

**WARLINGHAM SCHOOL**  
**(A Company Limited by Guarantee)**

**REPORT AND FINANCIAL STATEMENTS**

**PERIOD ENDED 31 AUGUST 2013**



**Company Limited by Guarantee**  
**Registration Number:**  
**08248059 (England and Wales)**

## **WARLINGHAM SCHOOL**

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# **WARLINGHAM SCHOOL**

## **REFERENCE AND ADMINISTRATIVE INFORMATION**

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### **Governors (Directors)**

Robert Adams  
Gordon Bull  
Liz Dawe  
Peter Jones  
Darren Shapland  
Nicola Adekoya (resigned 26 03 13)  
Sarah Berke  
Karen Greenwood- Hone (resigned 24 07 13)  
Jeremy Kite  
Jane Sillitto  
Fiona Doyle  
Graham Knott  
Rick Toop  
Paul Seward  
Alison Woodhouse (retired 31 08 13)  
Karen Quinton (appointed 03 05 13)  
Linda Bowers (appointed 03 05 13)  
Nicholas Bradwell (appointed 01 09 13)

### **Registered Office**

Warlingham School  
Tithepit Shaw Lane  
Warlingham  
Surrey  
CR6 9YB

### **Company Registration Number**

08248059

### **Statutory Auditor**

Wilkins Kennedy LLP  
Statutory Auditor  
Chartered Accountants  
Greytown House  
221-227 High Street  
Orpington  
Kent  
BR6 0NZ

### **Bankers**

Lloyds TSB  
1<sup>st</sup> Floor  
Christopher Wren Yard  
115 High Street  
Croydon CR0 1QG

### **Solicitors**

Veale Wasbrough Vizards  
Barnards Inn  
86 Fetter Lane  
London EC4A 1AD

## **WARLINGHAM SCHOOL GOVERNORS' REPORT 31 AUGUST 2013**

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The Governors present their report together with the financial statements and auditor's report of the charitable company for the period ended 31 August 2013

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

#### **Constitution**

The Academy Trust is a company limited by guarantee with no share capital (registration no 8248059) and an exempt charity. The charitable company's Memorandum and Articles of Association are the primary governing documents of the Academy. The Governors act as the Trustees for the charitable activities of Warlingham School and are also Directors of the charitable company for the purposes of company law. The charitable company is known as Warlingham School. Details of the Governors who served throughout the period, except as noted, are included in the Reference and Administrative Details on page 1.

Warlingham School was incorporated on 10 October 2012 and obtained Academy status from 1 November 2012.

#### **Members' liability**

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

#### **Principal Activities**

The principal activity of the Academy 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 a school offering a broad and balanced curriculum.

#### **Method of Recruitment and Appointment or Election of Governors**

The members of the Academy Trust shall comprise the signatories to the Memorandum, 1 person appointed by the Secretary of State, in the event that the Secretary of State appoints a person for this purpose, the Chairman of the Governors and any person appointed under Article 12.

The number of Governors shall be not less than 3, but shall not be subject to a maximum. The first Governors shall be those named in the initial Memorandum. The Academy Trust shall have the following Governors, up to 5 Governors appointed under Article 50, up to 4 Staff Governors, a minimum of 2 and up to 5 parent Governors, the Headteacher, any Additional Governors if appointed under Article 62, 62A or 68A, and any Further Governors if appointed under Article 63 or Article 68A. The Academy may also have up to 3 Co-opted Governors, a person who is appointed to be a governor by being co-opted by Governors who have not themselves been so appointed. The Governors may not co-opt an employee of the Academy Trust as a Co-opted Governor if the number of Governors who are employed by the Academy Trust would thereby exceed one third of the total number of Governors (including the Headteacher).

Each of the persons entitled to appoint members above shall have the right, from time to time by written notice delivered to the Office, to remove any Member appointed by them and to appoint a replacement member to fill a vacancy whether resulting from such removal or otherwise.

The term of office for any Governor shall be 4 years, save that this time limit shall not apply to the Headteacher. Subject to remaining eligible to be a particular type of Governor, any Governor may be re-appointed or re-elected.

# **WARLINGHAM SCHOOL**

## **GOVERNORS' REPORT 31 AUGUST 2013 continued**

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### **STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)**

#### **Policies and Procedures Adopted for the Induction and Training of Governors**

During the period under review the Governors held 4 meetings. The training and induction provided for new Governors will depend on their existing experience. All new Governors will be given a tour of the Academy and the chance to meet with staff and students. All relevant Governors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Governors. As there are normally only two or three new Governors a period, induction tends to be done informally and is tailored specifically to the individual.

#### **Organisational Structure**

The structure consists of three levels: the Governors, Senior Leadership Team and Heads of Curriculum Departments/Heads of Year. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

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

The Senior Leadership Team are the Headteacher, Deputy Headteachers, Assistant Headteachers and Head of School Support Services. These leaders control the Academy at an executive level implementing the policies laid down by the Governors and reporting back to them. As a group, the Senior Leadership Team is responsible for the authorisation of spending within agreed budgets and the appointment of staff, though interview panels for middle and senior leader posts will contain a Governor. Some spending control is devolved to Heads of Departments.

#### **Risk management**

The Governors have assessed the major risks to which the Academy is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Academy, and its finances. The Governors have implemented a number of systems to assess risks that the school faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finance. The Governors have introduced systems, including operational procedures and internal financial controls in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover. The Academy has an effective system of internal financial controls and this is explained in more detail in the Governance Statement on page 12.

### **OBJECTIVES AND ACTIVITIES**

#### **Objects and Aims (as set out in the governing document)**

Warlingham School is a mixed 11-18 comprehensive school which sees its rich cultural heritage as perhaps the most important of its many strengths. It is truly an international school. We foster a genuine sense of respect for the individual alongside an appreciation of the culture and beliefs of others.

The object of the Academy is specifically restricted to the following:

- a) to advance 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 a school offering a broad and balanced curriculum being Warlingham School and
- b) to promote for the benefit of the inhabitants of Surrey and the surrounding area, the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances or for the public at large in the interests of social welfare and with the object of improving the condition of the said inhabitants.

## **WARLINGHAM SCHOOL GOVERNORS' REPORT 31 AUGUST 2013 continued**

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

#### **Objectives, Strategies and Activities**

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

- achieving excellence where everyone has high expectations and strives for success,
- promoting enjoyment of learning and celebration of achievement,
- fostering a healthy and safe community where individuals take responsibility for themselves and show respect for others,
- making a positive contribution to all aspects of school, family and community life, and
- creating opportunity and experiences successful and fulfilling adult lives

We take our mission of "Widening Horizons, Raising Aspirations" very seriously and build in opportunities for our students to develop as individuals through the taught curriculum and an extensive range of additional activities

#### **Equal opportunities policy**

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

#### **Disabled persons**

The Academy complies fully with Disability Discrimination Act regulations and is equipped to welcome and/or teach any child or adult with a disability

#### **PUBLIC BENEFIT**

The Governors confirm that they have referred to the guidance contained in the Charity Commission's general guidance on Public Benefit when reviewing the charity's aim and objectives and in planning future activities. In particular, the trustees consider how planned activities will contribute to the aims and objectives they have set

The school's catchment area is fixed by Surrey Local Authority

Pupils are admitted to the school by application of the following criteria

- 1 Looked after and previously looked after children
- 2 Exceptional social or medical needs
- 3 Siblings still in the school at the date of admission
- 4 Children who live within the fixed catchment area in order of distance from the school
- 5 Any other applicant

#### **ACHIEVEMENTS AND PERFORMANCE**

In summer 2013 Warlingham students maintained the high standards set by previous cohorts and we were delighted to announce our best ever A level results

At GCSE level 68% of our students gained five or more A\*-C grades (including English and Maths) 91% of students gained 5 or more A\*-C grades and 92% gained 5 or more A\* - G grades

**WARLINGHAM SCHOOL**  
**GOVERNORS' REPORT 31 AUGUST 2013 continued**

**ACHIEVEMENTS AND PERFORMANCE (continued)**

Our GCSE results in English and Maths were particularly impressive this year with 79% of students gaining an A\*-C in English and 81% achieving this measure in Maths. The level of progress made by students in English and Maths beat all previous records (80% making 3 or more levels of progress since KS2).

At A-level an impressive 99% pass rate was achieved as the A\*-C grade % increased to 75%. Equally pleasing was the large number of A\* grades this year. Due to their excellent results many Warlingham students are now looking forward to studying at a number of top Russell Group universities.

To ensure that standards continue to rise we have a system of internal reviews and also remain part of PiXL, an organisation of schools that work collaboratively to improve the performance of our students. Our current focus is on ensuring that our 5 A\*-C (E & M) threshold rises and the value added for our more able students at GCSE increases. Strategies are in place to make this happen over the next few years. We are a member of PiXL and are utilising some of the strategies to drive standards in core subjects.

In our last Ofsted inspection (2013) we were graded as 'Good'.

**GOING CONCERN**

After making appropriate enquiries, the Governing Body 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 Statement of Accounting Policies.

**KEY PERFORMANCE INDICATORS**

Main Strategic Theme	Objective	Targets
1 <u>Achievement</u>	Ensure that students achieve outstanding outcomes at all key stages	1 <u>GCSE</u> 5 A* - C 94% 5 A* - C (inc Eng & Ma) 73%  2 <u>A Level</u> A* - E 100% A* - B 45%
2 <u>Teaching &amp; Learning</u>	Improve the quality of teaching through a revised appraisal system and improved CPD provision	1 Percentage of good and outstanding lessons 90% 2 Percentage of outstanding lessons 25%
3 <u>Behaviour &amp; Safety</u>	Develop more collaborative and independent learning strategies and review the Behaviour for Learning Policy	1 Lesson Observations to show increase in these strategies 2 New Behaviour for Learning Policy in place
4 <u>Leadership &amp; Management</u>	School vision is explicit, shared and underpins practice. On-going CPD and PM ensure continual improvement	1 Vision shared widely with all stakeholders 2 Focus on improving Teaching and developing Outstanding Teachers Programme

# **WARLINGHAM SCHOOL**

## **GOVERNORS' REPORT 31 AUGUST 2013 continued**

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### **FINANCIAL REVIEW**

#### **Financial report for the period**

Most of the Academy's income is obtained from the Education Funding Agency (EFA) in the form of recurrent grants, some of which are restricted to particular purposes. The grants received from the EFA during the period ended 31 August 2013 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

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

During the period ended 31 August 2013, total expenditure of £6,868k was met by recurrent grant funding from the EFA together with other incoming resources. The excess of expenditure over income for the period (excluding restricted fixed asset funds and transfers to restricted fixed asset funds) was £288k.

At 31 August 2013 the net book value of fixed assets was £19,802k. Movements in tangible fixed assets are shown in note 13 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

The Surrey County Council Local Government Pension Fund, in which the Academy participates, showed a deficit of £1,882k at 31 August 2013. Of this sum, £1,807k was inherited by Warlingham School from Surrey County Council on 1 November 2012, the date the local authority's staff transferred to employment with the Academy.

The Statement of Financial Activities includes the assets and liabilities from the predecessor school, details of these can be found in Note 2 on page 28.

#### **Financial and Risk Management Objectives and Policies**

The financial risks to which Warlingham School is exposed to relates primarily to

- Change in government and legislation
- Potential of reduced funding and cash flow
- Reduction in student numbers

A risk arises in relation to the defined benefit pension scheme, due to the fact that there is a deficit of £1,882k.

#### **Principal Risks and Uncertainties**

The principal risks and uncertainties that Warlingham School faces are mitigated by the risk management process that the academy trust has in place.

#### **Reserve policy and financial review**

##### ***Reserves policy***

The Governors review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Governors have determined that the appropriate level of free reserves should be £500,000, approximately equivalent to four weeks' expenditure.



## **WARLINGHAM SCHOOL GOVERNORS' REPORT 31 AUGUST 2013 continued**

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### ***Reserves policy (continued)***

The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. The Academy's current level of free reserves of £1,291k (total funds less the amount held in fixed assets and restricted funds). The Governors expect the excess of general unrestricted funds to reduce in the coming years.

### ***Investment policy***

Under the Memorandum and Articles of Association, the academy has the power to invest funds not immediately required for its own purposes, in any way the Governors see fit. The organisation has a positive cash balance to cover eventualities and unforeseen expenses. The banking facilities are reviewed on a regular basis.

### ***Financial position***

The Academy held fund balances at 31 August 2013 of £19,211k comprising £17,920k of restricted funds and £1,291k of unrestricted general funds. Of the restricted funds £19,802k is represented by tangible fixed assets.

The pension reserve which is considered part of restricted funds was £1,882k in deficit.

## **PLANS FOR FUTURE PERIODS**

### **Resources for Learning**

- Improve capacity in leadership and management at all levels to drive strategic development of the school forward
- Ensure that staffing structures, rewards & professional development secure a high performing & well-motivated body of staff
- Maintain financial security including resources to meet development plans
- Improve the quality of the learning environment by securing funding for 21st century facilities especially for the arts, sixth form, humanities and social areas
- Be innovative in the contribution that ICT can make to learning

### **Teaching & Learning**

- Ensure outstanding progress for all students
- Ensure consistently great teaching by building the capacity of staff through professional development focussed on the craft of teaching
- Develop a curriculum which meets the needs of all students (qualifications and skills) to maximise choices in later life
- Raise participation by students in activities designed to develop their learning (including B & E) skills, resilience, independence and tolerance through well-planned lessons and exposure to a range of experiences including opportunities to lead their learning
- Ensure high quality advice & guidance to inform student choices

### **Partnerships for Learning**

- Lead, contribute to and take advantage of partnership arrangements designed to promote school improvement
- Seek opportunities to further develop curriculum provision at all levels of the school by collaborative working
- Effectively use partnership teaching & learning links to promote outstanding practice by sharing expertise, providing professional development opportunities and manage talent
- Engage parents, partner schools, agencies and the local community to have a voice in shaping and the delivery of school improvement
- Maintain B & E ethos through extending business partnerships for the benefit of students

**WARLINGHAM SCHOOL**  
**GOVERNORS' REPORT 31 AUGUST 2013 continued**

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**Information provided to auditors**

The Governors confirm that so far as they are aware, there is no relevant audit information of which the charitable company's auditors are unaware. They have taken all the steps that they ought to have taken as Governors in order to make themselves aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

**AUDITORS**

The auditors, Wilkins Kennedy LLP, are willing to continue in office and a resolution to appoint them will be proposed at the Annual General Meeting.

The report of the Governors was approved by the Governors on 17<sup>th</sup> December 2013 and signed on their behalf by



Gordon Burt  
Chair

# WARLINGHAM SCHOOL

## GOVERNANCE STATEMENT 31 AUGUST 2013

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### Scope of Responsibility

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

The Governing Body has delegated the day-to-day responsibility to the Headteacher, 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 Warlingham School and the Secretary of State for Education. The Headteacher 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 4 times during the year. Attendance during the year at meetings of the Governing Body was as follows:

Governor	Meetings attended	Out of a possible
Gordon Bull	4	4
Robert Adams	4	4
Darren Shapland	-	4
Liz Dawe	3	4
Sarah Berke	4	4
Jeremy Kite	2	4
Karen Greenwood-Hone	2	4
Jane Sillitto	3	4
Nicola Adekoya	2	3
Paul Seward	3	4
Peter Jones	4	4
Fiona Doyle	4	4
Graham Knott	4	4
Karen Quinton	-	1
Linda Bowers	1	1
Rick Toop	4	4
Alison Woodhouse	4	4

The Finance and Facilities Committee is a sub-committee of the main governing body. Its purpose is to monitor the Academy's finances and assets. Attendances at meetings in the year were as follows:

Governor	Meetings attended	Out of a possible
Jeremy Kite	4	5
Liz Dawe	4	5
Daren Shapland	3	5
Rick Toop	3	5
Alison Woodhouse	5	5
Karen Greenwood-Hone	1	5
Linda Bowers	1	2

## **WARLINGHAM SCHOOL**

### **GOVERNANCE STATEMENT 31 AUGUST 2013 continued**

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#### **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 Warlingham School for the period ended 31 August 2013 and up to the date of approval of the annual report and financial statements.

#### **Capacity to Handle Risk**

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

#### **The Risk and Control Framework**

The Academy 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 Governing Body,
- regular reviews by the Finance and Facilities 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 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 ASCL, as Responsible Officer (RO). The RO's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. The RO will be providing on a termly basis, the RO reports to the Governing Body on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities. Some recommendations were made relating to reporting of financial information and these have been addressed. No material control issues were identified.

**WARLINGHAM SCHOOL**  
**GOVERNANCE STATEMENT 31 AUGUST 2013 continued**

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**Review of Effectiveness**

As Accounting Officer, (the Headteacher) 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 Responsible Officer,
- the work of the external auditor,
- the financial management and governance self-assessment process,
- the work of the executive managers within the Academy 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 Finance and Facilities 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 17<sup>th</sup> December 2013 and signed on its behalf by

.....  
  
Gordon Bull  
Chair

  
Alison Woodhouse  
Accounting Officer

## **WARLINGHAM SCHOOL**

### **STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE 31 AUGUST 2013**

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As accounting officer of Warlingham School I have considered my responsibility to notify the academy trust Governing Body and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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

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



**Alison Woodhouse**  
**Accounting Officer**

17/12/13

## **WARLINGHAM SCHOOL**

### **STATEMENT OF GOVERNORS' RESPONSIBILITIES 31 AUGUST 2013**

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The Governors (who act as Trustees for charitable activities of Warlingham School and 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 Directions issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations

Company law requires the Governors to prepare financial statements for each financial period. 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 accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business

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

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

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

Approved by order of the members of the Governing Body on 17<sup>th</sup> December 2013 and signed on its behalf by -

  
.....  
Gordon Bull  
Chair

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WARLINGHAM SCHOOL**

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We have audited the financial statements of Warlingham School for the period ended 31 August 2013 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).

This report is made solely to the Academy'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 Academy'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 Academy and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective Responsibilities of Governors and Auditor**

As explained more fully in the Governors' Responsibilities Statement (set out on page 16), the Governors (who are also the directors of the Academy 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 (APB's) Ethical Standards for Auditors.

### **Scope of the Audit of the Financial Statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Academy's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Governors and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Governors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

### **Opinion on Financial Statements**

In our opinion, the financial statements -

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



## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WARLINGHAM SCHOOL (continued)**

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### **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

*Wilkins Kennedy LLP*

#### **Michelle Wilkes (Senior Statutory Auditor)**

For and on behalf of Wilkins Kennedy LLP, Statutory Auditor

Greytown House

221-227 High Street

Orpington

Kent BR6 0NZ

Date 18/12/13

# **INDEPENDENT AUDITORS' REPORT ON REGULARITY TO THE GOVERNING BODY OF WARLINGHAM SCHOOL AND THE EDUCATION FUNDING AGENCY**

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In accordance with the terms of our engagement letter dated 13 November 2012 and further to the requirements of the Education Funding Agency (EFA), as included in the Academies Accounts Direction 2013, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by the Academy Trust during the period 1 November 2012 to 31 August 2013 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them

This report is made solely to the Governing Body and the EFA. Our review work has been undertaken so that we might state to the Governing Body and the EFA those matters we are required to state to it in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the governing body and the EFA, for our review work, for this report, or for the opinion we have formed.

## **Respective responsibilities of the Academy's Accounting Officer and Auditors**

The Accounting Officer is responsible, under the requirements of the Academy's funding agreement with the Secretary of State for Education dated 1 November 2012 and the Academies Financial Handbook, extant from 1 September 2012, 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. We report to you whether, in our opinion, 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 November 2012 to 31 August 2013 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

## **Approach**

We conducted our engagement in accordance with the Academies Accounts Direction 2013 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity.

A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the Academy Trust's income and expenditure.

As a firm we have taken the decision to use the Mercia work programme for regularity audit as approved by the ICAEW. The work undertaken to draw to our conclusion includes:

- Identification and assessment of the design and operational effectiveness of controls in place
- Assessment and review of the policies and procedures in place and implementation thereof
- Assessment that the policies and procedures have been implemented
- Considered the activity represented by the expenditure and considered whether any may represent a breach of terms included within the funding agreement and the academy's charitable objects

# **INDEPENDENT AUDITORS' REPORT ON REGULARITY TO THE GOVERNING BODY OF WARLINGHAM SCHOOL AND THE EDUCATION FUNDING AGENCY**

**continued**

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## **Approach (continued)**

- Confirmed that the results of procedures throughout the audit did not provide any evidence that related party transactions and controlling party, if any, is incomplete
- Considered whether the movements, including the level of disposals, and depreciation of fixed assets appear reasonable in view of our knowledge of the academy, its funding and consent received for disposals
- Verified a sample of grants receivable to grant documentation, especially noting any restrictions as to timing or other recognition of the income, and any claw back clauses
- Considered whether income appeared to be derived from activities outside of the academy's charitable objects and wider framework of authorities
- Ensured that bank accounts are operated within the terms of the governing document, delegated powers, and the bank mandates
- Considered the systems in place to ensure compliance with terms of funding and other relevant authorities (eg terms of the Academies Financial Handbook or terms relevant to non-core funding streams)
- Ensured that the overall level of retained funds is acceptable in view of the academy's needs and plans, and that the accumulated funds are justifiable and permissible under the terms of funding

## **Conclusion**

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

*Wilkins Kennedy LLP*

**Michelle Wilkes (Senior Statutory Auditor)**

For and on behalf of Wilkins Kennedy LLP, Statutory Auditor

Greytown House

221-227 High Street

Orpington

Kent BR6 0NZ

**Date:** 18/12/13

**WARLINGHAM SCHOOL**  
**STATEMENT OF FINANCIAL ACTIVITIES FOR THE PERIOD ENDED**  
**31 AUGUST 2013 (Including Income and Expenditure Account and Statement of**  
**Total Recognised Gains and Losses)**

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	11 Months to 31 August 2013 £000
<b>Incoming resources</b>					
<i>Incoming resources from generated funds</i>					
- Voluntary income	3	4	144	-	148
- Transfer from local authority on conversion	2	1,056	(1,807)	19,859	19,108
- Transfer from predecessor school	2	127	-	-	127
- Activities for generating funds	4	147	-	-	147
- Investment income	5	6	-	-	6
<i>Incoming resources from charitable activities</i>					
- Funding for the Academy's educational operations	6	-	6,618	-	6,618
<b>Total incoming resources</b>		<b>1,340</b>	<b>4,955</b>	<b>19,859</b>	<b>26,154</b>
<b>Resources expended</b>					
<i>Charitable activities</i>					
Academy's educational operations	8	-	6,557	285	6,842
Governance costs	9	-	26	-	26
<b>Total resources expended</b>	7	<b>-</b>	<b>6,583</b>	<b>285</b>	<b>6,868</b>
<b>Net incoming (outgoing) resources before other recognised gains and losses</b>		<b>1,340</b>	<b>(1,628)</b>	<b>19,574</b>	<b>19,286</b>
<b>Other recognised gains and losses</b>					
Actuarial (losses)/gains on defined benefit pension schemes	20	-	(75)	-	(75)
<b>Transfer of funds</b>	16	<b>(49)</b>	<b>(179)</b>	<b>228</b>	<b>-</b>
<b>Net movement in funds</b>		<b>1,291</b>	<b>(1,882)</b>	<b>19,802</b>	<b>19,211</b>
<b>Reconciliation of funds</b>					
<b>Total funds carried forward at 31 August 2013</b>		<b>1,291</b>	<b>(1,882)</b>	<b>19,802</b>	<b>19,211</b>

- All of the Academy's activities derive from acquisitions continuing operations during the period
- All recognised gains and losses are included in the Statement of Financial Activities

**WARLINGHAM SCHOOL**  
**BALANCE SHEET 31 AUGUST 2013**  
**COMPANY NUMBER: 8248059**

	Note	2013 £000	2013 £000
<b>Fixed assets</b>			
Tangible assets	13		19,802
<b>Total fixed assets</b>			19,802
<b>Current assets</b>			
Debtors	14	193	
Cash at bank and in hand		1,435	
<b>Total current assets</b>		1,628	
<b>Liabilities:</b>			
Creditors Amounts falling due within one year	15	(337)	
<b>Net current assets</b>			1,291
<b>Total assets less current liabilities</b>			21,093
<b>Net assets excluding pension liability</b>			
Pension scheme liability	20		(1,882)
<b>Net assets including pension liability</b>			19,211
<b>Funds of the Academy:</b>			
<b>Restricted funds</b>			
Fixed asset fund	16		19,802
Pension fund	20		(1,882)
General fund	16		-
			17,920
<b>Unrestricted funds</b>			
General fund	16		1,291
<b>Total unrestricted funds</b>			1,291
<b>TOTAL FUNDS</b>			19,211

The financial statements on pages 21 to 41 were approved by the Governors and authorised for issue on 17<sup>th</sup> December 2013 and signed on their behalf by

  
Gordon Bull  
Chair

  
Alison Woodhouse  
Accounting Officer

**WARLINGHAM SCHOOL**  
**CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 AUGUST 2013**

	<b>Notes</b>	<b>2013 £000</b>
Net cash inflow from operating activities	23	1,657
Returns on investments and servicing of finance	24	6
Capital expenditure	25	(228)
Increase in cash in the year		<u>1,435</u>
<b>Reconciliation of net cash flow to movement in net funds</b>		
Net funds at 31 August 2013	26	<u>1,435</u>

- All of the cash flows are derived from continuing operations during the period

**WARLINGHAM SCHOOL**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED**  
**31 AUGUST 2013 continued**

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**1 ACCOUNTING POLICIES**

**Basis of accounting**

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards, The Chartry Commission Statement of Recommended Practice, Accounting and Reporting by Charities (SORP 2005), the Academies Accounts Direction issued by the EFA and the Companies Act 2006 (other than in respect of the disclosure of remuneration received by staff governors under employment contracts – see note 11 for details) A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below

**Going Concern**

The Governors 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 Governors make this assessment in respect of a period of one year from the date of approval of the financial statements

**Conversion to Academy Trust**

The conversion from a state maintained school to an Academy Trust involved the transfer of identifiable assets and liabilities and the operation of the school for £nil consideration and has been accounted for under the acquisition accounting method

The assets and liabilities transferred on conversion from Warlingham School to an Academy Trust have been valued at their fair value being a reasonable estimate of the current market value that the Governors would expect to pay in an open market for an equivalent item Their fair value is in accordance with the accounting policies set out for the Academy Trust The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in voluntary income as net income in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds Further details of the transactions are set out in Note 2

**Incoming resources**

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

**Grants receivable**

Grants, where conditions have been met to establish entitlement, are included in the statement of financial activities on a receivable basis Where grants are received but conditions establishing entitlement have not been met, these are deferred The balance of income receivable for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund

**Donations**

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

**WARLINGHAM SCHOOL**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED**  
**31 AUGUST 2013 continued**

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**1 ACCOUNTING POLICIES continued**

***Donated services and gifts in kind***

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

Where it has been ascertained that the risks and rewards of property subject to long lease agreements lie substantially with the Academy, a reasonable estimate of the gross value is included within fixed assets and, with an appropriate credit to voluntary income (gift in kind), within the restricted fixed asset fund. The valuation is at an estimation of depreciated replacement cost on the basis that the assets represent specialised property and the open market value for existing use is not readily available

***Interest receivable***

Interest receivable is included within the statement of financial activities on a receivable basis

***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, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs

All resources expended are inclusive of irrecoverable VAT

***Allocation of costs***

In accordance with the Charities SORP, expenditure has been analysed between the cost of generating funds, the Academy's charitable activities and governance. Items of expenditure which involve more than one cost category have been apportioned on a reasonable, justifiable and consistent basis for the cost category concerned. Central staff costs and depreciation are directly attributable to the one principle activity of the Academy

***Governance Costs***

Governance costs include the costs attributable to the Academy's compliance and constitutional and statutory requirements, including audit, strategic management and Governors' meetings and reimbursed expenses. Such costs include both direct and allocated support costs

***Fund accounting***

General funds represent those resources which may be used towards meeting any of the objects of the Academy at the discretion of the Governors

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

Restricted funds comprise all other restricted funds received and include grants from the EFA and DfE



**WARLINGHAM SCHOOL**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED**  
**31 AUGUST 2013 continued**

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**1 ACCOUNTING POLICIES continued**

**Tangible fixed assets**

Tangible fixed assets acquired since the Academy was established are included in the accounts at cost. Assets costing less than £1,000 and a group of similar items costing £3,000 are written off in the period of acquisition. All other assets are capitalised.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the Government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund (in the Statement of Financial Activities and carried forward in the balance sheet). The depreciation on such assets is charged to the restricted fund in the Statement of Financial Activities.

The Property has been included at its donated value as provided by the EFA when completing their desktop valuation.

**Depreciation**

Depreciation is provided on a straight line basis on the cost of tangible fixed assets, to write them down to their estimated residual values over their expected useful lives. No depreciation is provided on freehold land. The principal annual rates used for other assets are:

Buildings	2%
Furniture and equipment	10-15%
ICT equipment	25%

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.

**Leased assets**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the Statement of Financial Activities on a straight line basis over the lease term.

**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.

**WARLINGHAM SCHOOL**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED**  
**31 AUGUST 2013 continued**

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**1 ACCOUNTING POLICIES continued**

**Pensions**

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the 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 quinquennial valuations using a prospective benefit method. As stated in Note 20, the TPS is a multi-employer scheme and the Academy Trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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

**WARLINGHAM SCHOOL**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED**  
**31 AUGUST 2013 continued**

**2 TRANSFER ON CONVERSION**

	<b>Unrestricted Funds £000</b>	<b>Restricted Funds £000</b>	<b>2013 Total £000</b>
<b>From Local Authority</b>			
Pension fund deficit	-	(1,807)	(1,807)
Property valuation	-	19,849	19,849
Other fixed assets	-	10	10
Surplus on schools budget	1,056	-	1,056
<b>From predecessor school</b>			
Surplus on school funds	127	-	127
	<u>1,183</u>	<u>18,052</u>	<u>19,235</u>

**3 VOLUNTARY INCOME**

	<b>Unrestricted Funds £000</b>	<b>Restricted Funds £000</b>	<b>2013 Total £000</b>
Trips	-	144	144
Other donations	4	-	4
	<u>4</u>	<u>144</u>	<u>148</u>

**4 ACTIVITIES FOR  
GENERATING FUNDS**

	<b>Unrestricted Funds £000</b>	<b>Restricted Funds £000</b>	<b>2013 Total £000</b>
Hire of facilities	97	-	97
Catering income	5	-	5
Other income	45	-	45
	<u>147</u>	<u>-</u>	<u>147</u>

**WARLINGHAM SCHOOL**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED**  
**31 AUGUST 2013 continued**

5	INVESTMENT INCOME	Unrestricted Funds £000	Restricted Funds £000	2013 Total £000	
	Short term deposits	6	-	6	
6	FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS	Unrestricted Funds £000	Restricted Funds £000	2013 Total £000	
	DfE/EFA revenue grants				
	General Annual Grant (GAG)(note 2)	-	6,245	6,245	
	Start Up Grants	-	25	25	
	Other DfE / EFA Grants	-	134	134	
		-	6,404	6,404	
	Other Government grants				
	Local Authority Grants	-	212	212	
	Sport England	-	2	2	
		-	214	214	
	TOTAL	-	6,618	6,618	
7	RESOURCES EXPENDED	Staff Costs £000	Non Pay Premises Costs £000	Expenditure Other Costs £000	2013 Total £000
	Academy's educational operations				
	Direct costs	4,306	215	674	5,195
	Allocated support costs	890	407	350	1,647
		5,196	622	1,024	6,842
	Governance costs including	-	-	26	26
	Allocated support costs	5,196	622	1,050	6,868
	Incoming/ Outgoing resources for the year include:				
	Operating Leases				16
	Auditors' Remuneration - audit				10
	- non-audit				6

**WARLINGHAM SCHOOL**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED**  
**31 AUGUST 2013 continued**

<b>8 CHARITABLE ACTIVITIES – ACADEMY'S EDUCATIONAL OPERATIONS</b>	<b>Unrestricted Funds £000</b>	<b>Restricted Funds £000</b>	<b>2013 Total £000</b>
<b>Direct costs</b>			
Teaching and educational support staff costs	-	4,306	4,306
Depreciation	-	215	215
Educational supplies	-	415	415
Examination fees	-	146	146
Staff development	-	21	21
Other direct costs	-	92	92
	-	5,195	5,195
<b>Allocated support costs</b>			
Support staff costs	-	890	890
Recruitment and support	-	42	42
Depreciation	-	70	70
Maintenance of premises and Equipment	-	155	155
Cleaning	-	29	29
Rent and rates	-	41	41
Light and heat	-	112	112
Insurance	-	60	60
Catering	-	41	41
Other support costs	-	207	207
	-	1,647	1,647
<b>Total Costs</b>	-	6,842	6,842
<b>9 GOVERNANCE COSTS</b>			
	<b>Unrestricted Funds £000</b>	<b>Restricted Funds £000</b>	<b>2013 Total £000</b>
Legal and professional fees	-	10	10
Audit of financial statements	-	10	10
Other professional fees	-	6	6
	-	26	26

**WARLINGHAM SCHOOL**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED**  
**31 AUGUST 2013 continued**

<b>10 STAFF COSTS</b>	<b>2013 £000</b>
Staff costs during the period were -	
- Wages and salaries	4,195
- Social security costs	313
- Other pension costs	688
	<hr/>
	5,196
Supply and agency teacher costs	133
	<hr/>
	5,309
	<hr/>

The average number of persons (including senior management team) employed by the Academy during the period expressed as full time equivalents was as follows -

	<b>2013 No.</b>
<b><i>Charitable Activities</i></b>	
Teachers	89
Administration and support	83
	<hr/>
	172
	<hr/>

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

	<b>2013 No</b>
£60,001 - £70,000	2
£100,001 - £110,000	1
	<hr/>
	3
	<hr/>

The employees above participated in the Teachers Pension Scheme. During the period to 31 August 2012, pension contributions for these members of staff amounted to £22,111.

**WARLINGHAM SCHOOL**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED**  
**31 AUGUST 2013 continued**

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**11 GOVERNORS' REMUNERATION AND EXPENSES**

The Headteacher and staff Governors only receive remuneration in respect of services they provide undertaking the roles of Headteacher and staff and not in respect of their services as Governors. Other Governors did not receive any payments, other than expenses, from the Academy in respect of their role as Governors. The five staff Governors who received remuneration are

<b>Name</b>	<b>Amount</b>
A Woodhouse	£85,000 – £90,000
F Doyle, G Knott, R Toop and P Seward	£141,410

The other staff Governors listed above only received remuneration for their role as a member of staff and the salaries have been aggregated as the Governors believe any further detailed breakdown would be prejudicial to the structure of the Governing Board.

During the period ended 31 August 2013, there were no reimbursed expenses to Governors.

Related party transactions involving the Governors are set out in note 22.

**12 GOVERNORS' AND OFFICERS' INSURANCE**

In accordance with normal commercial practice the Academy has purchased insurance to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2013 cannot be ascertained as it is included with all insurance.

**13 TANGIBLE FIXED ASSETS**

	<b>Freehold Land and Buildings £000</b>	<b>Furniture, fittings and Computers £000</b>	<b>Motor Vehicles £000</b>	<b>Total £000</b>
<b>Cost</b>				
Transfer on conversion	19,849	-	10	19,859
Additions	-	228	-	228
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 August 2013	19,849	228	10	20,087
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>				
Charged in period	215	67	3	285
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 August 2013	215	67	3	285
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book values</b>				
At 31 August 2013	19,634	161	7	19,802
	<hr/>	<hr/>	<hr/>	<hr/>

**WARLINGHAM SCHOOL**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED**  
**31 AUGUST 2013 continued**

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<b>14 DEBTORS</b>	<b>Total 2013 £000</b>
Prepayments	66
Other income	15
VAT recoverable	112
	<hr/>
	193
	<hr/>

<b>15 CREDITORS: amounts falling due within one period</b>	<b>2013 £000</b>
Other creditors	248
Accruals and deferred income	89
	<hr/>
	337
	<hr/>

<b>Deferred income</b>	<b>2013 £000</b>
Resources deferred in the year	57
	<hr/>
Deferred income at 31 August 2013	57
	<hr/>

At the balance sheet date the Academy Trust was holding funds received in advance for rates, relief and trips paid in advance



**WARLINGHAM SCHOOL**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED**  
**31 AUGUST 2013 continued**

**16 FUNDS**

	<b>Incoming Resources £000</b>	<b>Resources Expended £000</b>	<b>Transfer between funds £000</b>	<b>Balance at 31 August 2013 £000</b>
<b>Restricted general funds</b>				
General annual grant GAG	6,245	(6,066)	(179)	-
Start Up Grant	25	(25)	-	-
Other DfE/EFA grants	134	(134)	-	-
LEA and other grants	358	(358)	-	-
	<u>6,762</u>	<u>(6,583)</u>	<u>(179)</u>	<u>-</u>
<b>Restricted fixed asset funds</b>				
General fixed assets	-	(285)	228	(57)
Assets transferred from predecessor school	19,859	-	-	19,859
	<u>19,859</u>	<u>(285)</u>	<u>228</u>	<u>19,802</u>
<b>Pension reserve</b>	<u>(1,807)</u>	<u>(75)</u>	<u>-</u>	<u>(1,882)</u>
<b>Total restricted funds</b>	<u>24,814</u>	<u>(6,943)</u>	<u>49</u>	<u>17,920</u>
<b>Unrestricted funds</b>				
Unrestricted funds	1,340	-	(49)	1,291
<b>Total unrestricted funds</b>	<u>1,340</u>	<u>-</u>	<u>(49)</u>	<u>1,291</u>
<b>Total funds</b>	<u>26,154</u>	<u>(6,943)</u>	<u>-</u>	<u>19,211</u>

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

**General Annual Grant** Income received from the EFA to cover the normal running costs of the Academy

**Under the funding agreement with the Secretary of State**, the Academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2013

**Start-up Grant** This was the initial funding received from the EFA when converting to an academy

**Other DfE/EFA grants** This includes the pupil premium and the devolved formula capital grant

**LEA and other grants** This includes SEN funding and additional pupil premium received from the Local Authority, also a grant received from Sport England

The transfer of funds relate to the purchase of fixed assets during the year

**WARLINGHAM SCHOOL**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED**  
**31 AUGUST 2013 continued**

<b>17 ANALYSIS OF NET ASSETS BETWEEN FUNDS</b>	<b>Unrestricted General Fund £000</b>	<b>Restricted General Fund £000</b>	<b>Restricted Fixed Asset Fund £000</b>	<b>Total 2013 £000</b>
Tangible fixed assets	-	-	19,802	19,802
Current assets	1,291	337	-	1,628
Current liabilities	-	(337)	-	(337)
Pension scheme liability	-	(1,882)	-	(1,882)
	<u>1,291</u>	<u>(1,882)</u>	<u>19,802</u>	<u>19,211</u>

**18 FINANCIAL COMMITMENTS**

***Operating leases***

At 31 August 2013, the Academy had annual commitments under non-cancellable operating leases as follows -

	<b>2013 £000</b>
Expiring within one year	6
Expiring within two and five years inclusive	10
	<u>16</u>

**19 CONTINGENT LIABILITIES**

During the period of the Funding Agreement, in the event of the sale or disposal by other means of any asset for which a Government capital grant was received, the Academy is required either to re-invest the proceeds or to repay to the Education Funding Agency the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State

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

- the value at that time of the Academy's site and premises and other assets held for the purpose of the Academy, and
- the extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreement

**WARLINGHAM SCHOOL**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED**  
**31 AUGUST 2013 continued**

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**20 PENSION COSTS**

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

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

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

**Teachers' Pension Scheme (TPS)**

**Introduction**

The Teachers' Pension Scheme ("TPS") is a statutory, contributory, defined benefit scheme governed by the Teachers' Pensions Regulations 2010 These regulations apply to teachers in schools that are maintained by local authorities and other educational establishments, including academies, in England and Wales In addition teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further education may be eligible for membership

Membership is automatic for full-time teachers and lecturers and from 1 January 2007 automatic too for teachers and lecturers in part-time employment following appointment or a change of contract Teachers and lecturers are able to opt out of the TPS

**The Teachers' Pension Budgeting and Valuation Account**

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

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

**Valuation of the Teachers' Pension Scheme**

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

**WARLINGHAM SCHOOL**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED**  
**31 AUGUST 2013 continued**

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**20 PENSION COSTS (continued)**

**Teachers' Pension Scheme (TPS) (continued)**

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

Actuarial scheme valuations are dependent on assumptions about the value of future costs, the design of benefits and many other factors. Many of these assumptions are being considered as part of the work on the reformed TPS, as set out below. Scheme valuations therefore remain suspended. The Public Service Pensions Bill, which is being debated in the House of Commons, provides for future scheme valuations to be conducted in accordance with Treasury directions. The timing for the next valuation has still to be determined, but it is likely to be before the reformed schemes are introduced in 2015.

**Teachers' Pension Scheme Changes**

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

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

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

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

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The academy is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the academy has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy has set out above the information available on the scheme.

**WARLINGHAM SCHOOL**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED**  
**31 AUGUST 2013 continued**

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**20 PENSION COSTS (continued)**

**Local Government Pension Scheme (LGPS)**

The LGPS obligation relates to the employees of the Academy Trust who were employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the Academy Trust at the balance sheet date.

The LGPS is a funded defined-benefit scheme, with the assets held in separate Trustee-administered funds. The total contribution made for the period ended 31 August 2013 was £384k, of which employer's contributions totalled £322k and employees' contributions totalled £62k.

<b>Principle Actuarial assumptions.</b>	<b>At 31 August 2013</b>
Rate of increase in salaries	5.1%
Rate of increase for pensions in payment / inflation	2.8%
Discount rate for scheme liabilities	4.6%
Inflation assumption (CPI)	2.8%
Commutation of pensions to lump sums	50.0%

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

	<b>At 31 August 2013</b>
<i>Retiring in 20 years</i>	
Males	23.9
Females	25.9
<i>Retiring today</i>	
Males	21.9
Females	24.0

**WARLINGHAM SCHOOL**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED**  
**31 AUGUST 2013 continued**

**20 PENSION COSTS (continued)**

**Local Government Pension Scheme (LGPS) (continued)**

The Academy's share of the assets and liabilities in the scheme and the expected rate of return were -

	<b>Expected return at 31 August 2013 %</b>	<b>Value at 31 August 2013 £000</b>
Equities	6.6	1,021
Bonds	3.9	228
Property	4.7	67
Cash	3.6	27
<b>Total fair value of assets</b>		<b>1,343</b>
Present value of scheme liabilities		(3,225)
<b>Net pension liability</b>		<b>(1,882)</b>

The return on the fund (on a bid value to bid value basis) for the period to 31 August 2013 is estimated to be 12.6%. This is based on the estimated fund value used at the previous accounting date and the estimated fund value used at this accounting date. The actual return on Fund assets over the period may be different.

<b>Amounts recognised in the statement of financial activity</b>	<b>2013 £000</b>
Current service cost (net of employee contributions)	223
<b>Total Operating Charge</b>	<b>223</b>
<b>Analysis of pension finance income/ (costs)</b>	
Expected return on pension scheme assets	44
Interest on pension liabilities	(99)
<b>Pension finance income/ (costs)</b>	<b>(55)</b>

The actuarial gains and losses for the current year are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a £287k loss.

<b>Movements in the present value of defined obligations were as follows:</b>	<b>2013 £000</b>
Value of Scheme liabilities at 1 November 2012	2,638
Current service cost	223
Interest cost	99
Employee contributions	62
Actuarial (gain)/loss	203
<b>Value of Scheme liabilities at 31 August 2013</b>	<b>3,225</b>

**WARLINGHAM SCHOOL**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED**  
**31 AUGUST 2013 continued**

**20 PENSION COSTS continued**

**Local Government Pension Scheme (LGPS) (continued)**

<b>Movement in the fair value of Academy's share of Scheme assets</b>	<b>2013 £000</b>
Fair value Scheme assets at 1 November 2012	831
Expected return on assets	44
Actuarial gain/(loss)	84
Employer contributions	62
Employee contributions	322
<b>Fair value of Scheme assets at 31 August 2013</b>	<b>1,343</b>

The estimated value of employer contributions for the year ended 31 August 2014 is £355k

**The history of experience adjustments is as follows:**

	<b>2013 £000</b>	<b>November 2012 £000</b>
Present value of Defined Benefit obligations	(3,225)	(2,638)
Fair value of share of scheme assets	1,343	831
<b>Deficit in the scheme</b>	<b>(1,882)</b>	<b>(1,807)</b>
Experience adjustments on share of scheme assets Amount £'000	84	-
Experience adjustments on scheme liabilities Amount £'000	-	-

**21 MEMBERS' LIABILITY**

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

**22 RELATED PARTY TRANSACTIONS**

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

There were no related party transactions during the year

**WARLINGHAM SCHOOL**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED**  
**31 AUGUST 2013 continued**

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**23 RECONCILIATION OF NET INCOME TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	<b>2013</b>
	<b>£000</b>
Net income	19,286
Depreciation	285
Interest receivable	(6)
Assets transferred from predecessor school	(19,859)
LGP liability from predecessor school	1,807
Increase in debtors	(193)
Increase in creditors	337
	<hr/>
Net cash inflow from operating activities	1,657
	<hr/>

**24 RETURNS ON INVESTMENTS AND SERVICES OF FINANCE**

	<b>2013</b>
	<b>£000</b>
Interest received	6
	<hr/>

**25 CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT**

	<b>2013</b>
	<b>£000</b>
Purchase of tangible assets	(228)
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**26 ANALYSIS OF CHANGES IN NET FUNDS**

	<b>At 31 August</b>
	<b>2013</b>
	<b>£000</b>
Cash in hand and at bank	1,435
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