Charitable activities		450	18,100	1,954	20,504	18,557
Total expenditure	6	486	18,100	1,954	20,540	18,585
Net income / (expenditure) before transfers		87	(1,044)	(1,453)	(2,410)	(1,818)
Transfers between Funds	18	-	(195)	195	-	-
Net income / (expenditure) before other recognised gains and losses		87	(1,239)	(1,258)	(2,410)	(1,818)
Actuarial gains /(losses) on defined benefit pension schemes	22	-	2,738	-	2,738	(3,109)
Net movement in funds		87	1,499	(1,258)	328	(4,927)
Reconciliation of funds:						
Total funds brought forward		455	(3,871)	61,563	58,147	63,074
Total funds carried forward		542	(2,372)	60,305	58,475	58,147

WHITE ROSE ACADEMIES TRUST

(A company limited by guarantee)

REGISTERED NUMBER: 07958615

BALANCE SHEET

AS AT 31 AUGUST 2017

	Note	£000	2017 £000	£000	2016 £000
Fixed assets					
Intangible assets	13		39		45
Tangible assets	14		59,758		60,986
			<u>59,797</u>		<u>61,031</u>
Current assets					
Debtors	15	975		558	
Cash at bank and in hand		2,346		3,245	
		<u>3,321</u>		<u>3,803</u>	
Creditors: amounts falling due within one year	16	<u>(1,139)</u>		<u>(1,037)</u>	
Net current assets			<u>2,182</u>		<u>2,766</u>
Total assets less current liabilities			<u>61,979</u>		<u>63,797</u>
Creditors: amounts falling due after more than one year	17		<u>(22)</u>		<u>-</u>
Net assets excluding pension scheme liabilities			<u>61,957</u>		<u>63,797</u>
Defined benefit pension scheme liability	22		<u>(3,482)</u>		<u>(5,650)</u>
Net assets including pension scheme liabilities			<u><u>58,475</u></u>		<u><u>58,147</u></u>
Funds of the academy trust					
Restricted income funds:					
Restricted income funds	18	1,110		1,779	
Restricted fixed asset funds	18	60,305		61,563	
		<u>61,415</u>		<u>63,342</u>	
Restricted income funds excluding pension liability					
Pension reserve		<u>(3,482)</u>		<u>(5,650)</u>	
Total restricted income funds			<u>57,933</u>		<u>57,692</u>
Unrestricted income funds	18		<u>542</u>		<u>455</u>
Total funds			<u><u>58,475</u></u>		<u><u>58,147</u></u>

WHITE ROSE ACADEMIES TRUST

(A company limited by guarantee)

**BALANCE SHEET (continued)
AS AT 31 AUGUST 2017**

The financial statements on pages 25 to 54 were approved by the directors, and authorised for issue, on 30 November 2017 and are signed on their behalf, by:

**C Smith
Chair of Trustees**

A handwritten signature in black ink, appearing to read 'C Smith', with a large, stylized flourish extending to the right.

WHITE ROSE ACADEMIES TRUST

(A company limited by guarantee)

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2017**

	Note	2017 £000	2016 £000
Cash flows from operating activities			
Net cash (used in)/provided by operating activities	20	<u>(780)</u>	<u>303</u>
Cash flows from investing activities:			
Dividends, interest and rents from investments		14	7
Purchase of tangible fixed assets		(617)	(206)
Capital grants from DfE/ESFA		501	50
Purchase of intangible fixed assets		(17)	(43)
Net cash used in investing activities		<u>(119)</u>	<u>(192)</u>
Change in cash and cash equivalents in the year		(899)	111
Cash and cash equivalents brought forward		<u>3,245</u>	<u>3,134</u>
Cash and cash equivalents carried forward	21	<u><u>2,346</u></u>	<u><u>3,245</u></u>

WHITE ROSE ACADEMIES TRUST

(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

1. Accounting policies

A summary of the principal accounting policies adopted (which have been applied consistently, except where noted), judgments and key sources of estimation uncertainty, is set out below.

1.1 Basis of preparation of financial statements

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

White Rose Academies Trust constitutes a public benefit entity as defined by FRS 102.

1.2 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 academy trust to continue as a going concern. The directors make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

WHITE ROSE ACADEMIES TRUST

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2017

1. Accounting policies (continued)

1.3 Income

All income is recognised once the academy trust has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Grants are included in the Statement of financial activities incorporating income and expenditure account on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the Statement of financial activities incorporating income and expenditure account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

Capital grants are recognised when there is an unconditional entitlement to the grant, and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the Statement of financial activities incorporating income and expenditure account in the period in which it is receivable, where receipt is probable and it is measurable.

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's accounting policies.

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

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

WHITE ROSE ACADEMIES TRUST

(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

1. Accounting policies (continued)

In accordance with FRS102 when a long term lease has been entered into by White Rose Academies Trust it is included, following the fair valuation of the land and buildings, in the appropriate fixed asset category and depreciated over its useful economic life in accordance with the trust's accounting policy regarding tangible fixed assets.

The leasehold property was last valued as at April 2015 by Cushman Wakefield (formerly DTZ), who are RICS registered valuers and are independent of the trust. The valuation was prepared in accordance with International Financial Reporting Standards (IFRS). Under VS 1.9 and UKVS 4.3 of the RICS Valuation – Professional Standards, the valuation constitutes a Regulated Purpose Valuation.

1.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Expenditure on raising funds includes all expenditure incurred by the academy trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

Expenditure on charitable activities are costs incurred on the academy trust's educational operations, including support costs and those costs relating to the governance of the academy appointed to charitable activities.

All expenditure is inclusive of irrecoverable VAT.

1.5 Intangible fixed assets and amortisation

Intangible assets costing £2,500 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment.

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

Computer software - 33% straight line basis

WHITE ROSE ACADEMIES TRUST

(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

1. Accounting policies (continued)

1.6 Tangible fixed assets and depreciation

All assets costing more than £2,500 are capitalised 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. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of financial activities incorporating income and expenditure account and carried forward in the Balance sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of financial activities incorporating income and expenditure account. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives on the following bases:

Leasehold land and buildings	-	2% straight line basis
Motor vehicles	-	20% straight line basis
Furniture and equipment	-	20% straight line basis
Computer hardware	-	33% straight line basis

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

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

1.7 Operating leases

Rentals under operating leases are charged to the Statement of financial activities incorporating income and expenditure account on a straight line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. Accounting policies (continued)

1.8 Liabilities and provisions

Liabilities and provisions are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.9 Financial instruments

The academy trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the academy trust and their measurement basis are as follows:

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 15. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in notes 16 and 17. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments.

1.10 Taxation

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

1.11 Pensions

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Governments Pension Scheme ("LGPS"). These are defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 22, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

WHITE ROSE ACADEMIES TRUST

(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

1. Accounting policies (continued)

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 credit 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 the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of financial activities incorporating income and expenditure account and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

Actuarial gains and losses are recognised immediately in other recognised gains and losses.

1.12 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 Department for Education where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder and include grants from the Education and Skills Funding Agency.

WHITE ROSE ACADEMIES TRUST

(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

1. Accounting policies (continued)

1.13 Critical accounting estimates and areas of judgment

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions:

The academy trust makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2. Income from donations and capital grants

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Restricted fixed asset funds 2017 £000	Total funds 2017 £000	Total funds 2016 £000
Donations	-	1	-	1	-
Capital Grants	-	-	501	501	50
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	-	1	501	502	50
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Total 2016</i>	-	-	50	50	
	<hr/>	<hr/>	<hr/>	<hr/>	

WHITE ROSE ACADEMIES TRUST

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

3. Funding for Academy Trust's educational operations

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Total funds 2017 £000	Total funds 2016 £000
DfE/ESFA grants				
General Annual Grant (GAG)	-	15,230	15,230	14,182
Start up Grants	-	36	36	314
Other DfE/ESFA grants	-	1,413	1,413	1,324
	-	16,679	16,679	15,820
Other government grants				
Local authority grants	-	173	173	158
SEN FFI funding	-	196	196	173
PGCE funding	-	2	2	2
	-	371	371	333
Other funding				
Other income from the academy trust's educational operations	-	5	5	9
	-	5	5	9
	-	17,055	17,055	16,162
<i>Total 2016</i>	-	16,162	16,162	

WHITE ROSE ACADEMIES TRUST

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

4. Other trading activities

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Total funds 2017 £000	Total funds 2016 £000
Hire of facilities	108	-	108	162
Catering	360	-	360	312
School productions	7	-	7	5
Trip income	51	-	51	48
Insurance claims	1	-	1	3
Other income	32	-	32	18
	<u>559</u>	<u>-</u>	<u>559</u>	<u>548</u>
<i>Total 2016</i>	<u>548</u>	<u>-</u>	<u>548</u>	

5. Bank interest

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Total funds 2017 £000	Total funds 2016 £000
Short term bank deposits	14	-	14	7
	<u>7</u>	<u>-</u>	<u>7</u>	
<i>Total 2016</i>	<u>7</u>	<u>-</u>	<u>7</u>	

6. Expenditure

	Staff costs 2017 £000	Premises 2017 £000	Other costs 2017 £000	Total 2017 £000	Total 2016 £000
Expenditure on fundraising trading	20	12	4	36	28
Education:					
Direct costs	11,624	1,870	2,204	15,698	14,589
Support costs	2,099	1,161	1,546	4,806	3,968
	<u>13,743</u>	<u>3,043</u>	<u>3,754</u>	<u>20,540</u>	<u>18,585</u>
<i>Total 2016</i>	<u>12,070</u>	<u>3,137</u>	<u>3,378</u>	<u>18,585</u>	

WHITE ROSE ACADEMIES TRUST

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

7. Analysis of expenditure by activities

	Activities undertaken directly 2017 £000	Support costs 2017 £000	Total 2017 £000	Total 2016 £000
Education	15,698	4,806	20,504	18,557
<i>Total 2016</i>	14,589	3,968	18,557	

Analysis of support costs

	Education £000	Total 2017 £000	Total 2016 £000
Staff costs	1,877	1,877	1,336
Depreciation	10	10	10
Other costs	1,391	1,391	1,028
Supply staff	44	44	38
Maintenance of premises and equipment	1,161	1,161	1,212
Severance payments	178	178	62
Technology costs	128	128	255
Governance costs	17	17	27
	4,806	4,806	3,968
<i>At 31 August 2016</i>	3,968	3,968	

WHITE ROSE ACADEMIES TRUST

(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

8. Net income/(expenditure)

This is stated after charging:

	2017	2016
	£000	£000
Amortisation of intangible fixed assets	23	9
Depreciation of tangible fixed assets:		
- owned by the charity	1,845	2,249
Operating lease rentals	16	10
Fees payable to auditor for: Statutory audit	9	9
Fees payable to auditor for: Other assurance services	2	2
Fees payable to auditor for: Other services	3	2
	<u><u> </u></u>	<u><u> </u></u>

WHITE ROSE ACADEMIES TRUST

(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

9. Staff costs

Staff costs were as follows:

	2017	2016
	£000	£000
Wages and salaries	9,756	9,221
Social security costs	958	794
Operating costs of defined benefit pension schemes	1,954	1,585
	<hr/> 12,668	<hr/> 11,600
Supply teacher costs	899	408
Staff restructuring costs	176	62
	<hr/> 13,743 <hr/>	<hr/> 12,070 <hr/>

Staff restructuring costs comprise:

	2017	2016
	£000	£000
Redundancy payments	2	-
Severance payments	176	62
	<hr/> 178 <hr/>	<hr/> 62 <hr/>

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £175,552 (2016 - £62,440). Individually, the payments were: £20,000, £20,000, £12,000, £12,000, £12,000, £10,000, £9,000, £8,350, £8,000, £8,000, £7,600, £7,500, £7,000, £7,000, £5,500, £5,102, £5,000, £5,000, £4,000 and £2,500.

The average number of persons employed by the academy trust during the year was as follows:

	2017	2016
	No.	No.
Teachers	168	161
Administration and support	150	129
Management	5	5
	<hr/> 323 <hr/>	<hr/> 295 <hr/>

WHITE ROSE ACADEMIES TRUST

(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

9. Staff costs (continued)

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	2017	2016
	No.	No.
In the band £ 60,001 - £ 70,000	1	6
In the band £ 70,001 - £ 80,000	4	0
In the band £ 80,001 - £ 90,000	2	2
In the band £ 90,001 - £100,000	0	1
In the band £110,001 - £120,000	1	0
In the band £120,001 - £130,000	0	1

The key management personnel of the academy trust comprise the Directors and senior management team listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust during the period was £570,882 (2016 - £504,000).

10. Central services

The academy trust has provided the following central services to its academies during the year:

- financial services
- legal services
- educational support services

The academy trust charges for these services on the following basis:

- flat percentage of 5% of GAG income

The actual amounts charged during the year were as follows:

	2017	2016
	£000	£000
Leeds City Academy	196	172
Leeds East Academy	218	196
Leeds West Academy	349	353
	<hr/>	<hr/>
Total	763	721
	<hr/> <hr/>	<hr/> <hr/>

WHITE ROSE ACADEMIES TRUST

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2017

11. Directors' remuneration and expenses

One or more directors has been paid remuneration or has received other benefits from an employment with the academy trust. The Principal and other staff directors only receive remuneration in respect of services they provide undertaking the roles of principal and other staff members under their contracts of employment, and not in respect of their role as directors. The value of directors' remuneration and other benefits was as follows:

		2017 £000	2016 £000
A Whitaker (current executive principal)	Remuneration	115-120	0
	Pension contributions paid	20-25	0
A Hall (previous executive principal)	Remuneration	0	120-125
	Pension contributions paid	0	20-25

During the year, no directors received any benefits in kind (2016 - £NIL).

During the year, travel and subsistence expenses totalling £471 were reimbursed or paid directly to 1 director (2016 - £736 to 2 directors).

12. Directors' and Officers' Insurance

In accordance with normal commercial practice the academy trust has purchased insurance to protect directors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £10,000,000 on any one claim and the costs for the period ended 31 August 2017 is not separable as the RPA charge is based on student numbers. The cost of this insurance is included in the total insurance cost.

WHITE ROSE ACADEMIES TRUST

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

13. Intangible fixed assets

	Computer software £000
Cost	
At 1 September 2016	57
Additions	17
At 31 August 2017	74
Amortisation	
At 1 September 2016	12
Charge for the year	23
At 31 August 2017	35
Carrying amount	
At 31 August 2017	39
At 31 August 2016	45

14. Tangible fixed assets

	Leasehold land and buildings £000	Motor vehicles £000	Furniture and equipment £000	Computer hardware £000	Total £000
Cost					
At 1 September 2016	62,254	52	2,137	1,048	65,491
Additions	106	-	373	138	617
At 31 August 2017	62,360	52	2,510	1,186	66,108
Depreciation					
At 1 September 2016	2,343	10	1,361	791	4,505
Charge for the year	1,245	11	384	205	1,845
At 31 August 2017	3,588	21	1,745	996	6,350
Net book value					
At 31 August 2017	58,772	31	765	190	59,758
At 31 August 2016	59,911	42	776	257	60,986

WHITE ROSE ACADEMIES TRUST

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

14. Tangible fixed assets (continued)

Revaluations

The leasehold property class of fixed assets was independently revalued on 1 April 2015 at £62,254,000 on an existing use basis. The class of assets has a historical cost of £55,802,000 (2016 - £55,696,000). The depreciation on this historical cost is £3,356,000 (2016 - £2,240,000).

15. Debtors

	2017 £000	2016 £000
Trade debtors	50	35
Other debtors	135	114
Prepayments and accrued income	790	409
	<u>975</u>	<u>558</u>

16. Creditors: Amounts falling due within one year

	2017 £000	2016 £000
Trade creditors	695	527
Other creditors	17	16
Accruals and deferred income	427	494
	<u>1,139</u>	<u>1,037</u>

	2017 £000	2016 £000
Deferred income		
Deferred income at 1 September 2016	117	32
Resources deferred during the year	89	117
Amounts released from previous years	(117)	(32)
Deferred income at 31 August 2017	<u>89</u>	<u>117</u>

At the balance sheet date, the academy trust was holding funds received in advance for capital grants of £29,000 (2016 - £29,000), rates relief paid in advance of £60,000 (2016 - £60,000), lettings income received in advance of £NIL (2016 - £9,000), trip income received in advance of £NIL (2016 - £5,000) and grant income received ahead of the terms of the grant being fulfilled £NIL (2016 - £14,000).

WHITE ROSE ACADEMIES TRUST

(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

17. Creditors: Amounts falling due after more than one year

	2017	2016
	£000	£000
Salix loan	22	-

Amounts included above repayable by instalments which fall due after five years £2,000 (2016 - £NIL).

The Salix loan balance above is repayable over a period of 8 years commencing September 2018 and is an interest free loan from the DfE for roofing improvement works at Leeds City Academy.

The trust is committed to a total Salix loan balance of £40,000, the remaining £18,000 of which has been received after the financial year end.

WHITE ROSE ACADEMIES TRUST

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

18. Statement of funds

	Balance at 1 September 2016 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2017 £000
Unrestricted funds						
General funds	455	573	(486)	-	-	542
Restricted funds						
General Annual Grant (GAG)	416	15,705	(15,618)	(195)	-	308
Transfer from previous sponsor	561	-	(561)	-	-	-
Other DfE grants	-	939	(939)	-	-	-
Start up grant	776	36	(36)	-	-	776
Other grants	26	376	(376)	-	-	26
Pension reserve	(5,650)	-	(570)	-	2,738	(3,482)
	(3,871)	17,056	(18,100)	(195)	2,738	(2,372)
Restricted fixed asset funds						
Fixed assets transferred on conversion	54,323	-	(1,657)	-	-	52,666
DfE/ESFA Capital grants	172	501	(86)	-	-	587
Capital expenditure from GAG	295	-	(82)	195	-	408
Transfer from previous sponsor	347	-	-	-	-	347
Revaluation	6,426	-	(129)	-	-	6,297
	61,563	501	(1,954)	195	-	60,305
Total restricted funds	57,692	17,557	(20,054)	-	2,738	57,933
Total of funds	58,147	18,130	(20,540)	-	2,738	58,475

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

The General Annual Grant (GAG) has been provided by the DfE in order to fund the normal running costs of the academy trust. The carried forward balance will be applied in future years to enable the establishment of a minimum prudent level of reserves to manage risks and unforeseen costs.

WHITE ROSE ACADEMIES TRUST

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2017

18. Statement of funds (continued)

Start Up Grant represents funding from the DfE to support the management structure of Leeds City Academy during the period of student number growth.

The reserves transferred from the previous sponsor represents grants held to support Leeds West and Leeds East Academies during the transition from the estimated funding model to lagged funding whilst still in the period of student number growth.

Other DfE grants are allocated against the particular purpose for which they are provided.

The restricted pension reserve represents the deficit on the three academies in the trust's share of the Local Government Pension Scheme as at 31 August 2017.

Restricted fixed asset funds represent the undepreciated value of the tangible fixed assets and funds allocated for future capital projects.

Unrestricted private funds represent the income and expenditure in relation to school trips and catering service that has operated during the period.

Other restricted funds relate to funds held on behalf of White Rose Academies Trust for specific activities governed by the terms of the grant.

Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2017.

Analysis of academies by fund balance

Fund balances at 31 August 2017 were allocated as follows:

	Total 2017 £000	Total 2016 £000
Leeds City Academy	888	812
Leeds East Academy	293	470
Leeds West Academy	390	943
White Rose Academies Trust	81	9
Total before fixed asset fund and pension reserve	<u>1,652</u>	<u>2,234</u>
Restricted fixed asset fund	60,305	61,563
Pension reserve	(3,482)	(5,650)
Total	<u><u>58,475</u></u>	<u><u>58,147</u></u>

WHITE ROSE ACADEMIES TRUST

(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

18. Statement of funds (continued)

Analysis of academies by cost

Expenditure incurred by each academy during the year was as follows:

	Teaching and educational support staff costs £000	Other support staff costs £000	Educational supplies £000	Other costs excluding depreciation £000	Total 2017 £000	Total 2016 £000
Leeds City Academy	2,482	355	391	905	4,133	3,585
Leeds East Academy	3,176	390	508	1,108	5,182	4,197
Leeds West Academy	5,407	628	1,046	1,566	8,647	7,720
White Rose Academies Trust	262	287	91	70	710	825
	<u>11,327</u>	<u>1,660</u>	<u>2,036</u>	<u>3,649</u>	<u>18,672</u>	<u>16,327</u>

19. Analysis of net assets between funds

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Restricted fixed asset funds 2017 £000	Total funds 2017 £000
Intangible fixed assets	-	-	39	39
Tangible fixed assets	-	-	59,758	59,758
Current assets	542	2,271	508	3,321
Creditors due within one year	-	(1,139)	-	(1,139)
Creditors due in more than one year	-	(22)	-	(22)
Provisions for liabilities and charges	-	(3,482)	-	(3,482)
	<u>542</u>	<u>(2,372)</u>	<u>60,305</u>	<u>58,475</u>

WHITE ROSE ACADEMIES TRUST

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

20. Reconciliation of net movement in funds to net cash flow from operating activities

	2017 £000	2016 £000
Net expenditure for the year (as per Statement of Financial Activities)	(2,410)	(1,818)
Adjustment for:		
Depreciation and amortisation charges	1,868	2,258
Interest receivable	(14)	(7)
(Increase)/decrease in debtors	(417)	17
Increase/(decrease) in creditors	124	(348)
Capital grants from DfE and other capital income	(501)	(50)
Defined benefit pension scheme cost less contributions payable	460	170
Defined benefit pension scheme finance cost	110	81
Net cash (used in)/provided by operating activities	(780)	303

21. Analysis of cash and cash equivalents

	2017 £000	2016 £000
Cash in hand	1,344	1,645
Notice deposits (less than 3 months)	1,002	1,600
Total	2,346	3,245

22. Pension commitments

The academy trust's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by West Yorkshire Pension Fund. Both are Multi-employer defined benefit pension schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

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

Teachers' Pension Scheme

Introduction

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

WHITE ROSE ACADEMIES TRUST

(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

22. Pension commitments (continued)

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

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay, including a 0.08% employer administration charge
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £1,006,210 (2016 - £983,964).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx).

Under the definitions set out in FRS 102, the TPS is a multi-employer pension scheme. The trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £564,000 (2016 - £498,000), of which employer's contributions totalled £393,000 (2016 - £349,000) and employees' contributions totalled £171,000 (2016 - £149,000). The agreed contribution rates for future years are between 11.5% and 16.4% for employers, and between 5.5% and 12.5% (dependant on levels of pensionable pay) for employees.

WHITE ROSE ACADEMIES TRUST

(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

22. Pension commitments (continued)

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

To address the deficit in the scheme over the forthcoming 25 years it has been agreed that additional lump sum contributions will be paid into the scheme, £10,000 has been paid in 2016/2017 (2015/2016 - £18,600).

Any future contribution rates and lump sum payments will be determined by the next triennial valuation and will be effective from April 2020.

Principal actuarial assumptions:

	2017	2016
Discount rate for scheme liabilities	2.50 %	2.00 %
Rate of increase in salaries	3.25 %	3.40 %
Rate of increase for pensions in payment / inflation	2.00 %	1.90 %
Inflation assumption (CPI)	2.00 %	1.90 %
Inflation assumption (RPI)	3.10 %	3.00 %

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

	2017	2016
Retiring today		
Males	22.1	22.7
Females	25.2	25.6
Retiring in 20 years		
Males	23.0	24.9
Females	27.0	28.0

	At 31 August 2017 £000	At 31 August 2016 £000
<i>Sensitivity analysis (present value of total obligation)</i>		
Discount rate +0.1%	11,067	11,961
Discount rate -0.1%	11,600	12,542
Mortality assumption - 1 year increase	11,675	12,638
Mortality assumption - 1 year decrease	10,987	11,862

WHITE ROSE ACADEMIES TRUST

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

22. Pension commitments (continued)

The academy trust's share of the assets in the scheme was:

	Fair value at 31 August 2017 £000	Fair value at 31 August 2016 £000
Equity Instruments	6,051	4,955
Government bonds	353	739
Corporate bonds	753	277
Property	306	317
Cash and other liquid assets	118	92
Other	267	218
Total market value of assets	<u>7,848</u>	<u>6,598</u>

The amounts recognised in the Statement of financial activities incorporating income and expenditure account are as follows:

	2017 £000	2016 £000
Net interest costs	(110)	(81)
Current service cost (net of employee contributions)	(853)	(519)
Total	<u>(963)</u>	<u>(600)</u>
Actual return on scheme assets	<u>622</u>	<u>1,015</u>

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

	2017 £000	2016 £000
Opening defined benefit obligation	12,248	7,471
Current service cost	853	519
Interest cost	247	285
Employee contributions	171	149
Actuarial (gains)/losses	(2,116)	3,920
Benefits paid	(73)	(96)
Closing defined benefit obligation	<u>11,330</u>	<u>12,248</u>

WHITE ROSE ACADEMIES TRUST

(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

22. Pension commitments (continued)

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

	2017	2016
	£000	£000
Opening fair value of scheme assets	6,598	5,181
Interest income	137	204
Actuarial gains	622	811
Employer contributions	393	349
Employee contributions	171	149
Benefits paid	(73)	(96)
	<hr/>	<hr/>
Closing fair value of scheme assets	7,848	6,598
	<hr/> <hr/>	<hr/> <hr/>

23. Operating lease commitments

At 31 August 2017 the total of the Academy trust's future minimum lease payments under non-cancellable operating leases was:

	2017	2016
	£000	£000
Amounts payable:		
Within 1 year	154	12
Between 1 and 5 years	596	18
	<hr/>	<hr/>
Total	750	30
	<hr/> <hr/>	<hr/> <hr/>

24. Members' liability

Each member of the academy trust undertakes to contribute to the assets of the academy 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.

WHITE ROSE ACADEMIES TRUST

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2017

25. Related party transactions

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

The sponsor, Leeds City College, has provided services to the academy trust during the year as detailed below:

	2017	2016
	£000	£000
Educational course fees	117	41
Managed internet service	16	16
Seconded staff costs	34	8
Work experience coordination	10	2
ITSS service	129	-
Careers advice	18	-
Miscellaneous	1	-
	<u><u>1</u></u>	<u><u>-</u></u>

At 31 August 2017 the academy trust owed Leeds City College £15,020 (2016 - £nil) which is included in trade creditors.

With the exception of the matters noted in the Statement on regularity, propriety and compliance on page 18, in entering into the transactions above the academy trust has complied with the requirements of the Academies Financial Handbook 2016. Other related party transactions relating to directors' remuneration and expenses are already disclosed in note 11.