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

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019

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 2019

Members

R Rhodes
D Morris
I Paston
A Hartley (appointed 18 September 2019)
N Waters

Trustees

R Rhodes, Chair¹
R Harris, Vice Chair¹
N Waters, Headteacher and Accounting Officer¹
K Bowen
S Evans (nee Muir), Staff Trustee (resigned 6 May 2019)
A Fisher¹
D Harris-Smith, Staff Trustee¹
A Hartley (resigned 20 July 2019)
K Langridge (appointed 12 July 2018)
A Millicheap, Staff Trustee¹
D Morris (resigned 16 September 2019)¹
E Parsons¹
I Paston¹
Rev C Radburn (resigned 19 October 2018)
K Moore (appointed 1 September 2018)
M Tibbits, Staff Trustee (appointed 23 May 2019)
N R Pennington (appointed 1 September 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

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS FOR
THE YEAR ENDED 31 AUGUST 2019**

Advisers (continued)

Company secretary

T Hogan

Chief executive officer

N Waters

Senior management team

N J Waters, Headteacher
J M Brook, Deputy Headteacher
S L O'Donohoe, Assistant Headteacher
G L Lloyd-Davis, Assistant Headteacher
DJ Harris-Smith, Assistant Headteacher
JE Mosely, Assistant Headteacher
JD Broughton, Assistant Headteacher
H M Biddel, Head of Maths
J Cheng, Head of English

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 2019

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 2019. The Trustees confirm that the Annual Report and the financial statements of the Academy comply with the current statutory requirements, the requirements of the Academy's Governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005.

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.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019

METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF TRUSTEES

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

The term of office for any Trustee is four years, save that this time limit does not apply to the Principal. Subject to remaining eligible to be a particular type of Trustee any Trustee may be reappointed or re-elected. The Trustees who were in office at 31 August 2019 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 2018/19 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.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019

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

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

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 which works together to share good practice and develop alternative curriculum provision.

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.

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

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019

The particular aims of the school during the period ending 31 August 2019 are summarised below:

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

PUBLIC BENEFIT

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

Strategic report

Achievements and performance

The school's overall achievements in 2019 were pleasing.

The headline statement is that the school's overall Progress 8 figure is 0.03. Results in English and Maths were pleasing with 75% of students gaining at least a grade 4 in English and 15% at least a grade 7. In Maths 69% of the cohort gained a level 4 and 19% at least a level 7.

Results in Science also maintained the strong trend of recent years, with 72% achieving at least 2 grade 4s and 18% 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 on its entry to the academy as being below the typical national spread of ability. The most able continued to make very pleasing progress with 18% of all entries being at grades 9-7.

In 2019 there was also an improvement in the headline figures at A2. The average point score per entry was 39.17 and value added score was +0.1, showing 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

The Academy assesses its educational outcomes against the following Key Performance Indicators:

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

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TRUSTEES' REPORT (continued)
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GOING CONCERN

The Academy faces a year where it has to recover from the deficit of £76,000. We currently believe that we are able to do this but, whilst we are constantly reviewing staffing, various contracts and general expenditure, there is a limit to the amount we can cut back to avoid a severe impact on staffing, pupils and the general running of the Academy. The Academy will therefore be monitoring monthly income and expenditure in order to trigger ESFA support when required. For this reason the Academy 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.

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 Trustees take into consideration the future plans of the Academy, the uncertainty over future income streams and other key risks identified during the risk review.

During 2018-2019 unanticipated staffing expenses along with other costs, some of which were imposed by the government, meant that the Academy had to call on these reserves.

The Academy recognises the need to rebuild some reserves and is looking at further cost savings and income streams to ensure that this is possible. They are aiming for the reserve to be approximately one month's expenditure. This should provide a cushion to deal with unexpected emergencies such as those which occurred in 2018-2019.

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

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.

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TRUSTEES' REPORT (continued)
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PRINCIPAL RISKS AND UNCERTAINTIES

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

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

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

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

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

2. Operational Risk

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

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

3. Compliance Risk

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

4. Financial Risk

a) The Academy relies upon continued government funding through the ESFA. In 2018/2019 98% of the Academy's revenue was ultimately public funded and this level of reliance is expected to continue. There are and can be no assurances that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms. To mitigate this risk the Trustees ensure that they are well informed about changes to national policy.

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

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

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

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019

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 2019 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. This deficit arose as a result of:

- Additional staffing costs which could not have been foreseen. Ensuring that this cover was consistent and of high quality was an expensive business.
- Imposed costs such as the teachers' pay award which was underfunded at the end of the year
- Various other costs representative of market conditions

During the year ended 31 August 2019, total expenditure of £8,330,000 was partly covered by recurrent grant funding from the ESFA together as well as other incoming resources. The deficit of income over expenditure for the year (excluding restricted fixed asset funds and pension reserve) was £76,000. This deficit arose as a result of additional staffing costs which could not have been foreseen. Ensuring that this cover was consistent and of high quality was an expensive business.

At 31 August 2019 the net book value of fixed assets was £5,568,000. 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 remained and that all the financial responsibilities operating as an academy converter school were continued to be embedded. This is the first time since it opened in 2011 that the Academy has found itself in a deficit position. It now has robust plans to ensure that this position is rectified in the course of the next two years and that it is able to build up some reserves to protect against such events in the future.

FUTURE FINANCIAL CONSIDERATION

The Trustees are facing a year in which the school's income will rise by approximately £72,000. However, costs will rise significantly. In order to manage this real terms 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 ICT infrastructure as well as savings made by changing suppliers and finding alternative ways of working. However, further cuts are going to be needed in order to avoid a deficit at the end of the next financial year.

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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 LLP 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 4 December 2019 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 | 3 | 4 |
| S Evans (nee Muir), Staff Trustee | 3 | 3 |
| A Fisher | 2 | 4 |
| D Harris-Smith, Staff Trustee | 2 | 4 |
| R Harris | 4 | 4 |
| K Langridge | 4 | 4 |
| A Millicheap, Staff Trustee | 2 | 4 |
| D Morris | 0 | 4 |
| E Parsons | 4 | 4 |
| I Paston | 3 | 4 |
| Rev C Radburn | 0 | 1 |
| K Moore | 4 | 4 |
| N R Pennington | 3 | 4 |
| R Rhodes, Chair | 4 | 4 |
| M Tibbits | 1 | 1 |
| N Waters, Headteacher and Accounting Officer | 4 | 4 |

Governance review

The Board of Trustees is committed to ensuring financial oversight and value for money. The full Governing Body met 4 times during the year and in addition the Resources and Audit Committee met 5 times during the year. Effective oversight of funds is also provided by the fact that the Chair of Governors meets with the Senior Financial Officer and Accounting Officer once a week to examine the budget and track expenditure and income. Should anything of concern arise as part of these meetings that cannot be covered in the 9 formal meetings described above, an extraordinary meeting would be convened. The school budget remains an area of significant concern to the Board in times of rising costs and diminishing funds.

The Board of Trustees spent considerable time reviewing the impact of the new curriculum and supported the decision to offer an appropriate alternative curriculum to those pupils who would benefit. The Board continued to support the Headteacher in offering a wide range of opportunities ensuring that the experience at DSHS is not just results based but about developing a person equipped with skills for life. Duke of Edinburgh, school drama and music performances, visits and Sports Day are just a few of the activities available. The Board were pleased to see impressive A-level and GCSE results, particularly an ALPS indicator of 4 and a positive value added score at A-level.

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GOVERNANCE STATEMENT (continued)

The Board continued to benefit from a relatively stable governing body throughout the year but were mindful of the need to work towards a separate group of Members and therefore 2 Trustees resigned to become Members only. Recruitment is underway to maintain the diversity of skills and knowledge as evidenced in the autumn 2018 skills audit.

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 week 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.

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. A self-evaluation will take place to examine and scrutinise the effectiveness of the Board of Trustees across all areas of the governance framework.

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

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

Attendance at meetings in the year was as follows:

| Trustee | Meetings attended | Out of a possible |
|----------------|-------------------|-------------------|
| A Fisher | 4 | 5 |
| R Harris | 4 | 5 |
| D Harris-Smith | 3 | 5 |
| A Millicheap | 5 | 5 |
| D Morris | 0 | 5 |
| I Paston | 4 | 5 |
| R Rhodes | 5 | 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 Evans | 1 | 3 |
| A Hartley | 0 | 4 |
| K Langridge | 1 | 4 |
| R Rhodes | 4 | 4 |
| K Moore | 3 | 4 |
| N Waters | 4 | 4 |
| R Harris | 2 | 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 2018-2019 with record numbers of staff and students buying food; the profits from this are invested in the academy.

The Academy continues to spend a high proportion of its overall income on staffing. It is therefore vital that this is kept under review. During the 2018-2019 the Governors took every opportunity not to replace staff as they left positions in the school. This included not replacing one of the school's two deputy Headteachers, dividing her responsibilities among the remaining senior staff. However, the academy was forced to spend more than it had anticipated on agency staff. Staffing is now at a level to allow us to deliver a broad curriculum. Any further reduction in teaching staff levels would have a detrimental impact on educational outcomes. It would also lead to a narrowing of the curriculum in terms of the subjects being offered which could have a detrimental effect on recruitment, particular of students into the Sixth Form.

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an 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 2018 to 31 August 2019 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 2018 to 31 August 2019 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; and
- identification and management of risks.

The Board of Trustees has considered the need for a specific internal audit function and has decided that the annual Responsible Officer Check carried out by a fully trained senior finance officer from another academy. The results of this work are reported to the Governors' Resources Committee. The accountants also carry out an interim audit about half way through the financial year in addition to their full annual audit.

REVIEW OF EFFECTIVENESS

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

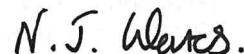
- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the executive managers within the Academy who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of these reviews of the system of internal control. Should any concerns arise a plan to address weaknesses and ensure continuous improvement of the system would be put in place.

Approved by order of the members of the Board of Trustees on 5 December 2019 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 Trustee 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 2018.

I confirm that I and the Academy Trust Board of Trustee 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 2018.

I confirm one instance of material irregularity by way of funding non compliance where the academy entered into an overall deficit position during the period. I confirm that no other 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 Trustee and ESFA.

N. J. Waters.

Natalie Waters
Headteacher and Accounting Officer

Date: 5 December 2019

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

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2019

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 2018 to 2019;
- 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 4 December 2019 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 2019 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 2018 to 2019 issued by the Education & 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 2019 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 2018 to 2019 issued by the Education & 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.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to note 1.2 in the financial statements, which indicates that the academy is in overall deficit of revenue funds, however, the Academy is working towards a predicted overall surplus position for the year end 31 August 2020. As stated in note 1.2, these events or conditions, along with the other matters as set forth in the note 1.2 indicate that a material uncertainty exists that may cast significant doubt on the Academy's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

EMPHASIS OF MATTER

In forming our opinion on the financial statements we have considered the adequacy of the disclosure in note 1 to the financial statements concerning the Academy's ability to continue as a going concern. The Academy is currently in an overall deficit. The financial statements do not include the adjustments which would result if the Academy was unable to continue as a going concern.

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:

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 29 November 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, 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 2018 to 31 August 2019 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 2018, 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 2018 to 2019. 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 2018 to 31 August 2019 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 2018 to 2019 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, except for the matters listed below, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2018 to 31 August 2019 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

During the course of the 2018/19 financial year, the Academy entered into overall deficit. Funds brought forward from prior years and in year funding has been used in its entirety.

Randall & Payne LLP

Chargrove House
Shurdington Road
Shurdington
Cheltenham
Gloucestershire
GL51 4GA

Date:

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

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2019**

| | Note | Unrestricted funds 2019 £000 | Restricted funds 2019 £000 | Restricted fixed asset fund 2019 £000 | Total funds 2019 £000 | Total funds 2018 £000 |
|--|------|---------------------------------------|-------------------------------------|---|--------------------------------|--------------------------------|
| INCOME FROM: | | | | | | |
| Donations and capital grants | 2 | 12 | - | 55 | 67 | 1,045 |
| Charitable activities | 3 | - | 6,192 | - | 6,192 | 6,091 |
| Other income | | 74 | 521 | - | 595 | 544 |
| TOTAL INCOME | | 86 | 6,713 | 55 | 6,854 | 7,680 |
| EXPENDITURE ON: | | | | | | |
| Charitable activities | | 12 | 7,345 | 973 | 8,330 | 7,424 |
| TOTAL EXPENDITURE | 6 | 12 | 7,345 | 973 | 8,330 | 7,424 |
| NET INCOME / (EXPENDITURE) BEFORE TRANSFERS | | | | | | |
| Transfers between Funds | 18 | 74 (316) | (632) 347 | (918) (31) | (1,476) - | 256 - |
| NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES | | | | | | |
| | | (242) | (285) | (949) | (1,476) | 256 |
| Actuarial gains/(losses) on defined benefit pension schemes | 23 | - | (1,206) | - | (1,206) | 481 |
| NET MOVEMENT IN FUNDS | | (242) | (1,491) | (949) | (2,682) | 737 |
| RECONCILIATION OF FUNDS: | | | | | | |
| Total funds brought forward | | 242 | (2,843) | 6,534 | 3,933 | 3,196 |
| TOTAL FUNDS CARRIED FORWARD | | - | (4,334) | 5,585 | 1,251 | 3,933 |

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

BALANCE SHEET
AS AT 31 AUGUST 2019

| | Note | £000 | 2019 £000 | £000 | 2018 £000 |
|--|------|----------------|----------------|----------------|----------------|
| FIXED ASSETS | | | | | |
| Tangible assets | 14 | | 5,567 | | 5,822 |
| CURRENT ASSETS | | | | | |
| Debtors | 15 | 256 | | 792 | |
| Cash at bank and in hand | | 279 | | 526 | |
| | | <u>535</u> | | <u>1,318</u> | |
| CREDITORS: amounts falling due within one year | 16 | (547) | | (364) | |
| NET CURRENT (LIABILITIES)/ASSETS | | | (12) | | 954 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | 5,555 | | 6,776 |
| CREDITORS: amounts falling due after more than one year | 17 | | (46) | | - |
| NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES | | | 5,509 | | 6,776 |
| Defined benefit pension scheme liability | 23 | | (4,258) | | (2,843) |
| NET ASSETS INCLUDING PENSION SCHEME LIABILITIES | | | 1,251 | | 3,933 |
| FUNDS OF THE ACADEMY | | | | | |
| Restricted income funds: | | | | | |
| Restricted income funds | 18 | (76) | | - | |
| Restricted fixed asset fund | 18 | 5,585 | | 6,534 | |
| Restricted income funds excluding pension liability | | <u>5,509</u> | | <u>6,534</u> | |
| Pension reserve | | <u>(4,258)</u> | | <u>(2,843)</u> | |
| Total restricted income funds | | | 1,251 | | 3,691 |
| Unrestricted income funds | 18 | | - | | 242 |
| TOTAL FUNDS | | | 1,251 | | 3,933 |

The financial statements on pages 22 to 46 were approved by the Trustees, and authorised for issue, on 4 December 2019 and are signed on their behalf, by:


Rod 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 2019

| | Note | 2019 £000 | 2018 £000 |
|--|------|-------------------|-------------------|
| Cash flows from operating activities | | | |
| Net cash used in operating activities | 20 | <u>(201)</u> | <u>(982)</u> |
| Cash flows from investing activities: | | | |
| Purchase of tangible fixed assets | | (101) | - |
| Capital grants from DfE Group | | <u>55</u> | <u>999</u> |
| Net cash (used in)/provided by investing activities | | <u>(46)</u> | <u>999</u> |
| Change in cash and cash equivalents in the year | | (247) | 17 |
| Cash and cash equivalents brought forward | | <u>526</u> | <u>509</u> |
| Cash and cash equivalents carried forward | 21 | <u><u>279</u></u> | <u><u>526</u></u> |

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

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 2018 to 2019 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.

The Trustees have concluded that although there are depleted cash reserves this year, the Academy is expected to continue as a going concern, and will call on the tools and expertise from the ESFA if it faces substantial unexpected expenses.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

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 2019

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 |
| Computer 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 2019

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 15. 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 notes 16 and 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.

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.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. ACCOUNTING POLICIES (continued)

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 23, 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.

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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. ACCOUNTING POLICIES (continued)

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 23, 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 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2. Voluntary Income

| | Unrestricted funds 2019 £000 | Restricted funds 2019 £000 | Restricted fixed asset fund 2019 £000 | Total funds 2019 £000 | Total funds 2018 £000 |
|-------------------|---------------------------------------|-------------------------------------|---|--------------------------------|--------------------------------|
| Donations | 12 | - | - | 12 | 38 |
| Government grants | - | - | 55 | 55 | 1,007 |
| | <u>12</u> | <u>-</u> | <u>55</u> | <u>67</u> | <u>1,045</u> |
| <i>Total 2018</i> | <u>38</u> | <u>-</u> | <u>1,007</u> | <u>1,045</u> | |

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3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

| | Unrestricted funds 2019 £000 | Restricted funds 2019 £000 | Total funds 2019 £000 | <i>Total funds 2018 £000</i> |
|---|---------------------------------------|-------------------------------------|--------------------------------|--|
| DfE/ESFA grants | | | | |
| General Annual Grant | - | 5,822 | 5,822 | 5,807 |
| Other DfE/ESFA Grants | - | 29 | 29 | 28 |
| Student Support Services (Academy Post 16 Bursary Funding) | - | 18 | 18 | 16 |
| Pupil Premium and Service Premium | - | 225 | 225 | - |
| Pupil Premium | - | 42 | 42 | 240 |
| Other Government Revenue Grants | - | 56 | 56 | - |
| | <u>-</u> | <u>6,192</u> | <u>6,192</u> | <u>6,091</u> |
| <i>Total 2018</i> | <u>-</u> | <u>6,091</u> | <u>6,091</u> | |

4. DIRECT COSTS

| | Educational Operations £000 | Total 2019 £000 | <i>Total 2018 £000</i> |
|-------------------------|-----------------------------------|-----------------------|--------------------------------|
| Staff expenses | 44 | 44 | 12 |
| Educational supplies | 63 | 63 | 84 |
| Examination fees | 140 | 140 | 120 |
| Educational consultancy | 22 | 22 | 18 |
| Other staff costs | 15 | 15 | 16 |
| Technology costs | 3 | 3 | 6 |
| Other | 346 | 346 | 249 |
| Wages and salaries | 3,879 | 3,879 | 3,608 |
| National insurance | 385 | 385 | 366 |
| Pension cost | 641 | 641 | 608 |
| | <u>5,538</u> | <u>5,538</u> | <u>5,087</u> |
| <i>Total 2018</i> | <u>5,260</u> | <u>5,260</u> | |

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

5. SUPPORT COSTS

| | Educational Operations £000 | Total 2019 £000 | <i>Total 2018 £000</i> |
|-------------------------|--|--------------------------------|--------------------------------|
| Pension income | 76 | 76 | 79 |
| Other staff costs | 9 | 9 | 8 |
| Insurance | 29 | 29 | - |
| Technology costs | 55 | 55 | 53 |
| Other | 144 | 144 | 182 |
| Maintenance of premises | 656 | 656 | 405 |
| Special facilities | 20 | 20 | 11 |
| Cleaning and caretaking | 55 | 55 | 33 |
| Rates | 29 | 29 | 28 |
| Energy | 97 | 97 | 78 |
| Transport | 12 | 12 | 15 |
| Catering | 115 | 115 | 102 |
| Other premises costs | 89 | 89 | 76 |
| Legal & professional | 38 | 38 | 39 |
| Auditor costs | 12 | 12 | 12 |
| Wages and salaries | 674 | 674 | 640 |
| National insurance | 43 | 43 | 45 |
| Pension cost | 283 | 283 | 197 |
| Depreciation | 356 | 356 | 336 |
| | <u>2,792</u> | <u>2,792</u> | <u>2,339</u> |
| <i>Total 2018</i> | <u>2,339</u> | <u>2,339</u> | |

During the year ended 31 August 2019, the Academy incurred the following Governance costs: £29,000 (2018 - £23,000) included within the table above in respect of professional fees.

6. EXPENDITURE

| | Staff costs 2019 £000 | Premises 2019 £000 | Other costs 2019 £000 | Total 2019 £000 | <i>Total 2018 £000</i> |
|-------------------|--------------------------------------|-----------------------------------|--------------------------------------|--------------------------------|--------------------------------|
| Activities: | | | | | |
| Direct costs | 4,905 | - | 633 | 5,538 | 5,260 |
| Support costs | 1,001 | 860 | 931 | 2,792 | 2,259 |
| | <u>5,906</u> | <u>860</u> | <u>1,564</u> | <u>8,330</u> | <u>7,519</u> |
| <i>Total 2018</i> | <u>5,464</u> | <u>830</u> | <u>1,130</u> | <u>7,424</u> | |

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

7. ANALYSIS OF EXPENDITURE BY ACTIVITIES

| | Activities undertaken directly 2019 £000 | Support costs 2019 £000 | Total 2019 £000 | Total 2018 £000 |
|------------------------|--|----------------------------------|-----------------------|-----------------------|
| Educational activities | 5,538 | 2,792 | 8,330 | 7,424 |
| <i>Total 2018</i> | <u>5,087</u> | <u>2,337</u> | <u>7,424</u> | |

8. NET INCOME/(EXPENDITURE)

This is stated after charging:

| | 2019 £000 | 2018 £000 |
|--|--------------|--------------|
| Depreciation of tangible fixed assets: - owned by the charity | 356 | 336 |
| Operating lease rentals - plant and machinery | 24 | 25 |
| | <u>380</u> | <u>361</u> |

9. AUDITORS' REMUNERATION

| | 2019 £000 | 2018 £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 | 3 | 3 |
| | <u>12</u> | <u>12</u> |

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

10. STAFF COSTS

a. Staff costs

Staff costs were as follows:

| | 2019 | 2018 |
|--|--------------|--------------|
| | £000 | £000 |
| Wages and salaries | 4,554 | 4,249 |
| Social security costs | 428 | 411 |
| Operating costs of defined benefit pension schemes | 924 | 804 |
| | <u>5,906</u> | <u>5,464</u> |
| Staff restructuring costs | - | 35 |
| | <u>5,906</u> | <u>5,499</u> |
| Staff restructuring costs comprise: | | |
| Severance payments | - | 35 |
| | <u>-</u> | <u>35</u> |

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

Included within compensation payments are NIL (2018 - NIL) non-contractual settlement agreement totalling £NIL (2018 - NIL).

c. Staff numbers

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

| | 2019 | 2018 |
|----------------------------------|-------------|-------------|
| | No. | No. |
| Teachers | 89 | 83 |
| Management | 14 | 16 |
| Administration and other support | 98 | 107 |
| | <u>201</u> | <u>206</u> |

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10. STAFF COSTS (continued)

d. Higher paid staff

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

| | 2019 | 2018 |
|---------------------------------|-------------|-------------|
| | 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 |

e. Key management personnel

Remuneration of the key management personnel in the year ended 31 August 2019 totalled £809,467 (2018: £510,147) plus £133,284 (2018 - £71,273) for employer's pension contributions.

11. TRUSTEES' REMUNERATION AND EXPENSES

One or more Trustees has been paid remuneration or has received other benefits from an employment with the Academy. The Principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and 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:

| | | 2019 | 2018 |
|----------------------|----------------------------|--------------|--------------|
| | | £000 | £000 |
| Natalie Waters | Remuneration | 90-95 | 90-95 |
| | Pension contributions paid | 15-20 | 15-20 |
| Micheal Tibbits | Remuneration | 10-15 | |
| | Pension contributions paid | 0-5 | |
| Susan Evans | Remuneration | 25-30 | 40-45 |
| | Pension contributions paid | 5-10 | 5-10 |
| Deborah Harris-Smith | Remuneration | 40-45 | 45-50 |
| | Pension contributions paid | 5-10 | 5-10 |
| Andrew Millicheap | Remuneration | 40-45 | 40-45 |
| | Pension contributions paid | 5-10 | 5-10 |

During the year, no Trustees received any remuneration (2018 - £NIL).

During the year, no Trustees received any benefits in kind (2018 - £NIL).

During the year ended 31 August 2019, no Trustees received any reimbursement of expenses (2018 - £NIL to Trustees).

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NOTES TO THE FINANCIAL STATEMENTS
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12. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2019 was £2,250 (2018 - £2,250).

13. OTHER FINANCE COSTS

| | 2019 £000 | 2018 £000 |
|--|--------------|--------------|
| Interest income on pension scheme assets | 67 | 51 |
| Interest on pension scheme liabilities | (143) | (128) |
| | (76) | (77) |

14. TANGIBLE FIXED ASSETS

| | Leasehold property £000 | Furniture and fixtures £000 | Computer equipment £000 | Total £000 |
|--------------------------|-------------------------------|-----------------------------------|-------------------------------|---------------|
| Cost | | | | |
| At 1 September 2018 | 8,060 | 48 | 482 | 8,590 |
| Additions | - | 93 | 8 | 101 |
| At 31 August 2019 | 8,060 | 141 | 490 | 8,691 |
| Depreciation | | | | |
| At 1 September 2018 | 2,257 | 29 | 482 | 2,768 |
| Charge for the year | 322 | 31 | 3 | 356 |
| At 31 August 2019 | 2,579 | 60 | 485 | 3,124 |
| Net book value | | | | |
| At 31 August 2019 | 5,481 | 81 | 5 | 5,567 |
| <i>At 31 August 2018</i> | 5,803 | 19 | - | 5,822 |

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.

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**NOTES TO THE FINANCIAL STATEMENTS
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15. DEBTORS

| | 2019 | 2018 |
|--------------------------------|-------------|-------------|
| | £000 | £000 |
| Trade debtors | 5 | 4 |
| Other debtors | 62 | 75 |
| Prepayments and accrued income | 189 | 713 |
| | 256 | 792 |
| | 256 | 792 |

16. CREDITORS: Amounts falling due within one year

| | 2019 | 2018 |
|--------------------------------------|-------------|-------------|
| | £000 | £000 |
| Trade creditors | 356 | 192 |
| Other creditors | 58 | 31 |
| Accruals and deferred income | 133 | 141 |
| | 547 | 364 |
| | 547 | 364 |
| | 2019 | 2018 |
| | £000 | £000 |
| Deferred income | | |
| Deferred income at 1 September 2018 | 112 | 93 |
| Resources deferred during the year | 125 | 112 |
| Amounts released from previous years | (112) | (93) |
| | 125 | 112 |
| Deferred income at 31 August 2019 | 125 | 112 |

At the balance sheet date funds were received in advance for trips that took place after 31 August 2019 and Pupil Premium received in July for the period July to September 2019.

17. CREDITORS: Amounts falling due after more than one year

| | 2019 | 2018 |
|-------|-------------|-------------|
| | £000 | £000 |
| Loans | 46 | - |
| | 46 | - |

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

17. CREDITORS: Amounts falling due after more than one year (continued)

Creditors include amounts not wholly repayable within 5 years as follows:

| | 2019 | 2018 |
|--------------------------|-------------|-------------|
| | £000 | £000 |
| Repayable by instalments | <u>7</u> | <u>-</u> |

The above loan balances relate to loans obtained through the ESFA in relation to capital works and energy efficiencies.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

18. STATEMENT OF FUNDS

| | Balance at 1 September 2018 £000 | Income £000 | Expenditure £000 | Transfers in/out £000 | Gains/ (Losses) £000 | Balance at 31 August 2019 £000 |
|-------------------------------------|--|----------------|---------------------|-----------------------------|----------------------------|---|
| Unrestricted funds | | | | | | |
| General Funds - all funds | 172 | 63 | (12) | (223) | - | - |
| Lettings Income | 70 | 23 | - | (93) | - | - |
| | <u>242</u> | <u>86</u> | <u>(12)</u> | <u>(316)</u> | <u>-</u> | <u>-</u> |
| Restricted funds | | | | | | |
| General Annual Grant (GAG) | - | 5,924 | (6,347) | 347 | - | (76) |
| Other DfE/ESFA grants | - | 42 | (42) | - | - | - |
| Other Income | - | 176 | (176) | - | - | - |
| Catering Income | - | 199 | (199) | - | - | - |
| Pupil Premium | - | 225 | (225) | - | - | - |
| Private Trip fund | - | 147 | (147) | - | - | - |
| Pension reserve | (2,843) | - | (209) | - | (1,206) | (4,258) |
| | <u>(2,843)</u> | <u>6,713</u> | <u>(7,345)</u> | <u>347</u> | <u>(1,206)</u> | <u>(4,334)</u> |
| Restricted fixed asset funds | | | | | | |
| DFC Grants | 77 | 55 | - | (132) | - | - |
| Main Academy Building | 5,823 | - | (356) | 101 | - | 5,568 |
| CIF Grants | 634 | - | (617) | - | - | 17 |
| | <u>6,534</u> | <u>55</u> | <u>(973)</u> | <u>(31)</u> | <u>-</u> | <u>5,585</u> |
| Total restricted funds | <u>3,691</u> | <u>6,768</u> | <u>(8,318)</u> | <u>316</u> | <u>(1,206)</u> | <u>1,251</u> |
| Total of funds | <u>3,933</u> | <u>6,854</u> | <u>(8,330)</u> | <u>-</u> | <u>(1,206)</u> | <u>1,251</u> |

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

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

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

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.

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18. STATEMENT OF FUNDS (continued)

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

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

Under the funding agreement with the Secretary of State, the Academy was subject to a limit on the amount of GAG that it could carry forward at 31 August 2019. discloses whether the limit was exceeded.

STATEMENT OF FUNDS - PRIOR YEAR

| | <i>Balance at 1 September 2017 £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 2018 £000</i> |
|-------------------------------------|---|------------------------|-----------------------------|--------------------------------------|-------------------------------------|---|
| General funds | | | | | | |
| General Funds - all funds | 128 | 93 | (15) | (33) | - | 173 |
| Lettings Income | 46 | 24 | - | - | - | 70 |
| Restricted funds | | | | | | |
| General Annual Grant (GAG) | - | 5,850 | (5,883) | 33 | - | - |
| Other DfE/ESFA grants | - | 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> |

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19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

| | Unrestricted funds 2019 £000 | Restricted funds 2019 £000 | Restricted fixed asset fund 2019 £000 | Total funds 2019 £000 |
|--|---------------------------------------|-------------------------------------|---|--------------------------------|
| Tangible fixed assets | - | - | 5,568 | 5,568 |
| Current assets | 520 | - | 17 | 537 |
| Creditors due within one year | (520) | (30) | - | (550) |
| Creditors due in more than one year | - | (46) | - | (46) |
| Provisions for liabilities and charges | - | (4,258) | - | (4,258) |
| | <u>-</u> | <u>(4,334)</u> | <u>5,585</u> | <u>1,251</u> |

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

| | <i>Unrestricted funds 2018 £000</i> | <i>Restricted funds 2018 £000</i> | <i>Restricted fixed asset fund 2018 £000</i> | <i>Total funds 2018 £000</i> |
|--|---|---|--|--|
| Tangible fixed assets | - | - | 5,823 | 5,823 |
| Current assets | 618 | - | 711 | 1,318 |
| Creditors due within one year | (446) | - | - | (365) |
| Provisions for liabilities and charges | - | (2,843) | - | (2,843) |
| | <u>172</u> | <u>(2,843)</u> | <u>6,534</u> | <u>3,933</u> |

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

| | 2019 £000 | 2018 £000 |
|--|--------------|--------------|
| Net (expenditure)/income for the year (as per Statement of Financial Activities) | (1,476) | 256 |
| Adjustment for: | | |
| Depreciation charges | 356 | 335 |
| Decrease/(increase) in debtors | 536 | (632) |
| Increase/(decrease) in creditors | 229 | (79) |
| Capital grants from DfE and other capital income | (55) | (999) |
| Defined benefit pension scheme finance cost | 209 | 137 |
| Net cash used in operating activities | <u>(201)</u> | <u>(982)</u> |

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

21. ANALYSIS OF CASH AND CASH EQUIVALENTS

| | 2019 | <i>2018</i> |
|--------------|-------------|-------------|
| | £000 | <i>£000</i> |
| Cash in hand | 279 | <i>526</i> |
| Total | 279 | <i>526</i> |

22. CAPITAL COMMITMENTS

At 31 August 2019 the Academy had capital commitments as follows:

| | 2019 | <i>2018</i> |
|---|-------------|-------------|
| | £000 | <i>£000</i> |
| Contracted for but not provided in these financial statements | 17 | <i>-</i> |

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NOTES TO THE FINANCIAL STATEMENTS
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23. 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.

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NOTES TO THE FINANCIAL STATEMENTS
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23. PENSION COMMITMENTS (continued)

The employer's pension costs paid to TPS in the period amounted to £556,339 (2018 - £521,077).

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

Under the definitions set out in FRS 102, the TPS is an unfunded 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 2019 was £289,000 (2018 - £228,000), of which employer's contributions totalled £239,000 (2018 - £175,000) and employees' contributions totalled £50,000 (2018 - £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:

| | 2019 | 2018 |
|--|--------|--------|
| Discount rate for scheme liabilities | 1.80 % | 2.80 % |
| Rate of increase in salaries | 2.50 % | 2.60 % |
| Rate of increase for pensions in payment / inflation | 2.10 % | 2.20 % |
| Inflation assumption (CPI) | 2.00 % | 2.10 % |

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

| | 2019 | 2018 |
|----------------------|------|------|
| Retiring today | | |
| Males | 22.8 | 22.7 |
| Females | 25.8 | 25.7 |
| Retiring in 20 years | | |
| Males | 25.1 | 24.9 |
| Females | 28.2 | 28 |

| | At 31 August 2019 £000 | At 31 August 2018 £000 |
|--|------------------------------|------------------------------|
| Sensitivity analysis | | |
| Discount rate +0.1% | (153) | (114) |
| Mortality assumption - 1 year increase | 124 | 92 |
| CPI rate +0.1% | 157 | 117 |

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NOTES TO THE FINANCIAL STATEMENTS
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23. PENSION COMMITMENTS (continued)

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

| | Fair value at 31 August 2019 £000 | Fair value at 31 August 2018 £000 |
|------------------------------|--|--|
| Equities | 1,837 | 1,748 |
| Gilts | 194 | 182 |
| Corporate bonds | 130 | 104 |
| Cash/Liquidity | - | - |
| Property | 156 | 107 |
| Cash and other liquid assets | 75 | 48 |
| Other | 200 | 82 |
| Total market value of assets | <u>2,592</u> | <u>2,271</u> |

The actual return on scheme assets was £103,000 (2018 - £250,000).

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

| | 2019 £000 | 2018 £000 |
|--------------------------------|--------------|--------------|
| Current service cost | (264) | (293) |
| Past service cost | (105) | - |
| Interest income | 67 | 51 |
| Interest cost | (143) | (128) |
| Admin expenses | 3 | 3 |
| Total | <u>(442)</u> | <u>(367)</u> |
| Actual return on scheme assets | <u>103</u> | <u>250</u> |

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

| | 2019 £000 | 2018 £000 |
|------------------------------------|--------------|--------------|
| Opening defined benefit obligation | 5,114 | 5,131 |
| Current service cost | 264 | 293 |
| Interest cost | 143 | 128 |
| Employee contributions | 50 | 50 |
| Actuarial losses/(gains) | 1,242 | (398) |
| Benefits paid | (68) | (90) |
| Past service costs | 105 | - |
| Closing defined benefit obligation | <u>6,850</u> | <u>5,114</u> |

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NOTES TO THE FINANCIAL STATEMENTS
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23. PENSION COMMITMENTS (continued)

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

| | 2019 | 2018 |
|-------------------------------------|-------|-------|
| | £000 | £000 |
| Opening fair value of scheme assets | 2,271 | 1,944 |
| Interest income | 67 | 51 |
| Actuarial losses | 36 | 83 |
| Employer contributions | 239 | 236 |
| Employee contributions | 50 | 50 |
| Benefits paid | (68) | (90) |
| Administration expenses | (3) | (3) |
| | 2,592 | 2,271 |
| Closing fair value of scheme assets | 2,592 | 2,271 |

24. OPERATING LEASE COMMITMENTS

At 31 August 2019 the total of the Academy trust's future minimum lease payments under non-cancellable operating leases was:

| | 2019 | 2018 |
|-------------------------|------|------|
| | £000 | £000 |
| Amounts payable: | | |
| Within 1 year | 24 | 25 |
| Between 1 and 5 years | 48 | 58 |
| | 72 | 83 |
| Total | 72 | 83 |

25. 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 Headteacher of the Academy was a board member of the Aspire Consortium, and transactions during the prior period were on an arms length basis as follows:

Expenditure paid to the Consortium - £Nil (2018 - £1,098)

Further to the above, the financial activities of the consortium have now ceased, this has resulted in a distribution of £15,175 to the Academy, there were no amounts outstanding at the year end.

Friends of Droitwich Spa High School is a connected charity of the Academy, transactions during the period amounted to £2,783 (2018: £Nil) for items bought with school budget which the Friends of Droitwich Spa High School funded, there were no amounts outstanding at the year end.

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SCHEDULE TO THE DETAILED ACCOUNTS
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