



**DROYLSDEN ACADEMY**  
**(A Company Limited by Guarantee)**

**Annual Report and Financial Statements**

**Year ended 31 August 2013**

**Company Limited by Guarantee**  
**Registration number: 06731528 (England and Wales)**

# DROYLSDEN ACADEMY

## CONTENTS

	<b>Page</b>
Reference and Administrative Details	2
Governors' Report	3
Governance Statement	8
Statement on Regularity, Propriety and Compliance	11
Statement of Governors' Responsibilities	12
Independent Auditor's Reports on the Financial Statements	13
Independent Auditor's Reports on Regularity	15
Statement of Financial Activities incorporating Income & Expenditure Account	16
Balance Sheet	17
Cash Flow Statement	18
Notes to the Financial Statements, incorporating:	
Statement of Accounting Policies	19
Other Notes to the Financial Statements	22

## REFERENCE AND ADMINISTRATIVE DETAILS

Governing Body (Academy Trust Board)	Date of Appointment / Reappointment	Date of Resignation
Mr P Ryder (Chair) *	29 July 2009 29 July 2013	
Mr M Mistry (Responsible Officer)	29 July 2009 29 July 2013	
Ms J Worsdale (Vice Chair)	29 July 2009 29 July 2013	
Mr J Lyne *	29 July 2009 29 July 2013	
Mr D Davies (Principal) *	01 January 2009	21 December 2012
Mr E Jackson (Interim Principal) *	7 January 2013	19 July 2013
Mr K Mackey (Principal Designate)	1 September 2013	
Mr D Deasy (Parent Governor; then Co-opted Governor from 11 July 2013)	8 December 2009 11 July 2013	
Ms B Fish (Staff Governor)	8 December 2009	11 July 2013
Mr J Rogers *	8 December 2009	

\* Members of the Finance and Resources Committee

Dr N Elgar is Clerk to the Governing Body and Company Secretary

Droylsden Academy is a company limited by guarantee (Company registration number 06731528).

### Executive Team members in post at 31 August 2013

Principal Designate	Mr K Mackey
Vice Principal	Ms L Jenkinson
Vice Principal	Ms M Haselden

Principal and Registered Office:

Tameside College, Beaufort Road,  
Ashton-u-Lyne OL6 6NX

Auditors:

KPMG LLP (UK), St James Square,  
Manchester M2 6DS

Bankers:

Lloyds TSB Bank Plc, 53 King Street,  
Manchester M2 4LQ

Legal Advisors:

Stone King Sewell, 16 St John's Lane, London  
EC1M 4BS

## **GOVERNORS' REPORT**

The Governors present their report together with the financial statements and auditor's report of the charitable company for the period ended 31 August 2013.

### **Structure, Governance and Management**

#### **Constitution**

The Academy Trust is a company limited by guarantee with no share capital (registration no. 06731528) and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Academy Trust. The Governors act as the Trustees for the charitable activities of Droylsden Academy and are also Directors of the charitable company for the purposes of company law. The charitable company is known as Droylsden Academy. Details of the Governors who served during the period are included in the Reference and Administrative Details on page 2.

#### **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 he/she ceases to be a member.

#### **Governors Indemnities**

The Companies Act 2006 s236 requires disclosure concerning qualifying third party indemnity provisions. Indemnity cover for Governors in 2012/13 was £2,000,000.

#### **Principal Activities**

The principal activity of the Academy 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 curriculum, with a strong emphasis on, but in no way limited to mathematics and technology.

#### **Method of Recruitment and Appointment or Election of Governors**

The Governors of the Academy Trust shall comprise no less than 3 persons, but shall not be subject to a maximum. The Academy Trust shall have the following governors

- up to 11 Sponsor Governors, appointed by the Principal Sponsor;
- 1 Local Authority Governor if appointed;
- 1 Parent Governor elected by parents of registered pupils at the Academy;
- 1 Staff Governor elected by the staff at the Academy;
- the Principal appointed by the Governing Body;
- any Governors appointed by the Secretary of State;
- up to 3 Co-opted Governors, a person who is appointed to be a Governor by being co-opted by Governors who have not themselves been so appointed.

Each of the persons entitled to appoint Governors above shall have the right, from time to time by written notice delivered to the office, to remove any member appointed by them and to appoint a replacement member to fill a vacancy whether resulting from such removal or otherwise.

The term of office for any Governor shall be 4 years, save that this time limit shall not apply to either the Principal or Principal Sponsor (during any period that the Principal Sponsor is a Governor). Subject to remaining eligible to be a particular type of Governor, any Governor may be re-appointed or re-elected.

#### **Policies and Procedures Adopted for the Induction and Training of Governors**

The training and induction provided for new Governors will depend on their existing experience. All new Governors will be given a tour of the Academy and the chance to meet with staff and students. Governors will be provided with copies of relevant documents that they will need to undertake their role as Governors, including the Governors' Handbook, which is produced annually and contains key details on the governance arrangements of the Academy. Inductions will be tailored specifically to the individual.

## **Organisational Structure**

The organisational structure consists of the Governors and the Senior Leadership Team. The aim of the organisational structure is to devolve responsibility and encourage involvement in decision-making at all levels.

The Governors are responsible for setting general policy; adopting an annual plan and budget; monitoring the Academy's progress; making major decisions about the direction of the Academy; authorising capital expenditure and appointing senior staff.

The Senior Leadership Team was restructured during the course of the year and currently comprises the Principal and two Vice Principals (1 vacancy) and three Assistant Principals (1 vacancy). These Senior Leadership Team control the Academy at an executive level, implementing the policies and budget authorised by Governors and reporting on Academy performance.

The Governing Body has established the following committees:

### **Finance and Resources Committee**

Finance, audit, risk management, premises, health and safety and personnel.

### **Curriculum, Quality and Standards Committee**

Curriculum, quality, standards, inclusion and enrichment.

### **Remuneration Committee**

Remuneration of the Principal.

### **Risk Management**

Governors have assessed the major risks to which the Academy is exposed, in particular those relating to student progress and examination results, falling pupil numbers and budget control and fraud. The Governors continue to review Academy's policies and their implementation. Governors have reviewed the Academy's Financial Regulations Manual, ensuring that it has an effective system of internal financial controls.

### **Connected Organisations, including Related Party Relationships**

The Academy Trust works closely with its principal sponsor, Tameside College on a range of matters including advocacy, back-office support, curriculum development and quality assurance. The Academy Trust also works closely with the Department for Education (DfE) and Tameside Metropolitan Borough Council (TMBC).

### **Auditor**

In so far as the Governors are aware:

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

KPMG were appointed the Academy Trust's auditors for a 3 year period from 2011/12 to 2013/14.

## **Objectives and Activities**

### **Objects and Aims**

In September 2009, Droylsden Academy replaced Droylsden School, Mathematics and Computing College for Girls and Littlemoss High School for Boys with a new co-educational Academy on the existing schools' sites, building on the existing strengths and capacity for improvement of the two schools. The Academy has places for 1,200 students (8 form entry), plus post-16 provision for 200 students. In January 2012, the Academy moved to a world-class building with state-of-the-art technology and facilities to transform learning. It will offer the young people of Droylsden real and tangible opportunities to follow learning routes that will genuinely transform their lives.

The Academy values diversity and seeks to give everyone an equal chance to learn, work and live free from the action or fear of racism, discrimination or prejudice. By our actions we will work together to develop the potential of all pupils academically, socially, culturally and psychologically and to establish a community that is just and fair for all people who work at or visit the Academy.

Students will be happy and healthy, enthused by the intellectual, social and physical challenges posed by their experience at the Academy. They will be independent learners, aware of how to learn.

All staff will have the opportunity to develop further their own expertise. Through their passion, teachers will enthuse and inspire others to explore new ideas.

The Academy will work closely with parents / carers in a partnership to ensure that each child realises his/her potential.

Governors will contribute to the life of the Academy acting as critical friends to support the Academy in becoming a nationally recognised centre of excellence.

### **Objectives, Strategies and Activities**

2012/13 was the fourth year of operation for Droylsden Academy. Key priorities were to:

- secure significant improvements to student performance, at GCSE and AS level. 57% securing 5A\*-C (incl. English and Maths);
- improve the quality of teaching, with 70% of all teaching graded good or better;
- develop a more consistent approach to Behaviour/Attitudes to Learning;
- improve all aspects of the teaching and learning of English and Maths;
- improve the accuracy of teacher predictions;
- improve attendance and secure an overall rate of 92%;
- work towards a balanced budget by 2013/14;
- enhance community and borough links to promote the Academy;
- develop closer working relationship with Tameside College, especially to support the development of all courses within the Academy's sixth form.

### **Public Benefit**

The Academy Trust Governors have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission.

### **Achievements and Performance**

The main achievements of the Academy during the period ended 31 August 2013 are summarised below:

- 86% GCSE 5A\*-C;
- 47% GCSE 5A\*-C (including English and Maths), a 9 percentage point increase on the previous year;
- 100% pass rate at A Level (A2);
- Teacher predictions were more accurate than in the previous year;
- 65% of teaching was judged as good or better although with the introduction of the new Ofsted grading criteria, this figure is likely to decrease;
- 91.7% attendance in 2012/13 (c.f. target of 92%);
- continued improvement in community engagement. The Academy has served as the main venue for strategic community events, hosted events for public bodies, schools, colleges and local people. It has significantly increased its range of sports facilities available for use for the local community, notably its Multi-Use Games Area (MUGA) and All Weather Pitch (AWP);
- improved partnership working with the Sponsor, Tameside College, especially at AS and A level;
- implementation of a new Senior Leadership Team structure for 2013/14.

### **Going Concern**

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

### **Key Financial Performance Indicators**

During the year a key performance indicator which facilitated the organisation's ability to meet a balanced budget was a review of staff costs as a % of core income; this was to remain within 70-80%, this was achieved with an overall 78% which included the cost of in year restructure.

### **Financial Review**

Most of the Academy's income is obtained from the EFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFA during the year ended 31 August 2013 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

During the year ended 31 August 2013, total expenditure of £6,750k (excluding depreciation) was more than covered by recurrent grant funding from the DfE together with other incoming resources. The excess of income over expenditure for the year (excluding restricted fixed asset funds) was £320k.

The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

Employees of the Academy are entitled to be members of the Teachers' Pension Scheme or the Local Government Pension Scheme (LGPS). An actuarial valuation of the LGPS showed that, as at 31 August 2013, the scheme had a gain of £86k.

The Academy Trust held fund balances at 31 August 2013 represented in the Statement of Financial Activities and Balance sheet of £32,086k.

### **Financial and Risk Management Objectives and Policies**

Management and Governors identify, assess and mitigate risk for the Academy through the risk register in management and Governors' meetings. The risk register and plans derived from the register are scrutinised by the Finance and Resources Committee and approved by the Board

### **Principal Risks and Uncertainties**

The Academy faced a number of risks, with the key ones thought to include:

- lower than anticipated pupil number resulting in reduction in grant income;
- a negative response from Ofsted inspectors to the new way of teaching and learning, especially as these had yet become embedded;
- fraud.

### **Reserves Policy**

The Governors 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 Governors determined that, given the uncertainties surrounding future funding and the challenges arising, the maximum amount of reserves allowable under DfE funding rules should be maintained. As such, during the year Governors requested to have clauses in the Academy's Funding Agreement amended that limit the amount of carry forward and to provide for a November estimate of pupils on the roll for the purpose of calculating the General Annual Grant (GAG). As indicated in an Education Funding Agency (EFA) letter to the Academy, this request was approved. For academic year 2013/14 Governors have agreed to spend some of the Academy's accumulated reserves for both capital and revenue purposes.

### **Treasury Management Policy**

Droylsden Academy Trust currently has a treasury management policy approved by the Finance and Resources Committee encompassing both current account, reserves and the Endowment fund. Cash flow and current account balances are monitored regularly to ensure immediate financial commitments can be met and that the current account has adequate balances to meet forthcoming commitments. The current policy allows investments to be made according to specified criteria such as credit rating, maximum value of deposit with any one institution and term of investment. The Endowment fund is invested according to the same criteria.

### **Plans for the Future Periods**

The Academy will strive to ensure that all students are able to realise their potential in both academic and non-academic terms. Plans for the future are summarized below:

- improve the quality of teaching and learning so that 70% is judged as good or better by end of academic year 2013/14;
- increase the percentage number of students achieving 5A\*-C GCSE including English and maths towards the national average by August 2014;
- increase the percentage number of students achieving 5A\*-C GCSE by August 2014
- improve attendance to 95% by July 2014;
- reduce number of persistently absent pupils to 2.5% by July 2014;
- improve the achievement of boys, FSM students and SEND students;
- develop and embed the Droylsden expectations to ensure behaviour continues to improve;
- continue to develop partnerships with local primary and secondary schools and the local community.

Approved by order of the members of the Governing body on 12/12/2013 and signed on its behalf by:



**Peter Ryder**  
Chair



## Governance Statement

### Scope of Responsibility

As Governors, we acknowledge we have overall responsibility for ensuring that Droylsden Academy Trust 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 Governing Body has delegated the day-to-day responsibility to the Principal, 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 Droylsden Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

### Governance

The information on governance included here supplements that described in the Governors' Report and in the Statement of Governors' responsibilities. The **Governing Body** has continued its comprehensive review of all Academy policies during the year. This included allocating each policy to the relevant Governors' forum, reviewing each policy, assigning a review period for each policy and delegating future responsibility to management where this was deemed appropriate. The Governing Body formally met 5 times during the year. Attendance during the year at meetings of the Governing Body was as follows:

Governor	Meetings Attended	Out of a Possible
Mr P Ryder (Chair)	5	5
Mr M Mistry (Responsible Officer)	5	5
Ms J Worsdale (Vice Chair)	5	5
Mr J Lyne	5	5
Mr D Davies (Principal and Accounting Officer)	0	1
Mr E Jackson (Interim Principal and Accounting Officer)	4	4
Mr D Deasy (Parent Governor)	5	5
Ms B Fish (Staff Governor)	5	5
Mr J Rogers	3	5

The **Finance and Resources Committee** is a committee of the main Governing Body. Its purpose is to assist the decision making of the Governing Body, by enabling more detailed consideration of the Academy's finances and resources, including proper planning, monitoring and probity. Relevant expertise provided on the Committee provided by its member includes: J Lyne, who is AAT qualified; P Ryder, who is the Chief Executive and Accounting Officer of a Further Education Corporation and is CIPD Member and holds an MBA qualification. During the year the Committee approved new policies relating to treasury management, fraud and anti-corruption and use of credit cards, ensured that audit recommendations had been implemented and made proposals for an expanded remit to include the audit function, as required of governing bodies in the Academies Financial Handbook. It has also oversaw the Academy achieve a balanced budget during 2012/13, considered proposals relating to a staffing restructure and monitored premises related issues related to the new building. Attendance at meetings in the year was as follows:

Governor	Meetings Attended	Out of a Possible
Mr P Ryder (Chair)	3	3
Mr D Davies (Principal and Accounting Officer)	1	1
Mr E Jackson (Interim Principal and Accounting Officer)	2	2
Mr J Lyne	2	3
Mr J Rogers	3	3

### **The Purpose of the System of Internal Control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Droylsden Academy Trust for the year ended 31 August 2013 and up to the date of approval of the Report and Financial Statements.

### **Capacity to Handle Risk**

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

### **The Risk and Control Framework**

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

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

The Governing Body has considered the need for a specific internal audit function and has decided to appoint KPMG to assist the Responsible Officer (RO) function on behalf of Manilal Mistry, a Governor, appointed as RO. KPMG carries out the RO function in addition to their role as the Academy's external auditor. The RO's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. The RO reports to the Governing Body on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities.

During the year it was agreed that the RO responsibility would be transferred to firm with experience in internal audit.

During the year KPMG have undertaken a programme of work covering payroll, purchases, income and accounting systems producing an ongoing action plan.

### **Review of Effectiveness**

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

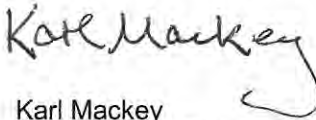
- the work of the Responsible Officer;
- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance and Resources Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Governing Body on 12/12/2013 and signed on its behalf by:



Peter Ryder  
Chair



Karl Mackey  
Accounting Officer

### **Statement on Regularity, Propriety and Compliance**

As Accounting Officer of Droylsden Academy Trust I have considered my responsibility to notify the Academy Trust Governing Body and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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

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



Karl Mackey  
Accounting Officer

## Statement of Governors' Responsibilities

The Governors (who act as trustees for charitable activities of Droylsden Academy Trust and are also the directors of the Charitable Company for the purposes of company law) are responsible for preparing the Governors' report and the financial statements in accordance with the Annual Accounts Requirements issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Governors to prepare financial statements for each financial year. Under company law the Governors 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 Governors are required to:

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

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

The Governors 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 Governing Body on 12/12/2013 and signed on its behalf by:



Peter Ryder  
Chair

## **Independent Auditor's Report on the Financial Statements to the Governing Body of Droylsden Academy Trust Limited**

We have audited the financial statements of Droylsden Academy for the year ended 31 August 2013 set out on pages 16 to 40. The financial reporting framework that has been applied in their preparation is applicable law, the Academies: Accounts Direction 2012/13 and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the charitable company's (the Academy's) members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and in respect of the separate opinion in relation to compliance with the Academies: Accounts Direction 2012/13 issued by the Education Funding Agency ("EFA") on terms that have been agreed. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and, in respect of the separate opinion in relation to compliance with the Academies: Accounts Direction 2012/13 issued by the EFA, those matters that we have agreed to state to them in our report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective Responsibilities of the Governors and Auditor**

As explained more fully in the Statement of Governors' Responsibilities set out on page 12, the Governors (who are also the directors of the company for the purposes of company law) are responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit, and express an opinion, on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those auditing standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the Audit of the Financial Statements**

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm)

### **Opinion on Financial Statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs at 31 August 2013, and of its outgoing resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice;
- have been prepared in accordance with the Companies Act 2006;
- have been prepared in accordance with the Academies: Accounts Direction 2012/13 issued by the EFA.


### **Opinion on Other Matters Prescribed by the Companies Act 2006**

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

### **Matters on Which we are Required to Report by Exception**

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

- adequate accounting records have not been kept by the Academy, 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;
- certain disclosures of Governors' remuneration specified by law are not made;
- we have not received all the information and explanations we require for our audit.



Trevor Rees (Senior Statutory Auditor)  
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

St. James Square  
Manchester  
M2 6DS

16 December 2013

## **Independent Reporting Auditor's Assurance Report on Regularity to the Governing Body of Droylsden Academy Trust Limited and the Education Funding Agency**

In accordance with the terms of our engagement letter dated 20 November 2012 and further to the requirements of the Education Funding Agency (EFA), we have carried out a review to obtain assurance about whether, in all material respects, the expenditure disbursed and income received by Droylsden Academy Trust during the period 1 September 2012 to 31 August 2013 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to the Governing Body and the EFA. Our review work has been undertaken so that we might state to the Governing Body and the EFA those matters we are required to state to it in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Governing Body and the EFA, for our review work, for this report, or for the opinion we have formed.

### **Respective Responsibilities of the Governing Body and Reporting Accountant**

The Governing Body is responsible, under the requirements of the Academies Act 2010, subsequent legislation and related regulations, 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 review are established in the United Kingdom by our profession's ethical guidance and the guidance set out in the EFA's Financial Handbook and the Academies: Accounts Direction 2012/13. We report to you whether, in our opinion, anything has come to our attention in carrying out our review which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2012 to 31 August 2013 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

### **Basis of Opinion**

We conducted our review in accordance with the Academies Handbook and the Academies: Accounts Direction 2012/13 issued by the EFA.

### **Opinion**

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



Trevor Rees (Senior Statutory Auditor)  
for and on behalf of KPMG LLP, Reporting Accountant

Chartered Accountants  
St. James Square  
Manchester  
M2 6DS

16 December 2013



## DROYLSDEN ACADEMY

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

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Endowment Funds £000	Total 2013 £000	Total 2012 £000
<b>Incoming resources</b>							
<i>Incoming resources from generated funds:</i>							
Voluntary income	3	-	-	-	-	-	31,133
Activities for generating funds	4	148	-	-	-	148	149
Investment income	5	3	21	-	15	39	47
<i>charitable activities:</i>							
Funding for the Academy's educational operations	6	80	6,803	-	-	6,883	6,979
<b>Total incoming resources</b>		<b>231</b>	<b>6824</b>	<b>-</b>	<b>15</b>	<b>7,070</b>	<b>38,308</b>
<b>Resources expended</b>							
<i>Cost of generating funds:</i>							
<i>Charitable activities:</i>							
Academy's educational operations	8	3	6713	737	-	7,453	8,323
Governance costs	9	-	34	-	-	34	19
<b>Total resources expended</b>	7	<b>3</b>	<b>6747</b>	<b>737</b>	<b>-</b>	<b>7,487</b>	<b>8,342</b>
<b>Net incoming (outgoing) resources before transfers</b>		<b>228</b>	<b>77</b>	<b>(737)</b>	<b>15</b>	<b>(417)</b>	<b>29,966</b>
<b>Transfers</b>							
Gross transfers between funds	17	18	(768)	765	(15)	-	-
<b>Net incoming (outgoing) resources before other recognised gains and losses</b>		<b>246</b>	<b>(691)</b>	<b>28</b>	<b>-</b>	<b>(417)</b>	<b>29,966</b>
<b>Other recognised gains and losses</b>							
Actuarial (losses) gains on defined benefit pension schemes	17, 27	-	(129)	-	-	(129)	(109)
<b>Net movement in funds</b>		<b>246</b>	<b>(820)</b>	<b>28</b>	<b>-</b>	<b>(546)</b>	<b>29,857</b>
<b>Reconciliation of funds</b>							
Total funds brought forward at 1 September 2012	17	406	1,328	30,231	667	32,632	2,775
<b>Total funds carried forward at 31 August 2013</b>		<b>652</b>	<b>508</b>	<b>30,259</b>	<b>667</b>	<b>32,086</b>	<b>32,632</b>

All of the Academy's activities derive from continuing operations during the above two financial periods.

A Statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities.

**DROYLSDEN ACADEMY**

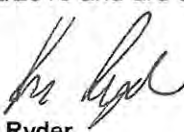
**BALANCE SHEET**

(Company Number 06731528)

**FOR THE YEAR ENDED 31 AUGUST 2013**

	Notes	2013 £000	2013 £000	2012 £000	2012 £000
<b>Fixed assets</b>					
Tangible assets	13		28,928		29,615
<b>Total fixed assets</b>			<u>28,928</u>		<u>29,615</u>
<b>Current assets</b>					
Investments	14	667		667	
Debtors	15	674		368	
Cash at bank and in hand		2,716		2,872	
<b>Total current assets</b>		<u>4,057</u>		<u>3,907</u>	
<b>Liabilities:</b>					
<b>Creditors:</b> Amounts falling due within one year	16	(985)		(1,106)	
<b>Net current assets</b>			<u>3,072</u>		<u>2,801</u>
<b>Total assets less current liabilities</b>			<u>32,000</u>		<u>32,416</u>
<b>Net assets excluding pension liability</b>					
Pension scheme liability	27		<u>86</u>		<u>216</u>
<b>Net assets including pension liability</b>			<u>32,086</u>		<u>32,632</u>
<b>Funds of the academy:</b>					
Endowment funds	17		667		667
<b>Restricted funds</b>					
Fixed asset fund(s)	17		30,259		30,231
General fund(s)	17		422		1,112
Pension reserve	17		86		216
<b>Total restricted funds</b>			<u>30,767</u>		<u>31,559</u>
<b>Unrestricted funds</b>					
General fund(s)	17		652		406
<b>Total unrestricted funds</b>			<u>652</u>		<u>406</u>
<b>Total Funds</b>			<u>32,086</u>		<u>32,632</u>

The financial statements on pages 16 to 17 were approved by the governors, and authorised for issue on 12/12/2013 and are signed on their behalf by:

  
**Peter Ryder**  
 Chair

**DROYLSDEN ACADEMY**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

		<b>2013</b>	<b>2012</b>
		<b>£000</b>	<b>£000</b>
<b>Net cash inflow from operating activities</b>	21	<b>(115)</b>	<b>141</b>
Returns on investments and servicing of finance	22	<b>18</b>	<b>15</b>
Capital expenditure	23	<b>(59)</b>	<b>(71)</b>
Management of liquid resources - endowment	14	<b>-</b>	<b>(667)</b>
<b>(Decrease) / increase in cash in the year</b>	<b>24</b>	<b><u>(156)</u></b>	<b><u>(582)</u></b>
<b>Reconciliation of net cash flow to movement in net funds</b>			
Net funds at 1 September 2012		<b>2,872</b>	<b>3,454</b>
<b>Net funds at 31 August 2013</b>		<b><u>2,716</u></b>	<b><u>2,872</u></b>

## DROYLSDEN ACADEMY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2013

#### 1 Statement of Accounting Policies

##### **Basis of Preparation**

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission "Statement of Recommended Practice: Accounting and Reporting by Charities" ("SORP 2005"), the Academies Accounts Direction issued by the EFA and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

##### **Going Concern**

These accounts have been prepared on a going concern basis. In common with other Academies, the Academy faces uncertainties arising from current economic conditions however there are significant reasons to assume continuation.

Primarily, the projected future numbers and associated funding.

The Academy moved into its new building with state of the art facilities located on Manor road adjacent to the previous Manor Road premises. Minimum funding guarantee ensures that funding can't drop below a certain level.

##### **Incoming Resources**

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

##### **- Grant Receivable**

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

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund. Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund. GAG is received on a monthly basis on a profile of 12% in September, 8% in all later months.

Purchases made of a fixed asset nature are held on the balance sheet, this then releases a matching amount from the Restricted Fixed Asset Fund. Grant is released to match any release of depreciation.

##### **- Donations**

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

##### **- Other income**

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

## DROYLSDEN ACADEMY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2013

#### 1 Statement of Accounting Policies (continued)

##### - Long leasehold

The Academy is recipient of a 125 lease under a peppercorn agreement between the Academy Trust and the Local Authority for the use of school land and building, there is no periodic rental or capital sum payable under the Lease. This is accounted for in the financial statements, where a lease transfers substantially all the risks and rewards of ownership of the asset to the lessee the asset would be capitalised as a fixed asset in the lessee's accounts. The cost of the land and building is recognised as a one off credit to voluntary income (donations in kind) within the SOFA.

##### Resources Expended

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

##### - Costs of generating funds

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

##### - Charitable activities

These are costs incurred on the Academy's educational operations.

##### - Governance costs

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

##### Tangible Fixed Assets

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the Government or from the private sector, they included in the Balance Sheet at cost and depreciated over their expected useful economic life. The related grants are credited to the Restricted Fixed Asset Fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on such assets is charged to the Restricted Fixed Asset Fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy's depreciation policy.

**DROYLSDEN ACADEMY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

**1 Statement of Accounting Policies (continued)**

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

Freehold buildings	60 years
Long leasehold buildings	40 years
Fixtures, fittings and equipment	7 years
Motor vehicles	5 years
ICT equipment	3 years

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

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

**Leased Assets**

Rentals under operating leases are charged on a straight line basis over the lease term

**Taxation**

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

**Pensions Benefits**

Retirement benefits to employees of the Academy Trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes and the assets are held separately from those of the Academy Trust.

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

The LGPS is a funded scheme and the assets are held separately from those of the Academy Trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating

## DROYLSDEN ACADEMY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2013

#### 1 **Statement of Accounting Policies (continued)**

surplus are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

#### **Fund Accounting**

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

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

Restricted general funds comprise all other restricted funds received and include grants from the Education Funding Agency, the Department for Education and any other restrictive sources of income.

**DROYLSDEN ACADEMY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2013**

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

Droylsden Academy are currently at the final stage of amending their Funding Agreement by deed of variation. On the 25<sup>th</sup> October 2013 it was confirmed that the deed of variation had three intentions:

- To remove the carry-forward limit
- To move onto census funding
- To update the funding agreement to the model documents.

In the Financial Year 2012/13 the Education Funding Agency stated acceptance of the first two and noted this internally for assurance purposes

<b>3</b>	<b>Voluntary Income</b>	<b>Unrestricted Funds £000</b>	<b>Restricted Funds £000</b>	<b>2013 Total £000</b>	<b>2012 Total £000</b>
	Donations - Capital	-	-	-	30,026
	Other Donations	-	-	-	1,107
		<hr/>	<hr/>	<hr/>	<hr/>
		-	-	-	31,133
		<hr/>	<hr/>	<hr/>	<hr/>

<b>4</b>	<b>Activities for Generating Funds</b>	<b>Unrestricted Funds £000</b>	<b>Restricted Funds £000</b>	<b>2013 Total £000</b>	<b>2012 Total £000</b>
	Hire of Facilities	11	-	11	1
	Catering Income	137	-	137	148
		<hr/>	<hr/>	<hr/>	<hr/>
		148	-	148	149
		<hr/>	<hr/>	<hr/>	<hr/>



**DROYLSDEN ACADEMY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2013**

**5 Investment Income**

	Unrestricted Funds £000	Restricted Funds £000	2013 Total £000	2012 Total £000
Endowment 1 year fixed term investment	15	-	15	11
Net pension gain		21	21	32
Short term deposits	3	-	3	4
	<u>18</u>	<u>21</u>	<u>39</u>	<u>47</u>

**6 Funding for Academy's educational operations**

	Unrestricted Funds £000	Restricted Funds £000	Total 2013 £000	Total 2012 £000
<b>DfE / EFA grants</b>				
General Annual Grant (GAG)	-	6,235	6,235	6,626
Start Up Grants	-	27	27	34
Capital Grants	-	-	-	22
Other DfE / EFA grants	-	492	492	146
	<u>-</u>	<u>6,754</u>	<u>6,754</u>	<u>6,828</u>
<b>Other Government grants</b>				
Special educational projects	-	8	8	15
Local Authority grants	-	41	41	-
	<u>-</u>	<u>49</u>	<u>49</u>	<u>15</u>
<b>Other Income</b>				
	80		80	136
	<u>80</u>	<u>-</u>	<u>80</u>	<u>136</u>
	<u>80</u>	<u>6,803</u>	<u>6,883</u>	<u>6,979</u>

**DROYLSDEN ACADEMY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2013**

**7 Resources Expended**

	Staff Costs £000	Non Pay expenditure Premises £000	Other Costs £000	Total 2013 £000	Total 2012 £000
Academy's educational operations					
Direct costs	3,650	737	577	4,964	5,737
Allocated support costs	1,233	328	928	2,489	2,586
	<u>4,883</u>	<u>1,065</u>	<u>1,505</u>	<u>7,453</u>	<u>8,323</u>
Governance costs including allocated support costs	-	-	34	34	19
	<u>4,883</u>	<u>1,065</u>	<u>1,539</u>	<u>7,487</u>	<u>8,342</u>
<b>Net Incoming/outgoing resources for the year include:</b>				<b>2013</b>	<b>2012</b>
				<b>£000</b>	<b>£000</b>
Operating leases				8	8
Fees payable to auditor - audit				29	16
- other services				5	3

**DROYLSDEN ACADEMY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2013**

**8 Charitable Activities - Academy's educational operations**

	Unrestricted Funds £000	Restricted Funds £000	Total 2013 £000	Total 2012 £000
<b>Direct costs</b>				
Teaching and educational support staff costs	-	3,650	3,650	3,708
Depreciation	-	737	737	484
Educational supplies	-	209	209	1,146
Examination fees	-	89	89	128
Staff development	-	22	22	27
Educational consultancy	-	78	78	60
Other direct costs	-	179	179	184
	-	4,964	4,964	5,737
<b>Allocated support costs</b>				
Support staff costs	-	1,233	1,233	1,202
Pension	-	22	22	26
Depreciation	-	-	-	-
Recruitment and support	-	35	35	36
Maintenance of premises and equipment	-	139	139	156
Cleaning	-	28	28	26
Rent & rates	-	91	91	86
Insurance	-	53	53	64
Security and transport	-	17	17	107
Catering	-	159	159	130
Bank interest and charges	-	1	1	3
Other support costs	3	708	711	750
	3	2,486	2,489	2,586
	3	7,450	7,453	8,323

**9 Governance costs**

	Unrestricted Funds £000	Restricted Funds £000	Total 2013 £000	Total 2012 £000
Auditors' remuneration				
Audit of financial statements		26	26	8
Responsible Officer audit		3	3	3
Energy centre sustainability audit		5	5	8
	-	34	34	19

**DROYLSDEN ACADEMY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2013**

10

**Staff costs**

Staff costs during the period were:

	<b>Total 2013 £000</b>	<b>Total 2012 £000</b>
Wages and salaries	3,808	3,885
Social security costs	274	290
Other pension costs	477	512
	4,559	4,687
Supply teacher costs	81	37
Compensation payments	243	186
	4,883	4,910

The average number of persons (including senior management team) employed by the Academy during the year expressed as full time equivalents was as follows:

	<b>2013 No.</b>	<b>2012 No.</b>
<b><i>Charitable Activities</i></b>		
Teachers	60	64
Administration and support	98	112
Management	8	8
	166	184

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

	<b>2013 No.</b>	<b>2012 No.</b>
£60,001 - £70,000	1	
£70,001 - £80,000	1	2
£80,001 - £90,000	1	
£90,001 - £100,000	1	1
£140,001 - £150,000		1
		1

Three employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2013, pension contributions for these staff amounted to £25,294.01 (2012: £42,272.82). Reduced overall pension contribution occurred as a result of the post of Principal being vacant from 1 January 2013 to 31 August 2014. An Interim Principal was in place during this time who was employed through a Staffing Agency.

**DROYLSDEN ACADEMY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

**11 Governors remuneration and expenses**

The Governors of the Academy did not receive any payment in respect of their responsibilities as Governors during 2012/13. Mrs B Fish was remunerated as an employee of the Academy. It is deemed to be inappropriate to specify the banding for the Staff Governor as this would impact on the Academy's ability to attract staff to the Staff Governor position.

The value of Principals' remuneration was as follows:

D Davies (principal and trustee): £80,000 - £85,000 (2012: £120,000 - £125,000)  
E Jackson (interim principal and trustee): £65,000 - £70,000

**12 Governors' and Officers' insurance**

In accordance with normal commercial practice the Academy has purchased insurance to protect Governors and Officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2013 was £89 (2012 - £450).

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

**13 Tangible Fixed Assets**

	Leasehold Land and Buildings * £000	Furniture and Equipment £000	Computer Equipment £000	Motor Vehicles £000	<b>Total £000</b>
<b>Cost</b>					
At 1 September 2012	29,873	202	12	12	<b>30,099</b>
Additions	20	40	-	-	<b>60</b>
Inherited assets	-	-	-	-	<b>-</b>
Disposals	-	-	-	(12)	<b>(12)</b>
At 31 August 2013	<b>29,893</b>	<b>242</b>	<b>12</b>	<b>0</b>	<b>30,147</b>
<b>Depreciation</b>					
At 1 September 2012	466	15	3	-	<b>484</b>
Charged in year	700	32	3	2	<b>737</b>
Disposals	-	-	-	(2)	<b>(2)</b>
At 31 August 2013	<b>1166</b>	<b>47</b>	<b>6</b>	<b>0</b>	<b>1219</b>
<b>Net book values</b>					
At 31 August 2013	<b>28,727</b>	<b>195</b>	<b>6</b>	<b>0</b>	<b>28,928</b>
At 31 August 2012	<b>29,407</b>	<b>187</b>	<b>9</b>	<b>12</b>	<b>29,615</b>

\* Land and Building inherited by the Academy as part of a Peppercorn Lease agreement of 125 years. This is accounted for in the financial statements, where a lease transfers substantially all the risks and rewards of ownership of the asset to the lessee the asset would be capitalised as a fixed asset in the lessee's accounts. This is recognised as a one off credit to voluntary income (donations in kind) within the SOFA.

**DROYLSDEN ACADEMY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2013**

**14 Endowment Fund**

	2013 £000	2012 £000
Endowment Fund	<u>667</u>	<u>667</u>
	<u>667</u>	<u>667</u>

The Academy Endowment fund is currently invested in a 1 year fixed term account. Interest of 1.75% is paid at the end of the fixed-term period in February 2014. Interest has been accrued to the 31/08/13 in this years accounts

**15 Debtors**

	2013 £000	2012 £000
Trade debtors	31	30
Prepayments	26	13
Vat Recoverable	474	239
Sundry debtors	143	86
	<u>674</u>	<u>368</u>

**16 Creditors: amounts falling due within one year**

	2012 £000	2012 £000
Trade creditors	176	79
Taxation and social security	428	724
Other creditors	204	113
Accruals and deferred income	177	190
	<u>985</u>	<u>1,106</u>

**Deferred income**

	2012 £000
Deferred Income at 1 September 2012	33
Resources deferred in the year	49
Amounts released from previous years	(33)
Deferred Income at 31 August 2013	<u>49</u>

\*Deferred income relates to Devolved Formula Capital and Rate Relief for 2013/14. Greater Manchester Challenge fund used on enrichment activities during 2012/13

**DROYLSDEN ACADEMY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2013**

**17 Funds**

	Balance at 1 September 2012 £000	Incoming resources £000	Resources expended £000	Gains, losses and transfers £000	Balance at 31 August 2013 £000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	133	6,235	(6,097)	(146)	125
Start Up Grant	819	27	(227)	(619)	0
Other DfE/EFA grants	86	492	(352)	0	226
LEA and other grants	71	49	(49)	0	71
Other restricted	3	-	-	(3)	0
Pension reserve	216	21	(22)	(129)	86
	<b>1,328</b>	<b>6,824</b>	<b>(6,747)</b>	<b>(897)</b>	<b>508</b>
<b>Restricted fixed asset funds</b>					
LEA donated assets	29,544	-	(723)	-	28,821
Capital expenditure from GAG	71	-	(14)	51	108
Fixed assets fund	616	-	-	714	1330
Private sector capital sponsorship	-	-	-	-	-
	<b>30,231</b>	<b>-</b>	<b>(737)</b>	<b>765</b>	<b>30,259</b>
<b>Endowment funds</b>	667	15	-	(15)	667
<b>Total restricted funds</b>	<b>32,226</b>	<b>6,839</b>	<b>(7,484)</b>	<b>(147)</b>	<b>31,434</b>
<b>Unrestricted funds</b>					
Unrestricted funds	406	231	(3)	18	652
<b>Total unrestricted funds</b>	<b>406</b>	<b>231</b>	<b>(3)</b>	<b>18</b>	<b>652</b>
<b>Total funds</b>	<b>32,632</b>	<b>7,070</b>	<b>(7,487)</b>	<b>(129)</b>	<b>32,086</b>

All of the Academy's activities derive from continuing operations during the above financial period.

Under the amended funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2013. Although not finalised it has been agreed that carry forward is allowable.

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

Restricted Fixed Asset Funds are resources which are applied to specific capital purposes imposed by the Education Funding Agency, Department for Education, or other funders where the asset acquired or created is held for a specific purpose.

**DROYLSDEN ACADEMY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

**17 Funds (continued)**

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 Governors.

A Statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities.

**18 Analysis of net assets between funds**

Fund balances at 31 August 2013 are represented by:

	<b>Unrestricted general fund £000</b>	<b>Restricted general fund £000</b>	<b>Restricted fixed asset fund £000</b>	<b>Endowment fund £000</b>	<b>Total 2013 £000</b>
Tangible fixed assets	-	-	28,928	-	28,928
Current assets	652	1,407	1,331	667	4,057
Current liabilities	-	(985)	-	-	(985)
Pension scheme gain	-	86	-	-	86
<b>Total net assets</b>	<b>652</b>	<b>508</b>	<b>30,259</b>	<b>667</b>	<b>32,086</b>

**19 Capital commitments**

The Academy had not entered into any capital commitments at the balance sheet date. There are also no contracts for capital projects at year end 31.08.13

**20 Financial commitments**

***Operating leases***

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

	<b>2013 £000</b>	<b>2012 £000</b>
<u>Other</u>		
Expiring within one year	-	-
Expiring within two and five years inclusive	8	8
Expiring in over five years	-	-
	<b>8</b>	<b>8</b>



**DROYLSDEN ACADEMY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2013**

<b>21</b>	<b>Reconciliation of consolidated operating (deficit)/surplus to net cash inflow from operating activities</b>	<b>2013</b>	<b>2012</b>
		<b>£000</b>	<b>£000</b>
	(Deficit)/surplus on continuing operations after depreciation of assets at valuation	(417)	29,966
	Depreciation (note 13)	737	484
	(Loss)/profit on disposal of tangible fixed assets	9	-
	Capital grants from DfE and other capital income	-	(30,028)
	Interest receivable (note 5)	(18)	(15)
	FRS 17 pension cost less contributions payable (note 27)	22	26
	FRS 17 pension finance income (note 27)	(21)	(32)
	(Increase)/decrease in debtors	(306)	(303)
	Increase/(decrease) in creditors	(121)	43
	<b>Net cash inflow from operating activities</b>	<b>(115)</b>	<b>141</b>
<b>22</b>	<b>Returns on investments and servicing of finance</b>		
	Interest received	18	15
	<b>Net cash inflow from returns on investment and servicing of finance</b>	<b>18</b>	<b>15</b>
<b>23</b>	<b>Capital expenditure and financial investment</b>		
	Purchase of tangible fixed assets	(60)	(73)
	Capital grants from DfE/YPLA	-	2
	Capital funding received from sponsors and others	-	-
	Receipts from sale of tangible fixed assets	1	-
	<b>Net cash outflow from capital expenditure and financial investment</b>	<b>(59)</b>	<b>(71)</b>
<b>24</b>	<b>Analysis of changes in net funds</b>	At 1 September 2012	Cash flows
		£000	£000
	Cash in hand and at bank	2,872	(156)
		<b>2,872</b>	<b>(156)</b>
			At 31 August 2013
			£000
			2,716
			<b>2,716</b>

## DROYLSDEN ACADEMY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2013

#### 25 **Contingent Liabilities**

During the period of the Funding Agreement, in the event of the sale or disposal by other means if any asset for which a Government capital grant was received, the Academy is required either to re-invest the proceeds or to repay to the Secretary of State for Education the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State.

Upon termination of the Funding Agreement, whether as a result of the Secretary of State or the Academy serving notice, the Academy shall repay to the Secretary of State sums determined by reference to:

- (a) The value at that time of the Academy's site and premises and other assets held for the purpose of the Academy: and
- (b) the extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreement.

#### 26 **Members' Liability**

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he/she ceases to be a member.

#### 27 **Pension and similar obligations**

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

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

Contributions amounting to £182,311 (2012 £296,297) were payable to TMBC (External Payroll Bureau) relating to the scheme at 31 August 2013 and are included within creditors.

#### **Teachers' Pension Scheme**

##### **Introduction**

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010). These regulations apply to teachers in schools that are maintained by local authorities and other educational establishments, including academies, in England and Wales. In addition teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and from 1 January 2007 automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

## DROYLSDEN ACADEMY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2013

#### 27 Pension and similar obligations (continued)

##### **The Teachers' Pension Budgeting and Valuation Account**

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a "pay as you go" basis – these contributions along with those made by employers are credited to the Exchequer under arrangements governed by the above Act. The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

##### **Valuation of the Teachers' Pension Scheme**

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

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

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

## DROYLSDEN ACADEMY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2013

#### 27 Pension and similar obligations (continued)

##### Teachers' Pension Scheme Changes

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

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

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

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

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The academy is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the academy has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy has set out above the information available on the scheme.

##### Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2013 was £230,000 of which employer's contributions totalled £171,000 and employees' contributions totalled £59,000. The agreed contribution rates for future years are 15.5% for employers and range from 5.5% to 7.5% for employees depending on salary.

**DROYLSDEN ACADEMY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

<b>Pension and similar obligations (continued)</b>	<b>At 31 August</b>	<b>At 31 August</b>
<b>Principal Actuarial Assumptions</b>	<b>2013</b>	<b>2012</b>
<b>Financial assumptions</b>		
Rate of increase in salaries	4.60%	4.00%
Rate of increase for pensions in payment/inflation	2.80%	1.90%
Discount rate for scheme liabilities	4.60%	4.40%
Expected Return on Assets	5.90%	4.80%
Commutation of pensions to lump sums	75%	75%

Sensitivity analysis for the principal assumptions used to measure scheme liabilities, showing how the measurement of scheme liabilities would have been affected by changes in the relevant assumption that were reasonably possible at the balance sheet date:

<u>Change in assumptions at yr ended 31 Aug 2013</u>	<b>Approximate % increase to Employer Liability</b>	<b>Approximate Monetary amount (£000)</b>
0.5% decrease in Real Discount Rate	14%	486
1 year increase in member life expectancy	3%	107
0.5% increase in the Salary Increase Rate	7%	246
0.5% Increase in the Pension Increase Rate	6%	227

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

	<b>At 31 August 2013</b>
<i>Retiring today</i>	
Males	20.1
Females	22.9
<i>Retiring in 20 years</i>	
Males	22.5
Females	25

**DROYLSDEN ACADEMY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

**27 Pension and similar obligations (continued)**

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

	Expected return at 31 August 2013	Fair value a 31 August 2013	Expected return at 31 August 2012	Fair value at 31 August 2012
	%	£000	%	£000
Equities	6.60%	2,625	5.50%	2,053
Bonds	3.90%	656	3.40%	595
Property	4.70%	219	3.70%	149
Cash	3.60%	146	2.80%	179
Total market value of assets		<u>3,646</u>		<u>2,976</u>
Present value of scheme liabilities				
- Funded		(3,560)		(2,760)
Surplus/(deficit) in the scheme		<u>86</u>		<u>216</u>

The actual return on the scheme assets was £479,000 (2012: £227,000).

**Amounts recognised in the Statement of Financial Activities**

	2013 £000	2012 £000
Current service cost (net of employee contributions)	112	101
Past service cost	0	0
Total operating charge	<u>112</u>	<u>101</u>

**Analysis of pension finance income / (costs)**

Expected return on pension scheme assets	147	158
Interest on pension liabilities	(126)	(126)
<b>Pension finance income / (costs)</b>	<u>21</u>	<u>32</u>

The actual gains and losses for the current year are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the Statement of Financial Activities since the adoption of FRS 17 is a £149,000 gain (2012: £278,000 gain).

**DROYLSDEN ACADEMY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2013**

**27 Pension and similar obligations (continued)**

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

	2013 £000	2013 £000
<b>At 1 September</b>	2,760	2,217
Current service cost	171	162
Interest cost	126	126
Employee contributions	59	61
Actuarial (gain)/loss	462	178
Benefits paid	(18)	(11)
Past Service cost	-	-
Curtailments and settlements	-	27
<b>At 31 August</b>	3,560	2,760

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

	2013 £000	2012 £000
<b>At 1 September</b>	2,976	2,536
Expected return on assets	147	158
Actuarial gains / (losses)	333	69
Employer contributions	149	163
Employee contributions	59	61
Benefits paid	(18)	(11)
<b>At 31 August</b>	3,646	2,976

The estimated value of employer contributions for the year ended 31 August 2014 is £149,000.

**DROYLSDEN ACADEMY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2013**

**27 Pension and similar obligations (continued)**

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

	2013	2012	2011	2010	2009
	£000	£000	£000	£000	£000
Defined benefit obligation at end of year	(3,560)	(2,760)	(2,217)	(2,453)	-
Fair value of plan assets at end of year	3,646	2,976	2,536	2,293	-
Deficit	<u>86</u>	<u>216</u>	<u>319</u>	<u>(160)</u>	<u>-</u>
<b>Experience adjustments on share of scheme assets</b>					
Amount £'000*	333	69	(100)	58	-
<b>Experience adjustments on scheme liabilities:</b>					
Amount £'000*		(2)	109	-	-



## DROYLSDEN ACADEMY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2013

#### 28 Related Party Transactions

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

The following related party transactions took place in the period of account:

Liz Kendal is employed as the sponsor's representative and within the role she also supports the senior leadership team. Liz was previously a Governor of the Academy.

As part of the funding agreement Droylsden Academy Trust was to receive a £2m Endowment Fund from Tameside College, the sponsors of the Academy. The first instalment of the Endowment fund (£666,666) was paid to the Academy in July 2009 and the remaining balance was due to be paid over the following two years. The Governors of Droylsden Academy submitted a request to the Secretary of State asking that the original terms of the Deed of Gift are varied so that the Sponsors are not required to pay the remaining balance of the Endowment Fund but will provide "in kind" support to the Academy instead. Droylsden Academy Trust is not allowed to spend any of the principal sum, it can only use interest generated from investing the Endowment Fund.

In January 2012 ministers removed the requirement for all existing sponsors to establish endowment funds and the requirement to continue to raise funds for existing endowment funds. The Department for Education will not be enforcing existing Deeds of Gift and provide Academy trusts with as much flexibility as possible in how they can use funds raised or donated to date and in the future.

Sponsors Tameside College were paid £39,313.70 in respect to course fees, and HR support during the year 2012/13 (£27,528 - 2011/12).

