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

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 AUGUST 2016**

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

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS  
FOR THE YEAR ENDED 31 AUGUST 2016**

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**Members**

R Rhodes  
D Morris  
I Paston (appointed 9 December 2015)  
H Rollason  
N Waters

**Trustees**

R Rhodes, Chair  
R Harris, Vice Chair  
P Forte (appointed 23 March 2016)  
N Waters, Headteacher and Accounting Officer  
I Paston  
H Rollason  
D Smith, Staff Trustee  
D Morris  
A Fisher  
Rev C Radburn  
A Hartley  
K Bowen (appointed 23 March 2016)  
J Spencer (appointed 23 March 2016)  
E Parsons (appointed 9 December 2015)  
S Muir, Staff Trustee  
A Millicheap, Staff Trustee  
J Nicholson (resigned 29 May 2016)  
C Gallant (resigned 29 April 2016)

**Company registered number**

07666185

**Company name**

Droitwich Spa High School and Sixth Form

**Principal and registered office**

Briar Mill  
Droitwich Spa  
Worcestershire  
WR9 0AA

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS  
FOR THE YEAR ENDED 31 AUGUST 2016**

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**Advisers (continued)**

**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

**Independent auditors**

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

**Bankers**

Lloyds TSB  
4 The Cross  
Worcester  
Worcestershire  
WR 1 3PY

**Solicitors**

Stone King  
13 Queen Street  
Bath  
BA1 2HJ

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**DROITWICH SPA HIGH SCHOOL AND SIXTH FORM  
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**TRUSTEES' REPORT  
FOR THE YEAR ENDED 31 AUGUST 2016**

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The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the period 1st September to 31 August 2016.

**Objectives and Activities**

**OBJECTS AND AIMS**

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

**OBJECTIVES, STRATEGIES AND ACTIVITIES**

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

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

The Academy uses the Ofsted categories to measure its success. These are:

- The Achievement of Students
- The Quality of Teaching, Learning and Assessment
- The Standard of Personal Development, Behaviour and Safety
- The Quality of Leadership and Management
- The Quality of Spiritual, Moral, Social and Cultural Education

**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.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**Achievements and performance**

The school's overall achievements in 2016 were impressive.

The headline statement is that 66% of its Year 11 students achieved 5 or more GCSEs at A\*-C including English and Maths. This was 5% higher than in 2015 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 83% of students gaining at least a C in English and 74% in Maths. Results in Science maintained the strong trend of recent years with 71% 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 with 24% of students gaining an A or an A\* in Maths and 27% an A or an A\* in English.

In 2015 there was also an improvement in the headline figures at A2. The overall points score per student rose to 835 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, including two to Oxford University, one to study Medicine and the other to study Modern Languages.

**KEY PERFORMANCE INDICATORS**

<b>Key Performance Indicators</b>	<b>Evaluation</b>
The Achievement of its Students	This was strong at GCSE and A Level (see above)
The Quality of Teaching, Learning and Assessment	The academy's own evaluation suggests that this is consistently Good with an increasing proportion (50%) of Outstanding judgements. The judgements of the school's leadership were validated by its School Improvement Partner and a recently retired Ofsted inspector
The Standard of Personal Development, Behaviour and Safety	This is considered by the academy staff to be Good. This judgement has also been externally validated.
The Quality of Leadership and Management	The academy has a strong and stable leadership team. The turnover of staff is low and the governors are pleased with the quality of staff it has attracted in the course of 2015/2016.
The Quality of Spiritual, Moral, Social and Cultural Education	The school offers a wide range of activities which fall under this heading. It monitors and evaluates these carefully and looks to expand its activities in this area where appropriate. For example a multi-faith day was organised for Year 9 in the summer of 2016.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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**Financial review**

**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.

**RISK MANAGEMENT OBJECTIVES AND POLICIES**

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.

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 2016 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 2016, total expenditure (excluding Restricted Fixed Asset Fund) of £7,569,000 was partly covered by recurrent grant funding from the EFA together with other incoming resources. The excess of expenditure over income for the year (excluding restricted fixed asset funds) was £114,000. Resources were used to provide education to the students of the Academy and to support the delivery of the School Improvement Plan.

At 31 August 2016 the net book value of fixed assets was £6,495,000. Additions of £41,000 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 updated and adopted during the year were Finance, Charging, Pay, Local Government Pension Scheme Discretions, Casual Lettings, Anti Fraud and Corruption (inc Gifts and Hospitality) and Performance Management.

The key financial performance priorities were to ensure that 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. The academy was also mindful of the need to protect its financial position in the light of anticipated reductions in funding and rising costs in 2016/2017 and beyond.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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**PRINCIPAL RISKS AND UNCERTAINTIES**

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

Based on its Terms of Reference, the Resources and Audit Committee undertakes a comprehensive review of the risks to which the Academy is exposed. They identify systems and procedures, including specific preventable actions which should mitigate any potential impact on the Academy. The internal controls are then implemented and the subsequent year's appraisal will review their effectiveness and progress against 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 2015/2016 94% 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 102.



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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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**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 £419,000

The funds held as at 31st August 2016 are in anticipation of deficits predicted in the budgets for 2016-2017. The Academy is looking at further cost savings and income streams to ensure reserves are not depleted significantly during the year.

**INVESTMENT POLICY**

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

**Structure, governance and management**

**CONSTITUTION**

The Academy Trust is a company limited by guarantee and an exempt charity

The Charitable Company's memorandum and articles of association are the primary governing documents of the Academy Trust.

The Trustees act as the Trustees for the charitable activities of Droitwich Spa High School and Sixth Form Centre and are also the directors of the Charitable Company for the purposes of company law.

The Charitable Company is known as Droitwich Spa High School and Sixth Form Centre.

Details of the Trustees who served during the year 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.

**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.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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**METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF TRUSTEES**

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

The term of office for any Trustee is four years, save that this time limit does not apply to the Principal. Subject to remaining eligible to be a particular type of Trustee any Trustee may be reappointed or re-elected. The Trustees who were in office at 31 August 2016 and who served during the year are listed on page 1.

**POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF TRUSTEES**

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

**PAY POLICY FOR KEY MANAGEMENT PERSONNEL**

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

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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**ORGANISATIONAL STRUCTURE**

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

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

The Trustees have three sub committees, the School Improvement Committee, the Resources and Audit Committee and the Pay Panel. These have approved terms of reference. In the course of the 2015/16 financial year the following meetings were held:

Full Governing Body:	5 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.

**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. During 2015-2016 The co-ordinator of the consortium's joint provision was based at Droitwich Spa High School.

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

During 2015-2016 a new school improvement partner, Paul Logan, was appointed.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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**TRUSTEES' INDEMNITIES**

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

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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**Plans for future periods**

**OVERALL AIM**

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

We expect rates of progress to increase so that:

- a) The Progress 8 Figure for the School is always positive
- 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

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 the non-core subjects
- 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)

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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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

#### **FUTURE FINANCIAL CONSIDERATION**

The trustees are facing a year in which the school's income will fall by £152k. This results from cuts in funding from central government. 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), reducing the number of support staff, reductions in expenditure on alternative curriculum, ICT infrastructure as well as savings made by changing suppliers and finding alternative ways of working.

#### **DISCLOSURE OF INFORMATION TO AUDITORS**

The Trustees have confirmed that, as far as they are aware, there is no relevant audit information of which the auditors are unaware. Each of the Trustees have confirmed that they have taken all the steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

#### **AUDITORS**

Randall and Payne continue as auditors until May 2018 when the contract will be reviewed.

The Trustees' Annual Report is approved by order of the board of trustees and the Strategic Report (included therein) is approved by the board of trustees in their capacity as the directors at a meeting on 13 December 2016.



**Rod Rhodes**  
**Chair of Trustees**

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**DROITWICH SPA HIGH SCHOOL AND SIXTH FORM**  
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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 Statement of Trustees' responsibilities. The board of Trustees has formally met five times during the year – four of these were Full Governing Body meetings and there was one Extraordinary Governing Body meeting. Attendance at the meetings of the board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
K Bowen	3	3
A Fisher	3	5
P Forte	2	3
C Gallant	0	3
D Smith, Staff Trustee	3	4
R Harris, Vice Chair	5	5
A Hartley	4	5
A Millicheap, Staff Trustee	4	4
D Morris	2	5
S Muir, Staff Trustee	4	4
J Nicholson	3	4
E Parsons	4	4
I Paston	5	5
Rev C Radburn	2	5
R Rhodes, Chair	4	5
H Rollason	5	5
J Spencer	3	3
N Waters, Headteacher and Accounting Officer	5	5

During the year, the Board of Trustees has been delighted to welcome four new Trustees who bring with them considerable business and educational experience. This has further strengthened the skill set of the Board, confirmed by the results of a detailed skills audit during the summer term.

The Board of Trustees, together with Senior Leaders, continue to review and develop the Five Year Strategic Plan. However, in view of the difficult financial climate, Trustees have found it challenging to set definite plans.

Trustees continue to focus on the outcomes from the self-evaluation exercise and as part of this examined the results of staff and parent questionnaires conducted in the Autumn term. A further self-evaluation exercise is planned for May 2017.

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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	4	5
C Gallant	0	3
R Harris	5	5
D Harris-Smith	4	5
A Millicheap	4	5
D Morris	2	5
I Paston	4	5
R Rhodes	4	5
N Waters	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
K Bowen	1	1
P Forte	1	1
C Gallant	0	4
A Hartley	4	5
S Muir	4	5
J Nicholson	5	5
Rev C Radburn	4	5
R Rhodes	4	5
H Rollason	4	5
J Spencer	1	1
N Waters	5	5

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

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Droitwich Spa High School and Sixth Form Centre for the period ended 31 August 2016 and up to the date of approval of the annual report and financial statements.



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**GOVERNANCE STATEMENT (continued)**

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**CAPACITY TO HANDLE RISK**

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

**THE RISK AND CONTROL FRAMEWORK**

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of Trustees;
- regular reviews by the Resources 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 to provide appropriate training for two senior members of the academy's administration team who are not members of the finance team. This will enable them to carry out the necessary internal audit functions.

**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 external auditor;
- 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 internal assurance advisors and a plan to address weaknesses and ensure continuous improvement of the system is in place.

**REVIEW OF VALUE FOR MONEY**

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

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

Several decisions have been made this financial year in order to achieve best value for money. The academy achieved significant economies in the cost of copying and printing by carrying out a tendering exercise and reviewing practice in this area. A tendering exercise was also carried out for gas and electricity suppliers which has resulted in substantial savings. The academy is expecting further reductions in costs in this area as a result

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

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**GOVERNANCE STATEMENT (continued)**

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of the purchase of software which allows us better to regulate the heating throughout the site. Other savings were achieved in the premises budget by reviewing expenditure and identifying where small investments would reduce expenditure in the future.

Income was enhanced by selling the services of its existing staff to other local schools. This included ICT technicians, teachers, and administrative staff. In particular the academy has developed its expertise in payroll administration and has begun to sell this service to other schools. Providing training in first aid and safer recruitment also enhanced the school's income.


The school's canteen did particularly well in 2015-2016 with record numbers of staff and students buying food; the profits from this are invested in the academy.

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 2016-2017, a review of the curriculum and staffing was carried out during 2015-2016 and some savings were made.

Approved by order of the members of the board of trustees on 13 December 2016 and signed on their behalf, by:



**Rod Rhodes**  
**Chair of Trustees**



**Natalie Waters**  
**Headteacher and Accounting Officer**

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**DROITWICH SPA HIGH SCHOOL AND SIXTH FORM**  
**(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 trust board of Trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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

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

**Natalie Waters**  
**Headteacher and Accounting Officer**

Date: 13th December 2016

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

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**STATEMENT OF TRUSTEES' RESPONSIBILITIES**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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The Trustees (who act as governors for 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) 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 in 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 the EFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the board of Trustees on 13th December 2016 and signed on its behalf by:



**Rod Rhodes**  
**Chair of Trustees**

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

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We have audited the financial statements of Droitwich Spa High School and Sixth Form for the year ended 31 August 2016 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows 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 2015 to 2016 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 Statement of Trustees' responsibilities, the Trustees (who are also the directors of the Academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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 2016 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 2015 to 2016 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**  
**(A company limited by guarantee)**

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

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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**  
**(A company limited by guarantee)**

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

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In accordance with the terms of our engagement letter dated 23 August 2016 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, 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 during the year 1 September 2015 to 31 August 2016 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 and the 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 and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Droitwich Spa High School and Sixth Form and the EFA, for our work, for this report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF DROITWICH SPA HIGH SCHOOL AND SIXTH FORM'S AND THE REPORTING AUDITORS**

The is responsible, under the requirements of Droitwich Spa High School and Sixth Form's funding agreement with the Secretary of State for Education dated 30 June 2011, and the Academies Financial Handbook extant from 1 September 2015, 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 2015 to 2016. 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 2015 to 31 August 2016 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 2015 to 2016 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

## 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 2015 to 31 August 2016 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**  
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 AUGUST 2016**

	Note	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Restricted fixed asset fund 2016 £000	Total funds 2016 £000	<i>Total funds 2015 £000</i>
<b>INCOME FROM:</b>						
Donations and capital grants	3	68	129	-	197	217
Other trading activities	5	14	205	-	219	221
Investments	6	1	-	-	1	1
Charitable activities	4	-	6,367	326	6,693	7,165
<b>TOTAL INCOME</b>		<b>83</b>	<b>6,701</b>	<b>326</b>	<b>7,110</b>	<b>7,604</b>
<b>EXPENDITURE ON:</b>						
Raising funds		1	126	-	127	152
Charitable activities		13	7,430	342	7,785	7,417
<b>TOTAL EXPENDITURE</b>	9	<b>14</b>	<b>7,556</b>	<b>342</b>	<b>7,912</b>	<b>7,569</b>
<b>NET INCOME / (EXPENDITURE) BEFORE TRANSFERS</b>						
Transfers between Funds	20	69	(855)	(16)	(802)	35
		-	671	(671)	-	-
<b>NET INCOME / (EXPENDITURE) BEFORE OTHER GAINS AND LOSSES</b>						
		69	(184)	(687)	(802)	35
Actuarial losses on defined benefit pension schemes	24	-	(1,410)	-	(1,410)	(130)
<b>NET MOVEMENT IN FUNDS</b>		<b>69</b>	<b>(1,594)</b>	<b>(687)</b>	<b>(2,212)</b>	<b>(95)</b>
<b>RECONCILIATION OF FUNDS:</b>						
Total funds brought forward		101	(2,058)	7,215	5,258	5,353
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>170</b>	<b>(3,652)</b>	<b>6,528</b>	<b>3,046</b>	<b>5,258</b>

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

**BALANCE SHEET**  
**AS AT 31 AUGUST 2016**

	Note	£000	2016 £000	2015 £000
<b>FIXED ASSETS</b>				
Tangible assets	17		6,495	6,796
<b>CURRENT ASSETS</b>				
Debtors	18	212		301
Cash at bank and in hand		581		1,104
		<u>793</u>		<u>1,405</u>
<b>CREDITORS:</b> amounts falling due within one year	19	<u>(342)</u>		<u>(485)</u>
<b>NET CURRENT ASSETS</b>			<u>451</u>	<u>920</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>				
Defined benefit pension scheme liability	24		<u>(3,900)</u>	<u>(2,458)</u>
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITIES</b>			<u><u>3,046</u></u>	<u><u>5,258</u></u>
<b>FUNDS OF THE ACADEMY</b>				
Restricted funds:				
Restricted funds	20	248		400
Restricted fixed asset fund	20	6,528		7,215
Restricted funds excluding pension liability		<u>6,776</u>		<u>7,615</u>
Pension reserve		<u>(3,900)</u>		<u>(2,458)</u>
Total restricted funds			<u>2,876</u>	<u>5,157</u>
Unrestricted funds	20		<u>170</u>	<u>101</u>
<b>TOTAL FUNDS</b>			<u><u>3,046</u></u>	<u><u>5,258</u></u>

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 26 to 45 form part of these financial statements.

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**DROITWICH SPA HIGH SCHOOL AND SIXTH FORM**  
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**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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	Note	2016 £000	2015 £000
<b>Cash flows from operating activities</b>			
Net cash used in operating activities	22	<u>(809)</u>	<u>(262)</u>
<b>Cash flows from investing activities:</b>			
Interest received		1	1
Purchase of property, plant and equipment		(41)	(35)
Capital grants from DfE/EFA		326	773
<b>Net cash provided by investing activities</b>		<u>286</u>	<u>739</u>
<b>Change in cash and cash equivalents in the year</b>	23	<b>(523)</b>	477
Cash and cash equivalents brought forward		<u>1,104</u>	<u>627</u>
<b>Cash and cash equivalents carried forward</b>	23	<u><u>581</u></u>	<u><u>1,104</u></u>

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

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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**1. ACCOUNTING POLICIES**

**1.1 Basis of preparation of financial statements**

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

Droitwich Spa High School and Sixth Form constitutes a public benefit entity as defined by FRS 102.

**First time adoption of FRS 102**

These financial statements are the first financial statements of Droitwich Spa High School and Sixth Form prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Charities SORP 2015 (SORP 2015). The financial statements of Droitwich Spa High School and Sixth Form for the year ended 31 August 2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the Trustees have amended certain accounting policies to comply with FRS 102 and SORP 2015. The Trustees have also taken advantage of certain exemptions from the requirements of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

Reconciliations to previous UK GAAP for the comparative figures are included in note 27.

**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 the Department for Education where the asset acquired or created is held for a specific purpose.

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

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

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**DROITWICH SPA HIGH SCHOOL AND SIXTH FORM**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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**1. ACCOUNTING POLICIES (continued)**

**1.3 Income**

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

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

General Annual Grant is recognised in full in the Statement of financial activities incorporating income and expenditure account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

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

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

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

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

Donations 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.

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

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**DROITWICH SPA HIGH SCHOOL AND SIXTH FORM**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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**1. ACCOUNTING POLICIES (continued)**

**1.4 Expenditure**

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

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

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

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 at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the 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. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of financial activities incorporating income and expenditure account and carried forward in the Balance sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of financial activities incorporating income and expenditure account. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

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**DROITWICH SPA HIGH SCHOOL AND SIXTH FORM**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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**1. ACCOUNTING POLICIES (continued)**

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. 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 Interest receivable**

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

**1.8 Debtors**

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

**1.9 Cash at Bank and in hand**

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

**1.10 Liabilities and provisions**

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

**1.11 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.

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

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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**1. ACCOUNTING POLICIES (continued)**

**1.12 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 quadrennial valuations using a prospective unit credit method. As stated in note 24, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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



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**1. ACCOUNTING POLICIES (continued)**

**1.13 Critical accounting estimates and areas of judgement**

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

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

Under the funding agreement with the Secretary of State the Academy was subject to limits at 31 August 2016 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 2016.

**3. Voluntary Income**

	<b>Unrestricted funds 2016 £000</b>	<b>Restricted funds 2016 £000</b>	<b>Restricted fixed asset fund 2016 £000</b>	<b>Total funds 2016 £000</b>	<i>Total funds 2015 £000</i>
Trip Income	-	119	-	119	147
Private Sponsorship	-	10	-	10	6
Other Donations	68	-	-	68	64
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total donations and legacies	<b>68</b>	<b>129</b>	<b>-</b>	<b>197</b>	<b>217</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

In 2015, of the total income from donations and legacies, £64,000 was to unrestricted funds and £153,000 was to restricted funds.

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**4. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS**

	<b>Unrestricted funds 2016 £000</b>	<b>Restricted funds 2016 £000</b>	<b>Total funds 2016 £000</b>	<i>Total funds 2015 £000</i>
<b>DfE/EFA grants</b>				
General Annual Grant	-	6,003	6,003	6,000
Other DfE/EFA Grants	-	111	111	149
Other non-capital government income	-	252	252	243
Other Income	-	1	1	-
Devolved formula capital	-	226	226	773
Other capital grants	-	100	100	-
	<u>-</u>	<u>6,693</u>	<u>6,693</u>	<u>7,165</u>

In 2015, of the total income from charitable activities, £ *NIL* was to unrestricted funds and £7,165,000 was to restricted funds.

**5. ACTIVITIES FOR GENERATING FUNDS**

	<b>Unrestricted funds 2016 £000</b>	<b>Restricted funds 2016 £000</b>	<b>Total funds 2016 £000</b>	<i>Total funds 2015 £000</i>
Hire of facilities	14	-	14	18
Catering Income	-	205	205	203
	<u>14</u>	<u>205</u>	<u>219</u>	<u>221</u>

In 2015, of the total fundraising income, £18,000 was to unrestricted funds and £203,000 was to restricted funds.

**6. INVESTMENT INCOME**

	<b>Unrestricted funds 2016 £000</b>	<b>Restricted funds 2016 £000</b>	<b>Total funds 2016 £000</b>	<i>Total funds 2015 £000</i>
Investment income	1	-	1	1

In 2015, of the total investment income, £1,000 was to unrestricted funds and £ *NIL* was to restricted funds.

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**7. DIRECT COSTS**

	<b>Educational Operations £000</b>	<b>Total 2016 £000</b>	<i>Total 2015 £000</i>
Pension income	94	94	75
Educational supplies	336	336	364
Staff development	14	14	13
Recruitment and other staff costs	2	2	2
Premises and maintenance	6	6	7
Other support and admin expenses	27	27	-
Wages and salaries	3,821	3,821	3,832
National insurance	320	320	285
Pension cost	637	637	559
Depreciation	322	322	322
	<u>5,579</u>	<u>5,579</u>	<u>5,459</u>

In 2015, the Academy incurred the following Direct costs:

£5,458,000 in respect of Educational Operation Direct costs

**8. SUPPORT COSTS**

	<b>Educational Operations £000</b>	<b>Total 2016 £000</b>	<i>Total 2015 £000</i>
Staff development	8	8	1
Recruitment and other staff costs	22	22	2
Premises and maintenance	65	65	126
Other support and admin expenses	1,164	1,164	771
Catering	100	100	103
Wages and salaries	716	716	708
National insurance	38	38	33
Pension cost	73	73	113
Depreciation	20	20	101
	<u>2,206</u>	<u>2,206</u>	<u>1,958</u>

During the year ended 31 August 2016, the Academy incurred the following Governance costs:

£12,000 (2015 - £12,000) included within the table above in respect of Direct costs - Educational Operations .

In 2015, the Academy incurred the following Support costs:

£1,947,000 in respect of Educational Operations direct support costs

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**9. EXPENDITURE**

	<b>Staff costs</b>	<b>Premises</b>	<b>Other costs</b>	<b>Total</b>	<i>Total</i>
	<b>2016</b>	<b>2016</b>	<b>2016</b>	<b>2016</b>	<i>2015</i>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<i>£000</i>
Expenditure on raising voluntary income	-	-	127	127	152
Activities:					
Educational Operations	4,778	6	795	5,579	5,389
Support costs - Educational Operations	889	65	1,252	2,206	2,028
	<u>5,667</u>	<u>71</u>	<u>2,174</u>	<u>7,912</u>	<u>7,569</u>

**10. EXPENDITURE - ANALYSIS OF SPECIFIC EXPENSES**

Included within expenditure are the following transactions:

	<b>Total</b>	<b>Individual items above £5,000</b>	
	<b>£000</b>	<b>Amount</b>	<b>Reason</b>
		<b>£000</b>	
Ex-gratia/Settlement payments	8	8	Settlement Agreement

The legal authority sought to make ex-gratia payments was in compliance with the Academies Financial Handbook 2015, being delegated authority or approval from the Education Funding Agency.

**11. NET INCOMING RESOURCES/(RESOURCES EXPENDED)**

This is stated after charging:

	<b>2016</b>	<i>2015</i>
	<b>£000</b>	<i>£000</i>
Depreciation of tangible fixed assets:		
- owned by the charity	342	423
Operating lease rentals - plant and machinery	2	2
	<u>344</u>	<u>425</u>

**12. AUDITORS' REMUNERATION**

	<b>2016</b>	<i>2015</i>
	<b>£000</b>	<i>£000</i>
Fees payable to the Academy's auditor and its associates for the audit of the Academy's annual accounts	9	9
Fees payable to the Academy's auditor and its associates in respect of:		
Accountancy	3	3
	<u>12</u>	<u>12</u>

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**13. STAFF COSTS**

Staff costs were as follows:

	<b>2016</b>	<i>2015</i>
	<b>£000</b>	<i>£000</i>
Wages and salaries	<b>4,538</b>	<i>4,540</i>
Social security costs	<b>358</b>	<i>318</i>
Other pension costs (Note 24)	<b>710</b>	<i>673</i>
	<b>5,606</b>	<i>5,531</i>
Compensation payments	<b>8</b>	<i>8</i>
Other costs	<b>33</b>	<i>11</i>
	<b>5,647</b>	<i>5,550</i>

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

	<b>2016</b>	<i>2015</i>
	<b>No.</b>	<i>No.</i>
Teachers	<b>89</b>	<i>94</i>
Administration	<b>40</b>	<i>42</i>
Management	<b>12</b>	<i>10</i>
	<b>141</b>	<i>146</i>

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

	<b>2016</b>	<i>2015</i>
	<b>No.</b>	<i>No.</i>
In the band £60,001 - £70,000	<b>1</b>	<i>2</i>
In the band £70,001 - £80,000	<b>2</b>	<i>1</i>
In the band £90,001 - £100,000	<b>0</b>	<i>1</i>
In the band £100,001 - £110,000	<b>1</b>	<i>0</i>

4 (2015 - 4) of the above employees participated in the Teacher's Pension Scheme. During the year ended 31 August 2016, pension contributions for these staff amounted to £44,267 (2015 - £36,794).

Included within compensation payments is one (2015 - one) non-contractual settlement agreement totalling £8,000 (2015 - £12,000).

Remuneration of the key management personnel in the year ended 31 August 2016 totalled £251,000 of which £35,503 was employers pension contributions.

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**14. TRUSTEES' REMUNERATION AND EXPENSES**

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

		<b>2016</b>	<i>2015</i>
		<b>£000</b>	<i>£000</i>
Natalie Waters - Salary	Remuneration	<b>85-90</b>	<i>85-90</i>
	Pension contributions paid	<b>10-15</b>	<i>10-15</i>
Susan Muir	Remuneration	<b>40-45</b>	<i>10-15</i>
	Pension contributions paid	<b>5-10</b>	<i>0-5</i>
Deborah Harris - Smith	Remuneration	<b>45-50</b>	<i>45-50</i>
	Pension contributions paid	<b>5-10</b>	<i>5-10</i>
Andrew Millicheap	Remuneration	<b>40-45</b>	<i>10-15</i>
	Pension contributions paid	<b>5-10</b>	<i>0-5</i>

During the year, no Trustees received any reimbursement of expenses (2015 - £NIL).

**15. 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 2016 was £2,703 (2015 - £2,703).

**16. OTHER FINANCE INCOME**

	<b>2016</b>	<i>2015</i>
	<b>£000</b>	<i>£000</i>
Expected return on pension scheme assets	<b>44</b>	<i>45</i>
Interest on pension scheme liabilities	<b>(138)</b>	<i>(120)</i>
	<b>(94)</b>	<i>(75)</i>

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**17. TANGIBLE FIXED ASSETS**

	Long-term leasehold property £000	Fixtures and fittings £000	Computer equipment £000	Total £000
<b>Cost</b>				
At 1 September 2015	8,060	13	468	8,541
Additions	-	26	15	41
At 31 August 2016	<u>8,060</u>	<u>39</u>	<u>483</u>	<u>8,582</u>
<b>Depreciation</b>				
At 1 September 2015	1,290	3	452	1,745
Charge for the year	322	8	12	342
At 31 August 2016	<u>1,612</u>	<u>11</u>	<u>464</u>	<u>2,087</u>
<b>Net book value</b>				
At 31 August 2016	<u>6,448</u>	<u>28</u>	<u>19</u>	<u>6,495</u>
<i>At 31 August 2015</i>	<u>6,770</u>	<u>10</u>	<u>16</u>	<u>6,796</u>

**18. DEBTORS**

	2016 £000	2015 £000
Trade debtors	19	10
Other debtors	29	5
Prepayments and accrued income	164	286
	<u>212</u>	<u>301</u>

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

	2016 £000	2015 £000
Trade creditors	111	220
Other taxation and social security	102	92
Other creditors	7	3
Accruals and deferred income	122	170
	<u>342</u>	<u>485</u>

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

	2016 £000	2015 £000
<b>Deferred income</b>		
Deferred income at 1 September 2015	63	83
Resources deferred during the year	93	63
Amounts released from previous years	(63)	(83)
	93	63
Deferred income at 31 August 2016	93	63

At the balance sheet date funds were received in advance for trips that took place after 31 August 2016 and pupil premium received in July for the period July to September 2016.

**20. STATEMENT OF FUNDS**

	Brought Forward £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Carried Forward £000
<b>Unrestricted funds</b>						
General Funds - all funds	80	61	(14)	-	-	127
Lettings Income	15	13	-	-	-	28
Donations	6	9	-	-	-	15
	101	83	(14)	-	-	170
<b>Restricted funds</b>						
General Annual Grant (GAG)	150	6,002	(5,983)	(169)	-	-
Other DfE/EFA grants	158	112	(111)	-	-	159
Other Income	92	146	(64)	(85)	-	89
Catering Income	-	189	(223)	34	-	-
Pupil Premium	-	252	(252)	-	-	-
Capital works undertaken	-	-	(891)	891	-	-
Pension reserve	(2,458)	-	(32)	-	(1,410)	(3,900)
	(2,058)	6,701	(7,556)	671	(1,410)	(3,652)



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

**Restricted fixed asset funds**

DFC Grants	7	26	-	-	-	33
Main Academy Building	6,796	-	(342)	41	-	6,495
CIF Grants	412	-	-	(412)	-	-
Other DfE Capital Grant	-	189	-	(189)	-	-
Other Capital Grant	-	111	-	(111)	-	-
	<u>7,215</u>	<u>326</u>	<u>(342)</u>	<u>(671)</u>	<u>-</u>	<u>6,528</u>
Total restricted funds	<u>5,157</u>	<u>7,027</u>	<u>(7,898)</u>	<u>-</u>	<u>(1,410)</u>	<u>2,876</u>
Total of funds	<u><u>5,258</u></u>	<u><u>7,110</u></u>	<u><u>(7,912)</u></u>	<u><u>-</u></u>	<u><u>(1,410)</u></u>	<u><u>3,046</u></u>

The specific purposes for which the 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 trip 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 2016. Note 2 discloses whether the limit was exceeded.

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

	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Restricted fixed asset fund 2016 £000	Total funds 2016 £000	Total funds 2015 £000
Tangible fixed assets	-	-	6,494	6,494	6,795
Current assets	170	589	34	793	1,405
Creditors due within one year	-	(341)	-	(341)	(484)
Provisions for liabilities and charges	-	(3,900)	-	(3,900)	(2,458)
	<u>170</u>	<u>(3,652)</u>	<u>6,528</u>	<u>3,046</u>	<u>5,258</u>

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

	2016 £000	2015 £000
Net (expenditure)/income for the year (as per Statement of financial activities)	(802)	35
<b>Adjustment for:</b>		
Depreciation charges	342	423
Returns on investments and servicing of finance	(1)	(1)
Decrease/(increase) in debtors	91	(145)
(Decrease)/increase in creditors	(145)	144
Capital grants from DfE and other capital income	(326)	(773)
FRS 17 adjustments	32	55
<b>Net cash used in operating activities</b>	<u>(809)</u>	<u>(262)</u>

**23. ANALYSIS OF CASH AND CASH EQUIVALENTS**

	2016 £000	2015 £000
Cash in hand	581	1,104
<b>Total</b>	<u>581</u>	<u>1,104</u>

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**24. 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 Multi-employer defined benefit pension 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.

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

The employer's pension costs paid to TPS in the period amounted to £532,000 (2015 - £458,000).

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**24. PENSION COMMITMENTS (continued)**

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

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

**Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £357,000 (2015 - £292,000), of which employers' contributions totalled £298,000 (2015 - £234,000) and employees contributions totalled £59,000 (2015 - £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.

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

	<b>2016</b>	2015
Discount rate for scheme liabilities	<b>2.10 %</b>	4.00 %
Rate of increase in salaries	<b>3.30 %</b>	3.80 %
Rate of increase for pensions in payment / inflation	<b>1.90 %</b>	2.30 %
Inflation assumption (CPI)	<b>1.80 %</b>	2.30 %

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

	<b>2016</b>	2015
Retiring today		
Males	<b>23.5</b>	23.3
Females	<b>25.9</b>	25.8
Retiring in 20 years		
Males	<b>25.8</b>	25.6
Females	<b>28.2</b>	28.1

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**24. PENSION COMMITMENTS (continued)**

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

	<b>Fair value at 31 August 2016 £000</b>	<i>Fair value at 31 August 2015 £000</i>
Equities	1,252	837
Other bonds	95	57
Property	68	-
Cash/Liquidity	35	9
Other	53	33
Government bonds	-	1
Total market value of assets	<u>1,503</u>	<u>937</u>

The actual return on scheme assets was £222,000 (2015 - £4000).

The amounts recognised in the Statement of financial activities incorporating income and expenditure account are as follows:

	<b>2016 £000</b>	<i>2015 £000</i>
Current service cost	(232)	(214)
Interest on obligation	(138)	(120)
Expected return on scheme assets	44	45
Total	<u>(326)</u>	<u>(289)</u>
Actual return on scheme assets	<u>222</u>	<u>(4)</u>

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

	<b>2016 £000</b>	<i>2015 £000</i>
Opening defined benefit obligation	3,395	2,851
Current service cost	232	214
Interest cost	138	120
Contributions by scheme participants	59	58
Actuarial Losses	1,589	80
Benefits paid	(10)	72
Closing defined benefit obligation	<u>5,403</u>	<u>3,395</u>

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**24. PENSION COMMITMENTS (continued)**

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

	<b>2016</b>	<i>2015</i>
	<b>£000</b>	<i>£000</i>
Opening fair value of scheme assets	<b>937</b>	<i>578</i>
Expected return on assets	<b>44</b>	<i>45</i>
Actuarial gains and (losses)	<b>179</b>	<i>(50)</i>
Administration expenses	<b>(4)</b>	<i>-</i>
Contributions by employer	<b>298</b>	<i>234</i>
Contributions by employees	<b>59</b>	<i>58</i>
Benefits paid	<b>(10)</b>	<i>72</i>
	<b>1,503</b>	<i>937</i>

**25. OPERATING LEASE COMMITMENTS**

At 31 August 2016 the total of the Academy trust's future minimum lease payments under non-cancellable operating leases was:

	<b>2016</b>	<i>2015</i>
	<b>£000</b>	<i>£000</i>
<b>Amounts payable:</b>		
Within 1 year	<b>5</b>	<i>2</i>

**26. RELATED PARTY TRANSACTIONS**

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 14.

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**27. FIRST TIME ADOPTION OF FRS 102**

It is the first year that the Academy Trust has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 1 September 2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

The policies applied under the Academy's previous accounting framework are not materially different to FRS 102 and have not impacted on funds or net income/expenditure.

However, adjustments have been made to comparative disclosures for the Local Government Pension Scheme in note 22. The closing balance of the pension provision has not changed, but the movement within the year has been altered from the following:

Change in benefit obligation to 31 August 2015	£'000s
Benefit obligation at beginning of period	2,851
Current service costs	214
Interest on pension liabilities	120
Member contributions	58
Actuarial losses on liabilities	80
Benefits/transfers paid	72
Benefit obligation at end of period	3,395
Change in plan assets to 31 August 2015	£'000s
Fair value of plan assets at beginning of period	578
Expected return on plan assets	45
Actuarial losses on assets	(50)
Employer contributions	234
Member contributions	58
Benefits/transfers paid	72
Fair value of plan assets at end of period	937

The net book value of land and buildings disclosed in the accounts are not considered to be materially different from their fair value, as required to be disclosed per the accounting standards under FRS102, and as such no revaluation has been required in these accounts. This is based on depreciated replacement cost remaining appropriate for the fair value.

