

Company Registration No. 08248059 (England and Wales)

WARLINGHAM SCHOOL

(A COMPANY LIMITED BY GUARANTEE)

**GOVERNORS' STRATEGIC REPORT AND AUDITED ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2016**



WARLINGHAM SCHOOL

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WARLINGHAM SCHOOL

REFERENCE AND ADMINISTRATIVE DETAILS

Governors

G Bull (Chair)
P Jones (Retired 20 July 2016)
S Berke
J Kite (Resigned 19 July 2016)
F Doyle
G Knott
R Toop
P Seward (Retired 31 January 2016)
K Quinton
L Bowers
N Bradwell (Accounting officer)
C Jones
A Ghattas
S Burn
J Billings (Appointed 22 March 2016)
S Wermig (Appointed 3 October 2016)
S Woodgate (Appointed 3 October 2016)
J Baker (Appointed 3 October 2016)
B Cole (Appointed 18 November 2016)
A Smith (Appointed 18 November 2016)

Members

G Bull
S Berke
J Kite (resigned 19 July 2016)
P Jones (retired 20 July 2016)

Senior leadership team

N Bradwell	- Headteacher
S Day	- Deputy Headteacher
P Kinder	- Deputy Headteacher
P Seward	- Assistant Headteacher
R Scott	- Assistant Headteacher
C Glover	- Assistant Headteacher
T Needs	- Assistant Headteacher
J Hawkins	- Chief Financial Officer (From 5 September 2016)

Company registration number

08248059 (England and Wales)

Registered office

Warlingham School
Tithepit Shaw Lane
Warlingham
Surrey
CR6 9YB

Independent auditor

Wilkins Kennedy LLP
Greytown House
221-227 High Street
Orpington
BR6 0NZ

WARLINGHAM SCHOOL

REFERENCE AND ADMINISTRATIVE DETAILS

Bankers

Lloyds Bank plc
21 Station Avenue
Caterham
Surrey
CR3 6YT

Solicitors

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

WARLINGHAM SCHOOL

GOVERNORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2016

The governors present their annual report together with the accounts and independent auditor's report of the charitable company for the period 1 September 2015 to 31 August 2016. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The Trust operates an academy for pupils aged 11 to 18 servicing a catchment area in Tandridge and Croydon. It has a pupil capacity of 1,200 in the main school and an attached Sixth Form. The school had a roll of 1,506 of which 308 were in the 6th form, in the school census on 3/10/2016.

Structure, governance and management

Constitution

The Academy Trust is a company limited by guarantee with no share capital (registration no. 08248059) 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 some are also Directors of the charitable company for the purposes of company law. The charitable company is known as Warlingham School.

The governors are the trustees of Warlingham School and are also the directors of the charitable company for the purposes of company law. Details of the governors who served during the year 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 charitable company in the event of it being wound up while they are a member, or within one year after they cease to be a member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before they ceased to be a member.

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 (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Policies and procedures adopted for the induction and training of governors

During the year under review the Governors held 3 full Governing Body 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 year, induction tends to be done informally and is tailored specifically to the individual.

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.

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 School Business Manager. 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.

Arrangements for setting pay and remuneration of key management personnel

The Academy's key management personnel are the Warlingham School Senior Leadership Team. The arrangements for their pay and remuneration have been set in line with the Schools Pay Policy Section 3.2 Leadership Group.

The salary range for all staff paid on the leadership spine will be determined by reference to the provisions of the STPCD and will include consideration of any broader responsibilities that attach to the role.

The Governors will determine pay in accordance with the current edition of the STPCD and other statutory regulations issued by the Secretary of State, and will:

- Determine the 7-point ISP for the Headteacher by reference to the school group size and significant factors; the ISR will be reviewed if the school's circumstances change significantly and may be reviewed at other times;
- Determine the maxima and minima pay ranges for deputy and assistant headteachers and any other member of the leadership group; these are currently maintained as a five point scale within the maxima and minima for purposes of progression.
- Through the Performance Management Committee agree performance objectives relating to school leadership and management and pupil progress with the Headteacher in accordance with the school's Appraisal Policy. Performance objectives for other members of the Leadership Group (including teachers appointed as Leadership Group Lead Practitioners) shall be agreed between them and the Headteacher.

Leadership group progression retains a structure of 'discretionary' reference points in the same manner as M-scale, UPR and unqualified teachers, reflecting the old pay spine and uplifted by 1% as per the recommendations of the 2015 school pay and conditions review body. They should further be uplifted as per recommendations of the future STPCD guidance document.

WARLINGHAM SCHOOL

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Related parties and other connected charities and organisations

Warlingham is a stand-alone Academy.

The Academy has formal links to two other organisations: Warlingham School Trading Company Limited and Warlingham School Educational Trust. Warlingham School Trading Company is an incorporated company set up by the Academy Trust for the purposes of hiring premises. The Warlingham School Educational Trust is a charity set up for the purposes of furthering education at the school through charitable donations from parents and others.

Warlingham School is part of the Tandridge Education Partnership Company, an organisation through which member schools in Tandridge can work in partnership, and obtain services, training, information and support.

Objectives and activities

Objects and aims

Warlingham School is an 11-18 mixed comprehensive school that serves the population of the North Tandridge and South Croydon areas.

Warlingham students enjoy a well-resourced learning environment and a wide range of curriculum opportunities, both during the school day and as part of the out-of-hours provision, to extend, challenge and stimulate their academic and social development. Warlingham is a school in which young people flourish both academically and socially. Our motto of "Widening Horizons, Raising Aspirations" underpins the ethos of the school.

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.

Objectives, strategies and activities

The main objectives of the Academy during the period ended 31 August 2016 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.

WARLINGHAM SCHOOL

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

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

Strategic report

Achievements and performance

Warlingham School was delighted to report another set of excellent exam results in August 2016. The results reflect a tremendous amount of hard work and determination from the students and time, energy and support from staff.

A-levels

The A-Level pass rate was again above the national average at 99.1%, with 68% of students gaining A*-C grades.

GCSEs

This year 66% of students gained 5 or more A*-C grades and 60% gained A*-C in English and Maths. Between 60% and 82% of students made expected or better than expected progress in English, Maths and Science. Our Progress 8 score was in line with the national average (-0.04) as was the Attainment 8 score of 49.7. The focus for next year will be to achieve a positive Progress 8-score and increase the Attainment 8.

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

WARLINGHAM SCHOOL

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Key performance indicators

Main Strategic Theme	Objective	Targets
1. Leadership and Management	To develop a clear strategic vision for the school in its wider community and to take steps to achieve it.	Strategic vision to be presented to FGB and approved before end 2015, so that it can be used to enable governors to make informed decisions about becoming a MAT, forming partnerships with other schools or retaining the status quo. A three year strategic plan is to be developed, with key dated milestones, and demonstrable progress to be made towards achieving the objectives set for the first 12 months.
1. Teaching, Learning and Assessment	Pupil Progress To improve outcomes and progress at Key Stage 3, 4 and 5.	Key Stage 3 Year 9 English and Maths (basics) 65%-70% Grade 4-9. Key Stage 4 Progress 8 to be between + 0.25 and +0.3 Pupil Premium measure 45%-50% 5A*-C (incl. En/Ma) and 90% 5A*-G 60%- 65% students achieve both English and maths at A*-C Key Stage 5 A level VA to be at Alps grade 4 A*-B 38%-43%; A*-E 98% - 100%
1. Personal Development, Behaviour and Welfare	Develop a strategic plan for the further enhancement of excellent practice in Personal development, behaviour and welfare.	Strategic plan presented to governors' Student Learning and Development Committee with action plan to show main actions 2015-16. The School Improvement Plan will have an additional section added on "Student Wellbeing" with clear and measurable success criteria Actions planned for 2015-16 achieved and documented with outcomes if possible.
1. Leadership and Management	Consolidate and embed the excellent progress made in medium and long term financial planning and business management to ensure that the school's finances are robustly managed.	A robust and timely system of budgeting with appropriate accounting controls and variance reporting to governors. All accounting reports meet deadlines. Benchmarking exercise to be completed with outcomes and action plans reported to Finance and Facilities Committee.

WARLINGHAM SCHOOL

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Going concern

After making appropriate enquiries, the board of governors has a reasonable expectation that the academy trust has adequate resources to continue in operational existence for the foreseeable future. For this reason the board of governors continues to adopt the going concern basis in preparing the accounts. Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies.

Financial review

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 year ended 31 August 2016 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 2015), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the year ended 31 August 2016, total expenditure of £8,896k (2015: £8,575k) was met by recurrent grant funding from the EFA together with other incoming resources. The excess of income over expenditure for the year (excluding restricted fixed asset funds and transfers to restricted fixed asset funds) was £314k (2015: £406k).

At 31 August 2016 the net book value of fixed assets was £20,263k (2015: £19,469k). Movements in tangible fixed assets are shown in note 12 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 £3,372k at 31 August 2016 (2015: £2,577k).

Financial position

The Academy held fund balances at 31 August 2016 of £18,903k (2015: £18,945k) comprising £17,164k (2015: £17,525k) of restricted funds and £1,739k (2015: £1,693k) of unrestricted general funds. Of the restricted funds £20,263k (2015: £19,469k) is represented by tangible fixed assets and £nil (2015: £201k) of unspent capital grants and restricted funds relating to grants and a donations totalling £273k (2015: GAG £159k).

The pension reserve which is considered part of restricted funds was £3,372k (2015: £2,577k) in deficit.

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 £625k (2015: £640k), approximately equivalent to four weeks' expenditure.

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 £1,739k (2015: £1,693k) (total funds less the amount held in fixed assets and restricted funds). The Governors expect the level of general unrestricted funds to reduce in the coming years and this has been reflected in the long term budget planning. The reduction in funds will include expenditure finalising existing capital projects and supporting MAT conversion.

The total funds at 31 August 2016 is £2,012k including £273k of restricted funds.

Investment policy and powers

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.

WARLINGHAM SCHOOL

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Principal risks and uncertainties

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 additionally introduced systems, including operational procedures and internal financial controls in order to minimise risk. The internal financial controls are explained in more detail in the Governance Statement on page 11. Where significant financial risk still remains they have ensured they have adequate insurance cover.

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

Financial and risk management objectives and policies

The financial risks to which Warlingham School is exposed to relate primarily to:

- Government funding reduced
- Increased Employer pension contributions
- Responsibility for treasury and cash management

A risk arises in relation to the defined benefit pension scheme, due to the fact that there is a deficit of £3,372k (2015: £2,577k).

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 11.

Plans for future periods

Learning and Teaching

- Ensure excellent progress for all students by using data to set challenging learning targets and to measure progress at every stage.
- Ensure consistently great teaching by helping all teaching staff to make excellent progress in their own professional development and especially in the areas of teaching, marking and assessment.
- Develop a curriculum of academic and vocational subjects which meets the needs of all student and gives them as much choice as possible.
- Develop students' learning skills, resilience, independence and tolerance: give them exposure to a range of experiences and opportunities.
- Ensure high quality advice and guidance to inform student choices at GCSE, AS, A Levels, University or other pathways leading to their chosen careers.
- Place great emphasis and importance on students' personal health, wellbeing, social and spiritual lives.
- Celebrate success.
- Be creative and innovative.

WARLINGHAM SCHOOL

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Learning Environment

- Ensure that staffing structures, rewards and professional development secure a high performing and well-motivated body of staff.
- Address any performance issues with staff openly and in a supportive way to ensure the best outcomes for all.
- Maintain financial security by generating increased revenue and delivering operational efficiencies to ensure the school runs on a sound and sustainable basis.
- Deploy financial resources thoughtfully and efficiently to deliver future development plans.
- Improve the quality of the learning environment by securing funding to provide safe and attractive facilities in which children can learn.
- Work in partnerships that will create financial security through improved effectiveness and revenue generation.

Learning Partnerships

- Lead, contribute to and take advantage of partnership arrangements designed to promote school improvement and financial efficiencies.
- Work with other schools to improve capacity in leadership and management at all levels to drive forward the school's strategic development.
- Share expertise, provide professional development opportunities, manage talent and promote outstanding practice through the effective use of partnership teaching and learning links.
- Seek opportunities for collaborative working to further develop curriculum provision at all levels of the school.
- Be part of a group of schools that, whilst valuing each other's individual identity, will work together to provide high quality education for our local communities and all the children within them.

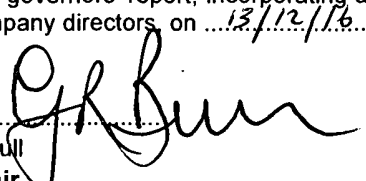
Auditor

In so far as the governors are aware:

- there is no relevant audit information of which the charitable company's auditor is 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 auditor is aware of that information.

The governors' report, incorporating a strategic report, was approved by order of the board of governors, as the company directors, on 13/12/16 and signed on its behalf by:

.....
G Bull
Chair



WARLINGHAM SCHOOL

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2016

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 board of governors 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. They are also responsible for reporting to the board of governors 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 board of governors has formally met 4 times during the year. Attendance during the year at meetings of the board of governors was as follows:

Governors	Meetings attended	Out of possible
G Bull (Chair)	3	4
P Jones (Retired 20 July 2016)	4	4
S Berke	3	4
J Kite (Resigned 19 July 2016)	1	4
F Doyle	4	4
G Knott	3	4
R Toop	4	4
P Seward (Retired 31 January 2016)	1	1
K Quinton	4	4
L Bowers	4	4
N Bradwell (Accounting officer)	4	4
C Jones	4	4
A Ghattas	2	4
S Burn	4	4
J Billings (Appointed 22 March 2016)	3	3
S Wermig (Appointed 3 October 2016)	0	0
S Woodgate (Appointed 3 October 2016)	0	0
J Baker (Appointed 3 October 2016)	0	0
B Cole (Appointed 18 November 2016)	0	0
A Smith (Appointed 18 November 2016)	0	0

The governing body has focussed most of its attention in the past year on its successful application to become a multi-academy trust. We undertook a skills audit in order to inform the application process and also for us to consider succession planning as we prepare for the transition of a number of existing governors to the Trust Board of the MAT.

Ruth Murton has provided external consultancy to the school in its MAT preparation, and her contributions are always greatly valued.

Karen Quinton has been certified as having successfully completed the National Governor's Association Chair of Governors Leadership Development Programme.

WARLINGHAM SCHOOL

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Peter Jones, Chairman of the Personnel Committee resigned as community governor in July 2016. He was succeeded as Chair of that Committee by Karen Quinton, previously Vice Chair of Personnel and also Vice Chair of Governors.

Jeremy Kite, Chairman of the Finance and Facilities Committee resigned as parent governor in July 2016. He was succeeded as Chair of that Committee Trust by Steve Burn, parent governor.

We have put in place an Audit Committee, under the Chairmanship of Alex Ghattas, community governor.

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.

Attendance at meetings in the year was as follows:

Governors	Meetings attended	Out of possible
G Bull (Chair)	5	5
J Kite (Resigned 19 July 2016)	3	5
F Doyle	5	5
R Toop	4	5
L Bowers	5	5
N Bradwell (Accounting officer)	4	5
A Ghattas	4	5
S Burn	4	5

Review of value for money

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

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

- Reviewing expenditure on a monthly basis, including reviewing and countersigning bank reconciliations and reporting to the Governors Finance committee on a quarterly basis
- Ensuring staff with budget responsibilities receive regular monthly reports and ensure they stay within their allocated budgets
- Providing governors with regular reports and recommendations from the external auditors, responsible officer.
- Ensuring significant spending proposals are costed and presented to the senior leadership team and the governing body for consideration and challenge
- Benchmarking main areas of expenditure against similar schools to improve purchasing.
- Reviewing staffing structure, timetable and curriculum provision to ensure efficient deployment of staff provides best value

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy 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 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and accounts.

WARLINGHAM SCHOOL

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Capacity to handle risk

The board of governors has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of governors 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 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the board of governors.

The risk and control framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of governors;
- regular reviews by the Finance and Facilities 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 a Responsible Officer. However, the Governors have appointed ASCL, as Internal Auditor (IA). The IA's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. The IA will be providing on a termly basis; the IA 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. Some recommendations were made relating to enhanced clarification of roles and responsibilities, and these have been addressed.

Current checks carried out each visit by the internal auditor include:

- Revisit of outstanding issued from previous visits/reports
- Sampling checks in purchasing, procurement, income and payroll
- Examine the organisations strategic financial planning processes and benchmarking to ensure budget plans are as robust and reliable as possible
- Consider monitoring and reporting procedures to ensure compliance with the requirements of the Academies Financial Handbook
- Help to assess the risks and potential solutions where weaknesses are identified
- To provide a written report within seven working days of the visit

Review of effectiveness

As Accounting Officer, the Headteacher Nick Bradwell has responsibility for reviewing the effectiveness of the system of internal control. During the year in question, the review has been informed by:

- the work of the Internal Audit;
- 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.

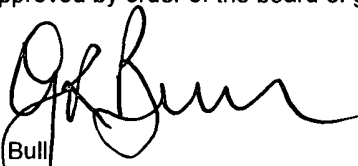
WARLINGHAM SCHOOL

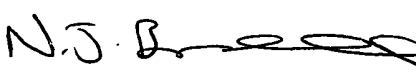
GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

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 board of governors on 13/12/16 and signed on its behalf by:


G Bull
Chair


N Bradwell
Accounting officer


WARLINGHAM SCHOOL

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE FOR THE YEAR ENDED 31 AUGUST 2016

As accounting officer of Warlingham School I have considered my responsibility to notify the academy trust board of governors 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 for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

I confirm that I and the academy trust's board of governors 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 2015.

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the board of governors and EFA.



N Bradwell
Accounting Officer

13/12/16.....

WARLINGHAM SCHOOL

STATEMENT OF GOVERNORS' RESPONSIBILITIES FOR THE YEAR ENDED 31 AUGUST 2016

The governors (who act as trustees for Warlingham School and are also the directors of Warlingham School for the purposes of company law) are responsible for preparing the Governors' Report and the accounts in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the governors to prepare accounts for each financial year. Under company law the governors must not approve the accounts 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 accounts, the governors are required to:

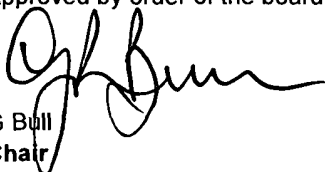
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts 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 accounts 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 that grants received from 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 accounts may differ from legislation in other jurisdictions.

Approved by order of the board of governors on 13/12/16 and signed on its behalf by:


G Bull
Chair

WARLINGHAM SCHOOL

INDEPENDENT AUDITOR'S REPORT ON THE ACCOUNTS TO THE MEMBERS OF WARLINGHAM SCHOOL

We have audited the accounts of Warlingham School for the year ended 31 August 2016 set out on pages 21 to 42. 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), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

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

Respective responsibilities of governors and auditors

As explained more fully in the Governors' Responsibilities Statement set out on page 16, the governors, who are also the directors of Warlingham School for the purposes of company law, are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the accounts 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 accounts

An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company'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 accounts. In addition, we read all the financial and non-financial information in the Governors' Report including the incorporated strategic report to identify material inconsistencies with the audited accounts and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on accounts

In our opinion the accounts:

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

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Governors' Report including the incorporated strategic report for the financial year for which the accounts are prepared is consistent with the accounts.

WARLINGHAM SCHOOL

INDEPENDENT AUDITOR'S REPORT ON THE ACCOUNTS TO THE MEMBERS OF WARLINGHAM SCHOOL (CONTINUED)

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the accounts 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

Chartered Accountants
Statutory Auditor
Greytown House
221-227 High Street
Orpington
BR6 0NZ

Dated: 19/12/2016

WARLINGHAM SCHOOL

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO WARLINGHAM SCHOOL AND THE EDUCATION FUNDING AGENCY

In accordance with the terms of our engagement letter dated 28 January 2015 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Warlingham School during the period 1 September 2015 to 31 August 2016 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 Warlingham School and EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Warlingham School and EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Warlingham School and EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Warlingham School's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Warlingham School's funding agreement with the Secretary of State for Education dated 1 November 2012 and the Academies Financial Handbook, extant from 1 September 2015, 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 2015 to 2016. 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 2015 to 31 August 2016 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 2015 to 2016 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.

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including high level financial control areas and areas assessed of presenting a higher risk of impropriety. We undertook detailed testing, based on our assessment of risk of material irregularity, where such controls, policies and procedures apply to classes of transactions. This work was integrated with our audit on the financial statements to the extent evidence from the conduct of that audit supports the regularity conclusion as well as additional testing based on our assessment of risk of material irregularity.

WARLINGHAM SCHOOL

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO WARLINGHAM SCHOOL AND THE EDUCATION FUNDING AGENCY (CONTINUED)

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2015 to 31 August 2016 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

Reporting Accountant

Wilkins Kennedy LLP
Greytown House
221-227 High Street
Orpington
BR6 ONZ

Dated: 19/12/2016

WARLINGHAM SCHOOL

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2016

	Notes	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total 2016 £'000	Total 2015 £'000
Income and endowments from:						
Donations and capital grants	2	459	10	789	1,258	768
Charitable activities:						
- Funding for educational operations	3	-	8,125	-	8,125	7,979
Other trading activities	4	181	-	-	181	170
Investments	5	2	-	-	2	2
Total income and endowments		<u>642</u>	<u>8,135</u>	<u>789</u>	<u>9,566</u>	<u>8,919</u>
Expenditure on:						
Charitable activities:						
- Educational operations	7	43	8,420	433	8,896	8,575
Total expenditure	6	<u>43</u>	<u>8,420</u>	<u>433</u>	<u>8,896</u>	<u>8,575</u>
Net income/(expenditure)		599	(285)	356	670	344
Transfers between funds		(553)	316	237	-	-
Other recognised gains and losses						
Actuarial gains/(losses) on defined benefit pension schemes	18	-	(712)	-	(712)	(130)
Net movement in funds		46	(681)	593	(42)	214
Reconciliation of funds						
Total funds brought forward		<u>1,693</u>	<u>(2,418)</u>	<u>19,670</u>	<u>18,945</u>	<u>18,731</u>
Total funds carried forward		<u>1,739</u>	<u>(3,099)</u>	<u>20,263</u>	<u>18,903</u>	<u>18,945</u>

WARLINGHAM SCHOOL

STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2016

Comparative year information		Unrestricted	Restricted funds:		Total
Year ended 31 August 2015		Funds	General	Fixed asset	2015
	Notes	£'000	£'000	£'000	£'000
Income and endowments from:					
Donations and capital grants	2	19	388	361	768
Charitable activities:					
- Funding for educational operations	3	-	7,979	-	7,979
Other trading activities	4	170	-	-	170
Investments	5	2	-	-	2
Total income and endowments		<u>191</u>	<u>8,367</u>	<u>361</u>	<u>8,919</u>
Expenditure on:					
Charitable activities:					
- Educational operations	7	<u>55</u>	<u>8,097</u>	<u>423</u>	<u>8,575</u>
Total expenditure	6	<u>55</u>	<u>8,097</u>	<u>423</u>	<u>8,575</u>
Net income/(expenditure)		136	270	(62)	344
Transfers between funds		-	(107)	107	-
Other recognised gains and losses					
Actuarial gains/(losses) on defined benefit pension schemes	18	-	(130)	-	(130)
Net movement in funds		136	33	45	214
Reconciliation of funds					
Total funds brought forward		<u>1,557</u>	<u>(2,451)</u>	<u>19,625</u>	<u>18,731</u>
Total funds carried forward		<u>1,693</u>	<u>(2,418)</u>	<u>19,670</u>	<u>18,945</u>

WARLINGHAM SCHOOL

BALANCE SHEET

AS AT 31 AUGUST 2016

		2016		2015	
	Notes	£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	12		20,263		19,469
Current assets					
Debtors	13	221		184	
Cash at bank and in hand		2,464		2,101	
		<u>2,685</u>		<u>2,285</u>	
Current liabilities					
Creditors: amounts falling due within one year	14	(673)		(232)	
Net current assets			<u>2,012</u>		<u>2,053</u>
Net assets excluding pension liability			<u>22,275</u>		<u>21,522</u>
Defined benefit pension liability	18		(3,372)		(2,577)
Net assets			<u>18,903</u>		<u>18,945</u>
Funds of the academy trust:					
Restricted funds	16				
- Fixed asset funds			20,263		19,670
- Restricted income funds			273		159
- Pension reserve			(3,372)		(2,577)
Total restricted funds			<u>17,164</u>		<u>17,252</u>
Unrestricted income funds	16		<u>1,739</u>		<u>1,693</u>
Total funds			<u>18,903</u>		<u>18,945</u>

The accounts set out on pages 21 to 42 were approved by the board of governors and authorised for issue on 13/12/16 and are signed on its behalf by:

G Bull
Chair

Company Number 08248059

WARLINGHAM SCHOOL

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2016

		2016		2015	
	Notes	£'000	£'000	£'000	£'000
Cash flows from operating activities					
Net cash provided by operating activities	19		799		456
Cash flows from investing activities					
Dividends, interest and rents from investments		2		2	
Capital grants from DfE and EFA		789		361	
Payments to acquire tangible fixed assets		(1,227)		(267)	
			(436)		96
Change in cash and cash equivalents in the reporting period			363		552
Cash and cash equivalents at 1 September 2015			2,101		1,549
Cash and cash equivalents at 31 August 2016			2,464		2,101

WARLINGHAM SCHOOL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

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

1.1 Basis of preparation

The accounts of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006 (other than in respect of the disclosure of remunerations received by staff governors under employment contracts - see note 10 for details).

Warlingham School meets the definition of a public benefit entity under FRS 102.

These accounts for the year ended 31 August 2016 are the first accounts of Warlingham School prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 September 2014. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 26.

1.2 Going concern

The governors assess whether the use of going concern is appropriate, ie whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charitable company to continue as a going concern. The governors make this assessment in respect of a period of at least one year from the date of authorisation for issue of the accounts and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern. Thus they continue to adopt the going concern basis of accounting in preparing the accounts.

1.3 Income

All incoming resources are recognised when the academy trust has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

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 meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the statement of financial activities in the period for which it is receivable, and any abatement in respect of the period is deducted from income and recognised as a liability.

Capital grants are recognised when there is entitlement 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 recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable and the amount can be reliably measured.

WARLINGHAM SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

(Continued)

Other income

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the academy trust has provided the goods or services.

Donated goods, facilities and services

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

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

Interest receivable

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

1.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

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

Charitable activities

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

Governance costs

These include the costs attributable to the academy trust's compliance with constitutional and statutory requirements, including audit, strategic management, governors' meetings and reimbursed expenses.

WARLINGHAM SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

(Continued)

1.5 Tangible fixed assets and depreciation

Assets costing less than £1,000 or a group of similar items costing £3,000 are written off. All others are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the statement of financial activities and carried forward in the balance sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the statement of financial activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the academy trust's depreciation policy. Where tangible fixed assets have been acquired with unrestricted funds the cost is transferred to the restricted fixed asset fund, depreciation on such assets is charged to the restricted fixed asset fund.

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

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

Land and buildings	Buildings 2%, Land is not depreciated
Assets under construction	Nil
Computer equipment	25%
Fixtures, fittings & equipment	10-15%
Motor vehicles	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.

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.

1.6 Liabilities

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

1.7 Leasing commitments

Rentals payable under operating leases are charged against income on a straight line basis over the period of the lease.

WARLINGHAM SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

(Continued)

1.8 Taxation

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

1.9 Pensions benefits

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 quadrennial valuations using a prospective unit credit method. As stated in note 18, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions are recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the statement of financial activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses. Actuarial gains and losses are recognised immediately in other recognised gains and losses.

1.10 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.

1.11 Agency Arrangements

The academy trust acts as an agent in distributing 16-19 bursary funds from EFA. Payments received from EFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid and any balances held are disclosed in note 25.

WARLINGHAM SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

(Continued)

1.12 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 18, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reassessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 12 for the carrying amount of the property plant and equipment, and note 1.5 for the useful economic lives for each class of assets.

There are no key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Bad debts

Debtors are regularly reviewed for recoverability, any debts which in the opinion of management are not recoverable are provided for as a specific bad debt.

2 Donations and capital grants

	Unrestricted funds £'000	Restricted funds £'000	Total 2016 £'000	Total 2015 £'000
Capital grants	-	789	789	361
Other donations	459	10	469	407
	<u>459</u>	<u>799</u>	<u>1,258</u>	<u>768</u>

WARLINGHAM SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

3 Funding for the academy trust's educational operations

	Unrestricted funds £'000	Restricted funds £'000	Total 2016 £'000	Total 2015 £'000
DfE / EFA grants				
General annual grant (GAG)	-	7,391	7,391	7,535
Other DfE / EFA grants	-	614	614	314
	<u>-</u>	<u>8,005</u>	<u>8,005</u>	<u>7,849</u>
Other government grants				
Local authority grants	-	96	96	130
	<u>-</u>	<u>96</u>	<u>96</u>	<u>130</u>
Other funds				
Other incoming resources	-	24	24	-
	<u>-</u>	<u>24</u>	<u>24</u>	<u>-</u>
Total funding	<u>-</u>	<u>8,125</u>	<u>8,125</u>	<u>7,979</u>

4 Other trading activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2016 £'000	Total 2015 £'000
Hire of facilities	159	-	159	145
Catering income	13	-	13	18
Other income	9	-	9	7
	<u>181</u>	<u>-</u>	<u>181</u>	<u>170</u>

5 Investment income

	Unrestricted funds £'000	Restricted funds £'000	Total 2016 £'000	Total 2015 £'000
Short term deposits	2	-	2	2
	<u>2</u>	<u>-</u>	<u>2</u>	<u>2</u>

WARLINGHAM SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

6 Expenditure

	Staff costs £'000	Premises & equipment £'000	Other costs £'000	Total 2016 £'000	Total 2015 £'000
Academy's educational operations					
- Direct costs	5,556	282	925	6,763	6,462
- Allocated support costs	1,035	332	766	2,133	2,113
	<u>6,591</u>	<u>614</u>	<u>1,691</u>	<u>8,896</u>	<u>8,575</u>
Total expenditure	<u>6,591</u>	<u>614</u>	<u>1,691</u>	<u>8,896</u>	<u>8,575</u>

Net income/(expenditure) for the year includes:

	2016 £'000	2015 £'000
Fees payable to auditor for:		
- Audit	11	12
- Other services	3	6
Operating lease rentals	18	18
Depreciation of tangible fixed assets	433	423
	<u></u>	<u></u>

7 Charitable activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2016 £'000	Total 2015 £'000
Direct costs - educational operations	-	6,763	6,763	6,462
Support costs - educational operations	43	2,090	2,133	2,113
	<u>43</u>	<u>8,853</u>	<u>8,896</u>	<u>8,575</u>

	2016 £'000	2015 £'000
Analysis of support costs		
Support staff costs	1,035	1,175
Depreciation and amortisation	151	165
Technology costs	66	88
Premises costs	439	373
Other support costs	422	291
Governance costs	20	21
	<u>2,133</u>	<u>2,113</u>

WARLINGHAM SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

8 Governance costs

	Total 2016 £'000	Total 2015 £'000
All from restricted funds:		
Amounts included in support costs		
Legal and professional fees	6	3
Auditor's remuneration		
- Audit of financial statements	11	12
- Other audit costs	3	6
	<u>20</u>	<u>21</u>

9 Staff costs

	2016 £'000	2015 £'000
Wages and salaries	5,125	5,217
Social security costs	426	384
Operating costs of defined benefit pension schemes	910	851
	<u>6,461</u>	<u>6,452</u>
Staff costs	6,461	6,452
Supply staff costs	101	79
Staff restructuring costs	-	40
Staff development and other staff costs	29	26
	<u>6,591</u>	<u>6,597</u>
Total staff expenditure	<u>6,591</u>	<u>6,597</u>

Staff numbers

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

	2016 Number	2015 Number
Teachers	95	90
Administration and support	128	73
	<u>223</u>	<u>163</u>

Higher paid staff

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

	2016 Number	2015 Number
£60,001 - £70,000	3	4
£70,001 - £80,000	1	-
£100,001 - £110,000	1	1
	<u>5</u>	<u>5</u>

WARLINGHAM SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

9 Staff costs

(Continued)

Key management personnel

The key management personnel of the academy trust comprise the governors and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £574,287 (2015: £587,725).

10 Governors' remuneration and expenses

One or more governors has been paid remuneration or has received other benefits from an employment with the academy trust. The Headteacher and other staff governors only receive remuneration in respect of services they provide undertaking the roles of Headteacher and staff members under their contracts of employment, and not in respect of their services as governors. Other governors did not receive any payments, other than expenses, from the academy trust in respect of their role as governors.

The value of governors' remuneration and other benefits was as follows:

N Bradwell (Headteacher):

- Remuneration £105,000 - £110,000 (2015: £100,000-£105,000)
- Employer's pension contributions £15,000-£20,000 (2015: £10,000-£15,000)

F Doyle, G Knott, J Billings, R Toop (2015: F Doyle, G Knott, P Seward, R Toop) (other staff governors):

- Remuneration £152,819 (2015: £185,803)
- Employer's pension contributions £32,389 (2015: £31,036)

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 year, no expenses were reimbursed or paid directly to governors (2015: Nil).

Other related party transactions involving the governors are set out within the related parties note.

11 Governors and officers insurance

The academy has opted into the Department of Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to £10,000,000. It is not possible to quantify the trustees and officers indemnity element from the overall cost of the RPA scheme.

WARLINGHAM SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

12 Tangible fixed assets

	Land and buildings	Assets under constructio n	Computer equipment	Fixtures, fittings & equipment	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 1 September 2015	19,849	160	415	119	32	20,575
Transfers	160	(160)	-	-	-	-
Additions	1,128	6	49	44	-	1,227
At 31 August 2016	21,137	6	464	163	32	21,802
Depreciation						
At 1 September 2015	731	-	295	61	19	1,106
Charge for the year	282	-	104	39	8	433
At 31 August 2016	1,013	-	399	100	27	1,539
Net book value						
At 31 August 2016	20,124	6	65	63	5	20,263
At 31 August 2015	19,118	160	120	58	13	19,469

Included in cost of leasehold land and buildings is land of £6,952,000 which is not depreciated.

The assets under construction relate to catering kiosk and land and buildings additions relate to the replacement of 3 mobile blocks.

13 Debtors

	2016 £'000	2015 £'000
Trade debtors	6	19
VAT recoverable	90	80
Prepayments and accrued income	125	85
	221	184

14 Creditors: amounts falling due within one year

	2016 £'000	2015 £'000
Trade creditors	195	-
Other taxation and social security	125	-
Other creditors	166	9
Accruals and deferred income	187	223
	673	232

WARLINGHAM SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

15	Deferred income	2016 £'000	2015 £'000
	Deferred income is included within:		
	Creditors due within one year	41	38
		<u>41</u>	<u>38</u>
	Deferred income at 1 September 2015	38	35
	Released from previous years	(38)	(35)
	Amounts deferred in the year	41	38
		<u>41</u>	<u>38</u>
	Deferred income at 31 August 2016	41	38

At the balance sheet date, the Academy Trust was holding funds received for trips paid in advance relating to the financial year 2016/17.

16	Funds	Balance at 1 September 2015 £'000	Incoming resources £'000	Resources expended £'000	Gains, losses & transfers £'000	Balance at 31 August 2016 £'000
	Restricted general funds					
	General Annual Grant	159	7,391	(7,872)	322	-
	Other DfE / EFA grants	-	614	(345)	(6)	263
	Other government grants	-	96	(96)	-	-
	Other restricted funds	-	34	(24)	-	10
		<u>159</u>	<u>8,135</u>	<u>(8,337)</u>	<u>316</u>	<u>273</u>
	Funds excluding pensions	159	8,135	(8,337)	316	273
	Pension reserve	(2,577)	-	(83)	(712)	(3,372)
		<u>(2,418)</u>	<u>8,135</u>	<u>(8,420)</u>	<u>(396)</u>	<u>(3,099)</u>
	Restricted fixed asset funds					
	DfE / EFA capital grants	201	789	-	(990)	-
	Private sector capital sponsorship	19,469	-	(433)	1,227	20,263
		<u>19,670</u>	<u>789</u>	<u>(433)</u>	<u>237</u>	<u>20,263</u>
	Total restricted funds	17,252	8,924	(8,853)	(159)	17,164
	Unrestricted funds					
	General funds	1,693	642	(43)	(553)	1,739
		<u>1,693</u>	<u>642</u>	<u>(43)</u>	<u>(553)</u>	<u>1,739</u>
	Total funds	18,945	9,566	(8,896)	(712)	18,903

WARLINGHAM SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

16 Funds

(Continued)

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 2016.

Other DFE/EFA grants: This includes the pupil premium and the devolved formula capital grant.

Other government grants: This includes SEN funding and additional pupil premium received from the Local Authority.

Other restricted funds relates to donations in relation to the catering kiosk and De Stafford School grant for central school network funding.

The capital grant was for the replacement of temporary classrooms. £1,090k was spent in the year with a further cost expected, see capital commitment in note 22.

The transfer of funds relate to the purchase of fixed assets during the period.

17 Analysis of net assets between funds

	Unrestricted Funds £'000	Restricted funds: General Fixed asset £'000 £'000		Total 2016 £'000
Fund balances at 31 August 2016 are represented by:				
Tangible fixed assets	-	-	- 20,263	20,263
Current assets	1,794	891	-	2,685
Creditors falling due within one year	(55)	(618)	-	(673)
Defined benefit pension liability	-	(3,372)	-	(3,372)
	<u>1,739</u>	<u>(3,099)</u>	<u>20,263</u>	<u>18,903</u>

18 Pensions and similar obligations

The Academy's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; 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 2013.

Contributions amounting to £107K were payable to the schemes at 31 August 2016 (2015: £Nil) and are included within creditors.

WARLINGHAM SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

18 Pensions and similar obligations

(Continued)

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014.

The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%))
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS will be as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £581K (2015: £497K)

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

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

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 26.4% for employers and 5.5 - 12.8% for employees. The estimated value of employer contributions for the forthcoming year is £328k.

WARLINGHAM SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

18 Pensions and similar obligations

(Continued)

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

Total contributions made	2016 £'000	2015 £'000
Employer's contributions	327	369
Employees' contributions	67	77
Total contributions	394	446
Principal actuarial assumptions	2016 %	2015 %
Rate of increases in salaries	2.4	4.0
Rate of increase for pensions in payment	2.1	2.6
Discount rate	2.0	3.7
Inflation assumption (CPI)	2.1	2.2

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

	2016 Years	2015 Years
Retiring today		
- Males	22.5	22.5
- Females	24.6	24.6
Retiring in 20 years		
- Males	24.5	24.5
- Females	26.9	26.9

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

	2016 Fair value £'000	2015 Fair value £'000
Equities	2,231	1,662
Bonds	505	382
Cash	58	157
Property	183	45
Total market value of assets	2,977	2,246
Actual return on scheme assets - gain/(loss)	400	(60)

WARLINGHAM SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

18 Pensions and similar obligations

(Continued)

	2016	2015
	£'000	£'000
Amounts recognised in the statement of financial activities		
Current service cost (net of employee contributions)	315	352
Net interest cost	95	13
Total operating charge	410	365
Changes in the present value of defined benefit obligations		
	2016	2015
	£'000	£'000
Obligations at 1 September 2015	4,823	4,233
Current service cost	315	352
Interest cost	184	164
Employee contributions	67	77
Actuarial loss	1,028	39
Benefits paid	(63)	(42)
Plan introductions, benefit changes, curtailments and settlements	(5)	-
At 31 August 2016	6,349	4,823
Changes in the fair value of the academy trust's share of scheme assets		
	2016	2015
	£'000	£'000
Assets at 1 September 2015	2,246	1,782
Interest income	89	73
Return on plan assets (excluding amounts included in net interest):		
Actuarial gain	311	(13)
Employer contributions	327	369
Employee contributions	67	77
Benefits paid	(63)	(42)
At 31 August 2016	2,977	2,246

WARLINGHAM SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

19 Reconciliation of net income to net cash flows from operating activities

	2016 £'000	2015 £'000
Net income for the reporting period	670	344
Adjusted for:		
Capital grants from DfE/EFA and other capital income	(789)	(361)
Investment income	(2)	(2)
Defined benefit pension costs less contributions payable	(12)	(17)
Defined benefit pension net finance cost/(income)	95	13
Depreciation of tangible fixed assets	433	423
(Increase)/decrease in debtors	(37)	(120)
Increase/(decrease) in creditors	441	176
Net cash provided by operating activities	799	456

20 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.

The Academy is currently involved in a dispute with SGN in relation to a previously unregistered gas supply at the school. The accounts do not include any provision in respect of this matter.

21 Commitments under operating leases

At 31 August 2016 the total future minimum lease payments under non-cancellable operating leases were as follows:

	2016 £'000	2015 £'000
Amounts due within one year	16	18
Amounts due in two and five years	-	16
	16	34

WARLINGHAM SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

22 Capital commitments

	2016 £'000	2015 £'000
Expenditure contracted for but not provided in the accounts	240	1,104

In relation to CIF funded roofing works £240k (2015: CIF funded replacement of 3 mobile blocks).

23 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.

During the year plumbing work was carried out by Martyn Pock and Son Building services amounting to £15,958 (2015: £6,572). The company is controlled by Mr M Pock the husband of F Doyle, a Governor. The academy made the purchase at arm's length and in entering into the transactions the academy has complied with the requirements of the EFA's Financial Handbook

24 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 or she is a member, or within one year after he or she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he or she ceases to be a member.

25 Agency arrangements

The academy trust distributes 16-19 bursary funds to students as an agent for EFA. In the accounting period ending 31 August 2016 the trust received £30,837 (2015: £29,062) and disbursed £17,785 (2015: £24,636) from the fund. An amount of £17,478 (2015: £4,426) is included in other creditors relating to undistributed funds that is repayable to EFA in the event the student leaves the school.

26 Reconciliations on adoption of FRS 102

Reconciliation of funds for the previous financial period

	1 September 2014 £'000	31 August 2015 £'000
Funds as reported under previous UK GAAP and under FRS 102	18,731	18,945

WARLINGHAM SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

26 Reconciliations on adoption of FRS 102

(Continued)

Reconciliation of net income for the previous financial period

	Notes	2015 £'000
Net income as reported under previous UK GAAP		305
Adjustments arising from transition to FRS 102:		
Change in recognition of LGPS interest costs	i	39
Net income reported under FRS 102		<u>344</u>

Notes to reconciliations on adoption of FRS 102

(i) Change in recognition of LGPS interest cost

Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in income/expense. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in income/expense. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to reduce the credit to expense by £39K and increase the debit in other recognised gains and losses in the SoFA by an equivalent amount.