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

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

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

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REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2018

Members

R Rhodes
D Morris
I Paston
N Waters

Trustees

R Rhodes, Chair¹
R Harris, Vice Chair¹
N Waters, Headteacher and Accounting Officer¹
K Bowen
S Evans (nee Muir), Staff Trustee
A Fisher¹
P Forte (resigned 29 March 2018)
D Harris-Smith, Staff Trustee¹
A Hartley
Rev B Jameson (resigned 20 September 2018)¹
K Langridge (appointed 12 July 2018)
A Millicheap, Staff Trustee¹
D Morris¹
E Parsons¹
I Paston¹
Rev C Radburn
J Spencer (resigned 19 June 2018)

¹ Resources and Audit Committee

Company registered number

07666185

Company name

Droitwich Spa High School and Sixth Form Centre

Principal and registered office

Briar Mill
Droitwich Spa
Worcestershire
WR9 0AA

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REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2018

Advisers (continued)

Company secretary

T Hogan

Chief executive officer

N Waters

Senior management team

N J Waters, Headteacher
K E Moore, Deputy Headteacher
J M Brook, Deputy Headteacher (Finance, Data and Resources)
S L O'Donohoe, Assistant Headteacher
G L Lloyd-Davis, Assistant Headteacher
H M Biddel, Head of Maths
J Cheng, Head of English
DJ Harris-Smith, Head of Science

Independent auditors

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

Bankers

Lloyds Bank
4 The Cross
Worcester
Worcestershire
WR1 3PY

Solicitors

Stone King
13 Queen Street
Bath
BA1 2HJ

DROITWICH SPA HIGH SCHOOL AND SIXTH FORM CENTRE
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2018

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 2018.

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 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.

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.

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.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

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 2018 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.

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 2017/18 financial year the following meetings were held:

Full Governing Body:	4 meetings
Resources and Audit Committee:	5 meetings
School Improvement Committee:	4 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.

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.

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.

TRADE UNION FACILITY TIME

No percentage of time spent on facility time to report as none requested during the period.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

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 2017/2018, 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 Headteachers.

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

Objectives and Activities

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

Its achievements and performance are described below.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

PUBLIC BENEFIT

The Academy has considered the Charity Commission's guidance on Public Benefit. The key public benefit delivered by the Academy is the provision of a high quality of education to its students.

Strategic report

Achievements and performance

The school's overall achievements in 2018 were impressive.

The headline statement is that the school's overall Progress 8 figure is 0.24 which is significantly above average for secondary schools in England and Wales. 60% of its Year 11 students achieved 5 more GCSEs including at least a grade 4 in English and Maths. Results in English and Maths were pleasing with 76% of students gaining at least a grade 4 in English and 66% in Maths. Results in Science also maintained the strong trend of recent years with 21% of the cohort achieving at least 2 grade 7s.

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 continued to make very pleasing progress with 18% of all entries being at grades 9-7.

In 2018 there was also an improvement in the headline figures at A2 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.

KEY PERFORMANCE INDICATORS

Key Performance Indicators	Evaluation
1. The Achievement of its Students	This was strong at GCSE and A Level (see above)
2. 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 judgement of the school's leadership was validated by the Ofsted Inspection in March 2017
3. The Standard of Personal Development, Behaviour and Safety	This is considered by the academy staff to be Good. This judgement has also been validated by the Ofsted
4. 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 2017/2018.
5. 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.

GOING CONCERN

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

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Financial review

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 (revenue reserves held excluded capital and pension reserve) is £243,000.

The funds held as at 31st August 2018 are in anticipation of deficits predicted in the budgets for 2018-2019. 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.

RISK MANAGEMENT

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

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

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

1. Government funding

The Academy has considerable reliance on continued government funding through the EFA. In 2017/2018 97% 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.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Most of the Academy's income is obtained from the Education Skills Funding Agency (ESFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the year ended 31 August 2018 and the associated expenditure are shown as restricted funds in the statement of financial activities.

The Academy also receives grants for fixed assets from the ESFA. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2015), 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 2018, total expenditure of £6,606,000 was partly covered by recurrent grant funding from the ESFA together as well as other incoming resources. The excess of income over expenditure for the year (excluding restricted fixed asset funds and pension reserve) was £67,000. 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 2018 the net book value of fixed assets was £5,823,000. 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 2018/2019 and beyond.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

OVERALL AIM

Following the successful Inspection in March 2017 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 5 and 2
- 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

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

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

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
- d) Responding to growing concerns about mental health of young people by implementing the well-being action plan

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
- 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

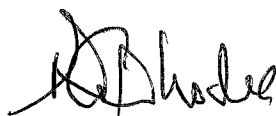
Insofar as the Trustees are aware:

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

AUDITORS

Randall and Payne continue as auditors until May 2020 when the contract will be reviewed.

The Trustees' report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 5 December 2018 and signed on its behalf by:



Rod Rhodes
Chair of Trustees

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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

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

The Board of Trustees has delegated the day-to-day responsibility to the Headteacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Droitwich Spa High School and Sixth Form Centre and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

GOVERNANCE

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

Trustees	Meetings attended	Out of a possible
K Bowen	4	4
S Evans (nee Muir), Staff Trustee	1	4
A Fisher	4	4
P Forte	1	3
D Harris-Smith, Staff Trustee	3	4
R Harris	3	4
A Hartley	2	4
Rev B Jameson	0	0
K Langridge	1	1
A Millicheap, Staff Trustee	3	4
D Morris	3	4
E Parsons	4	4
I Paston	3	4
Rev C Radburn	0	4
R Rhodes, Chair	0	4
J Spencer	1	4
N Waters, Headteacher and Accounting Officer	4	4

Governance review

The Board of Trustees continued to support the headteacher in offering a broad curriculum delivered by a high calibre of staff. High quality teaching and leadership has led to an improvement in exam results both at GCSE and A-level. The Board continued to benefit from a relatively stable governing body throughout the year but were mindful recruitment should be considered to ensure the board retained its strength and rigour in all areas. The Board welcomed a new trustee in July 2018 with a further two trustees joining in September.

The Board of Trustees is committed to ensuring financial oversight and value for money. The full Governing Body meets 4 times a year, the Resources and Audit Committee meet 5 times a year and the Chair of Governors meets with the Senior Financial Officer and Accounting Officer once a month to examine the budget and track expenditure and income. The school budget remains an area of significant concern to the Board in times of rising costs and diminishing funds.

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GOVERNANCE STATEMENT (continued)

During the coming year, Trustees will focus on the integration of new members ensuring they receive effective induction and training to fulfil their roles and support the school in its aims and objectives. The skills audit will be updated to incorporate the range of experience new Trustees bring to the Board and used to identify key areas for development in conjunction with the governance framework.

Long term financial planning remains impossible with the uncertainty surrounding school budgets. The Board of Trustees awaits the outcome of the local authority consultation to learn if the National Funding Formula will deliver additional funds for the school.

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

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

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
A Fisher	2	5
R Harris	5	5
D Harris-Smith	2	5
Rev B Jameson	0	0
A Millicheap	1	5
D Morris	2	5
I Paston	4	5
R Rhodes	3	5
N Waters	5	5

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

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

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
K Bowen	4	4
S Muir	3	4
A Hartley	1	4
Rev C Radburn	0	4
R Rhodes	2	4
J Spencer	4	4
N Waters	4	4

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GOVERNANCE STATEMENT (continued)

REVIEW OF VALUE FOR MONEY

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

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

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

The school's canteen did particularly well in 2017-2018 with record numbers of staff and students buying food; the profits from this are invested in the academy. The catering sales peaked in 2016-2017 at £244,067 compared with £208,469 in 2015-2016.

The academy continues to spend a high proportion of its overall income on staffing. It is therefore vital that this is kept under review. During the 2017-2018 the governors took every opportunity not to replace staff as they left positions in the school.

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Droitwich Spa High School and Sixth Form Centre for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

The Board of Trustees has reviewed the key risks to which the Academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy's significant risks, that has been in place for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

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GOVERNANCE STATEMENT (continued)

THE RISK AND CONTROL FRAMEWORK

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;
- regular reviews by the 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.

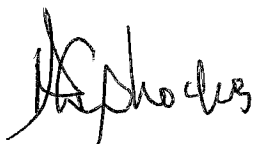
REVIEW OF EFFECTIVENESS

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

Approved by order of the members of the Board of Trustees on 5 December 2018 and signed on their behalf, by:



Rod Rhodes
Chair of Trustees



Natalie Waters
Headteacher and Accounting Officer

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

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Droitwich Spa High School and Sixth Form Centre I have considered my responsibility to notify the academy trust board of trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

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 2017.

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the board of trustees and ESFA.



Natalie Waters
Headteacher and Accounting Officer

Date: 5 December 2018

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

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2018

The Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with the Annual Accounts Direction issued by the Education & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from ESFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the Board of Trustees on 5 December 2018 and signed on its behalf by:



Rod Rhodes
Chair of Trustees

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

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

OPINION

We have audited the financial statements of Droitwich Spa High School and Sixth Form Centre (the 'Academy') for the year ended 31 August 2018 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31 August 2018 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Academy in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Academy's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

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

OTHER INFORMATION

The Trustees are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditors' report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' report including the Strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' report and the Strategic report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of our knowledge and understanding of the Academy and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report including the Strategic report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

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

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

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the Statement of Trustees' responsibilities, the Trustees (who are also the directors of the Academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Academy's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Academy or to cease operations, or have no realistic alternative but to do so.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' report.

USE OF OUR REPORT

This report is made solely to the Academy's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Academy's members those matters we are required to state to them in an 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 opinions we have formed.



Russel Byrd FCA FCCA (Senior statutory auditor)

for and on behalf of

Randall & Payne LLP

Chargrove House
Shurdington Road
Shurdington
Cheltenham
Gloucestershire
GL51 4GA

Date: 7th December 2018.

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

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

In accordance with the terms of our engagement letter dated 23 August 2016 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Droitwich Spa High School and Sixth Form Centre during the year 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Droitwich Spa High School and Sixth Form Centre and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Droitwich Spa High School and Sixth Form Centre and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Droitwich Spa High School and Sixth Form Centre and the ESFA, for our work, for this report, or for the conclusion we have formed.

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

The Accounting Officer is responsible, under the requirements of Droitwich Spa High School and Sixth Form Centre's funding agreement with the Secretary of State for Education dated 30 June 2011, and the Academies Financial Handbook extant from 1 September 2017, 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 2017 to 2018. 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 2017 to 31 August 2018 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 2017 to 2018 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

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

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

CONCLUSION

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2017 to 31 August 2018 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

Randall & Payne LLP

Chargrove House
Shurdington Road
Shurdington
Cheltenham
Gloucestershire
GL51 4GA

Date: *7th December 2018.*

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

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2018**

	Note	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Restricted fixed asset fund 2018 £000	Total funds 2018 £000	Total funds 2017 £000
INCOME FROM:						
Donations and capital grants	2	38	-	1,007	1,045	32
Charitable activities	3	-	6,091	-	6,091	6,147
Investments	4	-	-	-	-	1
Other income		79	465	-	544	551
TOTAL INCOME		117	6,556	1,007	7,680	6,731
EXPENDITURE ON:						
Charitable activities		15	7,073	336	7,424	7,519
TOTAL EXPENDITURE	7	15	7,073	336	7,424	7,519
NET BEFORE TRANSFERS		102	(517)	671	256	(788)
Transfers between Funds	18	(33)	380	(347)	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES		69	(137)	324	256	(788)
Actuarial gains on defined benefit pension schemes	22	-	481	-	481	938
NET MOVEMENT IN FUNDS		69	344	324	737	150
RECONCILIATION OF FUNDS:						
Total funds brought forward		174	(3,187)	6,210	3,197	3,047
TOTAL FUNDS CARRIED FORWARD		243	(2,843)	6,534	3,934	3,197

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

BALANCE SHEET
AS AT 31 AUGUST 2018

	Note	£000	2018 £000	£000	2017 £000
FIXED ASSETS					
Tangible assets	15		5,823		6,158
CURRENT ASSETS					
Debtors	16	793		161	
Cash at bank and in hand		526		509	
		<u>1,319</u>		<u>670</u>	
CREDITORS: amounts falling due within one year	17	(365)		(444)	
NET CURRENT ASSETS			954		226
TOTAL ASSETS LESS CURRENT LIABILITIES					
Defined benefit pension scheme liability	22		6,777		6,384
			(2,843)		(3,187)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			3,934		3,197
FUNDS OF THE ACADEMY					
Restricted income funds:					
Restricted income funds excluding pension liability		6,534		6,210	
Pension reserve		(2,843)		(3,187)	
Total restricted income funds			3,691		3,023
Unrestricted income funds	18		243		174
TOTAL FUNDS			3,934		3,197

The financial statements on pages 22 to 47 were approved by the Trustees, and authorised for issue, on 5 December 2018 and are signed on their behalf, by:

R Rhodes
Chair of Trustees



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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2018

	Note	2018 £000	2017 £000
Cash flows from operating activities			
Net cash used in operating activities	20	(982)	(90)
Cash flows from investing activities:			
Interest received		-	1
Purchase of tangible fixed assets		-	(8)
Capital grants from DfE Group		999	26
Net cash provided by investing activities		999	19
Change in cash and cash equivalents in the year		17	(71)
Cash and cash equivalents brought forward		509	580
Cash and cash equivalents carried forward	21	526	509

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES

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

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 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

1.2 Going concern

The Trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Academy to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy 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.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

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 receipt is probable and it is measurable.

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 receipt is probable 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.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

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.

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

All expenditure is inclusive of irrecoverable VAT.

1.5 Tangible fixed assets and depreciation

All assets costing more than £500 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of financial activities incorporating income and expenditure account and carried forward in the Balance sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of financial activities incorporating income and expenditure account. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

Leasehold property	-	25 years straight line
Furniture and fixtures	-	5 years straight line
Plant and equipment	-	3 years straight line

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.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

1.6 Debtors

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

1.7 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.

1.8 Liabilities and provisions

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

1.9 Financial instruments

The Academy only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the Academy and their measurement basis are as follows:

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 16. Prepayments are not financial instruments. Amounts due to the Academy's wholly owned subsidiary are held at face value less any impairment. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in note 17. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments. Amounts due to the Academy's wholly owned subsidiary are held at face value less any impairment.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

1.10 Taxation

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

1.11 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 22, 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.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

1.12 Fund accounting

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

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

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

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

1.13 Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. 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.

DROITWICH SPA HIGH SCHOOL AND SIXTH FORM CENTRE
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NOTES TO THE FINANCIAL STATEMENTS
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2. Voluntary Income

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Restricted fixed asset fund 2018 £000	Total funds 2018 £000	<i>Total funds 2017 £000</i>
Donations	38	-	-	38	6
Government grants	-	-	1,007	1,007	26
	<u>38</u>	<u>-</u>	<u>1,007</u>	<u>1,045</u>	<u>32</u>
<i>Total 2017</i>	<u>6</u>	<u>-</u>	<u>26</u>	<u>32</u>	

3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Total funds 2018 £000	<i>Total funds 2017 £000</i>
DfE/ESFA grants				
General Annual Grant	-	5,807	5,807	5,823
Other DfE/ESFA Grants	-	28	28	28
Student Support Services (Academy Post 16 Bursary Funding)	-	16	16	18
Pupil Premium and Service Premium	-	-	-	239
Insurance	-	-	-	24
Other LA Revenue Grants	-	240	240	14
Other income	-	-	-	1
	<u>-</u>	<u>6,091</u>	<u>6,091</u>	<u>6,147</u>
<i>Total 2017</i>	<u>-</u>	<u>6,147</u>	<u>6,147</u>	

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4. INVESTMENT INCOME

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Total funds 2018 £000	Total funds 2017 £000
Investment income - local cash	-	-	-	1
<i>Total 2017</i>	<u>1</u>	<u>-</u>	<u>1</u>	

5. DIRECT COSTS

	Educational Operations £000	Total 2018 £000	Total 2017 £000
Staff expenses	10	10	12
Educational supplies	84	84	58
Examination fees	120	120	141
Educational consultancy	18	18	17
Other staff costs	16	16	18
Technology costs	6	6	11
Other	250	250	240
Wages and salaries	3,609	3,609	3,772
National insurance	366	366	375
Pension cost	608	608	616
	<u>5,087</u>	<u>5,087</u>	<u>5,260</u>
<i>Total 2017</i>	<u>5,260</u>	<u>5,260</u>	

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NOTES TO THE FINANCIAL STATEMENTS
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6. SUPPORT COSTS

	Educational Operations £000	Total 2018 £000	Total 2017 £000
Pension income	77	77	79
Other staff costs	8	8	8
Technology costs	53	53	51
Other	182	182	235
Maintenance of premises	405	405	113
Special facilities	11	11	21
Cleaning and caretaking	33	33	9
Operating lease rentals	-	-	8
Rates	28	28	28
Energy	78	78	75
Transport	15	15	2
Catering	102	102	112
Other premises costs	76	76	73
Legal & professional	39	39	48
Auditor costs	12	12	13
Wages and salaries	640	640	688
National insurance	45	45	44
Pension cost	197	197	307
Depreciation	336	336	345
	<u>2,337</u>	<u>2,337</u>	<u>2,259</u>
<i>Total 2017</i>	<u>2,259</u>	<u>2,259</u>	

During the year ended 31 August 2018, the Academy incurred the following Governance costs: £29,000 (2017 - £23,000) included within the table above in respect of professional fees.

7. EXPENDITURE

	Staff costs 2018 £000	Premises 2018 £000	Other costs 2018 £000	Total 2018 £000	Total 2017 £000
Activities:					
Direct costs	4,583	103	401	5,087	5,260
Support costs	881	727	729	2,337	2,259
	<u>5,464</u>	<u>830</u>	<u>1,130</u>	<u>7,424</u>	<u>7,519</u>
<i>Total 2017</i>	<u>5,837</u>	<u>442</u>	<u>1,233</u>	<u>7,512</u>	

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**NOTES TO THE FINANCIAL STATEMENTS
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8. ANALYSIS OF EXPENDITURE BY ACTIVITIES

	Activities undertaken directly 2018 £000	Support costs 2018 £000	Total 2018 £000	Total 2017 £000
Educational activities	<u>5,087</u>	<u>2,337</u>	<u>7,424</u>	<u>7,519</u>
<i>Total 2017</i>	<u>5,260</u>	<u>2,259</u>	<u>7,519</u>	

9. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2018 £000	2017 £000
Depreciation of tangible fixed assets: - owned by the charity	336	345
Operating lease rentals - plant and machinery	<u>25</u>	<u>25</u>

10. AUDITORS' REMUNERATION

	2018 £000	2017 £000
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	<u>3</u>	<u>3</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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11. STAFF COSTS

a. Staff costs

Staff costs were as follows:

	2018	2017
	£000	£000
Wages and salaries	4,249	4,460
Social security costs	411	419
Operating costs of defined benefit pension schemes	804	923
	5,464	5,802
Staff restructuring costs	-	35
	5,464	5,837

Staff restructuring costs comprise:

Severance payments	-	35
	-	35

b. Non-statutory/non-contractual staff severance payments

Included within compensation payments are NIL (2017 - two) non-contractual settlement agreement totalling £NIL (2017 - £35,000).

c. Staff numbers

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

	2018	2017
	No.	No.
Teachers	77	84
Administration	35	33
Management	15	12
	127	129
	127	129

d. Higher paid staff

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

	2018	2017
	No.	No.
In the band £60,001 - £70,000	1	0
In the band £70,001 - £80,000	1	2
In the band £100,001 - £110,000	1	1

3 (2017 - 3) of the above employees participated in the Teacher's Pension Scheme. During the year ended 31 August 2018, pension contributions for these staff amounted to £34,642 (2017 - £36,474).

e. Key management personnel

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NOTES TO THE FINANCIAL STATEMENTS
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11. STAFF COSTS (continued)

Remuneration of the key management personnel in the year ended 31 August 2018 totalled £272,745 (2017 - £258,000) plus £44,948 (2017 - £36,473) for employer's pension contributions.

12. 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:

		2018	<i>2017</i>
		£000	<i>£000</i>
Natalie Waters	Remuneration	90-95	<i>90-95</i>
	Pension contributions paid	15-20	<i>15-20</i>
Susan Evans	Remuneration	35-40	<i>40-45</i>
	Pension contributions paid	5-10	<i>5-10</i>
Deborah Harris-Smith	Remuneration	35-40	<i>45-50</i>
	Pension contributions paid	5-10	<i>5-10</i>
Andrew Millicheap	Remuneration	40-45	<i>40-45</i>
	Pension contributions paid	5-10	<i>5-10</i>

During the year ended 31 August 2018, no Trustees received any reimbursement of expenses (2017 - £NIL to no Trustees).

13. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2018 was £2,250 (2017 - £2,250).

14. OTHER FINANCE COSTS

	2018	<i>2017</i>
	£000	<i>£000</i>
Interest income on pension scheme assets	51	<i>34</i>
Interest on pension scheme liabilities	(128)	<i>(113)</i>
	(77)	<i>(79)</i>

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**NOTES TO THE FINANCIAL STATEMENTS
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15. TANGIBLE FIXED ASSETS

	Leasehold property £000	Furniture and fixtures £000	Plant and equipment £000	Total £000
Cost				
At 1 September 2017 and 31 August 2018	8,060	48	482	8,590
Depreciation				
At 1 September 2017	1,934	20	478	2,432
Charge for the year	322	9	4	335
At 31 August 2018	2,256	29	482	2,767
Net book value				
At 31 August 2018	5,804	19	-	5,823
At 31 August 2017	6,126	28	4	6,158

The Trust lease the sites on a 125 year lease for nil rental.

In accordance with the SORP the assets have been recognised in the academy trust's accounts, representing the 'right to use' the property.

16. DEBTORS

	2018 £000	2017 £000
Trade debtors	5	14
Other debtors	75	8
Prepayments and accrued income	713	139
	<u>793</u>	<u>161</u>

17. CREDITORS: Amounts falling due within one year

	2018 £000	2017 £000
Trade creditors	192	87
Other taxation and social security	-	103
Other creditors	31	127
Accruals and deferred income	142	127
	<u>365</u>	<u>444</u>

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

	2018	2017
	£000	£000
Deferred income		
Deferred income at 1 September 2017	112	93
Resources deferred during the year	125	112
Amounts released from previous years	(112)	(93)
	<hr/>	<hr/>
Deferred income at 31 August 2018	125	112
	<hr/> <hr/>	<hr/> <hr/>

At the balance sheet date funds were received in advance for trips that took place after 31 August 2018 and Pupil Premium received in July for the period July to September 2018.

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NOTES TO THE FINANCIAL STATEMENTS
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18. STATEMENT OF FUNDS

	Balance at 1 September 2017 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2018 £000
Unrestricted funds						
General Funds - all funds	128	93	(15)	(33)	-	173
Lettings Income	46	24	-	-	-	70
	<u>174</u>	<u>117</u>	<u>(15)</u>	<u>(33)</u>	<u>-</u>	<u>243</u>
Restricted funds						
General Annual Grant (GAG)	-	5,850	(5,883)	33	-	-
Other Income	-	118	(118)	-	-	-
Catering Income	-	189	(189)	-	-	-
Pupil Premium	-	240	(240)	-	-	-
Capital works undertaken	-	-	(347)	347	-	-
Voluntary Income	-	5	(5)	-	-	-
Trip fund	-	154	(154)	-	-	-
Pension reserve	(3,187)	-	(137)	-	481	(2,843)
	<u>(3,187)</u>	<u>6,556</u>	<u>(7,073)</u>	<u>380</u>	<u>481</u>	<u>(2,843)</u>
Restricted fixed asset funds						
DFC Grants	51	26	-	-	-	77
Main Academy Building	6,159	-	(336)	-	-	5,823
CIF Grants	-	981	-	(347)	-	634
	<u>6,210</u>	<u>1,007</u>	<u>(336)</u>	<u>(347)</u>	<u>-</u>	<u>6,534</u>
Total restricted funds	<u>3,023</u>	<u>7,563</u>	<u>(7,409)</u>	<u>33</u>	<u>481</u>	<u>3,691</u>
Total of funds	<u>3,197</u>	<u>7,680</u>	<u>(7,424)</u>	<u>-</u>	<u>481</u>	<u>3,934</u>

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

Restricted GAG Fund, Other DfE/ESFA 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 ESFA to carry out works of a capital nature as

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NOTES TO THE FINANCIAL STATEMENTS
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18. STATEMENT OF FUNDS (continued)

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 2018. discloses whether the limit was exceeded.

STATEMENT OF FUNDS - PRIOR YEAR

	<i>Balance at 1 September 2016 £000</i>	<i>Income £000</i>	<i>Expenditure £000</i>	<i>Transfers in/out £000</i>	<i>Gains/ (Losses) £000</i>	<i>Balance at 31 August 2017 £000</i>
General funds						
General Funds - all funds	127	77	(1)	(75)	-	128
Lettings Income	28	16	-	-	-	44
Donations	14	-	(14)	-	-	-
	<u>169</u>	<u>93</u>	<u>(15)</u>	<u>(75)</u>	<u>-</u>	<u>172</u>
Restricted funds						
General Annual Grant (GAG)	-	5,853	(5,928)	75	-	-
Other DfE/ESFA grants	159	108	(267)	-	-	-
Other Income	89	-	(89)	-	-	-
Catering Income	-	218	(218)	-	-	-
Pupil Premium	-	253	(253)	-	-	-
Voluntary Income	-	7	(7)	-	-	-
Trip fund	-	148	(148)	-	-	-
Insurance	-	24	(24)	-	-	-
Pension reserve	(3,900)	-	(225)	-	938	(3,187)
	<u>(3,652)</u>	<u>6,611</u>	<u>(7,159)</u>	<u>75</u>	<u>938</u>	<u>(3,187)</u>
Restricted fixed asset funds						
DFC Grants	33	26	-	(8)	-	51
Main Academy Building	6,496	-	(345)	8	-	6,159
	<u>6,529</u>	<u>26</u>	<u>(345)</u>	<u>-</u>	<u>-</u>	<u>6,210</u>
Total restricted funds	<u>2,877</u>	<u>6,637</u>	<u>(7,504)</u>	<u>75</u>	<u>938</u>	<u>3,023</u>
Total of funds	<u>3,046</u>	<u>6,730</u>	<u>(7,519)</u>	<u>-</u>	<u>938</u>	<u>3,195</u>

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A CURRENT YEAR 12 MONTHS AND PRIOR YEAR 12 MONTHS COMBINED POSITION IS AS FOLLOWS:

	Balance at 1 September 2016 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2018 £000
Unrestricted funds						
General Funds - all funds	127	77	(1)	(75)	-	128
Lettings Income	28	109	(15)	(33)	-	89
Donations	14	24	(14)	-	-	24
	169	210	(30)	(108)	-	241
Restricted funds						
General Annual Grant (GAG)	-	11,703	(11,811)	108	-	-
Other DfE/ESFA grants	159	108	(267)	-	-	-
Other Income	89	118	(207)	-	-	-
Catering Income	-	407	(407)	-	-	-
Pupil Premium	-	493	(493)	-	-	-
	-	-	(347)	347	-	-
Voluntary Income	-	12	(12)	-	-	-
Trip fund	-	302	(302)	-	-	-
Insurance	-	24	(24)	-	-	-
Pension reserve	(3,900)	-	(362)	-	1,419	(2,843)
	(3,652)	13,167	(14,232)	455	1,419	(2,843)
Restricted fixed asset funds						
DFC Grants	33	52	-	(8)	-	77
Main Academy Building	6,496	-	(681)	8	-	5,823
CIF grants	-	981	-	(347)	-	634
	6,529	1,033	(681)	(347)	-	6,534
	2,877	14,200	(14,913)	108	1,419	3,691
Total of funds	3,046	14,410	(14,943)	-	1,419	3,932

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NOTES TO THE FINANCIAL STATEMENTS
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19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Restricted fixed asset fund 2018 £000	Total funds 2018 £000
Tangible fixed assets	-	-	5,823	5,823
Current assets	608	-	711	1,319
Creditors due within one year	(365)	-	-	(365)
Provisions for liabilities and charges	-	(2,843)	-	(2,843)
	<u>243</u>	<u>(2,843)</u>	<u>6,534</u>	<u>3,934</u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Restricted fixed asset fund 2017 £000	Total funds 2017 £000
Tangible fixed assets	-	-	6,159	6,159
Current assets	618	-	51	669
Creditors due within one year	(446)	-	-	(444)
Provisions for liabilities and charges	-	(3,187)	-	(3,187)
	<u>172</u>	<u>(3,187)</u>	<u>6,210</u>	<u>3,197</u>

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

	2018 £000	2017 £000
Net income/(expenditure) for the year (as per Statement of Financial Activities)	256	(788)
Adjustment for:		
Depreciation charges	335	344
Dividends, interest and rents from investments	-	(1)
(Increase)/decrease in debtors	(632)	52
(Decrease)/increase in creditors	(79)	104
Capital grants from DfE and other capital income	(999)	(26)
Defined benefit pension scheme finance cost	137	225
Net cash used in operating activities	<u>(982)</u>	<u>(90)</u>

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NOTES TO THE FINANCIAL STATEMENTS
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21. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2018	2017
	£000	£000
Cash in hand	526	509
Total	526	509

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NOTES TO THE FINANCIAL STATEMENTS
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22. 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 latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

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

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.
- 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%.

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £521,077 (2017 - £543,000).

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

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22. PENSION COMMITMENTS (continued)

(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 2018 was £286,000 (2017 - £228,000), of which employer's contributions totalled £236,000 (2017 - £175,000) and employees' contributions totalled £50,000 (2017 - £53,000). 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:

	2018	2017
Discount rate for scheme liabilities	2.80 %	2.50 %
Rate of increase in salaries	3.60 %	3.70 %
Rate of increase for pensions in payment / inflation	2.10 %	2.20 %
Inflation assumption (CPI)	2.20 %	2.20 %

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

	2018	2017
Retiring today		
Males	22.7	22.6
Females	25.7	25.6
Retiring in 20 years		
Males	24.9	24.8
Females	28.0	27.9

	At 31 August 2018 £000	At 31 August 2017 £000
Sensitivity analysis		
Discount rate +0.1%	(114)	(114)
Mortality assumption - 1 year increase	93	93
CPI rate +0.1%	118	118

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22. PENSION COMMITMENTS (continued)

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

	Fair value at 31 August 2018 £000	<i>Fair value at 31 August 2017 £000</i>
Equities	1,748	1,674
Gilts	182	-
Corporate bonds	104	101
Cash/Liquidity	-	-
Property	107	74
Cash and other liquid assets	48	25
Other	82	70
	<hr/>	<hr/>
Total market value of assets	2,271	<i>1,944</i>
	<hr/> <hr/>	<hr/> <hr/>

The actual return on scheme assets was £134,000 (2017 - £250,000).

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

	2018 £000	<i>2017 £000</i>
Current service cost	(293)	(318)
Interest income	51	34
Interest cost	(128)	(113)
Admin expenses	3	3
	<hr/>	<hr/>
Total	(367)	<i>(394)</i>
	<hr/> <hr/>	<hr/> <hr/>
Actual return on scheme assets	134	<i>250</i>
	<hr/> <hr/>	<hr/> <hr/>

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

	2018 £000	<i>2017 £000</i>
Opening defined benefit obligation	5,131	5,403
Current service cost	293	318
Interest cost	128	113
Employee contributions	50	53
Actuarial gains	(398)	(720)
Benefits paid	(90)	(36)
	<hr/>	<hr/>
Closing defined benefit obligation	5,114	<i>5,131</i>
	<hr/> <hr/>	<hr/> <hr/>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

22. PENSION COMMITMENTS (continued)

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

	2018 £000	2017 £000
Opening fair value of scheme assets	1,944	1,503
Interest income	51	34
Actuarial losses	83	218
Employer contributions	236	175
Employee contributions	50	53
Benefits paid	(90)	(36)
Administration expenses	(3)	(3)
	2,271	1,944
Closing fair value of scheme assets	2,271	1,944

23. OPERATING LEASE COMMITMENTS

At 31 August 2018 the total of the Academy trust's future minimum lease payments under non-cancellable operating leases was:

	2018 £000	2017 £000
Amounts payable:		
Within 1 year	24	25
Between 1 and 5 years	48	58
Total	72	83

24. RELATED PARTY TRANSACTIONS

Owing to the nature of the academy trust and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which Trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH and with the trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

The Academy maintains the financial records for the Aspire Consortium. The Headteacher of the Academy is a board member of the Consortium, and transactions during the year were on an arms length basis as follows:

Income received from the Consortium -	£-	(2017 - £15,171)
Expenditure paid to the Consortium -	£1,098	(2017 - £5,873)

No balance was due to or from the Consortium at the year end.

