

DROITWICH SPA HIGH SCHOOL

(A Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2020

DROITWICH SPA HIGH SCHOOL
(A Company Limited by Guarantee)

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DROITWICH SPA HIGH SCHOOL
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REFERENCE AND ADMINISTRATIVE DETAILS

| | |
|--|---|
| Members | R Rhodes (resigned 21 April 2020) D Morris I Paston A Hartley N Waters |
| Trustees | R Rhodes, Chair (resigned 21 April 2020) R Harris N Waters, Headteacher and Accounting Officer K Bowen A Fisher, Chair (Vice Chair until appointed Chair on 19 May 2020) D Harris-Smith, Staff Trustee K Langridge A Millicheap, Staff Trustee D Morris (resigned 16 September 2019) E Parsons I Paston K Moore M Tibbits, Staff Trustee N R Pennington S Lloyd (appointed 4 December 2019) H Karakashian (appointed 4 December 2019) J Hartley (appointed 4 December 2019) |
| Company registered number | 07666185 |
| Company name | Droitwich Spa High School And Sixth Form Centre |
| Principal and registered office | Briar Mill Droitwich Spa Worcestershire WR9 0AA |
| Company secretary | T Hogan |
| Chief executive officer | N Waters |
| Senior leadership team | N Waters, Headteacher J Brook, Deputy Headteacher S Arkell, Assistant Headteacher S O'Donohoe, Assistant Headteacher G Lloyd-Davis, Assistant Headteacher D Harris-Smith, Assistant Headteacher J Moseley, Assistant Headteacher J Broughton, Assistant Headteacher H Biddel, Head of Maths J Evans, Head of English |

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REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Independent auditor Crowe U.K. LLP
Statutory Auditor
Black Country House
Rounds Green Road
Oldbury
West Midlands
B69 2DG

Bankers Lloyds Bank
4 The Cross
Worcester
Worcestershire
WR1 3PY

Solicitors Stone King
13 Queen Street
Bath
BA1 2HJ

DROITWICH SPA HIGH SCHOOL
(A Company Limited by Guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2020

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the period 1 September to 31 August 2020. The Trustees confirm that the Annual Report and the financial statements of the Academy comply with the current statutory requirements, the requirements of the Academy's Governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005. The annual report serves the purposes of both a trustees' report and a directors' report under company law.

The academy trust operates an academy for pupils aged 12-18 serving the catchment area of Droitwich Spa and its surrounding villages. It currently has 1,222 students on roll.

Structure, governance and management

a. Constitution

The Academy Trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Academy Trust. The Trustees of Droitwich Spa High School and Sixth Form Centre and are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as Droitwich Spa High School and Sixth Form Centre.

Details of the Trustees who served during the are included in the Reference and administrative details on page 1.

b. 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.

c. Trustees' indemnities

Subject to the provisions of the Companies Act 2006, every Trustee or other officer of the Academy is provided with indemnity insurance to cover their liability which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default, breach of trust or breach of duty of which they may be guilty in relation to the Academy Trust: Provided that any such insurance shall not extend to any claim arising from any act or omission which the Trustees knew to be a breach of trust or breach of duty or which was committed by the Trustees in reckless disregard of whether it was a breach of trust or breach of duty or not and provided also that any such insurance shall not extend to the costs of any unsuccessful defence to a criminal prosecution brought against the Trustees in their capacity as Trustees.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Structure, governance and management (continued)

d. Method of recruitment and appointment or election of Trustees

The management of the Academy is the responsibility of the Trustees who are elected and co opted under the terms of the Academy's Articles of Association. The Trustees are directors of the charitable company for the purposes of the Companies Act 2006 and Trustees for the purposes of the charity legislation. The Articles of Association state that there must be at least three trustees with a minimum of two parent governors and up to 4 staff governors.

The term of office for any Trustee is four years, save that this time limit does not apply to the Principal. Subject to remaining eligible to be a particular type of Trustee any Trustee may be reappointed or re elected. The Trustees who were in office at 31 August 2020 and who served during the year are listed on page 1.

e. Policies adopted for the induction and training of Trustees

The training and induction provided for new Trustees will depend on their existing experience. Where necessary induction will include training on educational, legal and financial matters. All new Trustees will be given the opportunity of a tour of the Academy, have the chance to meet with staff and students and are provided with copies of key documents, such as policies, procedures, accounts, budgets, plans and other documents they need to undertake their role as Trustees. As there is expected to be only a small number of new Trustees a year, induction will be carried out informally and will be tailored specifically to the individual. All new Trustees are given the opportunity to attend the training for New Trustees run by Babcock Prime.

f. Organisational structure

The Academy was set up with a management structure to support the Education Brief. The Academy's organisational structure consists of two levels: the Trustees and the Senior Leadership Team.

The Trustees are responsible for setting general policy, adopting an annual plan and budget, monitoring its financial and operational performance and making strategic decisions about the direction of the Academy, approving major items of expenditure and making senior staff appointments.

The Trustees have three sub committees, the School Improvement Committee, the Resources and Audit Committee and the Pay Panel. These have approved terms of reference. In the course of the 2019/2020 financial year the following meetings were held:

| | |
|--------------------------------|------------|
| Full Governing Body: | 6 meetings |
| Resources and Audit Committee: | 3 meetings |
| School Improvement Committee: | 1 meeting |
| Pay Panel: | 1 meeting |

The Trustees have approved a scheme of financial delegation which clearly sets out the level of financial authority delegated to the Headteacher and the Deputy Headteacher.

The Senior Leadership Team (SLT) control the Academy at an executive level, implement the policies laid down by the Trustees and report back to them. The SLT is led by the Headteacher. Members of the SLT are responsible for developing and implementing Academy plans which seek to deliver the best possible education for its students within the agreed budget and scheme of delegation approved by Trustees. Members of the SLT are set out on page 1.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Structure, governance and management (continued)

g. Arrangements for setting pay and remuneration of key management personnel

The Headteacher, deputy headteachers and assistant headteachers are paid on the Leadership Spine and each has an Internal Salary Range commensurate with the scope and responsibilities of their post. In order to progress through the ISR individual targets related to the Academy's Improvement Plan have to have been met.

h. Trade union facility time

Percentage of time spent on facility time

There is no percentage of time spent on facility time to report as none was requested during the period.

i. Related parties and other connected charities and organisations

Droitwich Spa High School has no formal links to any other academy and does not belong to a hard or soft federation. This does not, however, mean that the Academy works in isolation.

Droitwich Spa High School belongs to the Aspire Consortium. This is a group of schools in Worcestershire which work together to develop alternative curriculum provision in Worcester City, Martley and Droitwich.

The same schools also comprise the local Fair Access Panel which seeks to provide alternatives to permanent exclusion for those whose record suggests that this is looming. The Headteacher also has the benefit of a good network of other local Headteachers.

The Aspire Academy, which opened in September 2014, has extended and enhanced the alternative educational provision for young people in South Worcestershire. Droitwich Spa High School, which has been centrally involved in this scheme, has benefitted from having an effective and attractive alternative to offer to those of its students for whom mainstream provision has proved unsuitable.

Objectives and activities

a. Objects and aims

The Academy objective is set out in its Articles of Association. In summary it is to establish, maintain, manage and develop a school offering a broad curriculum. In accordance with the Articles of Association, the Academy has adopted a Funding Agreement approved by the Secretary of State for Education.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Objectives and activities (continued)

b. Objectives, strategies and activities

The School's overarching aim in this period remained to provide a first class education for the young people of Droitwich Spa and the surrounding area. The school has striven to offer an environment that is caring yet challenging. In addition to achieving the best academic results, the school has also tried to ensure that its students become self confident, rounded individuals, life long learners who will find fulfilment in a complex and demanding world. In doing this we have held to the traditional values of respect, honesty, hard work, determination and good manners, but have also tried to encourage boldness, creativity and team work.

Until constrained by the COVID pandemic, the school provided a range of opportunities for cultural, physical and spiritual development as well as a rich curriculum. The wide range of extra-curricular activities, educational visits and partnership projects extended to – and taken up by – our students contributes to a school which is happy and within which individuals thrive.

The particular aims of the school during the period ending 31st August 2020 are summarised below:

- To continue to raise the standard of educational achievement for all students
- To continue to improve the attendance and educational outcomes of disadvantaged students and those on the SEND register
- To enhance the school's curriculum, providing opportunities to develop skills and promote enjoyment
To expand opportunities in the Creative Arts
- To continue to develop teaching methodologies to support the new GCSE and A level syllabuses
- To continue to manage a budget which is diminishing in real terms, without compromising the quality of education offered to the students. This includes attracting and retaining high quality teachers and support staff.
- To continue to monitor behaviour to ensure the highest standards at all times
- To respond to national initiatives relating to Safeguarding Children
- To respond to growing concerns about mental health of young people by implementing the well being action plan.

c. Public benefit

The Academy has considered the Charity Commission's guidance on Public Benefit. The key public benefit delivered by the Academy is the provision of high quality education in Droitwich Spa and the surrounding area.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Achievements and performance

In 2020 the Trustees were unable to apply their normal tests to the Academy's performance in external examinations. The COVID pandemic led to the cancellation of conventional examinations at GCSE and A level; instead grades were awarded after a nationally advised process of school-based assessment. The government announced that these grades, although having official endorsement and validation on an individual basis, would not be published as part of any school's performance.

The Trustees therefore sought to satisfy themselves that the Academy had applied the national scheme with appropriate consistency and rigour. They saw this role as an important contribution to the validity of the grades which candidates received.

Whilst accepting that direct comparisons with previous years were not possible, the Trustees were able to assure themselves that the good work of candidates and their teachers had been rewarded.

As well as the academic disruption the COVID-19 pandemic has had a financial impact on the Trust as well with certain income streams being curtailed and additional costs incurred.

The school's income was reduced during the lockdown for the following reasons:

- Reduction in lettings income £12,000
- Reduction in profit from Catering £7,000
- Reduction in income from providing First Aid Courses £2,000
- Purchase of additional laptops and resources for students which were not covered by the ESFA grant £5,000
- Additional cover required in the weeks prior to the lockdown £2,000

a. Key performance indicators

In normal times the Academy assesses its educational outcomes against the following Key Performance Indicators:

- Overall Progress 8 Score
- % of students gaining at least a level 4 in English, Maths and Science
- % of students gaining at least a level 7 in English Maths and Science
- % of entries graded 9-7
- Average point score per entry at A level
- Value Added Score at A level

b. 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. 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 (Note 2.1).

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Financial review

a. Reserves policy

The Trustees review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Trustees take into consideration the future plans of the Academy, the uncertainty over future income streams and other key risks identified during the risk review.

During 2019-20 the Academy achieved a surplus on free reserves for the year of £119,526 (2019: deficit on free reserves of £318,000). As a result free reserves at 31 August 2020 are £43,526 (2019 deficit £76,000)

The Academy recognises the need to continue to rebuild its reserves and is looking at further cost savings and income streams to make this is possible. It is a goal that the reserve should be approximately one month's expenditure (excluding depreciation and actuarial adjustments in respect of the Local Government Pension Scheme), which based on 2020 figures would be £594k (2019: £596k) This should provide a cushion to deal with unexpected emergencies such as those which occurred in 2019-2020.

The support staff pension scheme reserve has a negative balance (Note 24). This means that the Academy Trust is paying higher employer's pension contributions over a period of years. These will be met from the budgeted annual income. Whilst the deficit will not be eliminated immediately there should be no actual cash flow deficit on the fund and this should not impact on the academy's ability to build up some free reserves.

b. Investment policy

The Academy does not currently have an investment policy as there are no investments. Should a decision be taken to consider a strategy requiring investment, this would be enshrined in policy.

c. Risk Management

The Trustees' have assessed the major risks to which the Academy is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Academy, and its finances. The Trustees have implemented a number of systems to assess risks that the school faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, supervision of school grounds) and internal financial controls (see separate Finance Policy) in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

d. Principal risks and uncertainties

The Academy has strong systems of internal control, including financial, operational and risk management which is designed to protect the Academy's assets and reputation.

Based on its Terms of Reference, the Resources and Audit Committee undertakes a comprehensive review of the risks to which the Academy is exposed. They identify systems and procedures, including specific preventable actions which should mitigate any potential impact on the Academy. The internal controls are then implemented and the subsequent year's appraisal will review their effectiveness and progress against actions to mitigate risk. In addition to the annual review, the Resources and Audit Committee will also consider any risks which may arise from a new area of work being undertaken by the Academy.

A risk register is maintained at the Academy. This identifies the key risks, the likelihood of those risks occurring, their potential impact on the Academy and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

Outlined below is a description of the principal risk factors that may affect the Academy.

1. Reputational Risk – the continuing success of the Academy is dependent on maintaining the highest educational standards. To mitigate this risk the Trustees ensure that student success and achievement are closely monitored and reviewed.

2. Operational Risk

a) Staffing – the success of the Academy is reliant upon the quality of its staff. Trustees do all that they can to attract and retain the best staff and to ensure continued professional development and training of staff.

b) Safeguarding and Child Protection – The Trustees monitor this area of work closely to ensure that the highest standards are maintained.

3. Compliance Risk

a) Fraud and Mismanagement of Funds – the Academy employs accountants to carry out interim checks on financial systems and records as required by the Academies Financial Handbook.

4. Financial Risk

a) The Academy relies upon continued government funding through the ESFA. In 2019/20 93% (2019: 91%) of the Academy's revenue (including capital) was ultimately public funded and this level of reliance is expected to continue. There are and can be no assurances that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms. To mitigate this risk the Trustees ensure that they are well informed about changes to national policy.

b) The Academy's pupil numbers are strong and predicted to remain so, therefore the risks of a reduction in revenue funding from a falling roll are small. However, the continued overall reduction in funding in real terms means that the budget has become increasingly tight and will remain so in coming years. The Trustees earnestly hope that the implementation of the National Funding Formula will alleviate some of these concerns.

The Trustees assess the financial health formally each half term and the Chair of Governors frequently attends weekly finance meetings. At these meetings they review performance against budgets and overall expenditure. The Trustees also review cash flow forecasts to ensure that sufficient funds are held to cover all anticipated commitments.

c) Maintain adequate funding of pension liabilities The financial statements report the share of the pension scheme deficit on the Academy's balance sheet in line with the requirements of FRS 102.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

5. Covid-19 risks

The main risks facing the Academy in relation to COVID-19 have been identified as dealing with outbreaks for the virus within school disrupting teaching, leading to groups of pupils requiring self-isolation and staff being off school. This would also lead to a financial cost in sourcing supply cover. The Trust has put in robust plans to mitigate these risks as much as possible but inevitably this will have an impact

e. Financial Risk Management Objectives and Policies

Most of the Academy's income is obtained from the Education Skills Funding Agency (ESFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the year ended 31 August 2020 and the associated expenditure are shown as restricted funds in the statement of financial activities.

The Academy also receives grants for fixed assets from the ESFA. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2019), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the year ended 31 August 2020, total expenditure of £7,753,348 (2019: £8,330,080) was covered by recurrent grant funding from the ESFA together as well as other incoming resources

At 31 August 2020 the net book value of fixed assets was £5,244,831 (2019: £5,567,705). Assets were used exclusively for providing education and the associated support services to the students of the Academy.

The principal financial management policies updated and adopted during the year were Finance, Charging, Pay, Local Government Pension Scheme Discretions, Casual Lettings, Anti Fraud and Corruption (inc Gifts and Hospitality) and Performance Management.

The key financial performance priorities were to ensure that the budget remained balanced and that all the financial responsibilities operating as an academy converter school continued to be embedded. text here - user input

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Future Financial Consideration

The Trustees are facing a year in which the School's income will rise by approximately £127,000. As, however, increase in costs will exceed this, the Academy has to accept a real terms reduction in funds. Reductions have been achieved by not filling every staff vacancy that arises (whilst still endeavouring to maintain a good pupil:teacher ratio), reducing the number of support staff, reductions in expenditure on ICT infrastructure as well as savings achieved by changing suppliers and finding alternative ways of working. Despite these measures, further cuts are going to be needed in order to avoid a deficit at the end of the next financial year.

In addition to this the School is having to continue to deal with the difficulties posed by the COVID-19 pandemic. This is expected to impact on the school in 2020-21 as follows:

a) Staffing

The academy has appointed two additional full-time cover supervisors. (Full-time appointments of this kind provide better value for money if one can be confident they will be fully utilised. They are also likely to provide a better service.) The cost of these two additional posts over 2020-21 will be £38,606.83.

In addition, of the £12,000 in the budget for supply teachers, the academy has already spent £9,000 since it reopened in September. It is anybody's guess as to how that figure will grow over the next few months. To give a sense of how it might increase, the cost of having three supply teachers for every working day through to Easter 2021 would be £39,360.

The academy has also appointed an additional cleaner to work during the day at a cost of £9,000 and our overall budget for contract cleaners has increased by £20,000.

b) Other Resources

There is an ongoing cost of providing masks, hand sanitiser and antiseptic wipes which is likely to come to several thousand pounds.

In order to provide school meals in the 5 different zones of the school we had to invest in additional catering equipment. This came to £1,500.

Disclosure of information to auditor

Insofar as the Trustees are aware:

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

Auditor

Randall and Payne LLP continued as auditors until May 2020 when the contract was reviewed and Crowe UK LLP were appointed.

The Trustees' Report was approved by order of the Board of Trustees, as the company directors, on 13 January 2021 and signed on its behalf by:



A Fisher
(Chair of Trustees)

DROITWICH SPA HIGH SCHOOL
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GOVERNANCE STATEMENT

Scope of responsibility

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

As Trustees, we have reviewed and taken account of the guidance in DfE's Governance Handbook and competency framework for governance.

The Board of Trustees has delegated the day-to-day responsibility to the Headteacher, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Droitwich Spa High School 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.

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GOVERNANCE STATEMENT (CONTINUED)

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 6 times during the year.

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

| Trustee | Meetings attended | Out of a possible |
|---|-------------------|-------------------|
| K Bowen | 6 | 6 |
| A Fisher, Chair (Vice Chair until appointed Chair on 19 May 2020) | 5 | 6 |
| R Harris | 5 | 6 |
| D Harris-Smith, Staff Trustee | 3 | 6 |
| J Hartley | 4 | 5 |
| H Karakashian | 5 | 5 |
| K Langridge | 5 | 6 |
| S Lloyd | 1 | 5 |
| A Millicheap, Staff Trustee | 5 | 6 |
| K Moore | 6 | 6 |
| E Parsons | 6 | 4 |
| I Paston | 6 | 6 |
| N R Pennington | 5 | 6 |
| R Rhodes, Chair until 21 April 2020) | 3 | 3 |
| M Tibbits, Staff Trustee | 5 | 6 |
| N Waters, Headteacher and Accounting Officer | 6 | 6 |

Governance review

The Board of Trustees is committed to ensuring financial oversight and value for money. The full Governing Body met 6 times during the year and in addition the Resources and Audit Committee met 3 times during the year. Effective oversight of funds is also provided by the fact that the Chair of Governors meets with the Senior Financial Officer and Accounting Officer once a week to examine the budget and track expenditure and income. Should this frequent scrutiny reveal anything that cannot be covered in the 9 formal meetings described above, an extraordinary meeting would be convened. The school budget remains an area of significant concern to the Board in times of rising costs and diminishing funds.

The Trustees had anticipated that the year would hold considerable financial challenges, but no one could have foreseen the pandemic which dominated national life throughout the second half of the year under review. The implications for the work of the Academy were pervasive and severe; it also demanded that the Board of Trustees found new ways of meeting its responsibilities. These were rapidly devised and proved to be effective.

These adaptations were made all the more necessary by the serious illness of Mr Rod Rhodes and his death in April. The Vice Chair, Mr Alan Fisher, was on hand to work in an acting capacity and was subsequently confirmed as Chair by the vote of the Board. His close knowledge of the Board's systems and his breadth of experience in other roles made for a smooth transition.

In December, the Board of Trustees welcomed three new Trustees, each bringing skills and experience that reinforced the position identified in the skills audit of Autumn 2018. The next audit and self-evaluation was due in Autumn 2020 but with so many other priorities it was agreed that it should be delayed.

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GOVERNANCE STATEMENT (CONTINUED)

Governance (continued)

Amidst these unexpected pressures, the Board has maintained a focus on the budget, the risk register and pupil outcomes. These areas provide a comprehensive oversight and monitoring of the school's performance. The Board has decided to deliver internal scrutiny using a bought-in service from another academy and this has proved very effective in identifying areas for improvement and confirming the efficiency of processes and procedures in place across all departments of the academy.

During the coming year, Trustees will work to integrate the new members, ensuring they receive the effective induction and training they need to fulfil their roles and support the school in its aims and objectives. A self - evaluation will examine and assess the effectiveness of the Board of Trustees across all area of the governance framework.

The Resources and Audit Committee is a sub committee of the main board of Trustees. Its purpose is to:

- Recommend the annual budget plan to the Governing Body
- Consider the budget position at least termly and report significant anomalies to the Governing Body
- Annually review charges and policies including Finance, Charging, Casual Lettings and Health & Safety.

Attendance during the year at meetings was as follows:

| Trustee | Meetings attended | Out of a possible |
|--------------|-------------------|-------------------|
| A Fisher | 1 | 3 |
| R Harris | 3 | 3 |
| A Millicheap | 2 | 3 |
| E Parsons | 3 | 3 |
| I Paston | 3 | 3 |
| R Rhodes | 2 | 2 |
| M Tibbits | 3 | 3 |
| N Waters | 3 | 3 |

The School Improvement Committee is also a sub committee and its purpose is to:

- Consider and advise the governing body on standards and other matters relating to the school's curriculum, including statutory requirements
- Consider major curricular issues which have implications for Finance and Personnel
- Monitor the School Improvement Plan and consider data capture when evaluating its effectiveness.

Attendance during the year at meetings was as follows:

| Trustee | Meetings attended | Out of a possible |
|----------------|-------------------|-------------------|
| K Bowen | 1 | 1 |
| R Harris | 1 | 0 |
| D Harris-Smith | 0 | 1 |
| J Hartley | 0 | 0 |
| H Karakashian | 0 | 0 |
| K Langridge | 1 | 1 |
| S Lloyd | 0 | 0 |
| K Moore | 0 | 1 |
| R Rhodes | 1 | 1 |
| N Waters | 1 | 1 |

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GOVERNANCE STATEMENT (CONTINUED)

Review of value for money

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

The Accounting Officer considers how the Academy's use of its resources has provided good value for money during each academic year, and reports to the Board of 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 selling the services of its existing staff to other local schools. This included ICT technicians, teachers, and administrative staff. The academy has also continued to sell its HR and payroll service to other schools. Providing training in first aid and safer recruitment also enhanced the school's income.

The School's canteen did particularly well at the start of 2019-2020 with record numbers of staff and students buying food. However, the income from this and from casual lettings decreased significantly during the lock down and has yet to recover.

The Academy continues to spend a high proportion of its overall income on staffing. It is therefore vital that this is kept under review. During the 2019-20 the Governors took every opportunity not to replace staff as they left positions in the school. Staffing is now at a level to allow us to deliver a broad curriculum. Any further reduction in teaching staff levels would have a detrimental impact on educational outcomes. It would also lead to a narrowing of the curriculum in terms of the subjects being offered which could have a detrimental effect on recruitment, particular of students into the Sixth Form.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy 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 Droitwich Spa High School for the year 1 September 2019 to 31 August 2020 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 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

DROITWICH SPA HIGH SCHOOL
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GOVERNANCE STATEMENT (CONTINUED)

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
- identification and management of risks

The Board of Trustees has decided not to appoint an internal auditor. However, the Trustees have appointed Fred Dowdeswell, the Business Manager of Dyson Perrins Church of England Academy, to perform a peer review.

The Board of Trustees has considered the need for a specific internal audit function and has decided that the annual Responsible Officer Check carried out by a fully trained senior finance officer from another academy. The results of this work are reported to the Governors' Resources Committee. Normally the accountants also carry out an interim audit about half way through the financial year in addition to their full annual audit, however due to changing auditors and the COVID-19 pandemic, this was not possible this year.

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

- Review of cashflow forecasts
- Review of trip income segregation of duty
- Review of payroll
- Review of Balance Sheet accounts
- Review of bank reconciliations
- Review of credit card transactions
- Review of journals

On an annual basis, the reviewer reports to the Board of Trustees through the resources and audit committee on the operation of the systems of control and on the discharge of the Board of Trustees financial responsibilities and annually prepares a short annual summary report to the committee outlining the areas reviewed, key findings, recommendations and conclusions to help the committee consider actions and assess year on year progress.

The Responsible Officer has delivered their schedule of work as planned, with material control issues arising as a result of the work undertaken.

DROITWICH SPA HIGH SCHOOL
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (CONTINUED)

Review of effectiveness

As accounting officer, the Headteacher has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- on discharge of the Board of Trustees financial decisions to help the committee consider actions and assess year on year progress
- the work of the Responsible Officer;
- the work of the external auditor;
- 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 resources and audit committee 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 13 January 2021 and signed on their behalf by:



A Fisher
Chair of Trustees



N Waters
Headteacher and Accounting Officer

DROITWICH SPA HIGH SCHOOL
(A Company Limited by Guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer of Droitwich Spa High School I have considered my responsibility to notify the Academy Board of Trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Academy, under the funding agreement in place between the Academy 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 2019.

I confirm that I and the Academy Board of Trustees are able to identify any material irregular or improper use of all funds by the Academy, or material non-compliance with the terms and conditions of funding under the Academy's funding agreement and the Academies Financial Handbook 2019.

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.



N Waters

Headteacher and Accounting Officer

Date: 13 January 2021

DROITWICH SPA HIGH SCHOOL
(A Company Limited by Guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2020

The Trustees (who 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 Academies Accounts Direction published 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 2019 and the Academies Accounts Direction 2019 to 2020;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 13 January 2021 and signed on its behalf by:



A Fisher
(Chair of Trustees)

DROITWICH SPA HIGH SCHOOL
(A Company Limited by Guarantee)

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
DROITWICH SPA HIGH SCHOOL**

Opinion

We have audited the financial statements of Droitwich Spa High School (the 'academy') for the year ended 31 August 2020 which comprise the Statement of Financial Activities, 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31 August 2020 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 2019 and the Academies Accounts Direction 2019 to 2020 issued by the Education and Skills Funding Agency.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities 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.

DROITWICH SPA HIGH SCHOOL
(A Company Limited by Guarantee)

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
DROITWICH SPA HIGH SCHOOL (CONTINUED)**

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. Other information includes the Reference and Administrative Details, the Trustees' Report including the Strategic Report, and the Governance Statement. Our opinion on the financial statements does not cover the other 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 for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report has 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.

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' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

DROITWICH SPA HIGH SCHOOL
(A Company Limited by Guarantee)

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
DROITWICH SPA HIGH SCHOOL (CONTINUED)**

Responsibilities of trustees

As explained more fully in the Trustees' Responsibilities Statement, 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 or to cease operations, or have no realistic alternative but to do so.

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. This description forms part of our Auditor's Report.

Use of our report

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.

DROITWICH SPA HIGH SCHOOL
(A Company Limited by Guarantee)

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
DROITWICH SPA HIGH SCHOOL (CONTINUED)**



Dave Darlaston (Senior Statutory Auditor)

for and on behalf of

Crowe U.K. LLP

Statutory Auditor

Black Country House

Rounds Green Road

Oldbury

West Midlands

B69 2DG

13 January 2021

DROITWICH SPA HIGH SCHOOL
(A Company Limited by Guarantee)

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO DROITWICH SPA HIGH SCHOOL AND THE EDUCATION AND SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated [enter date here] and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2019 to 2020, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Droitwich Spa High School during the year 1 September 2019 to 31 August 2020 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 Droitwich Spa High School and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Droitwich Spa High School and 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 Droitwich Spa High School and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Droitwich Spa High School's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Droitwich Spa High School's funding agreement with the Secretary of State for Education dated 11 June 2011 and the Academies Financial Handbook, extant from 1 September 2019, 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 2019 to 2020. 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 2019 to 31 August 2020 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 2019 to 2020 issued by 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.

The work undertaken to draw to our conclusion includes a review of the design and implementation of the Academy Trust's internal controls and review processes on regularity, supported by detailed tests on samples of costs incurred by the Academy Trust and specific transactions identified from our review.

DROITWICH SPA HIGH SCHOOL
(A Company Limited by Guarantee)

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO DROITWICH SPA HIGH SCHOOL AND THE EDUCATION & SKILLS FUNDING AGENCY (CONTINUED)

Conclusion

In the course of our work, nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the year 1 September 2019 to 31 August 2020 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Crowe U.K. LLP

Reporting Accountant

Date: 13 January 2021

DROITWICH SPA HIGH SCHOOL
(A Company Limited by Guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2020**

| | Note | Unrestricted funds 2020 £ | Restricted funds 2020 £ | Restricted fixed asset funds 2020 £ | Total funds 2020 £ | Total funds 2019 £ |
|---|------|------------------------------------|----------------------------------|---|-----------------------------|-----------------------------|
| Income from: | | | | | | |
| Donations and capital grants | 3 | 23,904 | - | 26,157 | 50,061 | 66,590 |
| Charitable activities | 4 | - | 6,768,187 | - | 6,768,187 | 6,192,257 |
| Investments | 5 | 253 | - | - | 253 | 408 |
| Other income | 6 | 192,665 | 283,360 | - | 476,025 | 594,710 |
| Total income | | 216,822 | 7,051,547 | 26,157 | 7,294,526 | 6,853,965 |
| Expenditure on: | | | | | | |
| Charitable activities | 7 | 250,561 | 7,125,052 | 377,735 | 7,753,348 | 8,330,080 |
| Total expenditure | | 250,561 | 7,125,052 | 377,735 | 7,753,348 | 8,330,080 |
| Net expenditure | | (33,739) | (73,505) | (351,578) | (458,822) | (1,476,115) |
| Transfers between funds | 17 | 33,739 | (46,969) | 13,230 | - | - |
| Net movement in funds before other recognised gains/(losses) | | - | (120,474) | (338,348) | (458,822) | (1,476,115) |
| Other recognised gains/(losses): | | | | | | |
| Actuarial losses on defined benefit pension schemes | 24 | - | (43,000) | - | (43,000) | (1,206,000) |
| Net movement in funds | | - | (163,474) | (338,348) | (501,822) | (2,682,115) |
| Reconciliation of funds: | | | | | | |
| Total funds brought forward | 17 | - | (4,334,000) | 5,583,179 | 1,249,179 | 3,931,294 |
| Total funds carried forward | 17 | - | (4,497,474) | 5,244,831 | 747,357 | 1,249,179 |

The Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 30 to 55 form part of these financial statements.

DROITWICH SPA HIGH SCHOOL
(A Company Limited by Guarantee)
REGISTERED NUMBER: 07666185

BALANCE SHEET
AS AT 31 AUGUST 2020

| | Note | 2020 £ | 2019 £ |
|---|------|-----------------------|-------------------------|
| Fixed assets | | | |
| Tangible assets | 13 | 5,244,831 | 5,567,705 |
| | | <u>5,244,831</u> | <u>5,567,705</u> |
| Current assets | | | |
| Debtors | 14 | 222,227 | 211,045 |
| Cash at bank and in hand | | 235,201 | 279,000 |
| | | <u>457,428</u> | <u>490,045</u> |
| Creditors: amounts falling due within one year | 15 | (382,643) | (504,920) |
| Net current assets / liabilities | | <u>74,785</u> | <u>(14,875)</u> |
| Total assets less current liabilities | | <u>5,319,616</u> | <u>5,552,830</u> |
| Creditors: amounts falling due after more than one year | 16 | (31,259) | (45,651) |
| Net assets excluding pension liability | | <u>5,288,357</u> | <u>5,507,179</u> |
| Defined benefit pension scheme liability | 24 | (4,541,000) | (4,258,000) |
| Total net assets | | <u><u>747,357</u></u> | <u><u>1,249,179</u></u> |

DROITWICH SPA HIGH SCHOOL
(A Company Limited by Guarantee)
REGISTERED NUMBER: 07666185

BALANCE SHEET (CONTINUED)
AS AT 31 AUGUST 2020

| | Note | 2020 £ | 2019 £ |
|--|------|----------------|------------------|
| Funds of the Academy | | | |
| Restricted funds: | | | |
| Fixed asset funds | 17 | 5,244,831 | 5,583,179 |
| Restricted income funds | 17 | 43,526 | (76,000) |
| | | <hr/> | <hr/> |
| Restricted funds excluding pension asset | | 5,288,357 | 5,507,179 |
| Pension reserve | 17 | (4,541,000) | (4,258,000) |
| | | <hr/> | <hr/> |
| Total restricted funds | | 747,357 | 1,249,179 |
| | | <hr/> | <hr/> |
| Unrestricted income funds | 17 | - | - |
| | | <hr/> | <hr/> |
| Total funds | | 747,357 | 1,249,179 |
| | | <hr/> <hr/> | <hr/> <hr/> |

The financial statements on pages 26 to 55 were approved by the Trustees, and authorised for issue on 13 January 2021 and are signed on their behalf, by:



A Fisher
(Chair of Trustees)

The notes on pages 30 to 55 form part of these financial statements.

DROITWICH SPA HIGH SCHOOL
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2020

| | Note | 2020 £ | 2019 £ |
|---|-------------|-------------------------|-------------------------|
| Cash flows from operating activities | | | |
| Net cash used in operating activities | 19 | (18,224) | (246,493) |
| Cash flows from investing activities | 21 | (11,270) | (46,807) |
| | | <hr/> | <hr/> |
| Cash flows from financing activities | 20 | (14,305) | 46,000 |
| Change in cash and cash equivalents in the year | | (43,799) | (247,300) |
| Cash and cash equivalents at the beginning of the year | | 279,000 | 526,300 |
| Cash and cash equivalents at the end of the year | 22, 23 | 235,201 | 279,000 |
| | | <hr/> <hr/> | <hr/> <hr/> |

The notes on pages 30 to 55 form part of these financial statements

DROITWICH SPA HIGH SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies

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

1.1 Basis of preparation of financial statements

The financial statements of the Academy, which is a public benefit entity under FRS 102, have been prepared under the historic 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 2019 to 2020 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

1.2 Going concern

The Trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Academy to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the Academy has adequate resources to continue in operational existence for the foreseeable future, which takes into account the impacts of the Coronavirus pandemic (COVID-19) on the Academy, and there are no material uncertainties about the Academy's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

DROITWICH SPA HIGH SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

1.3 Income

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

• **Grants**

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance Sheet. Where income is received in advance of meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

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

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

• **Sponsorship income**

Sponsorship income provided to the Academy which amounts to a donation is recognised in the Statement of Financial Activities in the year in which it is receivable (where there are no performance-related conditions) where receipt is probable and it can be measured reliably.

• **Donations**

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

• **Other income**

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

• **Donated goods, facilities and services**

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in 'Stocks' 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'.

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

DROITWICH SPA HIGH SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

1.4 Expenditure

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

- **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

1.5 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 institution with whom the funds are deposited.

1.6 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 Part 11, chapter 3 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.

DROITWICH SPA HIGH SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

1.7 Tangible fixed assets

Assets costing £500 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. 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 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. 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 and assets under construction, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

The estimated useful lives are as follows:

| | |
|------------------------------|------------|
| Long-term leasehold property | - 25 years |
| Furniture and equipment | - 5 years |
| Computer equipment | - 3 years |

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

1.8 Debtors

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

1.9 Cash at bank and in hand

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

1.10 Liabilities

Liabilities are recognised when there is an obligation at the Balance Sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Academy 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.

DROITWICH SPA HIGH SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

1.11 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 bases are as follows:

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 14. Prepayments are not financial instruments.

Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 15 and 16. 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 instrument.

1.12 Operating leases

Rentals paid under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

1.13 Pensions

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

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. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is 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 multi-employer scheme and the assets are held separately from those of the Academy in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each Balance Sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

1.14 Agency arrangements

The Academy acts as an agent in distributing 16-19 Bursary funds on behalf of the ESFA. Payments received and subsequent disbursements to students are excluded from the Statement of Financial Activities as the Academy does not have control over the application of the funds. The Academy can use a percentage of the funding towards its own costs of administering the fund and this is recognised in the Statement of Financial Activities. The funds received and paid and any balances held are disclosed in note 28.

1.15 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/donor and include grants from the Department for Education Group.

Investment income, gains and losses are allocated to the appropriate fund.

2. Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, 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 2020. 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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

3. Income from donations and capital grants

| | Unrestricted funds 2020 £ | Restricted fixed asset funds 2020 £ | Total funds 2020 £ |
|----------------|--|--|---------------------------------------|
| Donations | 23,904 | - | 23,904 |
| Capital Grants | - | 26,157 | 26,157 |
| | <u>23,904</u> | <u>26,157</u> | <u>50,061</u> |
| | <u><u>23,904</u></u> | <u><u>26,157</u></u> | <u><u>50,061</u></u> |
| | <i>Unrestricted funds 2019 £</i> | <i>Restricted fixed asset funds 2019 £</i> | <i>Total funds 2019 £</i> |
| Donations | 11,793 | - | 11,793 |
| Capital Grants | - | 54,797 | 54,797 |
| | <u>11,793</u> | <u>54,797</u> | <u>66,590</u> |
| | <u><u>11,793</u></u> | <u><u>54,797</u></u> | <u><u>66,590</u></u> |

4. Funding for Academy's Educational Operations

| | Restricted funds 2020 £ | Total funds 2020 £ |
|---------------------------------|--|---------------------------------------|
| DfE/ESFA grants | | |
| General Annual Grant | 6,134,838 | 6,134,838 |
| Other DfE/ESFA Grants | 29,425 | 29,425 |
| Pupil Premium | 349,147 | 349,147 |
| | <u>6,513,410</u> | <u>6,513,410</u> |
| Other Government grants | | |
| Other Government Revenue Grants | 254,577 | 254,577 |
| Sponsor Income | 200 | 200 |
| | <u>254,777</u> | <u>254,777</u> |
| | <u><u>6,768,187</u></u> | <u><u>6,768,187</u></u> |

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

4. Funding for Academy's Educational Operations (continued)

| | <i>Restricted funds 2019 £</i> | <i>Total funds 2019 £</i> |
|---------------------------------|--|---------------------------------------|
| DfE/ESFA grants | | |
| General Annual Grant | 5,821,626 | 5,821,626 |
| Other DfE/ESFA Grants | 28,860 | 28,860 |
| Pupil Premium | 267,523 | 267,523 |
| | 6,118,009 | 6,118,009 |
| Other Government grants | | |
| Other Government Revenue Grants | 74,048 | 74,048 |
| Sponsor Income | 200 | 200 |
| | 74,248 | 74,248 |
| | 6,192,257 | 6,192,257 |

5. Investment income

| | Unrestricted funds 2020 £ | Total funds 2020 £ |
|-------------------|--|---------------------------------------|
| Investment income | 253 | 253 |
| | 253 | 253 |
| | | |
| | <i>Unrestricted funds 2019 £</i> | <i>Total funds 2019 £</i> |
| Investment income | 408 | 408 |
| | 408 | 408 |

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

6. Other incoming resources

| | Unrestricted funds 2020 £ | Restricted funds 2020 £ | Total funds 2020 £ |
|--------------------|--|--|---------------------------------------|
| Lettings Income | 5,568 | - | 5,568 |
| Trip Income | - | 99,603 | 99,603 |
| School Fund Income | 21,536 | - | 21,536 |
| Catering Income | 134,314 | - | 134,314 |
| Other Income | 31,247 | 183,757 | 215,004 |
| | <u>192,665</u> | <u>283,360</u> | <u>476,025</u> |
| | <i>Unrestricted funds 2019 £</i> | <i>Restricted funds 2019 £</i> | <i>Total funds 2019 £</i> |
| Lettings Income | 23,236 | - | 23,236 |
| Trip income | - | 146,730 | 146,730 |
| School Fund Income | 5,318 | - | 5,318 |
| Catering Income | 198,830 | - | 198,830 |
| Other Income | 44,947 | 175,649 | 220,596 |
| | <u>272,331</u> | <u>322,379</u> | <u>594,710</u> |

7. Expenditure

| | Staff Costs 2020 £ | Premises 2020 £ | Other 2020 £ | Total 2020 £ |
|-------------------------|-----------------------------------|--------------------------------|-----------------------------|-----------------------------|
| Educational operations: | | | | |
| Direct costs | 5,290,885 | - | 382,907 | 5,673,792 |
| Allocated support costs | 1,040,450 | 603,790 | 435,316 | 2,079,556 |
| Total 2020 | <u>6,331,335</u> | <u>603,790</u> | <u>818,223</u> | <u>7,753,348</u> |

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

7. Expenditure (continued)

| | <i>Staff Costs</i> 2019 £ | <i>Premises</i> 2019 £ | <i>Other</i> 2019 £ | <i>Total</i> 2019 £ |
|-------------------------|---------------------------------|------------------------------|---------------------------|---------------------------|
| Educational operations: | | | | |
| Direct costs | 4,904,882 | - | 709,697 | 5,614,579 |
| Allocated support costs | 1,000,720 | 868,711 | 846,070 | 2,715,501 |
| | <u>4,904,882</u> | <u>868,711</u> | <u>846,070</u> | <u>5,614,579</u> |

8. Analysis of expenditure by activities

Analysis of support costs

| | Educational operations 2020 £ | Total funds 2020 £ |
|-------------------------|--|---------------------------------------|
| Staff costs | 1,107,450 | 1,107,450 |
| Depreciation | 360,301 | 360,301 |
| Other staff costs | 5,681 | 5,681 |
| Insurance | 26,235 | 26,235 |
| Technology costs | 59,439 | 59,439 |
| Other | 106,114 | 106,114 |
| Maintenance of premises | 44,398 | 44,398 |
| Special facilities | 6,637 | 6,637 |
| Cleaning and catering | 43,231 | 43,231 |
| Rates | 29,425 | 29,425 |
| Energy | 84,599 | 84,599 |
| Transport | 9,987 | 9,987 |
| Catering | 85,915 | 85,915 |
| Other premises costs | 73,100 | 73,100 |
| Legal and professional | 21,924 | 21,924 |
| Auditor costs | 15,120 | 15,120 |
| | <u>2,079,556</u> | <u>2,079,556</u> |

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NOTES TO THE FINANCIAL STATEMENTS
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8. Analysis of expenditure by activities (continued)

Analysis of support costs (continued)

| | <i>Educational operations 2019 £</i> | <i>Total funds 2019 £</i> |
|-------------------------|--|---------------------------------------|
| Staff costs | 1,000,720 | 1,000,720 |
| Depreciation | 356,163 | 356,163 |
| Other staff costs | 9,011 | 9,011 |
| Insurance | 29,491 | 29,491 |
| Technology costs | 54,670 | 54,670 |
| Other | 144,354 | 144,354 |
| Maintenance of premises | 656,049 | 656,049 |
| Special facilities | 20,168 | 20,168 |
| Cleaning and caretaking | 55,231 | 55,231 |
| Rates | 28,860 | 28,860 |
| Energy | 97,159 | 97,159 |
| Transport | 12,269 | 12,269 |
| Catering | 115,147 | 115,147 |
| Other premises costs | 86,643 | 86,643 |
| Legal and professional | 37,611 | 37,611 |
| Auditor costs | 11,955 | 11,955 |
| | <u>2,715,501</u> | <u>2,715,501</u> |

9. Net expenditure

Net expenditure for the year includes:

| | 2020 £ | 2019 £ |
|---------------------------------------|---------------------|-------------------|
| Operating lease rentals | 25,114 | 24,000 |
| Depreciation of tangible fixed assets | 360,301 | 356,163 |
| Fees paid to auditor for: | | |
| - audit | 8,950 | 9,000 |
| - other services | 6,170 | 2,955 |
| | <u>6,170</u> | <u>2,955</u> |

DROITWICH SPA HIGH SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

10. Staff

a. Staff costs

Staff costs during the year were as follows:

| | 2020 £ | 2019 £ |
|-----------------------|------------------|------------------|
| Wages and salaries | 4,582,022 | 4,495,930 |
| Social security costs | 445,231 | 428,265 |
| Pension costs | 1,342,663 | 923,836 |
| | <u>6,369,916</u> | <u>5,848,031</u> |
| Agency staff costs | 28,419 | 57,571 |
| | <u>6,398,335</u> | <u>5,905,602</u> |

b. Staff numbers

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

| | 2020 No. | 2019 No. |
|----------------------------------|-------------|-------------|
| Teachers | 106 | 103 |
| Management | 15 | 14 |
| Administration and other support | 77 | 84 |
| | <u>198</u> | <u>201</u> |

c. Higher paid staff

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

| | 2020 No. | 2019 No. |
|---------------------------------|-------------|-------------|
| In the band £60,001 - £70,000 | - | 1 |
| In the band £70,001 - £80,000 | 1 | 1 |
| In the band £90,001 - £100,000 | 1 | - |
| In the band £100,001 - £110,000 | - | 1 |
| | <u>-</u> | <u>1</u> |

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NOTES TO THE FINANCIAL STATEMENTS
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10. Staff (continued)

d. Key management personnel

The key management personnel of the Academy comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Academy was £1,073,450 (2019 £942,751).

11. Trustees' remuneration and expenses

One or more Trustees has been paid remuneration or has received other benefits from an employment with the Academy. The principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment. The value of Trustees' remuneration and other benefits was as follows:

| | | 2020 | 2019 |
|----------------------|----------------------------|------------------------|------------------------|
| | | £ | £ |
| Natalie Waters | Remuneration | 90,000 - 95,000 | <i>90,000 - 95,000</i> |
| | Pension contributions paid | 20,000 - 25,000 | <i>15,000 - 20,000</i> |
| Michael Tibbits | Remuneration | 40,000 - 45,000 | <i>10,000 - 15,000</i> |
| | Pension contributions paid | 5,000 - 10,000 | <i>0 - 5,000</i> |
| Susan Evans | Remuneration | Nil | <i>25,000 - 30,000</i> |
| | Pension contributions paid | Nil | <i>5,000 - 10,000</i> |
| Deborah Harris-Smith | Remuneration | 20,000 - 25,000 | <i>45,000 - 50,000</i> |
| | Pension contributions paid | 5,000 - 10,000 | <i>5,000 - 10,000</i> |
| Andrew Millicheap | Remuneration | 40,000 - 45,000 | <i>40,000 - 45,000</i> |
| | Pension contributions paid | 5,000 - 10,000 | <i>5,000 - 10,000</i> |

During the year ended 31 August 2020, no Trustee expenses have been incurred (2019 - £NIL).

12. 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 £5,000,000 on any one claim and the cost for the year ended 31 August 2020 was £2,250 (2019 - £2,250). The cost of this insurance is included in the total insurance cost.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

13. Tangible fixed assets

| | Long-term leasehold property £ | Furniture and equipment £ | Computer equipment £ | Total £ |
|--------------------------|---|------------------------------------|----------------------------|------------------|
| Cost or valuation | | | | |
| At 1 September 2019 | 8,060,000 | 141,095 | 490,459 | 8,691,554 |
| Additions | - | 21,941 | 15,486 | 37,427 |
| At 31 August 2020 | <u>8,060,000</u> | <u>163,036</u> | <u>505,945</u> | <u>8,728,981</u> |
| Depreciation | | | | |
| At 1 September 2019 | 2,579,201 | 59,899 | 484,749 | 3,123,849 |
| Charge for the year | 322,400 | 30,064 | 7,837 | 360,301 |
| At 31 August 2020 | <u>2,901,601</u> | <u>89,963</u> | <u>492,586</u> | <u>3,484,150</u> |
| Net book value | | | | |
| At 31 August 2020 | <u>5,158,399</u> | <u>73,073</u> | <u>13,359</u> | <u>5,244,831</u> |
| At 31 August 2019 | <u>5,480,799</u> | <u>81,196</u> | <u>5,710</u> | <u>5,567,705</u> |

14. Debtors

| | 2020 £ | 2019 £ |
|--------------------------------|----------------|----------------|
| Due within one year | | |
| Trade debtors | 1,992 | 4,873 |
| Other debtors | 10,909 | 16,915 |
| Prepayments and accrued income | 209,326 | 189,257 |
| | <u>222,227</u> | <u>211,045</u> |

DROITWICH SPA HIGH SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

15. Creditors: Amounts falling due within one year

| | 2020 £ | 2019 £ |
|------------------------------|----------------|----------------|
| Other loans | 12,323 | 12,236 |
| Trade creditors | 288,591 | 355,824 |
| Other creditors | 28,064 | - |
| Accruals and deferred income | 53,665 | 136,860 |
| | <u>382,643</u> | <u>504,920</u> |

Other loans

Other loans of £12,323 (2019: £12,236) from the ESFA are provided on the following terms:

- three unsecured Salix loans, repayable in six monthly installments over eight years, with an applicable interest rate of 0%. Two loans will be repaid by 31 March 2025, and one by 30 September 2026.
- one unsecured CIF loan, repayable in monthly installments over five years, with an applicable interest rate 1.97%. The loan will be repaid by 31 August 2022.

Deferred income

At the Statement of Financial Position date funds totalling £56,236 (2019: £118,183) were received in advance for trips that took place after 31 August 2020 and Government funding received in advance.

16. Creditors: Amounts falling due after more than one year

| | 2020 £ | 2019 £ |
|-------------|---------------|---------------|
| Other loans | <u>31,259</u> | <u>45,651</u> |

Other loans

Included within other loans is an amount of £6,673 (2019: £11,122) that falls due for payment after more than 5 years.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

17. Statement of funds

| | Balance at 1 September 2019 £ | Income £ | Expenditure £ | Transfers in/out £ | Gains/ (Losses) £ | Balance at 31 August 2020 £ |
|-------------------------------------|--|------------------|--------------------|--------------------------|-------------------------|--------------------------------------|
| Unrestricted funds | | | | | | |
| General funds | - | 211,254 | (250,561) | 39,307 | - | - |
| Lettings income | - | 5,568 | - | (5,568) | - | - |
| | <u>-</u> | <u>216,822</u> | <u>(250,561)</u> | <u>33,739</u> | <u>-</u> | <u>-</u> |
| Restricted general funds | | | | | | |
| General Annual Grant | (76,000) | 6,134,838 | (5,968,343) | (46,969) | - | 43,526 |
| Other DfE/ESFA Grants | - | 320,582 | (320,582) | - | - | - |
| Other Income | - | 596,127 | (596,127) | - | - | - |
| Pension reserve | (4,258,000) | - | (240,000) | - | (43,000) | (4,541,000) |
| | <u>(4,334,000)</u> | <u>7,051,547</u> | <u>(7,125,052)</u> | <u>(46,969)</u> | <u>(43,000)</u> | <u>(4,497,474)</u> |
| Restricted fixed asset funds | | | | | | |
| Main Academy Building | 5,567,705 | 26,157 | (360,301) | 11,270 | - | 5,244,831 |
| CIF Grants | 15,474 | - | (17,434) | 1,960 | - | - |
| | <u>5,583,179</u> | <u>26,157</u> | <u>(377,735)</u> | <u>13,230</u> | <u>-</u> | <u>5,244,831</u> |
| Total Restricted funds | <u>1,249,179</u> | <u>7,077,704</u> | <u>(7,502,787)</u> | <u>(33,739)</u> | <u>(43,000)</u> | <u>747,357</u> |
| Total funds | <u>1,249,179</u> | <u>7,294,526</u> | <u>(7,753,348)</u> | <u>-</u> | <u>(43,000)</u> | <u>747,357</u> |

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FOR THE YEAR ENDED 31 AUGUST 2020

17. Statement of funds (continued)

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

Unrestricted Funds

This fund represents those resources which may be used towards meeting any of the charitable objects of the Academy at the discretion of the Trustees.

Restricted Funds

General Annual Grant and Other DfE/ESFA Grants - These fund represents grants received for the Academy's operational activities and development from the ESFA.

Other Income - This represents other restricted income received from the Local Authority and other funders.

Pension reserve - This fund relates solely to the LGPS pension fund.

Restricted Fixed Asset Funds

Main Academy Building and CIF Grants - These are funds received from the DfE and ESFA to carry out works of a capital nature as part of the School Building Project, as well as fixed asset purchases made out of restricted revenue funding.

Transfers between funds

These relate to amounts utilised from restricted DfE/ESFA revenue grants and other revenue incoming resources which have been used for the acquisition of fixed assets.

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NOTES TO THE FINANCIAL STATEMENTS
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17. Statement of funds (continued)

Comparative information in respect of the preceding year is as follows:

| | <i>Balance at 1 September 2018 £</i> | <i>Income £</i> | <i>Expenditure £</i> | <i>Transfers in/out £</i> | <i>Balance at 31 August 2019 £</i> |
|-------------------------------------|--|-------------------------|---------------------------|-----------------------------------|--|
| Unrestricted funds | | | | | |
| General Funds | 172,000 | 63,000 | (12,000) | (223,000) | - |
| Lettings Income | 70,000 | 23,000 | - | (93,000) | - |
| | <u>242,000</u> | <u>86,000</u> | <u>(12,000)</u> | <u>(316,000)</u> | <u>-</u> |
| Restricted general funds | | | | | |
| General Annual Grant | - | 5,924,000 | (6,347,000) | 347,000 | (76,000) |
| Other DfE/ESFA Grants | - | 42,000 | (42,000) | - | - |
| Other Income | - | 176,000 | (176,000) | - | - |
| Catering Income | - | 199,000 | (199,000) | - | - |
| Pupil Premium | - | 225,000 | (225,000) | - | - |
| Private Trip Fund | - | 147,000 | (147,000) | - | - |
| Pension reserve | (2,843,000) | - | (209,000) | (1,206,000) | (4,258,000) |
| | <u>(2,843,000)</u> | <u>6,713,000</u> | <u>(7,345,000)</u> | <u>(859,000)</u> | <u>(4,334,000)</u> |
| Restricted fixed asset funds | | | | | |
| DFC Grants | 77,000 | 55,000 | - | (132,000) | - |
| Main Academy Building | 5,823,000 | - | (357,821) | 101,000 | 5,566,179 |
| CIF Grants | 634,000 | - | (617,000) | - | 17,000 |
| | <u>6,534,000</u> | <u>55,000</u> | <u>(974,821)</u> | <u>(31,000)</u> | <u>5,583,179</u> |
| Total Restricted funds | <u>3,691,000</u> | <u>6,768,000</u> | <u>(8,319,821)</u> | <u>(890,000)</u> | <u>1,249,179</u> |
| Total funds | <u><u>3,933,000</u></u> | <u><u>6,854,000</u></u> | <u><u>(8,331,821)</u></u> | <u><u>(1,206,000)</u></u> | <u><u>1,249,179</u></u> |

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

18. Analysis of net assets between funds

Analysis of net assets between funds - current period

| | Unrestricted funds 2020 £ | Restricted funds 2020 £ | Restricted fixed asset funds 2020 £ | Total funds 2020 £ |
|--|--|--|--|---------------------------------------|
| Tangible fixed assets | - | - | 5,244,831 | 5,244,831 |
| Current assets | 8,734 | 448,694 | - | 457,428 |
| Creditors due within one year | (10,986) | (371,657) | - | (382,643) |
| Creditors due in more than one year | 2,252 | (33,511) | - | (31,259) |
| Provisions for liabilities and charges | - | (4,541,000) | - | (4,541,000) |
| Total | - | (4,497,474) | 5,244,831 | 747,357 |

Analysis of net assets between funds - prior period

| | <i>Unrestricted funds 2019 £</i> | <i>Restricted funds 2019 £</i> | <i>Restricted fixed asset funds 2019 £</i> | <i>Total funds 2019 £</i> |
|--|--|--|--|---------------------------------------|
| Tangible fixed assets | - | - | 5,567,705 | 5,567,705 |
| Current assets | 474,571 | - | 15,474 | 490,045 |
| Creditors due within one year | (474,920) | (30,000) | - | (504,920) |
| Creditors due in more than one year | 349 | (46,000) | - | (45,651) |
| Provisions for liabilities and charges | - | (4,258,000) | - | (4,258,000) |
| Total | - | (4,334,000) | 5,583,179 | 1,249,179 |

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

19. Reconciliation of net expenditure to net cash flow from operating activities

| | 2020 | 2019 |
|---|------------------|--------------------|
| | £ | £ |
| Net expenditure for the period (as per Statement of Financial Activities) | (458,822) | (1,476,115) |
| Adjustments for: | | |
| Depreciation | 360,301 | 356,163 |
| Capital grants from DfE and other capital income | (26,157) | (54,797) |
| Defined benefit pension scheme finance cost | 240,000 | 209,000 |
| (Increase)/decrease in debtors | (11,182) | 536,332 |
| (Decrease)/increase in creditors | (122,364) | 182,924 |
| Net cash used in operating activities | (18,224) | (246,493) |

20. Cash flows from financing activities

| | 2020 | 2019 |
|--|-----------------|---------------|
| | £ | £ |
| Cash inflows from new borrowing | - | 46,000 |
| Repayments of borrowing | (14,305) | - |
| Net cash (used in)/provided by financing activities | (14,305) | 46,000 |

21. Cash flows from investing activities

| | 2020 | 2019 |
|--|-----------------|-----------------|
| | £ | £ |
| Purchase of tangible fixed assets | (37,427) | (101,554) |
| Capital grants from DfE Group | 26,157 | 54,747 |
| Net cash used in investing activities | (11,270) | (46,807) |

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22. Analysis of cash and cash equivalents

| | 2020 £ | 2019 £ |
|--|----------------|----------------|
| Cash in hand | 235,201 | 279,000 |
| Total cash and cash equivalents | 235,201 | 279,000 |

23. Analysis of changes in net debt

| | At 1 September 2019 £ | Cash flows £ | Other non- cash changes £ | At 31 August 2020 £ |
|--------------------------|--------------------------------|-----------------|------------------------------------|---------------------------|
| Cash at bank and in hand | 279,000 | (43,799) | - | 235,201 |
| Debt due within 1 year | (12,236) | 12,236 | (12,323) | (12,323) |
| Debt due after 1 year | (45,651) | - | 14,392 | (31,259) |
| | 221,113 | (31,563) | 2,069 | 191,619 |

24. Pension commitments

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2019 and of the LGPS 31 March 2016.

Contributions amounting to £18,615 were payable to the schemes at 31 August 2020 (2019 - £15,833) and are included within creditors.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies. All teachers have the option to opt-out of the TPS following enrolment.

The TPS is an unfunded scheme to which both the member and employer makes contributions, as a percentage of salary - these contributions are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

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24. Pension commitments (continued)

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury every 4 years. 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 2016. The valuation report was published by the Department for Education on 5 March 2019. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% administration levy)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million, giving a notional past service deficit of £22,000 million
- the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI, assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

The next valuation result is due to be implemented from 1 April 2023.

The employer's pension costs paid to TPS in the year amounted to £837,772 (2019 - £556,339).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (<https://www.teacherspensions.co.uk/news/employers/2019/04/teachers-pensions-valuation-report.aspx>).

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

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2020 was £321,227 (2019 - £289,000), of which employer's contributions totalled £266,610 (2019 - £239,000) and employees' contributions totalled £ 54,617 (2019 - £50,000). The agreed contribution rates for future years are 23.5% for employers and 5.8% 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.

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24. Pension commitments (continued)

Principal actuarial assumptions

| | 2020 | <i>2019</i> |
|--|-------------|-------------|
| | % | % |
| Rate of increase in salaries | 3.90 | <i>2.50</i> |
| Rate of increase for pensions in payment/inflation | 2.10 | <i>2.10</i> |
| Discount rate for scheme liabilities | 1.80 | <i>1.80</i> |
| Inflation assumption (CPI) | 2.40 | <i>2.00</i> |

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

| | 2020 | <i>2019</i> |
|-----------------------------|-------------|-------------|
| | Years | Years |
| <i>Retiring today</i> | | |
| Males | 22.6 | <i>22.8</i> |
| Females | 25.0 | <i>25.8</i> |
| <i>Retiring in 20 years</i> | | |
| Males | 24.2 | <i>25.1</i> |
| Females | 27.0 | <i>22.8</i> |

Sensitivity analysis

| | 2020 | <i>2019</i> |
|--|------------------|------------------|
| | £000 | £000 |
| Discount rate +0.1% | 4,325,000 | <i>4,105,000</i> |
| Mortality assumption - 1 year increase | 4,686,000 | <i>4,382,000</i> |
| CPI rate +0.1% | 4,625,000 | <i>4,415,000</i> |

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24. Pension commitments (continued)

Share of scheme assets

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

| | 2020 £ | 2019 £ |
|-------------------------------------|------------------|------------------|
| Equities | 1,928,000 | 1,837,000 |
| Gilts | 196,000 | 194,000 |
| Corporate bonds | 155,000 | 13,000 |
| Property | 158,000 | 156,000 |
| Cash and other liquid assets | 123,000 | 75,000 |
| Other | 299,000 | 200,000 |
| Total market value of assets | 2,859,000 | 2,475,000 |

The actual return on scheme assets was £44,000 (2019 - £103,000).

The amounts recognised in the Statement of Financial Activities are as follows:

| | 2020 £ | 2019 £ |
|---|------------------|------------------|
| Current service cost | (349,000) | (264,000) |
| Past service cost | (16,000) | (105,000) |
| Interest income | 49,000 | 67,000 |
| Interest cost | (125,000) | (143,000) |
| Administrative expenses | (3,000) | (3,000) |
| Total amount recognised in the Statement of Financial Activities | (444,000) | (448,000) |

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24. Pension commitments (continued)

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

| | 2020 £ | 2019 £ |
|------------------------|------------------|------------------|
| At 1 September | 6,850,000 | 5,114,000 |
| Current service cost | 349,000 | 264,000 |
| Interest cost | 125,000 | 143,000 |
| Employee contributions | 50,000 | 50,000 |
| Actuarial losses | 39,000 | 1,242,000 |
| Benefits paid | (29,000) | (68,000) |
| Past service costs | 16,000 | 105,000 |
| At 31 August | 7,400,000 | 6,850,000 |

Changes in the fair value of the Academy's share of scheme assets were as follows:

| | 2020 £ | 2019 £ |
|--------------------------|------------------|------------------|
| At 1 September | 2,592,000 | 2,271,000 |
| Interest income | 49,000 | 67,000 |
| Actuarial (losses)/gains | (4,000) | 36,000 |
| Employer contributions | 271,000 | 239,000 |
| Employee contributions | 50,000 | 50,000 |
| Benefits paid | (29,000) | (68,000) |
| Administration expenses | (3,000) | (3,000) |
| Prepaid contributions | (67,000) | - |
| At 31 August | 2,859,000 | 2,592,000 |

25. Operating lease commitments

At 31 August 2020 the Academy had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

| | 2020 £ | 2019 £ |
|--|---------------|---------------|
| Not later than 1 year | 24,705 | 24,000 |
| Later than 1 year and not later than 5 years | 22,181 | 48,000 |
| | 46,886 | 72,000 |

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NOTES TO THE FINANCIAL STATEMENTS
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26. 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.

27. Related party transactions

Owing to the nature of the Academy and the composition of the Board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the Academies Financial Handbook, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with the Academy's financial regulations and normal procurement procedures relating to connected and related party transactions.

Friends of Droitwich Spa High School is a connect charity of the Academy, transactions during the period amounted to £2,725 (2019: £2,783) for items bought with school budget which the Friends of Droitwich Spa High School funded, there were no amounts outstanding at the year end.

28. Agency arrangements

The Academy distributes 16-19 Bursary funds to students as an agent for the ESFA. In the accounting period ending 31 August 2020 the Academy received £15,181 and disbursed £7,985, in addition to the Academy's costs of administering the fund of £1,518. An amount of £28,064 is included in other creditors relating to undistributed funds that is repayable to the ESFA.