

WAC ARTS COLLEGE
(A Company Limited by Guarantee)

REPORT AND FINANCIAL STATEMENTS

for the Year ended 31 August 2015

Company Number: 07949464

WAC ARTS COLLEGE

REPORT AND FINANCIAL STATEMENTS

For the Year to 31 August 2015

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WAC ARTS COLLEGE

REFERENCE AND ADMINISTRATIVE INFORMATION OF WAC ARTS COLLEGE, ITS GOVERNORS AND ADVISERS

For the Year to 31 August 2015

GOVERNORS

Governors

J Bolt (Chair)
T Ajassa-Oluwa (Appointed 28 August 2014; resigned 11 May 2015)
C Boyd (appointed 10 December 2014)
A Bryan (appointed 10 December 2014; resigned 16 June 2015)
I Byer (appointed 12 January 2015)
E Cleaver
J Fornara – Principal
J Hoffbrand (appointed 10 December 2014)
B Mendy (appointed 10 December 2014; resigned 16 June 2015)
E Schmidt
A Shaw
D Simmons

Members

E Cleaver
E Schmidt
A Shaw
J Bolt
Wac Arts (corporate member)

Company Secretary and Director of Finance

K Shoults

Senior Management Team

Principal
Deputy Principal
Heads of Pre-16

J Fornara
C Curtis Van Dyke
G Dallas and L Hazelwood

Principal and Registered Office

J Fornara
213 Haverstock Hill
London
NW3 4QP

Company Registration Number

7949464

Auditors

haysmacintyre
26 Red Lion Square
London
WC1R 4AG

Bankers

Co-operative Bank

WAC ARTS COLLEGE

GOVERNORS' REPORT

For the Year to 31 August 2015

The Governors present their report for the year ended 31 August 2015 under the Companies Act 2006 and the Charities Act 2011, together with the audited financial statements for the period, and confirm that the latter comply with the requirements of the Companies Act 2006, the Company's Memorandum and Articles of Association and the Charities SORP 2005. This report and financial statements cover the first academic year of the College from 1 September 2014 to 31 August 2015.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

Wac Arts College (the "College") is incorporated as a Company Limited by Guarantee with no share capital, company number 07949464 and is an exempt charity. The members of the Company are also governors of the College.

The Governors are directors of the charitable company for the purposes of Company Law and are trustees for the purposes of Charity Law. The Governors who were in office at 31 August 2015 and served during the period are listed on page 1.

During the period under review, the Governors held 5 meetings. Further opportunity was given for the Governors to meet new members of staff. Governor training will be held in the next financial year. When new Governors are to be appointed they are given a tour of Wac Arts College and encouraged to arrange a day at the College to view how the College functions. New Governors will be provided with all documents required to enable them to undertake their role as Governors.

Exempt Charity

The Academies Act 2010 made all academies and free schools exempt charities because they are considered to be properly supervised by and accountable to another acceptable body. As an exempt charity, Wac Arts College is still subject to the legal rules and guidelines applicable to charities and the Governors still have the same duties and responsibilities.

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 such an amount as may be required, not exceeding £10, for debts and liabilities contracted before he/she ceases to be a member.

Recruitment and Appointment of Governors

The Members can appoint up to 12 Governors including staff Governors providing the total number of Governors who are members of staff does not exceed one third of the total number of Governors. Governors are appointed on the basis of their eligibility, personal competence, specialist skills and local availability.

Policy and Procedures Adopted for the Induction and Training of Governors

New Governors are inducted into the workings of Wac Arts College and also of the Company. It is the intention that they will attend professional courses of Governor training to allow them to efficiently fulfil their duties.

Organisational Structure

The company was formed in February 2012 and commenced trading in March 2013. The purpose of the company was to set up and commence the operations of a new alternative provision Free School, Wac Arts College. The Governors are responsible for setting general policy, adopting a plan and budget. The Governors make all key strategic decisions with regard to Wac Arts College, including capital expenditure and senior appointments. They monitor financial progress against budget and educational progress against targets.

The operation of Wac Arts College is led by the Governors, the Principal, the Director of Finance and Facilities and Teaching and Support Staff. The Principal, Director of Finance and Facilities and Heads of Post-16 and Pre-16 form the Senior Leadership Team which is responsible for implementing policies and reporting to the Governors. The Senior Managers are responsible for the authorisation of spending within agreed budgets and the appointment of further staff.

WAC ARTS COLLEGE

GOVERNORS' REPORT (continued)

For the Year to 31 August 2015

Risk Management

The Governors have implemented a number of systems to assess risks that Wac Arts College faces, especially in operational areas of, for example, finance, teaching and learning, health and safety and safeguarding. A programme of Governor Sub-Committees and financial internal controls enable Governors to minimise risk. Where risk cannot be effectively managed a comprehensive insurance policy exists recommended by the DfE.

Related Party

Wac Arts College rents space from the charity Wac Arts in its building 'The Old Town Hall in Hampstead'. The College is entirely separate from the charity. With a shared ethos, Wac Arts College gains considerably from access to Wac Arts' facilities and the experience it has gained over many years of charitable work. Wac Arts College's students benefit from an association with the charitable programmes which are similarly run for the benefit of young people.

OBJECTIVES AND ACTIVITIES

Objects, aims and objectives

The principal object and activity of the company is the advancement for the public benefit in the United Kingdom, in particular, maintaining, carrying on, managing and developing a College offering a specialist creative arts and media curriculum. It does this through the operation of Wac Arts College which provides alternative education with an emphasis on the creative arts and media for pupils between the ages of 14 and 19 who have not been successful in mainstream education.

The main objectives of Wac Arts College during the period ended 31 August 2015 were those summarised below:

- To recruit and induct students for the academic year 2014-15
- To deliver programmes of education appropriate to the needs of the students of the College
- To continue to develop and enhance the curriculum of the College
- To provide programmes of professional development for staff
- To manage the work of the College within the agreed budget and to provide value for money for funds expended
- To plan for an increase in student numbers in the academic year 2015-16
- To comply with all statutory requirements;
- To conduct the College's business in accordance with the highest standards of integrity, probity and openness.

Strategies and Activities

Wac Arts College is an alternative provision free school (14-19 yrs), the first in the country with a specialism in the creative arts and media. All students attending Wac Arts College have either been permanently excluded, at risk of exclusion or NEET and have had significant issues engaging in mainstream education.

We offer a full-time programme of creative arts and media education, access to a more "traditional" academic curriculum (embedded within the creative arts curriculum), mentoring, counselling, family support and work-related learning activities. The college operates from our site in Belsize Park, North West London (Camden LA).

We operate a highly creative, project-based, discovery-based, experiential, child-centred delivery model in an attempt to move away from the kind of mainstream provision that our students have not succeeded in. The students are divided into pre and post-16 groups and are taught in groups of between 5 and 15 depending on the subject area they are working in. Pastoral care is a priority to help support our students who often present with highly complex emotional, social and behavioural issues that are a significant barrier to their learning and progress. Fostering the creative potential of our students is the key to them re-engaging with learning and developing the skills and competencies for a successful life.

Our students present with significant barriers to learning that we work hard to mitigate. They have often missed large chunks of schooling and the extremely chaotic nature of their lives has prevented them from fulfilling their creative and academic potential.

WAC ARTS COLLEGE

GOVERNORS' REPORT (continued)

FOR THE PERIOD 1 September 2014 to 31 August 2015

Our ethos is founded on a number of principles, which we have embedded through the Charity, Wac Arts' long standing practice in non-statutory arts and media education for those aged 5-25, specifically that excellence and engagement through the arts:

- unlocks individual talents;
- fosters aspiration and achievement;
- empowers young people to acknowledge and celebrate their heritage;
- develops transferable skills for employability such as communication, problem solving, team work, entrepreneurship and leadership.

We take referrals directly from students and parents/carers (Post-16) and from schools and Local Education Authorities (pre-16). Around 50% of our students come from LB Camden but there are also students from seven other London Boroughs, plus the Tri-borough of Westminster, Kensington and Chelsea and Hammersmith and Fulham.

We believe passionately that learning can – and should be – enjoyable, and that, particularly for those who have been alienated from or excluded by 'traditional' and 'mainstream' statutory education, the creative curriculum puts pleasure back into learning. Behaviour such as avoiding and resisting learning in school can often be signs of imagination and creativity and many young people in alternative provision are most suited for a career in the creative industries. Our curriculum ensures that young people are able to work towards meaningful accreditation which will enable them to access these industries, and other post-19 options in accordance with their aspirations."

To this end Wac Arts College includes the following activities:

- learning opportunities for all pupils appropriate to their age and ability;
- training opportunities for all staff;
- a programme of extended day activities to supplement their learning opportunities;
- trips and visits to support learning.

Equal opportunities policy

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

Disabled persons

Ramps are provided where necessary on the ground floor. Disabled toilets are installed on the ground floor and first floor. A chair stair lift is provided to enable access to the first floor. Door widths are adequate to enable wheelchair access to all main areas of Wac Arts College. The policy of Wac Arts College is to support recruitment and retention of staff and pupils with disabilities. Wac Arts College does this, wherever practicable, by adapting the physical environment and by making support resources available and through training and career development.

ACHIEVEMENTS AND PERFORMANCE

Wac Arts College opened on 1 September 2014 after receiving a signed Funding Agreement from the Secretary of State for Education. The College opened with a full cohort of pupils (36). The Department of Education has agreed for the College to admit a further 28 from September 2015.

The College has undertaken a programme of lesson observations, testing and external inspection in order to ensure continual improvement. These included visits by advisers appointed by the Department for Education

WAC ARTS COLLEGE

GOVERNORS' REPORT (continued)

For the Year to 31 August 2015

FINANCIAL REVIEW

For the period to 31 August 2015, Wac Arts College's funds were received from the Education Funding Agency and from local authorities and schools that commissioned places at the college. This income is restricted for the provision of education. In the period to 31 August 2015, the funds received were used to pay the running costs of Wac Arts College.

Public Benefit

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

Going Concern

After making appropriate enquiries, the Governing body has a reasonable expectation that Wac Arts College 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 Statement of Accounting Policies.

Reserves Policy

The Trustees and Governors have adopted a suitable reserves policy whereby they carry out an annual review of the reserves policy. The aim of which is to provide sufficient working capital to cover lags between the spending and receipt of grants and to provide a buffer for unexpected expenditure.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risk and uncertainties facing the College are as follows:

- Reductions in funding from the Education Funding Agency and the College's inability to adjust its cost base appropriately;
- The increased reliance on local authority funding;
- Delays in agreement to fund and deliver the construction of additional teaching space;
- Buildings infrastructure failing to meeting future operational demands;
- Information systems, processes and technology infrastructure failing to meet future requirements;
- Failure to secure projected pupil numbers

PLANS FOR THE FUTURE

The College has grown in academic year 2015-2016 to accommodate 40 post-16 students and 20 pre-16. During the next academic year (2016-2017) the College will grow again to accommodate 24 pre-16 students and the post 16 cohort will remain at 40.

The College is continuing to develop its project-based curriculum delivery model.

The College hopes to move into additional accommodation being built on land on the existing site mid way through the academic year 2016-2017.

The College intends to develop more substantial links with partner organisations (local authorities, universities, colleges schools, creative arts & media businesses, charities, social enterprises) to strengthen the opportunities offered to the College's students.

WAC ARTS COLLEGE

GOVERNORS' REPORT (continued)

For the Year to 31 August 2015

AUDITORS

So far as each of the Governors is aware at the time the report is approved:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the Governors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The auditors, Haysmacintyre, were appointed for the period and have expressed their willingness to continue in office. A resolution to appoint them will be proposed at the Annual General Meeting.

Approved by order of the members of the Governor Body on **15 December 2015** and signed on its behalf by:

.....
John Bolt
Chair of Governors

WAC ARTS COLLEGE

GOVERNANCE STATEMENT

For the Year to 31 August 2015

Scope of Responsibility

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

The Governing Body has delegated the day-to-day responsibility to Ken Shoults, 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 Wac Arts College and the Secretary of State for Education. He is also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Governors' Report and in the Statement of Governors' Responsibilities. The Governing Body has formally met 5 times during the period. Attendance during the period at meetings of the Governing Body was as follows:

Governor	Appointed	Resigned	Meetings attended	Out of a possible
J Bolt (Chair)	10/12/13		5	5
J Fornara (Principal)	1/5/14		5	5
A Shaw (Responsible Officer)	10/8/13		4	5
E Cleaver	13/12/13		3	5
E Schmidt	14/2/12		4	5
B Mendy	10/12/14	16/6/15	1	4
C Boyd	10/12/14		3	4
J Hoffbrand	10/12/14		3	4
I Byer	12/1/15		2	3
A Bryan	10/12/14	16/6/15	1	4
D Simmons	1/5/14		4	4
T Ajassa-Oluwa	28/8/14	11/5/15	1	4

The Finance Committee is a sub-committee of the main governing body. It has three broad purposes:

FINANCE

- Review the proposed DfES funding and College budgets to ensure they reflect the College's prioritised educational objectives;
- Recommend the budget for Governing body approval;
- Monitor the budget and ensure expenditure stays within agreed limits, reporting significant potential variances to the Governing Body;
- Advise generally on the provision of resources and services to the College;
- Identify and approve the allocation of surplus funds;
- Recommend whether to delegate the Governing Body's responsibility to spend the delegated budget and any grants to the Principal, and if so, to decide the amount to be delegated; and
- Review and monitor compliance with approved financial procedures, and statutory requirements and consider any action required resulting from internal or external audit reports.

PERFORMANCE MANAGEMENT and PAY ASSESSMENT

- Observe all statutory and contractual obligations;
- Review and recommend the salaries and conditions of service of all staff;
- Receive, consider and make recommendations to the Governing Body on the overall staffing provision of the College, including the management structure; and
- Determine, approve and keep under review policies relating to the employment of all staff.

WAC ARTS COLLEGE

GOVERNANCE STATEMENT (continued)

For the Year to 31 August 2015

PREMISES

- Keep under review and advise the Governing Body on the general condition, use and development of the College's buildings and their fabric and sites; and
- Consider and make recommendations to the Governing Body on any proposals for the rental, acquisition or disposal of buildings and sites.

Attendance at meetings in the period was as follows:

Governor	Meetings attended	Out of a possible
C Boyd (Chair)	4	4
J Bolt	4	4
A Shaw	3	4
J Fornara (Principal)	4	4
E Schmidt	1	4
K Shoults (Accounting Officer)	4	4

Review of Value for Money

The Accounting Officer considers how the Trust's use of its resources has provided good value for money during each academic year, and reports to the Governors where value for money can be improved.

The Governors on the Finance Committee and the Senior Staff were very conscious of the budget constraints being faced and much work was undertaken in to see where savings might be made and look at how best to achieve the targets.

The College also tendered for capital work which took place during Summer 2015. Some significant cost savings were achieved through the robust tendering process.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the College's 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 Wac Arts College for the period ended 31 August 2015 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Governing Body has reviewed the key risks to which the College is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Body is of the view that there is a formal on-going process for identifying, evaluating and managing the College's significant risks that has been in place for the period ended 31 August 2015 and up to the date of the approval of the annual report and financial statements. This process is regularly reviewed by the Governing Body.

The Risk and Control Framework

The College'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 termly financial reports which are reviewed and agreed by the Governing Body;
- regular reviews by the Finance Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties; and
- identification and management of risks.

WAC ARTS COLLEGE

GOVERNANCE STATEMENT (continued)

For the Year to 31 August 2015

The Governing Body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Governors have appointed A Shaw, a Governor, as Responsible Officer ('RO'). The RO's role includes giving advice on financial matters and performing a range of checks on the College's financial systems. The RO used haysmacintyre to carry out detailed testing for the two terms in the period and reported to the Governing Body on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities.

Review of Effectiveness

As Accounting Officer, K Shoults has responsibility for reviewing the effectiveness of the system of internal control.

During the period in question the review has been informed by:

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

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance and General Purposes Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Governing Body on **15 December 2015** and signed on its behalf by:

.....
John Bolt - Chair of Governors

.....
Ken Shoults - Accounting Officer

WAC ARTS COLLEGE

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

For the Year to 31 August 2015

As Accounting Officer of Wac Arts College I have considered my responsibility to notify the College's Governing Body and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the College and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

I confirm that I and the College's Governing Body are able to identify any material irregular or improper use of funds by the College, or material non-compliance with the terms and conditions of funding under the College's funding agreement and the Academies Financial Handbook.

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date.

.....
Ken Shoults - Accounting Officer

15 December 2015

WAC ARTS COLLEGE

STATEMENT OF GOVERNORS' RESPONSIBILITIES

For the Year to 31 August 2015

The Governors of Wac Arts College, who are also the directors of the charitable company for the purposes of company law, are responsible for preparing the Governors' Report and the financial statements in accordance with the Annual Accounts Requirements issued by the DfE, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Governors to prepare financial statements for each financial year. Under company law the Governors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Charitable Company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Governors are required to:

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

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

The Governors are responsible for ensuring the College applies financial and other controls, which confirm with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the DfE have been applied for the purposes intended.

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

Approved by order of the members of the Governor Body on **15 December 2015** and signed on its behalf by:

.....
John Bolt
Chair of Governors

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WAC ARTS COLLEGE

We have audited the financial statements of Wac Arts College for the period ended 31 August 2015 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2014 to 2015 issued by the EFA.

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

Respective responsibilities of Governors and auditor

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

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2015 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2014 to 2015 issued by the EFA.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Governors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report

Bernie Watson
Senior Statutory Auditor,
For and on behalf of haysmacintyre, Statutory Auditors

26 Red Lion Square
London
WC1R 4AG

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INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON REGULARITY TO THE GOVERNING BODY OF WAC ARTS COLLEGE AND THE EDUCATION FUNDING AGENCY

In accordance with the terms of our engagement letter dated 31 October 2014 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2014 to 2015, an engagement to obtain limited assurance about whether the expenditure disbursed and income received by to Wac Arts College during the period 1 September 2014 to 31 August 2015 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 Wac Arts College and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Wac Arts College and the EFA those matters we are required to state to it in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than to Wac Arts College and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities to Wac Arts College's accounting officer and the reporting Auditor

The accounting officer is responsible, under the requirements of Wac Arts College's funding agreement [Project Development Grant] with the Secretary of State for Education dated 6 August 2013 and the Academies Financial Handbook, extant from 1 September 2013, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.. Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2013 to 2014. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2014 to 31 August 2015 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 2014 to 2015 issued by EFA. We performed a limited assurance engagement as defined in our engagement letter. The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity. A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion. Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the academy trust's income and expenditure..

The work undertaken to draw to our conclusion includes:

- Assessment of the control environment operated by the College.
- Walkthrough testing of controls to ensure operational effectiveness.
- Substantive testing on a sample of expenditure items, ensuring expenditure is in accordance with the funding agreement and appropriately authorised.
- Review of minutes, bank certificates and related party declarations provided by Governors and senior management.

Conclusion

In the course of work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2014 to 31 August 2015 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Bernie Watson, Senior Statutory Auditor,
For and on behalf of haysmacintyre, Statutory Auditors

26 Red Lion Square
London
WC1R 4AG

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WAC ARTS COLLEGE

STATEMENT OF FINANCIAL ACTIVITIES

For the Year to 31 August 2015

INCOME AND EXPENDITURE	Notes	Restricted general funds £	Unrestricted funds	Capital funds	2015 Total	2014 Total £
Incoming Resources						
Incoming resources from charitable activities				247,616	247,616	
Funding for Wac Arts College's educational operations	2	623,105	-		623,105	220,000
Interest		-	201		201	54
Total Incoming Resources		<u>623,105</u>	<u>201</u>	<u>247,616</u>	<u>870,922</u>	<u>220,054</u>
Resources Expended						
Charitable activity:						
College's operating costs	3	609,722	-	88,528	698,250	216,308
Governance costs	3	4,500	-		4,500	2,500
Total Resources Expended		<u>614,222</u>	<u>-</u>	<u>88,528</u>	<u>702,750</u>	<u>218,808</u>
NET (OUTGOING)/INCOMING RESOURCES BEFORE TRANSFERS		<u>8,883</u>	<u>201</u>	<u>159,088</u>	<u>168,172</u>	<u>1,246</u>
Transfers between funds						
NET MOVEMENT IN FUNDS		<u>8,883</u>	<u>201</u>	<u>159,088</u>	<u>168,172</u>	<u>1,246</u>
Balance brought forward at 1 September 2014		£1,192	54		£1,246	
Balance carried forward at 31 August 2015		<u>£10,075</u>	<u>£255</u>	<u>£159,088</u>	<u>£169,418</u>	<u>£1,246</u>

All of Wac Arts College's activities derive from continuing operations during the financial period.

There were no recognised gains and losses other than those shown in the above Statement of Financial Activities.

The accompanying notes form part of these accounts.

BALANCE SHEET

AT 31 AUGUST 2014

			2015	2014
	Notes	£	£	
FIXED ASSETS	6		162,036	2,948
CURRENT ASSETS				
Debtors	7	42,650		7,192
Cash at bank and in hand		138,373		4,203
		<u>181,023</u>		
CREDITORS: amounts falling due				
within one year	8	(173,641)	7,382	(13,097)
				<u>(1,702)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>169,418</u>	<u>£1,246</u>
			<u>=====</u>	<u>=====</u>
FUNDS OF THE COLLEGE	9			
Restricted General Funds			10,075	1,246
Unrestricted funds			255	
Capital fund			159,088	
			<u>169,418</u>	<u>£1,246</u>
			<u>=====</u>	<u>=====</u>

The financial statements were approved and authorised for issue by the Board of Governors on **15 December 2015** and were signed below on its behalf by:

.....

J Bolt
Chair of Governors

The accompanying notes form part of these accounts.

1. STATEMENT OF ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice: Accounting and Reporting by Charities' ('SORP 2005'), the Academies Accounts Direction 2013 to 2014 issued by EFA and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

Going concern

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The trustees make this assessment in respect of a period of one year from the date of approval of the financial statements. Wac Arts College has received and signed the funding agreement for the 2015/16 financial period. On the strength of this, Wac Arts College is adopting the going concern principle.

Incoming resources

All incoming resources are recognised when Wac Arts College has entitlement to the funds, certainty of receipts and the amount can be measured with sufficient reliability.

- **Grants receivable**

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

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

Resources Expended

All expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources.

- **Charitable activity**

These are costs incurred the first academic year of operations for Wac Arts College up to 31 August 2015.

- **Governance costs**

These include the costs attributable to Wac Arts College's compliance with constitutional and statutory requirements, including audit, strategic management and Governor's meetings and reimbursed expenses.

Tangible fixed assets

Assets costing £250 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on such assets will be charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with Wac Arts College's depreciation policy.

NOTES TO THE FINANCIAL STATEMENTS

For the Year to 31 August 2015

1. ACCOUNTING POLICIES (continued)**Depreciation**

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of each asset on a straight line basis over its expected useful lives, as follows:

Computer MIS systems and equipment	- 50%
Furniture and equipment	- 25%
Leasehold improvements	- over the length of the lease

Taxation

Wac Arts College 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, Wac Arts College is 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.

Fund accounting

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

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

CASH FLOW STATEMENT

For the year to 31 AUGUST 2015

	2015		2014	
	£	£	£	£
Net cash flow from operating activities				
Net incoming resources	8,883		1,192	
Capital Grants	247,616			
Depreciation			2,948	
Interest received	201		54	
Decrease/(increase) in debtors	(35,458)		(7,192)	
Increase in creditors	160,544		13,097	
	<u> </u>	381,786	<u> </u>	10,099
Capital expenditure and financial investment				
Purchase of tangible fixed assets		(247,616)		(5,896)
Increase in cash / cash balance		<u>£134,170</u>		<u>£4,203</u>

WAC ARTS COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

For the Year to 31 August 2015

2. FUNDING FOR WAC ARTS COLLEGE'S EDUCATIONAL OPERATIONS

	2015	2014
	Restricted income funds	
	£	£
Pre-16 EFA grant	128,000	--
Pre-16 Funds from Schools and L A	102,000	--
Post-16 EFA grant	140,666	--
Post-16 High needs funding	30,000	--
SEN top up	29,392	--
EFA Education Services Grant	11,200	--
EFA Rates grant	6,218	--
Post Opening Grant	86,000	--
Fees and Other Income	89,629	--
DfE/ revenue start-up grants	--	220,000
	<u>£623,105</u>	<u>£ 220,000</u>

3. RESOURCES EXPENDED

	Staff costs	2015	Total	2014
	£	Other costs	£	Total
		£		£
Charitable activity				
Staff costs	400,117	-	400,117	166,893
Recruitment costs	3,298	-	3,298	7,217
Training costs	13,638	-	13,638	12,949
Student meals	-	30,388	30,388	-
Student Support	-	12,884	12,884	-
Educational resources	-	18,389	18,389	-
Legal and professional fees	-	5,836	5,836	6,536
Consultancy fees	-	-	-	1,316
Office and other costs	-	52,920	52,920	18,449
Premises Costs	-	72,252	72,252	-
Depreciation	-	88,528	88,528	2,948
	<u>417,053</u>	<u>281,197</u>	<u>698,250</u>	<u>216,308</u>
Governance costs				
Audit fee	-	4,500	4,500	2,500
	<u>£417,053</u>	<u>£285,697</u>	<u>£702,750</u>	<u>£218,808</u>

WAC ARTS COLLEGE

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the Year to 31 August 2015

4. STAFF COSTS

The average number of persons employed full time on behalf of Wac Arts College during the period was as follows:

	2015	2014
Management	2	2
Staff	9	2

No employees received remuneration exceeding £60,000 in the period.

	2015	2014
Staff costs consist of:	£	£
Wages and salaries	308,785	126,064
Social security costs	28,749	40,829
	<u>£337,534</u>	<u>£166,893</u>

5. GOVERNORS' REMUNERATION AND EXPENSES

Principal and staff Governors only receive remuneration in respect of services they provide undertaking the roles of Principal and staff and not in respect of their services as Governors. Other Governors did not receive any payments from the College in respect of their role as Governors. The value of the Governors' remuneration was as follows.

	2015	2014
Principal	£52,128	£19,982

No expenses were reimbursed to any Governors during the period.

6. TANGIBLE FIXED ASSETS

	Management Systems Equipment	Furniture & equipment	Total
	£	£	£
Cost as at 1 September 2014	5,896		5,896
Additions	94,708	152,908	247,616
At 31 August 2015	<u>100,604</u>	<u>152,908</u>	<u>253,512</u>
Depreciation as at 1 September 2014	2,948	-	2,948
Charged in period	50,302	38,226	88,528
At 31 August 2015	<u>53,250</u>	<u>38,226</u>	<u>91,476</u>
Net Book Value			
At 31 August 2014	£2,948	-	£2,948
At 31 August 2015	<u>47,354</u>	<u>114,682</u>	<u>162,036</u>

WAC ARTS COLLEGE

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the Year to 31 August 2015

7. DEBTORS	2015 £	2014 £		
VAT recoverable	6,175	7,192		
Accrued income	8,119	-		
Prepayment	3,279	-		
Debtors	25,077	-		
	<u>£42,650</u>	<u>£7,192</u>		
	=====	=====		
8. CREDITORS: amounts falling due within one year	£	£		
Trade creditors	26,241	5,750		
Other tax and social security	-	4,847		
Other creditors	96,660	-		
Accruals and deferred income	50,740	2,500		
	<u>£173,641</u>	<u>£13,097</u>		
	=====	=====		
9. FUNDS	Incoming resources £	Resources expended £	Transfers £	Balance at 31 August 2015 £
Restricted General Funds				
Balance at 1 September 2014				1,192
DfE grant / Educational Funding	623,105	614,222	-	8,883
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
			-	10,075
UNRESTRICTED FUNDS				
Balance at 1 September 2014				54
General funds	201	-	-	201
	<u>£623,306</u>	<u>£614,222</u>	<u>£-</u>	<u>£10,330</u>
	=====	=====	=====	=====

10. COMMITMENTS

The charity has no capital commitments as of 31 August 2015.

11. 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 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 members.

12. PENSION OBLIGATIONS

Retirement benefits to employees of Wac Arts College are offered by the Teachers' Pension Scheme (TPS). The 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. All employees opted out of this scheme for this period.

13. ULTIMATE CONTROLLING PARTY

The ultimate controlling party at the balance sheet date was Wac Arts, a company limited by guarantee registered in England and Wales.

During the period the following payments were made to Wac Arts.

Hire of rooms	£39,167
Hire of office space	£9,150
Recharge of support	£29,554

There were no related party transactions with Governors during the period

14. LEASES

The College has a one year lease on its accommodation amounting to a commitment of £55,850