

Registered number: 07666185



**DROITWICH SPA**  
**HIGH SCHOOL**

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**DROITWICH SPA HIGH SCHOOL AND SIXTH FORM CENTRE**  
**(A company limited by guarantee)**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 AUGUST 2015**

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**DROITWICH SPA HIGH SCHOOL AND SIXTH FORM CENTRE**  
**(A company limited by guarantee)**

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS MEMBERS/ TRUSTEES AND  
ADVISERS**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

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**Trustees**

R Rhodes, Chair<sup>1</sup>  
A Fisher<sup>1</sup>  
D Harris-Smith, Staff Trustee<sup>1</sup>  
C Gallant<sup>1</sup>  
R Harris, Vice Chair<sup>1</sup>  
A Hartley (appointed 1 September 2014)  
T Kirkham (resigned 7 June 2015)  
D Morris<sup>1</sup>  
S Muir, Staff Trustee (appointed 6 May 2015)  
J Nicholson  
I Paston<sup>1</sup>  
A Quiney, Staff Trustee (resigned 13 January 2015)  
Rev C Radburn  
H Rollason  
N J Waters, Headteacher and Accounting Officer<sup>1</sup>  
K Rai (appointed 1 September 2014, resigned 28 July 2015)<sup>1</sup>  
A Millicheap, Staff Trustee (appointed 6 May 2015)

**Members**

R Rhodes  
D Morris  
H Rollason

<sup>1</sup> Resources and Audit Committee

**Company registered number**

07666185

**Principal and registered office**

Briar Mill  
Droitwich Spa  
Worcestershire  
WR9 0AA

**Company secretary**

T Hogan

**Senior management team**

N J Waters, Headteacher  
K E Moore, Deputy Headteacher  
J M Brook, Deputy Headteacher (Finance, Data and Resources)  
R Elmes, Head of Upper School

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS MEMBERS/ TRUSTEES AND  
ADVISERS**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

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**Administrative details (continued)**

**Independent auditors**

Randall & Payne LLP  
Chargrove House  
Shurdington Road  
Shurdington  
Cheltenham  
Gloucestershire  
GL51 4GA

**Bankers**

Lloyds TSB  
4 The Cross  
Worcester  
WR1 3PY

**Solicitors**

Stone King  
13 Queen Street  
Bath  
BA1 2HJ

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**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

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The Trustees present their annual report together with the audited financial statements and Auditors' report of Droitwich Spa High School and Sixth Form Centre (the academy) for the ended 31 August 2015. The Trustees confirm that the Annual report and 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.

**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, dated 10 June 2011, 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 and subsequently are included in the Reference and Administrative Details on page 1.

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.

**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. 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 2015 and who served during the year are listed on page 1.

**d. 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.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

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**e. 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 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 2014/15 financial year the following meetings were held:

Full Governing Body:	8 meetings
Resources and Audit Committee:	5 meetings
School Improvement Committee:	5 meetings
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 – Finance, Data and Resources.

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.

**f. 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 Academy, which opened in September 2014, 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.

This year has been the final year the trustees have worked with the school improvement partner who was appointed in 2011-2012. A new school improvement partner has been appointed for 2015-16.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

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**g. 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.

**h. 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.

**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.

**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.

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.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

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**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 a high quality of education to its students.

**Strategic report**

**Achievements and performance**

**a. 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.

**b. KEY PERFORMANCE INDICATORS**

The Academy uses these Key Performance Indicators:

**1. The Achievement of Students**

We expect rates of progress to increase so that:

- a) The headline figure for 5A\*-C including English and Maths in 2016 is in line with FFT D target
- b) Attainment in English and Maths remain above the national average
- c) 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 upon students who attract the Pupil Premium
- d) In English and Maths the percentage of pupils making good between Key Stage 2 and Key Stage 4 remains above the national floor target and increasing numbers of students are making outstanding 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

**2. The Quality of Teaching, Learning and Assessment**

We expect to maintain very high standards in these areas and aim for our practice to be considered Outstanding. This is evaluated through our own internal systems and validated through expert visits and Ofsted inspections.

**3. Variance between the budget forecast and actual spend under all CFR Headings**

We expect this to continue to be very low, reflecting accurate budget planning and careful monitoring.

**4. Reserve Level**

We aim to maintain a reserve that is sufficient to allow the school to continue its operations in future as revenue uncertainty remains and staffing costs continue to rise. With this level of uncertainty we believe a reserve of about £500,000 is appropriate.



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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

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**c. REVIEW OF ACTIVITIES**

The school's overall achievements in 2015 were impressive.

The headline statement is that 61% of its Year 11 students achieved 5 or more GCSEs at A\*-C including English and Maths. This was 11% higher than in 2014 and above the national average. The average total point score per candidate and the average point score for the best 8 subjects were both significantly above the national average. Results in English and Maths continued to improve and were significantly higher than the national average with 70% of the cohort achieving a C in English and 70% in Maths. Results in Science continued the upward trend of recent years with 74% of students achieving 2A\*-C grades.

The academy took particular satisfaction from the fact that these performances were achieved by a year group that had been assessed as below the typical national spread of ability on its entry to the academy. The most able continue to make very pleasing progress but in 2015 the progress made by students with low prior achievement was much the greatest it has ever been and significantly higher than the national figure. This was also true of the results of disadvantaged pupils. Their progress was significantly better than in previous years and compares very favourably with the overall national trend.

In 2015 there was also an improvement in the headline figures at A2. The overall points score per student rose to 868 and value added analysis shows that these results represented good progress for this particular group. Among them were a number of outstanding individual performances and the consequent entry of several former students to Britain's most competitive universities.

**Financial review**

**a. 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 2015 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 2015, total expenditure of £7,569,000 was partly covered by recurrent grant funding from the EFA together with other incoming resources. The excess of income over expenditure for the year (excluding restricted fixed asset funds) was £35,000. 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 2015 the net book value of fixed assets was £6,796,000. Additions of £81,000 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, 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 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.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

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**b. 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 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 risk mitigation actions. In addition to the annual review, the Resources 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.

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 2014/15 96% of the Academy's revenue was ultimately public funded and this level of requirement is expected to continue. 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 and the Local Authority.

**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.

**c. 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 and the pension deficit) is £500,000.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

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The net current assets appear particularly high at 31 August 2015 compared to 31 August 2014 due to £1.104m cash at bank reported in the yearend balance sheet. The cash at bank is inflated due to capital improvement funds (CIF) received before year end and not yet spent. Note 22 (Statement of Funds) details £412,000 of restricted funds relating to CIF grants and a further £7,000 which is restricted to capital expenditure. The Academy is therefore reporting a carry forward of £500,000 at 31 August 2015, consisting of £100,000 unrestricted funds and £400,000 restricted funds representing grants received for the academies operational activities and development.

The funds held as at 31st August 2015 are in anticipation of deficits predicted in the budgets for 2015-16 and 2016-2017. This is because staffing costs are expected to rise even further due to the increase in employer's national insurance contributions as well as employer's pension contributions for both teachers and support staff. The flexibility provided by the carry forward allows us to recruit in a timely fashion and to compete with other schools for teachers in shortage subjects. It also allows us to manage staffing reductions in a more controlled manner.

The Academy is looking at further cost savings and income streams to ensure reserves are not depleted significantly during the year. The Governors are currently working on a reserves framework to ensure the level of reserves held is sufficient to maintain the current operational level of the Academy.

**d. PRINCIPAL FUNDING**

The principal source of funding is the EFA and the Department for Education grants.

**e. MATERIAL INVESTMENTS 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.

**Plans for future periods**

**a. FUTURE DEVELOPMENTS**

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 2016 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 upon students who attract the Pupil Premium
- d) In English and Maths the percentage of pupils making good between Key Stage 2 and Key Stage 4 remains above the national floor target and increasing numbers of students are making outstanding 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

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

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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, Humanities and Design and Technology
- b) Focusing on those students with indicative grades between C and F
- c) Meeting the academic needs of all students and in particular those who attract the Pupil Premium

**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 GCSE and A level syllabuses
- b) Extending the current good and outstanding practice in middle leadership to all areas of the school
- c) 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 2012)

**Priority 4: Personal Development, Behaviour and Safety**

Improve this area of the school's work by:

- a) Continuing to monitor standards of behaviour to ensure maintain the highest standards at all times
- b) Responding to national initiatives relating to Safeguarding children, including implementation of the PREVENT strategy
- c) Providing a framework (PIXL Edge) for the development of the skills needed for further education and employment

**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 2012)
- b) Increasing the opportunities for students to learn about other cultures.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

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**Future Financial Consideration**

The trustees are facing a year in which the school's income will fall by £187k. This results from a county wide reduction in the number of pupils reaching the age of secondary education and cuts in funding from central government, particularly for the Sixth Form. In order to manage the consequent reduction in funds the school has continued to reduce expenditure. Reductions have been achieved by not filling every staff vacancy that arises (whilst still endeavouring to maintain a good pupil teacher ratio), reductions in expenditure on alternative curriculum, ICT infrastructure as well as savings made by changing suppliers and finding alternative ways of working.

**FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS**

The Academy does not hold any funds as custodian Trustee on behalf of others.

**DISCLOSURE OF INFORMATION TO AUDITORS**

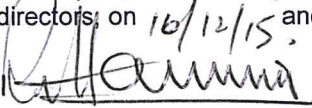
Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

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

**AUDITORS**

Following a comprehensive tender process involving a number of high calibre accountancy and audit companies, Randall & Payne LLP were successful and have been appointed as auditors for a period of 3 years (with a break point after one year) from May 2015, replacing Baker Tilly.

This report, incorporating the Strategic report, was approved by order of the board of trustees, as the company directors, on 16/12/15, and signed on the board's behalf by:

  
R Rhodes  
Chair of Trustees

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

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**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 Trustees' responsibilities statement. The board of trustees has formally met 8 times during the Year - four of these meetings were Full Governing Board meetings and 4 were Extraordinary Governing Board meetings. Attendance during the Year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
R Rhodes, Chair	7	8
A Fisher	2	8
D Harris-Smith, Staff Trustee	6	8
C Gallant	8	8
R Harris, Vice Chair	7	8
A Hartley	5	8
T Kirkham	6	7
D Morris	6	8
S Muir, Staff Trustee	1	2
J Nicholson	8	8
I Paston	7	8
A Quiney, Staff Trustee	1	3
Rev C Radburn	5	8
H Rollason	8	8
N J Waters, Headteacher and Accounting Officer	8	8
K Rai	1	6
A Millicheap, Staff Trustee	2	2

**Governance reviews:**

During the summer term the board of trustees conducted a review of governance using Ofsted's guidance for outstanding governing bodies and the National Governors' Association tool kit for self- evaluation.

The evaluation highlighted key strengths and has also shown areas for development. An action plan has been documented by the trustees and projects are already underway. In particular, the Headteacher and trustees are defining the strategic aims for the next 5 years. The process has confirmed that the board of trustees is highly effective in carrying out its responsibilities and is committed to striving for ever higher standards and achievements for the school.

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**GOVERNANCE STATEMENT (continued)**

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

- 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
A Fisher	3	5
C Gallant	3	5
R Harris, Vice Chair	5	5
D Harris-Smith, Staff Trustee	3	5
A Millicheap, Staff Trustee	1	2
D Morris	1	5
I Paston	5	5
K Rai	2	5
R Rhodes, Chair	4	5
N J Waters, Headteacher and Accounting Officer	5	5

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

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

Attendance at meetings in the Year was as follows:

Trustee	Meetings attended	Out of a possible
C Gallant	5	5
A Hartley	5	5
T Kirkham	4	5
J Nicholson	4	5
Rev C Radburn	3	5
R Rhodes, Chair	4	5
H Rollason	3	5
N J Waters, Headteacher and Accounting Officer	5	5
S Muir, Staff Trustee	1	1

#### **REVIEW OF VALUE FOR MONEY**

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

The accounting officer considers how the trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where available. The accounting officer for the academy trust has delivered improved value for money during the year by:

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**DROITWICH SPA HIGH SCHOOL AND SIXTH FORM CENTRE**  
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**GOVERNANCE STATEMENT (continued)**

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**Educational and Wider societal outcomes**

**Student Achievement**

The school's overall achievements in 2015 were impressive.

The headline statement is that 61% of its Year 11 students achieved 5 or more GCSEs at A\*-C including English and Maths. This was 11% higher than in 2014 and above the national average. The average total point score per candidate and the average point score for the best 8 subjects were both significantly above the national average. Results in English and Maths continued to improve and were significantly higher than the national average with 70% of the cohort achieving a C in English and 70% in Maths. Results in Science continued the upward trend of recent years with 74% of students achieving 2A\*-C grades.

The academy took particular satisfaction from the fact that these performances were achieved by a year group that had been assessed as below the typical national spread of ability on its entry to the academy. The most able continue to make very pleasing progress but in 2015 the progress made by students with low prior achievement was much the greatest it has ever been and significantly higher than the national figure. This was also true of the results of disadvantaged pupils. Their progress was significantly better than in previous years and compares very favourably with the overall national trend.

In 2015 there was also an improvement in the headline figures at A2. The overall points score per student rose to 868 and value added analysis shows that these results represented good progress for this particular group. Among them were a number of outstanding individual performances and the consequent entry of several former students to Britain's most competitive universities.

Our analysis of the destinations of our Year 11 students in 2015 shows that only one member of that year group is currently NEET (Not in Employment, Education or Training). This can be attributed, at least in part, to our varied curriculum, offering to all students a pathway which will allow them to succeed, including some alternative routes partially funded by the pupil premium.

There is a rigorous process of self-evaluation which allows resources to be deployed where they are most effective. This includes:

- Monitoring and evaluating the quality of teaching so that training resources are prioritised to areas with greatest need
- Monitoring and evaluating students' progress and attendance so that specialist resources such as SEN provision, teaching assistants, small group teaching, alternative curriculum provision and pastoral mentoring are deployed to areas of greatest need. This includes monitoring the effectiveness of intervention to ensure that it is of good value.

**Financial Governance**

The academy has a series of procedures to scrutinise its income and expenditure. These operate on a yearly, half-termly, and monthly basis.

The Governing Body has appointed Randall and Payne for annual audit and accounts purposes. It receives and approves from them the statutory accounts and the management report. These reports detail the academy's compliance and regularity. The Governing Body approves the budget each year and is mindful of the need to balance expenditure against income to ensure that the academy remains a going concern.

The academy employs a full-time qualified accountant who prepares financial information each half term which allows the Resources and Audit Committee of the Governing Body to monitor the financial position of the academy. In addition there are routine month-end procedures and budget variance analyses that are provided to the Senior Leadership Team.



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**DROITWICH SPA HIGH SCHOOL AND SIXTH FORM CENTRE**  
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**GOVERNANCE STATEMENT (continued)**

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The academy has a partnership with other local academies which provide each other with Responsible Officer checks at intervals during the year. The visiting RO checks upon the academy's meticulous adherence to the processes and procedures laid down in its finance policy. The policy requires that, in order to ensure good value for money, more than one quotation must be sought at defined spending thresholds. All contracts are also appraised at the point of renewal. The finance policy also defines other controls that are in place to prevent fraud.

Several decisions have been made this financial year in order to achieve best value for money. The academy made significant savings in the cost of copying and printing by carrying out a tendering exercise and reviewing practice in this area. Other savings were achieved in the premises budget by reviewing expenditure and identifying where small investments would reduce ongoing future costs. Income was enhanced by selling the services of its existing staff to other local schools. This included ICT technicians, teachers and training in first aid and safer recruitment.

The academy continues to spend a high proportion of its overall income on staffing. It is therefore vital that this is kept under review. In anticipation of a fall in the academy's income for the year 2015-2016, a review of the curriculum and staffing was carried out during 2014-2015. Some significant economies were achieved by not replacing staff who were moving on to posts in other schools. Greater efficiency in staffing continues to be achieved by negotiating arrangements with partner middle schools for sharing some specialised staff.

The academy generates revenue from lettings and continues to explore other methods of increasing revenue.

The academy has also begun the process of financial benchmarking in order to analyse and evaluate further areas where other academies are generating greater income or managing to achieve similar outcomes with less expenditure.

#### **THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Droitwich Spa High School and Sixth Form Centre for the Year 1 September 2014 to 31 August 2015 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 2014 to 31 August 2015 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

#### **THE RISK AND CONTROL FRAMEWORK**

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

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**DROITWICH SPA HIGH SCHOOL AND SIXTH FORM CENTRE**  
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**GOVERNANCE STATEMENT (continued)**

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- 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 and Audit 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 Russell Dalton, the Financial Director of Pershore High School to perform peer review.

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

- Ensuring that any changes to budgets have been authorised by the Resources and Audit Committee.
- Ensuring that any write-offs have been authorised by the Resources and Audit Committee.
- Ensuring that any journals have been counter-signed.
- Reviewing the payroll process to ensure that salaries and claim forms have been accurately processed and properly authorised, in particular new starters and leavers.
- Reviewing the order process to ensure that for a good sample the order was authorised by the budget holder and the Finance Manager, the goods were properly receipted by the budget holder and that the invoice matches the order and the supplier was paid the correct amount.
- Ensuring that monthly bank reconciliations have taken place.
- Ensuring that income has been properly recorded and is visible in the bank statement.
- Ensure that invoices that have been raised have been done so properly and that the Academy chases payment as appropriate.
- Requesting evidence that the Academy has submitted all necessary returns to the EFA and HMRC.
- Reviewing petty cash to ensure that the recorded balance is accurate and is supported by appropriate vouchers.
- Reviewing tender processes to ensure they have been carried out appropriately.

On a termly basis, the reviewer 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.

The Academy is satisfied that these checks have been rigorously undertaken and have a report to evidence this. The report made a minor recommendation of an update to the Finance and Resources Policy so that it better reflects real practice regarding petty cash claims, which has been actioned. As a result of general feedback the Academy has also chosen to formalise discussions during meetings that relate to changes to the budget in the Resources and Audit Committee so that minutes do acknowledge that there has been agreement from governors if budgets have changed. Also, the processing of the 16-19 Bursary has been included in the Policy.

#### **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 peer reviewer;
- the work of the external auditors;

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**DROITWICH SPA HIGH SCHOOL AND SIXTH FORM CENTRE**  
**(A company limited by guarantee)**

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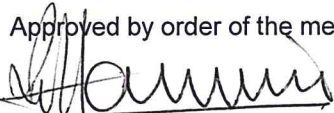
**GOVERNANCE STATEMENT (continued)**

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- the financial management and governance self-assessment process;
- 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 and 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 9/12/15 and signed on its behalf, by:

pp.   
R Rhodes  
Chair of Trustees

  
N J Waters  
Accounting Officer

*[Faint blue ink stamp]*

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**DROITWICH SPA HIGH SCHOOL AND SIXTH FORM CENTRE**  
**(A company limited by guarantee)**

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**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

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As accounting officer of Droitwich Spa High School and Sixth Form Centre I have considered my responsibility to notify the academy 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 and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook (2014).

I confirm that I and the academy board of trustees are able to identify any material, irregular or improper use of 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 (2014).

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 EFA.

*N. J. Waters*

N J Waters, Headteacher and  
Accounting Officer

Date: 8/10/15

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**DROITWICH SPA HIGH SCHOOL AND SIXTH FORM CENTRE**  
**(A company limited by guarantee)**

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**TRUSTEES' RESPONSIBILITIES STATEMENT**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

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The Trustees (who act as governors of Droitwich Spa High School and Sixth Form Centre and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' report (including the Strategic report) and the financial statements in accordance with the Annual Accounts Direction 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:

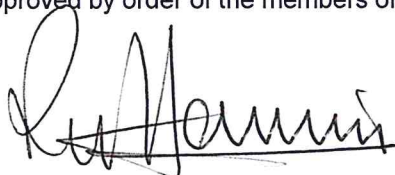
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume 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 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 9/12/2015 and signed on its behalf by:



 R Rhodes  
Chair of Trustees

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**DROITWICH SPA HIGH SCHOOL AND SIXTH FORM CENTRE**  
**(A company limited by guarantee)**

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DROITWICH SPA HIGH SCHOOL AND SIXTH FORM CENTRE**

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We have audited the financial statements of Droitwich Spa High School and Sixth Form Centre for the Year ended 31 August 2015 which comprise the Statement of financial activities, the Balance sheet, the Cash flow statement and the related notes. 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 2014 to 2015 issued by the Education Funding Agency.

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

**RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS**

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.

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 Ethical Standards for Auditors.

**SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the academy's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**OPINION ON FINANCIAL STATEMENTS**

In our opinion the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 2015 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 and the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

**OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006**

In our opinion the information given in the Trustees' report, incorporating the Strategic report, for the financial Year for which the financial statements are prepared is consistent with the financial statements.

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**DROITWICH SPA HIGH SCHOOL AND SIXTH FORM CENTRE**  
**(A company limited by guarantee)**

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DROITWICH SPA HIGH SCHOOL AND  
SIXTH FORM CENTRE**

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**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:

- 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.

Russel Byrd ACA FCCA (Senior statutory auditor)

for and on behalf of

**Randall & Payne LLP**

Chargrove House  
Shurdington Road  
Shurdington  
Cheltenham  
Gloucestershire  
GL51 4GA  
Date:

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**DROITWICH SPA HIGH SCHOOL AND SIXTH FORM CENTRE**  
**(A company limited by guarantee)**

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**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO DROITWICH SPA HIGH SCHOOL AND SIXTH FORM CENTRE AND THE EDUCATION FUNDING AGENCY**

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In accordance with the terms of our engagement letter dated 8 June 2015 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2014 to 2015, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Droitwich Spa High School and Sixth Form Centre during the Year 1 September 2014 to 31 August 2015 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 EFA 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 Sixth Form Centre and 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 Droitwich Spa High School and Sixth Form Centre and EFA, for our work, for this report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF DROITWICH SPA HIGH SCHOOL AND SIXTH FORM CENTRE'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT**

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 [enter date here], and the Academies Financial Handbook extant from 1 September 2014, 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 2014 to 2015. 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 2014 to 31 August 2015 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 2014 to 2015 issued by 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's income and expenditure.

The work undertaken during the audit included:

- Consideration and corroboration of the evidence supporting the accounting officers statement on regularity, propriety and compliance;
- Evaluation of the general control environment of the academy trust, extending the procedures required for financial statements to include regularity;



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**DROITWICH SPA HIGH SCHOOL AND SIXTH FORM CENTRE**  
**(A company limited by guarantee)**

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**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO DROITWICH SPA HIGH SCHOOL AND SIXTH FORM CENTRE AND THE EDUCATION FUNDING AGENCY (continued)**

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- Discussions with and representations from the Accounting Officer and other Key management personnel;
- An extension of substantive testing from our audit of the financial statements to cover matters pertaining to regularity, propriety and compliance in particular checking that selected items were appropriately authorised, and appropriate.

**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 2014 to 31 August 2015 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

**Randall & Payne LLP**

Chargrove House  
Shurdington Road  
Shurdington  
Cheltenham  
Gloucestershire  
GL51 4GA

Date:

**DROITWICH SPA HIGH SCHOOL AND SIXTH FORM CENTRE**  
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES**  
(incorporating income and expenditure account and statement of total recognised gains and losses)  
FOR THE YEAR ENDED 31 AUGUST 2015

	Note	Unrestricted funds 2015 £000	Restricted funds 2015 £000	Restricted fixed asset funds 2015 £000	Total funds 2015 £000	Total funds 2014 £000
<b>INCOMING RESOURCES</b>						
Incoming resources from generated funds:						
Voluntary income	3	64	153	-	217	172
Activities for generating funds	4	18	203	-	221	207
Investment income	5	1	-	-	1	1
Incoming resources from charitable activities	6	-	6,392	773	7,165	6,946
<b>TOTAL INCOMING RESOURCES</b>		<b>83</b>	<b>6,748</b>	<b>773</b>	<b>7,604</b>	<b>7,326</b>
<b>RESOURCES EXPENDED</b>						
Costs of generating funds:						
Costs of generating voluntary income	7	1	151	-	152	123
Charitable activities		5	6,977	423	7,405	7,555
Governance costs	8	-	12	-	12	24
<b>TOTAL RESOURCES EXPENDED</b>	11	<b>6</b>	<b>7,140</b>	<b>423</b>	<b>7,569</b>	<b>7,702</b>
<b>NET INCOMING / (OUTGOING) RESOURCES BEFORE TRANSFERS</b>		<b>77</b>	<b>(392)</b>	<b>350</b>	<b>35</b>	<b>(376)</b>

**DROITWICH SPA HIGH SCHOOL AND SIXTH FORM CENTRE**  
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

	Note	Unrestricted funds 2015 £000	Restricted funds 2015 £000	Restricted fixed asset funds 2015 £000	Total funds 2015 £000	Total funds 2014 £000
Transfers between Funds	22	-	319	(319)	-	-
<b>NET INCOME / (EXPENDITURE) FOR THE YEAR</b>		<b>77</b>	<b>(73)</b>	<b>31</b>	<b>35</b>	<b>(376)</b>
Actuarial gains and losses on defined benefit pension schemes		-	(130)	-	(130)	(640)
<b>NET MOVEMENT IN FUNDS FOR THE YEAR</b>		<b>77</b>	<b>(203)</b>	<b>31</b>	<b>(95)</b>	<b>(1,016)</b>
<i>Total funds at 1 September 2014</i>		23	(1,855)	7,184	5,352	6,368
<b>TOTAL FUNDS AT 31 AUGUST 2015</b>		<b>100</b>	<b>(2,058)</b>	<b>7,215</b>	<b>5,257</b>	<b>5,352</b>

All activities relate to continuing operations.

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

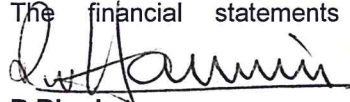
The notes on pages 28 to 46 form part of these financial statements.

**DROITWICH SPA HIGH SCHOOL AND SIXTH FORM CENTRE**  
**(A company limited by guarantee)**  
**REGISTERED NUMBER: 07666185**

**BALANCE SHEET**  
**AS AT 31 AUGUST 2015**

	Note	£000	2015 £000	£000	2014 £000
<b>FIXED ASSETS</b>					
Tangible assets	19		6,796		7,184
<b>CURRENT ASSETS</b>					
Debtors	20	301		156	
Cash at bank		1,104		627	
		<u>1,405</u>		<u>783</u>	
<b>CREDITORS: amounts falling due within one year</b>	21	<b>(486)</b>		<b>(342)</b>	
<b>NET CURRENT ASSETS</b>			<b>919</b>		<b>441</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>					
Defined benefit pension scheme liability	27		<b>(2,458)</b>		<b>(2,273)</b>
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITY</b>			<b>5,257</b>		<b>5,352</b>
<b>FUNDS OF THE ACADEMY</b>					
Restricted funds:					
Restricted funds	22	400		418	
Restricted fixed asset funds	22	7,215		7,184	
Restricted funds excluding pension liability		<u>7,615</u>		<u>7,602</u>	
Pension reserve		<u>(2,458)</u>		<u>(2,273)</u>	
Total restricted funds			<b>5,157</b>		5,329
Unrestricted funds	22		<u>100</u>		<u>23</u>
<b>TOTAL FUNDS</b>			<b>5,257</b>		<b>5,352</b>

The financial statements were approved by the Trustees, and authorised for issue, on and are signed on their behalf, by:

  
**R Rhodes**  
**Chair of Trustees**

The notes on pages 28 to 46 form part of these financial statements.

**DROITWICH SPA HIGH SCHOOL AND SIXTH FORM CENTRE**  
**(A company limited by guarantee)**

**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

	Note	2015 £000	2014 £000
Net cash flow from operating activities	24	(262)	(140)
Returns on investments and servicing of finance	25	1	1
Capital expenditure and financial investment	25	738	(41)
<b>INCREASE/(DECREASE) IN CASH IN THE YEAR</b>		<u>477</u>	<u>(180)</u>

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

	2015 £000	2014 £000
Increase/(Decrease) in cash in the year	<u>477</u>	<u>(180)</u>
<b>MOVEMENT IN NET FUNDS IN THE YEAR</b>	<u>477</u>	<u>(180)</u>
Net funds at 1 September 2014	<u>627</u>	<u>807</u>
<b>NET FUNDS AT 31 AUGUST 2015</b>	<u><u>1,104</u></u>	<u><u>627</u></u>

The notes on pages 28 to 46 form part of these financial statements.

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**DROITWICH SPA HIGH SCHOOL AND SIXTH FORM CENTRE**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

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**1. ACCOUNTING POLICIES**

**1.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, the Academies Accounts Direction 2014 to 2015 issued by EFA, applicable accounting standards and the Companies Act 2006.

**1.2 Fund accounting**

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

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

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

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

**1.3 Incoming resources**

All incoming resources are included in the Statement of financial activities when the academy has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

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

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.

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

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

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**1. ACCOUNTING POLICIES (continued)**

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

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

**1.4 Resources expended**

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

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

Charitable activities are costs incurred in the academy's educational operations.

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

All resources expended are inclusive of irrecoverable VAT.

**1.5 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 one year from the date of approval of the financial statements.

**1.6 Tangible fixed assets and depreciation**

All assets costing more than £500 are capitalised.

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 are carried forward in the Balance sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of financial activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the academy's depreciation policy. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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**1. ACCOUNTING POLICIES (continued)**

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Long-term leasehold property	-	25 years straight line
Fixtures and fittings	-	5 years straight line
Computer equipment	-	3 years straight line

**1.7 Taxation**

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

**1.8 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 and the assets are held separately from those of the academy.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in note 27, the TPS is a multi-employer scheme and the academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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



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**2. GENERAL ANNUAL GRANT (GAG)**

Under the funding agreement with the Secretary of State the academy was subject to limits at 31 August 2015 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

The academy has not exceeded these limits during the Year ended 31 August 2015.

**3. VOLUNTARY INCOME**

	Unrestricted funds 2015 £000	Restricted funds 2015 £000	Total funds 2015 £000	<i>Total funds 2014 £000</i>
Trip income	-	147	147	102
Private sponsorship	-	6	6	6
Other donations	64	-	64	64
	<u>64</u>	<u>153</u>	<u>217</u>	<u>172</u>

**4. ACTIVITIES FOR GENERATING FUNDS**

	Unrestricted funds 2015 £000	Restricted funds 2015 £000	Total funds 2015 £000	<i>Total funds 2014 £000</i>
Hire of facilities	18	-	18	13
Catering income	-	203	203	194
	<u>18</u>	<u>203</u>	<u>221</u>	<u>207</u>

**5. INVESTMENT INCOME**

	Unrestricted funds 2015 £000	Restricted funds 2015 £000	Total funds 2015 £000	<i>Total funds 2014 £000</i>
Investment income	1	-	1	1
	<u>1</u>	<u>-</u>	<u>1</u>	<u>1</u>

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**6. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES**

	Unrestricted funds 2015 £000	Restricted funds 2015 £000	Total funds 2015 £000	<i>Total funds 2014 £000</i>
Educational Operations	-	7,165	7,165	6,946

**FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS**

	Unrestricted funds 2015 £000	Restricted funds 2015 £000	Total funds 2015 £000	<i>Total funds 2014 £000</i>
<b>DfE/EFA revenue grants</b>				
General Annual Grant	-	6,000	6,000	6,508
Other DfE/EFA Grants	-	149	149	154
Other non-capital government income	-	243	243	244
Devolved formula capital	-	773	773	40
	-	7,165	7,165	6,946

**7. COSTS OF GENERATING VOLUNTARY INCOME**

	Unrestricted funds 2015 £000	Restricted funds 2015 £000	Total funds 2015 £000	<i>Total funds 2014 £000</i>
Other voluntary income costs	1	151	152	123

**8. GOVERNANCE COSTS**

	Unrestricted funds 2015 £000	Restricted funds 2015 £000	Total funds 2015 £000	<i>Total funds 2014 £000</i>
Governance Auditors' remuneration	-	9	9	8
Governance Auditors' non audit costs	-	3	3	16
	-	12	12	24

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**9. DIRECT COSTS**

	Educational Operations £000	Total 2015 £000	Total 2014 £000
Pension costs	75	75	-
Educational supplies	298	298	295
Staff development	18	18	28
Wages and salaries	3,832	3,832	3,999
National insurance	285	285	299
Pension cost	559	559	572
Depreciation	322	322	322
	<u>5,389</u>	<u>5,389</u>	<u>5,515</u>

**10. SUPPORT COSTS**

	Educational Operations £000	Total 2015 £000	Total 2014 £000
Staff development	2	2	-
Recruitment and other staff costs	3	3	7
Premises and maintenance	126	126	232
Cleaning	3	3	-
Other support and admin expenses	824	824	688
Catering	103	103	102
Wages and salaries	708	708	712
National insurance	33	33	33
Pension cost	113	113	54
Depreciation	101	101	151
	<u>2,016</u>	<u>2,016</u>	<u>1,979</u>

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**11. RESOURCES EXPENDED**

	Staff costs	Non Pay Expenditure Other costs	Total	<i>Total</i>
	2015 £000	2015 £000	2015 £000	2014 £000
Costs of generating voluntary income	-	152	152	120
<b>Costs of generating funds</b>	<b>-</b>	<b>152</b>	<b>152</b>	<b>120</b>
Educational Operations	4,676	713	5,389	5,518
Support costs - Educational Operations	854	1,162	2,016	2,048
<b>Charitable activities</b>	<b>5,530</b>	<b>1,875</b>	<b>7,405</b>	<b>7,566</b>
<b>Governance</b>	<b>-</b>	<b>12</b>	<b>12</b>	<b>16</b>
	<b>5,530</b>	<b>2,039</b>	<b>7,569</b>	<b>7,702</b>

Included within resources expended are the following transactions. Individual transactions exceeding £5,000 are identified separately:

	Total £	Individual items above £5,000	
		Amount £	Reason
Ex-gratia/compensation payments	12,000	12,000	Settlement Agreement

**12. ANALYSIS OF RESOURCES EXPENDED BY ACTIVITIES**

	Activities undertaken directly	Support costs	Total	<i>Total</i>
	2015 £000	2015 £000	2015 £000	2014 £000
Educational Operations	5,389	2,016	7,405	7,555

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**13. NET INCOMING / (OUTGOING) RESOURCES**

This is stated after charging:

	2015 £000	2014 £000
Depreciation of tangible fixed assets:		
- owned by the charity	423	473
Governance Internal audit costs	-	-
Operating lease rentals:		
- plant and machinery	2	34
	2	34

**14. AUDITORS' REMUNERATION**

	2015 £000	2014 £000
Fees payable to the academy's auditor and its associates for the audit of the academy's annual accounts	9	8
Fees payable to the academy's auditor and its associates in respect of:		
Comparison study	-	14
Accountancy	3	2
	3	14

**15. STAFF**

**a. Staff costs**

Staff costs were as follows:

	2015 £000	2014 £000
Wages and salaries	4,517	4,649
Social security costs	318	332
Other pension costs (Note 27)	673	625
	5,508	5,606
Supply teacher costs	11	17
Compensation payments	12	46
	5,531	5,669

**b. Staff severance payments**

Included within compensation payments is one (2014 - one) non-contractual settlement agreement totalling £12,000 (2014 - £15,000).

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**15. STAFF (continued)**

**c. Staff numbers**

The average number of persons employed by the academy during the Year expressed as full time equivalents was as follows:

	<b>2015</b>	<b>2014</b>
	<b>No.</b>	<b>No.</b>
Teachers - full time	<b>69</b>	<b>62</b>
Teachers - part time	<b>26</b>	<b>32</b>
Education support	<b>42</b>	<b>36</b>
Administration and other	<b>42</b>	<b>56</b>
Leadership Team	<b>10</b>	<b>14</b>
	<u><b>189</b></u>	<u><b>200</b></u>

**d. Higher paid staff**

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

	<b>2015</b>	<b>2014</b>
	<b>No.</b>	<b>No.</b>
In the band £60,001 - £70,000	<b>2</b>	<b>1</b>
In the band £70,001 - £80,000	<b>1</b>	<b>1</b>
In the band £90,001 - £100,000	<b>1</b>	<b>1</b>
	<u><b>1</b></u>	<u><b>1</b></u>

4 (2014 - 3) of the above employees participated in the Teacher's Pension Scheme. During the year ended 31 August 2015, pension contributions for these staff amounted to £36,794 (2014 - £28,412).

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**16. TRUSTEES' REMUNERATION AND EXPENSES**

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

	2015	2014
	£000	£000
Natalie Waters - Salary	85-90	80-85
Natalie Waters - Employer's Pension Contributions	10-15	10-15
Deborah Harris-Smith - Salary	45-50	45-50
Deborah Harris-Smith - Employer's Pension Contributions	5-10	5-10
Andrew Millicheap - Salary	10-15	
Andrew Millicheap - Employer's Pension Contributions	0-5	
Susan Muir - Salary	10-15	
Susan Muir - Employer's Pension Contribution	0-5	
Adrian Quiney - Salary	10-15	
Adrian Quiney - Employer's Pension Contribution	0-5	

During the Year, no Trustees received any reimbursement of expenses (2014 - £NIL).

**17. 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 2015 was £2,703 (2014 - £2,703). The cost of this insurance is included in the total insurance cost.

**18. OTHER FINANCE INCOME**

	2015	2014
	£000	£000
Expected return on pension scheme assets	45	45
Interest on pension scheme liabilities	(120)	(106)
	(75)	(61)
	(75)	(61)

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**19. TANGIBLE FIXED ASSETS**

	Long-term leasehold property £000	Fixtures and fittings £000	Computer equipment £000	Total £000
<b>Cost</b>				
At 1 September 2014	8,060	-	445	8,505
Additions	-	13	22	35
At 31 August 2015	<u>8,060</u>	<u>13</u>	<u>467</u>	<u>8,540</u>
<b>Depreciation</b>				
At 1 September 2014	967	-	354	1,321
Charge for the Year	322	3	98	423
At 31 August 2015	<u>1,289</u>	<u>3</u>	<u>452</u>	<u>1,744</u>
<b>Net book value</b>				
At 31 August 2015	<u>6,771</u>	<u>10</u>	<u>15</u>	<u>6,796</u>
At 31 August 2014	<u>7,093</u>	<u>-</u>	<u>91</u>	<u>7,184</u>

**20. DEBTORS**

	2015 £000	2014 £000
Trade debtors	10	14
Other debtors	5	68
Prepayments and accrued income	286	74
	<u>301</u>	<u>156</u>

**21. CREDITORS:**  
**Amounts falling due within one year**

	2015 £000	2014 £000
Trade creditors	220	153
Other taxation and social security	92	96
Other creditors	2	-
Accruals and deferred income	172	93
	<u>486</u>	<u>342</u>



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**21. CREDITORS:**  
Amounts falling due within one year (continued)

	<b>£000</b>
<b>Deferred income</b>	
Deferred income at 1 September 2014	83
Resources deferred during the year	63
Amounts released from previous years	(83)
	63
Deferred income at 31 August 2015	63

At the balance sheet date funds were received in advance for trips that took place after 31 August 2015 and pupil premium received in July for the period July to September 2015.

**22. STATEMENT OF FUNDS**

	Brought Forward £000	Incoming resources £000	Resources Expended £000	Transfers in/out £000	Gains/ (Losses) £000	Carried Forward £000
<b>Unrestricted funds</b>						
General Funds - all funds	23	63	(6)	-	-	80
Lettings Income	-	15	-	-	-	15
Donations	-	5	-	-	-	5
	23	83	(6)	-	-	100
<b>Restricted funds</b>						
General Annual Grant (GAG)	170	5,945	(5,965)	-	-	150
Other DfE/EFA grants	158	129	(129)	-	-	158
Other income	90	241	(239)	-	-	92
Catering Income	-	188	(188)	-	-	-
Pupil Premium	-	245	(245)	-	-	-
Capital works undertaken	-	-	(319)	319	-	-
Pension reserve	(2,273)	-	(55)	-	(130)	(2,458)
	(1,855)	6,748	(7,140)	319	(130)	(2,058)

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**22. STATEMENT OF FUNDS (continued)**

**Restricted fixed asset funds**

Capital expenditure from other funds	90	-	-	(90)	-	-
DFC grants	-	42	-	(35)	-	7
Main Academy building	7,094	-	(423)	125	-	6,796
CIF grants	-	720	-	(308)	-	412
WCC grants	-	11	-	(11)	-	-
	<u>7,184</u>	<u>773</u>	<u>(423)</u>	<u>(319)</u>	<u>-</u>	<u>7,215</u>
Total restricted funds	<u>5,329</u>	<u>7,521</u>	<u>(7,563)</u>	<u>-</u>	<u>(130)</u>	<u>5,157</u>
Total of funds	<u><u>5,352</u></u>	<u><u>7,604</u></u>	<u><u>(7,569)</u></u>	<u><u>-</u></u>	<u><u>(130)</u></u>	<u><u>5,257</u></u>

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

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

Restricted GAG Fund, Other DfE/EFA grants and Other funds - This fund represents grants received for the Academy's operational activities and development.

Catering fund - This is monies that students have paid for and the school has received in respect of catering services.

Private trips funds - This is income from students to pay for educational trips in the future.

Capital reserves - This is funds received from the DfE and EFA to carry out works of a capital nature as part of the School Building Project.

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

Under the funding agreement with the Secretary of State, the academy was subject to a limit on the amount of GAG that it could carry forward at 31 August 2015. Note 2 discloses whether the limit was exceeded.

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**SUMMARY OF FUNDS**

	Brought Forward £000	Incoming resources £000	Resources Expended £000	Transfers in/out £000	Gains/ (Losses) £000	Carried Forward £000
General funds	23	83	(6)	-	-	100
Restricted funds	(1,855)	6,748	(7,140)	319	(130)	(2,058)
Restricted fixed asset funds	7,184	773	(423)	(319)	-	7,215
	<u>5,352</u>	<u>7,604</u>	<u>(7,569)</u>	<u>-</u>	<u>(130)</u>	<u>5,257</u>

**23. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Unrestricted funds 2015 £000	Restricted funds 2015 £000	Restricted fixed asset funds 2015 £000	Total funds 2015 £000	Total funds 2014 £000
Tangible fixed assets	-	-	6,795	6,795	7,184
Current assets	100	769	535	1,404	783
Creditors due within one year	-	(369)	(115)	(484)	(342)
Provisions for liabilities and charges	-	(2,458)	-	(2,458)	(2,273)
	<u>100</u>	<u>(2,058)</u>	<u>7,215</u>	<u>5,257</u>	<u>5,352</u>

**24. NET CASH FLOW FROM OPERATING ACTIVITIES**

	2015 £000	2014 £000
Net incoming resources before revaluations	35	(376)
Returns on investments and servicing of finance	(1)	(1)
Depreciation of tangible fixed assets	423	473
Capital grants from DfE	(773)	(40)
Increase in debtors	(145)	(18)
Increase/(decrease) in creditors	144	(212)
FRS 17 adjustments	55	34
<b>Net cash outflow from operations</b>	<u>(262)</u>	<u>(140)</u>

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**25. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT**

	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
<b>Returns on investments and servicing of finance</b>		
Interest received	1	1
	<u>1</u>	<u>1</u>
	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(35)	(81)
Capital grants from DfE	773	40
	<u>738</u>	<u>40</u>
<b>Net cash inflow/(outflow) capital expenditure</b>	<b>738</b>	<b>(41)</b>

**26. ANALYSIS OF CHANGES IN NET FUNDS**

	1 September 2014 £000	Cash flow £000	Other non-cash changes £000	31 August 2015 £000
Cash at bank and in hand:	627	477	-	1,104
<b>Net funds</b>	<u>627</u>	<u>477</u>	<u>-</u>	<u>1,104</u>

**27. PENSION COMMITMENTS**

The academy's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Worcestershire County Council. 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 related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

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

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**27. PENSION COMMITMENTS (continued)**

**Teachers' Pension Scheme**

**Introduction**

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

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

**Valuation of the Teachers' Pension Scheme**

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%);
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%

During the year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4% from September 2015, which will be payable during the implementation period until the next valuation as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The pension costs paid to TPS in the period amounted to £458,000 (2014: £483,000).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a 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.

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**27. PENSION COMMITMENTS (continued)**

**Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the Year ended 31 August 2015 was £292,000, of which employer's contributions totalled £234,000 and employees' contributions totalled £58,000. 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.

The amounts recognised in the Balance sheet are as follows:

	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
Present value of funded obligations	<b>(3,395)</b>	<b>(2,851)</b>
Fair value of scheme assets	<b>937</b>	<b>578</b>
	<hr/>	<hr/>
Net liability	<b>(2,458)</b>	<b>(2,273)</b>
	<hr/> <hr/>	<hr/> <hr/>

The amounts recognised in the Statement of financial activities are as follows:

	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
Current service cost	<b>(214)</b>	<b>(175)</b>
Interest on obligation	<b>(120)</b>	<b>(106)</b>
Expected return on scheme assets	<b>45</b>	<b>45</b>
	<hr/>	<hr/>
Total	<b>(289)</b>	<b>(236)</b>
	<hr/> <hr/>	<hr/> <hr/>
Actual return on scheme assets	<b>(4)</b>	<b>66</b>
	<hr/> <hr/>	<hr/> <hr/>

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

	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
Opening defined benefit obligation	<b>2,851</b>	<b>2,293</b>
Current service cost	<b>214</b>	<b>175</b>
Interest cost	<b>120</b>	<b>106</b>
Contributions by scheme participants	<b>58</b>	<b>53</b>
Actuarial Losses	<b>80</b>	<b>431</b>
Benefits paid	<b>72</b>	<b>(207)</b>
	<hr/>	<hr/>
Closing defined benefit obligation	<b>3,395</b>	<b>2,851</b>
	<hr/> <hr/>	<hr/> <hr/>

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**27. PENSION COMMITMENTS (continued)**

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

	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
Opening fair value of scheme assets	<b>578</b>	694
Expected return on assets	<b>45</b>	45
Actuarial gains and (losses)	<b>(50)</b>	(209)
Contributions by employer	<b>234</b>	202
Contributions by employees	<b>58</b>	53
Benefits paid	<b>72</b>	(207)
	<b>937</b>	578

The cumulative amount of actuarial gains and losses recognised in the Statement of total recognised gains and losses was £903,000 loss (2014 - £773,000 loss).

The academy expects to contribute £238,000 to its Defined benefit pension scheme in 2016.

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	<b>2015</b>	<b>2014</b>
Equities	<b>89.30 %</b>	92.30 %
Government bonds	<b>0.10 %</b>	-
Other bonds	<b>6.10 %</b>	6.50 %
Cash/liquidity	<b>1.00 %</b>	1.20 %
Other	<b>3.50 %</b>	-

Principal actuarial assumptions at the Balance sheet date (expressed as weighted averages):

	<b>2015</b>	<b>2014</b>
Discount rate for scheme liabilities	<b>4.00 %</b>	4.00 %
Rate of increase in salaries	<b>3.80 %</b>	3.70 %
Rate of increase for pensions in payment / inflation	<b>2.30 %</b>	2.20 %
Inflation assumption (CPI)	<b>2.30 %</b>	2.20 %

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

	<b>2015</b>	<b>2014</b>
Retiring today		
Males	<b>23.4</b>	23.3
Females	<b>25.8</b>	25.7
Retiring in 20 years		
Males	<b>25.6</b>	25.5
Females	<b>28.1</b>	28.0

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**27. PENSION COMMITMENTS (continued)**

Amounts for the current and previous two periods are as follows:

Defined benefit pension schemes

	<b>2015</b>	<i>2014</i>	<i>2013</i>
	<b>£000</b>	<i>£000</i>	<i>£000</i>
Defined benefit obligation	<b>(3,395)</b>	<i>(2,851)</i>	<i>(2,293)</i>
Scheme assets	<b>937</b>	<i>578</i>	<i>694</i>
Deficit	<b>(2,458)</b>	<i>(2,273)</i>	<i>(1,599)</i>
Experience adjustments on scheme liabilities	<b>(80)</b>	<i>(431)</i>	<i>-</i>
Experience adjustments on scheme assets	<b>(50)</b>	<i>(209)</i>	<i>52</i>

**28. OPERATING LEASE COMMITMENTS**

At 31 August 2015 the academy had annual commitments under non-cancellable operating leases as follows:

	<b>Land and buildings</b>		<b>Other</b>	
	<b>2015</b>	<i>2014</i>	<b>2015</b>	<i>2014</i>
	<b>£000</b>	<i>£000</i>	<b>£000</b>	<i>£000</i>
<b>Expiry date:</b>				
Within 1 year	-	-	<b>2</b>	<i>32</i>
Between 2 and 5 years	-	-	-	<i>8</i>

**29. 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, transactions may take place with organisations in which a trustee has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy's financial regulations and normal procurement procedures.