

**Company Registration Number: 08803916 (England and Wales)**

**ROSE WOOD ACADEMY**  
**(A Company Limited by Guarantee)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 AUGUST 2017**

**ROSE WOOD ACADEMY**  
**(A Company Limited by Guarantee)**

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**ROSE WOOD ACADEMY**  
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**REFERENCE AND ADMINISTRATIVE DETAILS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

<b>Members</b>	C Barnett P Cowley A Mackle H Pickard
<b>Trustees</b>	H Pickard, (Chairperson) <sup>1</sup> C Barnett, (Vice Chairperson) <sup>1</sup> K Wardrop, (Vice Chairperson) (resigned 23 September 2016) A Binns, (Staff Trustee) L A Carney P Cowley, (Principal and Accounting Officer) <sup>1</sup> R Lacy <sup>1</sup> H Malbon, (Discovery Alliance Representative) R Maughan <sup>1</sup> M Mazfari J Patterson (appointed 2 April 2017) S Slater (appointed 25 November 2016) S Weston (resigned 20 March 2017)
	<sup>1</sup> Members of finance and resources committee
<b>Senior management team</b>	P Cowley, Principal L Carney, Deputy Principal K Morris, Director of Finance and Admin H Alali, EY Leader E Bould, KS1 Leader S Tierney, KS2 Leader E Shields, KS2 / SEN Leader
<b>Company registered number</b>	08803916
<b>Company name</b>	Rose Wood Academy
<b>Principal and registered office</b>	The Garth Coulby Farm Way Coulby Newham Middlesbrough TS8 0UG
<b>Independent auditors</b>	Clive Owen LLP Chartered Accountants and Statutory Auditors 140 Coniscliffe Road Darlington Co Durham DL3 7RT
<b>Bankers</b>	Lloyds Bank plc St James House 137 Albert Road Middlesbrough TS1 2PD

**ROSE WOOD ACADEMY**  
**(A Company Limited by Guarantee)**

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

**Advisers (continued)**

<b>Solicitors</b>	Muckle LLP Time Central 32 Gallowgate Newcastle upon Tyne NE1 4BF
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**ROSE WOOD ACADEMY**  
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**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

The Trustees present their annual report together with the financial statements and auditor's report of Rose Wood Academy for the period 1 September 2016 to 31 August 2017. The annual report serves the purpose of both a Trustees Report and a Directors' Report under company law.

The Trust operates a primary academy for pupils aged 3 to 11, serving a large housing development in Coulby Newham, South West Middlesbrough. Rose Wood has a capacity of 350 pupils with a 78 place nursery, and had 394 pupils on roll at the end of the summer 2017 term.

## **STRUCTURE, GOVERNANCE AND MANAGEMENT**

### **Constitution**

The academy is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are its primary governing documents of the academy. The Trustees are also the directors of the charitable company for the purposes of company law. The charitable company is known as Rose Wood Academy.

Details of the Trustees who served during the 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.

### **Trustees' indemnities**

The academy has purchased 'Governors Liability' insurance to protect Trustees from claims arising from negligence, errors or omissions occurring whilst on academy business. Further details are provided in Note 10.

### **Method of recruitment and appointment or election of Trustees**

The number of Trustees (to be known as governors) shall be not less than 3 but not subject to any maximum. The term of office for any Trustee shall be four years. That of the first Trustees of the academy trust shall be four years from the date of conversion. Future Trustees shall be appointed or elected under the articles of association. Subject to remaining eligible to be a particular type of Trustee (governor) any Trustee may be re-appointed or re-elected.

The academy's members may appoint Community Trustees and Staff Trustees. The academy's Principal (known as Head Teacher) acts as an Ex-officio Trustee in accordance with the requirements of the ESFA without the need for appointment or election. The Trustees (governors) may appoint Co-opted Trustees. Parent Trustees shall be elected by parents of registered pupils of the academy in accordance with article 57, and a parent governor must be a parent of a registered pupil at the academy at the time they are elected. All parents are entitled to stand as candidates for election where a vacancy for a Parent Trustee is required to be filled.

### **Policies and procedures adopted for the induction and training of Trustees**

All Trustees have access to formal and informal training throughout their term of office. New Trustees are provided with a comprehensive induction pack upon appointment or election, and depending on their existing skills and experience, are offered appropriate training and induction together with copies of relevant documentation including but not limited to previous minutes, reports, policies, procedures, budgets and accounts. All Trustees are welcome to visit the academy at any time, talk to staff, observe the school day and inspect records and documents.

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

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

**Organisational structure**

The academy operates a two-tier management structure: the Board of Trustees and the Senior Leadership Team.

The Trustees are responsible for the running of the academy through the setting of policies and budgets, and making decisions about significant revenue expenditure, capital expenditure, senior appointments and the future direction of the school.

The Senior Leadership Team during the period consisted of the Head Teacher, the Deputy Head Teacher and four senior Teachers who act as Team Leaders in their areas. The SLT controls the academy's operation at an executive level and implements the policies and procedures set by the Trustees. The power to spend is devolved to the Teacher and the Business Manager in accordance with the levels of authorisation set out in the Finance Handbook. Spending above agreed limits is referred to the Board of Trustees.

**Arrangements for setting pay and remuneration of key management personnel**

The full Board of Trustees may review the Headteacher's Pay Range at any time, however it will not exceed the maximum of the range for the Group. The pay range group for the school is L18 to L25 on the leadership payscale.

The appointed Trustees, together with the appointed External Adviser will be responsible for setting and reviewing the Headteacher's performance objectives annually. If objectives have been achieved, can be evidenced and show there has been sustained high quality performance a decision for pay progression may be made. This decision will be sent to the Board of Trustees for information. Where an award is made, it will be paid with effect from 1 September.

Under normal circumstances, a successful review will result in the award of 1 progression point (within the 7 point range). The discretion to award a 2nd progression point (within the 7 point range) will only be exercised in exceptional circumstances and to reflect performance significantly beyond what would normally be expected of the post holder.

The Deputy Head Teachers is a 5 point scale from L9 to L13. The Headteacher will be responsible for setting and reviewing the DHT's and/or AHT's performance objectives annually. If objectives have been achieved, evidenced and there has been sustained high quality performance a recommendation for pay progression may be made. Where an award is made, it will be paid with effect from 1 September.

Under normal circumstances, a successful review will result in the award of 1 progression point (within the 5 point range).

The Pay/Finance and Resources Committee will review the DHT's salary range when a new appointment is to be made and periodically, under other circumstances, to reflect changes in the school's situation.

**Related Parties and other Connected Charities and Organisations**

Rose Wood Academy is part of the Discovery Alliance, an Umbrella Trust established by five neighbouring primary academies and one secondary academy. The Discovery Alliance Umbrella Trust is a company registered in England and Wales. The Discovery Alliance was created to facilitate a closer working relationship between the six schools in order to raise standards, improve the educational experience, promote consistency and improve transition. The Head Teachers of the six schools together with special advisors form the Raising Achievement Panel (RAP) which meets regularly to further the objectives of the Alliance through collaborative working and sharing best practice. Unlike a Multi Academy Trust, the Umbrella Trust and the six schools therein

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

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

**Related Parties and other Connected Charities and Organisations (continued)**

remain autonomous to ensure the best educational outcomes for each, whilst still being able to promote efficiency and effectiveness through a collaborative approach.

Rose Wood Academy works in partnership with The Bungalow Project, an organisation which supports children and their families when in crisis.

The school also has links with the Middlesbrough Schools Teaching Alliance, through which professional development and networking opportunities are accessed.

**OBJECTIVES AND ACTIVITIES**

**Objects and aims**

The objectives of the academy trust are:

- To advance education for the public benefit by managing a school offering a broad and balanced curriculum, and
- To promote the provision of facilities for sport, recreation and leisure to the inhabitants of Middlesbrough and the surrounding areas in the interests of social welfare.

These are to be achieved through the following aims:

- To enable all children to achieve their full potential, by providing high quality teaching, matched to the needs of the individual;
- To provide a safe, stimulating and caring learning environment which enriches children's learning and motivates them to become active, successful and independent learners;
- To develop a sense of wellbeing, confidence and responsibility so that children can become well rounded members of society;
- To develop a feeling of respect for themselves and others.

**Objectives, strategies and activities**

The main objectives for the period September 2016 to August 2017 are given in detail in the 2016 – 2017 School Improvement Plan. A summary of the main objectives, all aimed at improving teaching and learning across the school, includes:

Priority 1: English – Raise the attainment of reading across the school

Priority 2: English – Raise the attainment in writing and GPS across the school

Priority 3: Maths – Raise the attainment in maths across the school

Priority 4: Leadership and management/ Staff development

Priority 5: To raise the attainment of disadvantaged and more able pupil groups

**ROSE WOOD ACADEMY**  
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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**OBJECTIVES AND ACTIVITIES (continued)**

**Public benefit**

The charitable company's aims, activities and achievements as set out in this report are and have been undertaken in the furtherance of the charitable objects for public benefit. The Trustees have complied with their duty (under section 4 of the Charities Act 2011) to have due regard to the guidance on public benefit published by the Charities Commission and have observed the guidance in deciding which activities the charitable company should undertake.

**STRATEGIC REPORT**

**ACHIEVEMENTS AND PERFORMANCE**

The school's performance in relation to the objectives stated in the previous section was as follows:

- Attainment in reading has improved across the school. KS1 outcomes for reading are 87% at or above age related compared to 79% nationally and KS2 outcomes for reading are 91% at or above age related compared to 71% nationally which shows a strong improvement compared to the previous year and significantly above national.
- Attainment in writing and GPS improved across the whole school. KS1 outcomes for writing are 80% at or above age related compared to 68% nationally and KS2 outcomes for reading are 85% at or above age related compared to 76% nationally which shows a strong improvement. GPS outcomes have risen 57% to 96% and are significantly above the national of 77%.
- Attainment in maths has improved across the school. KS1 outcomes for maths are 87% at or above age related compared to 75% nationally and KS2 outcomes for maths are 91% at or above age related compared to 75% nationally which shows a strong improvement compared to the previous year and significantly above national.
- Leadership and management alongside staff development has been a key focus of the year. There has been a significant amount of CPD throughout the year that has improved the quality of teaching and learning and developed all the staff to become better leaders of teaching and learning.
- The outcomes of disadvantaged pupils have improved in every key stage across every subject except KS2 writing where there has been a slight dip, but it has still remained strong.

**Key performance indicators**

- The school had an Ofsted inspection during the reporting period which judged the school as requires improvement. However, a monitoring visit during the summer term acknowledged significant improvements and that the school was taking the appropriate actions to become good or outstanding.
- Attendance remained strong for the year at 96%.
- Pupil performance showed a considerable improvement over previous years in early years, year 1 phonics screening and in KS1 attainment with improved attainment and progress and significant improvements in all areas in KS2 with above average progress in all three key subject areas.
- A parental survey showed high levels of satisfaction from parents.
- Actual expenditure was in line with budget. There was additional spending beyond the budget to improve the school but this was planned spending from the schools reserves.

**Going concern**

After making appropriate enquiries, the Board of Trustees 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.



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

## **FINANCIAL REVIEW**

### **Principal Funding**

The majority of the academy's income comes from the Department for Education via the Education and Skills Funding Agency (ESFA). Grant funding is paid to the academy on a monthly basis, in accordance with the General Annual Grant (GAG) set out by the ESFA for the academy. The GAG is based on amounts per pupil and adjusted for the particular needs and composition of the academy. The ESFA also administers Pupil Premium payments, which are targeted at the provision of additional resources for children eligible for free school meals. The grant funding and associated expenditure during the period 1st September 2016 to 31st August 2017 are set out in the Statement of Financial Activities.

Total academy expenditure including depreciation and LGPS adjustments during the same period amounted to £1,573,000 whilst total recurrent grant funding and other income was £1,713,000. £140,000 was the surplus attributable to the period 1st September 2016 to 31st August 2017.

All of the expenditure recorded in the Statement of Financial Activities was in furtherance of the academy's objectives as set out above.

Prudence has been observed throughout the period to ensure reserves of funds are maintained in line with the academy's reserves policy.

Tangible fixed assets comprise land and buildings, furniture, fixtures and fittings and classroom equipment. The net book value of these fixed assets as at the 31st August was £3,291,000. The assets were used exclusively for the provision of education and associated support services to the pupils 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 £382,000 recognised on the balance sheet.

The academy held fund balances at 31 August 2017 of £3,010,000 comprising £3,300,000 of restricted funds, £(382,000) of restricted pension fund and £92,000 of unrestricted funds.

### **Reserves policy**

The academy's Board of Trustees have considered the appropriate level of reserves in the third year as an academy. Reserves are intended to provide sufficient working capital to ensure that all short-term financial commitments can be met in the case of delayed funding, and to provide a contingency for emergency expenditure. Reserves equivalent to at least one month's payroll costs have been deemed more than appropriate and so it is considered that the risk of not receiving appropriate funding is very low. It has therefore been considered that when needed the reserves can fall as low as £50,000 to allow the school to fund specific school improvement work approved by the Trustees.

The academy's current level of free reserves are in surplus by £92,000 at 31 August 2017 and therefore are considered to be above the level of reserves required for the ongoing needs of the academy. The Trustees continue to consider additional activities related to the academy's objectives to which the excess reserves may be applied including:

- a) Ongoing maintenance and capital expenditure.
- b) Uncertainty over future funding levels.

### **Investment policy**

Under the memorandum and articles of association the academy's trust board has the power to deposit or invest any funds of the academy trust not immediately required for the furtherance of its Objects (but to invest only after obtaining such advice from a financial expert). During the year no investments were made. The academy's trust board chose to monitor expenditure against income to assess the levels of available funds for investment before seeking advice on appropriate investment opportunities.

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

**Principal risks and uncertainties**

The Board of Trustees 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 Board of Trustees is advised in this role by the Finance and Resources Committee and both are advised and informed by the Senior Leadership Team and the School Business Manager.

The academy's Board of Trustees has approved a Risk Register outlining all foreseeable strategic, operational, financial and compliance risks, together with appropriate control measures. The Risk Register is subject to a termly review programme by the trust board.

Presently, the key area of risk is around the impact on grant funding of a reduction in pupil numbers given the availability of school places at neighbouring schools, however we have seen a steadily increasing roll in recent years.

**PLANS FOR FUTURE PERIODS**

- The forthcoming financial year will see the school continuing to improve the quality of teaching and learning to maintain and improve on the high standards achieved. There will be a specific focus on the attainment at greater depth.
- The school will be continuing the process of refurbishment of teaching areas on an annual basis focussing on lower KS2 and finishing the work started in Early Years outdoors.
- The academy will continue to pursue funding to develop spaces for sports and art.
- The academy will continue to operate effective administrative and financial systems.

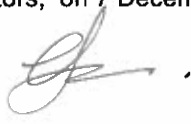
**Disclosure of information to auditors**

Insofar as the Trustees are aware:

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

The Trustees' Report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 7 December 2017 and signed on its behalf by:

**H Pickard**  
**Chair of Trustees**



**ROSE WOOD ACADEMY**  
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**GOVERNANCE STATEMENT**

**Scope of Responsibility**

As Trustees, we acknowledge we have overall responsibility for ensuring that Rose Wood 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 Trustees has delegated the day-to-day responsibility to the Mr Paul Cowley, 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 Rose Wood Academy and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

**Governance**

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities.

The Board of Trustees has formally met 3 times (8 December 2016, 16 March and 29 July 2017 during the 2016/17 academic year).

Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
H Pickard, (Chairperson)	3	3
C Barnett, (Vice Chairperson)	2	3
A Binns, (Staff Trustee)	2	3
L A Carney	3	3
P Cowley, (Principal and Accounting Officer)	3	3
R Lacy	3	3
H Malbon, (Discovery Alliance Representative)	3	3
R Maughan	3	3
M Mazfari	3	3
J Patterson	1	1
S Slater	2	3
S Weston	0	2

**Changes in composition of the board**

- Mrs K Wadrop, Parent Governor, resigned with effect from 24 September 2016
- Mrs J Patterson, appointed as a Community Governor with effect from 2 April 2017
- Mrs S Weston, Community Governor, resigned with effect from 20 March 2017

There have been two formal reviews of governance during the academic year. There was a Section 5 Ofsted inspection in November 2016 which included a review on leadership and management. The review was generally favourable of senior leadership and governance although the overall judgment of Leadership and Management was one of requires improvement due to aspects of the leadership of learning in the classroom. Following on from this in June 2017 the school received a Section 8 monitoring visit. This review judged that the leaders and governors of the school are taking effective action to improve the school and the impact has been significant.

**ROSE WOOD ACADEMY**  
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**GOVERNANCE STATEMENT (continued)**

**Finance and Resources Committee meetings**

The Finance and Resources Committee met on three occasions (18 November 2016, 26 January and 15 June 2017) during the period of the 2016/17 academic year. The main purpose of the Finance and Resources Committee is review of the financial information and monitoring against budget and consideration of future financial forecasts.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
H Pickard, (Chairperson)	3	3
C Barnett, (Vice Chairperson)	2	2
P Cowley, (Principal and Accounting Officer)	3	3
R Maughan	2	3
K Morris	3	3
R Lacy	2	3

Changes in composition of the board

- Mrs K Morris, School Business Manager attended meetings in an advisory capacity
- Mr Lacy joined the committee with effect from 8 December 2016

**Review of Value for Money**

As Accounting Officer, Mr Paul Cowley 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 Trustees 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:

Throughout the year the school has looked at its staffing and resources to ensure that it gets best value for money. The staffing structure has been changed so that it offers the maximum level of support and creates increased flexibility to allow the school to release staff to support groups, attend CPD or participate in school improvement work without the need to pay supply costs. This results in reduced overall costs and better quality teaching and learning for the pupils.

The school has reviewed many SLA agreements and started new contracts with different providers who deliver the same or better services for a saving in costs. A process of annual review for SLA's to ensure that the academy always gets best value for money has been established. In addition regular meetings of the School Business Managers from across the Discovery Alliance Schools focuses on sharing best knowledge of greatest value for money and the possibilities of shared purchasing or bulk purchasing to enable greater purchasing power and increased value for money.

The wrap around care described in the previous report has proved to be very successful and has developed over this academic year. The pre and post school clubs offer excellent value for parents and the large uptake in numbers is testament to this.

The school has undergone a poverty proofing review within the year which has looked at how the school can improve affordability for all and reduce the stigma of poverty for those affected. We have reviewed many procedures in light of this and sought more cost effective suppliers such as Tesco's for uniforms to allow for better value for parents.

**ROSE WOOD ACADEMY**  
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**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 Rose Wood 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 Trustees 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 Trustees 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 Trustees.

**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 Trustees;
- regular reviews by the finance and general purposes 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 Trustees has considered the need for a specific internal audit function and has decided to appoint Sean Hogg as internal auditor.

The internal auditor's 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

On a quarterly basis, the internal auditor reports to the Board of Trustees through the finance and resources committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

No material control issues have arisen as a result of the work of the internal auditors.

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**GOVERNANCE STATEMENT (continued)**

**Review of Effectiveness**

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

- the work of the internal auditor;
- 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 address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees on 7 December 2017 and signed on their behalf, by:

**H Pickard**  
**Chair**



**P Cowley, (Principal and Accounting Officer)**  
**Accounting Officer**



**ROSE WOOD ACADEMY**  
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**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

As Accounting Officer of Rose Wood Academy I have considered my responsibility to notify the academy trust Board of Trustees 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 Trustees 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 Trustees and ESFA.



**P Cowley**  
**Accounting Officer**

7 December 2017

**ROSE WOOD ACADEMY**  
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**STATEMENT OF TRUSTEES' RESPONSIBILITIES**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

The Trustees (who act as governors of Rose Wood Academy and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' 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 Trustees to prepare financial statements for each financial year. Under company law the Trustees 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 Trustees 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 Trustees 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 Trustees 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 Trustees 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 Trustees on 7 December 2017 and signed on its behalf by:



**H Pickard**  
**Chair**



**ROSE WOOD ACADEMY**  
**(A Company Limited by Guarantee)**

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

**Opinion**

We have audited the financial statements of Rose Wood 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 Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees 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.

**ROSE WOOD ACADEMY**  
**(A Company Limited by Guarantee)**

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

**Other information**

The Trustees 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.

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 Trustees' Report including the Strategic Report for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' 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 Trustees' 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 Trustees' remunerations specified by law not made; or
- we have not received all the information and explanations we require for our audit.

**Responsibilities of trustees**

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees (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 Trustees 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 Trustees 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 Trustees either intend to liquidate the academy's or to cease operations, or have no realistic alternative but to do so.

**ROSE WOOD ACADEMY**  
**(A Company Limited by Guarantee)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF ROSE  
WOOD 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](http://www.frc.org.uk/auditorsresponsibilities). The description forms part of our Auditor's report.



Kevin Shotton BA FCA

**Clive Owen LLP**

Chartered Accountants and Statutory Auditors

140 Coniscliffe Road  
Darlington  
Co Durham  
DL3 7RT  
7 December 2017

**ROSE WOOD ACADEMY**  
**(A Company Limited by Guarantee)**

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

In accordance with the terms of our engagement letter dated 7 March 2017 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 Rose Wood 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 Rose Wood Academy and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Rose Wood 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 Rose Wood Academy and the ESFA, for our work, for this report, or for the conclusion we have formed.

**Respective responsibilities of Rose Wood Academy's accounting officer and the reporting accountant**

The Accounting Officer is responsible, under the requirements of Rose Wood Academy's funding agreement with the Secretary of State for Education dated 18 December 2013, 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.

**ROSE WOOD ACADEMY**  
**(A Company Limited by Guarantee)**

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

**Approach (continued)**

The work undertaken to draw to 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 directors;
- 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 registers of interests;
- Review related party transactions;
- Review of register of interests and consideration of 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

7 December 2017

**ROSE WOOD 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
<b>Income from:</b>						
Donations and capital grants	2	-	-	8	8	13
Charitable activities	3	-	1,550	7	1,557	1,629
Other trading activities	4	148	-	-	148	101
<b>Total income</b>		<u>148</u>	<u>1,550</u>	<u>15</u>	<u>1,713</u>	<u>1,743</u>
<b>Expenditure on:</b>						
Raising funds		-	-	-	-	29
Charitable activities		148	1,665	108	1,921	1,826
<b>Total expenditure</b>	6	<u>148</u>	<u>1,665</u>	<u>108</u>	<u>1,921</u>	<u>1,855</u>
<b>Net expenditure before transfers</b>						
		-	(115)	(93)	(208)	(112)
Transfers between Funds	15	-	(7)	7	-	-
<b>Net expenditure before other recognised gains and losses</b>		<u>-</u>	<u>(122)</u>	<u>(86)</u>	<u>(208)</u>	<u>(112)</u>
Actuarial gains/(losses) on defined benefit pension schemes	19	-	348	-	348	(384)
<b>Net movement in funds</b>		<u>-</u>	<u>226</u>	<u>(86)</u>	<u>140</u>	<u>(496)</u>
<b>Reconciliation of funds:</b>						
Total funds brought forward		92	(602)	3,380	2,870	3,366
<b>Total funds carried forward</b>		<u><u>92</u></u>	<u><u>(376)</u></u>	<u><u>3,294</u></u>	<u><u>3,010</u></u>	<u><u>2,870</u></u>

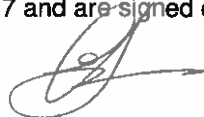
**ROSE WOOD ACADEMY**  
**(A Company Limited by Guarantee)**  
**REGISTERED NUMBER: 08803916**

**BALANCE SHEET**  
**AS AT 31 AUGUST 2017**

	Note	£000	2017 £000	2016 £000
<b>Fixed assets</b>				
Tangible assets	12		3,291	3,380
<b>Current assets</b>				
Debtors	13	79		94
Cash at bank and in hand		174		191
		<u>253</u>		<u>285</u>
<b>Creditors: amounts falling due within one year</b>	14	<u>(152)</u>		<u>(168)</u>
<b>Net current assets</b>			<u>101</u>	<u>117</u>
<b>Total assets less current liabilities</b>			<u>3,392</u>	<u>3,497</u>
Defined benefit pension scheme liability	19		<u>(382)</u>	<u>(627)</u>
<b>Net assets including pension scheme liabilities</b>			<u><u>3,010</u></u>	<u><u>2,870</u></u>
<b>Funds of the academy</b>				
Restricted income funds:				
Restricted income funds	15	6		25
Restricted fixed asset funds	15	3,294		3,380
Restricted income funds excluding pension liability		<u>3,300</u>		<u>3,405</u>
Pension reserve		<u>(382)</u>		<u>(627)</u>
Total restricted income funds			<u>2,918</u>	<u>2,778</u>
Unrestricted income funds	15		<u>92</u>	<u>92</u>
<b>Total funds</b>			<u><u>3,010</u></u>	<u><u>2,870</u></u>

The financial statements on pages 20 to 43 were approved by the Trustees, and authorised for issue, on 7 December 2017 and are signed on their behalf, by:

**H Pickard**  
**Chair**



**ROSE WOOD ACADEMY**  
**(A Company Limited by Guarantee)**

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

	Note	2017 £000	2016 £000
<b>Cash flows from operating activities</b>			
Net cash used in operating activities	17	(5)	(7)
<b>Cash flows from investing activities:</b>			
Purchase of tangible fixed assets		(20)	(10)
Capital grants from DfE/ESFA		8	8
<b>Net cash used in investing activities</b>		<b>(12)</b>	<b>(2)</b>
<b>Change in cash and cash equivalents in the year</b>			
Cash and cash equivalents brought forward		191	200
<b>Cash and cash equivalents carried forward</b>	18	<b>174</b>	<b>191</b>



**ROSE WOOD 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.

**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.

Rose Wood Academy meets the definition of a public benefit entity under FRS 102.

**Going concern**

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

**ROSE WOOD ACADEMY**  
**(A Company Limited by Guarantee)**

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

**1. Accounting Policies (continued)**

**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 receivable

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.

Sponsorship income

Sponsorship income provided to the academy which amounts to a donation is recognised in the Statement of Financial Activities incorporating Income and Expenditure Account in the period in which it is receivable, where receipt is probable and it is measurable.

Donated goods, facilities and services

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

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

Donations

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

Other income

Other income, including the hire of facilities, 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.

**ROSE WOOD ACADEMY**  
**(A Company Limited by Guarantee)**

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

**1. Accounting Policies (continued)**

**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.

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

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

Charitable activities

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

Governance costs

Governance costs includes the costs attributable to the academy trust's compliance with constitutional and statutory requirements, including audit, strategic management, trustees' meetings and reimbursed expenses.

**ROSE WOOD ACADEMY**  
**(A Company Limited by Guarantee)**

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

**1. Accounting Policies (continued)**

**Tangible fixed assets and depreciation**

All assets costing more than £1,000 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.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives on the following bases:

Long-term leasehold property	-	50 years
Fixtures and fittings	-	4 Years
Computer equipment	-	2 Years

The trust's land and buildings are occupied on a 125 year lease from the local authority. In the view of the trustees, the risks and rewards of occupying the site have been substantially transferred to the trust and therefore the land and buildings have been recognised as a donation on conversion and capitalised within the restricted fixed assets fund. The basis of valuation has been disclosed within the fixed assets note.

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.

**1.1 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.

**1.2 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.

**ROSE WOOD ACADEMY**  
**(A Company Limited by Guarantee)**

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

**1. Accounting Policies (continued)**

**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.

**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 13. Prepayments are not financial instruments. Amounts due to the academy's wholly owned subsidiary are held at face value less any impairment. 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 14. 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. Amounts due to the academy's wholly owned subsidiary are held at face value less any impairment.

**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.

**ROSE WOOD ACADEMY**  
**(A Company Limited by Guarantee)**

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

**1. Accounting Policies (continued)**

**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 19, 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.

**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 Trustees.

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the 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 and include grants from the funders.

**ROSE WOOD ACADEMY**  
(A Company Limited by Guarantee)

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

**1. Accounting Policies (continued)**

**Critical accounting estimates and areas of judgment**

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 19, 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 that asset. An estimate of the useful life of assets is detailed in the depreciation accounting policy. The value of depreciation charge during the year was £108,000.

Land and Buildings – Land and Buildings are held under a 125 year lease from Middlesbrough Council. These assets are included on the balance sheet of the academy due to the significant risks and rewards of ownership belonging to the academy, the lease term being the major part of the economic life of the assets and the assets being of such a specialised nature that only the academy could use them without major modification.

**2. Income from donations and capital grants**

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Restricted fixed asset funds 2017 £000	Total funds 2017 £000	Total funds 2016 £000
Donations	-	-	-	-	5
Capital Grants	-	-	8	8	8
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	-	-	8	8	13
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Total 2016</i>	5	-	8	13	
	<hr/>	<hr/>	<hr/>	<hr/>	

**ROSE WOOD ACADEMY**  
(A Company Limited by Guarantee)

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

**3. Funding for Academy's educational operations**

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Total funds 2017 £000	Total funds 2016 £000
<b>DfE/ESFA grants</b>				
General Annual Grant (GAG)	-	1,252	1,252	1,319
Pupil Premium	-	113	113	-
Other DfE/ESFA Grants	-	64	64	164
	<u>-</u>	<u>1,429</u>	<u>1,429</u>	<u>1,483</u>
<b>Other government grants</b>				
Other Government Grants	-	110	110	146
SEN	-	12	12	-
	<u>-</u>	<u>122</u>	<u>122</u>	<u>146</u>
<b>Other funding</b>				
Other Grants	-	6	6	-
	<u>-</u>	<u>6</u>	<u>6</u>	<u>-</u>
	<u>-</u>	<u>1,557</u>	<u>1,557</u>	<u>1,629</u>
<i>Total 2016</i>	<u>-</u>	<u>1,629</u>	<u>1,629</u>	

**4. Other trading activities**

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Total funds 2017 £000	Total funds 2016 £000
Other income	81	-	81	53
School trips	17	-	17	17
Staff insurance income	14	-	14	-
Catering income	36	-	36	31
	<u>148</u>	<u>-</u>	<u>148</u>	<u>101</u>
<i>Total 2016</i>	<u>101</u>	<u>-</u>	<u>101</u>	



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**5. Charitable activities**

	Total funds 2017 £000	Total funds 2016 £000
<b>Direct costs</b>		
Wages and salaries	968	973
National insurance	75	73
Pension cost	241	180
Educational supplies	32	29
Staff development	5	5
Technology costs	15	13
Educational consultancy	17	12
Other direct costs	3	5
	1,356	1,290
<b>Support costs</b>		
Wages and salaries	121	113
National insurance	7	7
Pension cost	17	16
Depreciation	108	113
Pension income	12	7
Recruitment and support	1	1
Maintenance of premises and equipment	21	27
Cleaning	31	27
Rates	13	11
Energy	16	13
Insurance	18	21
Security	1	-
Transport	3	1
Catering	109	70
Occupancy costs	7	10
Other support costs	66	67
Governance	14	32
	565	536
	1,921	1,826

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**6. Expenditure**

	Staff costs	Premises	Other costs	Total	Total
	2017	2017	2017	2017	2016
	£000	£000	£000	£000	£000
Raising funds	-	-	-	-	29
Academy's educational operations:					
Direct costs	1,284	-	72	1,356	1,216
Support costs	145	200	220	565	610
	<u>1,429</u>	<u>200</u>	<u>292</u>	<u>1,921</u>	<u>1,855</u>
<i>Total 2016</i>	<u>1,367</u>	<u>151</u>	<u>337</u>	<u>1,855</u>	

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

**7. Net income/(expenditure)**

This is stated after charging:

	2017	2016
	£000	£000
Depreciation of tangible fixed assets:		
- owned by the charity	108	113
Auditors' remuneration - audit	6	7
Auditors' remuneration - other services	3	6
Operating lease rentals	5	5
	<u>122</u>	<u>137</u>

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**8. Staff costs**

Staff costs were as follows:

	2017 £000	2016 £000
Wages and salaries	1,077	1,087
Social security costs	82	80
Operating costs of defined benefit pension schemes	258	196
	<hr/>	<hr/>
	1,417	1,363
Supply teacher costs	11	4
Staff restructuring costs	1	-
	<hr/>	<hr/>
	<u>1,429</u>	<u>1,367</u>

Included in operating costs of defined pension schemes is a debit of £91,000 (2016: £27,000) relating to the pension deficit actuarial adjustment.

Staff restructuring costs comprise:

Severance payments	1	-
	<hr/>	<hr/>

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

	2017 No.	2016 No.
Teachers	41	43
Administration and support	14	19
Management	2	2
	<hr/>	<hr/>
	<u>57</u>	<u>64</u>

Higher paid staff

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

	2017 No.	2016 No.
In the band £60,001 - £70,000	1	1

The member of staff participated in the Teachers' Pension Scheme.

**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 national insurance and pension contributions) received by key management personnel for their services to the academy trust was £410,000 (2016: £309,000).

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**9. Trustees' remuneration and expenses**

One or more Trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The Principal and other staff Trustees 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 Trustees. The value of Trustees' remuneration and other benefits was as follows:

		2017 £000	2016 £000
P Cowley, (Accounting Officer)	Remuneration	60-65	55-60
	Pension contributions paid	10-15	5-10
N Murray	Remuneration	-	30-35
	Pension contributions paid	-	5-10
H Wharton	Remuneration	-	5-10
	Pension contributions paid	-	0-5
A Binns	Remuneration	35-40	35-40
	Pension contributions paid	5-10	5-10
L A Carney	Remuneration	45-50	15-20
	Pension contributions paid	5-10	0-5

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

**10. Trustees' and Officers' Insurance**

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £250,000 on any one claim and the cost for the year ended 31 August 2017 was £660 (2016 - £541).

**11. Net interest cost on pension scheme**

	2017 £000	2016 £000
Interest income on pension scheme assets	12	17
Interest on pension scheme liabilities	(24)	(24)
	<u>(12)</u>	<u>(7)</u>

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**12. Tangible fixed assets**

	Long-term leasehold property £000	Fixtures and fittings £000	Computer equipment £000	Total £000
<b>Cost</b>				
At 1 September 2016	3,500	130	57	3,687
Additions	20	-	-	20
Disposals	-	(4)	-	(4)
At 31 August 2017	<u>3,520</u>	<u>126</u>	<u>57</u>	<u>3,703</u>
<b>Depreciation</b>				
At 1 September 2016	172	85	50	307
Charge for the year	70	32	6	108
On disposals	-	(3)	-	(3)
At 31 August 2017	<u>242</u>	<u>114</u>	<u>56</u>	<u>412</u>
<b>Net book value</b>				
At 31 August 2017	<u>3,278</u>	<u>12</u>	<u>1</u>	<u>3,291</u>
At 31 August 2016	<u>3,328</u>	<u>45</u>	<u>7</u>	<u>3,380</u>

Land and buildings were valued using the Depreciation Replacement Cost Method on 27 November 2013 by Martin Catley MRICS on behalf of Mouchel.

**13. Debtors**

	2017 £000	2016 £000
Trade debtors	12	9
VAT repayable	15	23
Other debtors	2	4
Prepayments and accrued income	50	58
	<u>79</u>	<u>94</u>

**14. Creditors: Amounts falling due within one year**

	2017 £000	2016 £000
Trade creditors	63	64
Other taxation and social security	23	23
Other creditors	20	45
Accruals and deferred income	46	36
	<u>152</u>	<u>168</u>

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**14. Creditors: Amounts falling due within one year (continued)**

	2017 £000	2016 £000
<b>Deferred income</b>		
Deferred income at 1 September 2016	27	25
Resources deferred during the year	40	27
Amounts released from previous years	(27)	(25)
	40	27
Deferred income at 31 August 2017	40	27

Deferred income at the period end comprises of universal infant free school meals funding and parental contributions for school trips in respect of the following financial period and early years funding invoiced in advance.

**15. 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
<b>Unrestricted funds</b>						
General Funds	92	148	(148)	-	-	92
	92	148	(148)	-	-	92
<b>Restricted funds</b>						
General Annual Grant (GAG)	25	1,252	(1,264)	(7)	-	6
Pupil Premium	-	113	(113)	-	-	-
PE & Sports Grant	-	9	(9)	-	-	-
Other DfE/ESFA grants	-	55	(55)	-	-	-
Other Government grants	-	121	(121)	-	-	-
Pension reserve	(627)	-	(103)	-	348	(382)
	(602)	1,550	(1,665)	(7)	348	(376)
	(602)	1,550	(1,665)	(7)	348	(376)
<b>Restricted fixed asset funds</b>						
DfE / ESFA capital grants	17	8	(5)	(5)	-	15
Inherited funds	3,321	-	(100)	6	-	3,227
Capital expenditure from GAG	42	-	(3)	6	-	45
Local Authority fixed asset income	-	7	-	-	-	7
	3,380	15	(108)	7	-	3,294
Total restricted funds	2,778	1,565	(1,773)	-	348	2,918
Total of funds	2,870	1,713	(1,921)	-	348	3,010

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**15. 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
<b>Unrestricted funds</b>						
General Funds	85	106	(99)	-	-	92
	<u>85</u>	<u>106</u>	<u>(99)</u>	<u>-</u>	<u>-</u>	<u>92</u>
<b>Restricted funds</b>						
General Annual Grant (GAG)	6	1,319	(1,298)	(2)	-	25
Other DfE / ESFA grants	-	164	(164)	-	-	-
Other Government grants	-	146	(146)	-	-	-
Pension reserve	(209)	-	(34)	-	(384)	(627)
	<u>(203)</u>	<u>1,629</u>	<u>(1,642)</u>	<u>(2)</u>	<u>(384)</u>	<u>(602)</u>
<b>Restricted fixed asset funds</b>						
DfE / ESFA capital grants	12	8	(3)	-	-	17
Inherited funds	3,428	-	(107)	-	-	3,321
Capital expenditure from GAG	44	-	(4)	2	-	42
	<u>3,484</u>	<u>8</u>	<u>(114)</u>	<u>2</u>	<u>-</u>	<u>3,380</u>
Total restricted funds	<u>3,281</u>	<u>1,637</u>	<u>(1,756)</u>	<u>-</u>	<u>(384)</u>	<u>2,778</u>
Total of funds	<u>3,366</u>	<u>1,743</u>	<u>(1,855)</u>	<u>-</u>	<u>(384)</u>	<u>2,870</u>

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

General Annual Grant must be used for the normal running costs of the academy. Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2017.

Other DfE/ESFA grants includes early years income, pupil premium funding targeted at disadvantaged pupils, universal infant free school meals funding and PE funding.

Other government grants includes early years funding for three and four year old children, funding for pupils with special educational needs, pupil premium from the local authority targeted at disadvantaged pupils and other funding from the local authority.

The pension reserve reflects the LGPS transactions. The costs and income associated with the defined benefit pension scheme have been recorded in the restricted fund. Staff costs are paid from this fund, including contributions to the LGPS, and the pension liability has therefore been aligned with these funds.

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**15. Statement of funds (continued)**

DfE/ESFA capital grants consist of the devolved capital grant which has been utilised on asset additions in the year.

The inherited fixed asset fund reflects the fixed assets acquired on conversion. Depreciation on these assets is charged against this fund.

Unrestricted funds may be used for any purpose, at the discretion of the trustees, within the objects of the academy trust.

Transfers were made between restricted fixed asset funds to correct the allocation of depreciation expenditure in the prior year. In addition £7,000 was transferred from General Annual Grant to restricted fixed asset fund for purchase of fixed assets during the year.

**16. 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	-	-	3,291	3,291
Current assets	95	155	3	253
Creditors due within one year	(3)	(149)	-	(152)
Provisions for liabilities and charges	-	(382)	-	(382)
	<u>92</u>	<u>(376)</u>	<u>3,294</u>	<u>3,010</u>

**Analysis of net assets between funds - prior year**

	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Restricted fixed asset funds 2016 £000	Total funds 2016 £000
Tangible fixed assets	-	-	3,380	3,380
Current assets	92	193	-	285
Creditors due within one year	-	(168)	-	(168)
Provisions for liabilities and charges	-	(627)	-	(627)
	<u>92</u>	<u>(602)</u>	<u>3,380</u>	<u>2,870</u>



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**17. 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)	(208)	(112)
<b>Adjustment for:</b>		
Depreciation charges	108	113
Profit on the sale of fixed assets	(1)	-
Decrease in debtors	15	30
Decrease in creditors	(16)	(64)
Capital grants from DfE and other capital income	(8)	(8)
Defined benefit pension scheme cost less contributions payable	91	27
Defined benefit pension scheme finance cost	12	7
Non-capital items purchased from fixed asset income	2	-
	(5)	(7)
<b>Net cash used in operating activities</b>	<b>(5)</b>	<b>(7)</b>

**18. Analysis of cash and cash equivalents**

	2017 £000	2016 £000
Cash in hand	174	191
Total	174	191

**19. 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 Middlesbrough Borough 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 £21,000 were payable to the schemes at 31 August 2017 (2016 - £21,000) 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

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**19. Pension commitments (continued)**

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

- employer contribution rates set at 16.48% of pensionable pay, including a 0.08% employer administration charge
- 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 £113,000 (2016 - £117,000).

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](http://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 £74,000 (2016 - £74,000), of which employer's contributions totalled £54,000 (2016 - £53,000) and employees' contributions totalled £20,000 (2016 - £21,000). The agreed contribution rates for future years are 15.6% 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	2.90 %	3.40 %
Rate of increase for pensions in payment / inflation	1.90 %	1.90 %
Inflation assumption (CPI)	1.90 %	1.90 %
Commutation of pensions to lump sums	80.00 %	80.00 %

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**19. 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	22.8	23.1
Females	24.9	25.6
Retiring in 20 years		
Males	25.0	25.3
Females	27.2	28.0

<b>Sensitivity analysis</b>	At 31 August 2017 £000	At 31 August 2016 £000
Discount rate +0.1%	1,049	1,160
Discount rate -0.1%	1,104	1,214
Mortality assumption - 1 year increase	1,044	1,150
Mortality assumption - 1 year decrease	1,108	1,225
CPI rate +0.1%	1,094	1,204
CPI rate -0.1%	1,059	1,170

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	549	478
Corporate bonds	1	4
Property	44	41
Cash and other liquid assets	89	32
Government bonds	-	5
Other assets	11	-
<b>Total market value of assets</b>	<b>694</b>	<b>560</b>

The actual return on scheme assets was £62,000 (2016 - £73,000).

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

	2017 £000	2016 £000
Current service cost	(145)	(80)
Interest income	12	17
Interest cost	(24)	(24)
<b>Total</b>	<b>(157)</b>	<b>(87)</b>

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**19. Pension commitments (continued)**

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

	2017 £000	2016 £000
Opening defined benefit obligation	1,187	625
Current service cost	145	80
Interest cost	24	24
Employee contributions	20	21
Actuarial (gains)/losses	(298)	440
Benefits paid	(2)	(3)
	<u>1,076</u>	<u>1,187</u>
Closing defined benefit obligation	<u>1,076</u>	<u>1,187</u>

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

	2017 £000	2016 £000
Opening fair value of scheme assets	560	416
Interest income	12	17
Actuarial gains	50	56
Employer contributions	54	53
Employee contributions	20	21
Benefits paid	(2)	(3)
	<u>694</u>	<u>560</u>
Closing fair value of scheme assets	<u>694</u>	<u>560</u>

**20. 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
<b>Amounts payable:</b>		
Within 1 year	6	4
Between 2 and 5 years	-	4
Total	<u>6</u>	<u>8</u>

**21. Related party transactions**

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 9.

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**22. 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.

**23. Agency Arrangements**

During the prior year, the academy trust administered funds on behalf of The Bungalow Project. A separate entity was established during the year end to manage this project. At the end of the year, the academy trust was holding £nil (2016: £21,000) on behalf of the project.