

Company Registration Number: 08167333 (England and Wales)

WOODHAM ACADEMY
(A Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2017

WOODHAM ACADEMY
(A Company Limited by Guarantee)

CONTENTS

	Page
Reference and administrative details of the academy, its members/governors and advisers	1 - 2
Governors' Report	3 - 9
Governance Statement	10 - 13
Statement on Regularity, Propriety and Compliance	14
Statement of Governors' Responsibilities	15
Independent Auditors' Report on the Financial Statements	16 - 18
Independent Reporting Accountant's Assurance Report on Regularity	19 - 20
Statement of Financial Activities incorporating Income and Expenditure Account	21
Balance Sheet	22
Statement of Cash Flows	23
Notes to the Financial Statements	24 - 43

WOODHAM ACADEMY
(A Company Limited by Guarantee)

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

Members

S Barnett
R Cherrie
J S Denham
J J French (appointed 28 November 2016)
D G Knight
A Marshall

Governors

S Barnett, Chair
D G Knight, Vice Chair¹
J A Beddard, Parent (resigned 10 October 2016)
I D N Bickerdike (appointed 8 March 2017, resigned 11 September 2017)
R Cherrie, Parent
J S Denham¹
R C Eirew (appointed 30 October 2017)
C Forsyth, Head Teacher & Accounting Officer¹
J J French¹
R M Gales, Staff Governor (appointed 14 September 2017)
R P Heaven, Staff Governor
M Iveson (resigned 20 July 2017)¹
J A Jenkins, Staff Governor (resigned 31 August 2017)
I Johnson, Parent (appointed 1 September 2017)
A Marshall¹
S M Mendelsohn, Parent
V Miller (resigned 11 November 2016)
B Winwood¹

¹ members of Finance and Resources Committee

Company registered number

08167333

Company name

Woodham Academy

Principal and registered office

Washington Crescent
Newton Aycliffe
Co Durham
DL5 4AX

Company secretary

D Coates

Senior leadership team

C Forsyth, Headteacher
A P Bell, Deputy Headteacher
D J B Morgans, Deputy Headteacher

WOODHAM ACADEMY
(A Company Limited by Guarantee)

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

Independent auditors

Clive Owen LLP
Chartered Accountants
and Statutory Auditors
140 Coniscliffe Road
Darlington
Co Durham
DL3 7RT

Bankers

Lloyds Bank plc
102 Grey Street
Newcastle upon Tyne
NE1 6AG

Solicitors

Ward Hadaway
Sandgate House
102 Quayside
Newcastle upon Tyne
NE1 3DX

WOODHAM ACADEMY
(A Company Limited by Guarantee)

GOVERNORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2017

The Governors present their annual report together with the financial statements and auditor's report of the charitable company for the period 1 September 2016 to 31 August 2017. The Annual Report serves the purposes of both a Governors' Report, and a Directors' report under company law.

The trust operates an academy for pupils aged 11 to 16 serving a catchment area in and around Newton Aycliffe. It has a pupil capacity of 1,312 and had a roll of 742 in the school census on 18 May 2017.

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 Woodham Academy are also the directors of the charitable company for the purposes of company law. The charitable company is known as Woodham Academy.

Details of the Governors who served during 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

The academy has purchased insurance to protect Governors from claims arising against negligent acts, errors or omissions occurring whilst on academy business. Further details are provided in note 11.

Method of recruitment and appointment or election of Governors

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

Policies and procedures adopted for the induction and training of Governors

The training and induction provided for new Governors depends on their existing experience. Where necessary induction and training is provided on charity, educational, legal and financial matters. All new Governors are given a tour of the academy and the chance to meet with staff and students. All Governors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Governors. As there are normally only one or two new Governors a year, induction tends to be done informally and is tailored specifically to the individual.

Organisational structure

During the year the academy continued to operate a unified management structure. The Structure consists of 4 levels: the Members, the Governors, the Senior Leadership team and the Middle Management Team. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

WOODHAM ACADEMY
(A Company Limited by Guarantee)

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

Organisational structure (Continued)

The Headteacher controls the academy at an executive level implementing the policies laid down by the Governors and reporting back to them. She is responsible for the authorisation of spending within agreed budgets and the appointment of staff up to Assistant Headship level. Some spending control is devolved to members of staff, with limits above which a member of the Senior Leadership Team must countersign.

The Senior Leadership Team includes the Headteacher, two Deputy Headteachers, five Assistant Headteachers, the Special Educational Needs Co-ordinator and the Business Manager. The middle management of the academy is centred around the Heads of Department and Heads of Learning. These managers are responsible for the day to day operation of the academy, in particular organising the teaching staff, facilities and students.

Arrangements for setting pay and remuneration of key management personnel

The pay and remuneration of all teaching staff including the Headteacher, Senior Leadership Team, teachers and support staff is determined annually by the Governors via the Pay Review Committee. The Committee is informed by the School Teachers Pay and Conditions Document (STPCD) and the local government NJC pay scales for support staff. Following guidance in the STPCD, the school was assigned to a headteacher group, the level of which informs leadership group pay ranges (and pay progression) and any temporary payments to headteachers. Support staff grades on the NJC scale were determined following a job evaluation exercise which the academy undertook in consultation with Durham County Council.

Connected organisations, including related party relationships

Woodham Academy is the legal entity for the Durham School Centred Initial Teacher Training programme (SCITT). The SCITT is a consortia of local schools which design and deliver training within a school environment. The SCITT is government funded through the National College for School Leadership.

Further details are stated in note 24 to the Financial Statements.

OBJECTIVES AND ACTIVITIES

The principal object and activity of the charitable company is the operation of Woodham Academy to provide education for students of different abilities between the ages of 11 and 16

Objects and aims

In accordance with the articles of association the charitable company has adopted a 'Scheme of Government' approved by the Secretary of State for Education. The Scheme of Government specifies, amongst other things, the basis for admitting students to the academy, the catchment area from which the students are drawn, and that the curriculum should comply with the substance of the national curriculum

The main objectives of the academy during the year ended 31 August 2017 are summarised below:

- To improve students' achievement.
- To improve behaviour and attendance.
- To improve teaching.
- To improve leadership and management

WOODHAM ACADEMY
(A Company Limited by Guarantee)

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

Objectives, strategies and activities

The academy's main objectives are encompassed in its mission statement which is Achievement for All. To this end the objectives and the strategies used to achieve them include:

- **Objective 1: To improve outcomes for students**
We will do this by:
 - Using best practice as identified in Ofsted report (English) strategically to eliminate variability within and across subjects
 - Ensuring that the pupil premium funding is used effectively to improve the achievement of disadvantaged pupils so that the attainment and progress gaps of these pupils, when compared to their classmate and other pupils nationally, close quickly

- **Objective 2: To improve teaching**
We will do this by:
 - Improving the quality of teaching, learning and assessment so that it is consistently good and enables all groups of pupils to achieve well
 - Improving the quality of teaching, learning and assessment in mathematics

- **Objective 3: To improve behaviour and welfare**
We will do this by:
 - Ensuring that all teachers, including temporary staff, have the highest expectations of pupils' behaviour and learning, and implement the behaviour policy consistently
 - Developing and drawing upon the best practice in some aspects of the school's work to ensure that pupils' pride in their work, self-discipline and confidence are more securely and consistently developed

- **Objective 4: To improve leadership and management**
We will do this by:
 - Improve the effectiveness of leadership and governance by ensuring that all leaders, including subject leaders, check the quality of teaching rigorously, focus sharply on students' learning and progress, and use good practice strategically to eliminate variability within and across subjects
 - Ensuring that Governors provide robust challenge to the headteacher and senior leaders for the progress of different groups of pupils, particularly disadvantaged pupils, and ensure that actions secure swift improvement in mathematics

The activities undertaken to achieve these objectives are all intended to provide the highest quality of education in the public sector for students between the ages of 11 and 16.

Public benefit

The academy's aims and achievements are set out within this report and have been undertaken to further its charitable purposes for the public benefit. The Governors have complied with the duty under Section 4 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission for England and Wales and the Governors have considered this guidance in deciding what activities the academy should undertake.

WOODHAM ACADEMY
(A Company Limited by Guarantee)

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

STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

Key performance indicators

Key Performance Indicator	2013/2014	2014/2015	2015/2016	2016/2017
Pupil Numbers KS3	446	455	451	476
Pupil Numbers KS4	309	296	289	266
GAG Statement Allocation	£3,908,981	£3,747,929	£3,807,990	£3,912,762
% Total Pay to GAG plus Pupil Premium Income	85.9%	79.5%	80.8%	85.9%
% Staff Costs to Total Income	80.76%	77.02%	75.5%	69.4%
Liquidity (Current Assets/Current Liabilities)	2.10	2.15	3.49	2.42
% Premises Costs to Total Costs*	6.5%	4.7%	4.7%	4.4%

* Premises Costs do not include depreciation charges

Going concern

After making appropriate enquiries, the board of Governors has a reasonable expectation that the academy trust has adequate resources to continue in operational existence for the foreseeable future. For this reason 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.

FINANCIAL REVIEW

Most of the academy's income is obtained from the Department for Education (DfE) via the Education and Skills Funding Agency (ESFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE/ESFA during the year ended 31 August 2017 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The academy also receives grants for fixed assets from the DfE/ESFA. In accordance with The Charities SORP (FRS102), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

In addition the academy receives income from catering for pupils and from Durham Secondary Centered Initial Teacher Training (SCITT) and other schools that use the academy's staff. Some income is derived from lettings.

During the year ended 31 August 2017, total expenditure of £5,622,000 was in excess of recurrent grant funding from the DfE/ESFA together with other incoming resources. The excess of expenditure over income for the year (before transfers and actuarial gains, and excluding restricted fixed asset funds) was £(82,000).

All of the expenditure shown in the Statement of Financial Activities is in furtherance of the academies objectives.

At 31 August 2017 the net book value of fixed assets was £6,241,000 and movements in tangible fixed assets are shown in note 12 to the Financial Statements. The assets were used exclusively for providing education and the associated support services to the students of the academy.

The provisions of Financial Reporting Standard (FRS) 102 have been applied in full in respect of the LGPS pensions scheme, resulting in a deficit of £1,546,000 recognised on the balance sheet.

The academy held fund balances at 31 August 2017 of £5,118,000 comprising £4,729,000 of restricted funds and £389,000 of unrestricted funds.

WOODHAM ACADEMY
(A Company Limited by Guarantee)

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

Reserves policy

The academy holds, restricted and unrestricted funds (the attached financial statements detail these funds).

Unrestricted funds are held:

- to provide funds which can be designated to specific areas such as curriculum spending
- to cover ongoing costs in relation to the running of the academy including catering provisions, school trips and uniform costs.

The level of reserves is reviewed by the Governors regularly throughout the year. The minimum level of reserves for the ongoing needs of an academy is reviewed by the Governors on an annual basis. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Governors therefore consider it prudent to hold unrestricted reserves in the general fund in the form of free reserves (total funds less the amount held in fixed assets and restricted funds) of £300,000

This is considered sufficient to cover

- a) any delay in receipt of ESFA funding
- b) replacement of servers
- c) any long-term sickness absence costs
- d) anticipated capital expenditure which depending on funding may include upgrades to facilities.

The academy's current level of free reserves are in surplus by £389,000 and therefore are considered to be above the level of reserves required for the ongoing needs of the academy. The Governors continue to consider additional activities related to the academy's objectives to which the excess reserves may be applied including:

- a) further refurbishment of sports facilities
- b) improvements to buildings infrastructure

In addition a designated fund has been established for an equal pay provision. It is intended to increase this in line with any compensation claims received.

Investment policy and performance

The academy invests surplus funds through money market accounts. Interest rates are reviewed prior to each investment. This policy maximises investment return whilst minimising risks to the principal sum.

Principal risks and uncertainties

The principal risks and uncertainties are centred on changes in the level of funding from the DfE/ESFA. In addition the academy is a member of the Local Government Pension Scheme (LGPS), which results in the recognition of a significant deficit on the academy balance sheet.

UTC South Durham opened in September 2016 and is the first University Technical College in the North East. Existing students from Woodham Academy have accepted a place from September 2017. This will impact student numbers and reduce funding in 2018-2019. Further students may choose to be educated at the UTC in future years.

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

WOODHAM ACADEMY
(A Company Limited by Guarantee)

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

Principal risks and uncertainties (Continued)

The academy has fully implemented the requirements of the Safe Recruitment procedures and all staff have received training in this area in addition to training on Child Protection.

The academy is subject to a number of risks and uncertainties in common with other academies. The academy has in place procedures to identify and mitigate financial risks.

Disabled persons

Lifts, ramps and disabled toilets are installed and door widths are adequate to enable wheelchair access to all main areas of the academy. The policy of the academy is to support recruitment and retention of students and employees with disabilities. The academy does this by adapting the physical environment by making support resources available and through training and career development.

PLANS FOR FUTURE PERIODS

- **Objective 1: To improve outcomes for students**

We will do this by:

- Implementing departmental plans to maximise achievement for all.

- **Objective 2: To improve teaching**

We will do this by:

- Planning CPD programme so that teaching is consistently good and enables all groups of students, including the disadvantaged, to achieve well.
- Strengthening systems to monitor the quality of teaching.
- Reviewing and refining allocation of Doodle strands so that all students are challenged and anomalies are ironed out.
- Strengthen cross-curricular mathematics.
- Redesign mathematics intervention to replicate successful English model.

- **Objective 3: To improve behaviour and welfare**

We will do this by:

- Maintaining focus on behaviour with consistent application of standard operating procedures and non-negotiables so that the number of behaviour points remains at a consistently low level.
- Improving attendance, especially of disadvantaged.
- Identifying students at risk of underachievement and intervening early so that no student is left behind.
- Challenging passive students so that all are stretched to their full potential.
- Developing systems to work more closely with parents to help them to support their children to achieve.
- Extending the role of Student Ambassadors and strengthening School Council.

WOODHAM ACADEMY
(A Company Limited by Guarantee)

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

- Improving guidance, especially for those at risk of becoming NEET.
- **Objective 4: To improve leadership and management**
We will do this by:
 - Refining and embedding all new systems to deliver and sustain improved outcomes for students.
 - Reviewing target setting to ensure that all students, including the disadvantaged, are challenged to achieve.
 - Strengthening curriculum by introducing 2 year Key Stage 3 and 3 year Key Stage 4.
 - Strengthening governance through training, self-evaluation and becoming part of a multi-academy trust.

Plans to join a Multi Academy Trust

Woodham Academy, Members and Governors have resolved to join a MAT with Ferryhill (Good School) and Chilton Primary (Good School). The newly formed MAT will be named The Eden Learning Trust.

Disclosure of information to auditors

Insofar as the Governors are aware:

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

The Governors' Report, incorporating a strategic report, was approved by order of the Board of Governors, as the company directors, on 27 November 2017 and signed on its behalf by:

S Barnett
Chair of Governors

WOODHAM ACADEMY
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT

Scope of Responsibility

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

The Board of Governors has delegated the day-to-day responsibility to the Headteacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Woodham Academy and the Secretary of State for Education. They are also responsible for reporting to the Board of Governors any material weaknesses or breakdowns in internal control.

Governance

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

Governor	Meetings attended	Out of a possible
S Barnett, Chair	5	5
D G Knight, Vice Chair	5	5
J A Beddard, Parent	0	0
I D N Bickerdike	2	3
R Cherrie, Parent	3	5
J S Denham	4	5
C Forsyth	5	5
J J French	3	5
J J French	0	0
R M Gales	4	5
R P Heaven	1	5
M Iveson	1	5
J A Jenkins	0	0
I Johnson, Parent	2	5
A Marshall	0	5
S M Mendelsohn, Parent	1	1
V Miller	3	5
B Winwood	0	0

R M Gales and I Johnson were appointed Members on 14 September 2017 and 1 September 2017.

WOODHAM ACADEMY
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (continued)

The Finance and Resources Committee is a sub-committee of the main Board of Governors. Its purpose is to: assume responsibility for the proper stewardship of funds and for ensuring economy, efficiency and effectiveness in their use.

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
D G Knight	4	6
J S Denham	4	6
C Forsyth	5	6
J J French	4	6
M Iveson	0	6
A Marshall	4	6
B Winwood	4	6

Review of Value for Money

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

The Accounting Officer considers how the academy'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 appropriate. The Accounting Officer for the academy has delivered improved value for money during the year by:

Better purchasing:

- **Fitness for purpose:**
The suite of desktops and keyboards was reviewed and, although due for replacement, their lease was extended by one year at a negotiated reduced cost
- The reprographics contract was reviewed with printers in the school replaced by small multi-function devices. This has reduced expenditure on toner and cartridges allowing funds to be redirected to classroom support.
- **Benchmarking:**
Benchmarking data is routinely presented to the finance committee to identify areas for making savings. The only area where our spending would appear to be high is support staff. However this is explained by the fact that we directly employ our catering and cleaning staff, areas which many schools out-source.
- **Options appraisal:**
The academy uses a range of suppliers and obtains quotes in writing before making all major purchasing decisions. A tender process was used to allocate a roof maintenance project funded through the Education Funding Agency Condition Improvement Fund and further tender exercises were used before allocation of major contracts to replace the fire alarm and refurbish the changing rooms
- **Economies of scale:**
The academy has worked collaboratively with the Durham SCITT to reduce and share administrative costs.
- Not all curriculum money is distributed according to a formula. Departments can access additional funding through a bidding process, thus aligning spending to strategic need.

WOODHAM ACADEMY
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (continued)

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 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 Woodham Academy for the year 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Board of Governors has reviewed the key risks to which the academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Governors is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy's significant risks, that has been in place for the year 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Governors.

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Governors;
- regular reviews by the Finance and 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.

The Board of Governors has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Governors have appointed Clive Owen LLP, the external auditors, to perform additional checks.

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

- testing of payroll systems
- testing of purchase systems
- testing of control account/ bank reconciliations
- testing of income
- testing of accounting systems and management information produced
- review of governor appointments/resignations and declarations of interest
- review of gifts and hospitality and honorarium/ex gratia payments
- review of information technology strategy
- review of fixed assets
- review of VAT and Corporation Tax position

On a termly basis, the external auditors report to the Board of Governors through the Finance and Resources Committee on the operation of the systems of control and on the discharge of the Board of Governors' financial responsibilities.

Woodham Academy confirms that the external auditors have delivered their schedule of work as planned. No material control issues were arising as a result of their work.

Review of Effectiveness

WOODHAM ACADEMY
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (continued)

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 auditors;
- the work of the executive managers within the academy who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the Board of Governors on 27 November 2017 and signed on their behalf, by:

S Barnett
Chair of Governors

C Forsyth
Accounting Officer

WOODHAM ACADEMY
(A Company Limited by Guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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

I confirm that I and the academy trust Board of Governors are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2016.

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 ESFA.

C Forsyth
Accounting Officer

Date: 27 November 2017

WOODHAM ACADEMY
(A Company Limited by Guarantee)

STATEMENT OF GOVERNORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2017

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the Board of Governors on 27 November 2017 and signed on its behalf by:

S Barnett
Chair of Governors

WOODHAM ACADEMY
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
WOODHAM ACADEMY**

Opinion

We have audited the financial statements of Woodham Academy for the year ended 31 August 2017 which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

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

In our opinion the financial statements:

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

Basis of opinion

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

Conclusions relating to going concern

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

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

Other information

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

WOODHAM ACADEMY
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
WOODHAM ACADEMY**

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of Governors

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

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

WOODHAM ACADEMY
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
WOODHAM ACADEMY**

Auditor's responsibilities for the audit of the financial statements

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

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

Christopher Beaumont BA (Hons) FCA DChA (Senior Statutory Auditor)

For and on behalf of

Clive Owen LLP

Chartered Accountants
and Statutory Auditors

140 Coniscliffe Road
Darlington
Co Durham
DL3 7RT
27 November 2017

WOODHAM ACADEMY
(A Company Limited by Guarantee)

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO WOODHAM ACADEMY AND THE EDUCATION AND SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 14 September 2015 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Woodham Academy during the year 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Woodham Academy and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Woodham Academy 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 Woodham Academy and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Woodham Academy's accounting officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of Woodham Academy's funding agreement with the Secretary of State for Education dated 4 September 2012, and the Academies Financial Handbook extant from 1 September 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2016 to 2017. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2016 to 2017 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

WOODHAM ACADEMY
(A Company Limited by Guarantee)

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO WOODHAM
ACADEMY AND THE EDUCATION AND SKILLS FUNDING AGENCY (continued)**

Approach (continued)

The work undertaken for us to draw our conclusion includes:

- Review of governing body and committee minutes;
- Review of termly Internal Assurance reports;
- Completion of self assessment questionnaire by Accounting Officer;
- Discussions with the Accounting Officer and finance team;
- Review documentation provided to Governors and Accounting Officer setting out responsibilities;
- Obtained formal letter of representation detailing the responsibilities of Governors;
- Review of payroll, purchases and expenses claims on a sample basis;
- Confirmation that the lines of delegation and limits set have been adhered to;
- Evaluation of internal control procedures and reporting lines;
- Review cash payments for unusual transactions;
- Review of credit card transactions;
- Review of register of interests;
- Review related party transactions;
- Review of borrowing agreements;
- Review of land and building transactions;
- Review of potential and actual bad debts; and
- Review an instance of gifts/hospitality to ensure in line with policy.

Conclusion

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

Clive Owen LLP

Reporting Accountants

140 Coniscliffe Road
Darlington
Co Durham
DL3 7RT

27 November 2017

WOODHAM ACADEMY
(A Company Limited by Guarantee)

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

	Note	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Restricted fixed asset funds 2017 £000	Total funds 2017 £000	Total funds 2016 £000
INCOME FROM:						
Donations and capital grants	2	1	-	584	585	637
Charitable activities	5	-	4,370	-	4,370	4,200
Other trading activities	3	291	-	-	291	252
Investments	4	2	-	-	2	4
TOTAL INCOME		<u>294</u>	<u>4,370</u>	<u>584</u>	<u>5,248</u>	<u>5,093</u>
EXPENDITURE ON:						
Charitable activities		225	4,521	876	5,622	5,234
TOTAL EXPENDITURE	6	<u>225</u>	<u>4,521</u>	<u>876</u>	<u>5,622</u>	<u>5,234</u>
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS						
Transfers between Funds	16	69 (169)	(151) -	(292) 169	(374) -	(141) -
NET EXPENDITURE BEFORE OTHER RECOGNISED GAINS AND LOSSES						
		(100)	(151)	(123)	(374)	(141)
Actuarial gains/(losses) on defined benefit pension schemes	22	-	686	-	686	(930)
NET MOVEMENT IN FUNDS		<u>(100)</u>	<u>535</u>	<u>(123)</u>	<u>312</u>	<u>(1,071)</u>
RECONCILIATION OF FUNDS:						
Total funds brought forward		489	(2,052)	6,369	4,806	5,877
TOTAL FUNDS CARRIED FORWARD		<u><u>389</u></u>	<u><u>(1,517)</u></u>	<u><u>6,246</u></u>	<u><u>5,118</u></u>	<u><u>4,806</u></u>

WOODHAM ACADEMY
(A Company Limited by Guarantee)
REGISTERED NUMBER: 08167333

BALANCE SHEET
AS AT 31 AUGUST 2017

	Note	£000	2017 £000	2016 £000
FIXED ASSETS				
Tangible assets	12		6,241	6,219
CURRENT ASSETS				
Stocks	13	4		4
Debtors	14	246		113
Cash at bank and in hand		471		849
		721		966
CREDITORS: amounts falling due within one year	15	(298)		(277)
NET CURRENT ASSETS			423	689
TOTAL ASSETS LESS CURRENT LIABILITIES			6,664	6,908
Defined benefit pension scheme liability	22		(1,546)	(2,102)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			5,118	4,806
FUNDS OF THE ACADEMY				
Restricted income funds:				
Restricted income funds	16	29		50
Restricted fixed asset funds	16	6,246		6,369
		6,275		6,419
Restricted income funds excluding pension liability		6,275		6,419
Pension reserve		(1,546)		(2,102)
		4,729		4,317
Total restricted income funds			4,729	4,317
Unrestricted income funds	16		389	489
TOTAL FUNDS			5,118	4,806

The financial statements on pages 21 to 43 were approved by the Governors, and authorised for issue, on 27 November 2017 and are signed on their behalf, by:

S Barnett
Chair

WOODHAM ACADEMY
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2017

	Note	2017 £000	2016 £000
Cash flows from operating activities			
Net cash provided by/(used in) operating activities	18	39	(49)
Cash flows from investing activities:			
Dividends, interest and rents from investments		2	4
Purchase of tangible fixed assets		(898)	(563)
Capital grants from DfE/ESFA		479	634
Net cash (used in)/provided by investing activities		(417)	75
Change in cash and cash equivalents in the year		(378)	26
Cash and cash equivalents brought forward		849	823
Cash and cash equivalents carried forward		471	849

WOODHAM ACADEMY
(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES

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

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

Woodham Academy constitutes a public benefit entity as defined by FRS 102.

1.2 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.

Designated funds comprise unrestricted funds that have been set aside by the Governors for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

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

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

WOODHAM ACADEMY
(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.3 INCOME

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

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

General Annual Grant is recognised in full in the Statement of Financial Activities incorporating Income and Expenditure Account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

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

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

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

1.4 EXPENDITURE

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

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

All expenditure is inclusive of irrecoverable VAT.

WOODHAM ACADEMY
(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.5 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.

The academy is progressing towards joining a MAT with Ferryhill (Good School) and Chilton Primary (Good School). MAT status was approved in July but it will probably be April before conversion takes place with the newly formed MAT being named The Eden Trust. The Governors consider the trading activities of the academy to be continuing and as such believe preparing the financial statements under the going concern basis to be reasonable.

1.6 TANGIBLE FIXED ASSETS AND DEPRECIATION

All assets costing more than £2,500 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities incorporating Income and Expenditure Account and carried forward in the Balance Sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities incorporating Income and Expenditure Account. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is not charged on freehold land. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold land	-	none provided
Freehold property	-	over 10 years
Motor vehicles	-	over 5 years
Fixtures and fittings	-	over 3 years
Computer equipment	-	over 3 years

1.7 OPERATING LEASES

Rentals under operating leases are charged to the Statement of Financial Activities incorporating Income and Expenditure Account on a straight line basis over the lease term.

WOODHAM ACADEMY
(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.8 STOCKS

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.9 INTEREST RECEIVABLE

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the academy; this is normally upon notification of the interest paid or payable by the Bank.

1.10 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.

1.11 DEBTORS

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.12 CASH AT BANK AND IN HAND

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.13 LIABILITIES AND PROVISIONS

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

WOODHAM ACADEMY
(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.14 FINANCIAL INSTRUMENTS

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 14. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in note 15. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments.

1.15 PENSIONS

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

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

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

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

WOODHAM ACADEMY
(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.16 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

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

Critical accounting estimates and assumptions:

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

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

Critical areas of judgment:

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its residual value, over the economic life of the asset. An estimate of the useful life of the assets is detailed in the tangible fixed assets and depreciation accounting policy. The value of depreciation charge during the year was £876,000.

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2017 £000	Restricted fixed asset funds 2017 £000	Total funds 2017 £000	Total funds 2016 £000
Donations	1	-	1	3
Capital Grants	-	584	584	634
	<u>1</u>	<u>584</u>	<u>585</u>	<u>637</u>
<i>Total 2016</i>	<u>3</u>	<u>634</u>	<u>637</u>	

WOODHAM ACADEMY
(A Company Limited by Guarantee)

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

3. OTHER TRADING ACTIVITIES

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Total funds 2017 £000	Total funds 2016 £000
Sundry income	30	-	30	75
Lettings	6	-	6	4
Uniform	1	-	1	1
School trips	82	-	82	39
Catering	165	-	165	129
School fund	7	-	7	4
	<u>291</u>	<u>-</u>	<u>291</u>	<u>252</u>
<i>Total 2016</i>	<u>252</u>	<u>-</u>	<u>252</u>	

4. INVESTMENT INCOME

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Total funds 2017 £000	Total funds 2016 £000
Bank interest	2	-	2	4
	<u>4</u>	<u>-</u>	<u>4</u>	
<i>Total 2016</i>	<u>4</u>	<u>-</u>	<u>4</u>	

WOODHAM ACADEMY
(A Company Limited by Guarantee)

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

5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Total funds 2017 £000	Total funds 2016 £000
DfE/ESFA grants				
General Annual Grant (GAG)	-	3,913	3,913	3,808
Pupil Premium	-	271	271	269
Other DfE/ESFA Grants	-	43	43	25
	<u>-</u>	<u>4,227</u>	<u>4,227</u>	<u>4,102</u>
Other Government Grants				
Other Government Grants	-	143	143	98
	<u>-</u>	<u>143</u>	<u>143</u>	<u>98</u>
	<u>-</u>	<u>4,370</u>	<u>4,370</u>	<u>4,200</u>
<i>Total 2016</i>	<u>-</u>	<u>4,200</u>	<u>4,200</u>	

6. RESOURCES EXPENDED

	Staff costs 2017 £000	Premises 2017 £000	Other costs 2017 £000	Total 2017 £000	Total 2016 £000
Academy's educational operations:					
Direct costs	2,883	-	435	3,318	3,089
Support costs	757	1,114	433	2,304	2,145
	<u>3,640</u>	<u>1,114</u>	<u>868</u>	<u>5,622</u>	<u>5,234</u>
<i>Total 2016</i>	<u>3,367</u>	<u>1,067</u>	<u>800</u>	<u>5,234</u>	

in 2017, of the total expenditure, £225,000 (2016 - £203,000) was to unrestricted funds and £5,397,000 (2016 - £5,031,000) was to restricted funds.

There were no individual transactions exceeding £5,000 for:

- Compensation payments
- Gifts made by the academy
- Fixed asset losses
- Stock losses
- Unrecoverable debts
- Cash losses

There were no ex-gratia payments made in the year

WOODHAM ACADEMY
(A Company Limited by Guarantee)

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

7. CHARITABLE ACTIVITIES

	2017 £000	2016 £000
DIRECT COSTS		
Wages and salaries	2,225	2,131
National insurance	229	190
Pension cost	429	356
Educational supplies	82	82
Examination fees	64	77
Staff development	45	47
Other direct costs	244	206
	3,318	3,089
SUPPORT COSTS		
Wages and salaries	599	603
National insurance	29	24
Pension costs	129	63
Depreciation	876	809
Net interest cost on pension scheme	40	39
Technology costs	115	116
Recruitment and support	11	19
Maintenance of premises and equipment	87	83
Cleaning	20	16
Rates	35	34
Energy	85	84
Insurance	22	28
Security	5	9
Transport	1	1
Catering	115	100
Occupancy costs	14	15
Other support costs	99	82
Governance costs	22	20
	2,304	2,145
	5,622	5,234

8. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2017 £000	2016 £000
Depreciation of tangible fixed assets:		
- owned by the charity	876	809
Operating lease rentals	9	56
Auditors' other non audit services	3	3
Auditors' remuneration	10	9
	908	887

WOODHAM ACADEMY
(A Company Limited by Guarantee)

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

9. STAFF COSTS

Staff costs were as follows:

	2017 £000	2016 £000
Wages and salaries	2,774	2,662
Social security costs	258	214
Operating costs of defined benefit pension schemes	558	419
	<hr/>	<hr/>
	3,590	3,295
Staff restructuring costs	8	-
Supply teacher costs	2	-
Supply staff costs	40	72
	<hr/>	<hr/>
	3,640	3,367
	<hr/> <hr/>	<hr/> <hr/>

Included within operating costs of defined benefit pension schemes is a debit of £90,000 (2016: £30,000 credit) relating to the pension deficit actuarial adjustment and a debit of £34,000 relating to a deficit payment for 2014/15.

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

	2017 No.	2016 No.
Teachers	45	46
Administration and support	63	60
Management	9	7
	<hr/>	<hr/>
	117	113
	<hr/> <hr/>	<hr/> <hr/>

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

	2017 No.	2016 No.
In the band £80,001 - £90,000	1	1

The above employee participated in the Teachers' Pension Scheme.

The key management personnel of the academy trust comprise the senior leadership team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £223,000 (2016: £238,000).

WOODHAM ACADEMY
(A Company Limited by Guarantee)

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

10. GOVERNORS' REMUNERATION AND EXPENSES

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

		2017 £000	2016 £000
C Forsyth (Headteacher and Accounting Officer)	Remuneration	80-85	85-90
	Pension contributions paid	5-10	10-15
R P Heaven (Staff Governor)	Remuneration	25-30	25-30
	Pension contributions paid	0-5	0-5
J A Jenkins (Staff Governor)	Remuneration	40-45	45-50
	Pension contributions paid	0-5	5-10

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

During the year ended 31 August 2017, no Governors received any reimbursement of expenses (2016 - £NIL to Governors).

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, errors or omissions occurring whilst on academy business. The insurance provides cover up to £1,000,000 on any one claim and the cost for the year ended 31 August 2017 was £128 (2016 - £617).

12. TANGIBLE FIXED ASSETS

	Freehold property £000	Motor vehicles £000	Fixtures and fittings £000	Computer equipment £000	Total £000
COST					
At 1 September 2016	9,071	28	65	23	9,187
Additions	870	-	14	14	898
At 31 August 2017	<u>9,941</u>	<u>28</u>	<u>79</u>	<u>37</u>	<u>10,085</u>
DEPRECIATION					
At 1 September 2016	2,912	3	30	23	2,968
Charge for the year	843	4	25	4	876
At 31 August 2017	<u>3,755</u>	<u>7</u>	<u>55</u>	<u>27</u>	<u>3,844</u>
NET BOOK VALUE					
At 31 August 2017	<u><u>6,186</u></u>	<u><u>21</u></u>	<u><u>24</u></u>	<u><u>10</u></u>	<u><u>6,241</u></u>
At 31 August 2016	<u><u>6,159</u></u>	<u><u>25</u></u>	<u><u>35</u></u>	<u><u>-</u></u>	<u><u>6,219</u></u>

WOODHAM ACADEMY
(A Company Limited by Guarantee)

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

12. TANGIBLE FIXED ASSETS (continued)

Included in freehold property is freehold land at valuation of £900,000 (2016: 900,000) which is not depreciated

13. STOCKS

	2017 £000	2016 £000
Finished goods and goods for resale	4	4
	<u>4</u>	<u>4</u>

14. DEBTORS

	2017 £000	2016 £000
Trade debtors	1	-
VAT recoverable	35	26
Other debtors	9	-
Prepayments and accrued income	201	87
	<u>246</u>	<u>113</u>
	<u>246</u>	<u>113</u>

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £000	2016 £000
Trade creditors	18	57
Other taxation and social security	67	64
Other creditors	65	50
Accruals and deferred income	148	106
	<u>298</u>	<u>277</u>
	<u>298</u>	<u>277</u>

	2017 £000	2016 £000
DEFERRED INCOME		
Deferred income at 1 September 2016	57	51
Resources deferred during the year	55	57
Amounts released from previous years	(57)	(51)
	<u>55</u>	<u>57</u>
Deferred income at 31 August 2017	<u>55</u>	<u>57</u>

At the balance sheet date the academy was holding deferred income relating to capital funding and other government grant funding that straddles the academic year end and funds received in advance for trips and parent pay catering income paid in advance.

WOODHAM ACADEMY
(A Company Limited by Guarantee)

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

16. STATEMENT OF FUNDS

	Balance at 1 September 2016 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2017 £000
DESIGNATED FUNDS						
Equal Pay Settlement	2	-	-	-	-	2
GENERAL FUNDS						
Unrestricted general funds	487	294	(225)	(169)	-	387
Total Unrestricted funds	489	294	(225)	(169)	-	389
RESTRICTED FUNDS						
General Annual Grant (GAG)	50	3,913	(3,934)	-	-	29
Pupil Premium	-	271	(271)	-	-	-
Other DfE/ESFA Grants	-	42	(42)	-	-	-
Other Government Grants	-	144	(144)	-	-	-
Pension reserve	(2,102)	-	(130)	-	686	(1,546)
	(2,052)	4,370	(4,521)	-	686	(1,517)
RESTRICTED FIXED ASSET FUNDS						
Legacy assets	5,069	-	(695)	-	-	4,374
Devolved Formula Capital	49	17	(10)	-	-	56
Academies Capital Maintenance Fund	188	-	(28)	-	-	160
General Annual Grant (GAG)	131	-	(27)	169	-	273
Condition Improvement Fund	932	567	(116)	-	-	1,383
	6,369	584	(876)	169	-	6,246
Total restricted funds	4,317	4,954	(5,397)	169	686	4,729
Total of funds	4,806	5,248	(5,622)	-	686	5,118

WOODHAM ACADEMY
(A Company Limited by Guarantee)

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

16. STATEMENT OF FUNDS (continued)

STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 1 September 2015 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2016 £000
DESIGNATED FUNDS						
Equal Pay Settlement	2	-	-	-	-	2
	<u>2</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2</u>
GENERAL FUNDS						
Unrestricted general funds	431	259	(203)	-	-	487
	<u>431</u>	<u>259</u>	<u>(203)</u>	<u>-</u>	<u>-</u>	<u>487</u>
Total Unrestricted funds	<u>433</u>	<u>259</u>	<u>(203)</u>	<u>-</u>	<u>-</u>	<u>489</u>
RESTRICTED FUNDS						
General Annual Grant (GAG)	10	3,808	(3,762)	(6)	-	50
Pupil Premium	-	269	(269)	-	-	-
Other DfE/ESFA Grants	-	25	(25)	-	-	-
Other Government Grants	-	98	(98)	-	-	-
Pension reserve	(1,104)	-	(68)	-	(930)	(2,102)
	<u>(1,094)</u>	<u>4,200</u>	<u>(4,222)</u>	<u>(6)</u>	<u>(930)</u>	<u>(2,052)</u>
RESTRICTED FIXED ASSET FUNDS						
Legacy assets	5,764	-	(695)	-	-	5,069
Devolved Formula Capital	36	17	(4)	-	-	49
Academies Capital Maintenance Fund	216	-	(28)	-	-	188
General Annual Grant (GAG)	160	-	(20)	(9)	-	131
Condition Improvement Fund	362	617	(62)	15	-	932
	<u>6,538</u>	<u>634</u>	<u>(809)</u>	<u>6</u>	<u>-</u>	<u>6,369</u>
Total restricted funds	<u>5,444</u>	<u>4,834</u>	<u>(5,031)</u>	<u>-</u>	<u>(930)</u>	<u>4,317</u>
Total of funds	<u><u>5,877</u></u>	<u><u>5,093</u></u>	<u><u>(5,234)</u></u>	<u><u>-</u></u>	<u><u>(930)</u></u>	<u><u>4,806</u></u>

WOODHAM ACADEMY
(A Company Limited by Guarantee)

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

16. STATEMENT OF FUNDS (continued)

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

General Annual Grant (GAG) must be used for the normal running costs of the academy including salaries and related costs, overheads, repairs and maintenance and insurance.

Transfers from GAG have been made to fund the purchase of capital assets. Transfers from unrestricted funds have been used from unrestricted legacy donation to fund a shortfall on the Condition Improvement fund project due to timing of the receipt of funds.

Pupil Premium is additional funding to be spent as the school sees fit to support deprived students.

Other DfE/ESFA funding relates to rates relief to be used against rates costs and Year 7 catch up grants to be spent on additional support for year 7 students not achieving the expected standards.

Other Government Grants are received from Durham County Council to cover SEN.

The pension reserve is the liability due to the deficit on the Local Government Pension Scheme. Further details are shown in note 22.

The restricted fixed asset funds represent monies received to purchase fixed assets. Depreciation is charged against each fund over the useful life of the associated assets.

Unrestricted funds include the income from school trips and catering, as well as other sundry income, with relevant costs allocated accordingly.

The designated fund has been set up to cover equal pay settlements.

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

17. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Restricted fixed asset funds 2017 £000	Total funds 2017 £000
Tangible fixed assets	-	-	6,241	6,241
Current assets	423	293	5	721
Creditors due within one year	(34)	(264)	-	(298)
Provisions for liabilities and charges	-	(1,546)	-	(1,546)
	<u>389</u>	<u>(1,517)</u>	<u>6,246</u>	<u>5,118</u>

WOODHAM ACADEMY
(A Company Limited by Guarantee)

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

17. ANALYSIS OF NET ASSETS BETWEEN FUNDS (continued)

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds	Restricted funds	Restricted fixed asset funds	Total funds
	2016 £000	2016 £000	2016 £000	2016 £000
Tangible fixed assets	-	-	6,219	6,219
Current assets	489	327	150	966
Creditors due within one year	-	(277)	-	(277)
Provisions for liabilities and charges	-	(2,102)	-	(2,102)
	<u>489</u>	<u>(2,052)</u>	<u>6,369</u>	<u>4,806</u>

18. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2017 £000	2016 £000
Net expenditure for the year (as per Statement of Financial Activities)	(374)	(141)
Adjustment for:		
Depreciation charges	876	809
Dividends, interest and rents from investments	(2)	(4)
(Increase)/decrease in debtors	(133)	26
Increase/(decrease) in creditors	21	(173)
Capital grants from DfE and other capital income	(479)	(634)
Defined benefit pension scheme	90	39
Defined benefit pension scheme finance cost	40	29
Net cash provided by/(used in) operating activities	<u>39</u>	<u>(49)</u>

19. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2017 £000	2016 £000
Cash in hand	471	849
Total	<u>471</u>	<u>849</u>

WOODHAM ACADEMY
(A Company Limited by Guarantee)

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

20. OTHER FINANCE INCOME

	2017	2016
	£000	£000
Interest income on pension scheme assets	32	47
Interest on pension scheme liabilities	(72)	(86)
	(40)	(39)
	(40)	(39)

21. CAPITAL COMMITMENTS

At 31 August 2017 the academy had capital commitments as follows:

	2017	2016
	£000	£000
Contracted for but not provided in these financial statements	-	177
	-	177
	-	177

22. PENSION COMMITMENTS

The academy's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Durham County Council. Both are Multi-Employer Defined Benefit Pension Schemes.

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

Contributions amounting to £55,000 were payable to the schemes at 31 August 2017 (2016 - £51,000) 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' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

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

Valuation of the Teachers' Pension Scheme

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

WOODHAM ACADEMY
(A Company Limited by Guarantee)

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

22. PENSION COMMITMENTS (continued)

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

During the previous year the employer contribution rate was 16.48%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £304,000 (2016 - £293,000).

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £168,000 (2016 - £133,000), of which employer's contributions totalled £131,000 (2016 - £97,000) and employees' contributions totalled £37,000 (2016 - £36,000). The agreed contribution rates for future years are 18.0% for employers and 5.5% - 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:

	2017	2016
Discount rate for scheme liabilities	2.50 %	2.00 %
Rate of increase in salaries	3.50 %	3.40 %
Rate of increase for pensions in payment / inflation	2.00 %	1.90 %
Inflation assumption (CPI)	2.00 %	1.90 %
Commutation of pensions to lump sums	80.00 %	80.00 %

WOODHAM ACADEMY
(A Company Limited by Guarantee)

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

22. PENSION COMMITMENTS (continued)

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

	2017	2016
Retiring today		
Males	23.2	22.7
Females	24.9	25.2
Retiring in 20 years		
Males	25.4	24.9
Females	27.2	27.5

	At 31 August 2017 £000	At 31 August 2016 £000
Sensitivity analysis		
Discount rate +0.1%	3,159	3,526
Discount rate -0.1%	3,309	3,698
Mortality assumption - 1 year increase	3,136	3,497
Mortality assumption - 1 year decrease	3,331	3,726
CPI rate +0.1%	3,279	3,658
CPI rate -0.1%	3,187	3,565

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

	Fair value at 31 August 2017 £000	Fair value at 31 August 2016 £000
Equities	828	643
Property	121	118
Government bonds	520	477
Corporate bonds	145	125
Cash and other liquid assets	73	109
Total market value of assets	<u>1,687</u>	<u>1,472</u>

The actual return on scheme assets was £22,000 (2016 - £212,000).

The amounts recognised in the Statement of Financial Activities incorporating Income and Expenditure Account are as follows:

	2017 £000	2016 £000
Current service cost	(221)	(126)
Interest income	32	47
Interest cost	(72)	(86)
Total	<u>(261)</u>	<u>(165)</u>

WOODHAM ACADEMY
(A Company Limited by Guarantee)

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

22. PENSION COMMITMENTS (continued)

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

	2017 £000	2016 £000
Opening defined benefit obligation	3,611	2,256
Current service cost	221	126
Interest cost	72	86
Employee contributions	37	36
Actuarial (gains)/losses	(696)	1,132
Benefits paid	(12)	(25)
	3,233	3,611
	3,233	3,611

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

	2017 £000	2016 £000
Opening fair value of scheme assets	1,509	1,152
Expected return on assets	32	47
Actuarial gains/(losses)	(10)	202
Employer contributions	131	97
Employee contributions	37	36
Benefits paid	(12)	(25)
	1,687	1,509
	1,687	1,509

23. OPERATING LEASE COMMITMENTS

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

	2017 £000	2016 £000
AMOUNTS PAYABLE:		
Expiring within one year	34	5
Expiring within one and five years inclusive	48	6
	82	11
	82	11

24. 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, transactions may take place with organisations in which the academy has 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 related party transactions took place in the period of account, other than certain Governors' remuneration and expenses already disclosed in note 10.