

**Whickham School and Sports College**  
**(a company limited by guarantee and not having a share capital)**

**Annual Report and Financial Statements**  
**Company number 07729766**  
**31 August 2018**

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## Reference and Administrative Details

Whickham School and Sports College (Academy Trust) has governance arrangements which consist of Members, Directors, Trustees, and Governors.

<b>Members:</b>	S L Ban* L Levy (Chair of Members) D Murphy M Pears D Warden (Appointed 13 July 2018) G Wilson
<b>Governors and Trustees (Directors):</b>	S Alexander (Appointed 28 March 2018) S L Ban* (Chair of Governors) D B Bradford (Appointed 12 September 2017) M A Brain* C J Enlund (Appointed 28 March 2018) A G Hewison R J Hewson (Resigned 9 June 2018) R Hogarth-Willis* R E Jones (Appointed 10 July 2018) M Ledger (Resigned 17 November 2018) G Little* I Maitland (Appointed 1 September 2018) V McCleod A Oakes (Appointed 22 August 2018) M L Pears* (Appointed 7 March 2018) M R Phillips* M Phillipson (Resigned 5 February 2018) G A Potse* E Ridley (Appointed 14 August 2018) I J V Turnbull (Resigned 5 February 2018) A Wilson* S Haigh* (Headteacher/Accounting Officer)

\* Members of the Resources Committee

<b>Head Teacher:</b>	S Haigh
<b>Company secretary:</b>	H Davison
<b>Senior Management team:</b>	
Associate Head Teacher	F Turnbull
Deputy Head Teacher	S Maher
Deputy Head Teacher	T Conway
Deputy Head Teacher	P Wheatley
Assistant Head Teacher	K Binns
Assistant Head Teacher	D Crosland
Assistant Head Teacher	S Tumelty (Appointed 1 September 2017)
Assistant Head Teacher	L Wood
Business Manager	H Davison

**Principal and registered office:** Burnthouse Lane, Whickham, Newcastle upon Tyne, NE16 5AR

**Company registration number:** 07729766 (England and Wales)

**Independent auditor:** KPMG LLP, Quayside House, 110 Quayside, Newcastle upon Tyne, NE1 3DX

**Bankers:** Lloyds Bank, 102, Grey Street, Newcastle upon Tyne, NE1 6AG

Barclays Bank, Front Street, Whickham, Newcastle upon Tyne, NE16 4DZ

**Solicitors:** Womble Bond Dickinson LLP, One Trinity, Broad Chare, Newcastle upon Tyne, NE1 2HF

The references made to 'parents' throughout this document refers to parents, carers and guardians.

## **Governors' Report**

The Governors present their annual report together with the financial statements and auditor's report of the charitable company for the period 1 September 2017 to 31 August 2018. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

### **Structure, Governance and Management**

#### **Constitution**

The Academy Trust is a company limited by guarantee and an exempt charity. The Charitable Company's memorandum and articles of association are the primary governing documents of the Academy Trust.

The Governors of Whickham School and Sports College are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as Whickham School and Sports College (Academy Trust).

Details of the Governors who served throughout the year are included in the Reference and Administrative Details on page 1.

#### **Members' Liability**

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

#### **Governors' Indemnities Companies Act 2006 s236**

Subject to the provisions of the Companies Act 2006 every Governor or other officer or auditor of the Academy Trust shall be indemnified out of the assets of the Academy Trust against any liability incurred by him in that capacity in defending any proceedings, whether civil or criminal, in which judgment is given in favour or in which he is acquitted or in connection with any application in which relief is granted to him by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Academy Trust.

#### **Principal Activities**

The characteristics of the Academy set down in Section 1(6) of the Academies Act 2010, are that:

- The school has a curriculum satisfying the requirements of section 78 of EA 2002 (balanced and broadly based curriculum).
- If the school provides secondary education, its curriculum for the secondary education has an emphasis on a particular subject area, or particular subject areas, specified in the Agreement.
- The school provides education for students of different abilities.
- The school provides education for students who are wholly or mainly drawn from the area in which the school is situated.

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

- The number of Parent Governors required shall be made up by Parent Governors appointed by the Governing Body if the number of parents standing for election is less than the number of vacancies.
- In appointing a Parent Governor the Governing Body shall appoint a person who is the parent of a registered student at the Academy; or where it is not reasonably practical to do so, a person who is the parent of a child of compulsory school age.

## **Governors' Report** *(continued)*

### *Co-opted Governors*

- The Governors may appoint up to one Co-opted Governor. A 'Co-opted Governor' means 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 thereby the number of Governors who are employees of the Academy Trust would exceed one third of the total number of Governors (including the Principal).

### *Appointment of additional Governors*

- The Secretary of State may give a warning notice to the Governors where she is satisfied:
  - That the standards of performance of students at the Academy are unacceptably low.
  - That there has been a serious breakdown in the way the Academy is managed or governed.
  - That the safety of students or staff of the Academy is threatened (whether by a breakdown of discipline or otherwise).
- For the purposes of Article 60 a 'warning notice' is a notice in writing by the Secretary of State to the Academy Trust delivered to the Office setting out:
  - The matters referred to in Article 19.
  - The action which she requires the Governors to take in order to remedy those matters.
  - The period within which that action is to be taken by the Governors ('the compliance period').
- The Secretary of State may appoint such Additional Governors as she thinks fit if the Secretary of State has:
  - Given the Governors a warning notice in accordance with Article 19; and
  - The Governors have failed to comply, or secure compliance, with the notice to the Secretary of State's satisfaction within the compliance period.
- The Secretary of State may also appoint such Additional Governors where following an Inspection by the Chief Inspector in accordance with the Education Act 2005 (an "Inspection") the Academy Trust receives an Ofsted grading (being a grade referred to in The Framework for School Inspection or any modification or replacement of that document for the time being in force) which amounts to a drop, either from one Inspection to the next Inspection or between any two Inspections carried out within a five year period, of two Ofsted grades. For the purposes of the foregoing the grade received by Whickham School shall be regarded as the grade received by the Academy.

### *Appointment of additional Governors*

- The Secretary of State may also appoint such Further Governors as she thinks fit if a Special Measures Termination Event (as defined in the Funding Agreement) occurs in respect of the Academy.
- Within five days of the Secretary of State appointing any Additional or Further Governors in accordance with Articles 21, 62A or 22 any Governors appointed holding office immediately preceding the appointment of such Governors, shall resign immediately and the Members' power to appoint Governors under Article 9 shall remain suspended until the Secretary of State removes one or more of the Additional or Further Governors.

## **Governors' Report** *(continued)*

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

The Governing Body and Head Teacher believe it is essential that all new Governors receive a comprehensive induction package covering a broad range of issues and topics. There is a commitment to ensure that the new Governors are given the necessary information and support to fulfil their role with confidence. The process is seen as an investment, leading to more effective governance and retention of Governors.

#### ***Purpose***

- To welcome new Governors to the Governing Body and enable them to meet other Governors.
- To encourage new Governors to visit the school to experience its atmosphere and understand its ethos.
- To meet the Head Teacher, staff and pupils.
- To explain the partnership between the Head Teacher, school and Governing Body.
- To explain the role and responsibilities of Governors.
- To explain how the Governing Body and its committees work.
- To enable new Governors to join the committee(s) of their choice.
- To give background material on the school and current issues.
- To enable new Governors to ask questions about their role and/or the school.

#### ***New Governors will:***

- Be welcomed to the Governing Body by the Chair.
- Be invited by the Head Teacher to visit the school.
- Have the opportunity to tour the school and meet staff and children.
- Receive an informal briefing on the school from the Head Teacher.
- Have the opportunity to meet informally with an existing governor who then acts as their active mentor.
- Be accompanied by their mentor to their first full Governing Body meeting.
- Have the opportunity to review their first meeting with the mentor.

#### ***New Governors will receive from Governor Support:***

- The new Governor Induction pack.
- The instrument of government which notes the composition of the governing body.
- A Disclosure and Barring Service (DBS) application form.
- A governor details form.
- An eligibility form.
- A membership list for the governing body.
- The code of conduct for the governing body (if one has been agreed).
- The committee structure, terms of reference and membership for the governing body.
- The Governor Support Service Development Directory.
- A copy of the most recent Governor Support Service newsletter.

#### ***New Governors will receive from the school:***

- The school prospectus.
- Recent school newsletters.
- A calendar of school events.
- The school improvement plan (SIP).
- A full list of staff and the staffing structure.
- Copies of the key policy statements including the school visits policy.
- A full set of papers from the last full governing body meeting.
- Details of how to contact the other Governors.
- Details of how to contact the school including the email address.

## **Governors' Report** *(continued)*

### ***Areas the Head Teacher will cover include:***

- Background to the school.
- Current issues facing the school.
- Visiting the school.
- The relationship between the Head Teacher and Governing Body.

### ***Areas that the mentor will cover include:***

- An overview of the Governor's role.
- How the full Governing Body and committee meetings are conducted.
- How to propose agenda items.
- Governor training.

### **Organisational Structure**

The Academy Trust is a charitable company limited by guarantee. It has a strategic role in running the academy and is responsible for appointing the Governors. It has control over the land and other assets and delegates management of the school to the Governors.

### **Powers of Governors**

Subject to provisions of the Companies Act 2006, the Articles and to any directions given by special resolution, the business of the Academy Trust shall be managed by the Governors who may exercise all the powers of the Academy Trust. No alteration of the Articles and no such direction shall invalidate any prior act of the Governors which would have been valid if that alteration had not been made or that direction had not been given. The powers given by this Article shall not be limited by any special power given to the governors/trustees by the Articles and a meeting of Governors at which a quorum is present may exercise all the powers exercisable by the Governors.

The Headteacher, as Accounting Officer, has personal responsibility to the Governing Body for financial and administrative matters including:

- Ensuring regularity and propriety.
- Prudent and economical administration.
- Avoidance of waste and extravagance.
- Efficient and effective use of available resources.
- Day to day organisation, staffing and management of the Academy.

The Governing Body have an appointed Business Manager who acts as Company Secretary and have entered into a Service Level Agreement with Gateshead Metropolitan Borough Council to provide clerking to the Governors.

### **Delegation of Decision Making to Management**

1. Staffing – appointment of teaching and non-teaching staff.
2. Curriculum – responsibility for standards of teaching, subject options to be taught and each individual child's education.
3. Performance Management – implementation of policy.
4. Religious Education – provision of Religious Education (RE) in line with locally agreed syllabus.
5. Collective Worship – arrangements for and application to the advisory councils concerning the requirements for collective worship.
6. Health and Safety – institute a policy.
7. Information for Parents – ensure provision of free school meals to those students meeting criteria.

### **Connected Organisations, including Related Party Relationships**

The Academy has no connected organisations.

## **Governors' Report** *(continued)*

### **Objectives and Activities**

The Academy Trust's objective is specifically restricted to the following: 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.

At Whickham School we aim to provide a first class education to pupils from the ages of 11 to 18 and we seek to provide a structured educational environment that develops our pupils' capabilities, competencies and skills. We promote both the academic, moral and physical development of our pupils through the academic curriculum, strong pastoral care systems and diverse sporting and extra curricula opportunities. The school provides an educational environment where staff and pupils are encouraged to fulfil their full potential with the tools and scaffolding to support a growth mindset. Pupils are provided support to help to build their self-confidence and a desire to contribute to the wider community. Whickham is an extraordinary school, where everyone is valued for their unique contribution to the life of the school. We recognise the special gifts, talents and needs of each individual as we strive for excellence, where everyone is encouraged to be the best they can be. The school vision and values are as follows:

#### **Our School Vision:**

Whickham, a school to be proud of at the heart of the community. Where learning is cherished in a safe, caring and supportive environment. A school where everyone is valued and inspired to be the best they can be.

#### **Our School Purpose:**

Whickham School; a school that ensures all pupils are the very best they can be.

### **Objectives and Aims**

The strategic vision has been developed from a view of what we would wish for our pupils as they grow and develop throughout their time at Whickham School. It states clearly what we value and guides the strategic objectives which define our ethos. The aim is to ensure that all staff, pupils, parents and stakeholders are the very best they can be.

#### ***Key 1: Everyone is a leader who demonstrates the school values.***

This will be achieved through the following strategies:

- Governor meetings both set appropriate expectations and accurately challenge and support leaders
- All staff to have common appraisal objective focused upon demonstrating leadership values
- Continued Professional Development and Learning (CPDL) with all staff to provide clarity upon our values and how as leaders we demonstrate them
- Staff Growth Mindset programme
- Continuous re-enforcement of expectations to all staff through effective communication
- Leaders focused upon initiatives and practice that have the most impact
- Leaders' decisions always prioritise to ensure teachers are delivering learning to their normal classes

#### ***Key 2: Everyone always ensures a culture of learning that engages, excites and inspires.***

This will be achieved through the following strategies:

- CPDL programme that supports staff in improving practice and leads to good pupil progress
- All staff effectively contributing to and using collaboratively planned resources and assessments
- Ensure all staff effectively implement the Assessment Recording and Reporting Policy in facilitating good pupil progress
- Demonstrating Growth Mindset to be an appraisal objective for all staff



## **Governors' Report** *(continued)*

### ***Key 3: Everyone always works effectively to achieve beyond expectations.***

This will be achieved through the following strategies:

- Whole school CPDL on Growth Mindset
- Successfully embedding restorative justice principles into the pastoral system
- School CEIAG programme
- Aspirational target setting / curriculum
- Student Peer Mentoring
- Healthy Emotional Lifestyles Programme
- Student Council and effective use of a Student Voice
- Development of a culture of responsible risk taking
- Staff coaching and mentoring programme

### ***Key 4: Everyone always ensures that all barriers to learning are addressed.***

This will be achieved through the following strategies:

- Rigorous analysis of academic, attendance and behaviour data each half term with a focus on attendance, behaviour and emotional health.
- Focus on AEN and Disadvantaged pupils:
  - Heads of Year prioritise first day response (attendance)
  - Return to School interviews take place and attendance monitored
  - Individual support plans created and uploaded to class charts
  - Progress meetings fortnightly with key staff
  - Engagement in enrichment and out of hours learning monitored and encouraged by key staff worker
  - Pastoral team monitor homework completion and its quality
  - Trained staff to support identified pupils with their emotional health

*Where concern is identified:*

- Key staff identified to support pupil underachievement
- Key staff identified to provide progress meetings with pupils
- Opportunities to engage and challenge taken (in lessons and in homework)

### **Public Benefit**

The Academy Trust Governors have complied with their duty in that the school teaches the national curriculum and meets the standards set by Ofsted. The Academy Trust Governors have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission in exercising their powers or duties.

## **Governors' Report** *(continued)*

### **Strategic Report**

#### **Achievements and Performance**

In February 2018 the school were visited by Ofsted and the outcome from the visit endorsed that Whickham School is a Good School in all five categories:

- Effectiveness of leadership and management – Good
- Quality of teaching, learning and assessment – Good
- Personal development, behaviour and welfare – Good
- Outcome for pupils – Good
- 16 to 19 study programmes – Good

#### **The summary of key findings for parents and pupils:**

##### **This is a good school:**

- Current pupils make good progress in a wide range of subjects, including English and mathematics. Standards of attainment are above average by the end of Year 11.
- The quality of teaching, learning and assessment has improved significantly. Teachers receive relevant training that develops their individual skills. This is because leaders seek specialist advice and guidance to help them quickly address any areas of weakness.
- Disadvantaged pupils make strong progress. Teaching and learning policies place a high priority on accelerating the progress of disadvantaged pupils.
- The Headteacher, and other senior leaders, are honest in their evaluation of their work. They appreciate the importance of good examination results but work equally as hard to develop pupils' character and prepare them for life after school.
- Some pupils and teachers do not have clarity about how well they, or their classes, are achieving. As a result, additional support is not always given to the pupils who need it most, including for those pupils who have special educational needs (SEN) and/or disabilities.
- The quality of provision in the sixth form is very good. Students' progress is above average in a wide range of academic and applied courses. Nearly all students progress to suitable further education courses, employment or additional training providers.
- Pupils' behaviour is good and improving. Relationships between staff and pupils are positive and founded on mutual respect. However, exclusion rates are still above average.
- Pupils' attendance is above average. Pupils who have been persistently absent in the past are now attending more regularly. This is because new pastoral leaders monitor attendance closely and liaise with families more frequently.
- Governors have an accurate understanding of the school's strengths and weaknesses. They are clear that it is their responsibility to support, and challenge leaders in all aspects of their work. This happens regularly.
- Despite a wide range of support programmes on offer, a small minority of pupils, parents and carers are unclear about the advice and guidance available if they have concerns about bullying.

## **Governors' Report** *(continued)*

### **Current Priorities**

Leaders are focused on ensuring all pupils are the very best they can be.

This will be achieved through ensuring that:

1. Everyone is a leader who demonstrates the school values
2. Everyone always ensures a culture of learning that engages, excites and inspires
3. Everyone always works effectively to achieve beyond expectations
4. Everyone always ensures that all barriers to learning are addressed

These four areas form the School Improvement Plan which details specific focus on the progress of pupils in English and Mathematics. All staff and pupils are working together to embed a culture of Growth Mindset within the school.

### **New School Build**

As part of a successful bid for Priority School Building Programme (PSBP) funding a significant part of the school building stock is to be replaced. The design and procurement of construction teams took place during 2016/17/18 and the long awaited building programme has now commenced. The build will take fifteen months from start to finish with a profiled move date into the new four story building for January 2020. The building will not only have a positive impact on our existing pupils, but those for generations to come as well as our wider community users.

The building will be home to our STEAM subjects 'Science, Technology, Engineering, Arts, and Mathematics. The stunning four storey building will also house new sports facilities.

This still leaves a large footprint of the school site which will not be upgraded or replaced. Therefore the school will continue to lobby and seek advice to gain support and solutions for the upgrade of the remaining blocks that will remain which are some of the poorest condition buildings on the school site. Opportunities for future Condition Improvement Funding (CIF) bids will be submitted at every opportunity.

### **School Strengths**

Overall pupil achievement is good at KS3 and KS4 and outstanding in the sixth form. Pupils achieve results that are above national average and well above local averages. These judgements are based upon an evaluation of 2018 results and the current achievement of pupils and progress towards the School Improvement Plan. Overall pupil progress in Year 11 dipped in 2018 (Progress 8) after positive residuals in both 2016 and 2017. Current attainment for pupils in KS4 is strong and is projected to result in good progress in 2019.

Overall pupil progress in sixth form is outstanding. Pupil progress has been significantly above national averages for the last two years and is projected to be at the same level in 2019. The Sixth Form is one of the largest in Gateshead. This is due to the strong levels of attainment and progress of pupils over the last five years.

Pastoral care is strong, with effective systems and procedures for safeguarding children. The pastoral team are effective in ensuring children are happy, safe and successful during their time in school. Attendance is above national average. Pupils who leave the school at the end of Year 11 or Year 13 access a wide range of employment, further or higher education opportunities.

## **Governors' Report** *(continued)*

The curriculum is broad and balanced in meeting the needs of all pupils. Appropriate pathways enable pupils to specialise in subject areas they are interested and successful in. The school's specialism of sport and vocational learning significantly enrich pupil opportunity and contribute to high levels of achievement.

Pupils engage in a wide range of extra-curricular and enrichment activities that help build them into well rounded citizens. The number of after school clubs, activities and organised trips is extensive.

Monitoring and intervention systems are used rigorously to ensure pupils whose progress falls below expected levels is identified and remedied.

School leaders demonstrate clear vision and are relentless in their drive to secure the highest standards to enable all students to be highly successful.

### **Care, Guidance, Support, and Safeguarding**

Pupil care, guidance and support continues to be a strength of the school. Excellent pastoral care is vital in achieving the school vision and ensure all pupils are happy, safe and successful. All staff have undertaken Prevent training. An electronic child protection software system (CPOMS) supports with effective and efficient safeguarding communications and processes further. Staff at all levels are effectively trained in safeguarding procedures and effective communication ensures parents, carers and pupils understand school policies and practices that promote pupil safety and welfare.

The school has been successful with a funding bid with four of our primary partner schools to support pupils with their Mental Health and Wellbeing. The project has allowed for the appointment of an Artist in Residence to provide support to pupils via creativity and bespoke art projects. In addition to this Whickham School has funded the appointment of a full-time Primary Mental Health Worker who is based at school. A cohort of staff are being trained in 'Arts in Health' and Mental Health First Aid to provide additionally and support for the young people within the cluster.

Student attendance is at a record level of 95.43% and is above national and local averages.

Pupils start each day with their form tutor. Pupils work with their tutor on their literacy and numeracy skills. In addition pupils will spend time with their tutor learning about key aspects of citizenship and personal, social and health education. Attendance and growth mindset are also developed and enhanced during tutor time activities.

### **Duke of Edinburgh Awards**

Whickham School runs the acclaimed Duke of Edinburgh Awards scheme at all three levels. This is open to pupils from Years 10 to Year 13. As part of the rigorous programme they complete an expedition, develop new skills, carry out volunteering and for the Gold Award, organise and participate in a residential trip.

### **School Visits**

The school participates in a host of international visits each year. In recent years pupils have visited Belgium, France, Germany, Iceland, Switzerland, Uganda and New York. These visits took place for a range of reasons; sightseeing, course related projects, sports based activities and students leadership projects.

Pupils engage in a wide range of extra-curricular and enrichment activities that help build them into well rounded citizens. The number of after school clubs, activities and organised trips is extensive.

Our school continues to have a link with Lango College in Northern Uganda, through the International Inspirations project.

## **Governors' Report** *(continued)*

### **World Challenge**

World Challenge expeditions take place every two years and involve travelling to remote areas in distant countries to participate in treks and community work over a three to four week period. Previous expeditions have been to Namibia, Ledakh in the Indian Himalayas, Mexico, Morocco, Bolivia, Southern Tanzania and Borneo. The next expedition is to Swaziland and Mozambique.

The expeditions are unique as the pupils decide on the itinerary and organise all aspects of the expedition. They are responsible for booking transport, controlling the finance, securing accommodation, buying food and hiring guides for the trek. Pupils have to purchase equipment and the resources required for the project and liaise with the community leaders or the teachers who they are working with.

### **Parents' Forum**

Listening and responding to the voice of our parents is extremely important to us. A Parents' Forum exists to enable our parents to support with continued improvement, and to articulate any concerns on school matters. We seek the opinion of Parents to gauge their opinions on key changes like school uniform, the school reporting system, and any issues or concerns along with solutions to support our educational aims and priorities.

Parents' Forum meets once a half term on the second Monday. The Forum has an agenda and theme for each meeting and also time for parents to raise any whole school concerns they may have.

### **Going concern**

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

Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

### **Key Financial Performance Indicators**

Whickham School demonstrates a history of positive net assets, adequate cash flow to sustain operations and to support the academic programme and consistently operates within budget.

The Academy consistently maintained cash flow necessary to sustain operations and advance the academic programme through the year.

The Academy will build up reserves in order to mitigate risk should there be a delay in grants or unforeseen increase in expenditure.

In 2017/18 the Academy has utilised reserves to support with school priorities and continues to have a healthy overall level of both restricted and unrestricted funds.

Other KPIs which are monitored closely include:

- **Staff costs: Whickham School, where possible, will keep staffing costs to 80% or below of total income**

The core staffing costs (excluding supply teacher costs) increased in percentage terms in 2017/18 to 83.8% (2017: 83.5%) of total income, however this was again primarily due to reduced income levels. Factors for the reduced income were predominantly changes at a national and local level in the formula funding for Academies.

- **Pension liability: Whickham School will demonstrate its ability to cover any increase in pension liability for Support Staff**

The Governing Body recognise the liability existing in the Tyne & Wear pension scheme for staff and are satisfied that existing cash flows are sufficient to meet any anticipated increase in costs.

The pension liability has been reported within the accounts in accordance with FRS 102.

## **Governors' Report** *(continued)*

### **Financial Review**

“Whickham School will develop an annual budget that can be sustained by enrolment and additional sources of revenue and is in support of student academic achievement.”

The school's annual budget is sustained by its enrolment and additional sources of revenue. The school has a well-tested budget process that relies on building a needs based budget each year. Departmental requests are combined into a whole-school budget draft consolidated by Business Manager and Head Teacher who ensure that the draft addresses the school's strategic objectives and accounts for all reasonably anticipated expenses. This draft is then converted into a proposal that is reviewed first by the Resources Committee and again by the full Governing Body.

Termly year-to-date reports comparing budget versus actual spending are presented to the Resources Committee, where significant variances are explained in writing. While historical school expenditures have not varied significantly from the approved budget, the change in net assets has been higher than projected due to conservatively budgeted revenues.

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

The Academy made an operating deficit of £947,000 (2017: £836,000) in the year, and held fund balances at 31 August 2018 of £3,997,000 (2017: £4,205,000) comprising restricted reserves of £3,765,000 (2017: £3,978,000) and unrestricted reserves of £232,000 (2017: £227,000).

Total income in the period was £7,992,000 (2017: £8,001,000), the vast majority of which came from Education and Skills Funding Agency (ESFA) (or equivalent) grants. As the majority of the grant income is student number driven it is imperative that recruitment and retention levels are maintained, or increased over time.

Excluding the impact of the £672,000 depreciation of fixed assets, the Academy generated an underlying operating deficit of £275,000 (2017: £167,000).

### **Reserves Policy**

The Governors of the Academy aim to carry forward a prudent level of resources designed to meet a long-term cyclical need of renewal and any unforeseen contingencies, subject to the constraint that the level of resources does not exceed the level permitted by the ESFA.

Within the Reserves Policy the Academy has a medium term target to build up a level of reserves (both restricted, i.e. General Annual Grant (GAG) and unrestricted) which equated to approximately three months working capital. This has not been met, and the midterm strategy was to build these reserves over a period of seven years.

However it has been acknowledged that it is more likely to be a longer term strategy with a twelve year timeline to achieve this target in view of the demographic dip in the North East Region, acknowledgement of reduced student numbers and the changes to the funding formula for Academies. Given the current financial climate it would be prudent to review this policy and set a more realistic goal and timeline. The Academy held total fund balances at 31 August 2018 of £3,997,000 (2017: £4,205,000).

### **Investment Policy**

The Governors have approved a treasury policy in relation to the investment of surplus funds. The overriding principle in lending is to limit risk rather than maximise return. The following instruments are approved as investments by the Academy:

- Fixed term deposits.
- Notice term deposits.
- Bank or building society deposit accounts.
- Money market funds.

No investment will be for a duration exceeding 364 days. To reduce counterparty risk no more than £1m should be invested with a single approved counterparty. Reports are presented to the Board of Governors annually detailing the performance of investments made over that period.

## **Governors' Report** *(continued)*

### **Principal Risks and Uncertainties**

The principal risks and uncertainties facing the Academy have been reviewed by the Governors and are set out in the risk register which has been approved by the Board of Governors. The major risks are highlighted below in the Risk Management section of this report.

As the majority of income received by the Academy is student number driven strategies are in place to enhance what is already a strong transition program for our feeder primary schools, along with marketing strategies to attract admissions from wider catchment areas. The Board of Governors is acutely aware that the Academy is operating in an increasingly competitive environment and that maintaining the strong reputation of the Academy in the community and wider catchment areas is imperative. Achievement of the strategies outlined in plans for the future should secure intake at the required level. Current funding formula changes have also impacted on funding allocations, however the school have managed to set a balanced budget for the forthcoming financial year.

### **Risk Management**

The management of risks to the School and the fulfilment of the Vision Statement is undertaken in accordance with the Funding Agreement and the Academies' Financial Handbook.

The Governing Body is responsible for risk management and for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives, whilst safeguarding public funds and other funds and assets for which it is responsible. The Governing Body is advised in this role by the Resources Committee and both are advised and informed by members of the Leadership Team. A review of the Academy's risk management process is undertaken throughout the year and is managed by the relevant committees covering financial stability and employment, premises and health and safety and curriculum and student welfare.

The main risk to the Academy is the real terms reduction in funding that has been seen across the sector nationally. The national funding formula is not within our control, but we have been successful in managing costs and recruiting more pupils which generates more income. Pupil numbers are rising as a result of several political activities and a good Ofsted report. This is likely to continue to a point where there is a pressure to expand as the closure of a local school will mean there are insufficient spaces for secondary age pupils in Gateshead.

#### **The Governing Body fulfils its role by establishing the system of internal control:**

- Approving and reviewing a series of policies that underpin the internal control process.
- Agreeing objectives, plans and resources by means of the budget and the annual School Evaluation and School Development Plans.
- Approving the policy statement and the Risk Register and reviewing them carefully each year to identify risks, near misses and opportunities.
- Considering carefully the advice from the Auditor and Audit Committee on internal financial controls, together with advice from any external consultants or inspectors.

#### **The Leadership Team fulfils its Risk Management role by:**

- Implementing Governors' policies on risk management and internal control advising the Resources Committee of the fundamental risks faced by the school and helping to evaluate them.
- Providing timely and sufficient information to Governors and the Resources Committee on the status of risks and controls.
- Assisting the Resources Committee to draw up and revise the Risk Register.
- Working to embed risk management and risk-based internal control in all aspects of school management.

### **Curriculum**

The school Leadership and Governors will continue to review the business and curriculum plans to ensure that we are always well prepared and have the flexibility to respond to changing needs within the educational landscape. Changes in the examination requirements have been incorporated into our annual review of provision along with the 'Progress 8' measures.

## Governors' Report *(continued)*

### Succession Planning

The school has continued to invest in a Leadership Development Programme to work with the Leadership Team and Faculty Leaders to self-evaluate practice at individual, team and school level. All leaders have participated in a 360 review processes and were supported to reflect on leadership styles and outcomes. Leaders have reviewed and refreshed the school vision, values and future aims together. The investment in the leadership development programme has significantly strengthened leadership overall and provided a commitment to ensure the school vision and values are met.

Middle leadership development programmes have been refreshed with a Growth Mindset CPDL programme and will continue to be a priority and focus of the school to ensure that quality and capacity of leadership at all levels is supported. All staff (teaching and non-teaching) have two common appraisal objectives. This is to ensure that as an organisation we focus our efforts and work on two of our key objectives within the School Improvement Plan. These areas relate to leadership and growth mindset.

Objective 1. Consistently demonstrate that you are a leader who shares the school values

Objective 2. Ensure Whickham School develops a growth mindset culture

The staff and pupils will benefit by having highly effective leaders delivering the highest level of quality education for all learners, thus giving capacity to have a workforce both teaching and non-teaching, who are capable of making the next step in their career development.

### Trade Union Facility Time

The Trade Union (Facility Time Publication Requirements) Regulations 2017 require the academy trust to publish information on facility time arrangements for trade union officials at the academy trust.

Numbers of employees who were relevant union officials during the relevant period	FTE employee number
1	0.94

Percentage of time	Number of employees
0%	1
1-50%	
51-99%	
100%	

Total cost of facility time	£5,192
Total pay bill	£6,696,000
Percentage of total bill spent on facility time	Less than 1%

Time spent on paid trade union activities as a percentage of total paid facility time	Nil
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## **Governors' Report** *(continued)*

### **Partnerships with other schools**

The school is conscious of the benefits of working in partnership with community organisations and business and are committed to develop and grow wider partnership arrangements. We work with a number of schools and partners within the region with a focus on the sharing of best practice. The school employ a Community Partnership Funding Officer and have secured joint funding for the Healthy Emotional Lives Programme (HELP) which supports with Mental Health and Wellbeing for the young people within Whickham School and four of our partner primary schools.

### **Financial Stability**

The school continues to be popular and based on experience it is expected that we will be oversubscribed at the start of each academic year on our five year forecast. We will continue to be effective in promoting the school with all parents, particularly those who have children of primary school age, thus ensuring that we maintain our status as an oversubscribed school.

The current local funding formula places Whickham School at a significant disadvantage to similar schools regionally and nationally. The current per pupil funding allocated is significantly lower than any other similar school in England and this presents some significant challenges that can only be met through efficiency savings. Financial stability is crucial in ensuring that we can deliver the objectives we have set and we will continue to work with the Gateshead Schools Forum to address the basic funding needs of the school. We will continue to enhance our reputation through maintaining high academic standards and publicising the many successes achieved in all spheres.

### **Funds held as Custodian Trustee on behalf of others**

Whickham School and Sports College do not hold assets or act as custodian trustee.

### **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.

Approved by order of the members of the governing body Board of Governors on 17 December 2018 and signed on its behalf by:



**Ms Sasha Ban**  
*Chair of the Governors*

## Governance Statement

The Governors (who are the Directors of the charitable company for the purposes of company law) are responsible for preparing the Governors' Annual Report and the financial statements in accordance with applicable law and regulations, including the Annual Accounts Direction published by the Education and Skills Funding Agency (ESFA).

Company law requires the governors to prepare financial statements for each financial year. Under that law they are required to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*. The Academies Accounts Direction further requires the financial statements to be prepared in accordance with the Charities SORP (FRS 102).

Under company law the governors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the charitable company's incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the governors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (FRS 102) and the Academies Accounts Direction 2017 to 2018;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

The Governors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the parent charitable company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charitable company and to prevent and detect fraud and other irregularities.

The Governors are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the ESFA/Department for Education 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 UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### Scope of Responsibility

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

The Board of Governors has delegated the day-to-day responsibility to the Headteacher, as Accounting Officer, for ensuring financial controls conform to 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 Whickham School & Sports College Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of governing body any material weaknesses or breakdowns in internal control.

## Governance Statement *(continued)*

### Governance

The information on governance included here supplements that described in the Governors' Report and in the Statement of Governors' Responsibilities. The Governing body met formally on three occasions. The following attendance record includes the attendance of a maximum of all three occasions.

Name	Meetings Attended	Out of a Possible
S' Alexander (Appointed 28.03.2018)	0	1
S L Ban (Chair of Governors)	3	3
D B Bradford (Appointed 12.09.2017)	2	3
M A Brain	1	3
C J Enlund (Appointed 28.03.2018)	0	0
S Haigh (Headteacher)	3	3
A G Hewison	3	3
R J Hewson (Resigned 09.06.2018)	1	2
R Hogarth-Willis	0	3
R E Jones (Appointed 10.07.2018)	0	0
M Ledger (Resigned 17.11.2018)	2	3
G Little	1	3
I Maitland (Appointed 01.09.2018)	0	0
V McLeod	3	3
A Oakes (Appointed 22.08.2018)	0	0
M Pears (Appointed 07.03.2018)	2	3
M Phillips	3	3
M Phillipson (Resigned 05.02.2018)	1	1
G A Potse	2	3
E Ridley (Appointed 14.08.2018)	0	0
I J V Turnbull (Resigned 05.02.2018)	1	1
A Wilson	2	3

**The Resources Committee is a sub-committee of the Governing body.**

The Resources Committee purpose is to assist the decision making of the Governing Body, by enabling more detailed consideration to be given to the best means of fulfilling the Governing Body's responsibility to ensure sound management of the Academies finances, staffing and resources, including premises, health and safety and safeguarding matters, to ensure that proper planning, monitoring and probity are in place.

**Attendance during the year of the Resources Committee meeting was as follows:**

Name	Meetings Attended	Out of a Possible
S Ban	3	7
M Brain	5	7
S Haigh (Headteacher)	7	7
R Hogarth-Willis	4	7
G Little (Chair of Resources Committee)	3	7
M Pears (appointed 7.3.18)	3	7
M Phillips	5	7
G A Potse	6	7

## **Governance Statement** *(continued)*

### **Review of Value for Money**

As accounting officer the Head Teacher 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 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:

- Ongoing regular review of the curriculum model to ensure that staff and resources are reviewed and aligned within best value principles to support our teaching and learning aims.
- Ongoing review of staff resources to ensure there is an efficient staffing model to take us forward into the future.

### **The Purpose of the System of Internal Control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Whickham School & Sports Collage (Academy Trust) for the year ended 31 August 2018 and up to the date of approval of the annual report and financial statements.

### **Capacity to Handle Risk**

The Governing body has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of governing body is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the period 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Governing Body.

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

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

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

## **Governance Statement** *(continued)*

### **Review of Effectiveness**

As Accounting Officer, the Headteacher 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 external auditor (limited to their statutory year end audit procedures);
- the financial management and governance self-assessment process; and
- the work of the business and finance managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Resources Committee and the Governors proactively strive to build on existing good practices to ensure continuous improvements to the systems in place.

Approved by order of the Governing Body on 17 December 2018 and signed on its behalf by:



**Ms Sasha Ban**  
*Chair of the Governors*



**Mr S Haigh**  
*Accounting Officer*

## Statement on Regularity, Propriety and Compliance

As Accounting Officer of Whickham School and Sports College Academy Trust I have considered my responsibility to notify the Academy Trust Governing Body and the Education Skills Funding Agency of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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

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



**Mr S Haigh**  
*Accounting Officer*

17 December 2018

## Statement of Governors' Responsibilities in respect of the Governors' Annual Report and the Financial Statements

The Governors (who are the Directors of the charitable company for the purposes of company law) are responsible for preparing the Governors' Annual Report and the financial statements in accordance with applicable law and regulations, including the Annual Accounts Direction published by the Education and Skills Funding Agency (ESFA).

Company law requires the governors to prepare financial statements for each financial year. Under that law they are required to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*. The Academies Accounts Direction further requires the financial statements to be prepared in accordance with the Charities SORP (FRS 102).

Under company law the governors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the charitable company's incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the governors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (FRS 102) and the Academies Accounts Direction 2017 to 2018;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

The Governors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the parent charitable company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charitable company and to prevent and detect fraud and other irregularities.

The Governors are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the ESFA/Department for Education 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 UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by order of the members of the governing body on 17 December 2018 and signed on its behalf by:



Ms Sasha Ban  
Chair of the Governors



## KPMG LLP

Quayside House  
110 Quayside  
Newcastle upon Tyne  
NE1 3DX  
United Kingdom

## Independent Auditor's Report to the members of Whickham School and Sports College

### Opinion

We have audited the financial statements of Whickham School and Sports College ("the charitable company") for the year ended 31 August 2018 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement, and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2018, and of the charitable company's incoming resources and application of resources, including the charitable company's income and expenditure, for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP (FRS 102) and the *Academies Accounts Direction 2017 to 2018* issued by the Education and Skills Funding Agency.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the charitable company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

### Other information

The Governors are responsible for the other information, which comprises the Reference and Administrative Details, the Governors' Annual Report, the Governance Statement, and the Statement on Regularity, Propriety and Compliance. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information;
- in our opinion the information given in the Governors' Annual Report, which constitutes the Strategic Report and the Directors' Report for the financial year, is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.



## **Independent Auditor's Report to the members of Whickham School and Sports College (continued)**

### **Matters on which we are required to report by exception**

Under the Companies Act 2006, we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

### **Governors' responsibilities**

As explained more fully in their statement set out on page 21, the Governors (who are the Directors of the charitable company for the purposes of company law) are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities**

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

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

### **The purpose of our audit work and to whom we owe our responsibilities**

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



**Rachel Fleming, (Senior Statutory Auditor)**  
**For and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
Quayside House  
110 Quayside House  
Newcastle upon Tyne  
NE1 3DX

19 December 2018



## KPMG LLP

Quayside House  
110 Quayside  
Newcastle upon Tyne  
NE1 3DX  
United Kingdom

### **Independent Reporting Accountant's Assurance Report on Regularity to Whickham School and Sports College and the Education and Skills Funding Agency**

In accordance with the terms of our engagement letter dated 28 November 2014 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by during the period 1 September 2017 to 31 August 2018 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 Whickham School and Sports College (the Academy Trust) and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Academy Trust and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Academy Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

#### **Respective responsibilities of the Academy Trust's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of the Academy Trust's funding agreement with the Secretary of State for Education dated 4 April 2017 and the Academies Financial Handbook, extant from 1 September 2017, 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 2017 to 2018. 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 2017 to 31 August 2018 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 2017 to 2018 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

## **Independent Reporting Accountant's Assurance Report on Regularity to Whickham School and Sports College and the Education and Skills Funding Agency (continued)**

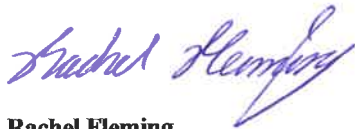
The work undertaken to draw our conclusion included:

- Documenting the framework of authorities which govern the activities of the Academy Trust;
- Reviewing the evidence supporting the representations included in the Accounting Officer's statement on regularity, propriety and compliance with the framework of authorities;
- Undertaking a risk assessment based on our understanding of the general control environment and any weaknesses in internal controls identified by our audit of the financial statements;
- Reviewing the output from the self-assessment questionnaires completed by all staff with Budget Holder responsibility and the Head Teacher on behalf of the Governing Body;
- Testing compliance with delegated authorities for a sample of material transactions;
- Testing transactions with connected parties to determine whether the Trust has complied with the 'at cost' requirements of the Academies Financial Handbook 2017;
- Confirming through enquiry and sample testing that the Trust has complied with its procurement policies and that these policies comply with delegated authorities; and
- Reviewing any evidence of impropriety resulting from our work and determining whether it was significant enough to be referred to in our regularity report.

This list is not exhaustive and we performed additional procedures designed to provide us with sufficient appropriate evidence to express a negative conclusion on regularity consistent with the requirements of Part 9 of the Academies Accounts Direction 2017 to 2018.

### **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 2017 to 31 August 2018 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



**Rachel Fleming**  
**Reporting Accountant**  
**For and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
Quayside House  
110 Quayside House  
Newcastle upon Tyne  
NE1 3DX

19 December 2018

**Statement of Financial Activities**  
*for the year ended 31 August 2018*

	<i>Note</i>	Unrestricted funds £000	Restricted general funds £000	Restricted fixed asset funds £000	Total 2018 £000	Total 2017 £000
<b>Income from:</b>						
Donations and capital grants	3	31	54	-	85	42
Other trading activities	4	103	12	-	115	111
Investment income	5	2	-	-	2	2
<i>Charitable activities:</i>						
Funding for the Academy's educational Operations	6	9	7,753	28	7,790	7,846
<b>Total income</b>		<b>145</b>	<b>7,819</b>	<b>28</b>	<b>7,992</b>	<b>8,001</b>
<b>Expenditure on:</b>						
Costs of donations administration	7	(13)	(20)	-	(33)	(27)
Fundraising trading	7	(127)	-	-	(127)	(108)
<i>Charitable activities:</i>						
Academy's educational operations	8	-	(8,107)	(672)	(8,779)	(8,702)
<b>Total expenditure</b>		<b>(140)</b>	<b>(8,127)</b>	<b>(672)</b>	<b>(8,939)</b>	<b>(8,837)</b>
<b>Net income/(expenditure) before transfers</b>		<b>5</b>	<b>(308)</b>	<b>(644)</b>	<b>(947)</b>	<b>(836)</b>
Gross transfers between funds		-	14	(14)	-	-
<b>Net income/(expenditure) for the year</b>		<b>5</b>	<b>(294)</b>	<b>(658)</b>	<b>(947)</b>	<b>(836)</b>
<b>Other recognised gains and losses</b>						
Actuarial gains on defined benefit pension schemes	25	-	739	-	739	1,694
<b>Net movement in funds</b>		<b>5</b>	<b>445</b>	<b>(658)</b>	<b>(208)</b>	<b>858</b>
<b>Reconciliation of funds</b>						
Total funds brought forward at 1 September 2017	15	227	(1,252)	5,230	4,205	3,347
<b>Total funds carried forward at 31 August 2018</b>	15	<b>232</b>	<b>(807)</b>	<b>4,572</b>	<b>3,997</b>	<b>4,205</b>

All of the Academy's activities derive from continuing operations during the above two financial years.

The Statement of Financial Activities incorporates the Income and Expenditure Account and Statement of Total Recognised Gains and Losses.

**Balance Sheet**  
*at 31 August 2018*

	<i>Note</i>	<b>2018</b> <b>£000</b>	<b>£000</b>	<b>2017</b> <b>£000</b>	<b>£000</b>
<b>Fixed assets</b>					
Tangible assets	12		4,572		5,230
<b>Current assets</b>					
Debtors	13	125		155	
Cash at bank and in hand		723		738	
		<u>848</u>		<u>893</u>	
<b>Creditors: amounts falling due within one year</b>	14	<b>(454)</b>		<b>(447)</b>	
<b>Net current assets</b>			<b>394</b>		<b>446</b>
<b>Total assets less current liabilities</b>			<b>4,966</b>		<b>5,676</b>
<b>Defined benefit pension scheme liability</b>	25		<b>(969)</b>		<b>(1,471)</b>
<b>Net assets including pension liability</b>			<b>3,997</b>		<b>4,205</b>
<i>Funds of the Academy:</i>					
<b>Restricted funds</b>					
Fixed asset fund	15	4,572		5,230	
General fund	15	162		219	
Pension reserve	15	(969)		(1,471)	
<b>Total restricted funds</b>	15		<b>3,765</b>		<b>3,978</b>
<b>Unrestricted income funds</b>					
General fund	15	232		227	
<b>Total unrestricted funds</b>			<b>232</b>		<b>227</b>
<b>Total funds</b>			<b>3,997</b>		<b>4,205</b>

These financial statements on pages 26 to 49 were approved by the Board of Governors, and authorised for issue on 17 December 2018 and are signed on their behalf by:



**Ms Sasha Ban**  
*Chair of Governors*

Company number: 07729766

**Cash Flow Statement**  
*for the year ended 31 August 2018*

	<i>Note</i>	<b>2018</b> <b>£000</b>	2017 £000
<b>Net cash (outflow)/inflow from operating activities</b>	<i>18</i>	<b>(49)</b>	40
Returns on investments and servicing of finance	<i>19</i>	2	2
Capital expenditure and financial investment	<i>20</i>	<b>32</b>	(76)
		<hr style="width: 100%;"/>	<hr style="width: 100%;"/>
<b>Decrease in cash in the year</b>		<b>(15)</b>	(34)
		<hr style="width: 100%;"/>	<hr style="width: 100%;"/>
<b>Reconciliation of net cash flows to movement in net funds</b>	<i>21</i>		
Decrease in cash in the year		<b>(15)</b>	(34)
Net funds at beginning of year		<b>738</b>	772
		<hr style="width: 100%;"/>	<hr style="width: 100%;"/>
<b>Net funds at end of year</b>		<b>723</b>	738
		<hr style="width: 100%;"/>	<hr style="width: 100%;"/>

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

#### *Basis of preparation*

These financial statements have been prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Charities SORP 2017 (SORP 2017).

#### *Going concern*

The Governors assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Academy 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 financial statements and have concluded that the academy has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

#### *Income*

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

- *Grants receivable*

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

- *Sponsorship income*

Sponsorship income provided to the Academy which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable, where there is certainty of receipt, and it is measurable.

- *Donations*

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

- *Other income*

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

- *Donated services and gifts in kind*

The value of donated services and gifts in kind provided to the Academy Trust are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the Academy Trust can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of Financial Activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the Academy Trust's policies.

## Notes (continued)

### 1 Accounting policies (continued)

#### *Expenditure*

All expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

- *Costs of generating funds*

These are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

- *Charitable activities*

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

- *Governance costs*

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

All resources expended are inclusive of irrecoverable VAT.

#### *Interest receivable and Interest payable*

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in the Statement of Financial Activities using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the Statement of Financial Activities (see foreign currency accounting policy).

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains. Interest income and interest payable are recognised in Statement of Financial Activities as they accrue, using the effective interest method.

#### *Basic financial instruments*

##### *Trade and other debtors / creditors*

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

##### *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and call deposits.



## Notes (continued)

### 1 Accounting policies (continued)

#### *Other financial instruments*

##### *Financial instruments not considered to be Basic financial instruments (Other financial instruments)*

Other financial instruments not meeting the definition of Basic Financial Instruments are recognised initially at fair value. Subsequent to initial recognition other financial instruments are measured at fair value with changes recognised in Statement of Financial Activities except investments in equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably shall be measured at cost less impairment.

#### *Tangible fixed assets and depreciation*

Assets costing £2,500 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment. Where tangible fixed assets have been acquired with the aid of specific grants, 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's depreciation policy. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

#### *Depreciation*

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

Leasehold buildings	- 12 to 25 years
Furniture, fixtures and fittings	- 5 years
Motor vehicles	- 5 years
Computer equipment and software	- 5 years

All individual assets with a cost of more than £2,500 are written down in the period they are purchased.

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

#### *Leased assets*

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

#### *Impairment excluding stocks, investment properties and deferred tax assets*

##### *Financial assets (including trade and other debtors)*

A financial asset not carried at fair value through the Statement of Financial Activities is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Academy would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in the Statement of Financial Activities. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the Statement of Financial Activities.

## Notes (continued)

### 1 Accounting policies (continued)

#### *Non-financial assets*

The carrying amounts of the Academy's non-financial assets, other than investment property, stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing is allocated to cash-generating units, or ("CGU") that are expected to benefit from the synergies of the combination. For the purpose of goodwill impairment testing, if goodwill cannot be allocated to individual CGUs or groups of CGUs on a non-arbitrary basis, the impairment of goodwill is determined using the recoverable amount of the acquired entity in its entirety, or if it has been integrated then the entire entity into which it has been integrated.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the Statement of Financial Activities. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

#### *Taxation*

The Academy 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 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.

#### *Provisions*

A provision is recognised in the balance sheet when the Academy has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

#### *Pension costs*

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

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 in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 25, the TPS is a multi-employer scheme and the Academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

## Notes (continued)

### 1 Accounting policies (continued)

#### *Pension costs (continued)*

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

#### *Fund accounting*

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

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

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

### 2 General Annual Grant (GAG)

Under the funding agreement with the Secretary of State the Academy was subject to limits at 31 August 2018 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

The Academy has not exceeded these limits during the year ended 31 August 2018.

### 3 Donations and capital grants

	Unrestricted funds £000	Restricted funds £000	Total 2018 £000
Other donations	31	54	85
	=====	=====	=====
	Unrestricted funds £000	Restricted funds £000	Total 2017 £000
Other donations	28	14	42
	=====	=====	=====

**Notes (continued)**

**4 Other trading activities**

	Unrestricted funds £000	Restricted funds £000	Total 2018 £000
Sundry income	28	-	28
Shop and commission income	24	-	24
Sports and coaching income	8	12	20
Hire of premises and facilities	43	-	43
	103	12	115
	103	12	115

	Unrestricted funds £000	Restricted funds £000	Total 2017 £000
Sundry income	12	-	12
Shop and commission income	13	-	13
Sports and coaching income	16	-	16
Hire of premises and facilities	70	-	70
	111	-	111
	111	-	111

**5 Investment income**

	Unrestricted funds £000	Restricted funds £000	Total 2018 £000
Interest on short term cash deposits	2	-	2
	2	-	2
	2	-	2

	Unrestricted funds £000	Restricted funds £000	Total 2017 £000
Interest on short term cash deposits	2	-	2
	2	-	2
	2	-	2

**Notes** (continued)

**6 Funding for the Academy's educational operations**

	Unrestricted funds £000	Restricted funds £000	Total 2018 £000
<b>DfE/YPLA/ESFA capital grants</b>			
Devolved capital grants	-	28	28
	=====	=====	=====
<b>DfE/YPLA/ESFA revenue grants</b>			
General Annual Grant (GAG) (note 2)	-	7,139	7,139
Other DfE/YPLA/ESFA grants	-	532	532
LEA and other grants	-	82	82
	-----	-----	-----
	-	7,753	7,753
	=====	=====	=====
<b>Non-government revenue</b>			
Other income – non-government revenue	9	-	9
	=====	=====	=====
	9	7,781	7,790
	=====	=====	=====
	Unrestricted funds £000	Restricted funds £000	Total 2017 £000
<b>DfE/YPLA/ESFA capital grants</b>			
Devolved capital grants	-	37	37
	=====	=====	=====
<b>DfE/YPLA/ESFA revenue grants</b>			
General Annual Grant (GAG)	-	7,346	7,346
Other DfE/YPLA/ESFA grants	-	378	378
LEA and other grants	-	79	79
	-----	-----	-----
	-	7,803	7,803
	=====	=====	=====
<b>Non-government revenue</b>			
Other income – non-government revenue	6	-	6
	=====	=====	=====
	6	7,840	7,846
	=====	=====	=====

**Notes** *(continued)*

**7 Expenditure**

	Staff costs £000	Depreciation £000	Other costs £000	Total 2018 £000
Costs of donations administration	-	-	33	33
Fundraising trading	89	-	38	127
<b>Academy's educational operations:</b>				
Direct costs (see note 8)	5,876	-	426	6,302
Allocated support costs (see note 8)	846	672	959	2,477
	6,811	672	1,456	8,939
	6,811	672	1,456	8,939

	Staff costs £000	Depreciation £000	Other costs £000	Total 2017 £000
Costs of donations administration	-	-	27	27
Fundraising trading	80	-	28	108
<b>Academy's educational operations:</b>				
Direct costs (see note 8)	5,719	-	384	6,103
Allocated support costs (see note 8)	972	669	958	2,599
	6,711	669	1,397	8,837
	6,711	669	1,397	8,837

Net income/(expenditure) for the year is stated after charging/(crediting):

	2018 £000	2017 £000
Operating lease rentals	44	51
Fees payable to auditor - audit	10	10
- other services	3	3
	57	74
	57	74

**Notes** *(continued)*

**8 Charitable activities – Academy’s educational operations**

	<b>Unrestricted funds £000</b>	<b>Restricted funds £000</b>	<b>Total 2018 £000</b>
<b>Direct costs</b>			
Teaching and educational support staff costs	-	5,876	5,876
Educational supplies	-	54	54
Examination fees	-	165	165
Staff development	-	50	50
Technology costs	-	7	7
Other direct costs	-	150	150
	-	6,302	6,302
<b>Allocated support costs</b>			
Support staff costs	-	846	846
Depreciation	-	672	672
Staff recruitment and student support	-	6	6
Maintenance of premises and equipment	-	81	81
Cleaning	-	171	171
Energy costs	-	190	190
Insurance	-	42	42
Security and transport	-	13	13
Catering	-	42	42
Technology costs	-	136	136
Premises costs	-	44	44
Other support costs	-	220	220
Governance costs	-	14	14
	-	2,477	2,477
	-	8,779	8,779

**Notes** *(continued)*

**8 Charitable activities – Academy’s educational operations** *(continued)*

	Unrestricted funds £000	Restricted funds £000	Total 2017 £000
<b>Direct costs</b>			
Teaching and educational support staff costs	-	5,719	5,719
Educational supplies	-	44	44
Examination fees	-	144	144
Staff development	-	37	37
Technology costs	-	12	12
Other direct costs	-	147	147
	<hr/>	<hr/>	<hr/>
	-	6,103	6,103
	<hr/>	<hr/>	<hr/>
<b>Allocated support costs</b>			
Support staff costs	-	972	972
Depreciation	-	669	669
Staff recruitment and student support	-	13	13
Maintenance of premises and equipment	-	127	127
Cleaning	-	178	178
Energy costs	-	192	192
Insurance	-	37	37
Security and transport	-	18	18
Catering	-	47	47
Technology costs	-	100	100
Premises costs	-	68	68
Other support costs	-	158	158
Governance costs	-	20	20
	<hr/>	<hr/>	<hr/>
	-	2,599	2,599
	<hr/>	<hr/>	<hr/>
	-	8,702	8,702
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**9 Staff costs**

Staff costs during the year were:

	<b>2018</b> <b>£000</b>	2017 £000
Wages and salaries	5,146	5,056
Social security costs	514	507
Other pension costs	1,036	1,120
	<hr/>	<hr/>
	6,696	6,683
Supply teacher costs	115	88
	<hr/>	<hr/>
	6,811	6,771
	<hr/> <hr/>	<hr/> <hr/>



**Notes (continued)**

**9 Staff costs (continued)**

The average number of employees during the year, expressed as full time equivalents, was as follows:

	2018 Number	2017 Number
Teachers	84	83
Administration and support	55	55
Management	10	8
	149	146
	149	146

Four employees earned more than £60,000 per annum (including taxable benefits but excluding employers' pension contributions) during the year ended 31 August 2018 (2017: four). The total emoluments received by these employees during the year were in the following ranges:

	2018 Number	2017 Number
£60,001 - £70,000	2	2
£70,001 - £80,000	-	-
£80,001 - £90,000	1	1
£90,001 - £100,000	-	-
£100,001 - £110,000	1	1
	4	4
	4	4

All four of the above employees earning more than £60,000 per annum participated in the Teachers' Pension Scheme. During the year ended 31 August 2018, the pension contributions for these staff amounted to £53,688 (2017: £53,592).

**Staff severance payments**

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £nil (2017: £nil). There were no non-statutory/non-contractual payments during the period (2017: none).

**Key management personnel**

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer's national insurance contributions) received by key management personnel for their services to the Academy during the year was £782,015 (2017: £643,820).

**Notes** *(continued)*

**10 Related party transactions – Governors’ remuneration and expenses**

The Head Teacher and other staff governors only receive remuneration in respect of services they provide undertaking the roles of Head Teacher and staff and not in respect of their services as governors. Other governors did not receive any payments, from the Academy Trust in respect of their role as governors. The value of staff governors’ remuneration was as follows:

S Haigh (Head Teacher):

Remuneration	£100,001 - £110,000 <i>(2017: £100,001 - £110,000)</i>
Employer’s pension contributions	£15,001 - £20,000 <i>(2017: £15,000 - £20,000)</i>

R Hogarth-Willis (Staff Governor):

Remuneration	£25,001 - £30,000 <i>(2017: £20,001 - £25,000)</i>
Employer’s pension contributions	£0 - £5,000 <i>(2017: £0 - £5,000)</i>

M Phillipson (Staff Governor):

Remuneration	£50,001 - £55,000 <i>(2017: £50,001 - £55,000)</i>
Employer’s pension contributions	£10,001 - £15,000 <i>(2017: £5,001 - £10,000)</i>

I Turnbull (Staff Governor):

Remuneration	£45,001 - £50,000 <i>(2017: £45,001 - £50,000)</i>
Employer’s pension contributions	£5,001 - £10,000 <i>(2017: £5,001 - £10,000)</i>

C Enlund (Staff Governor):

Remuneration	£45,001 - £50,000 <i>(2017: £45,001 - £50,000)</i>
Employer’s pension contributions	£5,001 - £10,000 <i>(2017: £5,001 - £10,000)</i>

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

**11 Governors’ and Officers’ insurance**

In accordance with normal commercial practice the Academy has purchased insurance to protect Governors and officers from claims arising from negligent acts, limit errors or omissions occurring whilst on Academy business.

This insurance provides unlimited cover *(2017: unlimited)* on any one claim and the cost for the year ended 31 August 2018 was £31,920 *(2017: £31,720)*. The year ended 31 August 2018 figure represents the total cost for the Risk Protection Arrangement (RPA) pooling insurance underwritten by the UK Government. Under this arrangement, the breakdown for the Governors’ and Officers’ insurance element within the policy is not available. However, the Governors consider that the RPA pooling insurance has brought considerable savings to the total annual insurance costs for the school.

**Notes (continued)**

**12 Tangible fixed assets**

	Leasehold land and buildings £000	Furniture, fixtures and fittings £000	Motor vehicles £000	Computer equipment and software £000	Total £000
<i>Cost</i>					
At 31 August 2017	8,669	90	92	525	9,376
Additions	-	-	-	14	14
Disposals	-	-	-	(20)	(20)
<b>At 31 August 2018</b>	<b>8,669</b>	<b>90</b>	<b>92</b>	<b>519</b>	<b>9,370</b>
<i>Depreciation</i>					
At 31 August 2017	3,651	72	52	371	4,146
Charge for year	610	8	9	45	672
Disposals	-	-	-	(20)	(20)
<b>At 31 August 2018</b>	<b>4,261</b>	<b>80</b>	<b>61</b>	<b>396</b>	<b>4,798</b>
<i>Net book value</i>					
<b>At 31 August 2018</b>	<b>4,408</b>	<b>10</b>	<b>31</b>	<b>123</b>	<b>4,572</b>
At 31 August 2017	5,018	18	40	154	5,230

**13 Debtors**

	2018 £000	2017 £000
Trade debtors	3	5
Other debtors	17	27
Prepayments and accrued income	49	55
VAT receivable	56	68
	<b>125</b>	<b>155</b>

**14 Creditors: amounts falling due within one year**

	2018 £000	2017 £000
Trade creditors	21	38
Accruals and deferred income	186	277
Other taxation and social security	247	132
	<b>454</b>	<b>447</b>

**Notes (continued)**

15 Funds	Balance at 1 September 2017 £000	Income £000	Expenditure £000	Gains, losses and transfers £000	Balance at 31 August 2018 £000
<b>Restricted general funds</b>					
Donations	139	54	(20)	-	173
General Annual Grant (GAG)	(49)	7,139	(7,258)	14	(154)
LEA and other grants	(24)	82	(82)	-	(24)
Other DfE/YPLA/ESFA grants	80	532	(530)	-	82
Other restricted	73	12	-	-	85
<b>Pension reserve (note 25)</b>	(1,471)	-	(237)	739	(969)
	<u>(1,252)</u>	<u>7,819</u>	<u>(8,127)</u>	<u>753</u>	<u>(807)</u>
<b>Restricted fixed asset funds</b>					
Other DfE/YPLA/ESFA capital grants	1,034	28	-	(28)	1,034
Sponsorship fixed assets	4,171	-	(672)	14	3,513
LEA and other grants	25	-	-	-	25
	<u>5,230</u>	<u>28</u>	<u>(672)</u>	<u>(14)</u>	<u>4,572</u>
<b>Total restricted funds</b>	<u>3,978</u>	<u>7,847</u>	<u>(8,799)</u>	<u>739</u>	<u>3,765</u>
<b>Unrestricted funds</b>					
Other trading activities	150	103	(127)	-	126
Investment income	12	2	-	-	14
Donations	48	31	(13)	-	66
Academy's educational operations	17	9	-	-	26
<b>Total unrestricted funds</b>	<u>227</u>	<u>145</u>	<u>(140)</u>	<u>-</u>	<u>232</u>
<b>Total funds</b>	<u>4,205</u>	<u>7,992</u>	<u>(8,939)</u>	<u>739</u>	<u>3,997</u>

**Notes (continued)**

**15 Funds (continued)**

Notes:

- (i) General Annual Grant must be used for the normal running costs of the Academy. The Academy is allowed to carry forward up to 12% of the current GAG. Of the carried forward amount, up to 2% can be used for general purposes at the discretion of the Academy, but any balance over 2% must be used for capital purposes. Under the funding agreement with the Secretary of State, the Academy was subject to a limit on the amount of GAG that it could carry forward at 31 August 2018. Note 2 discloses whether the limit was exceeded.
- (ii) Capital grants are awarded by the ESFA to fund building improvements.
- (iii) The costs and income associated with the defined benefit pension scheme have been recorded in the restricted non fixed asset fund. Staff costs are paid from this fund, including contributions to the LGPS, and the pension liability has therefore been aligned with these costs.

**16 Analysis of net assets between funds**

Fund balances at 31 August 2018 are represented by:

	Unrestricted funds £000	Restricted general funds £000	Restricted fixed asset funds £000	Total £000
<i>Fund balances at 31 August 2018</i>				
<i>are represented by:</i>				
Tangible fixed assets	-	-	4,572	4,572
Current assets	232	616	-	848
Current liabilities	-	(454)	-	(454)
Defined benefit pension scheme liability	-	(969)	-	(969)
	<u>232</u>	<u>(807)</u>	<u>4,572</u>	<u>3,997</u>

Fund balances at 31 August 2017 are represented by:

	Unrestricted funds £000	Restricted general funds £000	Restricted fixed asset funds £000	Total £000
<i>Fund balances at 31 August 2017</i>				
<i>are represented by:</i>				
Tangible fixed assets	-	-	5,230	5,230
Current assets	227	666	-	893
Current liabilities	-	(447)	-	(447)
Defined benefit pension scheme liability	-	(1,471)	-	(1,471)
	<u>227</u>	<u>(1,252)</u>	<u>5,230</u>	<u>4,205</u>

## Notes (continued)

### 17 Financial commitments

#### Operating leases

At 31 August 2018 the total of the Academy's future minimum lease payments under non-cancellable operating leases was:

	2018 £000	2017 £000
<b>Other</b>		
Amounts due within one year	14	7
Amounts due between one and five years	54	4
Amounts due after five years	-	-
	<u>68</u>	<u>11</u>

### 18 Reconciliation of net expenditure to net cash flows from operating activities

	2018 £000	2017 £000
Net expenditure	(947)	(836)
Depreciation (see note 12)	672	669
Capital grants from DfE/YPLA/ESFA and other capital income	(46)	(37)
Interest receivable (see note 5)	(2)	(2)
FRS 102 pension cost less contributions payable	202	192
FRS 102 pension finance costs/(income)	35	55
Decrease/(increase) in debtors	30	(9)
Increase in creditors	7	8
	<u>(49)</u>	<u>40</u>

### 19 Returns on investments and servicing of finance

	2018 £000	2017 £000
Interest received on short term cash deposits	2	2
	<u>2</u>	<u>2</u>

### 20 Capital expenditure and financial investment

	2018 £000	2017 £000
Purchase of tangible fixed assets	(14)	(113)
Capital grants from DfE/YPLA/ESFA and other capital income	46	37
	<u>32</u>	<u>(76)</u>

**Notes** *(continued)*

**21 Analysis of changes in net funds**

	At 1 September 2017 £000	Cash flows £000	At 31 August 2018 £000
Cash at bank and in hand	738	(15)	723
	738	(15)	723

**22 Related party transactions**

Owing to the nature of the Academy's operations and the composition of the board of Governors being drawn from local public and private sector organisations, it is inevitable that transactions will 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.

No other related party transactions took place in the period of account.

**23 Contingent liabilities**

During the period of the funding agreement, in the event of the sale or disposal by other means of any asset for which a government capital grant was received, the Academy is required either to reinvest the proceeds or to repay to the relevant Secretary of State 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:

- a) the value at the time of the Academy's site and premises and other assets held for the purpose of the Academy; and
- b) the extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the funding agreement.

**24 Members' liability**

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

**25 Pension 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 the Tyne and Wear Pension Fund. 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 2015 and of the LGPS 31 March 2017.

## Notes (continued)

### 25 Pension and similar obligations (continued)

Contributions amounting to £105,156 (2017: £103,890) were payable to the schemes at 31 August 2018 and are included within creditors.

#### 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' Pensions 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 2015 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 2015 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 2015. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge).
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191.5 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176.6 billion giving a notional past service deficit of £14.9 billion.
- 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 year the employer contribution rate was 16.48%.

The pension costs paid to TPS in the period amounted to £599,000 (2017: £603,000).

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.



## Notes (continued)

### 25 Pension and similar obligations (continued)

#### Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with the assets held in separate trustee-administered funds. The total contributions made for the year ended 31 August 2018 were £279,000 (2017: £341,000) of which employer's contributions totalled £202,000 (2017: £266,000) and employees' contributions totalled £77,000 (2017: £75,000). The agreed contribution rates for future years are 16.5% for employers and between 5.5% and 12.5% for employees.

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.

#### Principal Actuarial Assumptions:

	2018	2017
Rate of increase in salaries	3.5%	3.5%
Rate of increase for pensions in payment	2.0%	2.0%
Discount rate for scheme liabilities	2.8%	2.5%
Inflation assumption (CPI)	2.0%	2.0%

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

	2018	2017
<i>Retiring today:</i>		
Males	22.9	22.8
Females	26.4	26.3
<i>Retiring in 20 years:</i>		
Males	25.1	25.0
Females	28.7	28.6

<b>Sensitivity analysis</b>	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Discount rate +0.1%	6,235	6,170
Discount rate -0.1%	6,640	6,477
Mortality assumption – 1 year increase	6,298	6,136
Mortality assumption – 1 year decrease	6,664	6,509
CPI rate +0.1%	6,543	6,383
CPI rate -0.1%	6,420	6,262

## Notes (continued)

### 25 Pension and similar obligations (continued)

#### Local Government Pension Scheme

The Academy's share of the assets and liabilities in the scheme and the expected rates of return were:

	Fair value at 31 August 2018 £000	Fair value at 31 August 2017 £000
Equities	3,721	3,207
Government bonds	220	189
Property	469	437
Cash	121	189
Corporate bonds	617	558
Other	364	271
<b>Total market value of assets</b>	<b>5,512</b>	<b>4,851</b>
Present value of scheme liabilities		
- Funded	(6,481)	(6,322)
<b>Deficit in the scheme</b>	<b>(969)</b>	<b>(1,471)</b>

The actual return on scheme assets was £418,000 (2017: £378,000).

#### Amounts recognised in the Statement of Financial Activities:

	2018 £000	2017 £000
Current service cost	404	458
Interest on net liability	35	55
<b>Pension expense</b>	<b>439</b>	<b>513</b>

The actuarial gains and losses for the current year are recognised in the Statement of Financial Activities.

The cumulative amount of actuarial gains and losses recognised in the Statement of Financial Activities is a £263,000 gain (2017: £476,000 loss).

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

	2018 £000	2017 £000
At beginning of year	6,322	7,097
Current service cost	404	458
Interest cost	159	142
Contributions by participants	77	75
Net benefits paid out	(36)	(47)
Actuarial gains on scheme liabilities	(445)	(1,403)
<b>At end of year</b>	<b>6,481</b>	<b>6,322</b>

**Notes** *(continued)*

**25 Pension and similar obligations** *(continued)*

**Movements in the fair value of the Academy's share of scheme assets:**

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
At beginning of year	4,851	4,179
Interest income on assets	124	87
Contributions by employer	202	266
Contributions by participants	77	75
Net benefits paid out	(36)	(47)
Actuarial gains on scheme assets	294	291
	5,512	4,851
<b>At end of year</b>	<b>5,512</b>	<b>4,851</b>

On 26 October 2018, the High Court handed down a judgment involving the Lloyds Banking Group's defined benefit pension schemes. The judgment concluded the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits, "GMP". The Government will need to consider this outcome in conjunction with the Government's recent consultation on GMP indexation in public sector schemes before concluding on any changes required to LGPS schemes.