



**DROITWICH SPA
HIGH SCHOOL
AND SIXTH FORM CENTRE**

Droitwich Spa High School and Sixth Form Centre
(A Company Limited by Guarantee)

**Annual Report and
Financial Statements**

Year ended 31 August 2013

**Company Registration Number:
07666185 (England and Wales)**

Droitwich Spa High School and Sixth Form Centre

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Droitwich Spa High School and Sixth Form Centre

Reference and Administrative Details

Trustees

* members of the Resources Committee

R Rhodes (Chair)*
A Fisher*
P Forte (resigned 12/12/12)
D Harris (Staff Trustee)
R Harris (Vice Chair)*
T Kirkham
D Morris*
I Paston*
Mr A Quiney (Staff Trustee) (appointed 15/11/12)
Rev C Radburn
H Rollason
R Seabourne*
N J Waters* (Headteacher and Accounting Officer)
C Gallant
J Nicholson

Other Governors

Company Secretary

A J Allott (resigned as Company Secretary 13/5/13)
T Hogan (appointed as Company Secretary 13/5/13)

Senior Management Team:

Headteacher
Deputy Headteacher
Deputy Headteacher (Finance, Data and Resources)
Deputy Headteacher
Assistant Headteacher, Head of Sixth Form
Senior Leader: Narrowing the Gap
Senior Leader English
Senior Leader Mathematics
Senior Leader Science
Senior Leader Head of Pastoral Support
Senior Leader Head of Ethos and SMSC
Senior Teacher School Organisation

N J Waters
K E Moore
J M Brook
P Clayton
R Elmes
J E Moseley
D H Hall
S O'Donohoe
D Harris
J Broughton
D C Hilditch
G I Crowe

Principal and Registered Office

Briar Mill
Droitwich Spa
WR9 0AA

Company Registration Number

07666185 (England and Wales)

Independent Auditor:

Baker Tilly Audit Limited
Charterhouse
Legge Street
Birmingham
B4 7EU

Solicitors:

Stone King
13 Queen Street
Bath
BA1 2HJ

Bankers:

Lloyds TSB
4 The Cross
Worcester
WR1 3PY

Droitwich Spa High School and Sixth Form Centre

Trustees' Report

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year commencing on 1 September 2012 and ending on 31 August 2013.

Structure, Governance and Management

Constitution

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

The Trustees act as the Trustees for the charitable activities 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 year except as noted are included in the Reference and Administrative Details on page 1.

Members' Liability

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

Trustees' Indemnities

Subject to the provisions of the Companies Act 2006, every Trustee or other officer or auditor of the Academy is provided with indemnity insurance to cover the liability of Trustees which by virtue of any rule of law would otherwise attach to the Trustee 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.

Principal Activities

The Academy's object, as set out in its Articles of Association, is to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum.

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 deed. 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 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 2013 and who served during the year are listed on page 1.

Policies and Procedures 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 Worcestershire County Council.

Droitwich Spa High School and Sixth Form Centre

Trustees' Report (continued)

Organisational Structure

The new Academy was setup 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 two sub committees, the School Improvement Committee and the Resources Committee. These have approved terms of reference. In the course of the 2012/13 financial year the following meetings were held:

Full Governing Body:	4 meetings
Resources Committee:	5 meetings
School Improvement Committee:	6 meetings
Pay Panel:	1 meeting

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

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.

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.

Droitwich Spa High School and Sixth Form Centre

Trustees' Report (continued)

Connected Organisations, including Related Party Relationships

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 Head teachers.

The Aspire consortium has prepared a proposal for the establishment of an alternative provision free school in the South Worcestershire. This has now been approved by the Secretary of State and it is planned that the new institution, which is to be all called the Aspire Academy, will open in September 2014.

The Aspire Academy will extend and enhance the alternative educational provision for young people in South Worcestershire. Droitwich Spa High School, which has been centrally involved in the preparation of this scheme, expects to benefit from having an effective and attractive alternative to offer to those of its students for whom mainstream provision has proved unsuitable.

The trustees have continued to work with the school improvement partner who was appointed in 2011-2012.

Objectives and Activities

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.

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.

Beyond this, the school aims to offer an education for the whole individual, providing excellent opportunities for personal development as well as academic success. In this the school seeks to provide for the cultural, physical, spiritual as well as the academic education of students. The wide range of extra-curricular activities, educational trips and partnership projects extended to – and taken up by – our students contributes to a school which is happy and in which individuals thrive.

Droitwich Spa High School and Sixth Form Centre

Trustees' Report (continued)

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 a high quality of education to its students.

Achievements and Performance

During November 2012 the school was subject to an inspection by OFSTED. The inspectors' findings, which are publicly available, were the source of great satisfaction to the trustees.

The report was divided into four sections, with each being given a grade. Three of these sections – Achievement of pupils, Quality of teaching and Behaviour – were assessed as being Good. The fourth category, which is Leadership and Management, was considered to be Outstanding.

The inspectors' overall assessment was summarised in their introductory sentence: "This is a good school." These headline judgements were amplified in a series of detailed findings. These provide encouragement and guidance on the task of continuing to take the school forward. One part of the Leadership and Management section reported on the governance of the school, a responsibility in which all of the trustees are directly involved. They were heartened by the assessments which were made.

For the remainder of the year the developments which had underlain the OFSTED findings continued to shape the work of the school. The quality of teaching was systematically observed, assessed and appropriate responses were made. The careful tracking of individual students which had so impressed the inspectors was continued, allowing an increasingly detailed description of an individual's progress – or lack of it – to be compiled.

All of this enabled the school to look forward to the 2013 exam results with a good deal of confidence. This was amply justified at A-level. The largest cohort that the school had yet entered provided its strongest ever results. The average points score per candidate placed Droitwich Spa High School fourth among the high schools in Worcestershire. Particular satisfaction was drawn from the large number of outstanding individual performances and the consequent entry of several former students to the country's most competitive universities.

At GCSE level a more complex and even contradictory picture emerged. In Maths and English, the most carefully scrutinised sets of results, the levels of progress achieved by the Year 11 compared very well with national benchmarks. Yet a crucial group of the same candidates performed disappointingly in the GCSE, falling short of the C grade which are been expected. The effect of this was to pull down the overall performance of the year group and reduce the headline figure to a disappointing 49%.

The trustees asked that separate data be prepared concerning the students who qualify for the pupil premium. This is additional funding paid directly to the school for each student who is deemed to qualify. The progress achieved by this group attracted national commendation in 2012 and the trustees are pleased to report the 2013 saw an even stronger performance, most prominently in English. The trustees interpret this as evidence that the school is driving to improve the performance of students from every part of the ability range, including those for whom such work is most challenging.

The trustees are continually seeking opportunities to improve the fabric of the school's building. During 2012/13 the Academy was successful in receiving two significant grants from the Academies Capital Maintenance Fund, one to replace the roofs in the main part of the building and the other to replace windows in the Sixth form Centre and adjacent classrooms and offices. In addition the school had to refurbish classrooms and thoroughfares as a result of a sustained leak from the cold water system during the Easter holidays.

Droitwich Spa High School and Sixth Form Centre

Trustees' Report (continued)

Going Concern

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the academy trust has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

Key Performance Indicators

The Academy uses the Key Performance Indicators as Ofsted:

- The Achievement of Students
- The Quality of Teaching
- The Standard of Behaviour and Safety
- The Quality of Leadership and Management

Droitwich Spa High School and Sixth Form Centre

Trustees' Report (continued)

Financial Review

Financial and Risk Management Objectives and Policies

Most of the Academy's income is obtained from the Education Funding Agency (EFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFA during the year ended 31 August 2013 and the associated expenditure are shown as restricted funds in the statement of financial activities.

The Academy also receives grants for fixed assets from the EFA. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2005), 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 2013, total expenditure of £8,570,000 was partly covered by recurrent grant funding from the EFA together with other incoming resources. The excess of expenditure over income for the year (excluding restricted fixed asset funds) was £311,000. Resources were used to; provide education to the students of the Academy and to; support the delivery of the Ofsted Action Plan.

At 31 August 2013 the net book value of fixed assets was £7,576,000. Additions of £107,000 were made during the year partly funded from recurrent grant funding from the EFA together with capital grants. Assets were used exclusively for providing education and the associated support services to the students of the Academy.

The principal financial management policies adopted in the year were Finance, Charging, Pay, Casual Lettings, Local Government Pension Scheme Discretions and Performance Management.

The key financial performance priorities were to ensure that a balanced budget was delivered and that all the financial responsibilities operating as an academy converter school were continued to be embedded. Both of these priorities have been achieved.

Principal Risks and Uncertainties

The Academy has undertaken further work during the period to develop and embed the system 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 Resource 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 risk mitigation actions. In addition to the annual review, the Quality, Compliance and Audit Committee will also consider any risks which may arise as a result of 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.

Droitwich Spa High School and Sixth Form Centre

Trustees' Report (continued)

Financial Review (continued)

Principal Risks and Uncertainties (continued)

Outlined below is a description of the principal risk factors that may affect the Academy. Not all the factors are within the Academy's control. Other factors besides those listed below may also adversely affect the Academy.

- Strategic & Reputational
- Operational Risk
- Compliance Risk
- Financial Risk.

1. Government funding

The Academy has considerable reliance on continued government funding through the EFA. In 2012/13 95% of the Academy's revenue was ultimately public funded and this level of requirement is expected to continue, this calculation was made after deducting the amount for fixed assets. There are and can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

This risk is mitigated in a number of ways:

- Funding is derived through a number of direct and indirect contractual arrangements
- By ensuring the Academy is rigorous in delivering high quality education and training
- Considerable focus and investment is placed on maintaining and managing key relationships with the EFA.

2. 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 17.

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 academy's current level of reserves (total funds less the amount held in fixed assets) is £391,000.

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.

Droitwich Spa High School and Sixth Form Centre

Trustees' Report (continued)

Plans for Future Periods

Overall Aim

Following the successful Inspection in November 2012 the academy is now aiming to be recognised as an Outstanding School, one where teaching and assessment are of a consistently high standard leading to excellent rates of progress for all of its students.

We expect rates of progress to increase so that:

- a) The headline figure for 5A*-C in 2014 is in line with FFT D target
- b) Attainment in English and Maths remain above the national average
- b) Outcomes for all groups of students in the school are at least in line with FFT D targets at the end of Key Stage 4, with a particular focus on SEN and FSM
- c) Students make at least 4 points/2 sub-levels of progress per year in Years 8 & 9
- d) In English and Maths the percentage of pupils making 3 levels of progress between Key Stage 2 and Key Stage 4 remains above the national floor target and increasing numbers of students are making 4 levels of progress
- e) In the Sixth Form the percentage of students reaching and exceeding indicative grades at AS and A2 increases so that progress in all subjects remains significantly above expectation

In order to achieve these aims the academy has identified these priorities:

Priority 1: Achievement

Increase the rates of progress of all students and raise achievement in all subjects by:

- a) Having a particular focus on English, Maths, Science and Design and Technology
- b) Ensuring high expectations among all staff of each student's potential for achievement by further improving the use of data and target setting
- c) Meeting the academic needs of all students and in particular those with identified behavioural needs and those entitled to FSM

Priority 2: Teaching and Assessment

Improve the quality of teaching so that all lessons are consistently 'Good' and 50% are consistently 'Outstanding' by:

- a) Having a particular focus on the quality of marking, assessment and feedback
- b) Ensuring that homework is set, marked and followed up effectively
- c) Ensuring effective differentiation in all lessons
- d) Continuing to raise the quality of literacy across all subjects (Ofsted target 2012)

Priority 3: Leadership and Management

Increase the school's capacity for sustained improvement by:

- a) Ensuring that appropriate curriculum changes take place to reflect changes in the National Curriculum and new accountability measures
- b) Extending the school's involvement in Initial Teacher Training by leading a School Direct Consortium
- c) Extending the current good and outstanding practice in middle leadership to all areas of the school
- d) Ensuring that the provision of Careers Information, Advice and Guidance is more systematic so that students receive all the information they need to make appropriate decisions about their futures, especially at Key Stage 4. (Ofsted target)

Droitwich Spa High School and Sixth Form Centre

Trustees' Report (continued)

Priority 4: Behaviour and Safety

Improve this area of the school's work by:

- a) Re-launching and rebranding the anti-bullying policy
- b) Introducing a Re-focus room as an alternative to some fixed term exclusions

Priority 5: SMSC

Develop students' Spiritual, Moral, Social and Cultural knowledge and experience by:

- a) Auditing and assessing where it is developing students' spiritual, moral, social and cultural knowledge, in all subjects, so that there is a coherent overview of the work being done in this area (Ofsted target)
- b) Introducing a House System to allow all students access to a wider range of opportunities to develop SMSC

Future Financial Consideration

The trustees are facing a year in which the school's income from the EFA will fall by £269k and £350k in total. This results from a county wide reduction in the number of pupils reaching the age of secondary education. This temporary dip in the school's population will extend to one further year where the school's intake is below its planned admission number. In order to manage the consequent reduction in funds the school has reduced its staffing complement by around £180k. This reduction has been achieved by not filling every staff vacancy that arises; the pupil teacher ratio, however, has not been adversely affected. The trustees and the school's leadership are alert to the possibility that further economies may be necessary.

Droitwich Spa High School and Sixth Form Centre

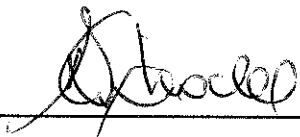
Trustees' Report (continued)

Auditor

Insofar as the Trustees are aware:

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

Approved by order of the members of the board of Trustees on 19th December 2013 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'Rod Rhodes', is written over a horizontal line.

Rod Rhodes, Chair

Droitwich Spa High School and Sixth Form Centre

Governance Statement

Scope of Responsibility

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

The board of Trustees has delegated the day-to-day responsibility to the 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 Sixth Form Centre and the Secretary of State for Education. They are also responsible for reporting to the board of Trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees Report and in the Statement of Trustees' responsibilities. The board of Trustees has formally met 4 times during the year. Attendance at the meetings of the board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
Mr A Fisher	2	4
Mr P Forte	1	2
Mrs K Gallant	3	4
Miss D Harris	2	4
Mr R Harris	4	4
Mr T Kirkham	3	4
Mr D Morris	1	4
Mrs J Nicholson	4	4
Mr I Paston	3	4
Mr A Quiney	3	3
Rev C Radburn	3	4
Mr R Rhodes	4	4
Mrs H Rollason	1	4
Mr R Seabourne	2	4
Mrs N Waters	4	4

Droitwich Spa High School and Sixth Form Centre

Governance Statement (*continued*)

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

- Establish and maintain an up to date three year financial plan
- Recommendation of 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 at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mr A Fisher	2	3
Mr R Harris	4	5
Mr D Morris	0	5
Mr I Paston	5	5
Mr R Rhodes	4	5
Mr R Seabourne	2	5
Mrs N Waters	5	5

The board of Trustees have considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However the Trustees have appointed Russell Dalton, the Business Manager of Pershore High School to perform peer review.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Droitwich Spa High School and Sixth Form Centre for the period ended 31 August 2013 and up to the date of approval of the annual report and financial statements.

Droitwich Spa High School and Sixth Form Centre

Governance Statement (continued)

Capacity to Handle Risk

The board of Trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of Trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the year ending 31 August 2013 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of Trustees.

The Risk and Control Framework

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

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

The board of Trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed Pershore High School's Business Manager, Russell Dalton, as Responsible Officer ('RO'). The RO's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. On a termly basis, the RO reports to the board of Trustees on the operation of the systems of control and on the discharge of the board of Trustees' financial responsibilities.

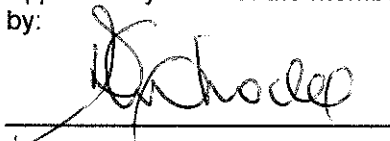
Review of Effectiveness

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

- the work of the Responsible Officer;
- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the Resources Committee and 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 19th December 2013 and signed on its behalf by:



Rod Rhodes, Chair



Natalie Waters, Accounting Officer


Droitwich Spa High School and Sixth Form Centre

Statement on Regularity, Propriety and Compliance

As accounting officer of Droitwich Spa High School and Sixth Form Centre I have considered my responsibility to notify the academy trust board of Trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date.



Natalie Waters, Accounting Officer
19th December 2013

Droitwich Spa High School and Sixth Form Centre

Statement of Trustees' Responsibilities

The Trustees (who act as governors for charitable activities of Droitwich Spa High School and Sixth Form Centre are also the directors of the Charitable Company for the purposes of company law) are responsible for preparing the Trustees report and the financial statements in accordance with the Annual Accounts Requirements issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the 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 in the Charities SORP;
- make judgments 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; and
- 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 the EFA/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 19th December 2013 and signed on its behalf by:



Rod Rhodes, Chair

Droitwich Spa High School and Sixth Form Centre

Independent Auditor's Report on the Financial Statements to the Governing Body of Droitwich Spa High School and Sixth Form Centre

We have audited the financial statements of Droitwich Spa High School and Sixth Form Centre for the year ended 31 August 2013 on pages 19 to 40. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), and the Academies Accounts Direction 2013 issued by the Education Funding Agency.

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

Respective responsibilities of Trustees' and auditors

As explained more fully in the Statement of Governors' Responsibilities, the governors (who act as trustees for the charitable activities of the charitable company, and are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [http://www.frc.org.uk/Our-Work/Codes-Standards/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Scope-of-audit/UK-Private-Sector-Entity-\(issued-1-December-2010\).aspx](http://www.frc.org.uk/Our-Work/Codes-Standards/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Scope-of-audit/UK-Private-Sector-Entity-(issued-1-December-2010).aspx).

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2013 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2013 issued by the Education Funding Agency.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Governors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Droitwich Spa High School and Sixth Form Centre

Independent Auditor's Report on the Financial Statements to the Governing Body of Droitwich Spa High School and Sixth Form Centre (continued)

Matters on which we are required to report by exception

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

- the charity has not kept adequate accounting records, 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.

Richard Eccles, Senior Statutory Auditor
for and on behalf of Baker Tilly Audit Limited

Baker Tilly Audit Limited
Charterhouse
Legge Street
Birmingham
B4 7EU

Date:

Droitwich Spa High School and Sixth Form Centre

Statement of Financial Activities for the year ended 31 August 2013 (including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2013 £000	Total 2012 £000 <i>(restated)</i>
Incoming resources						
<i>Incoming resources from generated funds:</i>						
Voluntary income	4	150	31	-	181	8,818
Activities for generating funds	5	190	-	-	190	186
Investment income	6	1	-	-	1	1
<i>Incoming resources from charitable activities:</i>						
Funding for the academy's educational operations	7	-	7,093	496	7,589	8,214
Total incoming resources		341	7,124	496	7,961	17,219
Resources expended						
<i>Cost of generating funds:</i>						
- Activities for generating funds	8	(116)	(14)	-	(130)	(118)
<i>Charitable activities:</i>						
- Academy's educational operations	9	(363)	(7,086)	(937)	(8,386)	(8,497)
Governance costs	10	-	(54)	-	(54)	(111)
Total resources expended	8	(479)	(7,154)	(937)	(8,570)	(8,726)
Net (outgoing)/ incoming resources before interest and transfers		(138)	(30)	(441)	(609)	8,493
Gross transfers between funds	17	(391)	248	143	-	-
Net (expenditure)/ income for the year		(529)	218	(298)	(609)	8,493
<i>Other recognised gains and losses</i>						
Transferred defined benefit pension scheme liability		-	-	-	-	(1,383)
Actuarial gains/(losses) on defined benefit pension schemes	26	-	52	-	52	(185)
Net movement in funds		(529)	270	(298)	(557)	6,925
Reconciliation of funds						
Total funds brought forward as previously reported.		529	(1,478)	9,687	8,738	-
Prior period adjustment		-	-	(1,813)	(1,813)	-
Total funds brought forward at 1 September 2012 as restated	17	529	(1,478)	7,874	6,925	--
Total funds carried forward at 31 August 2013		-	(1,208)	7,576	6,368	6,925

All of the academy's activities derive from continuing operations during the current financial year. A Statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities.

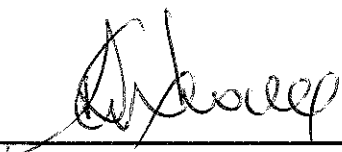
The notes on pages 22 to 40 form part of these financial statements.

Droitwich Spa High School and Sixth Form Centre

Balance sheet as at 31 August 2013 - Company Number 07666185

	Notes	2013 £000	2013 £000	2012 £000 <i>(restated)</i>	2012 £000 <i>(restated)</i>
Fixed assets					
Tangible assets	14		7,576		7,910
Current assets					
Debtors	15	138		185	
Cash at bank and in hand		807		799	
		<u>945</u>		<u>984</u>	
Liabilities					
Creditors: Amounts falling due within one year	16	(554)		(361)	
			<u>391</u>		<u>623</u>
Net current assets			<u>391</u>		<u>623</u>
Total assets less current liabilities			<u>7,967</u>		<u>8,533</u>
Pension scheme liability	26		(1,599)		(1,608)
Net assets including pension liability			<u>6,368</u>		<u>6,925</u>
Funds of the academy trust:					
Restricted income funds					
- Fixed asset fund	17	7,576		7,874	
- General fund	17	391		130	
- Pension reserve	17	(1,599)		(1,608)	
Total restricted income funds			<u>6,368</u>		<u>6,396</u>
Unrestricted income funds					
- General fund	17		-		529
Total unrestricted funds			<u>-</u>		<u>529</u>
Total funds			<u><u>6,368</u></u>		<u><u>6,925</u></u>

The financial statements on pages 19 to 40 were approved by the Trustees, and authorised for issue on 19th December 2013 and are signed on their behalf by:



Rod Rhodes, Chair of Trustees

Droitwich Spa High School and Sixth Form Centre

Cash Flow Statement for the year ended 31 August 2013

	Notes	2013 £000	2012 £000
Net cash (outflow)/inflow from operating activities	21	(382)	950
Return on investments and servicing of finance	22	1	1
Capital expenditure and financial investment	23	389	(152)
Increase in cash in the year	24	<u>8</u>	<u>799</u>
Reconciliation of net cash flow to movement in net funds			
Increase in cash in the year		8	799
Net funds at 1 September 2012		799	-
Net funds at 31 August 2013		<u>807</u>	<u>799</u>

Droitwich Spa High School and Sixth Form Centre

Notes to the Financial Statements for the year ended 31 August 2013

1. Statement of Accounting Policies

Basis of Preparation

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice: Accounting and Reporting by Charities' ('SORP 2005'), the Academies Accounts Direction issued by the EFA and the Companies Act 2006.

A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below:

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 company to continue as a going concern. The Trustees make this assessment in respect of a year of one year from the date of approval of the financial statements.

Incoming Resources

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

- **Grants receivable**

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the year is shown in the relevant funds on the balance sheet. Where income is received in advance of entitlement of receipt its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued. Specific reference should be made to the treatment of GAG, fixed asset grants and grants with specific performance conditions.

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund. Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

- **Donations**

Donations are recognised on a receivable basis where there is certainty of receipt and it is measurable.

- **Other income**

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

- **Donated Services and gifts in kind**

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

Droitwich Spa High School and Sixth Form Centre

Notes to the Financial Statements for the year ended 31 August 2013 (continued)

1. Statement of Accounting Policies (continued)

Resources Expended

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

- **Costs of generating funds**

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

- **Charitable activities**

These are costs incurred on the academy trust's educational operations.

- **Governance Costs**

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

All resources expended are inclusive of irrecoverable VAT.

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. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet.

Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the academy trust's depreciation policy.

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

Long leasehold buildings	25 years
Equipment	3 years

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

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

Leased Assets

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the statement of financial activities on a straight line basis over the lease term.

Droitwich Spa High School and Sixth Form Centre

Notes to the Financial Statements for the year ended 31 August 2013 (continued)

1. Statement of Accounting Policies (continued)

Taxation

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

Pensions Benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 26, the TPS is a multi-employer scheme and the academy trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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

Fund Accounting

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

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

Restricted general funds comprise all other restricted funds received and include grants from Education Funding Agency or the Department for Education.

Droitwich Spa High School and Sixth Form Centre

Notes to the Financial Statements for the year ended 31 August 2013 (continued)

2. Prior year adjustment

During the prior year, land at a cost of £1,813,000 was capitalised in the financial statements. The land is leasehold and is therefore not owned by the Academy so should not be recognised, this has therefore resulted in a prior year adjustment in the financial statements. The impact of this is to reduce previously reported net income and net assets for the period ended 31 August 2012 by £1,813,000.

Additionally, the Trustees have considered the allocation of costs in the Statement Of Financial Activities and decided to reclassify certain costs between costs of generating funds, charitable activities and governance costs. This has no impact on net income/expenditure for the year or total funds.

3. General Annual Grant (GAG)

Under the funding agreement with the Secretary of State the academy trust was subject to limits at 31 August 2013 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

The Academy trust has not exceeded these limits during the year ended 31 August 2013.

4. Voluntary Income

	Unrestricted Funds £000	Restricted Funds £000	Total 2013 £000	Total 2012 £000
Donations of capital	-	-	-	8,165
Trip income	123	-	123	113
Private sponsorship	-	31	31	77
Other donations	27	-	27	463
	<u>150</u>	<u>31</u>	<u>181</u>	<u>8,818</u>

5. Activities for Generating Funds

	Unrestricted Funds £000	Restricted Funds £000	Total 2013 £000	Total 2012 £000
Hire of facilities	27	-	27	29
Catering income	163	-	163	157
	<u>190</u>	<u>-</u>	<u>190</u>	<u>186</u>

6. Investment Income

	Unrestricted Funds £000	Restricted Funds £000	Total 2013 £000	Total 2012 £000
Short term deposits	<u>1</u>	<u>-</u>	<u>1</u>	<u>1</u>

Droitwich Spa High School and Sixth Form Centre

Notes to the Financial Statements for the year ended 31 August 2013 (continued)

7. Funding for academy's educational operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2013 £000	Total 2012 £000
DfE/EFA capital grants				
- Main academy buildings	-	496	496	121
DfE/EFA revenue grants				
- General Annual Grants (GAG) (note 3)	-	6,579	6,579	7,954
- Other DfE/EFA grants	-	195	195	76
- Insurance	-	136	136	-
	-	6,910	6,910	8,030
Other Government grants				
- Local authority grant	-	183	183	63
	-	7,589	7,589	8,214

8. Resources Expended

	Staff Costs £000	Non pay expenditure Premises £000	Other costs £000	Total 2013 £000	Total 2012 (restated, £000)
Costs of generating voluntary income	-	-	130	130	118
Academy's educational operations					
- Direct costs	5,032	322	364	5,718	6,588
- Allocated support costs	896	434	1,338	2,668	1,909
	5,928	756	1,832	8,516	8,615
Governance costs	43	-	11	54	111
	5,971	756	1,843	8,570	8,726

Incoming/outgoing resources for the year include:

	Total 2013 £000	Total 2012 £000
Operating leases	32	32
Fees payable to auditor		
- Audit of the financial statements	11	11
Depreciation of fixed assets	441	407

Droitwich Spa High School and Sixth Form Centre

Notes to the Financial Statements for the year ended 31 August 2013 (continued)

9. Charitable Activities - Academy's educational operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2013 £000	Total 2012 (restated) £000
Direct costs				
Teaching and educational support staff costs	-	5,032	5,032	5,652
Depreciation	-	322	322	322
Educational supplies	-	328	328	565
Staff development	-	34	34	49
Other direct costs	-	2	2	-
	-	5,718	5,718	6,588
Allocated support costs				
Support staff costs	-	896	896	920
Depreciation	-	119	119	85
Recruitment and support	-	21	21	22
Maintenance of premises and equipment (including window & roofing replacement)	80	565	645	130
Security and transport	-	3	3	-
Catering	86	-	86	101
Other occupancy	61	109	170	168
Other support costs	136	592	728	483
	363	2,305	2,668	1,909
	363	8,023	8,386	8,497

10. Governance costs

	Unrestricted Funds £000	Restricted Funds £000	Total 2013 £000	Total 2012 (restated) £000
Auditor's remuneration				
- Audit of financial statements	-	11	11	11
IT support services	-	-	-	17
Support staff costs	-	43	43	83
	-	54	54	111

Droitwich Spa High School and Sixth Form Centre

Notes to the Financial Statements for the year ended 31 August 2013 (continued)

11. Staff costs

	2013 £000	2012 £000
Wages and salaries	4,768	5,328
Social security costs	354	390
Pension costs	725	726
	<u>5,847</u>	<u>6,444</u>
Supply teacher costs	73	45
Compensation payments	51	82
	<u>5,971</u>	<u>6,571</u>

The average number of persons (including senior management team) employed by the academy during the year was as follows:

	2013 No.	2012 (restated) No.
Charitable activities		
Teachers – full time	66	74
Teachers – part time	29	30
Education support	24	23
Administration and other	65	65
Leadership Team	14	14
	<u>198</u>	<u>206</u>

The number of employees whose emoluments fell within the following bands was:

	2013 £000	2012 £000
£60,000 - £70,000	2	2
£70,001 - £80,000	1	1
£90,001 - £100,000	1	1
	<u>4</u>	<u>4</u>

Three of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2013, pension contributions for these staff amounted to £27,849 (2012: £40,158). The other employee participated in the Local Government Pension Scheme, pension contributions amounted to £10,706 (2012: £nil)

Droitwich Spa High School and Sixth Form Centre

Notes to the Financial Statements for the year ended 31 August 2013 (continued)

12. Related Party Transactions – Trustees' Remuneration & Expenses

Head teacher and staff governors only receive remuneration in respect of services they provide under the roles of Head teacher and staff members and not in respect of services as Trustees. Other trustees did not receive any payments, other than expenses from the academy trust in respect of their roles as trustees. The value of trustees' remuneration was as follows:

(principal and trustee)	£90,000 - £95,000	(2012: £90,000 - £95,000)
(staff trustee)	£45,000 - £50,000	(2012: £40,000 - £45,000)
(staff trustee)	£50,000 - £55,000	(2012: £nil)
(staff trustee)	£nil	(2012: £30,000 - £35,000)
(staff trustee)	£nil	(2012: £10,000 - £15,000)

During the year ended 31 August 2013, travel and subsistence expenses totalling £177 (2012 : £61) was reimbursed to 3 Trustees (2012: 4 Trustees).

Other related party transactions involving the Trustees are set out in note 27.

13. 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 £3,000,000 on any one claim and the cost for the year ended 31 August 2013 was £2,256 (2012: £2,256).

The cost of this insurance is included in the total insurance cost.

14. Tangible Fixed Assets

	Leasehold Land and Buildings £000	Equipment £000	Total £000
Cost			
At 1 September 2012 as previously stated	9,873	257	10,130
Prior year adjustment (see note 2)	(1,813)	-	(1,813)
At 1 September 2012 as restated	8,060	257	8,317
 Additions	 -	 107	 107
At 31 August 2013	8,060	364	8,424
Depreciation			
At 1 September 2012	322	85	407
Charged in the year	322	119	441
At 31 August 2013	644	204	848
Net book values			
At 31 August 2012	7,738	172	7,910
At 31 August 2013	7,416	160	7,576

Droitwich Spa High School and Sixth Form Centre

Notes to the Financial Statements for the year ended 31 August 2013 (continued)

15. Debtors

	Total 2013 £000	Total 2012 £000
Trade debtors	20	55
Other debtors	59	69
Prepayments and accrued income	59	61
	<u>138</u>	<u>185</u>

All amounts shown within debtors fall due for repayment within one year.

16. Creditors: amounts falling due within one year

	Total 2013 £000	Total 2012 £000
Trade creditors	285	56
Other taxation and social security	194	187
Accruals and deferred income	75	118
	<u>554</u>	<u>361</u>

Deferred Income

Deferred income at 1 September 2012	101	-
Resources deferred in the year	51	101
Amounts released from previous years	(101)	-
Deferred income at 31 August 2013	<u>51</u>	<u>101</u>

Deferred income at the year end is in relation to upfront payments made for trips that took place after the year end along with a month's deferral of pupil premium received in July for the year July – September 2013.

Droitwich Spa High School and Sixth Form Centre

Notes to the Financial Statements for the year ended 31 August 2013 (continued)

17. Funds

	Balance at 1 September 2012 £000 <i>Restated</i>	Incoming Resources £000	Resources expended £000	Gains, Losses and Transfers £000	Balance at 31 August 2013 £000
Restricted general funds					
General Annual Grant (GAG)	(43)	6,579	(6,429)	(107)	-
Other DfE/EFA grants	66	195	(225)	(36)	-
Local authority grants	63	183	(246)	-	-
Other Voluntary Income	44	167	(211)	391	391
Pension reserve	(1,608)	-	(43)	52	(1,599)
	<u>(1,478)</u>	<u>7,124</u>	<u>(7,154)</u>	<u>300</u>	<u>(1,208)</u>
Restricted fixed asset funds					
Capital expenditure from other funds	-	-	-	107	107
DfE/EFA capital grants	136	496	(615)	36	53
Main academy building	7,738	-	(322)	-	7,416
	<u>7,874</u>	<u>496</u>	<u>(937)</u>	<u>143</u>	<u>7,576</u>
Total restricted funds	<u>6,396</u>	<u>7,620</u>	<u>(8,091)</u>	<u>443</u>	<u>6,368</u>
Unrestricted funds					
General fund	529	341	(479)	(391)	-
Total unrestricted funds	<u>529</u>	<u>341</u>	<u>(479)</u>	<u>(391)</u>	<u>-</u>
Total funds	<u>6,925</u>	<u>7,961</u>	<u>(8,570)</u>	<u>52</u>	<u>6,368</u>

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

Devolved Capital Grant

The purpose of this grant is to fund capital expenditure within the school.

Special Educational Needs (SEN) Grant

Teaching assistant resource is supplied from this in order to accommodate any SEN students.

Teacher Grant

The fund provided helps to provide any supply cover for the school along with helping implement the graduate teacher program and masters in teaching and learning.

Droitwich Spa High School and Sixth Form Centre

Notes to the Financial Statements for the year ended 31 August 2013 (continued)

18. Funds (continued)

16-19 Bursary

This is a bursary to supply discretionary payments to low income families.

Under the funding agreement with the Secretary of State, the academy trust was subject to a limit on the amount of GAG that it could carry forward at 31 August 2013. Note 3 discloses whether the limit was exceeded.

19. Analysis of net assets between funds

Fund balances at 31 August 2013 are represented by:

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds £000
Tangible fixed assets	-	-	7,576	7,576
Current assets	-	945	-	945
Current liabilities	-	(554)	-	(554)
Pension Scheme Liability	-	(1,599)	-	(1,599)
Total net assets	<u>-</u>	<u>(1,208)</u>	<u>7,576</u>	<u>6,368</u>

20. Financial commitments

Operating leases

At 31 August 2013 the academy had annual commitments under non-cancellable operating leases as follows:

	Total 2013 £000	Total 2012 £000
Other		
Expiring within two and five years inclusive	32	32
	<u>32</u>	<u>32</u>

Droitwich Spa High School and Sixth Form Centre

Notes to the Financial Statements for the year ended 31 August 2013 (continued)

21. Reconciliation of net (deficit)/income to net cash (outflow)/inflow from operating activities

	Total 2013 £000	Total 2012 £000
Net (deficit)/income	(609)	10,306
Depreciation (note 14)	441	407
Capital grants from DfE and other capital income	(496)	(9,978)
Interest receivable (note 6)	(1)	(1)
FRS 17 pension cost less contributions payable (note 26)	(19)	(43)
FRS 17 pension finance income (note 26)	62	83
Decrease/(increase) in debtors	47	(185)
Increase in creditors	193	361
	<hr/>	<hr/>
Net cash (outflow)/inflow from operating activities	(382)	950

22. Returns on investments and servicing of finance

	Total 2013 £000	Total 2012 £000
Interest received	1	1
Net cash inflow from returns on investment and servicing of finance	<hr/>	<hr/>
	1	1

23. Capital expenditure and financial investment

	Total 2013 £000	Total 2012 £000
Purchase of tangible fixed assets	(107)	(152)
Capital grants from DfE/EFA	496	-
Net cash inflow/ (outflow) of capital expenditure and financial investment	<hr/>	<hr/>
	389	(152)

24. Analysis of changes in net funds

	At 1 September 2012 £000	Cash Flows £000	At 31 August 2013 £000
Cash in hand	799	8	807
	<hr/>	<hr/>	<hr/>

25. 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.

Droitwich Spa High School and Sixth Form Centre

Notes to the Financial Statements for the year ended 31 August 2013 (continued)

26. Pension and similar obligations

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2004 and LGPS was 31 March 2010.

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010). These regulations apply to teachers in schools that are maintained by local authorities and other educational establishments, including academies, in England and Wales. In addition teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership.

Membership is automatic for full-time teachers and lecturers and from 1 January 2007 automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a "pay as you go" basis – these contributions along with those made by employers are credited to the Exchequer under arrangements governed by the above Act.

The Teachers' Pension Regulations require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Droitwich Spa High School and Sixth Form Centre

Notes to the Financial Statements for the year ended 31 August 2013 (continued)

26. Pension and similar obligations *(continued)*

Valuation of the Teachers' Pension Scheme

At the last valuation, the contribution rate to be paid into the TPS was assessed in two parts. First, a standard contribution rate (SCR) was determined. This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the year over which the contribution rate applies, which if it were paid over the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service. Secondly, a supplementary contribution is payable if, as a result of the actuarial review, it is found that accumulated liabilities of the Account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions. The total contribution rate payable is the sum of the SCR and the supplementary contribution rate.

The last valuation of the TPS related to the year 1 April 2001 to 31 March 2004. The Government Actuary's report of October 2006 revealed that the total liabilities of the Scheme (pensions in payment and the estimated cost of future benefits) amounted to £166,500 million. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at that valuation date) was £163,240 million. The assumed real rate of return was 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth was assumed to be 1.5%. The assumed gross rate of return was 6.5%. From 1 January 2007, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable.

Actuarial scheme valuations are dependent on assumptions about the value of future costs, the design of benefits and many other factors. Many of these assumptions are being considered as part of the work on the reformed TPS, as set out below. Scheme valuations therefore remain suspended. The Public Service Pensions Bill, which is being debated in the House of Commons, provides for future scheme valuations to be conducted in accordance with Treasury directions. The timing for the next valuation has still to be determined, but it is likely to be before the reformed schemes are introduced in 2015.

Droitwich Spa High School and Sixth Form Centre

Notes to the Financial Statements for the year ended 31 August 2013 (continued)

26. Pension and similar obligations (*continued*)

Teachers' Pension Scheme Changes

Lord Hutton published his final report in March 2011 and made recommendations about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation and Ministers engaged in extensive discussions with trade unions and other representative bodies on reform of the TPS. Those discussions concluded on 9 March 2012 and the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

The key provisions of the reformed scheme include: a pension based on career average earnings; and accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Importantly, pension benefits built up before 1 April 2015 will be fully protected.

In addition, the Proposed Final Agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall just outside of the 10 year protection.

In his interim report of October 2010, Lord Hutton recommended that short-term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the Spending Review 2010 the Government announced an average increase of 3.2 percentage points on the contribution rates by 2014-15. The increases were to be phased in from April 2012 on a 40:80:100% basis.

Under the definitions set out in Financial reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The academy is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the academy has taken advantage of the exemption in FRS 17 and 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.

Droitwich Spa High School and Sixth Form Centre

Notes to the Financial Statements for the year ended 31 August 2013 (continued)

26. Pension and similar obligations (continued)

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate Trustee-administered funds. The total contribution made for the year ended 31 August 2013 was £237,000 (2012: £261,000), of which employer's contributions totalled £185,000 (2012: £204,000) and employees' contributions totalled £52,000 (2012: £57,000). The agreed contribution rates remain same for future years until 2014.

Parliament has agreed, at the request of the Secretary of State for Education, to guarantee that, in the event of academy closure, outstanding local government pension scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

Principal Actuarial Assumptions

	At 31 August 2013	At 31 August 2012
Rate of CPI inflation	2.4%	2.3%
Rate of increase in salaries	3.9%	3.8%
Rate of increase in pension	2.4%	2.3%
Discount rate	4.6%	4.5%

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

	At 31 August 2013	At 31 August 2012
Retiring today		
Males	24.3	22.4
Females	27.0	24.9
Retiring in 20 years		
Males	22.5	24.2
Females	25.0	26.9

Droitwich Spa High School and Sixth Form Centre

Notes to the Financial Statements for the year ended 31 August 2013 (continued)

26. Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

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

	Expected rate of return at 31 August 2013 £000	Fair value at 31 August 2013 £000	Expected rate of return at 31 August 2012 £000	Fair value at 31 August 2012 £000
Equities	7.0%	626	7.0%	365
Government bonds	3.4%	-	2.5%	-
Other bonds	4.4%	42	3.4%	17
Property	5.7%	-	6.0%	-
Cash/liquidity	0.5%	26	0.5%	8
Other	7.0%	-	7.0%	12
Total market value of assets		694		402
Present value of scheme liabilities				
– funded		(2,293)		(2,010)
Deficit in the scheme		(1,599)		(1,608)

The actual return on scheme assets was £85,000 (2012: £10,000)

Amounts recognised in the statement of financial activities

	Expected return at 31 August 2013 £000	Expected return at 31 August 2012 £000
Current service cost (net of employee contribution)	166	161
Total operating charge	166	161
Analysis of pension finance costs		
Expected return on pension scheme	33	23
Interest on pension liabilities	(95)	(106)
Pension finance costs	(62)	(83)

The actuarial gains and losses for the current year are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a £133,000 loss (2012: £185,000 loss).

Droitwich Spa High School and Sixth Form Centre

Notes to the Financial Statements for the year ended 31 August 2013 (continued)

26. Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

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

	2013 £000	2012 £000
At 1 September	2,010	1,529
Current service cost	166	161
Interest cost	95	106
Employee contributions	52	57
Actuarial loss	-	152
Benefits paid	(30)	5
At 31 August	2,293	2,010

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

	2013 £000	2012 £000
At 1 September	402	146
Expected return on assets	33	23
Actuarial gain/(loss)	52	(33)
Employer contributions	185	204
Member contributions	52	57
Benefits paid	(30)	5
At 31 August	694	402

The estimated value of employer contributions for the year ended 31 August 2014 is £185,000.

The two-year history of experience adjustments is as follows:

	2013 £'000	2012 £'000
Present value of defined benefit obligations	(2,293)	(2,010)
Fair value of share of scheme assets	694	402
Deficit in the scheme	(1,599)	(1,608)
Experience adjustments on share of scheme assets		
Amount £'000	52	(33)
Amount %	7.5%	(8.2%)

Droitwich Spa High School and Sixth Form Centre

Notes to the Financial Statements for the year ended 31 August 2013 (continued)

27. Related Party Transactions

Owing to the nature of the academy's operations and the composition of the board of Trustees being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the board of Trustees may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy's financial regulations and normal procurement procedures.

During the year Wychavon Leisure Community Association Limited, a company for which Tim Kirkham (Governor) holds a business interest supplied services amounting to £24,437 (2012: £24,438) during the year.

An amount of £525 (2012: £nil) was outstanding at the year end and sits within creditors.

Droitwich Spa High School and Sixth Form Centre

Independent Auditor's Report on Regularity to the Governing Body of Droitwich Spa High School and Sixth Form Centre and the Education Funding Agency

In accordance with the terms of our engagement letter dated 24 June 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013, we have carried out an engagement to obtain limited assurance about whether, the expenditure disbursed and income received by the academy trust during the year 1 September 2012 to 31 August 2013 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 Sixth Form Centre and the EFA in accordance with the terms of our engagement letter. Our review work has been undertaken so that we might state to Droitwich Spa High School and Sixth Form Centre and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Droitwich Spa High School and Sixth Form Centre and the EFA for our review work for this report, or for the opinion we have formed.

Respective responsibilities of Droitwich Spa High School and Sixth Form Centre Academy's accounting officer and the reporting officer

The accounting officer is responsible, under the requirements of Droitwich Spa High School and Sixth Form Centre's funding agreement with the Secretary of State for Education dated xxxxx and the Academies Financial Handbook, extant from 1 September 2012, 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 2013. 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 commencing on 1 September 2012 and ending on 31 August 2013 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 2013 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

Droitwich Spa High School and Sixth Form Centre

Independent Auditor's Report on Regularity to the Governing Body of Droitwich Spa High School and Sixth Form Centre and the Education Funding Agency (*continued*)

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2012 to 31 August 2013 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Richard Eccles
Senior Statutory Auditor
for and on behalf of
Baker Tilly Audit Limited

Date